

RANDALL PARK HIGH SCHOOL

CUYAHOGA COUNTY, OHIO

REGULAR AUDIT

For the Year Ended June 30, 2020



OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Directors
Randall Park High School
4836 Northfield Road
Cleveland, Ohio 44128

We have reviewed the *Independent Auditor's Report* of Randall Park High School, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2019 through June 30, 2020. 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. Randall Park High School 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 18, 2021

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RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY
REGULAR AUDIT
For the Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Randall Park High School
Cuyahoga County
4836 Northfield Road
Cleveland, Ohio 44128

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Randall Park High School, Cuyahoga County, Ohio (the School), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Randall Park High School, Cuyahoga County, Ohio, as of June 30, 2020, and the changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the School. We did not modify our opinion regarding this matter.

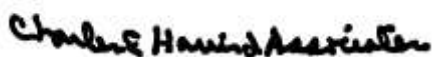
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension liabilities, other postemployment benefit liabilities/asset, and pension and other postemployment benefit contributions listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2021, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
January 12, 2021

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**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)**

The discussion and analysis of the Randall Park High School's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements; and the notes to the basic financial statements to enhance their understanding of the School'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 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- Total assets increased \$109,326, which represents an 18 percent increase from 2019. This was primarily due to increase in capital assets related to the leasehold improvements.
- Liabilities decreased \$198,055, which represents a 19 percent decrease from 2019. The decrease in liabilities is a direct result of increase in accounts payable and decreases in the net pension/OPEB liabilities related to accruals under GASB 68 and 75.
- In total, net position decreased \$183,910, which represents a 37 percent decrease from 2019. The decrease is due to the low enrollments and operating loss in the current year.

Using this Financial Report

This report consists of three parts: the required supplementary information, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

The School uses enterprise presentation for all of its activities.

Statement of Net Position

The Statement of Net Position answers the question of how the School did financially during 2020. This statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)**

Table 1 provides a summary of the School's net position as of June 30, 2020 and 2019.

(Table 1)
Statement of Net Position

	2020	2019
Assets		
Current Assets	\$ 112,440	\$ 272,884
Non-Current Asset	603,859	334,089
Total Assets	716,299	606,973
Deferred Outflows of Resources		
Pension Requirements	68,094	180,184
OPEB	27,134	38,786
Total Deferred Outflows of Resources	95,228	218,970
Liabilities		
Current Liabilities	661,905	299,295
Long-Term Liabilities	204,218	764,883
Total Liabilities	866,123	1,064,178
Deferred Inflows of Resources		
Pension Requirements	509,117	174,480
OPEB	112,720	79,808
Total Deferred Inflows of Resources	621,837	254,288
Net Position		
Investment in Capital Assets	392,077	281,514
Unrestricted	(1,068,510)	(774,037)
Total Net Position	\$ (676,433)	\$ (492,523)

Total assets increased \$109,326, which represents an 18 percent increase from 2019. This was primarily due to increase in capital assets related to leasehold improvements. Liabilities decreased \$198,055, which represents a 19 percent decrease from 2019. The decrease in liabilities is a direct result of decrease in the net pension/OPEB liabilities related to accruals under GASB 68 and 75. In total, net position decreased \$183,910, which represents a 37 percent decrease from 2019. The decrease is due to the low student enrollments and operating losses in the current year.

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)**

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in net position ended June 30, 2020, as compared to changes reported for fiscal year 2019.

(Table 2)
Change in Net Position

	2020	2019
Operating Revenues		
State Aid	\$ 466,281	\$ -
Casino Aid	738	1,454
Non-Operating Revenue		
Grants	95,979	-
Miscellaneous	-	863
Interest Income	-	503
Total Revenues	562,998	2,820
Operating Expenses		
Purchased Services: Salaries and Benefits	283,933	12,005
Pension and OPEB Expense	(170,739)	1,770
Facility Costs	220,639	-
Professional Fees	141,419	-
Sponsorship Fees	13,665	-
Legal Fees	25,969	25,887
Auditing & Accounting	36,959	28,623
Materials and Supplies	59,774	-
Insurance	15,334	7,537
Board Expenses	12,577	10,696
Depreciation	68,969	-
Miscellaneous	31,119	2,560
Interest Expense	7,290	-
Total Expenses	746,908	89,078
Change in Net Position	\$ (183,910)	\$ (86,258)

During 2019, the School suspended operations for the year to secure a new facility and reopened in 2020.

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

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)**

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the School's net position totaled (\$676,433).

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)**

Capital Assets

At the end of fiscal year 2020, the School's net capital asset balance was \$583,405, net of accumulated depreciation of \$68,969. During 2020, the School had capital asset additions of \$652,374 related to the School reopening in 2020. See Note 5 for further details.

Current Financial Issues

The School is a community school and is funded through the State of Ohio Foundation Program. The School relies on this, as well as, State and Federal funds as its primary source of revenue. In fiscal year 2020, the State raised the base per pupil funding to \$6,020, which is up from the \$6,010 in the previous year. During June 2020, the ODE reduced per pupil funding by \$88.76 as a result of the State of Ohio emergency declaration and COVID19 pandemic.

The full-time equivalent enrollment of the School for the year ended June 30, 2020 was 45.

Overall, the School will continue to provide learning opportunities and apply resources to best meet the needs of students.

Contacting the School's Financial Management

This financial report is designed to provide our readers with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact C. David Massa, Fiscal Officer for Randall Park High School, 219 E. Maple Street, North Canton, OH 44720 or e-mail at dave@massasolutionsllc.com.

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**STATEMENT OF NET POSITION
JUNE 30, 2020**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 41,862
Grant Receivables	69,392
Other Receivable	1,186
Total Current Assets	112,440

Non-Current Assets

Lease Deposit	19,667
Net OPEB Asset	787
Depreciable Capital Asset. net	583,405
Total Non-Current Asset	603,859

Total Assets	716,299
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DEFERRED OUTFLOWS OF RESOURCES

Pension Requirements	68,094
OPEB	27,134
Total Deferred Outflows of Resources	95,228

LIABILITIES

Current Liabilities

Accounts Payable	625,760
Accrued Expense	18,002
State Funding Payable	2,554
Note Payable – Current portion	15,589
Total Current Liabilities	661,905

Long-Term Liabilities:

Note Payable – Amount due beyond one year	175,739
Net Pension Liability	23,132
Net OPEB Liability	5,347
Total Long-Term Liabilities	204,218

Total Liabilities	866,123
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DEFERRED INFLOWS OF RESOURCES

Pension Requirements	509,117
OPEB	112,720
Total Deferred Inflows of Resources	621,837

NET POSITION

Investment in Capital Assets	392,077
Unrestricted	(1,068,510)
Total Net Position	\$ (676,433)

See accompanying notes to the basic financial statements

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

OPERATING REVENUES	
State Aid	\$ 466,281
Casino Aid	738
Total Operating Revenues	<u>467,019</u>
OPERATING EXPENSES	
Purchased Services: Salaries and Benefits	283,933
Pension and OPEB Expense	(170,739)
Facility Costs	220,639
Professional Fees	141,419
Sponsor Fees	13,665
Legal Fees	25,969
Auditing & Accounting	36,959
Materials and Supplies	59,774
Insurance	15,334
Board Expenses	12,577
Depreciation	68,969
Miscellaneous	31,119
Total Operating Expenses	<u>739,618</u>
Operating Loss	<u>(272,599)</u>
NON-OPERATING REVENUE AND EXPENSE	
Federal and Other Grants	95,979
Interest Expense	(7,290)
Total Non-Operating Revenue and Expense	<u>88,689</u>
Change in Net Position	(183,910)
Net Position Beginning of Year	<u>(492,523)</u>
Net Position End of Year	<u><u>\$ (676,433)</u></u>

See accompanying notes to the basic financial statements

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from State of Ohio	\$ 465,739
Cash Payments to Suppliers for Goods and Services	<u>(536,527)</u>
Net Cash Used in Operating Activities	<u>(70,788)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash Received from Grants	<u>26,588</u>
Net Cash Provided by Noncapital Financing Activities	<u>26,588</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash Proceeds from Note Payable	200,000
Cash Payments for Capital Acquisitions	(370,860)
Cash Payments on Notes Payable	(8,672)
Interest Expense	<u>(7,290)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(186,822)</u>

Net Decrease in Cash and Cash Equivalents	(231,022)
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Cash and Cash Equivalents Beginning of Year	<u>272,884</u>
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Cash and Cash Equivalents End of Year	<u><u>\$ 41,862</u></u>
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**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES**

Operating Loss	\$ (272,599)
Depreciation	68,969

**ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES**

Changes in Assets, Liabilities, Deferred Inflows and Outflows of Resources:	
Other Receivable	(1,186)
Accounts Payable	330,395
Accrued Expense	16,718
State Funding Payable	(93)
Net OPEB Asset	32,121
Net Pension/OPEB Liability	(736,404)
Deferred Outflows of Resources – Pension/OPEB	123,742
Deferred Inflows of Resources – Pension/OPEB	<u>367,549</u>
Net Cash Used in Operating Activities	<u><u>\$ (70,788)</u></u>

See accompanying notes to the basic financial statements

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Randall Park High School (the School) is a state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School contracted with Oakmont Education, LLC (Oakmont), an Ohio limited liability company, for most of its functions and is the entity with which the School's board interacts regarding day-to-day operations (see Note 7).

The School signed a contract with a sponsor, Saint Aloysius Orphanage (SAO), to operate beginning July 1, 2005. In May 2016, the School and SAO signed a new agreement for a term of one (1) year and will automatically renew for one (1) year terms through June 30, 2018. In June 2018, the School and SAO signed a new agreement for a term of four (4) years commencing on July 1, 2018 ending June 30, 2022. During the 2021-2022 school year, the School Governing Authority shall undergo the high stakes review conducted by SAO. The School may terminate the agreement by sending notice 180 days prior to June 30. SAO can terminate by sending notice by February 1st of the termination year.

The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. As of June 30, 2020, the Board members also sit on the Board of Hope Academy Northcoast Campus in the City of Cleveland.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles 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 School's accounting policies are described below.

Basis of Presentation

The School's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (Continued)

The Government Accounting Standards Board identifies the presentation of all financial activity to be reported within one enterprise fund for year-ending reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent is that the cost (expense) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred inflows of resources, liabilities, and deferred outflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Budgetary Process

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2020. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts, therefore budgetary statements are not presented.

Cash and Cash Equivalents

Cash received by the School is reflected as "Cash and Cash Equivalents" on the Statement of Net Position. The School did not have any investments during the period ended June 30, 2020.

Capital Assets and Depreciation

Capital assets are capitalized at cost. Donated capital assets are recorded at their acquisition values as of the date received. The costs of additions are capitalized and expenditures for repairs and maintenance are expensed when incurred. When property is sold or retired, the related costs and accumulated depreciation are removed from the financial records and any gain or loss is included in additions to or deductions from net position. Capital assets were \$583,405 as of June 30, 2020, net of accumulated depreciation. Depreciation of capital assets is calculated utilizing the straight-line method over the estimated useful lives of the assets which are as follows:

<u>Asset Class</u>	<u>Useful Life</u>
Computers and Technology	3 years
Furniture, Fixtures and Equipment	5 years
Leasehold Improvements	10 years

The School's policy for asset capitalization threshold is \$5,000. Assets or certain asset groups not meeting the capitalization threshold are not capitalized and are not included in the assets represented in the accompany statement of net position.

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intergovernmental Revenues

The School currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Grants and entitlements are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2020 school year totaled \$562,998.

Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets, deferred inflows of resources, liabilities, and deferred outflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the School 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 requirements, in which the School must provide local resources to be used for a specified purpose, and expenses requirements, in which the resources are provided to the School on a reimbursement basis.

Net Position

Net Position represents the difference between (all assets plus deferred outflows of resources) less (all liabilities, plus deferred inflows of resources). Net position is reported as restricted when there are limitations imposed on its use, either through enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or contracts. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily State, Facility Aid, and Casino Aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

**RANDALL PARK HIGH SCHOOL
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FOR THE YEAR ENDED JUNE 30, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions and Other Post Employment Benefits

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension / OPEB. The deferred outflows of resources related to pension / OPEB are explained in Note 8 and 9.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension / OPEB are reported on the statement of net position (see Note 8 and 9).

3. CASH AND CASH EQUIVALENTS

Deposits with Financial Institutions

At June 30, 2020, the carrying amount of all School deposits was \$41,862, and its bank balance was \$41,862. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2020, none of the balance was uninsured or exposed to custodial credit risk.

4. RECEIVABLES AND PAYABLES

The School has grant receivable balances in the amount of \$69,392 and other receivables of \$1,186 at June 30, 2020. These receivables represent revenues earned, but not received as of June 30, 2020.

The School has also recorded accounts payable of \$625,760, State Funding payable of \$2,554 due to ODE from overpayments of State Aid and accrued expenses of \$18,002 at June 30, 2020.

**RANDALL PARK HIGH SCHOOL
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

5. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2020, the School's capital assets consisted of the following:

	<u>Balance 06/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/20</u>
Capital Assets:				
Furniture and Equipment	\$ -	\$ 51,505	\$ -	\$ 51,505
Computers and Technology	-	38,893	-	38,893
Leasehold Improvements	-	561,976	-	561,976
Construction in Progress	281,514	-	(281,514)	-
Total Capital Assets	<u>281,514</u>	<u>652,374</u>	<u>(281,514)</u>	<u>652,374</u>
Less Accumulated Depreciation:				
Furniture and Equipment	-	(8,135)	-	(8,135)
Computers and Technology	-	(8,904)	-	(8,904)
Leasehold Improvements	-	(51,930)	-	(51,930)
Total Accumulated Depreciation	<u>-</u>	<u>(68,969)</u>	<u>-</u>	<u>(68,969)</u>
Capital Assets, Net	<u>\$ 281,514</u>	<u>\$ 583,405</u>	<u>\$(281,514)</u>	<u>\$ 583,405</u>

6. RISK MANAGEMENT

Property and Liability - The School is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of its management agreement with Oakmont, Oakmont has contracted with an insurance company for property and general liability insurance pursuant to the Management Agreement (see Note 7). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a \$1,000,000 aggregate limit and a \$2,500 deductible.

7. AGREEMENT WITH OAKMONT EDUCATION, LLC

Effective July 1, 2018, the School entered into a management agreement (Agreement) with Oakmont Education, LLC (Oakmont), which is an educational consulting and management company. The initial term of the Agreement with Oakmont is for four years through June 30, 2022 with automatic renewals of successive 3 year terms unless notice is given by either party. Substantially all functions of the School have been contracted to Oakmont. Oakmont is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay Oakmont a monthly management fee of 16 percent of the School's "Qualified gross revenues", defined in the Agreement as "...all revenue received by the School pursuant to Title 33 of the Ohio Revised Code and any other statute applicable to Community school...". With regard to grant funding, the agreement reads as follows: "Federal Title Programs, lunch programs revenue, and other such federal, state and local government grant funding designated to compensate the school for the education of its students shall be maintained by the School." Qualified Gross Revenue does not include facilities funding from any source, charitable contributions, proceeds from fundraisers, casino revenue, or fees charged to students. Beginning in the 2019-2020 year, the School will pay an additional 1% incentive fee in academic years the School meets standards on the State report card.

**RANDALL PARK HIGH SCHOOL
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

7. AGREEMENT WITH OAKMONT EDUCATION, LLC (continued)

The School shall be responsible for paying fees to its Authorizer pursuant to the Charter plus its own directors' and officers' insurance, Facility payments, the School's other contractual obligations, if any, and its own legal, accounting, auditing and professional fees. Oakmont acknowledges that pursuant to Ohio law, the State Teachers Retirement System ("STRS") and School Employees Retirement System ("SERS") contributions on behalf of the Oakmont employees employed at the School will be withheld by the State of Ohio.

The School had purchased service expenses for the year ended June 30, 2020, to Oakmont of \$356,813, with payables to the Oakmont at June 30, 2020 aggregating \$611,387, for expense incurred on behalf of the School.

8. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

8. DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 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.

The cost-of living adjustment (COLA) is based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Plan Description - School Employees Retirement System (SERS)(continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent.

The School’s contractually required contribution to SERS was \$10,144 for fiscal year 2020.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

8. DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. 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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years or service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. 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 is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity 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 to 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.

**RANDALL PARK HIGH SCHOOL
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

8. DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, plan members were required to contribute 14 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The School’s contractually required contribution to STRS was \$32,109 for fiscal year 2020.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School employer allocation percentage of the net pension liability was based on the employer’s share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.00381970%	0.00204784%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.00021090%</u>	<u>0.00004754%</u>	
Change in Proportionate Share	<u>-0.00360880%</u>	<u>-0.00200030%</u>	
Proportionate Share of the Net Pension			
Liability	\$ 12,618	\$ 10,514	\$ 23,132
Pension Expense	\$ (29,512)	\$ (127,411)	\$ (156,923)

**RANDALL PARK HIGH SCHOOL
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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8. DEFINED BENEFIT PENSION PLANS (continued)

At June 30, 2020 the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 320	\$ 86	\$ 406
Changes of assumptions	-	1,236	1,236
Changes in proportion and differences between contributions and proportionate share of contributions	24,199	-	24,199
School contributions subsequent to the measurement date	<u>10,144</u>	<u>32,109</u>	<u>42,253</u>
Total Deferred Outflows of Resources	<u>\$ 34,663</u>	<u>\$ 33,431</u>	<u>\$ 68,094</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 45	\$ 45
Net difference between projected and actual earnings on pension plan investments	161	514	675
Changes in proportion and differences between contributions and proportionate share of contributions	<u>118,114</u>	<u>390,283</u>	<u>508,397</u>
Total Deferred Inflows of Resources	<u>\$ 118,275</u>	<u>\$ 390,842</u>	<u>\$ 509,117</u>

\$42,253 reported as deferred outflows of resources related to pension resulting from the School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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8. DEFINED BENEFIT PENSION PLANS (continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$ (54,716)	\$ (115,317)	\$ (170,033)
2022	(39,122)	(104,376)	(143,498)
2023	(9)	(93,476)	(93,485)
2024	91	(76,351)	(76,260)
Total	\$ (93,756)	\$ (389,520)	\$ (483,276)

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 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 pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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8. DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – SERS (continued)

Mortality rates among active members were based upon 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 June 30, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

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 earnings 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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8. DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – SERS (continued)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School's proportionate share of 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%)
School's proportionate share of the net pension liability	\$ 17,683	\$ 12,618	\$ 8,371

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
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
Discount Rate of Return	7.45 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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8. DEFINED BENEFIT PENSION PLANS (continued)

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

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

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten 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' 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, 2019. The projection of cash flows used to determine the discount rate assumes 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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School's proportionate share of the net pension liability	\$ 15,364	\$ 10,514	\$ 6,407

**RANDALL PARK HIGH SCHOOL
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

9. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS

Net OPEB Liability/Asset

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability and net OPEB asset. Resulting adjustments to the net OPEB liability and net OPEB asset 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/asset* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accounts payable.

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

9. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (continued)

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS 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, there was no contribution made to health care. A 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 2020, 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.

The surcharge is the total amount assigned to the Health Care Fund. The School contractually required contribution to SERS was \$0 for fiscal year 2020.

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

9. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability and net OPEB asset were measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability and net OPEB asset were determined by an actuarial valuation as of that date. The School’s proportion of the net OPEB liability and net OPEB asset were based on the School’s share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.00345490%	0.00204784%	
Proportion of the Net OPEB Liability/asset			
Current Measurement Date	0.00021260%	0.00004754%	
Change in Proportionate Share	-0.00324230%	-0.00200030%	
Proportionate Share of the Net OPEB			
Liability/(asset)	\$ 5,347	\$ (787)	\$ 4,560
OPEB Expense	\$ (7,991)	\$ (5,825)	\$ (13,816)

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

9. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (continued)

At June 30, 2020, the School 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			
Differences between expected and actual experience	\$ 78	\$ 71	\$ 149
Changes of assumptions	391	16	407
Net difference between projected and actual earnings on OPEB plan investments	12	-	12
Changes in proportion and differences between contributions and proportionate share of contributions	<u>26,566</u>	<u>-</u>	<u>26,566</u>
Total Deferred Outflows of Resources	<u><u>\$ 27,047</u></u>	<u><u>\$ 87</u></u>	<u><u>\$ 27,134</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 1,175	\$ 41	\$ 1,216
Changes of assumptions	301	862	1,163
Net difference between projected and actual earnings on OPEB plan investments	-	49	49
Changes in proportion and differences between contributions and proportionate share of contributions	<u>81,893</u>	<u>28,399</u>	<u>110,292</u>
Total Deferred Inflows of Resources	<u><u>\$ 83,369</u></u>	<u><u>\$ 29,351</u></u>	<u><u>\$ 112,720</u></u>

\$0 was reported as deferred outflows of resources related to OPEB resulting from no School contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ (8,668)	\$ (5,771)	\$ (14,439)
2021	(9,240)	(5,770)	(15,010)
2022	(9,239)	(5,751)	(14,990)
2023	(31,357)	(5,745)	(37,102)
2024	2,251	(4,302)	(2,051)
Thereafter	<u>(69)</u>	<u>(1,925)</u>	<u>(1,994)</u>
Total	<u><u>\$ (56,322)</u></u>	<u><u>\$ (29,264)</u></u>	<u><u>\$ (85,586)</u></u>

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

9. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 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.

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

9. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (continued)

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.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 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 3.13 percent, as of June 30, 2019 (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.

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

9. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (continued)

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). 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 (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School's proportionate share of the net OPEB liability	\$ 4,284	\$ 5,347	\$ 6,757

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School's proportionate share of the net OPEB liability	\$ 6,490	\$ 5,347	\$ 4,438

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, 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	
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	
Discount Rate of Return	7.45 percent	
Health Care Cost Trends		
Medical		
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	
Medicare	9.62 percent	4.00 percent

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

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

9. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (continued)

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, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Benefit Term Changes Since the Prior Measurement Date Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non - Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of services. The Medicare frozen subsidy base premium was increased effective January 1, 2020. The non-Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

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

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten 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' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB asset was 7.45 percent as of June 30, 2019. 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 asset as of June 30, 2019.

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

9. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (continued)

Sensitivity of the School's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019, 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%)
School's proportionate share of the net OPEB asset	\$ 655	\$ 787	\$ 856

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB asset	\$ 850	\$ 787	\$ 676

10. CONTINGENCIES

Full Time Equivalency

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 an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE did perform such a review on the School for fiscal year 2020.

As of the date of this report, all ODE adjustments through fiscal year 2020 have been completed.

In addition, the School's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, all ODE adjustments through fiscal year 2020 have been completed. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

Litigation

The School is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

11. FEDERAL TAX STATUS

The School was approved under § 501(c)(3) of the Internal Revenue Code as a tax exempt organization.

12. SPONSORSHIP FEES

The School contracted with the Saint Aloysius Orphanage (SAO) as its sponsor. In June 2018, the School and the Sponsor signed a new agreement for a term of four (4) years commencing on July 1, 2018 ending June 30, 2022. State law allows sponsors to assess the schools up to 3 percent of State revenues as an oversight fee. SAO will be paid three percent (3%) of all funds received by the School from the State of Ohio. During the 2023-2024 school year, the School Governing Authority shall undergo the high stakes review conducted by the Sponsor. The School may terminate the agreement by sending notice 180 days prior to June 30. Total fees for fiscal year 2020 were \$13,665.

13. LEASE OBLIGATION

In November 2019, the School entered into a lease with 4836 Northfield LLC for a building at 4836 Northfield Road. Effective March 31, 2020, the property was sold and the new landlord is Shivam Investments, LLC, the terms of the lease remained unchanged. The lease term begins January 1, 2019 and ends June 30, 2029 with monthly rent beginning July 1, 2019 at \$9,833 month and increasing each year thereafter. The School is also obligated to pay \$3.95 per square foot for operating expenses or \$46,610 annually. The School also paid a security deposit of \$19,667 in 2020. Future lease obligations are as follows:

	Rents	Operating Expense	Total
Years Ending June 30:			
2021	\$ 129,800	\$ 46,610	\$ 176,410
2022	132,750	46,610	179,360
2023	135,700	46,610	182,310
2024	138,650	46,610	185,260
2025	141,600	46,610	188,210
Thereafter	595,900	186,440	782,340
	\$ 1,274,400	\$ 419,490	\$ 1,693,890

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

13. LEASE OBLIGATION (Continued)

The lease also provided for a \$200,000 tenant improvement loan from an affiliate of the landlord, Shoreline Capital Partners, LLC. The terms of the note were not agreed to until October 2019 and funds received in October 2019. The note has a 10 year maturity with 6% interest rate and monthly payments of \$2,220. Payments began December 1, 2019, with principal payments of \$8,672 and interest of \$7,290 in 2020. Future note obligations are as follows:

Years Ending June 30,	Principal	Interest	Total
2021	\$ 15,589	\$ 11,056	\$ 26,645
2022	16,551	10,094	26,645
2023	17,572	9,073	26,645
2024	18,655	7,989	26,645
2025	19,806	6,839	26,645
Thereafter	103,155	14,527	117,682
	\$ 191,328	\$ 59,578	\$ 250,906

14. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2020, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Lease*

**RANDALL PARK HIGH SCHOOL
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

15. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2020, Oakmont Education, LLC and its affiliates incurred the following expenses on behalf of the School:

	Regular Instruction (1100 Function codes)	Special Instruction (1200 Function codes)	Support Services (2000 Function Codes)	Non-Instructional (3000 through 7000 Function Codes)	Total
<i>Direct expenses:</i>					
Salaries & wages (100 object codes)	\$ 127,950	\$ 8,628	\$ 118,237	\$ -	\$ 254,815
Employees' benefits (200 object codes)	11,965	874	4,846	-	17,685
Professional & technical services (410 object codes)	-	-	-	20,771	20,771
Property services (420 object codes)	-	-	167,065	-	167,065
Utilities (450 object codes)	-	-	-	2,000	2,000
Supplies (500 object codes)	2,500	-	-	44,390	46,890
Other direct costs (All other object codes)	-	-	-	20,750	20,750
Overhead	-	-	23,089	8,460	31,549
Total expenses	\$ 142,415	\$ 9,502	\$ 313,237	\$ 96,371	\$ 561,525

Oakmont charges expenses benefiting more than one school (i.e. overhead) are pro-rated based on full time equivalent (FTE) head count as of June 30, 2020 by each school it manages. Employee Benefits do not include pension expenses. Under the management agreement with the School, the School is responsible for pension expenses for direct school staff.

16. MANAGEMENT'S PLAN REGARDING DEFICIT NET POSITION

For fiscal year 2020, the School had a decrease in net position of \$183,910, and a cumulative net position deficit of \$(676,433). The deficit net position includes the effect of the net pension liability, net OPEB liability and related accruals totaling \$554,301.

Management continues to take steps towards increasing student enrollment and containing costs, which would provide additional State funding and reduce expenses respectively, enabling the School to return to financial stability.

17. SUBSEQUENT EVENT

The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the School. The impact on the School's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Randall Park High School
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of School's Proportionate Share of the Net Pension Liability
Last Seven Fiscal Years (1)

School Employees Retirement System (SERS)

	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0002109%	0.0038197%	0.0023375%	0.0020155%	0.0015118%	0.002087%	0.002087%
School's Proportionate Share of the Net Pension Liability	\$ 12,618	\$ 218,761	\$ 139,660	\$ 147,516	\$ 86,265	\$ 105,622	\$ 124,107
School's Covered Payroll	\$ -	\$ 128,763	\$ 77,550	\$ 55,357	\$ 95,311	\$ 108,499	\$ 76,387
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	169.89%	180.09%	266.48%	90.51%	97.35%	162.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the School's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

Randall Park High School
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of School's Proportionate Share of the Net Pension Liability
Last Seven Fiscal Years (1)

School Teachers Retirement System (STRS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's Proportion of the Net Pension Liability	0.00004754%	0.00204784%	0.00242257%	0.00261067%	0.00278506%	0.00301091%	0.00307091%
School's Proportionate Share of the Net Pension Liability	\$ 10,514	\$ 450,274	\$ 575,487	\$ 873,870	\$ 769,709	\$ 732,358	\$ 872,379
School's Covered Payroll	\$ -	\$ 232,807	\$ 266,329	\$ 218,529	\$ 339,771	\$ 372,085	\$ 426,715
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	193.41%	216.08%	399.89%	226.54%	196.83%	204.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the School's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

Randall Park High School
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of School Contributions - Pension
Last Ten Fiscal Years

School Employees Retirement System (SERS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contribution	\$ 10,144	\$ -	\$ 17,383	\$ 10,857	\$ 7,750	\$ 12,562	\$ 15,038	\$ 10,572	\$ 8,743	\$ 7,729
Contributions in Relation to the Contractually Required Contribution	<u>(10,144)</u>	<u>-</u>	<u>(17,383)</u>	<u>(10,857)</u>	<u>(7,750)</u>	<u>(12,562)</u>	<u>(15,038)</u>	<u>(10,572)</u>	<u>(8,743)</u>	<u>(7,729)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Covered Payroll	\$ 72,457	\$ -	\$ 128,763	\$ 77,550	\$ 55,357	\$ 95,311	\$ 108,499	\$ 76,387	\$ 65,004	\$ 61,488
Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

See accompanying notes to the required supplementary information

Randall Park High School
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of School Contributions - Pension
Last Ten Fiscal Years

School Teachers Retirement System (STRS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contribution	\$ 32,109	\$ -	\$ 32,593	\$ 37,286	\$ 30,594	\$ 47,568	\$ 48,371	\$ 55,473	\$ 68,658	\$ 79,982
Contributions in Relation to the Contractually Required Contribution	<u>(32,109)</u>	<u>-</u>	<u>(32,593)</u>	<u>(37,286)</u>	<u>(30,594)</u>	<u>(47,568)</u>	<u>(48,371)</u>	<u>(55,473)</u>	<u>(68,658)</u>	<u>(79,982)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Covered Payroll	\$ 229,350	\$ -	\$ 232,807	\$ 266,329	\$ 218,529	\$ 339,771	\$ 372,085	\$ 426,715	\$ 528,138	\$ 615,246
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

Randall Park High School
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net OPEB Liability/Asset
Last Four Fiscal Years (1)

School Employees Retirement System (SERS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's Proportion of the Net OPEB Liability	0.0002126%	0.0034549%	0.0021271%	0.0018314%
School's Proportionate Share of the Net OPEB Liability	\$ 5,347	\$ 95,848	\$ 57,086	\$ 52,201
School's Covered Payroll	\$ -	\$ 128,763	\$ 77,550	\$ 55,357
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.00%	74.44%	73.61%	94.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

School Teachers Retirement System (STRS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's Proportion of the Net OPEB Liability/Asset	0.00004754%	0.00204784%	0.00242257%	0.00261067%
School's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (787)	\$ (32,908)	\$ 94,520	\$ 139,619
School's Covered Payroll	\$ -	\$ 232,807	\$ 266,329	\$ 218,529
School's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	0.00%	-14.14%	35.49%	63.89%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	174.74%	176.00%	47.11%	37.30%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

Randall Park High School
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of School Contributions - OPEB
Last Ten Fiscal Years

School Employees Retirement System (SERS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution (1)	\$ -	\$ -	\$ 647	\$ 671	\$ 21	\$ 1,150	\$ 1,728	\$ 3,226	\$ 1,909	\$ 1,972
Contributions in Relation to the Contractually Required Contribution	-	-	(647)	(671)	(21)	(1,150)	(1,728)	(3,226)	(1,909)	(1,972)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School Covered Payroll	\$ 72,457	\$ -	\$ 124,164	\$ 77,550	\$ 55,357	\$ 95,311	\$ 108,499	\$ 76,387	\$ 65,004	\$ 61,488
OPEB Contributions as a Percentage of Covered Payroll (1)	0.00%	#DIV/0!	0.52%	0.87%	0.04%	1.21%	1.59%	4.22%	2.94%	3.21%

School Teachers Retirement System (STRS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,721	\$ 4,267	\$ 5,281	\$ 6,152
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	(3,721)	(4,267)	(5,281)	(6,152)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Covered Payroll	\$ 229,350	\$ -	\$ 232,807	\$ 266,329	\$ 218,529	\$ 339,771	\$ 372,085	\$ 426,715	\$ 528,138	\$ 615,246
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

Randall Park High School
Cuyahoga County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

NET PENSION LIABILITY

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes of benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017 and 2019-2020.

The following changes were made to the benefit terms in 2018 as identified: The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% 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 -2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016 and 2018-2020. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) 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, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement (h) change in discount rate from 7.75% to 7.5%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017 and 2019-2020. For fiscal year 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) inflation assumption lowered from 2.75% to 2.50%, (b) investment return assumption lowered from 7.75% to 7.45%, (c) total salary increases rates lowered by decreasing the merit component of the individual salary increases, as well as by 0.25% due to lower inflation, (d) payroll growth assumption lowered to 3.00%, (e) updated the healthy and disable mortality assumption to the "RP-2014" mortality tables with generational improvement scale MP-2016, (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

**Randall Park High School
Cuyahoga County, Ohio**
*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020*

NET OPEB LIABILITY

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes of benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2018-2020.

Changes in Assumptions: Amounts reported for fiscal years 2018-2020 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent
Medicare Trend Assumption	
Medicare	
Fiscal year 2020	5.25 percent decreasing to 4.75 percent
Fiscal year 2019	5.375 percent decreasing to 4.75 percent
Fiscal year 2018	5.50 percent decreasing to 5.00 percent
Pre - Medicare	
Fiscal year 2020	7.00 percent decreasing to 4.75 percent
Fiscal year 2019	7.25 percent decreasing to 4.75 percent
Fiscal year 2018	7.50 percent decreasing to 5.00 percent

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in Assumptions: For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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.

For fiscal year 2020, the health care cost trend rates were modified.

Changes in Benefit Terms: 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 2020.

Randall Park High School
Cuyahoga County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

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

For fiscal year 2020, claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Charles E. Harris & Associates, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Randall Park High School
Cuyahoga County
4836 Northfield Road
Cleveland, Ohio 44128

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Randall Park High School, Cuyahoga County, Ohio (the School), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 12, 2021. We noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the School.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

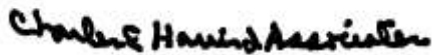
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
January 12, 2021

OHIO AUDITOR OF STATE KEITH FABER



RANDALL PARK HIGH SCHOOL

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 3/30/2021

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