

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
(AUDITED)**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2009**

**STEPHEN EARNEST, TREASURER**





# Mary Taylor, CPA

Auditor of State

Board of Directors  
GOAL Digital Academy Community School  
890 W. Fourth Street, Suite 400  
Mansfield, Ohio 44906

We have reviewed the *Independent Auditor's Report* of the GOAL Digital Academy Community School, Richland County, prepared by Julian & Grube, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

April 2, 2010

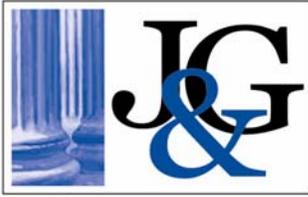
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**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Board of Directors  
GOAL Digital Academy Community School  
890 W. Fourth Street, Suite 400  
Mansfield, Ohio 44906

We have audited the accompanying financial statements of GOAL Digital Academy Community School, Richland County, Ohio, as of and for the fiscal year ended June 30, 2009, which collectively comprise GOAL Digital Academy Community School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of GOAL Digital Academy Community School's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of GOAL Digital Academy Community School, as of June 30, 2009, and the changes in financial position and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2010, on our consideration of GOAL Digital Academy Community School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report  
GOAL Digital Academy Community School  
Page Two

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
February 25, 2010

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The management's discussion and analysis of GOAL Digital Academy Community School's (the "GDA") financial performance provides an overall review of GDA's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at GDA's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of GDA's financial performance.

**Financial Highlights**

Key financial highlights for 2009 are as follows:

- In total, net assets were \$859,665 at June 30, 2009.
- GDA had operating revenues of \$2,089,369 and operating expenses of \$2,191,591 for fiscal year 2009. Operating loss and the change in net assets for the fiscal year was \$102,222 and \$145,187, respectively.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand GDA's financial activities. The statement of net assets and statement of revenues, expense and changes in net assets provide information about the activities of GDA, including all short-term and long-term financial resources and obligations.

**Reporting GDA's Financial Activities**

**Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and the Statement of Cash Flows**

These documents look at all financial transactions and ask the question, "How did we do financially during 2009?" The statement of net assets and the statement of revenues, expenses and changes in net assets answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report GDA's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for GDA as a whole, the financial position of GDA has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The table below provides a summary of GDA's net assets for 2009 and 2008.

**Net Assets**

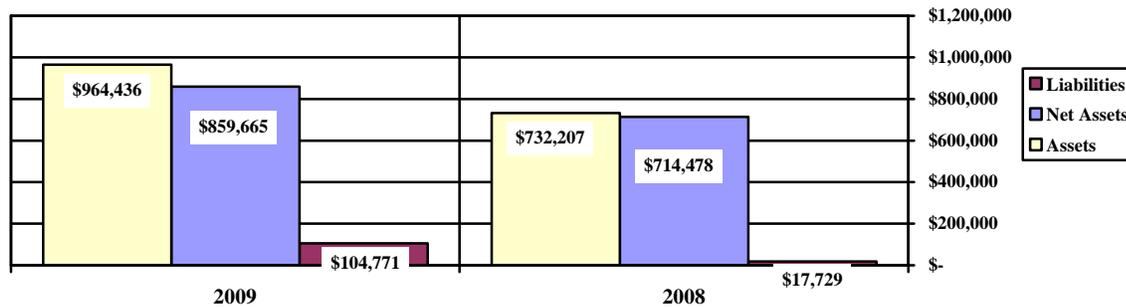
	<u>2009</u>	<u>2008</u>
<b><u>Assets</u></b>		
Current assets	\$ 666,410	\$ 501,826
Capital assets, net	<u>298,026</u>	<u>230,381</u>
Total assets	<u>964,436</u>	<u>732,207</u>
<b><u>Liabilities</u></b>		
Current liabilities	<u>104,771</u>	<u>17,729</u>
Total liabilities	<u>104,771</u>	<u>17,729</u>
<b><u>Net assets</u></b>		
Invested in capital assets	298,026	230,381
Restricted	16,000	18,370
Unrestricted	<u>545,639</u>	<u>465,727</u>
Total net assets	<u>\$ 859,665</u>	<u>\$ 714,478</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, GDA's net assets totaled \$859,665, a 20.32% increase over fiscal 2008.

At year-end, capital assets represented 30.90% of total assets. Capital assets consisted of furniture and equipment. There is no debt related to these capital assets. Capital assets are used to provide services to the students and are not available for future spending.

The table below provides a summary of GDA's net assets, liabilities and assets for 2009 and 2008.

**Net Assets**



**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

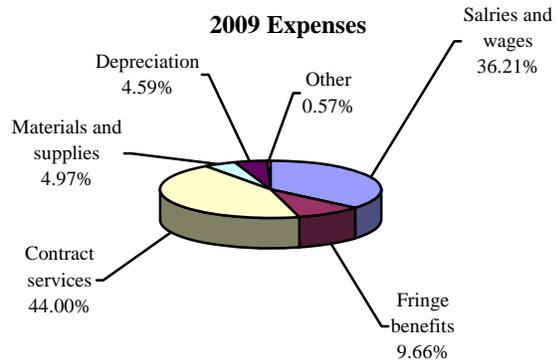
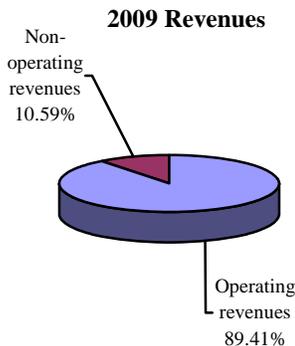
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The table below shows the changes in net assets for fiscal year 2009 and 2008:

**Change in Net Assets**

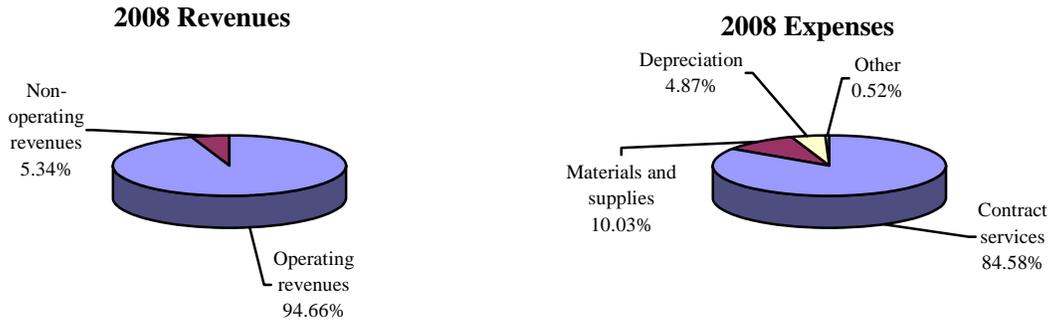
	<u>2009</u>	<u>2008</u>
<b><u>Operating revenues:</u></b>		
State foundation	\$ 2,088,870	\$ 1,518,123
Other	499	3,262
Total operating revenue	<u>2,089,369</u>	<u>1,521,385</u>
<b><u>Operating expenses:</u></b>		
Salaries and wages	793,488	-
Fringe benefits	211,752	-
Contract services	964,456	1,097,602
Materials and supplies	108,849	130,188
Depreciation	100,492	63,255
Other	12,554	6,735
Total operating expenses	<u>2,191,591</u>	<u>1,297,780</u>
<b><u>Non-operating revenues:</u></b>		
State and federal grants	246,373	84,321
Interest income	1,036	1,557
Total non-operating revenues	<u>247,409</u>	<u>85,878</u>
Change in net assets	145,187	309,483
Net assets at beginning of year	<u>714,478</u>	<u>404,995</u>
Net assets at end of year	<u>\$ 859,665</u>	<u>\$ 714,478</u>

The charts below illustrate the revenues and expenses for GDA during fiscal years 2009 and 2008:



**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**



**Capital Assets**

At June 30, 2009, GDA had \$298,026 invested in furniture and equipment. See Note 4 to the basic financial statements for more detail on capital assets.

**Current Financial Related Activities**

GDA is a conversion community E-School sponsored by Mid-Ohio Educational Service Center. The sponsorship currently runs through 2012. It is anticipated that this sponsorship will be renewed.

Contrary to most traditional schools, GDA is a less labor-intensive endeavor. Also, unlike traditional schools, a community school cannot levy any taxes and must survive on State revenues and donations. At this time, GDA relies solely on State funding for their resources. There are no immediate financial concerns outside of controlling health insurance premiums and utility costs. That being stated, GDA's five-year forecast is very healthy and no budgetary cuts, nor additional resources outside of the State, are projected in the upcoming five-years.

GDA is committed to operating within its financial means, and to working with the local community and agencies it serves to provide the required educational programs for its students.

**Contacting the GDA Treasurer**

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of GDA's finances and to show GDA's accountability for the resources it receives. If you have any questions, or concerns, about this report or need additional financial information, contact Steve Earnest, Treasurer, at GOAL Digital Academy, 890 West Fourth Street, Suite 100, Mansfield, Ohio 44906.

**BASIC  
FINANCIAL STATEMENTS**

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2009

<b>Assets:</b>	
Current assets:	
Cash and cash equivalents. . . . .	\$ 447,755
Receivables:	
Accounts . . . . .	23
Intergovernmental. . . . .	217,132
Prepayments . . . . .	1,500
Total current assets . . . . .	<u>666,410</u>
Non-current assets:	
Capital assets, net. . . . .	<u>298,026</u>
Total assets . . . . .	<u>964,436</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable . . . . .	8,081
Accrued wages and benefits. . . . .	24,516
Pension obligation payable . . . . .	37,499
Due to other governments. . . . .	<u>34,675</u>
Total liabilities . . . . .	<u>104,771</u>
<b>Net assets:</b>	
Invested in capital assets . . . . .	298,026
Restricted for:	
State funded programs . . . . .	16,000
Unrestricted. . . . .	<u>545,639</u>
Total net assets . . . . .	<u>\$ 859,665</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2009

<b>Operating revenues:</b>	
State foundation . . . . .	\$ 2,088,870
Other . . . . .	<u>499</u>
Total operating revenues . . . . .	<u>2,089,369</u>
<b>Operating expenses:</b>	
Salaries and wages . . . . .	793,488
Fringe benefits . . . . .	211,752
Contract services . . . . .	964,456
Materials and supplies . . . . .	108,849
Depreciation . . . . .	100,492
Other . . . . .	<u>12,554</u>
Total operating expenses . . . . .	<u>2,191,591</u>
Operating loss . . . . .	<u>(102,222)</u>
<b>Non-operating revenues:</b>	
State and federal grants . . . . .	246,373
Interest income . . . . .	<u>1,036</u>
Total non-operating revenues . . . . .	<u>247,409</u>
Change in net assets . . . . .	145,187
<b>Net assets at beginning of year . . . . .</b>	<u>714,478</u>
<b>Net assets at end of year . . . . .</b>	<u><u>\$ 859,665</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<b>Cash flows from operating activities:</b>	
Cash received from State foundation . . . . .	\$ 2,098,294
Cash received from other operations . . . . .	499
Cash payments for personal services . . . . .	(935,483)
Cash payments for contractual services . . . . .	(956,809)
Cash payments for materials and supplies . . . . .	(108,658)
Cash payments for other expenses . . . . .	<u>(14,054)</u>
Net cash provided by operating activities . . . . .	<u>83,789</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash received from State and federal grants . . . . .	<u>97,974</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets . . . . .	<u>(168,137)</u>
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	<u>1,036</u>
Net increase in cash and cash equivalents . . . . .	14,662
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>433,093</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 447,755</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating loss . . . . .	\$ (102,222)
Adjustments:	
Depreciation . . . . .	100,492
Changes in assets and liabilities:	
Increase in accounts receivable . . . . .	(23)
Increase in prepaid assets . . . . .	(1,500)
Increase in accounts payable . . . . .	7,921
Increase in accrued wages and benefits . . . . .	24,516
Increase in intergovernmental payable . . . . .	17,106
Increase in pension obligation payable . . . . .	<u>37,499</u>
Net cash provided by operating activities . . . . .	<u><u>\$ 83,789</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 1 - DESCRIPTION OF THE SCHOOL**

GOAL Digital Academy Community School (the "GDA") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. GDA is an approved tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect their tax exempt status. GDA's objective is to deliver a comprehensive educational program of high quality, tied to State and national standards, which can be delivered to students in the K - 12 population entirely through distance learning technologies. It is to be operated in cooperation with the Mid-Ohio Educational Service Center (the "Mid-Ohio ESC") to provide an innovative and cost-effective solution to the special problems of disabled students, students removed from school for disciplinary reasons, students needing advanced or specialized courses which are not available locally, and other, including home-schooled students who are not currently enrolled in any public school and who are not receiving a meaningful, comprehensive, and standards-based educational program. GDA, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. GDA may acquire facilities as needed and contract for any services necessary for the operation of the school.

GDA was certified by the State of Ohio Secretary of State as a non-profit organization on April 23, 2002. GDA was approved for operation under a contract with Mount Gilead Exempted Village School District for a five year period commencing September 4, 2002. Sponsorship was subsequently transferred to Mid-Ohio ESC on July 1, 2007 for a five year period. Mid-Ohio ESC is responsible for evaluating the performance of GDA and has the authority to deny renewal of the contract at its expiration.

GDA operates under the direction of the Treasurer and a five-member Board of Directors. The Board of Directors consists of five appointed members who represent a cross-section of the community and have been selected for their expertise in assisting the GDA to achieve its mission and purposes. The GDA Treasurer shall be a non-voting ex officio member of GDA's Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) of GDA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GDA also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. GDA has elected not to apply FASB Statements and Interpretations issued after November 30, 1989. GDA's significant accounting policies are described below.

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**A. Basis of Presentation**

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises and focuses in the determination of operating income, changes in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

**B. Measurement Focus and Basis of Accounting**

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the balance sheet. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. 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.

**C. Budgetary Process**

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the School's contract with its sponsor. The contract between GDA and Mid-Ohio ESC requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Chapter 5705.

**D. Cash**

All monies received by GDA are deposited in a demand deposit account.

**E. Capital Assets and Depreciation**

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. GDA maintains a capitalization threshold of \$500 for non-technical and non-audiovisual equipment and \$200 for technical and audiovisual equipment. GDA does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method. Equipment is depreciated over five to fifteen years.

**F. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of GDA. Operating expenses are necessary costs incurred to provide the service that is the primary activity of GDA. All revenues and expenses not meeting this definition are reported as non-operating.

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**G. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

GDA applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**H. Intergovernmental Revenue**

GDA 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 are met.

Federal and State grants are recognized as non-operating revenues in the accounting period in which all 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 GDA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to GDA on a reimbursement basis.

GDA participates in various programs through the Ohio Department of Education. These include the Federal Charter School Grant Program, the State Community School Grant, the Electronic Management Information System Grant and the Ohio SchoolNet Professional Development Grant, Title I, Title V, Title VI-B, Drug-Free Schools and Improving Teacher Quality Grants.

**I. Prepayments**

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amounts is recorded at the time of the payment by GDA and the expense is recorded when used. GDA has prepaid items for insurance of \$1,500 at June 30, 2009.

**J. Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2009, GDA has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of GDA.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of GDA.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of GDA.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of GDA.

**B. Noncompliance**

Ohio Revised Code Section 117.38 requires an annual GAAP report to be filed within one-hundred-fifty days after close of the fiscal year. The fiscal year 2009 report was not filed until February 17, 2010 with the Auditor of State.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

**Deposits with Financial Institutions**

At June 30, 2009, the carrying amount of all GDA deposits was \$447,755. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$250,000 of GDA's bank balance of \$577,936 was covered by the FDIC, while \$327,936 was exposed to custodial risk as discussed below.

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

**NOTE 5 - CAPITAL ASSETS**

A summary of capital assets at June 30, 2009 follows:

	Balance <u>6/30/08</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6/30/09</u>
Furniture and equipment	\$ 371,548	\$ 168,137	\$ -	\$ 539,685
Less: accumulated depreciation	<u>(141,167)</u>	<u>(100,492)</u>	<u>-</u>	<u>(241,659)</u>
Net capital assets	<u>\$ 230,381</u>	<u>\$ 67,645</u>	<u>\$ -</u>	<u>\$ 298,026</u>

**NOTE 6 - RISK MANAGEMENT**

GDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. GDA was named as an additional insured party on Mid-Ohio ESC, the sponsor, insurance policy with The Ohio Casualty Insurance Company for general liability insurance and property insurance from July 1, 2007 through December 9, 2008. On December 9, 2008, GDA began coverage under its own policy through The Ohio Casualty Insurance Company. GDA transfers the entire risk of loss, less any deductible, to the commercial carrier. The following limits and deductibles are in aggregate for GDA. The Ohio Casualty Insurance Company provides general liability coverage. The general liability coverage insures up to \$1,000,000 each occurrence with a \$2,000,000 annual aggregate with additional excess liability/commercial umbrella coverage up to \$2,000,000 each occurrence with a \$3,000,000 annual aggregate.

Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from fiscal year 2008.

The Ohio Casualty Insurance Company provides property, crime, and equipment breakdown insurance coverage. The property coverage insures up to a specific limit per location. Each location is insured to the value of property located at that location subject of a \$1,000 deductible; commercial crime covers up to \$25,000.

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 7 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - GDA contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the GDA is required to contribute at an actuarially determined rate. The current GDA rate is 14 percent of annual covered payroll. A portion of GDA's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. GDA's required contributions for pension obligations to SERS for the fiscal year ended June 30, 2009 was \$18,560; 60.06 percent has been contributed for fiscal year 2009.

**B. State Teachers Retirement System of Ohio**

Plan Description - GDA participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://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. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 7 - PENSION PLANS - (Continued)**

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. GDA was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

GDA's required contributions for pension obligations to STRS Ohio for the fiscal year ended June 30, 2009 was \$75,131; 71.57 percent has been contributed for fiscal year 2009.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. GDA's liability is 6.2 percent of wages paid.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - GDA participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 8 - POSTEMPLOYMENT BENEFITS - (Continued)**

GDA's contribution for health care for the fiscal year ended June 30, 2009, was \$8,494; 60.06 percent has been contributed for fiscal year 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. GDA's contribution for Medicare Part B for the fiscal year ended June 30, 2009 was \$1,531; 60.06 percent has been contributed for fiscal year 2009.

**B. State Teachers Retirement System of Ohio**

Plan Description - GDA contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. GDA's contribution for health care for the fiscal year ended June 30, 2009 was \$5,779; 71.57 percent has been contributed for fiscal year 2009.

**NOTE 9 - CONTINGENCIES**

**A. Grants**

GDA received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the GDA at June 30, 2009.

**B. State Foundation Funding**

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. As a result of the review after fiscal year end, GDA owed \$25,906 to the Ohio Department of Education which is reflected on the basic financial statements as due to other governments.

**C. Litigation**

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

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 10 - SERVICE CONTRACT**

Mid-Ohio ESC and GDA entered into a service contract agreement. This agreement states that GDA may contract for various services from the Mid-Ohio ESC and reimburse the Board of Governors for these services. Mid-Ohio ESC agreed to provide the requested services and receive reimbursement from GDA pursuant to Ohio Revised Code Section 3317.11.

Mid-Ohio ESC's Board of Governors agreed to provide on an as-needed, or available basis, the following services for GDA:

1. Instructional services for all grade levels.
2. Collaboration for staff development programs for certified and non-certified staff.
3. Planning and consultative services for curriculum development.
4. Psychological services as needed for re-evaluations and initial multi-factored evaluations.
5. Fiscal services including payroll, retirement, and insurance.
6. Student services including E.M.I.S., Nursing, Speech, Guidance, and Therapy.
7. Classroom space and administrative services.
8. Custodial services.
9. Supervision/Director services.
10. Technology support.

Mid-Ohio ESC acts as the fiscal agent for the service agreement described above. As fiscal agent, the Board of Governors may enter into employment contracts with each certified teacher/administrator/aid whose services are to be shared with Mid-Ohio ESC. Other services may be provided based on mutual consent of both GDA and Mid-Ohio ESC.

**NOTE 11 - CONTRACT SERVICES**

For fiscal year ended June 30, 2009, contract services expenses were as follows:

Purchased services/administrative services	\$ 721,358
Utility expenses	14,936
Travel and meetings	16,872
Other purchased services	<u>211,290</u>
Total contract services	<u>\$ 964,456</u>

The above transactions are related party transactions since these services are purchased through the sponsor, Mid-Ohio ESC.

**NOTE 12 - RELATED PARTY TRANSACTIONS**

GDA and Mid-Ohio ESC entered into a five-year sponsorship agreement on July 1, 2007, whereby terms of the sponsorship agreement were established. In the fiscal year 2009, payments were made by GDA to Mid-Ohio ESC totaling \$481,466 for reimbursement of services provided by Mid-Ohio ESC to GDA.

**NOTE 13 - SUBSEQUENT EVENT**

On August 25, 2009, the Ohio Department of Education notified GDA that they fell subject to continued poor academic performance as outlined in Ohio Revised Code Section 3314.35(A)(2)(c). The criteria calls for GDA to close on June 30, 2010. GDA is applying for Drop Out Recovery status which would exempt them from ORC Section 3314.35(A)(2)(c) and thus remain open. As of the date of the audit report, the State Department has not made a determination on GDA's request.



**Julian & Grube, Inc.**  
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**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***

Board of Directors  
GOAL Digital Academy Community School  
890 W. Fourth Street, Suite 400  
Mansfield, Ohio 44906

We have audited the financial statements of the GOAL Digital Academy Community School, Richland County, Ohio, as of and for the fiscal year ended June 30, 2009, which collectively comprise GOAL Digital Academy Community School's basic financial statements and have issued our report thereon dated February 25, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered GOAL Digital Academy Community School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GOAL Digital Academy Community School's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of GOAL Digital Academy Community School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects GOAL Digital Academy Community School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of GOAL Digital Academy Community School's financial statements that is more than inconsequential will not be prevented or detected by GOAL Digital Academy Community School's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 2009-GDA-001 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by GOAL Digital Academy Community School's internal control.

Board of Directors  
GOAL Digital Academy Community School

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether GOAL Digital Academy Community School's financial statements are free of 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2009-GDA-001.

We noted a certain matter that we reported to the management of GOAL Digital Academy Community School in a separate letter dated February 25, 2010.

GOAL Digital Academy Community School's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit GOAL Digital Academy Community School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management and Board of Directors of GOAL Digital Academy Community School and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.  
February 25, 2010

GOAL DIGITAL ACADEMY COMMUNITY SCHOOL  
RICHLAND COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2009

FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-GDA-001

**Significant Deficiency/Noncompliance**

GDA is in noncompliance with Ohio Revised Code Section 117.38 which requires the annual GAAP report to be filed within one hundred fifty days after the close of the fiscal year. GDA also lacks some controls over timely and accurate financial reports. The fiscal year 2009 financial report was not filed until February 17, 2010 with the Auditor of State.

There were delays in receiving timely and current financial information as well as GDA's responses.

This lack of controls over financial reporting could significantly impact management's ability to effectively guide GDA. Critical areas such as financial analysis could negatively impact GDA.

We recommend the GDA management take a more active role in overseeing the timeliness of the financial reporting process. This may require compiling information in a more timely fashion to help facilitate an accurate financial report.

Client's Response: The Treasurer is aware of the requirements and is making an effort to be more timely for 2010.



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**Independent Accountant's Report on Applying Agreed-Upon Procedures**

GOAL Digital Academy Community School  
Richland County  
890 W. Fourth Street, Suite 400  
Mansfield, OH 44906

To the Board of Directors:

Ohio Revised Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school”.

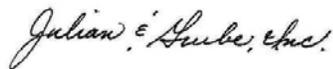
Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board solely to assist the Board in evaluating whether GOAL Digital Academy Community School has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board; consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting September 1, 2009.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States.
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of GOAL Digital Academy Community School and is not intended to be and should not be used by anyone other than this specified party.



Julian & Grube, Inc.  
February 25, 2010





**Mary Taylor, CPA**  
Auditor of State

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL**

**RICHLAND COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 15, 2010**