GOAL DIGITAL ACADEMY
RICHLAND COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER

GOAL DIGITAL ACADEMY
RICHLAND COUNTY

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

GOAL Digital Academy
Richland County
890 West 4th Street, Suite 400
Mansfield, Ohio 44906

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of GOAL Digital Academy, Richland County, Ohio, (the Academy) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GOAL Digital Academy, Richland County, Ohio, as of June 30, 2019, and the change in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2020, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

March 12, 2020

The management's discussion and analysis of The GOAL Digital Academy Community School's (the "GDA") financial performance provides an overall review of the GDA's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the 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 the GDA's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

- In total, net position was a deficit of $2,963,963 at June 30, 2019.
- The GDA had operating revenues of $5,216,601, operating expenses of $5,330,440, non-operating revenues of $1,569,089 and non-operating expenses of $1,083,033 for fiscal year 2019. Total change in net position for the fiscal year was an increase of $372,217 from June 30, 2018's net position.
- The GDA provides employment services to Tomorrow Center and is the fiscal agent for the North East Jobs for Ohio's Graduates (JOG) program. Activities related to the GDA's employment services with Tomorrow Center and fiscal agent responsibilities for the JOG program have been reported as non-operating revenues and expenses in the GDA's financial statements.

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 the GDA's financial activities. The s*tatement of net position* and s*tatement of revenues, expenses and change in net position* provide information about the activities of the GDA, including all short-term and long-term financial resources and obligations.

Reporting the GDA Financial Activities

Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2019?" The statement of net position and the statement of revenues, expenses and change in net position answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 the GDA's *net position* and change in that position. This change in net position is important because it tells the reader that, for the GDA as a whole, the *financial position* of the GDA has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The statement of cash flows provides information about how the GDA finances and is meeting the cash flow needs of its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning GDA's net pension liability and net OPEB liability/asset. The table below provides a summary of GDA's net position at June 30, 2019 and June 30, 2018.

Net Position

	Governmental Activities 2019	Governmental Activities 2018
Assets		
Current and other assets	$ 579,326	$ 1,375,449
Noncurrent assets:		
Net OPEB asset	226,938	-
Capital assets, net	147,969	184,727
Total assets	954,233	1,560,176
Deferred outflows of resources		
Pension	2,112,416	1,613,056
OPEB	246,816	124,084
Total deferred outflows of resources	2,359,232	1,737,140
Liabilities		
Current liabilities	430,643	1,156,636
Long-term liabilities:		
Net pension liability	4,416,478	3,840,898
Net OPEB liability	610,156	974,750
Total liabilities	5,457,277	5,972,284
Deferred inflows of resources		
Pension	402,416	539,086
OPEB	417,735	122,126
Total deferred inflows of resources	820,151	661,212
Net Position		
Net Investment in capital assets	147,969	184,727
Restricted	42,184	4,000
Unrestricted (deficit)	(3,154,116)	(3,524,907)
Total net position (deficit)	$ (2,963,963)	$ (3,336,180)

Over time, net position can serve as a useful indicator of a government's financial position. The increase in net position is due to a decrease intergovernmental payable related to FTE adjustments and the reporting of a net OPEB asset. At year-end, capital assets represented 15.51% 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 net pension liability (NPL) is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and the net OPEB liability/asset is reported pursuant to 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 GDA's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

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/asset to equal the GDA'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 Academy 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/asset 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 GDA's statements prepared on an accrual basis of accounting 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, respectively, not accounted for as deferred inflows/outflows.

The table below shows the changes in net position for fiscal years 2019 and 2018.

Change in Net Position

	2019	2018
Operating revenues:		
State foundation	$ 5,117,962	$ 3,997,031
Other	98,639	110,473
Total operating revenue	5,216,601	4,107,504
Operating expenses:		
Salaries and wages	2,810,267	2,417,717
Fringe benefits	467,875	(772,695)
Contract services	1,575,174	1,677,429
Materials and supplies	385,575	424,563
Depreciation	65,101	72,089
Other	26,448	23,161
Total operating expenses	5,330,440	3,842,264
Non-operating revenues (expenses):		
State and federal grants	510,713	524,745
Interest income	154	-
Tomorrow Center revenues	862,731	-
Tomorrow Center expenses	(839,529)	-
Fiscal agent activities:		
JOG program revenues	195,491	282,060
JOG program expenses	(243,504)	(301,404)
Total non-operating revenues (expenses)	486,056	505,401
Change in net position	372,217	770,641
Net position (deficit) at beginning of year	(3,336,180)	(4,106,821)
Net position (deficit) at end of year	$ (2,963,963)	$ (3,336,180)

Operating revenues of the GDA increased $1,109,097 or 27.00%. This increase was the result of an increase in State Foundation funding which was primarily the result of additional students attending the GDA. The full-time equivalent (FTE) enrollment increased to 646.67 from 430.54 which accounted for additional funding.

Operating expenses of the GDA increased $1,488,176 or 38.73%. While salaries, wages and fringe benefits increased during to the addition of new employees, the most significant increase was the result of changes that occurred at the pension system level related to the net pension liability and net OPEB liability/asset. In fiscal year 2018, the GDA reported pension expense and OPEB expense of ($1,131,437) and ($63,380), respectively. These amounts changed to $443,365 and ($408,171), respectively, in fiscal year 2019. This accounted for net additional expenses of $1,159,623 in fiscal year 2019.

Capital Assets

At June 30, 2019, the GDA had $147,969 invested in furniture and equipment. See Note 6 to the basic financial statements for more detail on capital assets.

Current Financial Related Activities

The GOAL Digital Academy (GDA) is a conversion community E-School sponsored by Mid-Ohio Educational Service Center. This sponsorship was renewed and runs from July 1, 2017 through June 30, 2020.

GDA operates under less restrictive guidelines than a traditional "brick and mortar" school; and thus, is capable of providing their curriculum/education in a more cost-effective manner. 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 its resources. That being stated, GDA is continually looking for more efficient and effective ways to educate children in order to balance the five year forecast. No additional resources outside of State funds are projected in the upcoming five-years.

GOAL Digital Academy 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 400, Mansfield, Ohio 44906.

GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2019

Assets:	
Current assets:	
Cash and cash equivalents	$ 388,641
Receivables:	
Intergovernmental	164,731
Prepayments	25,954
Total current assets	579,326
Non-current assets:	
Net OPEB asset	226,938
Capital assets, net	147,969
Total non-current assets	374,907
Total assets	954,233
Deferred outflows of resources:	
Pension	2,112,416
OPEB	246,816
Total deferred outflows of resources	2,359,232
Liabilities:	
Current liabilities:	
Accounts payable	1,627
Accrued wages and benefits	189,661
Pension and postemployment benefits payable	52,220
Intergovernmental payable	187,135
Total current liabilities	430,643
Non-current liabilities:	
Net pension liability	4,416,478
Net OPEB liability	610,156
Total non-current liabilities	5,026,634
Total liabilities	5,457,277
Deferred inflows of resources:	
Pension	402,416
OPEB	417,735
Total deferred inflows of resources	820,151
Net position:	
Investment in capital assets	147,969
Restricted for:	
State funded programs	4,000
Restricted for federal programs	38,184
Unrestricted (deficit)	(3,154,116)
Total net position (deficit)	$ (2,963,963)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Operating revenues:		
Foundation revenue	$	5,117,962
Other		98,639
Total operating revenues		5,216,601
Operating expenses:		
Salaries and wages		2,810,267
Fringe benefits		467,875
Contract services		1,575,174
Materials and supplies		385,575
Depreciation		65,101
Other		26,448
Total operating expenses		5,330,440
Operating loss		(113,839)
Non-operating revenues (expenses):		
State and federal grants		510,713
Interest revenue		154
Tomorrow Center revenues		862,731
Tomorrow Center expenses		(839,529)
Fiscal agent activities:		
JOG program revenues		195,491
JOG program expenses		(243,504)
Total nonoperating revenues (expenses)		486,056
Change in net position		372,217
Net position (deficit) at beginning of year		(3,336,180)
Net position (deficit) at end of year	$	(2,963,963)

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, 2019

Cash flows from operating activities:		
Cash received from State foundation	$	4,456,536
Cash received from other operations		84,930
Cash payments for salaries, wages and fringe benefits		(3,841,032)
Cash payments for contractual services		(1,571,840)
Cash payments for materials and supplies		(385,621)
Cash payments for other expenses		(24,291)
Net cash used in operating activities		(1,281,318)
Cash flows from noncapital financing activities:		
Cash received from State and federal grants		434,905
Cash received from Tomorrow Center		862,731
Cash used in payment of Tomorrow Center costs		(839,529)
Fiscal agent activities:		
Cash received from JOG program		170,700
Cash used in payments for JOG program		(243,504)
Net cash provided by noncapital financing activities		385,303
Cash flows from capital and related financing activities:		
Acquisition of capital assets		(29,969)
Net cash used in capital and related financing activities		(29,969)
Cash flows from investing activities:		
Interest received		154
Net cash provided by investing activities		154
Net change in cash and cash equivalents		(925,830)
Cash and cash equivalents at beginning of year		1,314,471
Cash and cash equivalents at end of year	$	388,641
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(113,839)
Adjustments:		
Depreciation		65,101
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Intergovernmental receivable		(5,365)
Prepayments		(23,743)
Net OPEB asset		(226,938)
Deferred outflows - Pension		(499,360)
Deferred outflows - OPEB		(122,732)
Accounts payable		(6,171)
Accrued wages and benefits		(66,259)
Intergovernmental payable		(660,656)
Pension and postemployment benefits payable		8,719
Net pension liability		575,580
Net OPEB liability		(364,594)
Deferred inflows - Pension		(136,670)
Deferred inflows - OPEB		295,609
Net cash used in operating activities	$	(1,281,318)

Non-cash capital transactions:

The GDA purchased capital assets of $1,626 and $0 during fiscal year 2018 and 2019, respectively, on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL

GOAL Digital Academy Community School ("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. The Sponsorship agreement was renewed through June 30, 2020. 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 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's significant accounting policies are described below.

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 on the determination of operating income, changes in net position, 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.

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

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the balance sheet. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows reflects how GDA finances and meets its cash flow needs. 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. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will 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 GDA, see Notes 8 and 9 for deferred outflows of resources related to GDA's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, the statement of net position will 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. For the GDA, see Notes 8 and 9 for deferred inflows or resources related to GDA's net pension liability and net OPEB liability/asset, respectively.

D. Budgetary Process

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the GDA and its Sponsor. The contract between the GDA and its Sponsor does not require the GDA to follow the provisions Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

E. Cash

All monies received by GDA are deposited in a demand deposit account. For purposes of the statement of cash flows and for presentation on the statement of net position, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the GDA are presented on the financial statements as cash equivalents. The GDA did not have any investments during fiscal year 2019.

F. 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 acquisition 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.

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

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.

G. 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.

H. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the GDA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

I. 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 expense 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 Title I, IDEA Part B, and Improving Teacher Quality.

J. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2019, 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 $25,954 at June 30, 2019.

K. 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.

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

L. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2019, the GDA has implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*" and GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the GDA.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the GDA.

NOTE 4 - DEPOSITS

At June 30, 2019, the carrying amount of the GDA deposits was $388,641 and the bank balance of the GDA deposits was $573,837. Of the bank balance, $250,000 was covered by the FDIC and $323,837 was uninsured and uncollateralized. There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2019, consisted of intergovernmental receivables arising from various sources. All receivables are considered collectable in full. A summary of the principal items of receivables follows:

Receivables	Amount
Intergovernmental:	
JOG participants	$ 65,406
BWC Refund	13,709
Title VI-B	23,271
Title I	10,000
Title II-A	27,086
Title IV-A	25,259
Total receivables	$ 164,731

NOTE 6 - CAPITAL ASSETS

A summary of capital assets at June 30, 2019 follows:

	Balance 6/30/18	Additions	Disposals	Balance 6/30/19
Furniture and equipment	$ 1,109,189	$ 28,343	$ -	$ 1,137,532
Less: accumulated depreciation	(924,462)	(65,101)	-	(989,563)
Net capital position	$ 184,727	$ (36,758)	$ -	$ 147,969

NOTE 7 - 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 Educational Service Center, the Sponsor, insurance policy with 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. 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 Schools of Ohio Risk Sharing Authority (SORSA) provides general liability and property coverage. The general liability coverage insures up to $15,000,000 each occurrence with a $17,000,000 annual aggregate.

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

SORSA provides property, crime, and equipment breakdown insurance coverage. The property coverage insures up to $250,000 of coverage subject of a $1,000 deductible; commercial crime is covered up to $1,000,000.

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one 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 of 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.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the GDA is required to contribute 14% 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% for plan members and 14% 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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the employer contribution rate was allocated to the Health Care Fund.

The GDA's contractually required contribution to SERS was $179,534 for fiscal year 2019. Of this amount, $24,278 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers 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 website 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% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% 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.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 fiscal year 2019, plan members were required to contribute 14% of their annual covered salary. The GDA was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The GDA's contractually required contribution to STRS was $324,281 for fiscal year 2019. Of this amount, $23,209 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The GDA's proportion of the net pension liability was based on the GDA's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.02199640%	0.01063624%	
Proportion of the net pension liability current measurement date	0.02289440%	0.01412274%	
Change in proportionate share	0.00089800%	0.00348650%	
Proportionate share of the net pension liability	$ 1,311,205	$ 3,105,273	$ 4,416,478
Pension expense	$ 13,978	$ 429,387	$ 443,365

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2019, the GDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 71,914	$ 71,681	$ 143,595
Changes of assumptions	29,609	550,312	579,921
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	160,357	724,728	885,085
Contributions subsequent to the measurement date	179,534	324,281	503,815
Total deferred outflows of resources	$ 441,414	$ 1,671,002	$ 2,112,416

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 20,279	$ 20,279
Net difference between projected and actual earnings on pension plan investments	36,329	188,302	224,631
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	32,055	125,451	157,506
Total deferred inflows of resources	$ 68,384	$ 334,032	$ 402,416

$503,815 reported as deferred outflows of resources related to pension resulting from GDA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ 157,957	$ 397,416	$ 555,373
2021	89,713	383,808	473,521
2022	(43,030)	136,405	93,375
2023	(11,144)	95,060	83,916
Total	$ 193,496	$ 1,012,689	$ 1,206,185

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2018, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	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 total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the GDA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, 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%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
GDA's proportionate share of the net pension liability	$ 1,846,931	$ 1,311,205	$ 862,034

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation are presented below:

	July 1, 2018
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.0%, effective July 1, 2017

For the July 1, 2018, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% 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 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Asset Class	Target Allocation**	Long Term Expected Real Rate of Return *
Domestic Equity	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	100.00 %	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate **-** The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

Sensitivity of the GDA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate **-** The following table presents the GDA's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the GDA'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%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
GDA's proportionate share of the net pension liability	$ 4,534,843	$ 3,105,273	$ 1,895,337

NOTE 9 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability/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/asset represents the GDA'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/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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/asset. Resulting adjustments to the net OPEB liability/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* or *net OPEB 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 *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The GDA 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was $21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the GDA's surcharge obligation was $3,835.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The GDA's contractually required contribution to SERS was $10,484 for fiscal year 2019. Of this amount, $4,734 is reported as pension and postemployment benefits payable.

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% of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2018, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The GDA's proportion of the net OPEB liability/asset was based on the GDA'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	0.02085760%	0.01063624%	
Proportion of the net OPEB liability/asset current measurement date	0.02199340%	0.01412274%	
Change in proportionate share	0.00113580%	0.00348650%	
Proportionate share of the net OPEB liability	$ 610,156	$ -	$ 610,156
Proportionate share of the net OPEB asset	$ -	$ (226,938)	$ (226,938)
OPEB expense	$ 66,074	$ (474,245)	$ (408,171)

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2019, the GDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 9,960	$ 26,507	$ 36,467
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	75,622	124,243	199,865
Contributions subsequent to the measurement date	10,484	-	10,484
Total deferred outflows of resources	$ 96,066	$ 150,750	$ 246,816

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 13,222	$ 13,222
Net difference between projected and actual earnings on OPEB plan investments	914	25,926	26,840
Changes of assumptions	54,817	309,221	364,038
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	13,635	13,635
Total deferred inflows of resources	$ 55,731	$ 362,004	$ 417,735

$10,484 reported as deferred outflows of resources related to OPEB resulting from GDA contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ 13,645	$ (39,646)	$ (26,001)
2021	10,697	(39,646)	(28,949)
2022	1,365	(39,646)	(38,281)
2023	1,753	(33,758)	(32,005)
2024	1,692	(31,693)	(30,001)
Thereafter	699	(26,865)	(26,166)
Total	$ 29,851	$ (211,254)	$ (181,403)

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.62%
Prior measurement date	3.56%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.70%
Prior measurement date	3.63%
Medical trend assumption:	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

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

NOTE 9 - DEFINED BENEFIT OPEB 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%, 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, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. 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% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% 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, 2026. 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, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.56% was used as of June 30, 2017. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the GDA'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 (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
GDA's proportionate share of the net OPEB liability	$ 740,377	$ 610,156	$ 507,046

	1% Decrease (6.25 % decreasing to 3.75 %)	Current Trend Rate (7.25 % decreasing to 4.75 %)	1% Increase (8.25 % decreasing to 5.75 %)
GDA's proportionate share of the net OPEB liability	$ 492,284	$ 610,156	$ 766,240

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, compared with July 1, 2017, are presented below:

	July 1, 2018		July 1, 2017
Inflation	2.50%		2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation
Payroll increases	3.00%		3.00%
Cost-of-living adjustments (COLA)	0.00%		0.00%, effective July 1, 2017
Discounted rate of return	7.45%		N/A
Blended discount rate of return	N/A		4.13%
Health care cost trends			6 to 11% initial, 4.50% ultimate
	Initial	Ultimate	
Medical			
Pre-Medicare	6.00%	4.00%	
Medicare	5.00%	4.00%	
Prescription Drug			
Pre-Medicare	8.00%	4.00%	
Medicare	-5.23%	4.00%	

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Benefit Term Changes Since the Prior Measurement Date - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90% to 1.944% 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.

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

Asset Class	Target Allocation**	Long Term Expected Real Rate of Return *
Domestic Equity	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	100.00 %	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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.

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate **-** The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2018. A discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2018.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the GDA'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, 2018, calculated using the current period discount rate assumption of 7.45%, 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%) or one percentage point higher (8.45%) 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%)
GDA's proportionate share of the net OPEB asset	$ 194,507	$ 226,938	$ 254,195

	1% Decrease	Current Trend Rate	1% Increase
GDA's proportionate share of the net OPEB asset	$ 252,656	$ 226,938	$ 200,819

NOTE 10 - CONTINGENCIES

A. Grants

The 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 GDA at June 30, 2019.

B. State Foundation Funding

GDA 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 performed such a review on the GDA for fiscal year 2019. The final review resulted in GDA owing ODE $184,390 in overpaid foundation revenue based on adjustments to enrollment. This repayment will be made through monthly deductions of approximately $8,249 and would continue through until June 2020.

In addition, GDA’s contract with its Sponsor requires payment based on revenues received from the State. As discussed in the previous paragraph, future foundation payments will include deductions related to overpayment of foundational revenue. This resulted in a reduction in the amount paid to the Sponsor in subsequent periods through June 2020.

NOTE 10 - CONTINGENCIES - (Continued)

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.

NOTE 11 - 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 12 - CONTRACT SERVICES

Contract services include the following:

Professional and technical services	$ 384,493
Property services	373,025
Travel mileage/meeting expense	38,136
Communications	325,902
Utilities	15,688
Connected craft or trade	98,255
Tuition and other similar payments	19,842
Pupil transportation	15,153
Other	229,579
Curriculum leasing	75,101
Total	$ 1,575,174

NOTE 13 - RELATED PARTY TRANSACTIONS

During fiscal year 2018, GDA and Mid-Ohio ESC renewed their sponsorship agreement through June 30, 2020. In fiscal year 2019, payments were made by GDA to Mid-Ohio ESC totaling $553,699 for services provided by Mid-Ohio ESC to GDA.

NOTE 14 - OPERATING LEASE AGREEMENT

GDA entered into a lease agreement with Mid-Ohio ESC for space to house GDA. Mid-Ohio ESC leases 8,448 square feet at a cost of $7,040 per month (or $84,480 annually) from GDA. The lease was updated for the period August 17, 2016 through June 30, 2020 to include an additional 513 square feet at an additional cost of $213.75 per month.

NOTE 15 - EMPLOYMENT AGREEMENT WITH TOMORROW CENTER

GDA entered into an employment agreement with the community school Tomorrow Center to provide employees to fill available positions at the Tomorrow Center. GDA is considered the employer of these employees and will pay all expenses in connection with these employees including retirement, healthcare, workers compensation and unemployment compensation. Tomorrow Center agrees to pay GDA in advance the estimated costs of the employees. The revenues and expenses associated with these employees are reported as non-operating revenues and expenses on the statement of revenues, expenses and change in net position.

NOTE 16 - FISCAL AGENT ACTIVITIES

Effective August 1, 2010, the GDA became fiscal agent for the North Central Jobs for Ohio’s Graduates program (JOG). As fiscal agent, GDA processes all receipts and expenses of the JOG program. Revenues and expenses associated with the GDA’s fiscal agent relationship for the JOG program have been recorded on GDA’s financial statements as non-operating revenues and expenses. At June 30, 2019, a $65,406 receivable has been recorded for services billed by the GDA as fiscal agent for JOG program, but not yet received from the participating school districts.

GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE GDA'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SIX FISCAL YEARS

	2019	2018	2017	2016
GDA's proportion of the net pension liability	0.02289440%	0.02199640%	0.01744510%	0.01841990%
GDA's proportionate share of the net pension liability	$ 1,311,205	$ 1,314,236	$ 1,276,820	$ 1,051,057
GDA's covered payroll	$ 762,874	$ 708,107	$ 560,014	$ 554,537
GDA's proportionate share of the net pension liability as a percentage of its covered payroll	171.88%	185.60%	228.00%	189.54%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the GDA's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2015		2014
	0.03197900%		0.03197900%
$	1,618,439	$	1,901,688
$	929,257	$	731,387
	174.16%		260.01%
	71.70%		65.52%

GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE GDA'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SIX FISCAL YEARS

	2019	2018	2017	2016
GDA's proportion of the net pension liabilit	0.01412274%	0.01063624%	0.01099318%	0.00938652%
GDA's proportionate share of the net pension liability	$ 3,105,273	$ 2,526,662	$ 3,679,749	$ 2,594,160
GDA's covered payroll	$ 1,845,650	$ 1,309,979	$ 1,175,529	$ 1,018,157
GDA's proportionate share of the net pension liability as a percentage of its covered payroll	168.25%	192.88%	313.03%	254.79%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.30%	66.80%	72.10%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the GDA's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014	
	0.01069368%		0.01069368%
$	2,601,073	$	3,098,381
$	1,092,600	$	924,169
	238.06%		335.26%
	74.70%		69.30%

GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF GDA PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2019	**2018**	**2017**	**2016**
Contractually required contribution	$ 179,534	$ 102,988	$ 99,135	$ 78,402
Contributions in relation to the contractually required contribution	(179,534)	(102,988)	(99,135)	(78,402)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
GDA's covered payroll	$ 1,329,881	$ 762,874	$ 708,107	$ 560,014
Contributions as a percentage of covered payroll	13.50%	13.50%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014		2013		2012		2011		2010	
$	73,088	$	128,795	$	101,224	$	100,850	$	89,822	$	38,391
	(73,088)		(128,795)		(101,224)		(100,850)		(89,822)		(38,391)
$	-	$	-	$	-	$	-	$	-	$	-
$	554,537	$	929,257	$	731,387	$	749,814	$	714,574	$	283,538
	13.18%		13.86%		13.84%		13.45%		12.57%		13.54%

GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF GDA PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Contractually required contribution	$ 324,281	$ 258,391	$ 183,397	$ 164,574
Contributions in relation to the contractually required contribution	(324,281)	(258,391)	(183,397)	(164,574)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
GDA's covered payroll	$ 2,316,293	$ 1,845,650	$ 1,309,979	$ 1,175,529
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014	2013	2012	2011	2010
$ 142,542	$ 142,038	$ 120,142	$ 118,221	$ 126,663	$ 107,910
(142,542)	(142,038)	(120,142)	(118,221)	(126,663)	(107,910)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,018,157	$ 1,092,600	$ 924,169	$ 909,392	$ 974,331	$ 830,077
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE GDA'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST THREE FISCAL YEARS

	2019	2018	2017
GDA's proportion of the net OPEB liability	0.02199340%	0.02085760%	0.01624603%
GDA's proportionate share of the net OPEB liability	$ 610,156	$ 559,763	$ 463,072
GDA's covered payroll	$ 762,874	$ 708,107	$ 560,014
GDA's proportionate share of the net OPEB liability as a percentage of its covered payroll	79.98%	79.05%	82.69%
Plan fiduciary net position as a percentage of the total OPEB liability	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the GDA's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE GDA'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST THREE FISCAL YEARS

	2019	2018	2017
GDA's proportion of the net OPEB liability/asset	0.01412274%	0.01063624%	0.01099318%
GDA's proportionate share of the net OPEB liability/(asset)	$ (226,938)	$ 414,987	$ 587,918
GDA's covered payroll	$ 1,845,650	$ 1,309,979	$ 1,175,529
GDA's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	12.30%	31.68%	50.01%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the GDA's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF GDA OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2019	**2018**	**2017**	**2016**
Contractually required contribution	$ 10,484	$ 10,220	$ 4,598	$ 1,514
Contributions in relation to the contractually required contribution	(10,484)	(10,220)	(4,598)	(1,514)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
GDA's covered payroll	$ 1,329,881	$ 762,874	$ 708,107	$ 560,014
Contributions as a percentage of covered payroll	0.79%	1.34%	0.65%	0.27%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014	2013	2012	2011	2010
$ 10,867	$ 5,180	$ 7,039	$ 8,768	$ 14,547	$ 4,385
(10,867)	(5,180)	(7,039)	(8,768)	(14,547)	(4,385)
$ -	$ -	$ -	$ -	$ -	$ -
$ 554,537	$ 929,257	$ 731,387	$ 749,814	$ 714,574	$ 283,538
1.96%	0.56%	0.96%	1.17%	2.04%	1.55%

GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF GDA OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2019	**2018**	**2017**	**2016**
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
GDA's covered payroll	$ 2,316,293	$ 1,845,650	$ 1,309,979	$ 1,175,529
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014		2013		2012		2011		2010	
$	-	$	10,454	$	9,242	$	9,094	$	9,743	$	8,301
	-		(10,454)		(9,242)		(9,094)		(9,743)		(8,301)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,018,157	$	1,092,600	$	924,169	$	909,392	$	974,331	$	830,077
	1.00%		1.00%		1.00%		1.00%		1.00%		1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. 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, (g) mortality among disabled members 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 and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2019.

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 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal year 2019.

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

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) 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 the following: 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, (g) mortality among disabled members was updated to the following: 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) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rate for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) 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 following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in trend rates from 6.00%-11.00 initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.

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OHIO AUDITOR OF STATE
KEITH FABER

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

GOAL Digital Academy
Richland County
890 West 4th Street, Suite 400
Mansfield, Ohio 44906

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the GOAL Digital Academy, Richland County, Ohio, (the Academy) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated March 12, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

March 12, 2020

890 W. Fourth St., Mansfield, OH 44906 419-775-4809
Tish Jenkins, Superintendent Steve Earnest, Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Quality and Reliability of Learning Opportunities Documentation – Material Noncompliance / Significant Deficiency	Fully Corrected	

OHIO AUDITOR OF STATE
KEITH FABER

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 9, 2020