



OHIO AUDITOR OF STATE
KEITH FABER



**BRIGHT LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Bright Local School District
Highland County
44 North High Street, PO Box 299
Mowrystown, Ohio 45155

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bright Local School District, Highland County, Ohio (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District'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 the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bright Local School District, Highland County, Ohio, as of June 30, 2019, and the respective changes in modified cash financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the modified cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplementary Information

Our audit was conducted to opine on the financial statements taken as a whole.

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

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

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2020, on our consideration of the District'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 District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

February 18, 2020

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

As management of the Bright Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. The intent of this discussion is to look at the School District's performance as a whole, and we encourage readers to consider the information presented here to enhance their understanding of the School District's overall financial performance.

Financial Highlights

- The assets of the Bright Local School District exceeded its liabilities at June 30, 2019 by \$15,234,180.
- The School District's net position increased \$23,024 during this fiscal year's operations.
- General receipts accounted for \$8,073,213 or 76 percent of all receipts. Program specific receipts in the form of charges for services and sales, grants, and contributions accounted for \$2,570,499 or 24 percent of all receipts of \$10,643,712.
- The School District had \$10,221,798 in disbursements related to governmental activities; only \$2,570,499 of these disbursements were offset by program specific charges for services and sales, grants, and contributions.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's modified cash basis of accounting.

Report Components

The Statement of Net Position and the Statement of Activities provide information about the School District's modified cash activities as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related disbursements (such as accounts payable) are not recorded in the financial statements. As more fully described in Note 2 to the basic financial statements, the School District does record capital assets, long-term debt and depreciation in the government-wide financial statements. Therefore, when reviewing the financial information discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities – Modified Cash Basis

The Statement of Net Position and the Statement of Activities reflect how the School District did financially during fiscal year 2019, within the limitations of modified cash basis accounting. The Statement of Net Position presents the cash balances, investments, capital assets, and long-term debt balances of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the School District's general receipts.

These statements report the School District's modified cash position and the changes in modified cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's modified cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors as well, such as the School District's property tax base, the condition of the School District's capital assets, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local receipt sources such as property taxes.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds, and the analysis of the major funds begins on page 7. The School District uses many funds to account for a multitude of financial transactions. The major funds for the Bright Local School District are the General and Debt Service Funds.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds, and the balances left at fiscal year-end available for spending in future periods. These funds are reported on a modified cash basis. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Fund – The School District's only fiduciary fund is an agency fund. We exclude this activity from the School District's other financial statements because the School District cannot use these assets to finance its operations. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. Fiduciary funds use the modified cash basis of accounting.

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

The School District as a Whole

As stated previously, the Statement of Net Position looks at the School District as a whole. Table 1 provides a summary of the School District's net position for the fiscal years ended 2019 and 2018.

Table 1
Net Position
Governmental Activities

	2019	2018*	Change
Assets			
Current and Other Assets	\$5,078,384	\$4,275,326	\$803,058
Capital Assets, Net	12,108,079	12,280,842	(172,763)
Total Assets	<u>17,186,463</u>	<u>16,556,168</u>	<u>630,295</u>
Liabilities			
Long-Term Liabilities	<u>1,952,283</u>	<u>1,345,012</u>	<u>607,271</u>
Net Position			
Net Investment in Capital Assets	10,155,796	10,935,830	(780,034)
Restricted	704,478	668,940	35,538
Unrestricted	<u>4,373,906</u>	<u>3,606,386</u>	<u>767,520</u>
Total Net Position	<u><u>\$15,234,180</u></u>	<u><u>\$15,211,156</u></u>	<u><u>\$23,024</u></u>

* As restated, see Note 21 for additional information.

Total assets increased \$630,295. Current and other assets increased due to increased cash on hand as of June 30, 2019. Capital assets decreased \$172,763 due to depreciation and disposals exceeding additions for the current year. Long-Term Liabilities increased due to additional capital leases, which were partially offset by current year debt principal payments.

Table 2, on the following page, shows the highlights of the School District's receipts and disbursements. These two main components are netted to yield the change in net position.

Receipts are divided into two major components: Program Receipts and General Receipts. Program Receipts are defined as charges for services and sales, restricted grants, and contributions. General Receipts include taxes, unrestricted grants, such as State foundation support, unrestricted interest, and miscellaneous receipts.

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Table 2
Change in Net Position
Governmental Activities

	2019	2018*
Receipts		
Program Receipts:		
Charges for Services and Sales	\$1,187,098	\$1,088,519
Operating Grants and Contributions	1,383,401	1,376,225
Total Program Receipts	<u>2,570,499</u>	<u>2,464,744</u>
General Receipts:		
Property Taxes	1,937,330	1,936,004
Grants and Entitlements not Restricted to Specific Programs	5,854,457	5,672,328
Gifts and Donations not Restricted to Specific Programs	1,480	18,599
Interest	81,930	36,430
Miscellaneous	198,016	115,477
Total General Receipts	<u>8,073,213</u>	<u>7,778,838</u>
Total Receipts	<u>10,643,712</u>	<u>10,243,582</u>
Program Disbursements		
Instruction:		
Regular	3,658,589	3,419,033
Special	1,276,158	1,295,540
Vocational	148,512	158,957
Student Intervention Services	1,450,499	1,337,247
Support Services:		
Pupils	408,874	337,511
Instructional Staff	258,992	164,141
Board of Education	65,923	56,617
Administration	519,896	531,045
Fiscal	337,783	320,484
Business	0	1,500
Operation and Maintenance of Plant	763,336	983,305
Pupil Transportation	742,149	712,177
Central	3,590	3,500
Operation of Non-Instructional Services:		
Food Service Operations	403,742	397,036
Extracurricular Activities	112,635	124,196
Interest and Fiscal Charges	71,120	77,490
Total Disbursements	<u>10,221,798</u>	<u>9,919,779</u>
Change in Net Position before Special Item	421,914	323,803
Special Item	<u>(398,890)</u>	<u>0</u>
Change in Net Position	23,024	323,803
Net Position at Beginning of Year	<u>15,211,156</u>	<u>14,887,353</u>
Net Position at End of Year	<u>\$15,234,180</u>	<u>\$15,211,156</u>

* As restated, see Note 21 for additional information.

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Governmental Activities

Grants and Entitlements not Restricted to Specific Programs made up 55 percent of cash receipts for governmental activities. Property tax receipts made up 18 percent of the total cash receipts for a total of 73 percent of the School District cash receipts. Charges for services and sales increased as a result of tuition and fees collected in the current fiscal year. Grants and Entitlements not Restricted to Specific Programs increased as a result of monies received through foundation payments.

Regular instruction comprises 36 percent of governmental program cash disbursements. Disbursements increased from the prior year. Regular instruction increased due to an increase in health benefit costs from the prior year. Operation and maintenance of plant decreased due to the School District's decreased costs for the upkeep of buildings and grounds as compared to the prior year.

The Statement of Activities shows the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. In Table 3, the total cost of services column contains all costs related to the programs, and the net cost column shows how much of the total amount is not covered by program receipts. Net costs are costs that must be covered by unrestricted State aid (State Foundation) or local taxes. The difference in these two columns represents restricted grants, fees, and donations.

Table 3
Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Instruction	\$6,533,758	\$4,860,178	\$6,210,777	\$4,537,016
Support Services	3,100,543	2,602,573	3,110,280	2,721,954
Operation of Non- Instructional Services	403,742	40,939	397,036	38,956
Extracurricular Activities	112,635	76,489	124,196	79,619
Interest and Fiscal Charges	71,120	71,120	77,490	77,490
Total Expenses	\$10,221,798	\$7,651,299	\$9,919,779	\$7,455,035

The School District's Funds

Information about the School District's major governmental funds begins on page 13. These funds are reported using the modified cash basis of accounting. All governmental funds had total receipts and other financing sources of \$11,793,779 and disbursements and other financing uses of \$10,990,721. The net change in fund balance was most significant in the General Fund, an increase of \$767,520 as a result of receipts and other financing sources exceeding disbursements and other financing uses. The School District continues to work diligently to maintain costs.

The Debt Service Fund saw an increase in fund balance this fiscal year of \$10,037; the fund balance of \$461,197 provides sufficient resources.

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

General Fund – Budget Highlights

The School District's budget is prepared according to the requirements of Ohio law, and is based on cash receipts, disbursements and encumbrances. During the course of fiscal year 2019, the School District revised its budget as it attempted to deal with unexpected changes in disbursements. A summary of the General Fund's original and final budgeted amounts is reported on page 17, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amount.

The School District's ending unobligated cash balance was \$987,525 above the final budgeted amount for the General Fund.

For the General Fund, original budgeted receipts were \$8,560,807 while the final budgeted receipts were \$9,320,943. The difference between the original and final budgeted receipts was \$760,136, which was due to increases in property taxes and intergovernmental receipts. The difference between actual budget basis receipts and final budgeted receipts was \$312,986, which was due to increases in intergovernmental and tuition and fees receipts.

Original budgeted disbursements in the General Fund were \$9,341,667 and final budgeted disbursements were \$9,761,359. This represents an increase in estimated disbursements of \$419,692. The increase is due to increases in regular instruction, pupils support services, and operation and maintenance of plant. Actual budget basis disbursements were less than final budgeted disbursements in the amount of \$674,539, which was due to purchased services for regular and special instruction, pupils support services, and operation of maintenance and plant. These services were originally budgeted to be paid from the General Fund, but were ultimately paid out grant funds.

Capital Assets and Debt Administration

Capital Assets

The Bright Local School District's investment in capital assets as of June 30, 2019 was \$12,108,079. The investment in capital assets includes land, land improvements, buildings and building improvements, furniture, fixtures and equipment and vehicles. Table 4 shows fiscal year 2019 balances compared to fiscal year 2018.

Table 4
Capital Assets at June 30
(Net of Depreciation)
Governmental Activities

	2019	2018*
Land	\$213,658	\$213,658
Land Improvements	25,487	32,761
Buildings and Building Improvements	11,056,283	11,137,227
Furniture, Fixtures and Equipment	329,794	363,179
Vehicles	482,857	534,017
Totals	<u>\$12,108,079</u>	<u>\$12,280,842</u>

* As restated, see Note 21 for additional information.

Net capital assets decreased \$172,763 from the prior fiscal year. This is due to depreciation and disposals, which were partially offset by additions.

For more information on capital assets, refer to note 8 to the basic financial statements.

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Debt

At June 30, 2019, the School District had \$1,952,283 in bonds and leases outstanding, with \$234,249 due within one year. Table 5 summarizes the bonds outstanding at fiscal year-end.

Table 5
Outstanding Debt, at Fiscal Year-end
Governmental Activities

	2019	2018
General Obligation Bonds:		
2010 School Improvement Refunding Bonds	\$120,000	\$175,000
2017 Energy Conservation Bond	448,658	481,999
2012 Energy Conservation Bond	378,000	378,000
Capital Leases	1,005,625	310,013
Totals	<u>\$1,952,283</u>	<u>\$1,345,012</u>

The School District's overall legal debt margin was \$8,379,323 with an unvoted debt margin of \$103,622 at June 30, 2019.

For more information on debt, refer to note 13 to the basic financial statements.

Financial Issues/Concerns

As predicted in previous financial reviews, revenue for the Bright Local School District has remained flat through FY19. The School District was formula funded during this period. As the School District has worked toward closing the open enrollment gap, funding has stabilized. With 70% general fund receipts coming from the state foundation, the School District is heavily dependent on state funding vs. local funding (real estate taxes). CAUV adjustments account for the slightly lower local property tax receipts but this is leveling off from previous years and should remain steady. The biennium budget will guarantee revenues through fiscal year 2021.

In recent years, the School District has made significant investments in the infrastructure and maintenance of its capital assets. A five and ten year capital plan has been developed to ensure more stability in expenditures and allow for better cash control. Energy usage and other reductions of operating expenses are still a focus and a priority for administration to ensure dollars are being effectively spent on educating students. The School District continues to evaluate establishing a permanent improvement fund to relieve the General Fund of future capital expenditures and maintenance.

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Lana Fairchild, Treasurer, at Bright Local School District, P.O. Box 299, Mowrystown, Ohio 45155.

Bright Local School District
Statement of Net Position - Modified Cash Basis
June 30, 2019

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,869,118
Investments with Escrow Agents	209,266
Capital Assets:	
Non-Depreciable Capital Assets	213,658
Depreciable Capital Assets, Net	11,894,421
<i>Total Assets</i>	<i>17,186,463</i>
Liabilities	
Due Within One Year	234,249
Due in More Than One Year	1,718,034
<i>Total Liabilities</i>	<i>1,952,283</i>
Net Position	
Net Investment in Capital Assets	10,155,796
Restricted for:	
Capital Projects	15,375
Debt Service	461,197
Other Purposes	227,906
Unrestricted	4,373,906
<i>Total Net Position</i>	<i>\$15,234,180</i>

See accompanying notes to the basic financial statements

Bright Local School District
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2019

	Disbursements	Program Receipts		Net (Disbursements)
		Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Position
			Governmental	Activities
Governmental Activities				
Instruction:				
Regular	\$3,658,589	\$397,639	\$36,230	(\$3,224,720)
Special	1,276,158	158,455	825,699	(292,004)
Vocational	148,512	18,481	55,478	(74,553)
Student Intervention Services	1,450,499	181,598	0	(1,268,901)
Support Services:				
Pupils	408,874	50,908	78,589	(279,377)
Instructional Staff	258,992	32,280	21,187	(205,525)
Board of Education	65,923	8,253	0	(57,670)
Administration	519,896	65,078	3,651	(451,167)
Fiscal	337,783	42,286	890	(294,607)
Operation and Maintenance of Plant	763,336	88,380	24,025	(650,931)
Pupil Transportation	742,149	81,694	300	(660,155)
Central	3,590	449	0	(3,141)
Operation of Non-Instructional Services:				
Food Service Operations	403,742	48,038	314,765	(40,939)
Extracurricular Activities	112,635	13,559	22,587	(76,489)
Interest and Fiscal Charges	71,120	0	0	(71,120)
Total Governmental Activities	\$10,221,798	\$1,187,098	\$1,383,401	(7,651,299)

General Receipts

Property Taxes Levied for:	
General Purposes	1,905,556
Capital Outlay	31,774
Grants and Entitlements not	
Restricted to Specific Programs	5,854,457
Gifts and Dontations not	
Restricted to Specific Programs	1,480
Interest	81,930
Miscellaneous	198,016
Total General Receipts	8,073,213
Loss of Disposal of Asset - Special Item	(398,890)
Change in Net Position	23,024
Net Position at Beginning of Year - <i>As restated, see Note 21</i>	15,211,156
Net Position at End of Year	\$15,234,180

See accompanying notes to the basic financial statements

Bright Local School District
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
June 30, 2019

	General Fund	Debt Service Fund	All Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$4,373,906	\$251,931	\$243,281	\$4,869,118
Investments with Escrow Agents	<u>0</u>	<u>209,266</u>	<u>0</u>	<u>209,266</u>
<i>Total Assets</i>	<u><u>\$4,373,906</u></u>	<u><u>\$461,197</u></u>	<u><u>\$243,281</u></u>	<u><u>\$5,078,384</u></u>
Fund Balances				
Restricted	0	461,197	243,281	704,478
Assigned	704,967	0	0	704,967
Unassigned	<u>3,668,939</u>	<u>0</u>	<u>0</u>	<u>3,668,939</u>
<i>Total Fund Balances</i>	<u><u>\$4,373,906</u></u>	<u><u>\$461,197</u></u>	<u><u>\$243,281</u></u>	<u><u>\$5,078,384</u></u>

See accompanying notes to the basic financial statements

Bright Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Modified Cash Basis
June 30, 2019

Total Governmental Fund Balances \$5,078,384

*Amounts reported for governmental activities in the
Statement of Net Position are different because:*

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds. 12,108,079

Some liabilities are not due and payable in the current period and therefore are
not reported in the funds. Those liabilities consist of:

Energy conservation bonds payable	(826,658)
School improvement refunding bonds payable	(120,000)
Capital leases payable	<u>(1,005,625)</u>

Net Position of Governmental Activities \$15,234,180

See accompanying notes to the basic financial statements

Bright Local School District
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund	Debt Service Fund	All Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$1,905,556	\$0	\$31,774	\$1,937,330
Intergovernmental	6,319,437	0	918,421	7,237,858
Interest	78,636	3,253	41	81,930
Tuition and Fees	1,048,864	0	0	1,048,864
Rent	100	0	0	100
Extracurricular Activities	2,560	0	31,083	33,643
Gifts and Donations	1,480	0	0	1,480
Customer Sales and Services	308	0	104,183	104,491
Miscellaneous	165,207	18,437	14,372	198,016
<i>Total Receipts</i>	<u>9,522,148</u>	<u>21,690</u>	<u>1,099,874</u>	<u>10,643,712</u>
Disbursements				
Current:				
Instruction:				
Regular	3,131,944	0	45,087	3,177,031
Special	797,437	0	478,000	1,275,437
Vocational	147,617	0	0	147,617
Student Intervention Services	1,450,499	0	0	1,450,499
Support Services:				
Pupils	310,825	0	97,802	408,627
Instructional Staff	232,011	0	26,367	258,378
Board of Education	65,923	0	0	65,923
Administration	515,352	0	4,544	519,896
Fiscal	336,675	0	1,108	337,783
Operation and Maintenance of Plant	676,641	0	29,899	706,540
Pupil Transportation	652,158	0	373	652,531
Central	3,590	0	0	3,590
Operation of Non-Instructional Services	0	0	391,719	391,719
Extracurricular Activities	80,770	0	28,109	108,879
Capital Outlay	52,412	819,943	0	872,355
Debt Service				
Principal Retirement	0	212,672	0	212,672
Interest and Fiscal Charges	0	71,120	0	71,120
<i>Total Disbursements</i>	<u>8,453,854</u>	<u>1,103,735</u>	<u>1,103,008</u>	<u>10,660,597</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,068,294</u>	<u>(1,082,045)</u>	<u>(3,134)</u>	<u>(16,885)</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	0	819,943	0	819,943
Transfers In	0	272,139	0	272,139
Advances In	14,675	0	43,310	57,985
Transfers Out	(272,139)	0	0	(272,139)
Advances Out	(43,310)	0	(14,675)	(57,985)
<i>Total Other Financing Sources (Uses)</i>	<u>(300,774)</u>	<u>1,092,082</u>	<u>28,635</u>	<u>819,943</u>
<i>Net Change in Fund Balances</i>	767,520	10,037	25,501	803,058
<i>Fund Balances at Beginning of Year</i>	<u>3,606,386</u>	<u>451,160</u>	<u>217,780</u>	<u>4,275,326</u>
<i>Fund Balances at End of Year</i>	<u>\$4,373,906</u>	<u>\$461,197</u>	<u>\$243,281</u>	<u>\$5,078,384</u>

See accompanying notes to the basic financial statements

Bright Local School District
 Reconciliation of the Change in Fund Balances of Governmental Funds
 to the Statement of Activities - Modified Cash Basis
 For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$803,058

*Amounts reported for governmental activities in the
 Statement of Activities are different because:*

Capital outlays are reported as disbursements in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital asset additions	872,355	
Depreciation expense	<u>(646,228)</u>	
Excess of depreciation expense over capital additions		226,127

Governmental funds only report the disposal on capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each sale.

Loss on Disposal of Assets - Special Item		(398,890)
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Inception of capital leases are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Inception of capital lease		(819,943)
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Repayment of long-term debt is reported as a disbursement in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, this amount consisted of:

Bond payments	88,341	
Capital lease payments	<u>124,331</u>	
Total long-term debt repayment		<u>212,672</u>

Change in Net Position of Governmental Activities \$23,024

See accompanying notes to the basic financial statements

Bright Local School District
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget (Budgetary Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Total Cash Receipts and Other Financing Sources	\$ 8,560,807	\$ 9,320,943	\$ 9,633,929	\$ 312,986
Total Cash Disbursements and Other Financing Uses	<u>9,341,667</u>	<u>9,761,359</u>	<u>9,086,820</u>	<u>674,539</u>
Net Change in Fund Balance	(780,860)	(440,416)	547,109	987,525
Fund Balance at Beginning of Year	3,549,031	3,549,031	3,549,031	-
Prior Year Encumbrances Appropriated	<u>46,303</u>	<u>46,303</u>	<u>46,303</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,814,474</u>	<u>\$ 3,154,918</u>	<u>\$ 4,142,443</u>	<u>\$ 987,525</u>

See accompanying notes to the basic financial statements

Bright Local School District
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
June 30, 2019

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$24,087</u></u>
Net Position	
Unrestricted	<u><u>\$24,087</u></u>

See accompanying notes to the basic financial statements

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Bright Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was established in 1968. The School District serves an area of 120 square miles. It is located in Highland County, including all of the Village of Mowrystown, and portions of surrounding townships. The Board of Education controls the School District’s two instructional support facilities staffed by 25 non-certified employees, 49 teaching personnel and 13 administrative employees providing education to 668 students.

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Bright Local School District, this includes general operations, food service, preschool and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District participates in four organizations, two of which are defined as jointly governed organizations, two as purchasing pools and one as a public entity shared risk and insurance purchasing pool. These organizations are the Metropolitan Educational Technology Association (META), the Ohio School Boards Association Workers’ Compensation Group Rating Plan, the Southwestern Ohio Educational Purchasing Council, and the Brown County School Benefits Consortium. These organizations are presented in Notes 14, 15, and 16 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Section C of Note 2, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District, however, has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The Statement of Net Position presents the cash balance, investments, capital assets, and debt of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares disbursements with program receipts for each function of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the School District's general receipts.

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories: governmental and fiduciary.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the School District's major governmental funds:

General Fund - The General Fund is the operating fund of the School District and is used to account for all financial resources except those accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

The other governmental funds of the School District account for grants and other resources and capital projects whose use is restricted to a particular purpose.

Fiduciary Fund

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The School District's only fiduciary fund is an agency fund, which accounts for those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Basis of Accounting

The School District's financial statements are prepared using the modified cash basis of accounting except for modifications described in note 2E and 2F. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable and receipts for billed or provided services not yet collected) and certain liabilities and their related disbursements (such as accounts payable and disbursements for goods or services received but not yet paid, and accrued disbursements and liabilities) are not recorded in these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents” on the financial statements. The School District holds money in a sinking fund to be used for payment of the debt issued to finance the energy conservation remodeling project. The monies are presented as “Investments with Escrow Agents” on the financial statements.

During fiscal year 2019, the School District’s investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio), US Treasury Bill, Negotiable Certificates of Deposit, Commercial Paper, and a Money Market Fund.

STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2019 amounted to \$78,636, the Debt Service Fund received \$3,253, and All Other Governmental Funds received \$41.

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 School District are presented on the financial statements as cash equivalents.

E. Capital Assets

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets usually result from disbursements in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$2,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5 - 15 years
Buildings and Building Improvements	10 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	3 - 15 years

F. Long-Term Obligations

Long-term debt obligations are reported in the government-wide financial statements. The School District reported a liability for general obligation bonds, Energy Conservation Improvement Bonds, and capital leases.

G. Interfund Transactions

The School District reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. Advances between governmental activities are eliminated in the statement of activities.

H. Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Exchange transactions between funds are reported as revenues in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in the proprietary fund. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

I. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations and music and athletic programs, and federal and State grants restricted to disbursements for specified purposes.

The School District applies restricted resources when a disbursement is made for purposes for which both restricted and unrestricted net position is available.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies and authorized purchase commitments by the School District Board of Education.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when disbursements are made for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are made for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

L. Estimates

The modified cash basis of accounting used by the School District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation); accordingly, actual results could differ from those estimates.

M. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District’s modified cash basis of accounting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations.

O. Unamortized Bond Issuance Costs/Bond Premium and Discount

The School District's financial statements are prepared on the modified cash basis of accounting.

On the government-wide financial statements, bond issuance costs are recorded as disbursements on the statement of activities. Bond premiums are recorded as a receipt on the statement of activities.

Bond issuance costs and bond premiums are recognized as disbursements/other financing source on the statement of cash receipts, disbursements and changes in fund balance.

P. Pensions and Other Post Employment Benefits (OPEB)

For purposes of measuring the net pension liability and the net OPEB liability, 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 systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget (Budgetary Basis) and Actual presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are: outstanding year-end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (modified cash basis) and funds treated as General Fund equivalents on the modified cash basis that are not included on the budget basis.

The following table summarizes the adjustments necessary to reconcile the modified cash basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance General Fund	
Modified Cash Basis	\$767,520
Perspective Difference:	
Activity of Fund Reclassified for Modified Cash Basis Reporting Purposes	3,622
Encumbrances	<u>(224,033)</u>
Budget Basis	<u><u>\$547,109</u></u>

NOTE 4 – COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the School District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 5 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Debt Service	All Other Governmental Funds	Total
<i>Restricted for</i>				
Debt Payments	\$0	\$461,197	\$0	\$461,197
Food Service Operations	0	0	12,557	12,557
Capital Projects	0	0	15,375	15,375
Classroom Facilities	0	0	196,055	196,055
District Managed Activity	0	0	19,141	19,141
Other Purposes	0	0	153	153
<i>Total Restricted</i>	0	461,197	243,281	704,478
<i>Assigned to</i>				
FY20 Appropriations in Excess of Estimated Receipts	473,029	0	0	473,029
Other Purposes	231,938	0	0	231,938
<i>Total Assigned</i>	704,967	0	0	704,967
<i>Unassigned</i>	3,668,939	0	0	3,668,939
<i>Total Fund Balances</i>	\$4,373,906	\$461,197	\$243,281	\$5,078,384

NOTE 6 - DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
9. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both the following apply: obligations are eligible for purchase by the Federal Reserve System and the obligations mature no later than one hundred eighty days after purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,227,578 of the School District's bank balance of \$2,293,742 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

The School District does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At June 30, 2019, the financial institution still maintained its own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments At June 30, 2019, the School District had the following investments:

Investment Type	Cost	Fair Value	Maturity Less Than One Year	% of Total
Commercial Paper	\$245,974	\$247,866	\$245,974	8.2%
US Treasury Bill	123,714	123,735	123,714	4.1%
Certificates of Deposit	649,152	664,349	649,152	21.7%
Money Market Fund	5,717	5,717	5,717	0.2%
STAR Ohio	1,972,466	1,972,466	1,972,466	65.8%
Total	\$2,997,023	\$3,014,133	\$2,997,023	100.0%

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2019. As discussed further in Note 2D, STAR Ohio is reported at its share price. Commercial Paper investments are Level 2 inputs. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the School District's investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District's policy places limitations on the types of investments the School District may invest in. The School District's policy authorizes investment in allowable securities as outlined in Ohio Revised Code Section 135. The School District's investments in commercial paper were rated A-1/A-1+ by Standard & Poor's. The money market funds were unrated. STAROhio was rated AAAM by Standard & Poor's. The School District's investments in individual marketable certificates of deposit are fully insured by the Federal Deposit Insurance Corporation.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk. Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First-half tax collections are received by the School District in the second half of the fiscal year. Second-half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien December 31, 2017, were levied after April 1, 2018, and are collected in calendar year 2019 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Highland and Adams Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2019, are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2019 taxes were collected are:

	2018 Second- Half Collections		2019 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$94,191,413	90.19%	\$93,465,060	90.20%
Public Utility Personal	10,244,287	9.81%	10,155,950	9.80%
Total Assessed Value	<u>\$104,435,700</u>	<u>100.00%</u>	<u>\$103,621,010</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$26.20		\$26.20	

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 8 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2019, was as follows:

	Restated Balance at 6/30/18*	Additions	Deductions	Balance at 6/30/19
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$213,658	\$0	\$0	\$213,658
Total Capital Assets Not Being Depreciated	<u>213,658</u>	<u>0</u>	<u>0</u>	<u>213,658</u>
Capital Assets Being Depreciated:				
Land Improvements	843,923	0	0	843,923
Buildings and Building Improvements	19,912,590	826,826	(543,940)	20,195,476
Furniture, Fixtures and Equipment	1,847,529	16,129	0	1,863,658
Vehicles	1,317,109	29,400	0	1,346,509
Total Capital Assets Being Depreciated	<u>23,921,151</u>	<u>872,355</u>	<u>(543,940)</u>	<u>24,249,566</u>
Less Accumulated Depreciation:				
Land Improvements	(811,162)	(7,274)	0	(818,436)
Buildings and Building Improvements	(8,775,363)	(508,880)	145,050	(9,139,193)
Furniture, Fixtures and Equipment	(1,484,350)	(49,514)	0	(1,533,864)
Vehicles	(783,092)	(80,560)	0	(863,652)
Total Accumulated Depreciation	<u>(11,853,967)</u>	<u>(646,228)</u>	<u>145,050</u>	<u>(12,355,145)</u>
Total Capital Assets Being Depreciated, Net	<u>12,067,184</u>	<u>226,127</u>	<u>(398,890)</u>	<u>11,894,421</u>
Governmental Activities Capital Assets, Net	<u>\$12,280,842</u>	<u>\$226,127</u>	<u>(\$398,890)</u>	<u>\$12,108,079</u>

* As restated, see Note 21.

Depreciation was charged to governmental functions as follows:

Instruction:	
Regular	\$481,558
Special	721
Vocational	895
Support Services:	
Pupils	247
Instructional Staff	614
Operation and Maintenance of Plant	56,796
Pupil Transportation	89,618
Operation of Non-Instructional Services	12,023
Extracurricular Activities	3,756
Total Depreciation Expense	<u>\$646,228</u>

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

The School District 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. During fiscal year 2019, the School District contracted with the Argonaut Insurance Company for general liability, property, and fleet insurance.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been any significant reduction in coverage from the prior year.

B. Workers' Compensation

For fiscal year 2019, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Comp Management Inc. provides administrative, cost control, and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

Since the School District is using the modified cash basis of accounting, there is no accrued pension liability reported in the accompanying financial statements.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District 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 on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, 13.5% was designated to pension, death benefits, and Medicare B. There was 0.5% allocated to the Health Care Fund for fiscal year 2019.

The School District’s contractually required contribution to SERS was \$155,292 for fiscal year 2019.

Plan Description - State Teachers Retirement System (STRS)

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS) (Continued)

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 was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until Aug. 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 9.5% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% 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.

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 Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options in the GASB 68 schedules of employer allocations and pension amounts by employer.

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 10 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 Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll effective July 1, 2016. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS Ohio was \$442,958 for fiscal year 2019.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liability

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 School District's proportion of the net pension liability was based on the School District'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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability - Current Year	0.0327169%	0.02751486%	
Proportionate Share of the Net Pension Liability - Prior Year	<u>0.0274750%</u>	<u>0.02790403%</u>	
Change in Proportionate Share	<u>0.0052419%</u>	<u>-0.00038917%</u>	
Proportion of the Net Pension Liability	\$1,873,757	\$6,049,900	\$7,923,657

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:

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

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – SERS (Continued)

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

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

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$2,639,329	\$1,873,757	\$1,231,877

Assumptions and Benefit Changes Since the Prior Measurement Date - There were no changes in assumptions or benefit terms since the prior measurement date of June 30, 2017.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Payroll Increases	3.0%
Investment Rate of Return	7.45 percent, net of investment expenses
Discount Rate of Return	7.45%
Cost-of-Living Adjustments (COLA)	0%

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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, 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.

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:

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

* 10-Year annualized 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 Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS (Continued)

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 that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio’s 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 payments to determine the total pension liability as of June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$8,835,082	\$6,049,900	\$3,692,621

Assumptions and Benefit Changes Since the Prior Measurement Date - There were no changes in assumptions or benefit terms since the prior measurement date of June 30, 2017.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2019, four members of the Board of Education have elected Social Security. The Board’s liability is 6.2 percent of wages paid.

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net Other Post Employment Benefits (OPEB) Liability

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

Net Other Post Employment Benefits (OPEB) Liability (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. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The District reports on the modified cash basis of accounting, so there is no net OPEB (asset) liability recorded in the accompanying financial statements.

School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the School District's surcharge obligation was \$20,439.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$25,422 for fiscal year 2019.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

Net Other Post Employment Benefit (OPEB) Liability

The net OPEB (asset) liability was measured as of June 30, 2018, and the total OPEB (asset) liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB (asset) liability was based on the School District'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:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability - Current Year	0.0329385%	0.02751486%	
Proportionate Share of the Net OPEB Liability - Prior Year	0.0280230%	0.02790403%	
Change in Proportionate Share	0.0049155%	-0.00038917%	
Proportion of the Net OPEB (Asset) Liability	\$913,803	(\$442,136)	\$471,667

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.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

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 are presented below:

Valuation Date	June 30, 2018
Actuarial Assumptions Experience Study Date	5 year period ended June 30, 2015
Investment Rate of Return	7.50 percent, net of investment expenses, including inflation
Price Inflation	3.00%
Salary increases, including price inflation	3.50% - 18.20%
Municipal Bond Index Rate	
Prior Measurement Date	3.56%
Measurement Date	3.62%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Prior Measurement Date	3.63%
Measurement Date	3.70%
Medical Trend Assumption	
Pre-Medicare	7.25% - 4.75%
Medicare	5.375% - 4.75%

Mortality Assumptions - 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 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:

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

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

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, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, 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. 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 School District'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%).

	<u>1% Decrease (2.70%)</u>	<u>Current Discount Rate (3.70%)</u>	<u>1% Increase (4.70%)</u>
School District's proportionate share of the net OPEB liability	\$1,108,828	\$913,803	\$759,380

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

The following table presents the OPEB liability of SERS, 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.

	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%)
School District's proportionate share of the net OPEB liability	\$737,271	\$913,803	\$1,147,562

Assumptions and Benefit Changes Since the Prior Measurement Date - The discount rate was changed from 3.63% to 3.70% and the health care trend rates were updated. There were no changes in benefit terms since the prior measurement date of June 30, 2017.

Actuarial Assumptions - STRS

The net OPEB (asset) liability of (\$1,606,898) for STRS as a whole was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an independent actuarial valuation as of that date. Each respective employer allocation percentage of the net OPEB liability is based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating STRS Ohio employers. Employer contributions were determined based on the 14% employer rate and total member contributions from employer payroll reports for the year ended June 30, 2018.

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45%	
Health Care Cost Trends	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%

Mortality Rates — 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.

Experience Studies — 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.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

Investment Return Assumptions —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 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	<u>100.00 %</u>	

* 10-Year annualized 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 Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate — The discount rate used to measure the total OPEB liability was 7.45% as of June 30, 2018. 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 of 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) liability as of June 30, 2018.

Sensitivity of the School District's Proportionate Share of the Net OPEB (Asset) Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The following table represents the net OPEB liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB (asset) 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 assumption. Also shown is the net OPEB (asset) liability 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 in Discount Rate (6.45%)	Current Discount Rate (7.45%)	1% Increase in Discount Rate (8.45%)
School District's proportionate share of the net OPEB (asset) liability	(\$378,952)	(\$442,136)	(\$495,239)
	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
School District's proportionate share of the net OPEB (asset) liability	(\$492,241)	(\$442,136)	(\$391,250)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

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 1.9% 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.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Up to two years of accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 182 days for non-certified union members, 200 days for teachers, and 240 days for administrators. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum payment of 55 days for teachers. Teachers who are at the 50 day maximum for severance, earn an extra five days of severance pay. Upon retirement, payment is made for one-half of their accrued, but unused sick leave credit to a maximum payment of 60 days for non-certified union members and administrative employees.

B. Life and Accident Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through OneAmerica – American United Life Insurance Company.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2019 were as follows:

	Amount Outstanding 6/30/18	Additions	Deductions	Amount Outstanding 6/30/19	Amounts Due in One Year
2010 School Improvement Refunding Bonds					
Term Bonds 2.9% - 3.7%	\$175,000	\$0	\$55,000	\$120,000	\$60,000
2012 Energy Conservation Improvement Bonds - 5.2%	378,000	0	0	378,000	0
2017 Energy Conservation Improvement Bonds - 7.97%	481,999	0	33,341	448,658	33,925
Capital Leases	310,013	819,943	124,331	1,005,625	140,324
Total Governmental Long-Term Liabilities	<u>\$1,345,012</u>	<u>\$819,943</u>	<u>\$212,672</u>	<u>\$1,952,283</u>	<u>\$234,249</u>

In April 2010, the School District issued \$325,000 in school improvement bonds for the purpose of refunding a portion of the 1998 School Improvement Bonds. \$310,000 were term bonds and \$15,000 was a capital appreciation bond. This was a current refunding. The bonds were issued for a 10 year period, with final maturity in December 2020. The bonds were issued at a premium of \$18,589 and had related issuance costs of \$10,199. The refunding resulted in a difference of \$8,390 between the net carrying amount of the debt and the acquisition price. The current year premium reduction was \$1,663 leaving an outstanding balance of \$3,325. The current year deferred gain on the refunding reduction was \$751 leaving an outstanding balance of \$1,497. The capital appreciation bonds matured in fiscal year 2018. The maturity amount of the capital appreciation bonds was \$55,000. The School District financial statements are presented on a modified cash basis and therefore the premium, gain on refunding, and accretion are not recorded within the accompanying financial statements. The bonds are being paid from the Debt Service Fund.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 13 - LONG-TERM OBLIGATIONS (continued)

Energy Conservation Bonds – In July 2011, the School District issued \$378,000 in Energy Conservation Bonds for the purpose of installations, modifications of installations or remodeling that would significantly reduce energy consumption in current School District buildings. The bonds were issued at 5.2% interest rate and have a final maturity date of December 1, 2025. The bonds are being paid from the Debt Service Fund with transfers from the General Fund.

As part of the agreement, US Bank National Association deposited \$378,000 in the School District’s name, with an escrow agent for the renovations to the buildings. The School District makes annual interest payments to US Bank and annual sinking fund payments to the escrow agent. The escrow agent is investing the School District’s deposits and has guaranteed a return on the investments to meet the School District’s bond liability. US Bank will be repaid in fiscal year 2026 when the \$378,000 bond payment is due. There are mandatory deposits required to be made with the escrow agent in order to ensure that the bond is paid timely. The School District is current on the deposits.

Energy Conservation Bonds – In July 2016, the School District issued \$525,986 in Energy Conservation Bonds for the purpose of conservation measures. The bonds were issued at 7.97% interest rate and have a final maturity date of December 1, 2031. The bonds are being paid from the Debt Service Fund with transfers from the General Fund.

The School District’s overall legal debt margin was \$8,379,323 with an unvoted debt margin of \$103,622 at June 30, 2019.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2019, are as follows:

2010 School Improvement Bonds					
Fiscal year Ending June 30,	Term Bonds				
	Principal	Term Bonds Interest			
2020	\$60,000	\$4,440			
2021	60,000	2,220			
Total	\$120,000	\$6,660			

Fiscal Year Ending June 30,	2012 Energy Conservation Bonds			2017 Energy Conservation Bonds	
	Principal	Interest	Sinking Fund Payments	Principal	Interest
2020	\$0	\$19,656	\$25,200	\$33,925	\$7,555
2021	0	19,656	25,200	34,518	6,956
2022	0	19,656	25,200	35,122	6,347
2023	0	19,656	25,200	35,737	5,727
2024	0	19,656	25,200	36,363	5,096
2025-2029	378,000	39,312	50,400	191,583	15,621
2030-2032	0	0	0	81,410	1,430
	\$378,000	\$ 137,592	\$ 176,400	\$ 448,658	\$ 48,732

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

Metropolitan Educational Technology Association

META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid META \$103,141 for services provided during the fiscal year. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

NOTE 15 - PURCHASING POOLS

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Southwestern Ohio Educational Purchasing Council

The School District participates in the Southwestern Ohio Educational Purchasing Council (EPC). The EPC is a council of governments with over 40 years of shared services experience, pooling the purchasing power of over 180 Ohio School Districts. Member districts benefit from the EPC's ability to aggregate volumes on goods and services such as health insurance; liability, fleet and property insurance; utilities; group rating; as well as food; classroom and office supplies; furniture; medical supplies and much more.

NOTE 16 – PUBLIC ENTITY SHARED RISK AND INSURANCE PURCHASING POOL

Brown County School Benefits Consortium

The Brown County Schools Benefits Consortium (the Consortium), a public entity shared risk and insurance purchasing pool, currently operates to provide medical insurance (insurance purchasing pool) to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Six Brown County school districts (Eastern, Fayetteville-Perry, Georgetown, Ripley Union Lewis Huntington, Southern Hills Joint Vocational, and Western Brown Schools) and two Highland County school districts (Bright and Lynchburg-Clay) along with the Brown County Educational Service Center have entered into an agreement to form the Brown County Schools Benefits Consortium. The Consortium is governed by a nine member board consisting of the superintendents of each participating school district along with the superintendent of the Brown County Educational Service Center. The overall objectives of the consortium are to formulate and administer a program of medical insurance for the benefit of the consortium members' employees and their dependents. The consortium contracts with United Healthcare to provide medical insurance directly to consortium member employees. The School District pays premiums to the consortium based on employee membership. Participating member districts pay an administrative fee to the fiscal agent to cover the costs associated with the administering of the Consortium. To obtain financial information write to the Brown County Educational Service Center at 9231-B Hamer Road, Georgetown, Ohio 45121.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information describes the change in the fiscal year-end set-aside amounts for capital acquisitions. Disclosure of this information is required by State statute.

	<u>Capital Acquisition</u>
Set-aside Balance as of June 30, 2018	\$ -
Current Year Set-aside Requirement	120,970
Current Year Offsets	(68,054)
Current Year Qualifying Disbursements	(52,916)
Totals	<u>\$ -</u>
Balance Carried Forward to Fiscal Year 2019	<u>\$ -</u>
Set-aside Balance as of June 30, 2019	<u>\$ -</u>

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for capital acquisition, this extra amount may not be used to reduce the set-aside requirements of future fiscal years. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the capital acquisition set-aside.

NOTE 18 - CONTINGENCIES

A. Grants

The School District 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 of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2019, if applicable, cannot be determined at this time.

B. Litigation

The School District is not currently party to legal proceedings.

C. Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. 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. As of the date of this report, additional ODE adjustments for fiscal year 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to or liability of, the School District.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 19 - INTERFUND

A. Interfund Transfers

Transfers made during the year ended June 30, 2019, were as follows:

Funds:	Transfer To:	Transfer From:
Major		
General Fund	\$ -	\$ 272,139
Debt Service Fund	272,139	-
Total Major Funds	272,139	272,139
Total	\$ 272,139	\$ 272,139

The transfer from the General Fund was made to move unrestricted balances to support debt service payments.

B. Interfund Advances

The School District made the following advances during fiscal year 2019:

Fund:	Advance To:	Advance From:
Major		
General Fund	\$ 14,675	\$ 43,310
Non-Major Funds	43,310	14,675
Total All Funds	\$ 57,985	\$ 57,985

Other Governmental Funds received advances from the General Fund in anticipation of intergovernmental receipts. Advances to the General Fund were for repayment of prior and current year advances. These advances are to be repaid during the 2020 fiscal year.

NOTE 20 – CAPITAL LEASES - LESSEE DISCLOSURE

During the fiscal year, the School District entered into a capital lease for the purpose of replacing boilers and chillers. During a previous fiscal year, the School District entered into capital leases for the purpose of a van, buses, and energy conservation capital improvements. The capital assets under these leases have been capitalized in the amount of \$1,200,563. The School District paid \$124,331 in principal payments during 2019.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2019:

Fiscal Year Ending June 30,	Total Payments
2020	\$ 179,120
2021	170,722
2022	113,605
2023	113,605
2024	113,605
2025-2029	467,229
2029-2031	25,624
Total	1,183,510
Less: Amount Representing Interest	(177,885)
Present Value of Net Minimum Lease Payments	\$ 1,005,625

NOTE 21 – NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF BALANCES

For the fiscal year ended June 30, 2019, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the School District.

GASB Statement No. 88 establishes criteria to improve the information that is disclosed in notes to government 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 School District.

The School District corrected their capital asset balance as of June 30, 2018 to reflect a roof project that occurred in the previous fiscal year. This correction resulted in an increase in beginning net position from \$14,961,960 to \$15,211,156.

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**BRIGHT LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	3L60	\$ 34,458
Cash Assistance:			
National School Breakfast Program	10.553	3L70	78,209
National School Lunch Program	10.555	3L60	176,286
Total Child Nutrition Cluster			<u>288,953</u>
Total U.S. Department of Agriculture			<u>288,953</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
IDEA Part B	84.027	3M20-2018	10,461
IDEA Part B	84.027	3M20-2019	203,471
6B IDEA Restorations	84.027		<u>32,201</u>
Total IDEA Part B			246,133
Early Childhood Special Education	84.173	3Y20-2018	890
Early Childhood Special Education	84.173	3Y20-2019	6,339
Preschool Restoration	84.173		<u>4,520</u>
Total Early Childhood Special Education			<u>11,749</u>
Total Special Education Cluster			257,882
Title I Grants to Local Educational Agencies	84.010	3M00-2018	31,663
Title I Grants to Local Educational Agencies	84.010	3M00-2019	<u>202,481</u>
Total Title I			234,144
Title IIA - Improving Teacher Quality	84.367	3Y60-2019	30,233
Rural Education (Title VI-B)	84.358	3Y87	11,708
Title IV-A	84.424		16,714
Total U.S. Department of Education			<u>550,681</u>
Total Expenditures of Federal Awards			<u>\$ 839,634</u>

The accompanying notes are an integral part of this schedule.

**BRIGHT LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED June 30, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Bright Local School District (the District) under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

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

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*

Bright Local School District
Highland County
44 North High Street, PO Box 299
Mowrystown, Ohio 45155

To the Board of Education:

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 modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bright Local School District, Highland County, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 18, 2020, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District'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 District'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 District'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 District'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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-001.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and / or corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

February 18, 2020

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Bright Local School District
Highland County
44 North High Street, PO Box 299
Mowrystown, Ohio 45155

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited the Bright Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Bright Local School District's major federal programs for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on each Major Federal Program

In our opinion, Bright Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Keith Faber
Auditor of State

Columbus, Ohio

February 18, 2020

**BRIGHT LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	None
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	None
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	None
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	None
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster 10.553 10.555, Title I 84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2019-001

Noncompliance

Ohio Rev. Code §117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

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

**FINDING NUMBER 2019-001
(Continued)**

The District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

Because of economic reasons, the Board of Education of Bright Local School District does not anticipate filing GAAP financial reports. The Board feels the cost of producing GAAP financial reports exceed the benefit to the District.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.



BRIGHT LOCAL SCHOOLS

BRIGHT LOCAL SCHOOL DISTRICT

BOX 299 – MOWRYSTOWN, OHIO 45155

PHONE (937) 442-3114 FAX (937) 442-6655

Superintendent – Terrence Fouch

Treasurer – Lana Fairchild

Bright Principal – Michael Bick

(937) 927-7010

Whiteoak Principal – Jason Iles

(937) 442-2241

www.blstd.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

JUNE 30, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Ohio Administrative Code Section 117-02-03(B), District did not file their annual financial report in accordance with GAAP.	Not Corrected	Reissued as Finding 2019-001

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BRIGHT LOCAL SCHOOLS

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CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

June 30, 2019

Finding Number:	2019-001
Planned Corrective Action:	Because of economic reasons, the Board of Education of Bright Local School District does not anticipate filing GAAP financial reports. The Board feels the cost of producing GAAP financial reports exceed the benefit to the District.
Anticipated Completion Date:	N/A
Responsible Contact Person:	Lana Fairchild

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OHIO AUDITOR OF STATE KEITH FABER



BRIGHT LOCAL SCHOOL DISTRICT

HIGHLAND 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
MARCH 3, 2020**