



OHIO AUDITOR OF STATE
KEITH FABER



**BRIGHT LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY
JUNE 30, 2021**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position- Cash Basis	5
Statement of Activities- Cash Basis	6
Fund Financial Statements:	
Statement of Assets and Fund Balances- Cash Basis Governmental Funds	7
Statement of Receipts, Disbursements and Changes in Fund Balances- Cash Basis Governmental Funds	8
Statement of Receipts, Disbursements and Change in Fund Balance - Budget and Actual – Budget Basis General Fund	9
Statement of Fiduciary Net Position- Cash Basis Fiduciary Fund	10
Statement of Changes in Fiduciary Net Position- Cash Basis Fiduciary Fund	11
Notes to the Basic Financial Statements	13
Schedule of Expenditures of Federal Awards	43
Notes to the Schedule of Expenditures of Federal Award	44
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	45
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	47
Schedule of Findings	49
Prepared By Management:	
Summary Schedule of Prior Audit Findings	53
Corrective Action Plan	55

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the 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, 2021, 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 cash accounting basis Note 2 describes. This responsibility includes determining that the 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 cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in 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 cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 22 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. The District also has elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding these matters.

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, 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
March 31, 2022

This page intentionally left blank.

Bright Local School District
Statement of Net Position - Cash Basis
As of June 30, 2021

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,910,280
Investments with Escrow Agents	<u>265,783</u>
<i>Total Assets</i>	6,176,063
Net Position	
Restricted for Other Purposes	504,026
Restricted for Set-Asides	19,531
Unrestricted	<u>5,652,506</u>
<i>Total Net Position</i>	<u><u>\$6,176,063</u></u>

The notes to the basic financial statements are an integral part of this statement.

Bright Local School District
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2021

	Cash Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	
Governmental Activities				
Instruction:				
Regular	\$3,257,619	\$418,548	\$135,483	(\$2,703,588)
Special	1,377,400	110,296	1,012,249	(254,855)
Vocational	114,069	15,295	55,478	(43,296)
Student Intervention Services	78,943	3,709	20,178	(55,056)
Other	1,392,761	186,747	0	(1,206,014)
Support Services:				
Pupils	497,554	31,099	315,163	(151,292)
Instructional Staff	294,579	36,114	58,332	(200,133)
Board of Education	46,929	6,292	0	(40,637)
Administration	582,113	77,537	6,159	(498,417)
Fiscal	356,855	47,782	0	(309,073)
Operation and Maintenance of Plant	1,150,303	93,287	160,396	(896,620)
Pupil Transportation	860,169	98,057	0	(762,112)
Central	8,532	0	8,612	80
Operation of Non-Instructional Services	545,472	28,639	528,502	11,669
Extracurricular Activities	170,487	85,718	180	(84,589)
Debt Service:				
Principal	848,868	0	0	(848,868)
Interest and Fiscal Charges	52,783	0	0	(52,783)
<i>Total Governmental Activities</i>	<u>\$11,635,436</u>	<u>\$1,239,120</u>	<u>\$2,300,732</u>	(8,095,584)

General Cash Receipts

Property Taxes Levied for:	
General Purposes	2,058,402
Classroom Facilities Maintenance	13,505
Grants and Entitlements,	
Not Restricted for Specific Programs	5,740,694
Interest	29,524
Proceeds from Lease-Purchase	628,448
Proceeds from Sale of Capital Assets	2,552
Miscellaneous	251,302
<i>Total General Cash Receipts</i>	<u>8,724,427</u>
<i>Change in Net Position</i>	628,843
<i>Net Position Beginning of Year (Restated)</i>	<u>5,547,220</u>
<i>Net Position End of Year</i>	<u>\$6,176,063</u>

The notes to the basic financial statements are an integral part of this statement.

Bright Local School District
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
As of June 30, 2021

	General	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,876,433	\$1,014,316	\$5,890,749
Investments with Escrow Agents	0	265,783	265,783
Restricted Cash and Cash Equivalents	19,531	0	19,531
<i>Total Assets</i>	<u>\$4,895,964</u>	<u>\$1,280,099</u>	<u>\$6,176,063</u>
Fund Balances			
Restricted	\$19,531	\$504,026	\$523,557
Committed	0	377,282	377,282
Assigned	1,317,117	398,791	1,715,908
Unassigned	3,559,316	0	3,559,316
<i>Total Fund Balances</i>	<u>\$4,895,964</u>	<u>\$1,280,099</u>	<u>\$6,176,063</u>

The notes to the basic financial statements are an integral part of this statement.

Bright Local School District
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
 Governmental Funds
 For the Fiscal Year Ended June 30, 2021

	General	Non-Major Governmental Funds	Total Governmental Funds
Cash Receipts			
Property Taxes	\$2,058,402	\$13,505	\$2,071,907
Intergovernmental	6,192,205	1,843,971	8,036,176
Interest	29,508	111	29,619
Tuition and Fees	1,135,321	0	1,135,321
Extracurricular Activities	1,768	72,947	74,715
Gifts and Donations	4,975	180	5,155
Customer Sales and Services	470	28,614	29,084
Miscellaneous	223,231	28,071	251,302
<i>Total Cash Receipts</i>	9,645,880	1,987,399	11,633,279
Cash Disbursements			
Current:			
Instruction:			
Regular	3,119,779	137,840	3,257,619
Special	822,585	554,815	1,377,400
Vocational	114,069	0	114,069
Student Intervention Services	27,660	51,283	78,943
Other	1,392,761	0	1,392,761
Support Services:			
Pupils	228,077	269,477	497,554
Instructional Staff	269,339	25,240	294,579
Board of Education	46,929	0	46,929
Administration	578,268	3,845	582,113
Fiscal	356,357	498	356,855
Operation and Maintenance of Plant	695,625	454,678	1,150,303
Pupil Transportation	731,311	128,858	860,169
Central	0	8,532	8,532
Operation of Non-Instructional Services	296	545,176	545,472
Extracurricular Activities	95,247	75,240	170,487
Debt Service:			
Principal	0	848,868	848,868
Interest	0	52,783	52,783
<i>Total Cash Disbursements</i>	8,478,303	3,157,133	11,635,436
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	1,167,577	(1,169,734)	(2,157)
Other Financing Sources (Uses)			
Transfers In	0	333,834	333,834
Advances In	0	489,585	489,585
Proceeds from Lease-Purchase	0	628,448	628,448
Proceeds from Sale of Capital Assets	2,052	500	2,552
Transfers Out	(301,929)	(31,905)	(333,834)
Advances Out	(489,585)	0	(489,585)
<i>Total Other Financing Sources (Uses)</i>	(789,462)	1,420,462	631,000
<i>Net Change in Fund Balances</i>	378,115	250,728	628,843
<i>Fund Balance Beginning of Year (Restated)</i>	4,517,849	1,029,371	5,547,220
<i>Fund Balance End of Year</i>	\$4,895,964	\$1,280,099	\$6,176,063

The notes to the basic financial statements are an integral part of this statement.

Bright Local School District
*Statement of Receipts, Disbursements and Change
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$2,361,174	\$2,064,324	\$2,058,402	(\$5,922)
Intergovernmental	5,557,857	5,799,254	6,192,205	392,951
Interest	73,135	27,960	29,508	1,548
Tuition and Fees	1,092,032	1,092,032	1,135,321	43,289
Miscellaneous	20,636	202,790	207,760	4,970
<i>Total Receipts</i>	9,104,834	9,186,360	9,623,196	436,836
Disbursements				
Current:				
Instruction:				
Regular	3,312,792	3,310,593	3,118,959	191,634
Special	793,037	1,078,487	822,585	255,902
Vocational	124,660	140,650	114,069	26,581
Student Intervention Services	90,876	41,185	27,660	13,525
Other	1,441,564	1,401,343	1,392,761	8,582
Support Services:				
Pupils	300,674	276,057	220,465	55,592
Instructional Staff	247,808	297,400	269,339	28,061
Board of Education	51,606	67,929	46,929	21,000
Administration	545,543	669,571	578,328	91,243
Fiscal	369,411	375,485	357,900	17,585
Business	392	392	0	392
Operation and Maintenance of Plant	760,997	945,867	697,225	248,642
Pupil Transportation	710,073	834,233	733,882	100,351
Central	4,517	4,517	0	4,517
Operation of Non-Instructional Services	0	831	296	535
Extracurricular Activities	79,149	108,109	95,247	12,862
<i>Total Disbursements</i>	8,833,099	9,552,649	8,475,645	1,077,004
Other Financing Sources (Uses)				
Transfers In	44,056	101,172	57,116	(44,056)
Proceeds from Sale of Capital Assets	0	2,000	2,052	52
Transfers Out	(400,000)	(512,783)	(359,045)	153,738
Advances Out	0	(625,000)	(489,585)	135,415
<i>Total Other Financing Sources (Uses)</i>	(355,944)	(1,034,611)	(789,462)	245,149
<i>Net Change in Fund Balances</i>	(84,209)	(1,400,900)	358,089	1,758,989
<i>Fund Balance Beginning of Year</i>	4,390,715	4,390,715	4,390,715	0
<i>Prior Year Encumbrances Appropriated</i>	115,486	115,486	115,486	0
<i>Fund Balance End of Year</i>	<u>\$4,421,992</u>	<u>\$3,105,301</u>	<u>\$4,864,290</u>	<u>\$1,758,989</u>

The notes to the basic financial statements are an integral part of this statement.

Bright Local School District
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
As of June 30, 2021

	Private Purpose Trust Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,897</u>
<i>Total Assets</i>	3,897
Net Position	
Restricted for Scholarships	<u>3,897</u>
<i>Total Net Position</i>	<u><u>\$3,897</u></u>

The notes to the basic financial statements are an integral part of this statement.

Bright Local School District
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Fund
For the Fiscal Year Ended June 30, 2021

	<u>Private Purpose Trust Fund</u>
Additions	
Gifts and Contributions	<u>\$3,456</u>
<i>Total Additions</i>	3,456
Deductions	
Payments in Accordance with Trust Agreements	<u>1,000</u>
<i>Total Deductions</i>	<u>1,000</u>
<i>Change in Net Position</i>	2,456
<i>Net Position Beginning of Year</i>	<u>1,441</u>
<i>Net Position End of Year</i>	<u><u>\$3,897</u></u>

The notes to the basic financial statements are an integral part of this statement.

This page was intentionally left blank.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 33 non-certified employees, 54 teaching personnel and 11 administrative employees providing education to 749 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, one of which is defined as a jointly governed organization, 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 13, 14, and 15 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the basis of accounting section of this note, these financial statements are presented on a cash basis of accounting. This 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 cash basis of accounting.

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.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 and investment balances 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 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.

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.

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 is the School District's major governmental fund:

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.

The other governmental funds of the School District account for grants and other resources, debt service, and capital projects whose use is restricted, committed, or assigned 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 custodial 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.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Custodial funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The School District's fiduciary fund is a private purpose trust fund, which is used to maintain the financial activity of the School District's scholarship funds.

Basis of Accounting

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

As a result of the use of this 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.

Budgetary Process

All funds 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.

Cash and Investments

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.

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.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2021, the School District's investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), commercial paper, negotiable certificates of deposit, US Government securities, and money market funds.

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 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advanced notice is appreciated for all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million per day. 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 2021 amounted to \$29,508 and non-major governmental funds received \$111.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for the acquisition and construction of capital improvements.

Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

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.

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 cash basis of accounting.

Employer Contributions to Cost-Sharing Pension/OPEB Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension/OPEB plans when they are paid. As described in notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net cash position represents the cash and investment assets held by the School District at year end. 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.

None of the School District's net position is restricted by enabling legislation.

Fund Balance

Fund balance is divided into five classifications 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 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. These amounts are assigned by the School District's Board of Education. In the general fund, assigned amounts represent intended uses established by policies and authorized purchase commitments by the School District Board

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

of Education or a School District official delegated by that authority by resolution or by state statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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 amount when disbursements are made for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Internal Activity

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements.

Pensions and Other Post Employment Benefits (OPEB)

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

Note 3 – 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 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.

Note 4 – 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 and actual – budget basis 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 cash basis are: outstanding year-end encumbrances, which are treated as cash disbursements (budget basis) rather than as restricted, committed, or assigned fund balance (cash basis) and funds treated as general fund equivalents on the cash basis that are not included on the budget basis.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
Cash Basis	\$378,115
Transfers In	57,116
Transfers Out	(57,116)
Encumbrances	(8,420)
Perspective Difference:	
Activity of Fund Reclassified for Cash Basis Reporting Purposes	(11,606)
Budget Basis	\$358,089

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	Non-Major Governmental Funds	Total
Restricted for			
Set-Asides	\$19,531	\$0	\$19,531
Lunchroom	0	52,350	52,350
Classroom Facilities Maintenance	0	137,983	137,983
Student Activities	0	18,022	18,022
District Managed Activities	0	10,619	10,619
Student Wellness	0	276,855	276,855
Other Purposes	0	8,197	8,197
<i>Total Restricted</i>	19,531	504,026	523,557
Committed to			
Capital Projects	0	377,282	377,282
Assigned to			
Debt Payments	0	398,791	398,791
Public School Support	23,283	0	23,283
Purchases on Order	8,420	0	8,420
2022 Budget Deficit	1,285,414	0	1,285,414
<i>Total Assigned</i>	1,317,117	398,791	1,715,908
Unassigned	3,559,316	0	3,559,316
<i>Total Fund Balances</i>	\$4,895,964	\$1,280,099	\$6,176,063

Note 6 – Deposits and Investments

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

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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;
2. Bonds, notes, debentures, or any other obligation or security 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, and Government National Mortgage 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 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 the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
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. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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.

At year-end, the School District had \$1,042 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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, \$1,892,782 of the School District's bank balance of \$2,632,782 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.

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, 2021, two of the School District's financial institutions still maintained their own collateral pools 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, 2021, the School District had the following investments:

Investment Type	Cost	Maturity			Percent of Total
		Less Than One Year	1-2 Years	3-5 Years	
Federal Farm Credit Bank	\$389,583	\$59,890	\$329,693	\$0	10.13%
Federal National Mortgage Association	569,388	0	369,677	199,711	14.80%
Federal Home Loan Mortgage Corporation	120,000	0	0	120,000	3.12%
Commercial Paper	733,630	733,630	0	0	19.07%
Negotiable Certificates of Deposit	748,123	299,613	448,510	0	19.45%
Money Market Funds	278,255	278,255	0	0	7.22%
STAR Ohio	1,008,395	1,008,395	0	0	26.21%
Total	\$3,847,374	\$2,379,783	\$1,147,880	\$319,711	100.00%

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, 2021. As discussed further in note 2, STAR Ohio is reported at its share price. 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.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 the US Government Agency Securities were rated AA+ by Standard & Poor’s. The money market funds and STAR Ohio were rated AAAm by Standard & Poor’s. Commercial paper securities were rated A-1 to A-1+ by Standard and 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.

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 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, 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 semiannually. 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 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020, and are collected in calendar year 2021 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, 2021, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The assessed values upon which fiscal year 2021 taxes were collected are:

	2020 Second- Half Collections		2021 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$95,063,780	89.67%	\$95,970,640	89.41%
Public Utility Personal	10,954,000	10.33%	11,361,730	10.59%
Total Assessed Value	\$106,017,780	100.00%	\$107,332,370	100.00%
Tax rate per \$1,000 of assessed valuation		\$26.20		\$25.70

Note 8 – Risk Management

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 2021, 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.

Workers’ Compensation

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool (note 14). 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 9 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions and 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 pensions and OPEB are a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) 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 and OPEB plan’s fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 and OPEB.

GASB Statements No. 68/75 assume 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). The retirement systems may allocate a portion of the employer contributions to provide for the OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

Since the School District is using the cash basis of accounting, there is no accrued pension/OPEB liability (asset) or related deferred inflows or outflows of resources reported in the accompanying financial statements.

The remainder of this note includes the required pension disclosures. See note 10 for the required OPEB disclosures.

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.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W,

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

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, 2021, 14.0 percent was designated to pension, death benefits, and Medicare B. There was no amount allocated to the Health Care Fund for fiscal year 2021.

The School District's contractually required contribution to SERS was \$176,882 for fiscal year 2021.

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.

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 is 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 age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 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 percent and the statutory member rate is 14 percent of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS Ohio was \$503,656 for fiscal year 2021.

Net Pension Liability

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability - Current Year	0.0353223%	0.02757832%	
Proportionate Share of the Net Pension Liability - Prior Year	0.0335307%	0.02694956%	
Change in Proportionate Share	0.0017916%	0.00062876%	
Proportion of the Net Pension Liability	\$2,336,291	\$6,672,972	\$9,009,263

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

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

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

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

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

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

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

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

Discount Rate – The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$3,200,434	\$2,336,291	\$1,611,259

Actuarial Assumptions – STRS

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017

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

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

STRS 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:

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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	100.00%	

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

Discount Rate – The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with 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, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

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	\$9,501,151	\$6,672,972	\$4,276,326

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, 2021, four members of the Board of Education have elected Social Security. The Board’s liability is 6.2 percent of wages paid.

Note 10 – Defined Benefit OPEB Plans

See note 9 for a description of the net OPEB liability (asset).

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 2021, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$24,880.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. No portion of covered payroll was allocated to the Health Care Fund in 2021. The School District's contractually required contribution to SERS was \$24,880 for fiscal year 2021.

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.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

Net Other Post Employment Benefit (OPEB) (Asset) Liability

The net OPEB (asset) liability was measured as of June 30, 2020, 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	0.0366023%	0.02757832%	
Proportionate Share of the Net OPEB Liability - Prior Year	0.0342614%	0.02694956%	
Change in Proportionate Share	0.0023409%	0.00062876%	
Proportion of the Net OPEB Liability	\$795,488	\$0	\$795,488
Proportion of the Net OPEB (Asset)	0	(484,688)	(484,688)

Actuarial Assumptions - SERS

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

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

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

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Inflation	3.00 percent
Wages Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent, net of investment expenses, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption:	
Medicare	5.25 percent to 4.75 percent
Pre-Medicare	7.00 percent to 4.75 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015 and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the 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 (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$973,657	\$795,488	\$653,843

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$626,386	\$795,488	\$1,021,620

Actuarial Assumptions - STRS

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

Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends:	
Medical:	
Pre-Medicare	5.00 percent initial, 4.00 percent ultimate
Medicare	-6.69 percent initial, 4.00 percent ultimate

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Prescription Drug:	
Pre-Medicare	6.50 percent initial, 4.00 percent ultimate
Medicare	11.87 percent initial, 4.00 percent ultimate

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

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

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

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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 percent and does not include investment expenses. Over a 30-year period, STRS Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate – The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The 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 percent was used to measure the total OPEB asset as of June 30, 2020.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates – The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$421,711)	(\$484,688)	(\$538,123)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$534,806)	(\$484,688)	(\$423,638)

Note 11 – Employee Benefits

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.

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, 2021

Note 12 – Long-Term Obligations

The changes in the School District’s long-term obligations during fiscal year 2021 were as follows:

	Amount Outstanding 7/1/20	Additions	Deductions	Amount Outstanding 6/30/21	Amounts Due in One Year
2010 School Improvement Refunding Bonds Term Bonds 2.9%-3.7%	\$60,000	\$0	(\$60,000)	\$0	\$0
2012 Energy Conservation Improvement Bonds 5.2%	378,000	0	0	378,000	0
2017 Energy Conservation Improvement Bonds 7.97%	414,733	0	(34,518)	380,215	35,122
<i>Total Bonds</i>	852,733	0	(94,518)	758,215	35,122
Capital Leases	865,301	628,448	(754,350)	739,399	95,005
<i>Total Governmental Long-Term Liabilities</i>	\$1,718,034	\$628,448	(\$848,868)	\$1,497,614	\$130,127

School Improvement Bonds

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 \$1,662. The current year deferred gain on the refunding reduction was \$751 leaving an outstanding balance of \$746. 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 cash basis and therefore the premium, gain on refunding, and accretion are not recorded within the accompanying financial statements. The final payment for these bonds was made in 2021 and was paid from the debt service fund.

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 percent 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.

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 percent 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.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The School District’s overall legal debt margin was \$9,300,489 with an unvoted debt margin of \$107,332 at June 30, 2021.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2021, are as follows:

Fiscal Year Ending June 30,	2012 Energy Conservation Bonds			2017 Energy Conservation Bonds	
	Principal	Interest	Sinking Fund Payments	Principal	Interest
2022	\$0	\$19,656	\$25,200	\$35,122	\$6,346
2023	0	19,656	25,200	35,737	5,727
2024	0	19,656	25,200	36,363	5,096
2025	0	19,656	25,200	36,999	4,454
2026	378,000	19,656	25,200	37,646	3,801
2027-2031	0	0	0	198,348	8,795
Total	\$378,000	\$98,280	\$126,000	\$380,215	\$34,219

Note 13 – 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 \$49,080 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Note 14 – Purchasing Pools

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.

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.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 15 – 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.

Note 16 – Set-Asides

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.

	Capital Acquisition
Set-Aside Balance as of June 30, 2020	\$0
Current Year Set-aside Requirement	126,790
Current Year Offsets	(15,673)
Current Year Qualifying Disbursements	(91,586)
Totals	\$19,531
Balance Carried Forward to Fiscal Year 2021	\$19,531
Set-Aside Balance as of June 30, 2021	\$19,531

Note 17 – Contingencies

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, 2021, if applicable, cannot be determined at this time.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Litigation

The School District is not currently party to legal proceedings.

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, this report, ODE adjustments for fiscal year 2021 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2021 financial statements is not determinable, at this time. Management and ODE believe this may result in either an additional receivable to, or a liability of, the School District. As of the date of this report, no preliminary audit results have been released.

Note 18 – Interfund Transfers and Advances

Transfers

Transfers made during the year ended June 30, 2021 were as follows:

	Transfers To	Transfers From
<i>Major Fund</i>		
General Fund	\$0	\$301,929
Non-Major Funds	333,834	31,905
Total All Funds	\$333,834	\$333,834

Transfers are made to move unrestricted balances to support programs, projects accounted for in other funds, and debt service payments. The transfer made between non-major funds was to transfer grant proceeds between programs in accordance with transferability allowances.

Advances

The School District made the following advances during fiscal year 2021:

	Advances To	Advances From
<i>Major Fund</i>		
General Fund	\$0	\$489,585
Non-Major Funds	489,585	0
Total All Funds	\$489,585	\$489,585

Advances from the General Fund were made in anticipation of grant funds. The School District expects to repay these advances during the next fiscal year.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 19 – Capital Leases – Lessee Disclosure

During previous fiscal years, the School District entered into capital leases for the purpose of replacing boilers and chillers, the purchase of a van and buses, and for energy conservation capital improvements. During fiscal year 2021, a lease-purchase agreement was entered into to refund the existing lease for the boilers and chillers. The School District paid \$754,350 in principal payments, including the refunded balance, during 2021.

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, 2021:

Fiscal Year Ending June 30,	Total Payments
2022	\$107,844
2023	107,842
2024	107,842
2025	107,840
2026	107,837
2027-2031	253,785
Total	792,990
Less: Amount Representing Interest	(53,591)
Present Value of Net Minimum Lease Payments	\$739,399

The lease-purchase agreement entered into in 2021 includes stipulations that outline remedies the lessor has available in the event of default. These remedies include, but are not limited to, terminating the lease and declaring all amounts together with interest immediately due and payable; requiring return of equipment to lessor; demanding the sale, lease, or other disposal of equipment with all proceeds to go to the lessor; and exercising any other rights, remedies, or privileges available to the lessor. The lessor also retains a security interest in the equipment covered by the lease until the lease is satisfied or terminated.

Note 20 – Significant Commitments

Encumbrances

The School District had the following significant encumbrances outstanding at year-end in governmental funds.

<i>Non-Major Funds</i>	
Classroom Facilities Maintenance	\$152,436
Elementary and Secondary School Emergency Relief Fund	117,640
Coronavirus Relief Fund	352,871

Significant Contractual Commitments

The School District had the following significant contractual commitment outstanding at year-end.

Contractor Contract	Contract Amount	Amount Paid	Amount Outstanding
Control Concepts Ohio Emergency Upgrades and Repairs to HVAC Controls/Systems	\$569,655	\$358,718	\$210,937

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 21 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding; \$67,177 was received from Coronavirus Relief Funds and \$212,863 was received from Elementary and Secondary School Emergency Relief Funds. The School District did not subgrant any of its funds, nor were funds spent on behalf of other organizations. The School District did not return any funding to the grantor agency during fiscal year 2021. The School District has not received donated personal protective equipment as an on-behalf of grant from another government.

Note 22 – New Accounting Principles, Change in Accounting Basis, and Restatement of Balances

For fiscal year 2021, the School District implemented No. GASB Statement 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements," GASB Statement No. 84, "Fiduciary Activities," and related guidance from (GASB) Implementation Guide No. 2019-2, "Fiduciary Activities."

GASB Statement No. 88, among other things, clarifies which liabilities governments should include in their note disclosures related to debt. Statement No. 88 requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. Statement No. 88 defines debt for purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Statement No. 88 also requires governments to disclose additional essential debt-related information for all types of debt, including: amounts of unused lines of credit; assets pledged as collateral for debt; and terms specified in debt agreements related to significant: (a) events of default with finance-related consequences, (b) termination events with finance-related consequences, and (c) subjective acceleration clauses. The School District has implemented Statement No. 88 and incorporated the appropriate note disclosures. However, this Statement did not require a restatement of the School District's financial statements.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and determined that they should be reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District's financial statements.

Additionally, the School District opted to change its financial reporting accounting basis from the modified cash basis of accounting to the cash basis of accounting. The implementation of this change also resulted in the restatement of the School District's financial statements.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2020:

	Non-Major Governmental Funds
Fund Balance, As Reported, June 30, 2020	\$1,009,837
<i>Adjustments:</i>	
GASB 84	19,534
Fund Balance, As Restated, July 1, 2020	\$1,029,371

The change in accounting basis and implementation of GASB Statement No. 84 had the following effects on net position as of June 30, 2020:

	Governmental Activities
Net Position, As Reported, June 30, 2020	\$15,399,088
<i>Adjustments:</i>	
GASB 84	19,534
Change in Accounting Basis	
Capital Assets	(11,589,436)
Long-Term Debt	1,718,034
Net Position, As Restated, July 1, 2020	\$5,547,220

The implementation of GASB Statement No. 84 had the following effect on fiduciary liabilities as of June 30, 2020:

	Agency
Liabilities, As Reported, June 30, 2020	\$19,534
<i>Adjustments:</i>	
GASB 84	(19,534)
Liabilities, As Restated, July 1, 2020	\$0

**BRIGHT LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing 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 - Commodity Distribution	10.555	3L60	33,581
Cash Assistance:			
COVID- 19 National School Breakfast Program	10.553	3L70	53,284
National School Breakfast Program	10.553	3L70	136,151
COVID- 19 National School Lunch Program	10.555	3L70	82,682
National School Lunch Program	10.555	3L70	228,415
Total Child Nutrition Cluster			<u>534,113</u>
Total U.S. Department of Agriculture			<u>534,113</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Education</i>			
Coronavirus Relief Fund (CRF) - Rural and Small Town SD	21.019		62,176
Coronavirus Relief Fund (CRF) - BroadbandOhio Connectivity	21.019		5,000
Total Coronavirus Relief Fund (CRF)			<u>67,176</u>
Total U.S. Department of Treasury			<u>67,176</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Special Education Cluster:			
Special Education - Grants to States (IDEA Part B)	84.027	3M20-2020	(24,969)
Special Education - Grants to States (IDEA Part B)	84.027	3M20-2021	141,005
6b IDEA Restoration	84.027	3M20	3,713
Total IDEA Part B			<u>119,749</u>
Special Education - Preschool Grant	84.173	3C50-2020	491
Special Education - Preschool Grant	84.173	3C50-2021	4,753
Early Childhood Education - 6b Restoration	84.173A	3C50	(4,715)
Total Early Childhood Special Education			<u>529</u>
Total Special Education Cluster			<u>120,278</u>
Title I - Grants to Local Educational Agencies	84.010	3M00-2020	39,358
Title I - Grants to Local Educational Agencies	84.010	3M00-2021	271,127
Title I - Expanded Opportunity for Each Child	84.010A	3M00	6,019
Total Title I			<u>316,504</u>
Title IIA - Improving Teacher Quality	84.367	3Y60-2021	2,500
Title V-B - Rural Education Achievement	84.358	3Y80-2020	(2,441)
Title V-B - Rural Education Achievement	84.358	3Y80-2021	12,812
Total Title V-B Rural Education Achievement			<u>10,371</u>
Title IV-A - Student Support and Academic Enrichment	84.424A	3H10-2020	(160)
Title IV-A - Student Support and Academic Enrichment	84.424A	3H10-2021	17,759
Total Title IV-A Student Support and Academic Enrichment			<u>17,599</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	3HSO-2021	139,583
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	3HSO-2022	420,132
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	3HSO-2022	34,968
Total Elementary and Secondary School Emergency Relief Fund			<u>594,683</u>
Total U.S. Department of Education			<u>1,061,935</u>
Total Expenditures of Federal Awards			<u>\$1,663,224</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, 2021**

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, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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.

NOTE F – PRIOR YEAR PROGRAM EXPENDITURE ADJUSTMENTS

The Ohio Department of Education (ODE) sub-awarded to Bright Local Schools, Federal funding from the U.S. Department of Education. In the 2019-20 audit period ending June 30, 2020 the District reported in the *Schedule of Expenditures of Federal Award*, program expenditures that were in excess of the total available award allocation. Therefore, these adjustments affecting the 2019-20 fiscal-year program expenditures previously reported are reported on the *Schedule of Expenditures of Federal Award* for the year ending June 30, 2021:

Program	CFDA Number	Pass Through Number	2019-20 Federal Expenditures Reported	Program Award Amount	2020-21 Adjustment Amount
Special Education (IDEA-B)	84.027	3M20	184,020	159,051	(24,969)
Early Childhood Education (6b Restoration)	84.173A	3C50	11,253	6,538	(4,715)
Rural Education Achievement (Title V-B)	84.358	3Y80	21,848	19,407	(2,441)
Student Support & Academic Enrichment (Title IV-A)	84.424A	3H10	25,296	25,136	(160)



**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, P.O. 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 cash-basis financial statements of the governmental activities, the 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 31, 2022, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 financial statement. 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 2021-001.

District's Response to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and 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
March 31, 2022



**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
Mowrystown, Ohio 45155

To the Board of Education:

Report on Compliance for each Federal Program

We have audited 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 Bright Local School District's major federal programs for the year ended June 30, 2021. 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 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 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 its major federal programs for the year ended June 30, 2021.

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
March 31, 2022

**BRIGHT LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

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)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<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?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<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)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I 84.010 Education Stabilization Fund 84.425
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<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 2021-001

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.

**FINDING NUMBER 2021-001
(Continued)**

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).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting. 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

None

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2021-002

Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. .

In Fiscal Year 2021 and 2022, the District discovered that Amanda Walker, Aide was overpaid a total of \$2,428 because her rate of pay entered into the payroll system was taken from the custodial pay scale instead of the teacher's aide pay scale.

FINDING NUMBER 2021-002
(Continued)

In accordance with the forgoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Amanda Walker in the amount of \$2,428 and in favor of the Bright Local School District's General fund.

The District should draft, approve, and implement policies and procedures over the payroll process to ensure accuracy. Approval of such policies and procedures should be memorialized in the minutes.

On February 28, 2022, the amount of \$2,428 was withheld from Ms. Walker's final pay. This finding is considered paid in full.

Officials' Response:

The Treasurer shall generate in August and January of each Fiscal Year, or as may be necessary, a Staff EMIS Employment Record ("CK") report to verify that the length of workday and the pay amounts/rate data elements entered into the USPS system are consistent and accurate and agree with annual Employee Salary and Benefits worksheet prepared by the Treasurer.

This page intentionally left blank.



BRIGHT LOCAL SCHOOLS

BRIGHT LOCAL SCHOOL DISTRICT

BOX 299 – MOWRYSTOWN, OHIO 45155

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

Superintendent – Michael Bick

Treasurer – Jeff Rowley

Bright Principal – Whitney Gobin Whiteoak Principal – Jason Iles

(937) 927-7010

(937) 442-2241

www.blsd.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

June 30, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	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 2021-001

This page intentionally left blank.



BRIGHT LOCAL SCHOOLS

BRIGHT LOCAL SCHOOL DISTRICT

BOX 299 – MOWRYSTOWN, OHIO 45155

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

Superintendent – Michael Bick

Treasurer – Jeff Rowley

Bright Principal – Whitney Gobin
(937) 927-7010

Whiteoak Principal – Jason Iles
(937) 442-2241

www.blsd.us

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

June 30, 2021

Finding Number:	2021-001
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:	Jeffrey A. Rowley
Finding Number:	2021-002
Planned Corrective Action:	The Treasurer shall generate in August and January of each Fiscal Year, or as may be necessary, a Staff EMIS Employment Record (“CK”) report to verify that the length of workday and the pay amounts/rate data elements entered into the USPS system are consistent and accurate and agree with annual Employee Salary and Benefits worksheet prepared by the Treasurer.
Anticipated Completion Date:	5/31/2022
Responsible Contact Person:	Jeffrey A. Rowley

OHIO AUDITOR OF STATE KEITH FABER



BRIGHT LOCAL SCHOOL DISTRICT

HIGHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/19/2022

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

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