

Bright Local School District
Highland County, Ohio

Single Audit

July 1, 2009 through June 30, 2010
Fiscal Year Audited Under GAGAS: 2010



Balestra, Harr & Scherer, CPAs, Inc.

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Dave Yost • Auditor of State

Board of Education
Bright Local School District
44 North High Street
Mowrystown, Ohio 45155

We have reviewed the *Independent Auditor's Report* of the Bright Local School District, Highland County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 2, 2011

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Bright Local School District
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Independent Auditor's Report

Members of the Board
Bright Local School District
44 North High Street
Mowrystown, OH 45155

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bright Local School District, (the School District), Highland County, Ohio, as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2010, and the respective changes in financial position and cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2010, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Members of the Board
Bright Local School District
Independent Auditor's Report
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We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

December 29, 2010

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

As management of the Bright Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2010. The intent of this discussion is to look at the School District's performance as a whole, and we encourage readers to consider the information presented here to enhance their understanding of the School District's overall financial performance.

Financial Highlights

- The assets of the Bright Local School District exceeded its liabilities at June 30, 2010 by \$15,751,872.
- The School District's net assets decreased \$549,576 during this fiscal year's operations.
- General revenues accounted for \$6,428,251 or 76 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$2,039,663 or 24 percent of all revenues of \$8,467,914.
- The School District had \$9,017,490 in expenses related to governmental activities; only \$2,039,663 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are presented so that the reader can understand the School District's financial situation as a whole and also give a detailed view of the School District's fiscal condition.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the School District as a whole, and present a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the School District's major funds, with all other nonmajor funds presented in total in one column.

Reporting the School District as a Whole

The analysis of the School District as a whole begins with the Statement of Net Assets and the Statement of Activities. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by private sector companies, and reports the net assets and changes to those assets. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits, as commercial entities do. One must also consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Proprietary Fund – Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds. The Internal Service Fund is used to account for the dental and vision benefits provided to employees, the final payout of claims for medical benefits in relation to the self-insurance program that the School District operated prior to 2007 and the collection and payment of premiums for medical insurance to the insurance purchasing pool.

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

The School District as a Whole

As stated previously, the Statement of Net Assets looks at the School District as a whole. Table 1 provides a summary of the School District's net assets for the fiscal years ended 2010 and 2009.

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Table 1
Net Assets
Governmental Activities

	2010	2009	Change
Assets			
Current and Other Assets	\$4,751,923	\$4,922,234	(\$170,311)
Capital Assets, Net	14,281,358	14,787,315	(505,957)
Total Assets	19,033,281	19,709,549	(676,268)
Liabilities			
Other Liabilities	2,535,912	2,647,710	(111,798)
Long-Term Liabilities	745,497	760,391	(14,894)
Total Liabilities	3,281,409	3,408,101	(126,692)
Net Assets			
Invested in Capital Assets, Net of Related Debt	13,751,358	14,222,315	(470,957)
Restricted	1,120,557	1,140,749	(20,192)
Unrestricted	879,957	938,384	(58,427)
Total Net Assets	\$15,751,872	\$16,301,448	(\$549,576)

Total assets decreased \$676,268. Capital assets decreased \$505,957 due mainly to the recognition of \$609,764 in depreciation, offset by additions of \$103,807. This also caused the decrease in invested in capital assets, net of related debt. Unrestricted net assets decreased \$58,427, due mainly to a decrease in equity in pooled cash and cash equivalents, as the School District's expenditures continue to exceed its revenues.

Table 2, on the following page, shows the highlights of the School District's revenues and expenses. These two main components are netted to yield the change in net assets. This table uses the full accrual method of accounting.

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

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Table 2
Change in Net Assets
Governmental Activities

	2010	2009	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$600,446	\$601,700	(\$1,254)
Operating Grants, Contributions and Interest	1,432,358	1,208,216	224,142
Capital Grants and Contributions	6,859	9,000	(2,141)
Total Program Revenues	<u>2,039,663</u>	<u>1,818,916</u>	<u>220,747</u>
General Revenues:			
Property Taxes	1,556,858	1,492,111	64,747
Grants and Entitlements not Restricted to Specific Programs	4,812,575	4,724,793	87,782
Gifts and Donations	0	200	(200)
Interest	29,234	25,099	4,135
Miscellaneous	29,584	67,569	(37,985)
Total General Revenues	<u>6,428,251</u>	<u>6,309,772</u>	<u>118,479</u>
 Total Revenues	 <u>8,467,914</u>	 <u>8,128,688</u>	 <u>339,226</u>
 Program Expenses			
Instruction:			
Regular	4,068,646	3,976,222	92,424
Special	941,307	931,471	9,836
Vocational	191,305	190,116	1,189
Student Intervention Services	61,061	61,384	(323)
Support Services:			
Pupils	460,788	429,028	31,760
Instructional Staff	568,340	498,477	69,863
Board of Education	47,806	46,378	1,428
Administration	466,654	527,313	(60,659)
Fiscal	305,424	310,199	(4,775)
Business	4,280	4,258	22
Operation and Maintenance of Plant	645,870	682,869	(36,999)
Pupil Transportation	737,242	716,344	20,898
Operation of Non-Instructional Services:			
Food Service Operations	378,519	382,264	(3,745)
Other	406	350	56
Extracurricular Activities	118,508	110,926	7,582
Interest and Fiscal Charges	21,334	34,935	(13,601)
Total Expenses	<u>9,017,490</u>	<u>8,902,534</u>	<u>114,956</u>
Change in Net Assets	(549,576)	(773,846)	224,270
Net Assets at Beginning of Year	<u>16,301,448</u>	<u>17,075,294</u>	<u>(773,846)</u>
Net Assets at End of Year	<u>\$15,751,872</u>	<u>\$16,301,448</u>	<u>(\$549,576)</u>

Bright Local School District
Management's Discussion and Analysis
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Overall, revenues increased \$339,226. Operating grants, contributions and interest increased \$224,142 due mainly to stimulus funds received through the State Fiscal Stabilization program. Regular instruction increased \$92,424 due primarily to the retirement of personnel whose severance was paid from regular instruction. Support services administration decreased \$55,441, due to the retirement of an employee that was not replaced.

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2010	Net Cost of Services 2009
Instruction	\$5,262,319	\$5,159,193	\$3,939,568	\$3,965,235
Support Services	3,236,404	3,214,866	2,902,891	2,965,636
Operation of Non-				
Instructional Services	378,925	382,614	20,277	33,543
Extracurricular Activities	118,508	110,926	93,757	84,269
Interest and Fiscal Charges	21,334	34,935	21,334	34,935
Total Expenses	\$9,017,490	\$8,902,534	\$6,977,827	\$7,083,618

The School District's Funds

Information about the School District's major governmental funds begins on page 14. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,443,313 and expenditures of \$8,528,533. The net change in fund balance was most significant in the General Fund, a decrease of \$36,490. The School District is working diligently to maintain costs while General Fund revenues remain stagnant. However, with no additional funding, the expenditures will continue to exceed revenues in future fiscal years.

The Debt Service Fund saw an increase in fund balance this fiscal year of \$24,120, due to property taxes and intergovernmental revenues slightly exceeding debt service payments.

The net change in fund balance in the Classroom Facilities Construction Fund of \$534 was very small, as the School District is only collecting interest in this fund, and had no allowable expenditures for maintenance in this fund during the fiscal year.

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

General Fund – Budget Highlights

The School District's budget is prepared according to the requirements of Ohio law, and is based on cash receipts, disbursements and encumbrances. During the course of fiscal year 2010, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund's original and final budgeted amounts is listed on page 18, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amount.

The School District's ending unobligated cash balance was \$277,858 above the final budgeted amount for the General Fund.

For the General Fund, original budgeted revenues were \$6,921,935 and final budgeted revenues were \$6,724,640. This represents a decrease in estimated revenue of \$197,295, which was primarily due to a decrease in property tax revenue. The difference between actual budget basis revenues and final budgeted revenues was \$43,140, which was due to decreases in property taxes and interest offset by an increase in intergovernmental revenues and tuition and fees.

Original budgeted expenditures in the General Fund were \$7,399,572 and final budgeted expenditures were \$7,408,124. This represents an increase in estimated expenditures of \$8,552, due to overall increases in expenditures during the fiscal year. The difference between actual budget basis expenditures and final budgeted expenditures was \$321,866, which was primarily due to the School District's efforts to monitor and cut costs in all possible areas.

Capital Assets and Debt Administration

Capital Assets

The Bright Local School District's investment in capital assets as of June 30, 2010 was \$14,281,358. The investment in capital assets includes land, land improvements, buildings and building improvements, furniture, fixtures and equipment and vehicles. Table 4 shows fiscal year 2010 balances compared to fiscal year 2009.

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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

	2010	2009
Land	\$192,775	\$192,775
Land Improvements	271,343	313,357
Buildings and Building Improvements	13,087,431	13,495,432
Furniture, Fixtures and Equipment	356,584	407,222
Vehicles	373,225	378,529
Totals	<u>\$14,281,358</u>	<u>\$14,787,315</u>

Net capital assets decreased \$505,957 from the prior fiscal year. This is due to depreciation expense of \$609,764, offset by additions of capital assets of \$103,807.

For more information on capital assets, refer to note 7 to the basic financial statements.

Debt

At June 30, 2010, the School District had \$540,269 in bonds outstanding, with \$45,000 due within one year. Table 5 summarizes the bonds outstanding at fiscal year-end.

	2010	2009
General Obligation Bonds:		
2010 School Improvement Refunding Bonds	\$325,000	\$0
Accretion on Capital Appreciation Bonds	233	0
Premium on Refunding	18,292	0
Deferred Gain on Refunding	(8,256)	0
1998 School Improvement Bonds	205,000	565,000
Totals	<u>\$540,269</u>	<u>\$565,000</u>

Bright Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The School District's overall legal debt margin was \$7,195,492 with an unvoted debt margin of \$78,677 at June 30, 2010.

For more information on debt, refer to note 12 to the basic financial statements.

Financial Issues/Concerns

The greatest concern for the Bright Local School District is the state of the economy in Ohio. With the loss of jobs, the stagnant housing market and increases in foreclosures, the School District could experience reductions in revenue at both the State and local levels. The School District has been experiencing a decline in enrollment which negatively effects our State funding. Other educational options such as home schooling and virtual classrooms have contributed to the decline in enrollment. Approximately 70 percent of The School District's funding comes from the State, therefore any changes in State funding has a major impact upon our revenue. The State continues to increase accountability and restructure statewide testing and curriculum, which forces The School District to realign programs and courses of study at its own expense.

The School District has received an 'Effective' rating on our State Report Card for the last three fiscal years. Our hopes are that this rating will attract additional students and thereby increase our State funding. To help offset reductions in revenue, The School District closely monitors our staffing needs and makes appropriate changes to meet those needs. Whenever possible, The School District will not replace staff that retire or leave The School District's employment.

Other concerns for the Bright Local School District include the increasing costs of utilities and fuel for bussing. We continually monitor and request quotes for utility and maintenance services. We were successful in securing a fixed price on propane by working with surrounding schools when seeking quotes. However, instability of the energy market could significantly impact our utility and fuel expenses. The State has also cut all funding to help with the purchase of busses.

School District personnel continue to seek grant funding, however grants have become more limited and more competitive. The School District will experience a significant decrease in grant funding due to the loss of the ARRA funds at the end of fiscal year 2011.

Contacting the School District's Financial Management

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

Bright Local School District
Statement of Net Assets
June 30, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,908,485
Inventory Held for Resale	1,721
Materials and Supplies Inventory	424
Intergovernmental Receivable	156,633
Property Taxes Receivable	1,674,624
Deferred Charges	10,036
Capital Assets:	
Land	192,775
Depreciable Capital Assets, Net	14,088,583
<i>Total Assets</i>	19,033,281
Liabilities	
Accounts Payable	18,221
Accrued Wages and Benefits Payable	625,836
Intergovernmental Payable	438,572
Deferred Revenue	1,413,271
Matured Compensated Absences Payable	25,944
Accrued Interest Payable	2,044
Claims Payable	12,024
Long-Term Liabilities:	
Due Within One Year	108,635
Due in More Than One Year	636,862
<i>Total Liabilities</i>	3,281,409
Net Assets	
Invested in Capital Assets, Net of Related Debt	13,751,358
Restricted for:	
Capital Projects	205,890
Debt Service	646,312
Set-Asides	22,449
Other Purposes	245,906
Unrestricted	879,957
<i>Total Net Assets</i>	\$15,751,872

See accompanying notes to the basic financial statements

Bright Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$4,068,646	\$440,343	\$113,684	\$0	(\$3,514,619)
Special	941,307	0	715,748	0	(225,559)
Vocational	191,305	0	52,976	0	(138,329)
Student Intervention Services	61,061	0	0	0	(61,061)
Support Services:					
Pupils	460,788	0	59,219	0	(401,569)
Instructional Staff	568,340	0	253,322	0	(315,018)
Board of Education	47,806	0	0	0	(47,806)
Administration	466,654	0	0	6,859	(459,795)
Fiscal	305,424	0	0	0	(305,424)
Business	4,280	0	0	0	(4,280)
Operation and Maintenance of Plant	645,870	8,390	625	0	(636,855)
Pupil Transportation	737,242	0	5,098	0	(732,144)
Operation of Non-Instructional Services:					
Food Service Operations	378,519	128,543	230,105	0	(19,871)
Other	406	0	0	0	(406)
Extracurricular Activities	118,508	23,170	1,581	0	(93,757)
Interest and Fiscal Charges	21,334	0	0	0	(21,334)
<i>Total Governmental Activities</i>	<u>\$9,017,490</u>	<u>\$600,446</u>	<u>\$1,432,358</u>	<u>\$6,859</u>	<u>(6,977,827)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	1,456,852
Debt Service	70,940
Capital Outlay	29,066
Grants and Entitlements not	
Restricted to Specific Programs	4,812,575
Interest	29,234
Miscellaneous	29,584
<i>Total General Revenues</i>	<u>6,428,251</u>
<i>Change in Net Assets</i>	(549,576)
<i>Net Assets at Beginning of Year</i>	<u>16,301,448</u>
<i>Net Assets at End of Year</i>	<u>\$15,751,872</u>

See accompanying notes to the basic financial statements

Bright Local School District

Balance Sheet

Governmental Funds

June 30, 2010

	General Fund	Debt Service Fund	Classroom Facilities Construction Fund	All Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,512,364	\$636,140	\$174,691	\$387,617	\$2,710,812
Inventory Held for Resale	0	0	0	1,721	1,721
Materials and Supplies Inventory	0	0	0	424	424
Interfund Receivable	0	0	140,124	0	140,124
Intergovernmental Receivable	5,957	0	0	150,676	156,633
Property Taxes Receivable	1,604,625	42,601	0	27,398	1,674,624
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	22,449	0	0	0	22,449
<i>Total Assets</i>	<u>\$3,145,395</u>	<u>\$678,741</u>	<u>\$314,815</u>	<u>\$567,836</u>	<u>\$4,706,787</u>
Liabilities					
Accounts Payable	\$2,853	\$0	\$0	\$15,368	\$18,221
Accrued Wages and Benefits Payable	512,679	0	0	113,157	625,836
Matured Compensated Absences Payable	25,944	0	0	0	25,944
Interfund Payable	140,124	0	0	0	140,124
Intergovernmental Payable	136,776	0	274,353	27,443	438,572
Deferred Revenue	1,436,410	34,193	0	58,841	1,529,444
<i>Total Liabilities</i>	<u>2,254,786</u>	<u>34,193</u>	<u>274,353</u>	<u>214,809</u>	<u>2,778,141</u>
Fund Balances					
Reserved for Encumbrances	134,231	0	0	44,138	178,369
Reserved for Property Taxes	168,215	8,408	0	3,290	179,913
Reserved for Budget Stabilization	22,449	0	0	0	22,449
Unreserved:					
Undesignated, Reported in:					
General Fund	565,714	0	0	0	565,714
Special Revenue Funds	0	0	0	140,171	140,171
Debt Service Fund	0	636,140	0	0	636,140
Capital Projects Funds	0	0	40,462	165,428	205,890
<i>Total Fund Balances</i>	<u>890,609</u>	<u>644,548</u>	<u>40,462</u>	<u>353,027</u>	<u>1,928,646</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,145,395</u>	<u>\$678,741</u>	<u>\$314,815</u>	<u>\$567,836</u>	<u>\$4,706,787</u>

See accompanying notes to the basic financial statements

Bright Local School District
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2010

Total Governmental Fund Balances \$1,928,646

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	192,775	
Other capital assets	22,198,140	
Accumulated depreciation	(8,109,557)	
Total capital assets	14,281,358	14,281,358

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Delinquent property taxes	81,440	
Intergovernmental	34,733	
	116,173	116,173

The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets

163,200

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

(2,044)

Bond issuance costs reported as an expenditure in governmental fund are allocated as an expense over the life of the debt on a full accrual basis.

10,036

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

Bonds payable	(530,233)	
Premium on Debt issue	(18,292)	
Deferred gain on refunding	8,256	
Compensated absences	(205,228)	
	(745,497)	(745,497)

Net Assets of Governmental Activities

\$15,751,872

See accompanying notes to the basic financial statements

Bright Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General Fund	Debt Service Fund	Classroom Facilities Construction Fund	All Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$1,459,737	\$71,075	\$0	\$29,269	\$1,560,081
Intergovernmental	4,887,779	11,855	0	1,322,292	6,221,926
Interest	8,788	0	534	20,373	29,695
Tuition and Fees	440,343	0	0	0	440,343
Rent	8,390	0	0	0	8,390
Extracurricular Activities	0	0	0	23,170	23,170
Gifts and Donations	0	0	0	1,581	1,581
Customer Sales and Services	0	0	0	128,543	128,543
Miscellaneous	2,490	0	0	27,094	29,584
<i>Total Revenues</i>	<u>6,807,527</u>	<u>82,930</u>	<u>534</u>	<u>1,552,322</u>	<u>8,443,313</u>
Expenditures					
Current:					
Instruction:					
Regular	3,457,449	0	0	398,539	3,855,988
Special	581,494	0	0	320,458	901,952
Vocational	182,399	0	0	3,941	186,340
Student Intervention Services	61,061	0	0	0	61,061
Support Services:					
Pupils	350,582	0	0	98,222	448,804
Instructional Staff	236,929	0	0	279,713	516,642
Board of Education	32,340	0	0	0	32,340
Administration	425,136	0	0	6,859	431,995
Fiscal	284,759	2,130	0	887	287,776
Business	4,280	0	0	0	4,280
Operation and Maintenance of Plant	533,276	0	0	85,257	618,533
Pupil Transportation	603,955	0	0	52,384	656,339
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	341,021	341,021
Other	406	0	0	0	406
Extracurricular Activities	89,951	0	0	28,226	118,177
Debt Service					
Principal Retirement	0	35,000	0	0	35,000
Interest and Fiscal Charges	0	21,680	0	0	21,680
Issuance Costs	0	10,199	0	0	10,199
<i>Total Expenditures</i>	<u>6,844,017</u>	<u>69,009</u>	<u>0</u>	<u>1,615,507</u>	<u>8,528,533</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(36,490)</u>	<u>13,921</u>	<u>534</u>	<u>(63,185)</u>	<u>(85,220)</u>
Other Financing Sources (Uses)					
Refunding Bonds Issued	0	325,000	0	0	325,000
Premium on Refunding Bonds Issued	0	18,589	0	0	18,589
Payment to Refunded Bond Escrow Agent	0	(333,390)	0	0	(333,390)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>10,199</u>	<u>0</u>	<u>0</u>	<u>10,199</u>
<i>Net Change in Fund Balances</i>	<u>(36,490)</u>	<u>24,120</u>	<u>534</u>	<u>(63,185)</u>	<u>(75,021)</u>
<i>Fund Balances at Beginning of Year</i>	<u>927,099</u>	<u>620,428</u>	<u>39,928</u>	<u>416,212</u>	<u>2,003,667</u>
<i>Fund Balances at End of Year</i>	<u><u>\$890,609</u></u>	<u><u>\$644,548</u></u>	<u><u>\$40,462</u></u>	<u><u>\$353,027</u></u>	<u><u>\$1,928,646</u></u>

See accompanying notes to the basic financial statements

Bright Local School District
 Reconciliation of the Change in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds (875,021)

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

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

Capital asset additions	103,807	
Depreciation expense	(609,764)	
Excess of capital outlay under depreciation expense		(505,957)

Because, some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Delinquent Property Taxes	(3,223)	
Intergovernmental	27,824	
		24,601

The Internal Service Fund used by management to charge the cost of insurance to individual funds is reported in the entity-wide Statement of Activities (18,708)

Government funds report bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the Statement of Activities. 10,199

Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.

Refunding bonds issued	(325,000)	
Premium on refunding bonds	(18,589)	
		(343,589)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:

Accrued interest on bonds and notes	579	
Amortization of bond issuance costs	163	
Amortization of gain on refunding	134	
Amortization of bond premium	(297)	
Accretion on capital appreciation bonds	(233)	
		346

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current fiscal year, this amount consisted of:

Current refunding	333,390	
Bond payments	35,000	
		368,390

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences payable		(9,837)
--	--	---------

Change in Net Assets of Governmental Activities (854,576)

Bright Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$1,624,055	\$1,412,150	\$1,358,683	(\$53,467)
Intergovernmental	4,782,800	4,795,990	4,862,806	66,816
Interest	81,276	81,500	8,788	(72,712)
Tuition and Fees	425,327	426,500	440,343	13,843
Rent	8,477	8,500	8,390	(110)
Miscellaneous	0	0	2,490	2,490
<i>Total Revenues</i>	<u>6,921,935</u>	<u>6,724,640</u>	<u>6,681,500</u>	<u>(43,140)</u>
Expenditures				
Current:				
Instruction:				
Regular	2,634,288	2,667,576	2,715,771	(48,195)
Special	607,937	599,118	586,479	12,639
Vocational	197,474	200,282	184,883	15,399
Student Intervention Services	54,332	55,970	62,878	(6,908)
Other	724,760	745,719	892,990	(147,271)
Support Services:				
Pupils	416,711	428,360	352,696	75,664
Instructional Staff	260,890	267,404	240,042	27,362
Board of Education	68,500	55,563	46,670	8,893
Administration	537,340	545,401	435,938	109,463
Fiscal	308,758	309,153	286,703	22,450
Business	5,522	5,339	6,650	(1,311)
Operation and Maintenance of Plant	700,003	661,050	558,636	102,414
Pupil Transportation	570,611	545,800	620,986	(75,186)
Operation of Non-Instructional Services:				
Other	0	0	150	(150)
Extracurricular Activities	128,340	131,732	94,786	36,946
Capital Outlay	184,106	189,657	0	189,657
<i>Total Expenditures</i>	<u>7,399,572</u>	<u>7,408,124</u>	<u>7,086,258</u>	<u>321,866</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(477,637)</u>	<u>(683,484)</u>	<u>(404,758)</u>	<u>278,726</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	19,016	19,016	19,016	0
Transfers Out	0	0	(868)	(868)
Advances In	50,000	50,000	14,115	(35,885)
Advances Out	(50,000)	(50,000)	(14,115)	35,885
<i>Total Other Financing Sources (Uses)</i>	<u>19,016</u>	<u>19,016</u>	<u>18,148</u>	<u>(868)</u>
<i>Net Change in Fund Balance</i>	(458,621)	(664,468)	(386,610)	277,858
<i>Fund Balance at Beginning of Year</i>	1,577,655	1,577,655	1,577,655	0
<i>Prior Year Encumbrances Appropriated</i>	<u>208,261</u>	<u>208,261</u>	<u>208,261</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,327,295</u>	<u>\$1,121,448</u>	<u>\$1,399,306</u>	<u>\$277,858</u>

See accompanying notes to the basic financial statements

Bright Local School District
Statement of Fund Net Assets
Internal Service Fund
June 30, 2010

	<u>Self-Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$175,224
Liabilities	
Claims Payable	<u>12,024</u>
Net Assets	
Unrestricted	<u><u>\$163,200</u></u>

See accompanying notes to the basic financial statements

Bright Local School District
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2010

	Self-Insurance
Operating Revenues	
Charges for Services	\$71,374
Operating Expenses	
Purchased Services	4,234
Claims	85,848
<i>Total Operating Expenses</i>	90,082
<i>Change in Net Assets</i>	(18,708)
<i>Net Assets at Beginning of Year</i>	181,908
<i>Net Assets at End of Year</i>	\$163,200

See accompanying notes to the basic financial statements

Bright Local School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2010

<i>Increase (Decrease) in Cash and Cash Equivalents:</i>	Self-Insurance
Cash Flows from Operating Activities:	
Cash Received from Quasi-External	
Transactions With Other Funds	\$71,374
Cash Payments to Suppliers for Goods and Services	(4,234)
Cash Payments for Claims	(85,539)
<i>Net Cash Used for Operating Activities</i>	(18,399)
<i>Cash and Cash Equivalents at Beginning of Year</i>	193,623
<i>Cash and Cash Equivalents at End of Year</i>	\$175,224
 Reconciliation of Operating Income to Net	
Cash Used for Operating Activities:	
Operating Loss	(\$18,708)
 Adjustments to Reconcile Operating Loss to Net	
Cash Used for Operating Activities:	
Increase in Claims Payable	309
<i>Net Cash Used for Operating Activities</i>	(\$18,399)

See accompanying notes to the general purpose financial statements

Bright Local School District
Statement of Net Assets
Fiduciary Funds
June 30, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$24,365</u>
Liabilities	
Undistributed Monies	<u>\$24,365</u>

See Accompanying Notes to the Basic Financial Statements

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 118 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 37 non-certified employees, 59 teaching personnel and 10 administrative employees providing education to 731 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 insurance purchasing pools and one as a public entity shared risk and insurance purchasing pool. These organizations are the South Central Ohio Computer Association, the Ohio School Boards Association Workers’ Compensation Group Rating Plan, the Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program, and the Brown County School Benefits Consortium. These organizations are presented in Notes 13, 14, and 15 to the basic financial statements.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bright Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its Internal Service Fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements

The Statement of Net Assets 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 activity of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. 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.

The Statement of Net Assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The Internal Service Fund is presented on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All funds of the School District fall within three categories: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

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

Classroom Facilities Construction Fund - The Classroom Facilities Construction Fund is used to account for all intergovernmental monies, debt proceeds and interest received and expended in connection with the contracts entered into by the School District and the Ohio School Facilities Commission for the building and equipping of new classroom facilities.

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

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund – Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District. The Internal Service Fund is a self-insurance fund which is used to account for vision and dental claims of employees.

Fiduciary Fund

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

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance and grants.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2010 amounted to \$8,788, which includes \$4,116 from other School District funds.

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. The School District had no investments at June 30, 2010.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of purchased food held for resale and consumable supplies.

H. 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 externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent amounts required by statute to be set aside by the School District to create a reserve for budget stabilization. See Note 16 for additional information regarding set-asides.

I. Capital Assets

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

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

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivable” and “Interfund Payable.” These amounts are eliminated in the governmental activities column of the Statement of Net Assets.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all eligible classified employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District’s past experience of making termination payments.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the proprietary fund are reported on the fund financial statements.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current fiscal year. Bonds that will be paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due.

The amount shown as “Intergovernmental Payable” in the Classroom Facilities Construction Fund represents excess monies related to the School District’s Ohio School Facilities Commission construction project. This amount must be repaid by the School District before the Ohio School Facilities Commission can close the project, which has been completed.

M. Internal Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are 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 assets restricted for other purposes include resources restricted for food service operations and music and athletic programs, and federal and State grants restricted to expenditures for specified purposes.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, property taxes, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute for fiscal year 2010. The reserve for budget stabilization is money required by State statute to be set aside to protect against cyclical changes in revenues and expenditures.

P. Estimates

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

Q. Budgetary Process

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Bond Premiums/Issuance Costs/Interest on Capital Appreciation Bonds

In the government-wide financial statements, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable, whereas issuance costs are recorded as deferred charges.

On the governmental fund financial statements, bond premiums and issuance costs are recognized in the period when the debt is issued. Interest on capital appreciation bonds is recorded as an expenditure when the debt becomes due.

S. Gain on Refunding

On the government-wide financial statements, a current refunding resulting in the defeasance of debt generates an accounting gain or loss calculated by comparing the reacquisition price and the net carrying amount of the old debt. This accounting gain/loss is amortized as interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an increase/reduction of the face amount of the new debt.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (continued)

<u>Net Change in Fund Balance</u>	
GAAP Basis	(\$36,490)
Adjustments:	
Revenue Accruals	(107,011)
Expenditure Accruals	(106,734)
Encumbrances	(135,507)
Transfers	(868)
Budget Basis	<u><u>(\$386,610)</u></u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
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);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances 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. Investments may only be made through specified dealers and institutions.

NOTE 5 - 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 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in calendar year 2010 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.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 5 - PROPERTY TAXES (continued)

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Highland and Adams Counties. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2010 was \$168,215 in the General Fund, \$8,408 in the Debt Service Fund and \$3,290 in the Classroom Facilities Fund (All Other Governmental Funds). The amount available as an advance at June 30, 2009, was \$67,161 in the General Fund, \$3,402 in the Debt Service Fund, \$1,462 in the Classroom Facilities Fund (All Other Governmental Funds).

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which fiscal year 2010 taxes were collected are:

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 5 - PROPERTY TAXES (continued)

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$65,443,110	92.13%	\$72,902,810	92.56%
Public Utility Personal	5,411,700	7.62%	5,774,340	7.33%
General Business Personal	175,330	0.25%	87,665	0.11%
Total Assessed Value	\$71,030,140	100.00%	\$78,764,815	100.00%
 Tax rate per \$1,000 of assessed valuation	\$27.20		\$27.20	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2010, consisted of interfund, intergovernmental grants, and property taxes. All receivable amounts, except delinquent property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Intergovernmental receivables consisted of the following:

	Amount
<u>Governmental Activities:</u>	
Food Service - Federal Lunchroom Reimbursement	\$22,835
Title II-D Technology Grant	477
Special Education Part B Idea Grant	33,013
Title IIA Improving Teacher Quality Grant	17,270
Title I Targeted Assistance Grant	69,975
Title IVA Safe and Drug Free Schools Grant	1,769
Title VIB Rural Low Income Grant	5,337
Miscellaneous Revenue	5,957
Total Special Revenue Funds	\$156,633

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2010, was as follows:

	Balance at 6/30/09	Additions	Deductions	Balance at 6/30/10
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$192,775	\$0	\$0	\$192,775
Capital Assets Being Depreciated:				
Land Improvements	795,819	8,858	0	804,677
Buildings and Building Improvements	18,728,148	8,250	0	18,736,398
Furniture, Fixtures and Equipment	1,630,534	12,032	0	1,642,566
Vehicles	939,832	74,667	0	1,014,499
Total Capital Assets Being Depreciated	<u>22,094,333</u>	<u>103,807</u>	<u>0</u>	<u>22,198,140</u>
Less Accumulated Depreciation:				
Land Improvements	(482,462)	(50,872)	0	(533,334)
Buildings and Building Improvements	(5,232,716)	(416,251)	0	(5,648,967)
Furniture, Fixtures and Equipment	(1,223,312)	(62,670)	0	(1,285,982)
Vehicles	(561,303)	(79,971)	0	(641,274)
Total Accumulated Depreciation	<u>(7,499,793)</u>	<u>(609,764) *</u>	<u>0</u>	<u>(8,109,557)</u>
Total Capital Assets Being Depreciated, Net	<u>14,594,540</u>	<u>(505,957)</u>	<u>0</u>	<u>14,088,583</u>
Governmental Activities Capital Assets, Net	<u>\$14,787,315</u>	<u>(\$505,957)</u>	<u>\$0</u>	<u>\$14,281,358</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$199,891
Special	49,148
Vocational	10,121
Support Services:	
Pupils	10,663
Instructional Staff	51,365
Board of Education	15,182
Administration	27,687
Fiscal	15,672
Operation and Maintenance of Plant	41,483
Pupil Transportation	151,577
Operation of Non-Instructional Services	36,644
Extracurricular Activities	331
Total Depreciation Expense	<u>\$609,764</u>

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School District contracted with the Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program (Note 14) 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 been a change in coverage from the prior year due to a change in the School District's insurance company.

B. Workers' Compensation

For fiscal year 2010, 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 CompManagement Inc. provides administrative, cost control, and actuarial services to the GRP.

C. Employee Medical, Vision and Dental Benefits

Vision and dental benefits are provided through a self-insurance program. The School District reviews and pays all claims for vision and dental provided by Medical Mutual. The information presented below represents the payout of medical/surgical claims after the school District left the claims servicing pool and an estimate of the vision and dental claims. The claims liability of \$12,024 reported in the Internal Service Fund at June 30, 2010, is based on an estimate provided by the third party administrator and the requirements of *GASB Statement No. 30 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,"* which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustments expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2009	\$46,833	\$53,977	\$89,095	\$11,715
2010	11,715	85,848	85,539	12,024

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District’s contribution is used to fund pension and death benefit obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund and pension and death benefit obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$131,518, \$85,428, and \$85,755, respectively; 54.93 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member’s lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy – For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$407,648, \$403,386, and \$397,525, respectively; 82.17 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$258 made by the School District and \$185 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2010, all of the School Districts members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 0.46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$23,106, \$57,758, and \$53,593, respectively; 54.93 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$7,821, \$7,048, and \$6,179, respectively; 54.93 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

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

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 10 - POSTEMPLOYMENT BENEFITS (continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$31,358, \$31,030, and \$30,579, respectively; 82.17 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life and Accident Insurance

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

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 12 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2010 were as follows:

	Amount Outstanding 6/30/09	Additions	Deductions	Amount Outstanding 6/30/10	Amounts Due in One Year
<u>General Obligation Bonds:</u>					
2010 School Improvement Refunding Bonds					
Term Bonds 2.9% - 3.7%	\$0	\$310,000	\$0	\$310,000	\$10,000
Capital Appreciation Bonds - 3.7%	0	15,000	0	15,000	0
Accretion on Capital Appreciation Bonds	0	233	0	233	0
Premium on Refunding	0	18,589	297	18,292	0
Deferred Gain on Refunding	0	(8,390)	(134)	(8,256)	0
1998 School Improvement Bonds - 5.4064%	565,000	0	360,000	205,000	35,000
Total General Obligation Bonds	565,000	335,432	360,163	540,269	45,000
<u>Other Long-Term Obligations:</u>					
Compensated Absences	195,391	26,530	16,693	205,228	63,635
Total Governmental Activities					
Long-Term Obligations	\$760,391	\$361,962	\$376,856	\$745,497	\$108,635

School Improvement Bonds - In June 1998, the School District issued school improvement bonds in the amount of \$875,000 for the construction of a new elementary school and renovations to the high school building. The bonds were issued for a 23 year period with final maturity in 2021. The bonds will be paid from the Debt Service Fund.

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. Both amounts will be amortized over the 12 year life of the bonds.

The refunding resulted in a difference of \$8,390 between the net carrying amount of the debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds using the straight-line method. The School District's total debt service payments decreased by \$28,959 as a result of the current refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$24,488.

The capital appreciation bonds will mature in fiscal year 2018. The maturity amount of the capital appreciation bonds will be \$55,000. For fiscal year 2010, the capital appreciation bonds were accreted \$233.

Compensated absences will be paid from the General, Title VI-B, Title I, Education Stabilization, Title II-A, Title II-D and Food Service Funds.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 12 - LONG-TERM OBLIGATIONS (continued)

The School District's overall legal debt margin was \$7,195,492 with an unvoted debt margin of \$78,677 at June 30, 2010.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2010, are as follows:

Fiscal year Ending June 30,	1998 School Improvement Bonds		2010 School Improvement Bonds				Total
	Principal	Interest	Term Bonds Principal	Term Bonds Interest	Capital Appreciation Principal	Capital Appreciation Interest	
2011	\$35,000	\$15,925	\$10,000	\$6,321	\$0	\$0	\$50,925
2012	40,000	8,628	5,000	10,100	0	0	48,628
2013	40,000	6,308	5,000	9,955	0	0	46,308
2014	45,000	3,843	5,000	9,810	0	0	48,843
2015	45,000	3,988	5,000	9,665	0	0	48,988
2016-2020	0	0	220,000	34,980	15,000	40,000	0
2021	0	0	60,000	2,220	0	0	0
Total	\$205,000	\$38,692	\$310,000	\$83,051	\$15,000	\$40,000	\$243,692

NOTE 13 - JOINTLY GOVERNED ORGANIZATION

South Central Ohio Computer Association

The School District is a participant in the South Central Ohio Computer Association (SCOCA), which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Pickaway, Gallia, Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus a representative of the fiscal agent. The School District paid SCOCA \$124,680 for services provided during the fiscal year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

NOTE 14 - INSURANCE PURCHASING POOLS

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

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

NOTE 14 - INSURANCE PURCHASING POOLS (continued)

B. Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program

The School District participates in the Southwestern Ohio Educational Purchasing Council Liability, Fleet and Property Program (LFP). The LFP's business and affairs are conducted by a six member committee consisting of various LFP representatives that are elected by the general assembly. The purpose of the Property, Fleet, and Liability Program of the SOEPC is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participants.

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 Humana 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 325 West State St., Georgetown, Ohio 45121.

NOTE 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount 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 School District is no longer required to set aside funds in the budget reserve, with the exception of monies received from the Bureau of Workers' Compensation prior to April 10, 2001, which must be retained for budget stabilization or spent for specified purposes.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES (continued)

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

	<u>Textbooks and Instructional Materials</u>	<u>Capital Acquisitions</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2009	(\$201,639)	\$0	\$22,449
Current Fiscal Year Set-aside Requirement	124,499	124,499	0
Qualifying Disbursements	<u>(113,518)</u>	<u>(189,819)</u>	<u>0</u>
Totals	<u>(\$190,658)</u>	<u>(\$65,320)</u>	<u>\$22,449</u>
Set-aside Reserve Balance Carried			
Forward to Future Fiscal Years	<u>(\$190,658)</u>	<u>\$0</u>	<u>\$22,449</u>
Set-aside Reserve Balance as of June 30, 2010	<u>\$0</u>	<u>\$0</u>	<u>\$22,449</u>

Although the School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amounts to below zero for the textbooks and instructional materials and capital acquisitions, only the amount for the textbooks and instructional materials may be used to reduce the set-aside requirement of future fiscal years. The capital acquisitions negative amount is therefore not presented as being carried forward to the next fiscal year.

NOTE 17 - INTERFUND ACTIVITY

As of June 30, 2010, receivables and payables that resulted from various interfund transactions were as follows:

	Receivable
	Classroom Facilities
	<u>Construction Fund</u>
Payable	
General Fund	<u>\$140,124</u>

The amount owed to the Classroom Facilities Construction Fund is the amount due for the local share of the construction project.

Bright Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 18 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

B. Litigation

The School District is not currently party to legal proceedings.

Bright Local School District
Highland County

Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	3L70	10.553	\$ 58,739	\$ -	\$ 58,739	\$ -
National School Lunch Program	3L60	10.555	124,921	18,421	124,921	18,421
Total Nutrition Cluster			183,660	18,421	183,660	18,421
Total United States Department of Agriculture			183,660	18,421	183,660	18,421
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
<i>Title I, Part A Cluster</i>						
Title I Grants to Local Education Agencies	3M00	84.010	293,173	-	309,408	-
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	3DK0	84.389	77,731	-	76,972	-
Total Title I, Part A Cluster			370,904	-	386,380	-
<i>Special Education Cluster:</i>						
Special Education, Grants to States	3M20	84.027	152,254	-	160,289	-
Special Education, Preschool Grants to States	3C50	84.173	2,111	-	2,111	-
ARRA - Special Education Grants to States, Recovery Act	3DJ0	84.391	75,066	-	75,066	-
ARRA - Special Education Preschool Grants, Recovery Act	3DL0	84.392	4,758	-	4,758	-
Total Special Education Cluster			234,189	-	242,224	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recover Act	GRF	84.394	304,560	-	298,379	-
Safe & Drug Free Schools and Communities_State Grants	3D10	84.186	3,747	-	4,371	-
Education Technology State Grants	3S20	84.318	2,245	-	2,823	-
Rural Education Achievement Program	3Y80	84.358	19,410	-	19,831	-
Improving Teacher Quality State Grants	3Y60	84.367	44,442	-	46,712	-
Total United States Department of Education			979,497	-	1,000,720	-
Corporation for National and Community Service						
<i>Passed through Ohio Department of Education</i>						
Learn and Serve America Grant	3780	94.004	13,428	-	14,933	-
Total Corporation for National and Community Service			13,428	-	14,933	-
Total Federal Financial Assistance			\$ 1,176,585	\$ 18,421	\$ 1,199,313	\$ 18,421

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures

Bright Local School District
Notes to the Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures is a summary of the activity of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B -FOOD DONATIONS

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditure) is reported in the Schedule at the fair value.

Cash receipts from the U.S. Department of Agriculture are comingled with State grants. It is assumed federal monies are expended first.



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Bright Local School District
44 North High Street
Mowrystown, OH 45155

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Bright Local School District, Highland County (the School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We intend this report is intended solely for the information and use of the audit committee, management, members of the Board, federal awarding agencies and pass-through entities and others within the School District. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
December 29, 2010



Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Bright Local School District
44 North High Street
Mowrystown, OH 45155

To the Board of Education:

Compliance

We have audited the compliance of the Bright Local School District, Highland County (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2010. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the Bright Local School District, Highland County, complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

Internal Control Over Compliance (Continued)

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 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above.

We intend this report solely for the information and use of the audit committee, management, members of the Board, others within the School District, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
December 29, 2010

Bright Local School District
Schedule of Findings
OMB Circular A-133 Section .505
June 30, 2010

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Program(s) (list):	Title 1, CFDA # 84.010 and 84.389
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

BRIGHT LOCAL SCHOOL DISTRICT

HIGHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 15, 2011**