

CHEROKEE INDEPENDENT SCHOOL DISTRICT
FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021



RICHARD A. BOWMAN

Certified Public Accountant

CHEROKEE INDEPENDENT SCHOOL DISTRICT
FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Certificate of Board	1	
FINANCIAL SECTION		
Independent Auditor's Report	5	
Management's Discussion and Analysis (Required Supplementary Information)	7	
<u>Basic Financial Statements</u>		
Government Wide Statements:		
Statement of Net Position	11	A-1
Statement of Activities	13	B-1
Fund Financial Statements:		
Balance Sheet – Governmental Funds	15	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	21	C-4
Statement of Fiduciary Net Position	23	E-1
Statement of Changes in Fiduciary Fund Net Position	25	E-2
Notes to the Financial Statements	27	
<u>Required Supplementary Information:</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	51	G-1
Schedule of the District's Proportionate Share of the Net Pension Liability – TRS	52	G-2
Schedule of District's Contributions for Pensions – TRS	54	G-3
Schedule of the District's Proportionate Share of the Net OPEB Liability – TRS	57	G-4
Schedule of District's Contributions for OPEB – TRS	59	G-5
Notes to Required Supplementary Information	61	
<u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet – Nonmajor Governmental Funds	64	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	66	H-2
OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable	70	J-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Child Nutrition Program	73	J-2
State Compensatory Education and Bilingual Education Program Expenditures	75	J-3
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77	
Schedule of Findings and Questioned Costs	79	
Summary Schedule of Prior Audit Findings	81	
Schools First Questionnaire	83	


CERTIFICATE OF BOARD


Cherokee ISD
Name of School District

San Saba
County

206903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) X approved disapproved for the year ended August 31, 2021 at a meeting of the Board of Trustees of such school district on the 24th of January, 2022.


Board President


Board Secretary

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

Page left blank intentionally

Financial Section

Page left blank intentionally



RICHARD A. BOWMAN

Certified Public Accountant

RBowman@rbcpa.us

Independent Auditor's Report

The Board of Trustees of
Cherokee Independent School District
P.O. Box 100
Cherokee, Texas 78832

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cherokee Independent School District as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Cherokee Independent School District, as of August 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such

information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cherokee Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated January 18, 2022, on my consideration of Cherokee Independent School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cherokee School District's internal control over financial reporting and compliance.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Respectfully submitted,



Richard A. Bowman, CPA
Sweetwater, Texas
January 18, 2022

CHEROKEE INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Cherokee Independent School District's financial statements provides a narrative overview of the District's financial activities for the year ended August 31, 2021. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$4,704,511 at August 31, 2021.
- The general fund reported a fund balance for the year ended August 31, 2021 of \$1,184,127.
- The District's change in fund balance from operations after removing gymnasium and house purchase transactions was an increase of \$65,869.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Cherokee Independent School District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to inter-fund activity, payables, and receivables.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of Cherokee Independent School District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. Cherokee Independent School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *current sources and uses of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements. Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the

CHEROKEE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

District-wide Financial Analysis

Net position of the District's governmental activities increased from \$4,486,152 to \$4,704,511. Unrestricted net position, the part of the net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was \$103,964 at August 31, 2021. The District's net position at August 31, 2021 and August 31, 2020 are summarized as follows:

TABLE I
CHEROKEE INDEPENDENT SCHOOL DISTRICT'S
NET POSITION

	Governmental Activities	
	<u>August 31, 2021</u>	<u>August 31, 2020</u>
Current and other assets	\$ 1,446,401	\$ 2,984,066
Capital assets	4,744,258	3,104,738
Total assets	<u>6,190,659</u>	<u>6,088,804</u>
Deferred outflows	<u>528,530</u>	<u>391,826</u>
Long-term liabilities	143,711	165,905
Pension and OPEB liabilities	1,025,286	1,215,675
Other liabilities	266,149	152,725
Total liabilities	<u>1,435,146</u>	<u>1,534,305</u>
Deferred inflows	<u>579,532</u>	<u>460,172</u>
Net position:		
Invested in capital assets net of related debt	4,600,547	2,932,905
Restricted	-	-
Unrestricted	103,964	1,553,247
Total net position	<u>\$ 4,704,511</u>	<u>\$ 4,486,152</u>

CHEROKEE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE II
CHEROKEE INDEPENDENT SCHOOL DISTRICT'S
CHANGES IN NET POSITION

	Governmental Activities	
	<u>August 31, 2021</u>	<u>August 31, 2019</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 38,723	\$ 47,947
Operating grants and contributions	287,589	221,617
General Revenues:		
Maintenance and operations taxes	725,628	705,720
Grants and contributions not restricted	1,623,946	1,522,080
Investment Earnings	2,684	49,906
Gifts and Bequest	500	-
Sale of Assets net of Cost	-	(113,225)
Miscellaneous	4,947	-
Total Revenue	<u>2,684,017</u>	<u>2,434,045</u>
Expenses:		
Instruction, curriculum and media services	1,324,823	1,340,234
Instructional and school leadership	107,921	115,164
Student support services	75,980	126,989
Child nutrition	72,569	79,175
Co-curricular activities	167,854	123,728
General administration	194,712	210,217
Plant maint., security & data processing	441,827	331,840
Payments to fiscal agent/member dist.	57,069	36,732
Debt services	4,955	9,311
Other inter-governmental Charges	17,447	-
Total Expenses	<u>2,465,157</u>	<u>2,373,390</u>
Change in net position	218,360	60,655
Net position – Beginning	4,486,152	5,110,343
Prior Period Adjustment	-	(684,846)
Net position – Ending	<u>\$ 4,704,511</u>	<u>\$ 4,486,152</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds. The general government functions are reported in the General and Special Revenue Funds. The focus of the District's *governmental funds* is to provide information on current sources, uses, and balance of *spendable* resources. Such information is useful in determining the District's financing requirements, in particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds as presented in the balance sheet on page 15 reported a combined fund balance of \$1,184,127, which is a decrease from last year's total of \$2,825,741. Included in this year's total change in fund balance is a decrease of \$1,646,880 in the District's General Fund. The primary reasons for the General Fund's decrease are the purchase of a gymnasium and related completion costs of \$1,707,483 and an increase from operations of \$65,869. Over the course of the year, the Board of Trustees

CHEROKEE INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

revised the District's budget twice. The budget amendments were mainly for the purpose of reallocating resources and for the purchase of equipment.

The District's General Fund balance of \$1,176,471 reported on page 15 differs from the General Fund's budgetary fund balance of \$776,390 reported in the budgetary comparison schedule on page 51. This is primarily due to lower than anticipated capital expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

For the year ended August 31, 2021, the District had \$6,051,903 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$1,775,366 above last year.

This year's major additions were:

Gymnasium	\$ 1,642,283
Septic System	65,200
Clear Touch Panes	14,932
Safety Grant Equipment	25,000
Weight Room Equipment	27,951

These additions were paid for from the general fund. The District is in the process of planning and budgeting for the completion of the new gym. For the fiscal year 2021-22 capital budget no other purchases or projects are being considered. More detailed information about the District's capital assets is presented in Note III (C) to the financial statements.

Debt

For the year ended August 31, 2021, the District had \$143,711 in time warrants outstanding versus \$165,905 last year. More detailed information about the District's bonded indebtedness is presented in Note III (H) to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2021-22 budget and tax rates. The District's Average Daily Attendance Rate (ADA) for the 2019-20 school year is 103 which is similar to the ADA reported for school year 2018-19. The District expects the ADA rate to increase slightly during the 2021-22 school year.

These indicators were taken into account when adopting the General Fund budget for 2021-22. The District will use its revenues to finance programs it currently offers. Budgeted expenditures are expected to remain stable in 2021-22. The District has not added any major new programs or initiatives to the 2021-22 budget. If these estimates are realized the District's budgetary General Fund balance is expected to increase slightly by the close of 2022.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at Cherokee Independent School District, P.O. Box 100, Cherokee, Texas, 76832.

CHEROKEE ISD
STATEMENT OF NET POSITION
AUGUST 31, 2021

EXHIBIT A-1

Data	Primary Government
Control	Governmental
Codes	Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,252,439
1220 Property Taxes - Delinquent	13,933
1230 Allowance for Uncollectible Taxes	(12,540)
1240 Due from Other Governments	192,569
Capital Assets:	
1510 Land	121,438
1520 Buildings, Net	4,373,146
1530 Furniture and Equipment, Net	249,674
1000 Total Assets	6,190,659
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	198,050
1706 Deferred Outflow Related to TRS OPEB	330,480
1700 Total Deferred Outflows of Resources	528,530
LIABILITIES	
2110 Accounts Payable	135,532
2140 Interest Payable	5,268
2160 Accrued Wages Payable	103,967
2200 Accrued Expenses	21,382
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	22,775
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	120,936
2540 Net Pension Liability (District's Share)	472,426
2545 Net OPEB Liability (District's Share)	552,860
2000 Total Liabilities	1,435,146
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	125,078
2606 Deferred Inflow Related to TRS OPEB	454,454
2600 Total Deferred Inflows of Resources	579,532
NET POSITION	
3200 Net Investment in Capital Assets	4,600,547
3900 Unrestricted	103,964
3000 Total Net Position	\$ 4,704,511

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

Page left blank intentionally

CHEROKEE ISD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for Services	Operating Grants and Contributions	
	Expenses			6 Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 1,295,429	\$ 1,081	\$ 177,164	\$ (1,117,184)
12 Instructional Resources and Media Services	29,394	-	-	(29,394)
13 Curriculum and Instructional Staff Development	2,265	-	-	(2,265)
23 School Leadership	105,656	-	-	(105,656)
31 Guidance, Counseling, and Evaluation Services	40,306	-	19,397	(20,909)
33 Health Services	1,663	-	-	(1,663)
34 Student (Pupil) Transportation	34,011	-	-	(34,011)
35 Food Services	72,569	14,534	67,857	9,822
36 Extracurricular Activities	167,854	8,125	-	(159,729)
41 General Administration	194,712	-	896	(193,816)
51 Facilities Maintenance and Operations	308,433	14,983	22,275	(271,175)
52 Security and Monitoring Services	17,023	-	-	(17,023)
53 Data Processing Services	116,371	-	-	(116,371)
72 Debt Service - Interest on Long-Term Debt	4,955	-	-	(4,955)
93 Payments Related to Shared Services Arrangements	57,069	-	-	(57,069)
99 Other Intergovernmental Charges	17,447	-	-	(17,447)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 2,465,157	\$ 38,723	\$ 287,589	(2,138,845)
General Revenues:				
Taxes:				
MT Property Taxes, Levied for General Purposes				725,628
GC Grants and Contributions not Restricted				1,623,946
IE Investment Earnings				2,684
MI Miscellaneous Local and Intermediate Revenue				4,947
TR Total General Revenues				2,357,205
CN Change in Net Position				218,360
NB Net Position - Beginning				4,486,151
NE Net Position - Ending				\$ 4,704,511

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

Page left blank intentionally

CHEROKEE ISD
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,242,098	\$ 10,341	\$ 1,252,439
1220 Property Taxes - Delinquent	13,933	-	13,933
1230 Allowance for Uncollectible Taxes	(12,540)	-	(12,540)
1240 Due from Other Governments	60,658	131,911	192,569
1000 Total Assets	<u>\$ 1,304,149</u>	<u>\$ 142,252</u>	<u>\$ 1,446,401</u>
LIABILITIES			
2110 Accounts Payable	\$ 13,526	\$ 122,006	\$ 135,532
2160 Accrued Wages Payable	93,173	10,794	103,967
2200 Accrued Expenditures	19,586	1,796	21,382
2000 Total Liabilities	<u>126,285</u>	<u>134,596</u>	<u>260,881</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	<u>1,393</u>	<u>-</u>	<u>1,393</u>
2600 Total Deferred Inflows of Resources	<u>1,393</u>	<u>-</u>	<u>1,393</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	7,656	7,656
3600 Unassigned Fund Balance	<u>1,176,471</u>	<u>-</u>	<u>1,176,471</u>
3000 Total Fund Balances	<u>1,176,471</u>	<u>7,656</u>	<u>1,184,127</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,304,149</u>	<u>\$ 142,252</u>	<u>\$ 1,446,401</u>

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

Page left blank intentionally

CHEROKEE ISD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2021

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 1,184,127
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$4,276,536 and the accumulated depreciation was (\$1,171,798). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	2,938,833
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt principal payments is to increase net position.	1,797,560
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$267,743, a Deferred Resource Inflow in the amount of \$124,015 and a net pension liability in the amount of \$508,229. The impact of this on Net Position is (\$364,501). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of \$34,953. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$399,454) .	(399,454)
4 Included in the items related to debt is the recognition of the District's proportionate share of the Post Employment Benefits of GASB 75 reporting requirements for the OPEB benefit plan through TRS. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$124,083, a Deferred Resource Inflow of \$336,157 a net OPEB liability in the amount of \$707,446. The impact of this on Net Position is (\$ 919,520). Changes from the current year reporting of the TRS plan resulted in an increase in net position in the amount of \$242,686. The combination of the beginning of the year amounts and the changes during the year resulting in a difference between the ending fund balance and the ending net position in the amount of (\$676,834)	(676,834)
5 The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(135,846)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and accrued interest payable. The net effect of these reclassifications and recognitions is to increase net position.	(3,875)
19 Net Position of Governmental Activities	\$ 4,704,511

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

Page left blank intentionally

CHEROKEE ISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 767,581	\$ 14,534	\$ 782,115
5800 State Program Revenues	1,500,902	27,877	1,528,779
5900 Federal Program Revenues	-	259,712	259,712
5020 Total Revenues	2,268,483	302,123	2,570,606
EXPENDITURES:			
Current:			
0011 Instruction	1,167,785	177,164	1,344,949
0012 Instructional Resources and Media Services	29,074	-	29,074
0013 Curriculum and Instructional Staff Development	2,265	-	2,265
0023 School Leadership	109,568	-	109,568
0031 Guidance, Counseling, and Evaluation Services	29,819	19,397	49,216
0033 Health Services	1,663	-	1,663
0034 Student (Pupil) Transportation	16,357	-	16,357
0035 Food Services	-	75,878	75,878
0036 Extracurricular Activities	102,733	-	102,733
0041 General Administration	196,560	896	197,456
0051 Facilities Maintenance and Operations	264,430	47,275	311,705
0052 Security and Monitoring Services	17,023	-	17,023
0053 Data Processing Services	116,575	-	116,575
Debt Service:			
0071 Principal on Long-Term Debt	22,194	-	22,194
0072 Interest on Long-Term Debt	5,614	-	5,614
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,735,434	-	1,735,434
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	57,069	-	57,069
0099 Other Intergovernmental Charges	17,447	-	17,447
6030 Total Expenditures	3,891,610	320,610	4,212,220
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,623,127)	(18,487)	(1,641,614)
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	23,753	23,753
8911 Transfers Out (Use)	(23,753)	-	(23,753)
7080 Total Other Financing Sources (Uses)	(23,753)	23,753	-
1200 Net Change in Fund Balances	(1,646,880)	5,266	(1,641,614)
0100 Fund Balance - September 1 (Beginning)	2,823,351	2,390	2,825,741
3000 Fund Balance - August 31 (Ending)	\$ 1,176,471	\$ 7,656	\$ 1,184,127

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

Page left blank intentionally

CHEROKEE ISD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (1,641,614)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays and debt principal payments is to decrease net position.	1,797,560
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(135,846)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include accrued interest payable, recognizing unavailable revenue from property taxes as revenue and adjusting current year revenue to show the revenue earned from the current year's tax levy. The net effect of these reclassifications and recognitions is to decrease net position.	(9,474)
Current year changes due to GASB 68 increased revenues in the amount of \$128,201 but also increased expenditures in the amount of \$163,153. The net effect on the change in the ending net position was a decrease in the amount of \$34,952.	(34,953)
Current year changes due to GASB 75 decreased revenue in the amount of \$5,157 but also decreased expenditures in the amount of \$247,843. The changes in the ending net position as a result of reporting the OPEB items was an increase in the change in net position in the amount of \$242,686.	242,686
Change in Net Position of Governmental Activities	\$ 218,360

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

Page left blank intentionally

CHEROKEE ISD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2021

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 43,046
Total Assets	<u>43,046</u>
NET POSITION	
Restricted for Other Purposes	<u>43,046</u>
Total Net Position	<u><u>\$ 43,046</u></u>

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

Page left blank intentionally

CHEROKEE ISD
 STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2021

	Total Custodial Funds
ADDITIONS:	
Miscellaneous Revenue - Student	\$ 34,856
Total Additions	<u>34,856</u>
DEDUCTIONS:	
Other Deductions	<u>45,490</u>
Total Deductions	<u>45,490</u>
Change in Fiduciary Net Position	(10,634)
Total Net Position - September 1 (Beginning)	<u>53,680</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 43,046</u></u>

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

Page left blank intentionally

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. All fiduciary activities are reported only in the fund financial statements.

Cherokee Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in **GASB Statement No. 56**, and it complies with the requirements of the appropriate version of Texas Education Agency's ***Financial Accountability System Resource Guide*** (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

Pensions. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Cherokee Independent School District applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The District's investments are accounted for using the cost amortization method.

Reporting Entity

The Board of Trustees (the "Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board.

The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No. 39, and there are no component units included within the reporting entity.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance are accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds:

Agency Funds – The District accounts for resources held for others in a custodial capacity. The District's Agency Fund is the Student Activity Fund.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation for the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met; and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A 60-day availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

The revenues susceptible to accrual are property taxes, charges for services, interest income, and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received. Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as deferred revenues and funds expended but not yet received are shown as receivables.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met; and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

Agency funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

In accordance with the FASRG, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FASRG.

Budgetary Information

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FASRG module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal period beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent to cross fund, function, or increase the overall budget allocations. Control of appropriations by the Board of Trustees

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

is maintained within Fund Groups at the function code level and revenue object code level.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Food Service Fund. The other special revenue funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

Encumbrance Accounting

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. The District had no material encumbrances outstanding at August 31, 2021.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and cash equivalents:

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Capital assets:

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Infrastructure	50
Vehicles	5
Computer & Office Equipment	5

Deferred outflows/inflows of resources:

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred outflows of resources for pension - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently approximately 6.4 years.

A deferred outflow for pension expense results from payments made to the TRS pension plan by the District after the plan's measurement date. The amount of deferred outflows reported in the governmental activities for deferred pension expenses at

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

August 31, 2021 was \$198,051.

Deferred outflows of resources for OPEB - Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 9.0 years. The amount of deferred outflows reported in the governmental activities for deferred OPEB expenses at August 31, 2021 was \$330,480.

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at August 31, 2021 was \$1,393.

Deferred inflows of resources for pension - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five-year period. In fiscal year 2021, the District reported deferred inflows of resources for pensions in the governmental activities in the amount of \$125,078.

Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (8.6 years for the 2020 measurement year). In fiscal year 2021, the District reported deferred inflows of resources for OPEB in the governmental activities in the amount of \$454,454.

Net position flow assumption:

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund balance flow assumptions:

Sometimes the District will fund outlays for a particular purpose from both the restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies:

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Trustees has delegated the authority to assign fund balance to the Superintendent. Unlike commitments, assignments generally only exist temporarily.

In the fund financial statements, governmental funds report assignments of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change. The District has the following restricted and assigned fund balances:

Restricted and Unspendable Fund Balances

None

Revenues and Expenditures/Expenses

Program revenues:

Amounts reported as program revenues include: 1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources, are reported as general revenues rather than as program revenues.

Property taxes:

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Compensated absences:

Vacation days shall be used during the year in which they are earned and shall not accumulate. Unused vacation days shall not be reimbursed upon the employee's resignation, retirement, or any other termination of employment.

An employee who retires from the District shall be eligible for reimbursement for state and local leave under the following conditions: 1) the employee's retirement is voluntary, i.e., the employee is not being discharged or nonrenewed, 2) the employee provides advance written notice of intent to retire. Contract employees must provide written notice at least two weeks before the last day of employment, and 3) the employee has at least ten years of service with the District. The employee shall be reimbursed for each day of state and local leave, to a maximum of 50 days, at a rate established by the Board. If the employee is reemployed with the District, days for which the employee received payment shall not be available to that employee.

Data control codes:

Data Control Codes appear in the rows and above the columns of certain financial statements. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide* (FASRG). Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and, therefore, are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets at the Beginning of the year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Assets
Land	\$ 121,438	\$ -	\$ 121,438	
Buildings	3,573,572	808,411	2,765,161	
Furniture & Equipment	518,526	363,387	155,139	
	<u>\$ 4,276,536</u>	<u>\$ 1,171,798</u>	<u>\$ 3,041,738</u>	<u>\$ 3,041,738</u>
Long-term Liabilities at the Beginning of the year			Payable at the Beginning of the Year	
Bonds Payable			\$ 165,905	(165,905)
Net Adjustment to Net Assets				<u>\$ 2,875,833</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

	Amount	Adjustments to Changes in Net Assets	Adjustments to Net Assets
Purchase of Fixed Assets	\$ 1,775,366	\$ 1,775,366	\$ 1,775,366
Payments of Long Term Debt	22,194	22,194	22,194
Total Adjustment to Net Position		<u>\$ 1,797,560</u>	<u>\$ 1,797,560</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

Various other Adjustments	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
Taxes Collected from Prior Year Levies	\$ 9,607	\$ -	\$ (9,607)
Uncollected Taxes (assumed collectible) from Current Year Levy	442	442	442
Uncollected Taxes (assumed collectible) from Prior Year Levy	951	951	-
Adjustments to Prior Year estimate of collectible taxes	968	-	(968)
Beginning Accrued Interest Payable	5,927	(5,927)	
Accrued Interest Payable	659	659	659
Total		<u>\$ (3,875)</u>	<u>\$ (9,474)</u>

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deposits and Investments

Cash Deposits

Custodial Credit Risk-Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's funds are required to be deposited and invested under the terms of a depository contract. At August 31, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,204,244 and the bank balance was \$1,184,209. The District's cash deposits at August 31, 2021 and during the year ended August 31, 2021, were adequately covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. *Custodial Credit Risk - Deposits:* In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2021, the District's cash deposits totaled \$1,204,244. This entire amount was either collateralized with securities held by the District's agent or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk as of August 31, 2021.
- b. *Custodial Credit Risk - Investments:* For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.
- c. *Credit Risk:* This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk.
- d. *Interest Rate Risk:* This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase.
- e. *Foreign Currency Risk:* This is the risk that exchange rates will adversely affect the fair value of an investment. At August 31, 2021, the District was not exposed to foreign currency risk.
- f. *Concentration of Credit Risk:* This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. The District's investments in public funds investment pools are not subject to the concentration risk.

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

Public Funds Investment Pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The District utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

As of August 31, 2021, the District did not have any investments.

The amount of interest earned on the District's investments for the fiscal year ended August 31, 2021, was \$2,684.

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The District's investments in public funds investment pools are not required to be measured at fair value but are measured at amortized cost.

B. Disaggregated Receivables and Payables

Receivables as of August 31, 2021 for the District's individual major funds and non-major fund in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	Property Taxes	Other Governments	Due from Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 13,933	\$ 60,658	\$ -	\$ -	\$ 74,591
Non-major Governmental Funds	-	131,911	-	-	131,911
Total - Governmental Activities	<u>\$ 13,933</u>	<u>\$ 70,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,656</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 12,540</u>				<u>\$ 12,540</u>

Payables at August 31, 2021 were as follows:

	Accounts Payable	Salaries & Benefits	Interest Payable	Total Payables
Governmental Activities:				
General Fund	\$ 13,526	\$ 112,759	\$ 5,268	\$ 131,553
Non-major Governmental Funds	122,006	12,590	-	134,596
Total - Governmental Activities	<u>\$ 136,858</u>	<u>\$ 125,349</u>	<u>\$ 5,268</u>	<u>\$ 266,149</u>

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

C. Capital Asset Activity

Capital asset activity for the District for the year ended August 31, 2021, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 121,438	\$ -	\$ -	\$ 121,438
Buildings and Improvements	3,573,572	1,707,483		5,281,055
Furniture and Equipment	581,526	67,883		649,409
Totals at Historic Cost	4,276,536	1,775,366		6,051,902
Less Accumulated Depreciation for:				
Buildings and Improvements	(808,411)	(99,498)		(962,568)
Furniture and Equipment	(363,387)	(36,348)		(391,463)
Total Accumulated Depreciation	(1,171,799)	(135,846)		(1,354,031)
Governmental Activities Capital Assets Net	\$ 3,104,737	\$ 1,639,521	\$ -	\$ 4,697,872

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 25,335
Student (Pupil) Transportation	17,654
Food Service	2,738
Co-curricular/Extracurricular Activities	69,678
Facilities Maintenance and Operation	20,442

Total Depreciation Expense \$ 135,846

D. Pension Plan

Plan Description. Cherokee ISD participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <http://www.trs.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits. State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

Contributions. Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements if it increases the period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceed 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

Employee contribution rates are set in state statute, Texas Government Code 825.402. SB12 in the 86th Legislature set contribution rates for fiscal year 2020 and fiscal year 2021. Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution of 1.5%. Contribution Rates can be found in the TRS 2020 CAFR, Note 11, on page 82.

	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
Cherokee ISD Employer Contributions	\$ 40,395	\$ 41,200
Cherokee ISD Member Contributions	103,736	105,988
Cherokee ISD NECE On-Behalf Contributions	64,771	82,1131

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part, or all, of an employee's salary is paid by a federal funding source or a privately sponsored source.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- Employers must contribute 1.5% of the member's salary ("Public Education Employer Surcharge").

Actuarial Assumptions.

Roll Forward - The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017, and were adopted in July 2018.

The active mortality rates were based on 90% of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

The following table discloses the assumptions that were applied to this measurement period.

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Rate	7.25%
Municipal Bond Rate as of August 2020	2.33% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection	
Period (100 years)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the TRS actuarial valuation report dated November 14, 2019.

Discount Rate. The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the statutorily required rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.66% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020, are presented in the Asset Allocations the following table from the TRS Comprehensive Annual Financial Report for 2020, page 53.

Table 3.A.1: Asset Allocations			
Asset Class	Target Allocation ¹ %	Long-Term Expected Geometric Real Rate of Return ²	Expected Contribution to Long- Term Portfolio Returns
Global Equity			
USA	18.0 %	3.9 %	0.99 %
Non-U.S. Developed	13.0	5.1	0.92
Emerging Markets	9.0	5.6	0.83
Private Equity	14.0	6.7	1.41
Stable Value			
Government Bonds	16.0 %	(0.7)%	(0.05)%
Absolute Return (Including Credit Sensitive Investments)	—	1.8	—
Stable Value Hedge Funds	5.0	1.9	0.11
Real Return			
Real Estate	15.0 %	4.6 %	1.02 %
Energy, Natural Resources, and Infrastructure	6.0	6.0	0.42
Commodities	—	0.8	—
Risk Parity			
Risk Parity	8.0 %	3.0 %	0.30 %
Asset Allocation Leverage			
Cash	2.0 %	(1.5)%	(0.03)%
Asset Allocation Leverage	(6.0)	(1.3)	0.08
Inflation Expectation			2.00 %
Volatility Drag ³			(0.67)%
Expected Return	100.0 %		7.33 %
¹ Target allocations are based on the FY2020 policy model.			
² Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).			
³ The volatility drag results from the conversion between arithmetic and geometric mean returns.			

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability. The discount rate can be found in the 2020 TRS CAFR, Note 11, page 84.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
CISD's proportionate share of the net pension liability:	\$ 728,472	\$ 472,426	\$ 264,394

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2021, Cherokee Independent School District reported a liability of \$508,229 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to Cherokee Independent School District. The amount recognized by Cherokee Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Cherokee Independent School District were as follows:

District's proportionate share of the collective net pension liability	\$ 472,426
State's proportionate share that is associated with the District	<u>1,065,870</u>
Total	<u>\$ 1,538,296</u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2020; and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2019 rolled forward to August 31, 2020. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2018, the employer's proportion of the collective net pension liability was .0008820834%, which was a decrease of 0.000204403% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation – There were no changes in assumptions since the prior measurement date.

Changes In Benefit Terms - In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially, sound and the Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

For the year ended August 31, 2021, the District recognized pension expense of \$102,706. Additionally, the District recognized revenue of \$102,706 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2021, the employer reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Actuarial experience	\$ 863	\$ 13,184
Changes in actuarial assumptions	109,620	46,609
Difference between projected and actual investment earnings	9,564	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	36,804	65,285
Contributions paid to TRS subsequent to the measurement date	41,200	-
Total	<u>\$ 198,051</u>	<u>\$ 125,078</u>

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 30:	Pension Expense Amount
2022	\$ 15,782
2023	15,612
2024	17,439
2025	(2,976)
2026	(12,008)
Thereafter	(2,077)

E. Defined Other Post-Employment Benefit Plan

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2020 are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 40,010,833,815
Less: plan fiduciary net position	<u>(1,996,317,932)</u>
Net OPEB liability	<u>\$ 38,014,515,883</u>
Net position as a percentage of total OPEB liability	4.99%

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86th Legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$277,490,586 as of August 31, 2020.

The premium rates for retirees are presented in the following table:

TRS-Care Monthly Premium Rates		
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	135	200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions. Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a "pay-as-you-go" basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and participating employers based on active employee

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

compensation. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2020. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding Remitted by Employers	1.25%	1.25%
District's 2021 FY Employer Contributions		\$ 11,346
District's 2021 FY Member Contributions		\$ 8,947
Measurement Year NECE On-Behalf Contributions		\$ 14,854

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS-Care, a monthly surcharge of \$535 per retiree.

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$2,208,137 for fiscal year 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal year 2021.

Actuarial Assumptions. The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Salary Increases
Rates of Disability	

The active mortality rates were based on 90% of the RP-2014 Employee Mortality tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 Rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% - 9.05%, including inflation
Ad-hoc Post Employment Benefit Changes	None

The initial medical trend rates were 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. There was an initial prescription drug trend rate of 9.00% for all retirees. The initial trend rates decrease to an ultimate trend

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

rate of 4.25% over a period of 13 years.

Discount Rate. A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of .30% in the discount rate since the previous year. The Discount Rate can be found in the 2020 TRS CAFR on page 76. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate.

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of the Net OPEB Liability:	\$ 663,431	\$ 552,860	\$ 465,525

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 451,616	\$ 552,860	\$ 687,703

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2021, Cherokee ISD reported a liability of \$552,860 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with Cherokee ISD were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 552,860
State's proportionate share that is associated with the District	<u>742,912</u>
Total	<u>\$ 1,295,772</u>

The Net OPEB Liability was measured as of August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020, the employer's proportion of the collective Net OPEB Liability was .00145434% compared to the .0014959353% as of August 31, 2019. This is a decrease of .00415953.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the Total OPEB liability (TOL). The participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the Total OPEB Liability. The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB liability.

Changes in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2021, Cherokee ISD recognized OPEB expense of \$14,854 and revenue of \$14,854 for support provided by the State.

At August 31, 2021, Cherokee ISD reported its proportionate share of the TRS's deferred outflows of resources and deferred

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 28,948	\$ 253,017
Changes in actuarial assumptions	34,100	151,818
Net Difference between projected and actual investment earnings	180	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	255,906	49,619
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	11,346	-
Total	<u>\$ 330,480</u>	<u>\$ 454,454</u>

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized by the district in OPEB expense as follows:

<u>Year ended August 31:</u>	<u>OPEB Expense Amount</u>
2022	\$ (59,258)
2023	(59,282)
2024	(59,296)
2025	(59,292)
2026	(44,525)
Thereafter	(83,669)

F. Employee Health Care Coverage

Plan Description. The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

During the year ended August 31, 2021, employees of the District were covered by a health insurance plan (the plan). The District contributed \$150 per month per employee to the plan, the State contributed \$75, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to a licensed insurer.

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employee, and natural disasters. During the fiscal year 2021, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Liability Insurance

During the year ended August 31, 2021, the District participated in the TASB Risk Management Fund's Property Casualty Program (the Fund) with coverages in auto liability, auto physical damage, general liability, property and legal liability programs. The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for most lines of coverage. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine reserve adequacy and fully fund those reserves. For the year ended August 31, 2021, the Fund anticipates Cherokee Independent School District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on June 30. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

During the year ended August 31, 2021, the District purchased property disaster insurance through the Regional Pool Alliance, established under the provisions of the Interlocal Cooperation Act Chapter 791 of the Texas Government Code. The Regional Pool Alliance is a cooperative of entities for the purpose of purchasing insurance as a group. Each participant is limited to the annually determined premium with no additional liability beyond the contractual premium and related deductible.

Worker's Compensation Insurance

During the year ended August 31, 2021, Cherokee ISD participated in the following TASB Risk Management Fund (the Fund) programs:

- Auto Liability
- Auto Physical Damage
- Property
- School Liability

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2021, the Fund anticipates that Cherokee ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the service of independent auditors to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

H. Long-Term Obligations

Time Warrants

Bonded indebtedness of the District is reflected in the government-wide statements. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general obligation bonds and notes payable for the year ended August 31, 2021, were as follows:

Governmental Activities:

<u>DESCRIPTION</u>	Interest	Amounts	Interest	Payable		Outstanding	
	Rate	Original	Current	Amounts	Outstanding		
	<u>Payable</u>	<u>Issue</u>	<u>Year</u>	<u>9/1/20</u>	<u>Issued</u>	<u>Retired</u>	<u>8/31/21</u>
Time Warrants 2013	3.249%	\$ 104,155	\$ 1,093	\$ 33,955	\$ -	\$ 10,856	\$ 23,099
Time Warrants 2019	3.494%	131,950	4,521	131,950	-	11,339	120,611
Total		\$ 236,105	\$ 5,614	\$ 165,905	\$ -	\$ 21,194	\$ 143,711

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

Debt service requirements are as follows:

Year Ended August 31,	<u>Time Warrants</u>		Total Requirements
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 22,851	\$ 4,957	\$ 27,808
2023	23,940	4,186	28,126
2024	12,471	3,389	15,860
2025	12,906	2,953	15,860
2026	13,357	2,502	15,860
2027	13,824	2,036	15,860
2028-2030	44,438	3,141	47,580
Total	<u>\$ 143,786</u>	<u>\$ 23,164</u>	<u>\$ 166,954</u>

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Time Warrants	Governmental	General

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2021.

I. Unavailable Revenue

Unavailable revenue at year-end consisted of the following:

	<u>General Fund</u>	<u>Total</u>
Net Tax Revenue	\$ 1,393	\$ 1,393
Total	<u>\$ 1,393</u>	<u>\$ 1,393</u>

J. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2021, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State Entitlements</u>	<u>Property Tax</u>	<u>Total</u>
General	\$ 60,658	\$ -	\$ 60,658
Special Revenue	131,911	-	131,911
Total	<u>\$ 192,569</u>	<u>\$ -</u>	<u>\$ 192,569</u>

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

K. Revenue from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Property Taxes	\$ 734,793	\$ -
Penalties, Interest and Other		
Tax-related Income	5,415	-
Investment Income	2,684	-
Food Sales	-	14,534
Co-curricular Student Activities	5,873	-
Rent Income	9,307	-
Gifts or Bequests	500	-
Other	9,009	-
Total	<u>\$ 767,581</u>	<u>\$ 14,534</u>

L. Fund Balance

As of these financial statements, the District has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable--Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District had no nonspendable Fund balance at August 31, 2021.

Restricted--Amounts that can be spent only for specific purposes because of the constitution, external resource providers, state or federal laws, or externally imposed conditions by grantors or creditors. The District had \$7,656 restricted for the Food Service Fund as of August 31, 2021.

Committed--Amounts that can be used only for specific purposes determined by a formal action by the District's Board and can be used only for specific purposes determined by the Board's resolution. The District had no committed Fund balance at August 31, 2021.

Assigned--Fund balance amount that is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. The Board has delegated the authority to assign fund balance to the superintendent. At August 31, 2021, the District had no assigned fund balances.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 15). As discussed in Note 1, Restricted Funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Board or the Assignment has been changed by the superintendent. Decreases to fund balance first reduce Unassigned Fund Balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order. The District does not have a formal minimum fund balance policy.

M. Subsequent Events

The District has evaluated subsequent events through January 18, 2022, the date that the financial statements were available to be issued.

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

N. Maintenance of Effort - Group Health Insurance

As required by HB 3343, 77th Texas legislature, the maintenance of effort for the District's medical insurance is:

a) Total District premium paid for healthcare 2020 - 2021	\$ 42,450
b) Subtract any non-medical expenditures	
Life Insurance	-
Dental Insurance	-
Vision Insurance	-
Long-Term Disability	-
COBRA Expense	-
Retiree Expense	-
	<hr/> \$ -
c) 2020 - 2021 Maintenance of Effort	<hr/> \$ 42,450

O. Shared Service Arrangements

The District participates in shared services arrangements with Region XV ESC and Brady ISD. The activity of the shared services arrangements is attributable to the District's participation, the District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Region XV ESC, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Cherokee Independent School District. The fiscal agent manager responsible for all financial activities of the shared services arrangement.

P. Medicare Part D Coverage

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2021, 2020, and 2019, the subsidy payments received by TRS-Care on-behalf of the District were \$6,059, \$5,833, and \$4,886 respectively. The information for the year ended August 31, 2021, is provided by the Teachers Retirement System. These payments are recorded as equal revenues and expenditures in the governmental fund financial statement of the District.

Page left blank intentionally

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

Page left blank intentionally

CHEROKEE ISD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 804,195	\$ 804,195	\$ 767,581	\$ (36,614)
5800 State Program Revenues	1,353,350	1,353,350	1,500,902	147,552
5020 Total Revenues	2,157,545	2,157,545	2,268,483	110,938
EXPENDITURES:				
Current:				
0011 Instruction	1,219,175	1,219,175	1,167,785	51,390
0012 Instructional Resources and Media Services	36,642	36,642	29,074	7,568
0013 Curriculum and Instructional Staff Development	9,577	9,577	2,265	7,312
0023 School Leadership	116,750	116,750	109,568	7,182
0031 Guidance, Counseling, and Evaluation Services	36,754	36,754	29,819	6,935
0033 Health Services	7,575	7,575	1,663	5,912
0034 Student (Pupil) Transportation	41,700	41,700	16,357	25,343
0036 Extracurricular Activities	119,560	119,560	102,733	16,827
0041 General Administration	208,345	208,345	196,560	11,785
0051 Facilities Maintenance and Operations	248,909	271,559	264,430	7,129
0052 Security and Monitoring Services	34,450	34,450	17,023	17,427
0053 Data Processing Services	123,840	123,840	116,575	7,265
Debt Service:				
0071 Principal on Long-Term Debt	16,949	16,949	22,194	(5,245)
0072 Interest on Long-Term Debt	15,861	15,861	5,614	10,247
Capital Outlay:				
0081 Facilities Acquisition and Construction	1,790,117	1,833,017	1,735,434	97,583
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	57,069	57,069	57,069	-
0099 Other Intergovernmental Charges	22,500	22,500	17,447	5,053
6030 Total Expenditures	4,105,773	4,171,323	3,891,610	279,713
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,948,228)	(2,013,778)	(1,623,127)	390,651
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	(33,183)	(33,183)	(23,753)	9,430
1200 Net Change in Fund Balances	(1,981,411)	(2,046,961)	(1,646,880)	400,081
0100 Fund Balance - September 1 (Beginning)	2,823,351	2,823,351	2,823,351	-
3000 Fund Balance - August 31 (Ending)	\$ 841,940	\$ 776,390	\$ 1,176,471	\$ 400,081

CHEROKEE ISD
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021

	FY 2021 <u>Plan Year 2020</u>	FY 2020 <u>Plan Year 2019</u>	FY 2019 <u>Plan Year 2018</u>
District's Proportion of the Net Pension Liability (Asset)	0.000008821%	0.000977681%	0.001015125%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 472,426	\$ 508,229	\$ 558,750
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	1,065,870	962,015	1,097,518
Total	<u>\$ 1,538,296</u>	<u>\$ 1,470,244</u>	<u>\$ 1,656,268</u>
District's Covered Payroll	\$ 1,376,461	\$ 1,347,214	\$ 1,242,184
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	34.32%	37.72%	44.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.00106587%		0.0009227%		0.0011058%		0.0006347%	
\$	340,808	\$	348,692	\$	390,886	\$	169,538
634,560		748,767		639,494		588,374	
\$	975,368	\$	1,097,459	\$	1,030,380	\$	757,912
\$	1,267,389	\$	1,134,220	\$	1,000,100	\$	1,051,104
26.89%		30.74%		39.08%		16.13%	
82.17%		68.22%		78.43%		83.25%	

CHEROKEE ISD
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 41,200	\$ 40,395	\$ 34,197
Contribution in Relation to the Contractually Required Contribution	41,200	40,395	34,197
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,376,461	\$ 1,347,214	\$ 1,242,184
Contributions as a Percentage of Covered Payroll	3.00%	3.00%	2.75%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

2018		2017		2016		2015	
\$	34,933	\$	33,518	\$	30,543	\$	23,808
	34,933		33,518		30,543		23,808
\$	-	\$	-	\$	-	\$	-
\$	1,267,389	\$	1,227,775	\$	1,134,220	\$	1,000,100
	2.76%		2.73%		2.69%		2.38%

Page left blank intentionally

CHEROKEE ISD
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.000014543%	0.001495935%	0.001550321%	0.001487398%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 552,860	\$ 707,446	\$ 774,090	\$ 646,814
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	742,912	940,038	1,041,400	939,842
Total	\$ 1,295,772	\$ 1,647,484	\$ 1,815,490	\$ 1,586,656
District's Covered Payroll	\$ 1,376,461	\$ 1,347,214	\$ 1,242,184	\$ 1,267,389
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	40.16%	52.51%	62.32%	51.04%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

Page left blank intentionally

CHEROKEE ISD
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 11,346	\$ 19,811	\$ 10,695	\$ 7,733
Contribution in Relation to the Contractually Required Contribution	11,346	19,811	10,695	7,733
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,376,461	\$ 1,347,214	\$ 1,242,184	\$ 1,267,389
Contributions as a Percentage of Covered Payroll	0.82%	1.47%	0.86%	0.61%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

Page left blank intentionally

CHEROKEE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2021

A. Budget and Budgetary Accounting

The District adopts annual appropriations type budgets for the General Fund and the Child Nutrition Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. During the year ended August 31, 2021, the Board of Trustees approved budget amendments increasing expenditures as follows:

General Fund Amendments Approved \$65,550 along with reclassification amendments.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principals and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget was prepared for adoption for budgeted governmental fund types by August 31, 2021. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

B. Notes to Schedules for the TRS Pension

Changes of benefit terms

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound and the Legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

Changes of assumptions

There were no changes in assumptions since the prior measurement date.

C. Notes to Schedules for the TRS OPEB Plan

Changes of benefit terms

There were no changes of benefit terms during the measurement period that affected the Total OPEB Liability.

Changes of assumptions

The following were changes to the actuarial assumptions or other inputs that affected measurement of Total OPEB Liability (TOL) since the prior measurement period:

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change decreased the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.5% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the total OPEB Liability.

Page left blank intentionally

Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

CHEROKEE ISD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	277 Coronavirus Relief Fund CARES
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 10,341	\$ -	\$ -
1240	Due from Other Governments	14,600	5,457	872	-
1000	Total Assets	<u>\$ 14,600</u>	<u>\$ 15,798</u>	<u>\$ 872</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ 5,030	\$ 5,563	\$ 431	\$ -
2160	Accrued Wages Payable	8,257	2,247	290	-
2200	Accrued Expenditures	1,313	332	151	-
2000	Total Liabilities	<u>14,600</u>	<u>8,142</u>	<u>872</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	7,656	-	-
3000	Total Fund Balances	<u>-</u>	<u>7,656</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 14,600</u>	<u>\$ 15,798</u>	<u>\$ 872</u>	<u>\$ -</u>

282 School Emergency Relief	289 Other Federal Funds Title IV	410 State Instructional Materials	429 Safety and Security Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 10,341
110,982	-	-	-	131,911
<u>\$ 110,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,252</u>
\$ 110,982	\$ -	\$ -	\$ -	\$ 122,006
-	-	-	-	10,794
-	-	-	-	1,796
<u>110,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,596</u>
-	-	-	-	7,656
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,656</u>
<u>\$ 110,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,252</u>

CHEROKEE ISD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	277 Coronavirus Relief Fund CARES
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 14,534	\$ -	\$ -
5800 State Program Revenues	-	302	-	-
5900 Federal Program Revenues	75,902	42,555	3,761	17,236
5020 Total Revenues	75,902	57,391	3,761	17,236
EXPENDITURES:				
Current:				
0011 Instruction	57,611	-	2,655	17,236
0031 Guidance, Counseling, and Evaluation Services	18,291	-	1,106	-
0035 Food Services	-	75,878	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
6030 Total Expenditures	75,902	75,878	3,761	17,236
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(18,487)	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	23,753	-	-
1200 Net Change in Fund Balance	-	5,266	-	-
0100 Fund Balance - September 1 (Beginning)	-	2,390	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 7,656	\$ -	\$ -

282 School Emergency Relief	289 Other Federal Funds Title IV	410 State Instructional Materials	429 Safety and Security Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 14,534
-	-	2,575	25,000	27,877
110,982	9,276	-	-	259,712
110,982	9,276	2,575	25,000	302,123
87,811	9,276	2,575	-	177,164
-	-	-	-	19,397
-	-	-	-	75,878
896	-	-	-	896
22,275	-	-	25,000	47,275
110,982	9,276	2,575	25,000	320,610
-	-	-	-	(18,487)
-	-	-	-	23,753
-	-	-	-	5,266
-	-	-	-	2,390
\$ -	\$ -	\$ -	\$ -	\$ 7,656

Page left blank intentionally

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however include information which is required by other entities.

CHEROKEE ISD
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2021

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ 114,182,051
2013	1.170000	0.000000	38,791,709
2014	1.170000	0.000000	40,996,901
2015	1.170000	0.000000	45,520,171
2016	1.170000	0.000000	45,872,991
2017	1.170000	0.000000	48,102,735
2018	1.170000	0.000000	48,908,710
2019	1.170000	0.000000	62,451,630
2020	1.060000	0.000000	69,342,950
2021 (School year under audit)	1.029900	0.000000	Various
1000 TOTALS			

(10) Beginning Balance 9/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2021
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,934	-	-	-	-	2,934
1,142	-	127	-	-	1,015
914	-	-	-	-	914
917	-	-	-	-	917
1,320	-	326	-	-	994
1,833	-	957	-	-	876
10,051	-	8,196	-	-	1,855
-	734,914	727,292	-	(3,194)	4,428
<u>\$ 19,111</u>	<u>\$ 734,914</u>	<u>\$ 736,898</u>	<u>\$ -</u>	<u>\$ (3,194)</u>	<u>\$ 13,933</u>

Page left blank intentionally

CHEROKEE ISD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 15,000	\$ 15,000	\$ 14,534	\$ (466)
5800	State Program Revenues	200	200	302	102
5900	Federal Program Revenues	37,000	37,000	42,555	5,555
5020	Total Revenues	52,200	52,200	57,391	5,191
EXPENDITURES:					
Current:					
0035	Food Services	85,383	85,383	75,878	9,505
6030	Total Expenditures	85,383	85,383	75,878	9,505
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,183)	(33,183)	(18,487)	14,696
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	33,183	33,183	23,753	(9,430)
1200	Net Change in Fund Balances	-	-	5,266	5,266
0100	Fund Balance - September 1 (Beginning)	2,390	2,390	2,390	-
3000	Fund Balance - August 31 (Ending)	\$ 2,390	\$ 2,390	\$ 7,656	\$ 5,266

Page left blank intentionally

CHEROKEE ISD

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2021

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 111,573
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$ 70,457

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 74
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$ 8,137

Page left blank intentionally



RICHARD A. BOWMAN

Certified Public Accountant

RBowman@rbcpa.us

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing
Standards*

The Board of Trustees of
Cherokee Independent School District
P.O. Box 100
Cherokee, Texas 76832

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cherokee Independent School District, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Cherokee Independent School District's basic financial statements, and have issued my report thereon dated January 18, 2022.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Cherokee Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cherokee Independent School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Cherokee Independent School District's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cherokee Independent School District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in dark ink that reads "Richard Bowman". The signature is written in a cursive, slightly slanted style.

Richard A. Bowman, CPA

Sweetwater, Texas

January 18, 2022

CHEROKEE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2021

I. Summary of the Auditor's Results:

1. The type of reports issued on the financial statements of the Cherokee ISD are:

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Governmental Fund-General Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

- With respect to internal control over financial reporting I did not identify any material weaknesses and I reported no significant deficiencies.
- I did not identify any material weaknesses and I reported no significant deficiencies.
- I noted no noncompliance material to the financial statements.

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None

Page left blank intentionally

CHEROKEE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2021

There were no prior audit findings.

Page left blank intentionally

SCHOOLS FIRST QUESTIONNAIRE

Cherokee ISD

Fiscal Year 2021

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	-0-