



CHEROKEE COUNTY SCHOOL DISTRICT ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023
CANTON, GEORGIA



Cherokee County
School District



Cherokee County School District

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
CANTON, GEORGIA

PREPARED BY:
CHEROKEE COUNTY SCHOOL DISTRICT
DIVISION OF FINANCIAL MANAGEMENT
KENNETH OWEN, CHIEF FINANCIAL OFFICER

Introductory Section



Cherokee County
School District

**Cherokee County School District
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

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DR. BRIAN V. HIGHTOWER
Superintendent of Schools

KYLA CROMER
School Board Chair

ROBERT RECHSTEINER
School Board Vice-Chair

JOHN HARMON

PATSY JORDAN

DR. SUSAN PADGETT-
HARRISON

KELLY POOLE

ERIN RAGSDALE

15 December 2023

To: Members of the Cherokee County Board of Education
Citizens of Cherokee County

Please see the attached Annual Comprehensive Financial Report (ACFR) for the fiscal year that ended June 30, 2023, submitted on behalf of the Cherokee County School District (School District). The report that follows was prepared by staff within the Office of Financial Management as fulfillment of the requirements for audit prescribed by Georgia Statutes for local boards of education, as well as the Single Audit Requirements of Federal and State governments.

The ACFR conforms to generally accepted accounting principles as applied to governmental entities, as well as to standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA). Responsibility for the accuracy, completeness and fairness of the information presented, including all disclosures and assurances, rests with the School District management team, based on a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Williamson and Company, CPA's has issued an unmodified ("clean") opinion on the Cherokee County School Board's financial statements for the fiscal year that ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Following the MD&A are the basic financial statements, including the government-wide financial statements, the fund financial statements and the notes to the financial statements. The required supplementary information and the statistical section complete the ACFR.

Profile of Cherokee County School District

The School District is a political subdivision of the State of Georgia, separate from and legally and fiscally independent of Cherokee County and all other political subdivisions. The boundaries of the School District are coterminous with the territorial limits of Cherokee County. The School District is the only school district in Cherokee County and is vested by the Georgia Constitution and enabling legislation with the power to conduct a system of kindergarten through grade twelve public education within the territorial limits of Cherokee County.

Under the Georgia Constitution, the Cherokee County Board of Education (School Board) was created to manage and control the School District. The School Board consists of seven members, six elected within designated geographic districts and one Chair elected on a county-wide basis by all qualified voters of Cherokee County. Each School Board member is elected to office for a term of four years or until his/her successor is elected and qualified.

The School Superintendent is the Chief Executive Officer of the Board of Education and is employed by the School Board under written contract for a term of not less than one year and not more than three years. The School Superintendent acts as the Secretary of the Board of Education, ex officio.

Dr. Brian V. Hightower has been the Superintendent of Schools for the School District since February 1, 2016 and is responsible for the day-to-day operations of the School District. Dr. Hightower has been employed by the School District for 37 years, and, prior to his appointment as Superintendent, served in various capacities, including teacher, assistant principal, principal, Director of School Operations, Assistant Superintendent of School Operations and Deputy Superintendent. Dr. Hightower's educational background includes the following: Reinhardt College (A.A., Liberal Arts), Kennesaw State University (B.S., Education, 7-12), North Georgia College & State University (M.Ed., Education, 7-12), Georgia State University (Ed.S., Education, 4-8), and Samford University (Ed.D., Educational Leadership).

The School District is comprised of 23 elementary schools, seven middle schools, six high schools, one alternative school, one virtual academy, one transition academy for special education students, one special education

facility and one pre-school center. These facilities currently serve 41,720 students. All schools are accredited by the Georgia Accrediting Commission and have met requirements for Standard Schools as set forth by the Georgia Department of Education. The School District and its schools are accredited by Cognia (formerly AdvancED).

As of October 2023, the School District employed 5,248 full time employees in the following categories:

- Certified Classroom Teachers 2,958
- Classroom Paraprofessionals 465
- Other Instructional and Student Support Staff 470
- Administrators (includes Central Office) 200
- School Nutrition, Transportation, Clerical, Maintenance and Nurses 1,155

All certified classroom teachers hold Bachelor's degrees, with 67.7% earning advanced degrees (Master's, Specialist's and/or Doctoral degrees). The 2023-24 school year estimated overall pupil-teacher ratio, not including non-teaching personnel (such as counselors, therapists and media specialists), is 14.2:1.

Local Economy and Outlook

Cherokee County is located approximately 35 miles north of the City of Atlanta, a major national center for finance, transportation, distribution and communications. The Cherokee community benefits from this proximity, particularly as it relates to the earnings potential for residents.

The per capita income in Cherokee County is approximately 16.68% above that of the State of Georgia and grew at a rate of 9.9% in 2022, the latest year for which figures are available. The median household income in Cherokee County was \$90,681 in 2022, compared to the State average of \$65,030 and the National average of \$74,580.

The 2023 median home value in Cherokee County is \$473,700, a 9.9% increase over 2022. Home values are projected to increase another 9.5% in 2024. This translates to a growing tax digest that has greatly benefited the students of Cherokee County. After tax base declines during 2009, 2010, 2011 and 2012 (as a direct result of the national recession), the Cherokee

County tax digest has grown an average of more than 10.1% in each of the last ten years.

Sales tax collections are a major indicator of the strength of a local economy. In Cherokee County, average monthly collections from the Education Special Purpose Local Sales Tax (Ed-SPLOST) have grown by more than 123% since 2011. In fact, revenue from the one percent sales tax has grown in every year since 1998 except for four (3 of which were due to the national recession), with many of those years growing in double digits. This, along with the strong growth in the tax digest, indicate a healthy and thriving economy.

Due in large part to the strong and healthy local economy, the School District has seen two credit rating upgrades since 2015. Moody's credit rating is currently Aa2 with a Stable outlook and S&P's credit rating is currently AA with a Stable outlook. Both credit agencies cited a large, diverse tax base, stable and growing reserves and positive general fund results in recent years as rationale for credit rating upgrades.

Long Term Financial Planning

Fund balances in all funds have increased in recent years, in large part due to increased revenues but also due to expenditure controls, management inquiry and analysis, and School Board expectations. The unassigned general fund balance at June 30, 2023 is slightly more than \$83.3 million, representing 16.3% of the previous year budgeted expenditures, which is slightly above the School Board's minimum Policy of 12-15%. Debt service fund balance is anticipated to continue to increase due to Ed-SPLOST collections coming in above projections, a total of 1.5 mills of property tax revenue being dedicated to debt service by the School Board and strong growth in property tax digest.

The School District plans capital improvements on a five-year rolling basis and base plans on increased student population, age of the physical plant and future growth patterns. Formalized capital outlay plans are reviewed at least annually and are generated based on enrollment forecasts, facility assessments and anticipated revenue.

The School District relies on revenue generated by Ed-SPLOST, approved overwhelmingly by voters in November 2021 (74% approved), for repayment

of bonds issued in previous years that resulted in 21 new and replacement schools, installation of major technology infrastructure, land acquisition and major renovations of aging facilities. Additionally, since 2017 the School Board has approved shifting a portion of the property tax millage rate from Maintenance and Operations to Debt Service (total of 1.5 mills since fiscal year 2022-23) to generate supplementary revenue to permit use of monthly Ed-SPLOST funds for current expenditures, such as replacement of classroom technology devices and major building repairs.

Formal School Board Policies relative to financial management are analyzed annually in order to provide a strong basis for ongoing financial decisions. The following are examples of such Policies:

- Goals and Objectives (Revised 2019)
- Annual Operating Budget (Revised 2021)
- Fund Balance (Revised 2017)
- Local Tax Revenues (Revised 2019)
- Debt Management (Adopted 2017)
- Short Term Notes (Revised 2019)
- Accounting and Reporting (Revised 2021)
- Cash Management and Investments (Adopted 2018)
- Expenditure of Funds (Revised 2018)
- Contract and Compensation Procedures (Revised 2019)
- Purchasing (Revised 2018)
- Student Activities Funds Management (Revised 2018)

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded Certificates of Achievement for Excellence in Financial Reporting to the School District for its annual comprehensive financial report for the past three fiscal years (2020, 2021 and 2022). In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized comprehensive annual report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The School District believes that its current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and is submitting it to GFOA to determine its eligibility for another certificate.

The School District's FY2022 and FY2023 Annual Budgets received awards from the Georgia School Public Relations Association (GSPRA) for Special Publications based on readability, use of graphics and ease of understanding. Future iterations of the Annual Budget will be submitted to GFOA for consideration of the Distinguished Budget Presentation Award.

The preparation of this report was completed by the dedicated and professional staff within the Office of Financial Management. Specifically, Shelby Johnston, Supervisor for Financial Compliance and Reporting and Marjorie DeFrank, Executive Director for Financial Management, are to be commended for their devotion to task and content area expertise.

Respectfully submitted,



Dr. Brian V. Hightower
Superintendent of Schools



Kenneth L. Owen
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Cherokee County School District
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

SCHOOL BOARD MEMBERS



Front row, from left, Chair, Kyla Cromer, Erin Ragsdale (District 5), Patsy Jordan (District 2), Kelly Poole (District 1), Dr. Susan Padgett-Harrison (District 6). Back row, Superintendent Dr. Brian Hightower, Vice-Chair, Robert Rechsteiner (District 4), and John Harmon (District 3).

Kyla Cromer, School Board Chair
Robert Rechsteiner, School Board Vice-Chair
John Harmon
Dr. Susan Padgett-Harrison
Patsy Jordan
Kelly Poole
Erin Ragsdale

CCSD Organizational Chart of Divisions SY2022-23



CHEROKEE COUNTY CITIZENS

BOARD OF EDUCATION

 SUPERINTENDENT
OF SCHOOLS /
CHIEF EXECUTIVE
OFFICER
DR. BRIAN V. HIGHTOWER

 Chief
of
Staff
Mike McGowan

Technology
and
Information
Services
Division

Support
Services
Division

Communications
Division

School
Operations
Division

Safety
and
Security
Division

Human
Resources
Division

Financial
Management
Division

Curriculum
and
Instruction
Division

 Chief
Information
Officer
Bobby Blount

 Chief
Support
Services
Officer
Trey Moores

 Chief
Communications
Officer
Barbara Jacoby

 Chief
Operations
Officer
Dr. Debra Murdock

 Chief of
Safety and
Security
Buster Cushing

 Chief
Human
Resources
Officer
Rick Beaulieu

 Chief
Financial
Officer
Kenneth Owen

 Chief
Academic
Officer
Dr. Nicole Holmes

Financial Section



Cherokee County
School District

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of
The Cherokee County Board of Education
Canton, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cherokee County School District (the "School District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cherokee County School District, as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cherokee County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the School District adopted new accounting guidance, *GASB 96 Subscription Based Information Technology Agreements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cherokee County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cherokee County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cherokee County School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-15 and the schedules related to the School District's pension plan and other post-employment benefits plan on pages 53-58 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cherokee County School District's basic financial statements. The individual fund schedules, Schedule of Expenditures of Educational Local Option Sales Tax Proceeds, as required by the Official Code of Georgia §48-8-121 and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules, Schedule of Expenditures of Educational Local Option Sales Tax Proceeds, and the Schedule of Expenditures of Federal Awards are 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 our opinion, the individual fund schedules, Schedule of Expenditures of Educational Local Option Sales Tax Proceeds and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

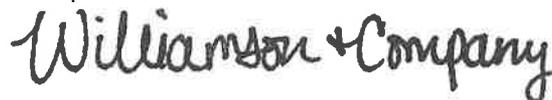
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2023, on our consideration of the Cherokee County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our 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 the Cherokee County School District's internal control over financial reporting and compliance.



Williamson and Company
Certified Public Accountants
December 20, 2023

CHEROKEE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year ended June 30, 2023

Introduction

The discussion and analysis of the Cherokee County School District's (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal years ended June 30, 2023 and June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- Total Fund Balance increased from \$276.2 million in 2022 to \$294.5 million in 2023, an increase of \$18.3 million, or 6.6%. The total increase is largely due to an increase in the General Fund's fund balance of \$10.1 million resulting from increases in State education formula funding and property tax receipts. The Capital Projects fund decreased by \$7.5 million primarily due to increased capital expenditures being offset by a 6.4% increase in sales taxes within the School District's County during the year ended June 30, 2023. The Debt Service fund balance increased \$15.7 million due to decreased debt service costs and an increase in property taxes.
- Total revenue increased from \$623.3 million in 2022 to \$676.1 million in 2023, an increase of \$52.8 million, or 8.5%. The revenue increase was primarily from increases in property and sales tax receipts.
- Total expenses increased from \$492.2 million in 2022 to \$614.8 million in 2023, an increase of \$122.6 million, or 24.9%. The increase was primarily due to increases in pension expense, increased position allotments to address student needs, employee salary and benefits related to quality workforce retention and attraction initiatives, and an increase in State Health Benefit Plan employer rates for certified employees.
- Total net position changed from negative \$177.5 million in 2022 to negative \$116.2 million in 2023, an increase of \$61.3 million, or an improvement of net position of 34.5%. In 2023 as compared to 2022, net position decreased by \$38.5 million due to defined benefit pension plans and increased \$17.0 million due to Other Post-Employment Benefits (OPEB), respectively. Excluding these entries, 2023 net position increased by \$82.8 million. This excess was utilized to purchase capital assets of \$53.8 million and reduce bond debt by \$24.9 million.

CHEROKEE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year ended June 30, 2023

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the government-wide and fund financial statements.

The government-wide financial statements include the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the School District presenting both short-term and long-term information about the overall financial status.

The fund financial statements focus on individual parts, reporting the School District's operation in more detail. The Governmental Funds statements disclose how basic services are financed in the short-term as well as what remains for future spending.

The fund financial statements reflect the School District's most significant funds. For the years ending June 30, 2023 and June 30, 2022, the General Fund, the Capital Projects Fund, and the Debt Service Fund represent the most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. Additionally, the Individual Fund Schedules Section (other supplementary information that is not required) is presented that further supplement understanding of the financial statements.

Government-wide Statements

The government-wide financial statements provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The Statement of Activities presents information showing how the School District's net position changed during the most recent fiscal year. Changes in net position appear as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses appear in this statement for some items that will result in future fiscal period's cash flows (e.g., uncollected taxes and earned but unused vacation leave).

The Statement of Net Position and the Statement of Activities reflect the School District's governmental activities.

CHEROKEE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year ended June 30, 2023

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the School District's activities are reported in governmental funds. The governmental fund statements focus on how money flows in and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that can readily be converted to cash. These statements also provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The School District maintains numerous governmental funds with the majority of activities occurring in the General Fund. The differences between governmental activities (reported in Statement of Net Position and Statement of Activities) and governmental funds are reconciled in the financial statements.

Financial Analysis of the School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. The table below provides a summary of the School District's net position as of June 30, 2023 and June 30, 2022.

| | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>2022-2023</u> |
|---------------------------------------|-------------------------|-------------------------|------------------|
| Assets | | | |
| Current and Other Assets | \$ 368,773,846 | \$ 324,694,234 | 13.6% |
| Capital Assets, Net | 616,781,634 | 583,621,823 | 5.7% |
| Total Assets | \$ 985,555,480 | \$ 908,316,057 | 8.5% |
| Deferred Outflows of Resources | \$ 376,766,882 | \$ 193,639,588 | 94.6% |
| Liabilities | | | |
| Current Liabilities | \$ 77,451,219 | \$ 55,044,843 | 40.7% |
| Long-Term Liabilities | 1,261,554,849 | 837,796,879 | 50.6% |
| Total Liabilities | \$ 1,339,006,068 | \$ 892,841,722 | 50.0% |
| Deferred Inflows of Resources | \$ 139,499,912 | \$ 386,581,027 | -63.9% |
| Net Position | | | |
| Net Investment in Capital Assets | \$ 225,030,131 | \$ 206,539,571 | 9.0% |
| Restricted | 157,882,391 | 104,445,652 | 51.2% |
| Unrestricted | (499,096,140) | (488,449,327) | -2.2% |
| Total Net Position | \$ (116,183,618) | \$ (177,464,104) | 34.5% |

CHEROKEE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year ended June 30, 2023

Governmental accounting standards require the School District to report its proportional liability of state administered pension and OPEB plans in which the School District participates for the benefit of its employees. The long-term liabilities related to Pension and OPEB at June 30, 2023 of \$867.7 million increased by 108.7%, or \$451.9 million from June 30, 2022. Deferred Outflows of Resources reflected an increase of 96.1% and Deferred Inflows of Resources decreased 63.9%, due to this reporting. Although the resulting negative net position of this reporting causes a deficit balance in unrestricted net position, it should not be considered a financial weakness as the pension and OPEB costs are spread out over multiple years well into the future.

The table below shows the Changes in Net Position for fiscal years ending June 30, 2023 and June 30, 2022.

Changes in Net Position

| | <u>Governmental Activities</u> | | <u>Change</u> |
|---------------------------------------|--------------------------------|-------------------------|------------------|
| | <u>Fiscal Year 2023</u> | <u>Fiscal Year 2022</u> | <u>2022-2023</u> |
| Revenues | | | |
| Program Revenues | | | |
| Charges for Services | \$ 11,768,365 | \$ 4,337,097 | 171.3% |
| Operating Grants and Contributions | 301,657,040 | 304,881,438 | -1.1% |
| Capital Grants and Contributions | 10,544,801 | 4,520,463 | 133.3% |
| General Revenues | | | |
| Taxes | \$ 326,427,196 | \$ 298,356,964 | 9.4% |
| Other | 25,660,484 | 11,232,746 | 128.4% |
| Total Revenues | \$ 676,057,886 | \$ 623,328,708 | 8.5% |
| Expenses | | | |
| Instructional Services | \$ 402,769,207 | \$ 317,683,289 | 26.8% |
| Pupil and Imp. Instructional Services | 62,322,637 | 44,787,525 | 39.2% |
| School and Administrative Services | 41,291,339 | 33,506,173 | 23.2% |
| Student Transportation Services | 28,000,530 | 26,629,157 | 5.1% |
| Maintenance and Operation | 38,453,274 | 30,833,726 | 24.7% |
| Support Services - Central | 5,492,057 | 4,328,844 | 26.9% |
| School Nutrition | 21,380,672 | 20,659,483 | 3.5% |
| Community Service Operations | 2,032,925 | 1,884,602 | 7.9% |
| Interest on Long-term Debt | 13,031,759 | 11,917,833 | 9.3% |
| Total Expenses | \$ 614,774,400 | \$ 492,230,632 | 24.9% |
| Increase in Net Position | \$ 61,283,486 | \$ 131,098,076 | |
| Beginning Net Position | (177,467,104) | (308,565,180) | |
| Ending Net Position | \$ (116,183,618) | \$ (177,467,104) | 34.5% |

Revenues

In 2023, the School District's total revenues increased 8.5%, or \$52.7 million, over the prior year due primarily to increases in state funding and tax revenue.

- General Revenues - Taxes increased 9.4%, or \$28.1 million, over the prior year due to a 13.6% increase in real property tax receipts for M&O and Debt Service combined. During this period, the property tax digest grew by 23.7%. The growth in actual receipts was lower

CHEROKEE COUNTY SCHOOL DISTRICT

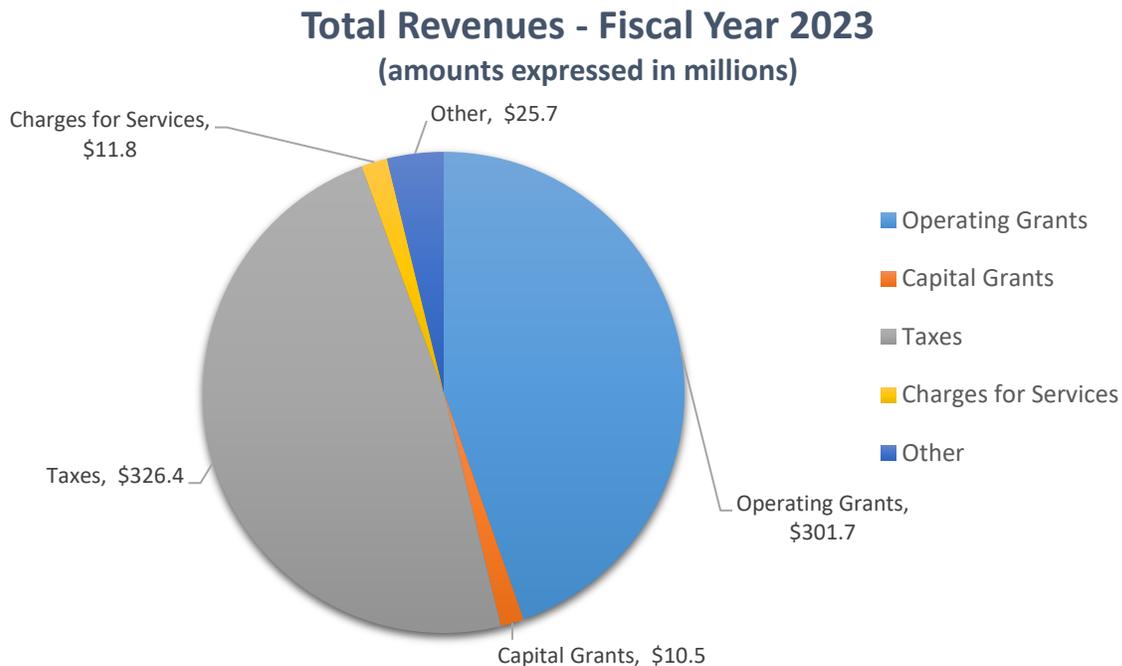
Management's Discussion and Analysis

For the Year ended June 30, 2023

due to a reduction in the total millage rate of 1.5 mills approved by the Cherokee County Board of Education. Additionally, sales taxes within the School District's County increased 6.4% during the year ended June 30, 2023.

- General Revenues – Other Revenue increased by \$14.4 million or 128.4% due to a property insurance receipt for hail damage of \$7.1 million and an increase of \$5.3 million in unrestricted investment earnings due to higher market yields.

The graph below shows the Total Revenues for fiscal year 2023.



Expenses

In 2023, the School District's total expenses increased 24.9%, or \$122.5 million, over the prior year due primarily due to an increase in pension expense, the cost of initiatives designed to retain and attract the highest quality work force, increased costs due to the COVID-19 pandemic including addressing learning losses and other student needs, and increased benefit costs.

- The actuarial valuations for the Teachers Retirement System included an increase in pension expense of \$88.3 million from \$7.9 million for the year ended June 30, 2022 to \$96.2 million for the year ended June 30, 2023. This was offset by the actuarial valuations for the Other Post-Employment Benefits (OPEB) which included a decrease in OPEB expense of \$9.0 million from \$1.0 million for the year ended June 30, 2022 to negative \$8.0 million for the year ended June 30, 2023.
- The School District provided additional teacher allotments, two additional school psychologists, three additional speech language pathologists and one additional

CHEROKEE COUNTY SCHOOL DISTRICT

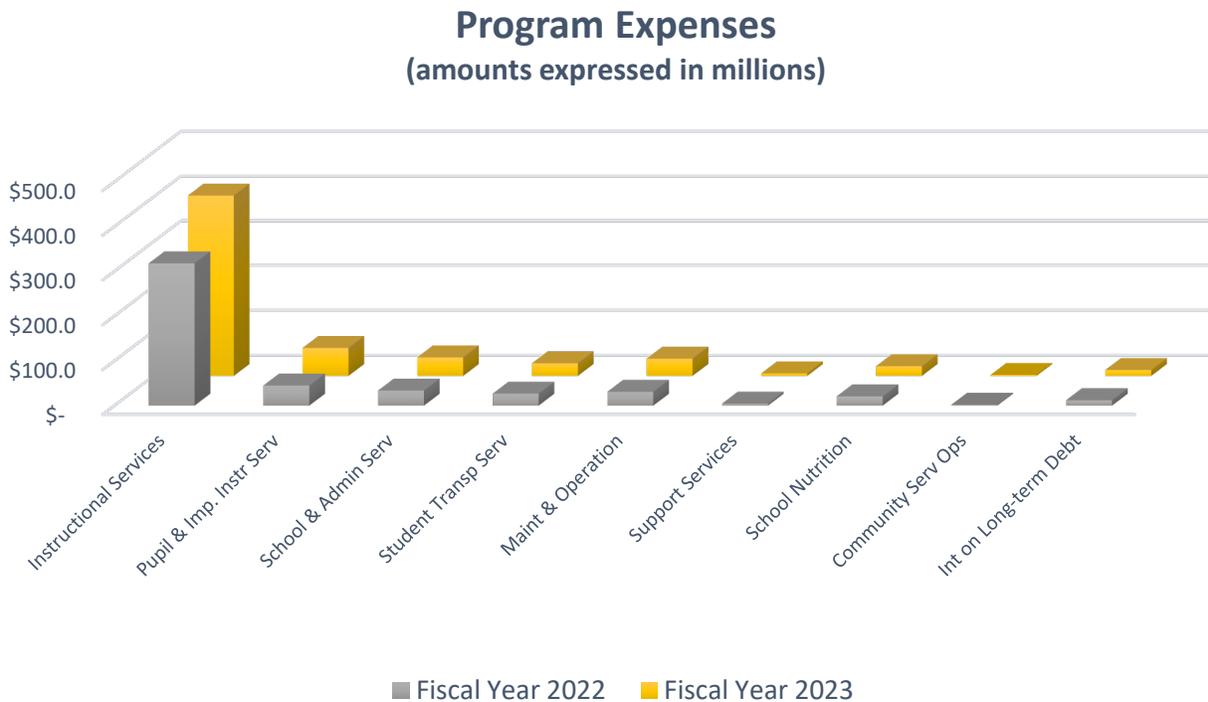
Management's Discussion and Analysis

For the Year ended June 30, 2023

instructional lead strategist to address student population growth and to support students in need at a cost of approximately \$6.8 million.

- Initiatives to attract and retain the best teachers, principals and support staff in fiscal year 2023 included providing an annual longevity-step increase, a \$2,000 increase in pay for all certified staff and a 2% cost-of-living raise for all eligible classified employees with a total cost estimated at \$22.8 million.
- Increased benefit costs during 2023 included an increase in employer healthcare insurance coverage for certified employees from January to June, 2023. This additional premium increased expenses by approximately \$11.1 million.

The graph below shows the Program Expenses for fiscal years ending June 30, 2023 and June 30, 2022 by expense category.



It should be noted that the School District has received significant revenue and incurred corresponding expenses as it relates to federal funding in response to the COVID-19 pandemic. The school district received \$3.7 million from the CARES Act and \$6.8 million additional federal reimbursement of School Nutrition student meals in 2021, \$15.7 million from the CRRSA Act and \$13.5 million additional federal reimbursement of School Nutrition student meals and grants in 2022, and \$17.3 million from the American Recovery Plan Act in 2023.

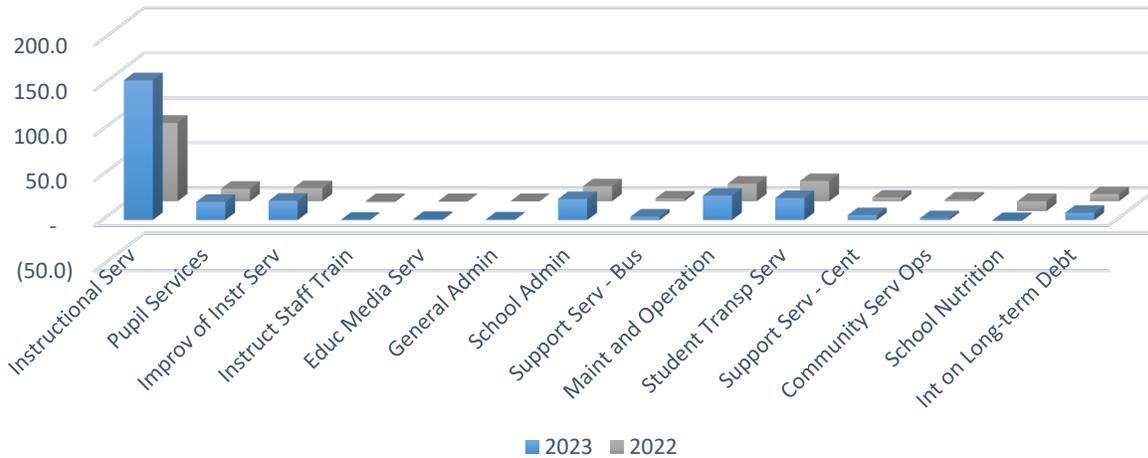
The Cost of Services table below shows, for governmental activities, the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity (47.3% overall for the year ended June 30, 2023).

CHEROKEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year ended June 30, 2023

| | Cost of Services | | | |
|--|------------------------|-----------------------|-----------------------|-----------------------|
| | Total Cost of Services | | Net Cost of Services | |
| | 2023 | 2022 | 2023 | 2022 |
| Instructional Services | \$ 402,769,207 | \$ 317,683,289 | \$ 154,800,042 | \$ 86,791,316 |
| Support Services | | | | |
| Pupil Services | 30,631,573 | 21,932,447 | 20,136,862 | 13,736,905 |
| Improvement of Instructional Services | 22,700,842 | 16,667,247 | 21,317,389 | 14,461,075 |
| Instructional Staff Training | 3,149,149 | 1,799,075 | 192,318 | (1,011,293) |
| Educational Media Services | 5,841,073 | 4,388,756 | 995,014 | (400,661) |
| General Administration | 5,476,282 | 4,582,140 | 561,206 | (28,499) |
| School Administration | 32,060,955 | 25,712,155 | 23,298,128 | 16,565,400 |
| Support Services - Business | 3,754,102 | 3,211,878 | 3,733,935 | 3,120,540 |
| Maintenance and Operation | 38,453,274 | 30,833,726 | 27,021,751 | 19,434,390 |
| Student Transportation Services | 28,000,530 | 26,629,157 | 24,315,911 | 22,441,997 |
| Central Support Services | 5,492,057 | 4,328,844 | 5,432,195 | 4,232,157 |
| Operations and Noninstructional Services | | | | |
| Community Service Operations | 2,032,925 | 1,884,602 | 2,032,399 | 1,884,592 |
| School Nutrition | 21,380,672 | 20,659,483 | (1,042,400) | (10,685,580) |
| Interest on Long-term Debt | 13,031,759 | 11,917,833 | 8,009,444 | 7,949,295 |
| Total | \$ 614,774,400 | \$ 492,230,632 | \$ 290,804,194 | \$ 178,491,634 |

The graph below shows the change in the Net Cost of Services for fiscal years ending June 30, 2023 and June 30, 2022.

Net Cost of Services
(amounts expressed in millions)



CHEROKEE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year ended June 30, 2023

Financial Analysis of the School District's Funds

The School District ended fiscal year 2023 with a positive fund balance in its governmental funds. The combined balance of all governmental funds, at \$294.5 million, was 6.6% higher than 2022's ending balance of \$276.2 million. The General Fund's fund balance increased by \$10.1 million, or 7.7%. This level achieves the Board Policy goal of the School District to achieve and maintain an unassigned fund balance in the General Fund at fiscal year-end of not less than 12.0-15.0% of prior year general fund budgeted expenditures. Capital Projects fund decreased its fund balance by \$7.5 million, a decrease of 7.5%, due primarily to increased facility construction costs. Debt Service increased its fund balance by \$15.7 million, an increase of 35.2%, due in large part to decreased debt service costs and an increased transfer of sales tax revenues from the Capital Projects fund of \$12.1 million over 2022.

General Fund Budgeting Highlights

The most significant fund for the School District is the General Fund, funded primarily through state revenue and local property tax revenue. The State of Georgia is required to maintain a balanced budget (a constitutional requirement in Georgia), as are all state-funded school districts.

For the General Fund, actual revenues of \$578.4 million were 109.6% of the final budgeted amount of \$527.7 million. The final actual expenditures of \$556.9 million were 105.6% of the final budgeted amount of \$527.2 million. While budgeted revenues exceeded budgeted expenditures by \$.5 million, actual results for the fiscal year show that expenditures were under revenues by \$21.5 million. This was primarily due to an increase in property tax revenues above the budgeted amount, an unexpected property insurance receipt for hail damage, and an increase in state funding for a mid-year increase in healthcare insurance costs. Offsetting these revenue increases were the mid-year increases to actual healthcare insurance costs.

General Fund Balance

As the operating fund of the School District, General Fund revenue from state and federal sources accounted for 51.8% of revenue. The majority of the remainder, or 47.1% is from local sources, primarily ad valorem taxes. In fiscal year 2023, federal funding decreased by \$14.1 million, due to decreases in federal reimbursement of School Nutrition student meals and grants. Local revenues increased by \$34.2 million, primarily as a result of 23.7% growth in the property tax digest over prior year. The School District's maintenance and operation millage rate is 16.45 mills. \$3.0 million of the June 30, 2023 General Fund balance has been assigned to Instructional Services. A total of \$54.2 million of the fund balance has been committed, with \$28.4 million to local capital outlay projects, \$18.9 million to school food services, and \$6.9 million to school activities.

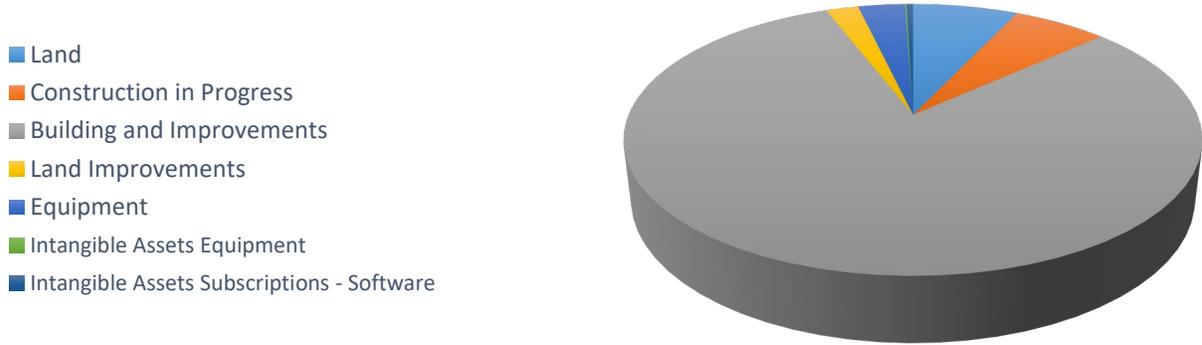
Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, and June 30, 2022, the School District had \$620.1 million and \$584.5 million, respectively, invested in a broad range of capital assets, including land, buildings, and furniture and equipment for its governmental activities.

CHEROKEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year ended June 30, 2023

FY 2023 Capital Assets



The table below summarizes and compares the capital assets for 2023 and 2022, breaking down the asset balances, by class, net of accumulated depreciation.

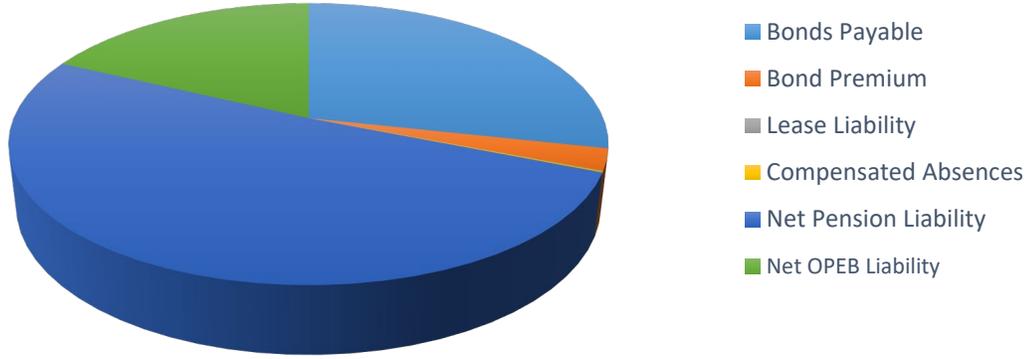
| | Governmental Activities | |
|---------------------------------|--------------------------------|-------------------------|
| | Fiscal Year 2023 | Fiscal Year 2022 |
| Land | \$ 43,619,076 | \$ 43,219,958 |
| Construction in Progress | 39,079,805 | 7,243,244 |
| Building and Improvements | 501,220,418 | 503,313,232 |
| Equipment | 19,455,503 | 16,176,380 |
| Land Improvements | 13,406,832 | 13,669,009 |
| Intangible Right-to-Use Assets: | | |
| Equipment | 601,470 | 902,205 |
| Subscription Assets-Software | 2,711,987 | - |
| Total | \$ 620,095,091 | \$ 584,524,028 |

Long-Term Obligations

As of June 30, 2023, the School District had \$357.8 million in general obligation and qualified school construction bonds outstanding with \$27.0 million due within one year. On November 8, 2016, the citizens of Cherokee County approved a referendum to collect a one cent Education Special Purpose Local Option Sales Tax (Ed-SPLOST) beginning January 1, 2018 and ending September 30, 2022, and to issue up to \$115.0 million of general obligation bonds. On November 2, 2021, the citizens of Cherokee County approved the continuation of the one cent Ed-SPLOST beginning October 1, 2022 and ending September 30, 2027, and to issue up to \$290.0 million of general obligation bonds. The bonds will be repaid from sales tax proceeds of this continuing Ed-SPLOST and from proceeds derived from 1.5 mills of ad valorem property tax.

CHEROKEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year ended June 30, 2023

FY 2023 Long-term Liabilities



The table below summarizes and compares the School District's liabilities for 2023 and 2022.

Long-term Liabilities at June 30

| | Governmental Activities | |
|--------------------------|--------------------------------|-------------------------|
| | Fiscal Year 2023 | Fiscal Year 2022 |
| Bonds Payable | \$ 357,785,000 | \$ 382,690,000 |
| Bond Premium | 30,930,029 | 36,928,877 |
| Lease Liability | 601,470 | 902,205 |
| Subscription Liabilities | 2,902,665 | - |
| Compensated Absences | 1,585,902 | 1,480,934 |
| Net Pension Liability | 642,342,568 | 172,937,931 |
| Net OPEB Liability | 225,407,215 | 242,856,932 |
| Total | \$ 1,261,554,849 | \$ 837,796,879 |

At June 30, 2023, the School District's assigned long-term bond ratings were Aa2 Stable and AA Stable as determined by Moody's Investor Services, Inc. and Standard and Poor's Rating Services, respectively.

Additional information on the School District's capital assets and long-term obligations can be found in Note 5 and Note 7 of the Basic Financial Statements section of this document.

Factors Affecting the School District's Future

The fiscal year 2024 budget was presented to the public and tentatively adopted by the Board of Education on May 18, 2023 with the final adoption on June 15, 2023. The budget represents an investment plan for the School District, its students, employees, and the communities as a whole.

CHEROKEE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year ended June 30, 2023

The budget is tied directly to the strategic vision and direction of the Board of Education. The budget for the General Fund expenditures for fiscal year 2024 is \$538.1 million, representing an increase of \$66.7 million or 14.2% from the fiscal year 2023 General Fund final budget. This increase is reflective of a budgeted increase in the property tax digest and in state Quality Basic Education revenues. Planned expenditures of these increases focus primarily on the continuation of the Blueprint Priority for a Quality Workforce, including an annual salary schedule longevity step raise, a 3% cost of living adjustment for all eligible classified employees, a pay increase of \$2,500 for all certified staff, and providing a retention/signing bonus to all eligible staff. Other spending priorities include continuing the use of flexibility options to allow all schools to utilize Instructional Lead Specialists to increase student achievement in literacy and math while also meeting Response to Intervention requirements, and implementing new challenging and effective curriculum materials, textbooks and digital content to support the teaching and learning of all students.

The School District continues to receive significant revenue and incur corresponding expenses related to federal funding in response to the COVID-19 epidemic with \$17.3 million budgeted to be received from the American Recovery Plan Act in 2024. All federal pandemic-related funding expires as of June 30, 2024.

The fiscal year 2024 millage rate is 17.95 mills, with 16.45 mills to support the School District's operating budget (Maintenance and Operations) and 1.5 mills for bond debt service. The 1.5 mills for debt services reduces pressure on the 2022-2027 Ed-SPLOST for debt service payments and allows the School District to use a portion of the proceeds to fund current needs as it relates to technology, repairs/maintenance and other voter-approved capital outlay projects.

Positively impacting revenue estimates is projected growth in the local property tax digest. The value of the ad valorem tax digest increased by 9.6% in fiscal year 2022 and 23.7% in fiscal year 2023. The tax digest is projected to increase by 15.6% in fiscal year 2024. This indicates that existing property values have stabilized, and new construction is being added to the digest.

On November 2, 2021, the citizens of Cherokee County approved a referendum to issue \$290,000,000 in aggregate principal amount of bonds for the purpose of funding the costs of acquiring, constructing, equipping, renovating, repairing, improving, and equipping school buildings and administration, athletic and other buildings and facilities, and to acquire land for future facilities (the "Projects"). The approved referendum also included continued collection of a one cent Education Special Purpose Local Option Sales Tax for a period of time not to exceed 60 months and for the raising of not more than \$290,000,000 for the purpose of funding principal and interest on certain bonds and for funding the Projects.

The School District plans capital improvements as future capital needs arise due to increased student population, age of the physical plant and facility repair and maintenance needs. Specific capital expenditure plans are formalized in conjunction with individual general obligation bond issues, collections from Ed-SPLOST, and anticipated annual receipts of capital outlay funds from the State of Georgia Department of Education. The School District regularly monitors anticipated capital outlay needs and budgets resources accordingly.

CHEROKEE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year ended June 30, 2023

Contacting the School District's Office of Financial Management

This financial report is designed to provide a general overview of the Cherokee County School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Financial Management, Cherokee County School District, P.O. Box 769, Canton, Georgia, 30169.

Basic Financial Statements



Cherokee County
School District

CHEROKEE COUNTY SCHOOL DISTRICT

Statement of Net Position

June 30, 2023

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Assets | |
| Cash and Cash Equivalents | \$ 271,540,730 |
| Investments | 27,075,098 |
| Receivables | |
| Taxes | 11,596,410 |
| State Government | 39,549,977 |
| Federal Government | 11,977,848 |
| Interest | 511,419 |
| Other | 1,584,609 |
| Inventory | 1,624,298 |
| Capital Assets, Nondepreciable | 82,698,881 |
| Capital Assets, Net | <u>537,396,210</u> |
| Total Assets | <u>985,555,480</u> |
| Deferred Outflow of Resources | |
| Related to Defined Pension Plans | 311,469,012 |
| Related to Other Post-Employment Benefits | 62,904,918 |
| Deferred Charges | <u>2,392,952</u> |
| Total Deferred Outflows of Resources | <u>376,766,882</u> |
| Total Assets and Deferred Outflows of Resources | <u>1,362,322,362</u> |
| Liabilities | |
| Accounts Payable | 14,817,358 |
| Salaries and Benefits Payable | 49,026,094 |
| Interest Payable | 7,720,574 |
| Other Current Liabilities | 5,887,193 |
| Long-term Liabilities | |
| Due Within One Year | 34,496,941 |
| Due in More Than One Year | 359,308,125 |
| Net Pension Liability Due in More Than One Year | 642,342,568 |
| Net Other Post-Employment Benefits (OPEB) Liability Due in More Than One Year | <u>225,407,215</u> |
| Total Liabilities | <u>1,339,006,068</u> |
| Deferred Inflows of Resources | |
| Related to Defined Benefit Pension Plan | 3,848,361 |
| Related to Other Post-Employment Benefits | <u>135,651,551</u> |
| Total Deferred Inflows of Resources | <u>139,499,912</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>1,478,505,980</u> |
| Net Position | |
| Net Investment In Capital Assets | 224,839,453 |
| Restricted For: | |
| Capital Projects | 97,508,439 |
| Debt Service | 60,373,952 |
| Unrestricted | <u>(498,905,462)</u> |
| Total Net Position | <u>\$ (116,183,618)</u> |

The accompanying notes are an integral part of this financial statement.

CHEROKEE COUNTY SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2023

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|-----------------------|----------------------|------------------------------------|----------------------------------|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities: | | | | | |
| Instructional Services | \$ 402,769,207 | \$ 3,238,462 | \$ 238,673,750 | \$ 6,056,953 | \$ (154,800,042) |
| Support Services: | | | | | |
| Pupil Services | 30,631,573 | - | 10,494,711 | - | (20,136,862) |
| Improvement of Instructional Services | 22,700,842 | - | 1,383,453 | - | (21,317,389) |
| Instructional Staff Training | 3,149,149 | - | 2,956,831 | - | (192,318) |
| Educational Media Services | 5,841,073 | - | 4,846,059 | - | (995,014) |
| General Administration | 5,476,282 | - | 4,637,021 | 278,055 | (561,206) |
| School Administration | 32,060,955 | - | 8,451,361 | 311,466 | (23,298,128) |
| Support Services - Business | 3,754,102 | - | 8,681 | 11,486 | (3,733,935) |
| Maintenance and Operation | 38,453,274 | 444,803 | 10,841,329 | 145,391 | (27,021,751) |
| Student Transportation Services | 28,000,530 | 114,242 | 2,896,328 | 674,049 | (24,315,911) |
| Support Services - Central | 5,492,057 | - | 59,862 | - | (5,432,195) |
| Operations of Noninstructional Services: | | | | | |
| Community Services | 2,032,925 | - | 526 | - | (2,032,399) |
| School Nutrition | 21,380,672 | 7,970,858 | 14,399,327 | 52,887 | 1,042,400 |
| Interest on Long-term Debt | 13,031,759 | - | 2,007,801 | 3,014,514 | (8,009,444) |
| Total Governmental Activities | <u>\$ 614,774,400</u> | <u>\$ 11,768,365</u> | <u>\$ 301,657,040</u> | <u>\$ 10,544,801</u> | <u>\$ (290,804,194)</u> |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property Tax, Levied for General Purposes | | | | \$ 234,552,807 | |
| Property Tax, Levied for Debt Service | | | | 19,379,479 | |
| Educational Local Option Sales Tax | | | | 64,920,879 | |
| Intangible Tax | | | | 4,878,851 | |
| Transfer Tax | | | | 2,695,180 | |
| Miscellaneous | | | | 20,129,895 | |
| Unrestricted Investment Earnings | | | | <u>5,530,589</u> | |
| Total General Revenues | | | | <u>352,087,680</u> | |
| Change in Net Position | | | | 61,283,486 | |
| Net Position - Beginning of Year | | | | <u>(177,467,104)</u> | |
| Net Position - End of Year | | | | <u>\$ (116,183,618)</u> | |

The accompanying notes are an integral part of these financial statements.

CHEROKEE COUNTY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2023

| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-----------------------------|-------------------------|---|
| Assets | | | | |
| Cash and Cash Equivalents | \$ 143,271,938 | \$ 97,038,597 | \$ 31,230,195 | \$ 271,540,730 |
| Investments | - | - | 27,075,098 | 27,075,098 |
| Receivables | | | | |
| Taxes | 5,446,071 | 5,850,268 | 300,071 | 11,596,410 |
| State Government | 35,386,146 | 4,163,831 | - | 39,549,977 |
| Federal Government | 11,977,848 | - | - | 11,977,848 |
| Interest | - | - | 511,419 | 511,419 |
| Other | 327,440 | - | 1,257,169 | 1,584,609 |
| Inventories | 1,624,298 | - | - | 1,624,298 |
| Total Assets | <u>\$ 198,033,741</u> | <u>\$ 107,052,696</u> | <u>\$ 60,373,952</u> | <u>\$ 365,460,389</u> |
| Liabilities and Fund Balance | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ 5,174,186 | \$ 9,643,172 | \$ - | \$ 14,817,358 |
| Salaries and Benefits Payable | 49,026,094 | - | - | 49,026,094 |
| Contracts Payable | 98,915 | 4,383,045 | - | 4,481,960 |
| Retainage Payable | - | 947,466 | - | 947,466 |
| Total Liabilities | <u>54,299,195</u> | <u>14,973,683</u> | <u>-</u> | <u>69,272,878</u> |
| Deferred Inflows of Resources | | | | |
| Deferred Revenue | 1,587,589 | - | 122,788 | 1,710,377 |
| Total Deferred Inflows of Resources | <u>1,587,589</u> | <u>-</u> | <u>122,788</u> | <u>1,710,377</u> |
| Fund Balances | | | | |
| Nonspendable | | | | |
| Inventory | 1,624,298 | - | - | 1,624,298 |
| Restricted | | | | |
| Debt Service | - | - | 60,251,164 | 60,251,164 |
| Capital Projects | - | 92,079,013 | - | 92,079,013 |
| Committed | | | | |
| Local Capital Outlay Projects | 28,369,462 | - | - | 28,369,462 |
| School Food Services | 18,882,966 | - | - | 18,882,966 |
| School Activities | 6,917,822 | - | - | 6,917,822 |
| Assigned | | | | |
| Instructional Services | 3,000,000 | - | - | 3,000,000 |
| Unassigned | 83,352,409 | - | - | 83,352,409 |
| Total Fund Balances | <u>142,146,957</u> | <u>92,079,013</u> | <u>60,251,164</u> | <u>294,477,134</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 198,033,741</u> | <u>\$ 107,052,696</u> | <u>\$ 60,373,952</u> | <u>\$ 365,460,389</u> |

The accompanying notes are an integral part of this financial statement.

CHEROKEE COUNTY SCHOOL DISTRICT
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2023

| | | |
|--|--|----------------|
| Total Fund Balances Governmental Funds | | \$ 294,477,134 |
|--|--|----------------|

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

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

| | | | |
|-------------------------------|------|----------------------|-------------|
| | Cost | 957,735,899 | |
| Less Accumulated Depreciation | | <u>(337,640,808)</u> | 620,095,091 |

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

| | | | |
|------------------|----------------|--------------------|-------------|
| | Claims Payable | (457,767) | |
| Interest Payable | | <u>(7,720,574)</u> | (8,178,341) |

Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.

| | | | |
|--|----------------|--|-----------|
| | Property Taxes | | 1,710,377 |
|--|----------------|--|-----------|

Deferred charges or credits on debt refundings are applicable to future periods and are therefore not reported in the funds and are amortized over the life of the new debt.

| | | | |
|--|-------------------------|--|-----------|
| | Loss on Bond Refundings | | 2,392,952 |
|--|-------------------------|--|-----------|

Deferred Outflows and Inflows of Resources and the net pension liability related to the District's pension plan are applicable to future periods and, therefore, are not reported in the governmental funds.

| | | | |
|--|-----------------------|--------------------|---------------|
| | Net Pension Liability | (642,342,568) | |
| Deferred Outflows of Resources - Pension Related Items | | 311,469,012 | |
| Deferred Inflows of Resources - Pension Related Items | | <u>(3,848,361)</u> | (334,721,917) |

Deferred Outflows and Inflows of Resources and the net OPEB liability related to the District's pension plan are applicable to future periods and, therefore, are not reported in the governmental funds.

| | | | |
|---|--|----------------------|---------------|
| | Net Other Post-Employment Benefits Liability | (225,407,215) | |
| Deferred Outflows of Resources - OPEB Related Items | | 62,904,918 | |
| Deferred Inflows of Resources - OPEB Related Items | | <u>(135,651,551)</u> | (298,153,848) |

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

| | | | |
|-----------------------------------|---------------|--------------------|----------------------|
| | Bonds Payable | (357,785,000) | |
| Bond Premium, Net of Amortization | | (30,930,029) | |
| Lease Liability Payable | | (3,504,135) | |
| Compensated Absences | | <u>(1,585,902)</u> | <u>(393,805,066)</u> |

| | | |
|---|--|-------------------------|
| Net Position Of Governmental Activities | | <u>\$ (116,183,618)</u> |
|---|--|-------------------------|

The accompanying notes are an integral part of this financial statement.

CHEROKEE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023

| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-----------------------------|-------------------------|---|
| Revenues | | | | |
| Local Sources | \$ 272,664,158 | \$ 65,105,312 | \$ 19,946,595 | \$ 357,716,065 |
| State Funds | 250,140,203 | 4,163,831 | - | 254,304,034 |
| Federal Funds | 49,541,770 | - | - | 49,541,770 |
| Investment Earnings | 5,530,589 | 3,182,026 | 2,007,800 | 10,720,415 |
| Miscellaneous | 542,718 | - | 3,014,516 | 3,557,234 |
| Total Revenues | <u>578,419,438</u> | <u>72,451,169</u> | <u>24,968,911</u> | <u>675,839,518</u> |
| Expenditures | | | | |
| Current | | | | |
| Instructional Services | 361,618,255 | 6,870,982 | - | 368,489,237 |
| Support Services: | | | | |
| Pupil Services | 29,210,267 | - | - | 29,210,267 |
| Improvement of Instructional Services | 21,714,165 | - | - | 21,714,165 |
| Instructional Staff Training | 3,149,149 | - | - | 3,149,149 |
| Educational Media Services | 5,531,644 | - | - | 5,531,644 |
| General Administration | 4,549,723 | 132,910 | - | 4,682,633 |
| School Administration | 29,570,757 | 2,218,948 | - | 31,789,705 |
| Support Services - Business | 4,680,774 | - | - | 4,680,774 |
| Maintenance and Operation of Plant | 37,842,305 | 712,562 | - | 38,554,867 |
| Student Transportation Services | 27,785,035 | 6,003,419 | - | 33,788,454 |
| Support Services - Central | 6,456,750 | - | - | 6,456,750 |
| Community Services | 2,032,925 | - | - | 2,032,925 |
| School Nutrition | 22,023,286 | 1,826,181 | - | 23,849,467 |
| Facilities Acquisition and Construction | - | 42,907,632 | - | 42,907,632 |
| Debt Service | | | | |
| Principal Repayment | 725,670 | - | 24,905,000 | 25,630,670 |
| Interest and Fees | - | - | 19,154,254 | 19,154,254 |
| Total Expenditures | <u>556,890,705</u> | <u>60,672,634</u> | <u>44,059,254</u> | <u>661,622,593</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>21,528,733</u> | <u>11,778,535</u> | <u>(19,090,343)</u> | <u>14,216,925</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Sale of Capital Assets | 741,642 | - | - | 741,642 |
| Subscription Liability Proceeds | 3,327,600 | - | - | 3,327,600 |
| Transfers In | - | 15,472,723 | 34,764,818 | 50,237,541 |
| Transfers Out | (15,472,723) | (34,764,818) | - | (50,237,541) |
| Total Other Financing Sources (Uses) | <u>(11,403,481)</u> | <u>(19,292,095)</u> | <u>34,764,818</u> | <u>4,069,242</u> |
| Net Change in Fund Balances | 10,125,252 | (7,513,560) | 15,674,475 | 18,286,167 |
| Fund Balances - Beginning | <u>132,021,705</u> | <u>99,592,573</u> | <u>44,576,689</u> | <u>276,190,967</u> |
| Fund Balances - Ending | <u>\$ 142,146,957</u> | <u>\$ 92,079,013</u> | <u>\$ 60,251,164</u> | <u>\$ 294,477,134</u> |

The accompanying notes are an integral part of this financial statement.

CHEROKEE COUNTY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 18,286,167

Governmental funds report capital and intangible outlays as expenditures. However, in the Statement of Activities the cost of those assets and right-to-use assets are allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation expense is as follows:

| | | |
|-------------------------|------------------|------------|
| Capital Outlay | 53,801,652 | |
| Depreciation Expense | (20,429,804) | |
| Intangible Asset Outlay | 3,380,000 | |
| Amortization Expense | <u>(968,748)</u> | 35,783,100 |

The net effect of various miscellaneous transactions involving capital assets during the fiscal year decreased net position. (212,037)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes 311,999

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.

| | | |
|-----------------|-------------------|--------------|
| Pension Expense | (38,453,830) | |
| OPEB Expense | <u>17,049,169</u> | (21,404,661) |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|----------------------------|----------------|------------|
| Principal Payments - Bonds | 24,905,000 | |
| Lease Liability Proceeds | (3,327,600) | |
| Lease Liability Payments | <u>725,670</u> | 22,303,070 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

| | | |
|--|----------------|------------------|
| Amortization of Bond Premium | 5,998,848 | |
| Amortization of Deferred Charge on Refunding | (341,850) | |
| Change in Claims Payable | 198,321 | |
| Change in Compensated Absences | (104,968) | |
| Change in Accrued Interest | <u>465,497</u> | <u>6,215,848</u> |

Change in Net Position of Governmental Activities \$ 61,283,486

The accompanying notes are an integral part of this financial statement.

CHEROKEE COUNTY SCHOOL DISTRICT

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2023

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---------------------------------------|----------------------------|-------------------------|-----------------------|---------------------------------------|
| Revenues | | | | |
| Local Sources | \$ 246,828,028 | \$ 246,828,028 | \$ 272,664,158 | \$ 25,836,130 |
| State Funds | 236,192,117 | 236,192,117 | 250,140,203 | 13,948,086 |
| Federal Funds | 43,547,594 | 43,547,594 | 49,541,770 | 5,994,176 |
| Investment Earnings | 120,252 | 120,252 | 5,530,589 | 5,410,337 |
| Miscellaneous | 1,053,566 | 1,053,566 | 542,718 | (510,848) |
| Total Revenues | <u>527,741,557</u> | <u>527,741,557</u> | <u>578,419,438</u> | <u>50,677,881</u> |
| Expenditures | | | | |
| Instructional Services | 345,632,305 | 345,632,305 | 361,618,255 | (15,985,950) |
| Support Services | | | | |
| Pupil Services | 25,445,086 | 25,445,086 | 29,210,267 | (3,765,181) |
| Improvement of Instructional Services | 18,875,153 | 18,875,153 | 21,714,165 | (2,839,012) |
| Instructional Staff Training | 3,532,946 | 3,532,946 | 3,149,149 | 383,797 |
| Educational Media Services | 5,419,035 | 5,419,035 | 5,531,644 | (112,609) |
| General Administration | 4,128,871 | 4,128,871 | 4,549,723 | (420,852) |
| School Administration | 29,225,374 | 29,225,374 | 29,570,757 | (345,383) |
| Support Services - Business | 3,268,430 | 3,268,430 | 4,680,774 | (1,412,344) |
| Maintenance and Operation | 38,711,033 | 38,711,033 | 37,842,305 | 868,728 |
| Student Transportation Services | 27,617,123 | 27,617,123 | 27,785,035 | (167,912) |
| Support Services - Central | 5,500,341 | 5,500,341 | 6,456,750 | (956,409) |
| Community Services | 1,725,448 | 1,725,448 | 2,032,925 | (307,477) |
| School Nutrition | 18,142,637 | 18,142,637 | 22,023,286 | (3,880,649) |
| Debt Service | | | | |
| Principal Retirement | - | - | 725,670 | (725,670) |
| Total Expenditures | <u>527,223,782</u> | <u>527,223,782</u> | <u>556,890,705</u> | <u>(29,666,923)</u> |
| Excess of Revenues over Expenditures | <u>517,775</u> | <u>517,775</u> | <u>21,528,733</u> | <u>21,010,958</u> |
| Other Financing Sources | | | | |
| Proceeds from Sale of Capital Assets | 140,237 | 140,237 | 741,642 | 601,405 |
| Subscription Liability Proceeds | | | 3,327,600 | 3,327,600 |
| Transfers Out | - | - | (15,472,723) | (15,472,723) |
| Total Other Financing Sources | <u>140,237</u> | <u>140,237</u> | <u>(11,403,481)</u> | <u>(11,543,718)</u> |
| Net Change in Fund Balances | 658,012 | 658,012 | 10,125,252 | 9,467,240 |
| Fund Balances - Beginning | <u>132,021,705</u> | <u>132,021,705</u> | <u>132,021,705</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 132,679,717</u> | <u>\$ 132,679,717</u> | <u>\$ 142,146,957</u> | <u>\$ 9,467,240</u> |

The accompanying notes are an integral part of this financial statement.

CHEROKEE COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2023

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The Cherokee County School District (School District) was established under the laws of the State of Georgia and operates under the guidance of a board elected by the voters and a Superintendent appointed by the Board. The School District is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the School District's accounting policies are described below.

BASIS OF PRESENTATION

The School District's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements and notes to the basic financial statements. The government-wide statements focus on the School District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

GOVERNMENT-WIDE STATEMENTS:

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Net Position presents the School District's assets, deferred outflows of resources, deferred inflows of resources and liabilities, with the difference reported as net position. Net position is reported in three categories as follows:

1. **Net investment in capital assets** consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
2. **Restricted net position** consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities.

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2023

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the School District's governmental funds. Eliminations have been made to minimize the double counting of internal activities. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School District reports the following major governmental funds:

- The general fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The capital projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (Ed-SPLOST), bond proceeds, and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.
- The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (property and sales) legally restricted for the payment of general long-term principal and interest.

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within six months after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual.

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2023

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under leases are reported as other financing sources.

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Schools District's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

NEW ACCOUNTING PRONOUNCEMENT

In fiscal year 2023, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement defines subscription-based information technology arrangements and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. Under this statement, a government is required to recognize a subscription liability and an intangible right-to-use asset for contracts that meet the definition of a subscription-based information technology arrangement. The adoption of this statement did not have an impact on the beginning net position or beginning fund balances.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool (Georgia Fund 1) and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated (O.C.G.A.) §45-8-14 authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

INVESTMENTS

The School District can invest its funds as permitted by O.C.G.A. §36-83-4. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity.

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

RECEIVABLES

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on Federal, State or other grants for expenditures made but not reimbursed and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2023

Due to other funds and due from other funds consist of activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year.

INVENTORIES

Food Inventories

On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their Federally assigned value and purchased foods inventories are reported at cost (calculated on the first-in first-out (FIFO) basis). The School District uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

Supplies/Equipment Inventories

On the basic financial statements, inventories of stored supplies and equipment are reported at cost using the first-in, first-out method. The School District uses the consumption method to account for the inventories whereby items are recorded as an asset when purchased and expenses are recorded when the item is put into use.

CAPITAL ASSETS

On the government-wide financial statements, capital assets are recorded at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at the acquisition value on the date donated. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. The School District does not capitalize book collections or works of art.

Capital acquisition and construction are recorded as expenditures in the governmental fund financial statements at the time of purchase (including ancillary charges), and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Leases, as a lessee, are included as intangible right-to-use assets and lease obligations on the Statement of Net Position. Subscription-based information technology arrangements (SBITAs) result in an intangible right-to use subscription asset and a subscription liability on the Statement of Net Position.

An intangible right-to-use asset represents the School District's right to use an underlying asset for the lease or subscription term. Lease and subscription obligations represent the School District's liability to make lease and subscription payments arising from the lease or subscription agreement. Intangible right-to-use assets, lease obligations and subscription liabilities are recognized based on the present value of lease or subscription payments over the lease term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a lease or subscription are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease or subscription liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease or subscription term or useful life of the underlying asset.

Depreciation is computed using the straight-line method for all assets, except land, and is used to allocate the actual or estimated historical cost of capital assets over estimated useful lives.

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2023

Capitalization thresholds and estimated useful lives of capital assets reported in the government-wide statements are as follows:

| | Capitalization Policy | Estimated Useful Life |
|--------------------------------|--------------------------|--|
| Land | Any Amount | N/A |
| Land Improvements | \$10,000 | 20 Years |
| Buildings and Improvements | \$10,000 | 20-50 Years |
| Equipment | \$10,000 | 5-10 Years |
| Intangible Right-to-Use Assets | \$500,000 | Shorter of lease/subscription term or useful life of underlying asset |

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time.

COMPENSATED ABSENCES

Compensated absences payable consists of vacation leave employees earned based on services already rendered.

Vacation leave of 12 days is awarded on a fiscal year basis to all full-time personnel employed on a twelve-month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 45 days. Vacation leave of 20 days is awarded on a fiscal year basis to the Superintendent and there are no limits on the amount that may be carried over. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward early retirement. The liability for early retirement will be borne by TRS rather than by the individual School Districts. Otherwise, sick leave does not vest with the employee, and no liability is reported in the School District's financial statements.

LONG-TERM LIABILITIES AND BOND DISCOUNTS/PREMIUMS

In the School District's government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the effective interest method and the straight-line method, respectively. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2023

In the governmental fund financial statements, the School District recognizes the proceeds of debt and premiums as other financing sources of the current period. Bond issuance costs are reported as debt service expenditures.

PENSIONS

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

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia School Employees Post-Employment Benefit Fund (School OPEB Fund) and additions to/deductions from School OPEB Fund fiduciary net position have been determined on the same basis as they are reported by School OPEB Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

FUND BALANCES

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The School District's fund balances are classified as follows:

Nonspendable consists of resources that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted consists of resources that can be used only for specific purposes pursuant to constraints either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed consists of resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. The Board is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned consists of resources constrained by the School District's intent to be used for specific purposes but are neither restricted nor committed. The intent should be expressed by (1) the Board or (2) the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned consists of resources within the general fund not meeting the definition of any aforementioned category. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

CHEROKEE COUNTY SCHOOL DISTRICT

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When multiple categories of fund balance are available for expenditure, the School District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

It is the goal of the School District to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 12% of prior year general fund budgeted expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with O.C.G.A. § 20-2-167(a)5. If the unassigned fund balance at fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

USE OF ESTIMATES

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

PROPERTY TAXES

The Cherokee County Board of Commissioners adopted the property tax levy for the 2022 tax digest year (calendar year) on June 17, 2022 (levy date) based on property values as of January 1, 2022. Taxes were due on November 15, 2022 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2022 tax digest are reported as revenue in the governmental funds for fiscal year 2023. The Cherokee County Board of Commissioners bills and collects the property taxes for the School District, withholds 2.00% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2023, for maintenance and operations amounted to \$211,767,009 and for school bonds amounted to \$19,370,649.

Tax millage rates levied for the 2022 tax year (calendar year) for the School District were as follows (a mill equals \$1 per thousand dollars of assessed value):

| | |
|-------------------|--------------------|
| School Operations | 16.45 mills |
| School Bonds | <u>1.50</u> mills |
| | <u>17.95</u> mills |

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$22,335,872 during fiscal year ended June 30, 2023.

SALES TAXES

Education Special Purpose Local Option Sales Tax (Ed-SPLOST) revenue, at the fund reporting level, during the year ended June 30, 2023, amounted to \$64,920,879 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

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adopted each year for the general, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary process begins with the School District's administration presenting an initial revenue estimate for the Board's review and requesting the Board's priorities. The administration develops a budget based on the Board's priorities and available revenue, makes revisions as necessary based on the Board's guidelines, and a tentative budget is presented to the Board for approval. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School District's website and statutorily required public hearings are convened. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

The Superintendent is authorized by the Board to approve adjustments of no more than 5% of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 5% of the budgeted amount, the Superintendent shall request Board approval for the budget amendment.

See the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual in the Basic Financial Statements Section for a detail of any over/under expenditures during the fiscal year under review.

NOTE 4: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

O.C.G.A. § 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. § 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance. As of June 30, 2023, the School District's deposits were secured by surety bond, insurance, or collateral.

Acceptable security for deposits consists of any one of or any combination of the following:

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,

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- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
- (5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
- (6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
- (7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a formal deposit policy for managing custodial credit risk. At June 30, 2023, the School District had deposits with a carrying amount of \$38,715,147 and a bank balance of \$44,157,093. The bank balances insured by Federal depository insurance were \$6,410,825.

At June 30, 2022, \$37,746,268 of the School District's bank balances were exposed to custodial credit risk. This balance was in the State's Secure Deposit Program (SDP), a multi-bank pledging pool which the School District participates in. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased in the amount of up to 125% if economic or financial conditions warrants. The program lists the types of eligible criteria. The OST approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

CATEGORIZATION OF CASH EQUIVALENTS

The School District reported cash equivalents of \$232,825,583 in Georgia Fund 1, a local government investment pool, which is included in the cash balance. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share, which approximates fair value. The pool is an AAf rated investment pool by Fitch. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2023, was 28 days.

Georgia Fund 1, administered by the State of Georgia, Office of the State Treasurer, is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia

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Fund 1, does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the State of Georgia Annual Comprehensive Financial Report, which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

CATEGORIZATION OF INVESTMENTS

The School District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

At June 30, 2023 the School District had the following investments which were not required to be reported under this fair value hierarchy:

| Investment Type | Value | Maturity |
|-----------------------|---------------|------------------|
| Repurchase Agreements | \$ 27,075,098 | Less than 1 year |
| Total investments | \$ 27,075,098 | |

Repurchase Agreements are reported at cost.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The School District does not have a formal policy for managing interest rate risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School District does not have a formal policy for managing custodial credit risk.

At June 30, 2023, \$27,075,098 of the School District's applicable investments were insured or registered, with securities held by the entity or its agent, in the School District's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those prescribed by O.C.G.A. §36-83-4. The School District does not have a formal policy that would further limit its investment choices or one that addresses credit risk.

The investments subject to credit quality risk are reflected below:

| Investment Type | Value | Unrated |
|-----------------------|---------------|---------------|
| Repurchase Agreements | \$ 27,075,098 | \$ 27,075,098 |

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Notes to the Basic Financial Statements
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NOTE 5: CAPITAL ASSETS AND INTANGIBLE RIGHT-TO-USE ASSETS

The following is a summary of changes in the capital assets for governmental activities during the fiscal year:

| | Balances July 1, 2022 | Increases | Decreases | Transfers | Balances June 30, 2023 |
|---|--------------------------|----------------------|-------------------|------------------|---------------------------|
| Governmental Activities | | | | | |
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 43,219,958 | \$ 558,321 | \$ 159,203 | \$ - | \$ 43,619,076 |
| Construction in Progress | 7,243,244 | 32,140,569 | - | (304,008) | 39,079,805 |
| Total Capital Assets Not Being Depreciated | 50,463,202 | 32,698,890 | 159,203 | (304,008) | 82,698,881 |
| Capital Assets Being Depreciated: | | | | | |
| Buildings and Improvements | 763,232,772 | 13,166,260 | 305,120 | 304,008 | 776,397,920 |
| Equipment | 57,119,551 | 7,091,872 | 3,142,640 | - | 61,068,783 |
| Land Improvements | 32,142,745 | 844,630 | - | - | 32,987,375 |
| Intangible Right-to-Use Assets: | | | | | |
| Equipment | 1,202,940 | - | - | - | 1,202,940 |
| Subscription Assets - Software | - | 3,380,000 | - | - | 3,380,000 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings and Improvements | 259,919,540 | 15,524,590 | 266,628 | - | 275,177,502 |
| Equipment | 40,943,171 | 3,798,407 | 3,128,298 | - | 41,613,280 |
| Land Improvements | 18,473,736 | 1,106,807 | - | - | 19,580,543 |
| Intangible Right-to-Use Assets: | | | | | |
| Equipment | 300,735 | 300,735 | - | - | 601,470 |
| Subscription Assets - Software | - | 668,013 | - | - | 668,013 |
| Total Capital Assets Being Depreciated - Net | 534,060,826 | 3,084,210 | 52,834 | 304,008 | 537,396,210 |
| Governmental Activities Capital Assets - Net | \$ 584,524,028 | \$ 35,783,100 | \$ 212,037 | \$ - | \$ 620,095,091 |

Current year depreciation expense by function is as follows:

| | | |
|---------------------------------|------------|----------------------|
| Instructional Services | | \$ 16,733,355 |
| Support Services | | |
| General Administration | \$ 754,369 | |
| School Administration | 845,014 | |
| Support Services - Business | 365,169 | |
| Maintenance and Operation | 394,449 | |
| Student Transportation Services | 1,828,707 | |
| Support Services - Central | 334,006 | 4,521,714 |
| School Nutrition | | 143,483 |
| | | \$ 21,398,552 |

CHEROKEE COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
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NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2023, consisted of the following:

| <u>Transfer to</u> | <u>Transfers from</u> | | |
|-----------------------|-----------------------|----------------------------------|----------------------|
| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Total</u> |
| Capital Projects Fund | \$ 15,472,723 | \$ - | \$ 15,472,723 |
| Debt Service Fund | - | 34,764,818 | 34,764,818 |
| Total | <u>\$ 15,472,723</u> | <u>\$ 34,764,818</u> | <u>\$ 50,237,541</u> |

Transfers are used to move Ed-SPLOST proceeds from the Capital Projects fund to the Debt Service fund for debt service costs and to move proceeds from the General fund to the Capital Projects fund to support various construction projects.

NOTE 7: LONG-TERM LIABILITIES

The changes in long-term liabilities during the fiscal year for governmental activities were as follows:

| | <u>Governmental Activities</u> | | | | |
|-------------------------------------|---------------------------------|---------------------|----------------------|----------------------------------|--------------------------------|
| | <u>Balance July 1, 2022</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2023</u> | <u>Due Within One Year</u> |
| General Obligation (G.O.) Bonds | \$ 342,635,000 | \$ - | \$ 24,905,000 | \$ 317,730,000 | \$ 26,975,000 |
| Unamortized Bond Premiums | 36,928,877 | - | 5,998,848 | 30,930,029 | 5,227,176 |
| Qualified School Construction Bonds | 40,055,000 | - | - | 40,055,000 | - |
| Leases | 902,205 | - | 300,735 | 601,470 | 300,735 |
| Subscription Liabilities | - | 3,327,600 | 424,935 | 2,902,665 | 872,232 |
| Compensated Absences | 1,480,934 | 1,226,766 | 1,121,798 | 1,585,902 | 1,121,798 |
| | <u>\$ 422,002,016</u> | <u>\$ 4,554,366</u> | <u>\$ 32,751,316</u> | <u>\$ 393,805,066</u> | <u>\$ 34,496,941</u> |

The School District's bonded debt consists of various issues of general obligation bonds and Qualified School Construction Bonds (QSCB) that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The School District repays general obligation bonds and QSCB from voter-approved property taxes and sales taxes. General obligation bonds and QSCB are direct obligations and pledge the full faith and credit of the School District.

In the event the entity is unable to make the principal and interest payments using proceeds from the Education Special Purpose Local Option Sales Tax (Ed-SPLOST), the debt will be satisfied from a direct annual ad valorem tax levied upon all taxable property within the School District. Additional security is provided by the State of Georgia Intercept Program which allows for state appropriations entitled to the School District to be transferred to the Debt Service Account Custodian for the payment of debt. The School District had no unused line of credit as of June 30, 2023.

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

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GENERAL OBLIGATION DEBT OUTSTANDING

Voters have authorized \$15,150,000 in general obligation debt for capital outlay projects and the costs of issuing and paying capitalized interest which was not issued as of June 30, 2023.

General obligation bonds currently outstanding are as follows:

| Description | Interest Rates | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|--------------|----------------|------------|---------------|-----------------------|-----------------------|
| 2009B Series | 5.00% | 6/18/2009 | 8/1/2028 | \$ 48,375,000 | \$ 48,375,000 |
| 2014A Series | 3.75-5.00% | 2/6/2014 | 8/1/2033 | 46,885,000 | 19,535,000 |
| 2014B Series | 5.00% | 2/6/2014 | 8/1/2025 | 34,430,000 | 21,930,000 |
| 2015 Series | 4.00-5.00% | 2/15/2015 | 2/1/2033 | 108,960,000 | 96,745,000 |
| 2016 Series | 5.00% | 5/19/2016 | 8/1/2023 | 42,685,000 | 13,120,000 |
| 2017 Series | 3.00-5.00% | 5/9/2017 | 2/1/2033 | 18,175,000 | 18,175,000 |
| 2018 Series | 5.00% | 5/3/2018 | 8/1/2033 | 39,685,000 | 39,685,000 |
| 2020 Series | 5.00% | 1/16/2020 | 2/1/2033 | 30,550,000 | 30,550,000 |
| 2022 Series | 5.00% | 2/1/2022 | 8/1/2032 | 29,615,000 | 29,615,000 |
| | | | | <u>\$ 435,290,000</u> | <u>\$ 317,730,000</u> |

The following schedule details debt service requirements to maturity for the School District's total general obligation bonds payable:

| Payments Due in Fiscal Year Ended June 30: | General Obligation Debt | | Amortization of Bond Premium |
|--|-------------------------|----------------------|------------------------------|
| | Principal | Interest | |
| 2024 | \$ 26,975,000 | 15,616,950 | \$ 5,227,176 |
| 2025 | 29,840,000 | 14,166,746 | 4,938,739 |
| 2026 | 43,055,000 | 12,533,421 | 4,534,561 |
| 2027 | 34,395,000 | 10,634,236 | 3,973,017 |
| 2028 | 35,730,000 | 8,916,673 | 3,430,098 |
| 2029-2033 | 136,100,000 | 21,643,669 | 8,753,189 |
| 2034-2038 | <u>11,635,000</u> | <u>276,350</u> | <u>73,249</u> |
| Total Principal and Interest | <u>\$ 317,730,000</u> | <u>\$ 83,788,045</u> | <u>\$ 30,930,029</u> |

In fiscal year 2023, voters authorized the School District to issue general obligation bonds in the amount of \$290,000,000. The proceeds from these bonds will be used primarily for acquiring, constructing, and improving capital facilities. The School District has not issued these bonds as of the report date.

QUALIFIED SCHOOL CONSTRUCTION BONDS (QSCB)

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by School Districts in connection with the construction, rehabilitation, or repair of a public-school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows School Districts to borrow without incurring interest costs.

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When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the School District may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. To qualify for this subsidy, the School District is required to periodically file appropriate documents with the Internal Revenue Service. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. The interest subsidy received by the School District in fiscal year 2023 was \$2,047,274, which funded all but \$206,220 of interest expense due on the QSCB.

Debt currently outstanding under Qualified School Construction Bonds is as follows:

| <u>Description</u> | <u>Interest Rates</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Amount Issued</u> | <u>Amount Outstanding</u> |
|--------------------|-----------------------|-------------------|----------------------|----------------------|---------------------------|
| 2010B Series | 5.63% | 11/11/2010 | 8/1/2028 | \$ <u>40,055,000</u> | \$ <u>40,055,000</u> |
| | | | | \$ <u>40,055,000</u> | \$ <u>40,055,000</u> |

The following is a schedule of total Qualified School Construction Bond payments:

| <u>Payments Due in Fiscal Year Ended June 30:</u> | <u>Principal</u> | <u>Interest</u> |
|---|----------------------|----------------------|
| | 2024 | \$ - |
| 2025 | - | 2,253,494 |
| 2026 | - | 2,253,494 |
| 2027 | 375,000 | 2,242,946 |
| 2028 | 18,190,000 | 1,720,712 |
| 2029-2033 | <u>21,490,000</u> | <u>604,514</u> |
| Total Principal and Interest | \$ <u>40,055,000</u> | \$ <u>11,328,654</u> |

LEASES

The School District has acquired copier equipment under the provisions of various contracts that convey control of the right to use another entity's asset for a period of time in an exchange or exchange-like transaction. These contracts are classified as leases for accounting purposes.

Leases currently outstanding are as follows:

| <u>Purpose</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Amount Issued</u> | <u>Amount Outstanding</u> |
|--------------------|-------------------|----------------------|----------------------|---------------------------|
| Canon Copier Lease | 7/1/2021 | 6/30/2025 | \$ <u>1,202,940</u> | \$ <u>601,470</u> |
| | | | \$ <u>1,202,940</u> | \$ <u>601,470</u> |

CHEROKEE COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
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The following is a schedule of total lease payments:

| Fiscal Year Ended June 30: | Principal |
|------------------------------|------------|
| 2024 | 300,735 |
| 2025 | 300,735 |
| Total Principal and Interest | \$ 601,470 |

SUBSCRIPTION LIABILITIES

The School District has entered into certain subscription-based contracts to use vendor-provided information technology (IT) under the provisions of various contracts that convey control of the right-to-use another entity's asset for a period of time in an exchange or exchange-like transaction. These contracts are classified as subscription liabilities for accounting purposes. The subscription asset is amortized on the straight-line basis over the shorter of the useful life of the asset or the subscription-based information technology arrangement term.

During the current fiscal year, the School District entered into a subscription agreement for the right-to-use human resource, payroll and time management ERP software. This subscription liability qualifies as a subscription liability for accounting purposes, and, therefore, has been recorded at the present value of the future minimum subscription payments as of the date of inception. The value of the right to use asset as of June 30, 2023 of \$2,543,656 with accumulated amortization of \$389,232 is included with Subscription Rights - Software in the summary of changes in the capital assets table found in Note 5.

During the current fiscal year, the School District also entered into a subscription agreement for the right-to-use reading instructional software. This subscription liability qualifies as a subscription liability for accounting purposes, and, therefore, has been recorded at the present value of the future minimum subscription payments as of the date of inception. The value of the right to use asset as of June 30, 2023 of \$836,344 with an accumulated amortization of \$278,781 is included with Subscription Rights - Software in the summary of changes in the capital assets table found in Note 5.

Subscription liabilities currently outstanding are as follows:

| Purpose | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|------------------------------|------------------|------------|---------------|---------------|-----------------------|
| HR and Payroll ERP | 2.4% | 9/30/2022 | 9/29/2027 | \$ 2,491,256 | \$ 2,491,256 |
| Reading Instruction Software | 2.2% | 7/1/2021 | 6/30/2024 | 836,344 | 411,409 |
| | | | | \$ 3,327,600 | \$ 2,902,665 |

CHEROKEE COUNTY SCHOOL DISTRICT
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The following is a schedule of total subscription liability payments:

| Payments Due in Fiscal Year Ended June 30: | Principal | Interest |
|---|--------------|------------|
| 2024 | \$ 804,623 | \$ 67,928 |
| 2025 | 823,290 | 49,261 |
| 2026 | 629,924 | 30,161 |
| 2027 | 644,828 | 12,257 |
| Total Principal and Interest | \$ 2,902,665 | \$ 159,607 |

COMPENSATED ABSENCES

Compensated absences represent obligations of the School District relating to employees' rights to receive compensation for future absences based upon service already rendered. This obligation relates only to vesting accumulating leave in which payment is probable and can be reasonably estimated. Typically, the general fund is the fund used to liquidate this long-term debt. The School District uses the vesting method to compute compensated absences.

NOTE 8: RISK MANAGEMENT

COMMERCIAL INSURANCE

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; job related illness or injuries to employees; and natural disasters. The School District is self-insured for workers' compensation, unemployment claims, and dental claims. The School District purchases commercial insurance for all other risks or loss. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

WORKERS' COMPENSATION

The School District has established a limited risk management program for workers' compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$400,000 loss per occurrence, up to the statutory limit.

Changes in the workers' compensation claims liability during the last two fiscal years are as follows:

| | Beginning of Year Liability | Claims and Changes in Estimates | Claims Paid | End of Year Liability |
|------|-----------------------------------|---------------------------------------|----------------|--------------------------|
| 2022 | \$ 614,716 | \$ 534,213 | \$ 492,841 | \$ 656,088 |
| 2023 | \$ 656,088 | \$ 465,078 | \$ 663,399 | \$ 457,767 |

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UNEMPLOYMENT COMPENSATION

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. A liability of \$135,716 was accrued as of June 30, 2023 for fiscal year 2021 unemployment compensation claims.

DENTAL CLAIMS

The School District is self-insured with regard to dental claims. The School District accounts for dental claims expenditures and liability in the general fund when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Changes in the dental claims liability during the last two fiscal years are as follows:

| | <u>Beginning of Year Liability</u> | <u>Claims and Changes in Estimates</u> | <u>Claims Paid</u> | <u>End of Year Liability</u> |
|------|--|--|------------------------|----------------------------------|
| 2022 | \$ 69,039 | \$ 3,046,637 | \$ 3,040,744 | \$ 74,932 |
| 2023 | \$ 74,932 | \$ 3,350,975 | \$ 3,343,236 | \$ 82,671 |

SURETY BOND

The School District purchased surety bonds to provide additional insurance coverage as follows:

| <u>Position Covered</u> | <u>Amount</u> |
|-------------------------|---------------|
| Superintendent | \$ 100,000 |
| Chief Financial Officer | 100,000 |
| School Principals | 10,000 |

NOTE 9: SIGNIFICANT COMMITMENTS

COMMITMENTS UNDER CONSTRUCTION CONTRACTS

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2023

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2023, together with funding available:

| <u>Project</u> | <u>Unearned Executed Contracts ⁽¹⁾</u> | <u>Payments through June 30, 2023 ⁽²⁾</u> | <u>Funding Available From State ⁽¹⁾</u> |
|------------------------------------|---|--|--|
| Cherokee HS Repl Building | \$ 178,550,177 | \$ 9,500,376 | \$ 27,336,169 |
| Cherokee HS Repl Site | 12,203,310 | 12,059,003 | - |
| Creekland MS Classroom Addition | 18,985,681 | 607,500 | - |
| Creekland MS Driveway Imp | 460,952 | 166,149 | - |
| Creekland MS Mechanical Imp | 4,033,418 | 5,377,800 | - |
| Creekview HS Driveway Imp | 542,025 | 164,139 | - |
| Free Home ES Repl | 33,565,577 | 4,517,923 | - |
| Sequoyah HS FACS Lab Modernization | 236,148 | 612,757 | - |
| Transportation New Bus Wash I | 54,473 | 1,642,636 | - |
| Transportation New Bus Wash II | 54,718 | 1,703,476 | - |
| | <u>\$ 248,686,479</u> | <u>\$ 36,351,759</u> | <u>\$ 27,336,169</u> |

(1) The amounts described are not reflected in the basic financial statements.

(2) Payments include Contracts and Retainages Payable at year end.

NOTE 10: SIGNIFICANT CONTINGENT LIABILITIES

FEDERAL GRANTS

Amounts received or receivable principally from the Federal government are subject to audit and review by grantor agencies. This could result in requests for reimbursement to the grantor agency for any costs which are disallowed under grant terms. Any disallowances resulting from the grantor audit may become a liability of the School District. However, the School District believes that such disallowances, if any, will be immaterial to its overall financial position.

LITIGATION

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable but is not believed to have a material adverse effect on the financial condition of the School District.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

Plan Description: Certified teachers and non-certified public school employees of the School District as defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit post-employment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (Board). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2023

Benefits Provided: The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$9,019,919 for the year ended June 30, 2023. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2023, the School District reported a liability of \$225,407,215 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2022. At June 30, 2022, the School District's proportion was 2.28%, which was an increase of 0.034% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized OPEB expense of \$(8,029,250).

CHEROKEE COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2023

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | OPEB | |
|--|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 8,997,264 | \$ 88,591,862 |
| Changes of assumptions | 34,329,981 | 45,588,922 |
| Net difference between projected and actual earnings on OPEB plan investments | 1,374,920 | - |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 9,182,834 | 1,470,767 |
| School District contributions subsequent to the measurement date | 9,019,919 | - |
| Total | \$ 62,904,918 | \$ 135,651,551 |

School District contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30: | OPEB |
|---------------------|-----------------|
| 2024 | \$ (22,652,276) |
| 2025 | (18,090,287) |
| 2026 | (13,947,759) |
| 2027 | (17,797,199) |
| 2028 | (8,435,333) |
| Thereafter | (843,699) |

Actuarial Assumptions: The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

OPEB:

| | |
|------------------|------------------------------------|
| Inflation | 2.50% |
| Salary increases | 3.00% - 8.75%, including inflation |

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2023

| | |
|-----------------------------------|--|
| Long-term expected rate of return | 7.00%, compounded annually, net of investment expense, and including inflation |
| Healthcare cost trend rate | |
| Pre-Medicare Eligible | 6.50% |
| Medicare Eligible | 5.00% |
| Ultimate trend rate | |
| Pre-Medicare Eligible | 4.50% |
| Medicare Eligible | 4.50% |
| Year of Ultimate trend rate | |
| Pre-Medicare Eligible | 2029 |
| Medicare Eligible | 2023 |

The Plan currently uses mortality tables that vary by age, gender, and health status (i.e., disabled or not disabled) as follows:

- For TRS members: Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 Projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projections scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 101% for males and 103% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projections scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 104% for males and 99% for females) with the MP-2019 Projection scale applied generationally.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2023

June 30, 2018, with the exception of the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset class</u> | <u>Target allocation</u> | <u>Long-Term Expected Real Rate of Return*</u> |
|--------------------|--------------------------|--|
| Fixed income | 30.00% | 0.50% |
| Equities | 70.00% | 9.40% |
| Total | <u>100.00%</u> | |

*Net of Inflation

Discount Rate: In order to measure the total OPEB liability for the School OPEB, a single equivalent interest rate of 3.57% was used as the discount rate, as compared with last year's rate of 2.20%. The plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate as used for the long-term rate of return was applied to all periods of projected benefit payments to determine total OPEB liability. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation bonds with an average rating of AA or higher (3.54% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from employers will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2128.

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 3.57%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2023

that is 1-percentage-point lower (2.57%) or 1 percentage-point higher (4.57%) than the current discount rate:

| | <u>1% Decrease (2.57%)</u> | | <u>Current Discount Rate (3.57%)</u> | | <u>1% Increase (4.57%)</u> |
|---|--------------------------------|----|--|----|--------------------------------|
| School District's proportionate share of the Net OPEB liability | \$ 254,962,625 | \$ | 225,407,215 | \$ | \$ 200,357,706 |

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the School District's proportionate share of the net OPEB liability, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | <u>1% Decrease</u> | | <u>Current Healthcare Cost Trend Rate</u> | | <u>1% Increase</u> |
|---|--------------------|----|---|----|--------------------|
| School District's proportionate share of the Net OPEB liability | \$ 194,215,262 | \$ | 225,407,215 | \$ | \$ 263,741,996 |

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the Annual Comprehensive Financial Report, which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

NOTE 12: RETIREMENT PLANS

The School District participates in various retirement plans administered by the State of Georgia, as further explained below.

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

Plan Description: All teachers of the School District as defined in O.C.G.A §47-3-60 and certain other support personnel as defined by O.C.G.A. §47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. The Teachers Retirement System of Georgia issues a publicly available separate financial report that can be obtained at www.trsga.com/publications/.

Benefits Provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2023

death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2023. The School District's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of annual School District payroll, of which 19.94% of payroll was required from the School District and 0.04% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$57,573,314 and \$120,192 from the School District and the State, respectively.

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

Plan Description: PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The Employees' Retirement System of Georgia (ERS) Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at <https://www.ers.ga.gov/financials>.

Benefits Provided: A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of \$15.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

Contributions: The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. §47-4-29(a) and 60(b). Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$662,095.

CHEROKEE COUNTY SCHOOL DISTRICT

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June 30, 2023

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2023, the School District reported a liability of \$642,342,568 for its proportionate share of the net pension liability for TRS.

The TRS net pension liability reflected a reduction for support provided to the School District by the State of Georgia for certain public school support personnel. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School District were as follows:

| | |
|---|-----------------------|
| School District's proportionate share of the net pension liability | \$ 642,342,568 |
| State of Georgia's proportionate share of the net pension liability associated with the School District | <u>1,823,624</u> |
| Total | \$ <u>644,166,192</u> |

The net pension liability for TRS was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2022.

At June 30, 2022, the School District's TRS proportion was 1.98%, which was an increase of 0.023% from its proportion measured as of June 30, 2021.

At June 30, 2023, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$4,899,874.

The PSERS net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$96,182,810 for TRS and \$1,231,336 for PSERS and revenue of \$(188,671) for TRS and \$1,231,336 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

CHEROKEE COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2023

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | TRS | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 26,663,799 | \$ 3,343,543 |
| Changes of assumptions | 96,693,052 | - |
| Net difference between projected and actual earnings on pension plan investments | 126,202,040 | - |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 4,336,807 | 504,818 |
| School District contributions subsequent to the measurement date | 57,573,314 | - |
| Total | \$ 311,469,012 | \$ 3,848,361 |

The School District contributions subsequent to the measurement date for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | TRS |
|---------------------|---------------|
| 2024 | \$ 68,239,754 |
| 2025 | 51,509,536 |
| 2026 | 37,851,151 |
| 2027 | 92,446,896 |
| 2028 | - |
| Thereafter | - |

Actuarial Assumptions: The total pension liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System:

| | |
|---------------------------|--|
| Inflation | 2.50% |
| Salary increases | 3.00% – 8.75%, average, including inflation |
| Investment rate of return | 6.90%, net of pension plan investment expense, including inflation |

CHEROKEE COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
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Post-retirement benefit increases 1.50% semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 Projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

Public School Employees Retirement System:

| | |
|-----------------------------------|--|
| Inflation | 2.50% |
| Salary increases | N/A |
| Investment rate of return | 7.00%, net of pension plan investment expense, including inflation |
| Post-retirement benefit increases | 1.50% semi-annually |

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

| <u>Participant Type</u> | <u>Membership Table</u> | <u>Set Forward (+)/ Setback (-)</u> | <u>Adjustment to Rates</u> |
|-------------------------|---|-------------------------------------|----------------------------|
| Service Retirees | General Healthy Below-Median Annuitant | Male: +2; Female: +2 | Male: 101%; Female: 103% |
| Disability Retirees | General Disabled | Male: -3; Female: 0 | Male: 103%; Female: 106% |
| Beneficiaries | General Below-Median Contingent Survivors | Male: +2; Female: +2 | Male: 104%; Female 99% |

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

The long-term expected rate of return on TRS and PSERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2023

expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset class</u> | <u>TRS/PSERS Target allocation</u> | <u>Long-term expected real rate of return*</u> |
|---------------------------------------|--|--|
| Fixed income | 30.00% | 0.20% |
| Domestic large stocks | 46.30% | 9.40% |
| Domestic small stocks | 1.20% | 13.40% |
| International developed market stocks | 12.30% | 9.40% |
| International emerging market stocks | 5.20% | 11.40% |
| Alternative | 5.00% | 10.50% |
| Total | <u>100.00%</u> | |

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total TRS pension liability was 6.90%. The discount rate used to measure the total PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and PSERS pension plans' fiduciary net position were 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.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate: The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

| Teachers Retirement System: | <u>1% Decrease (5.90%)</u> | <u>Current Discount Rate (6.90%)</u> | <u>1% Increase (7.90%)</u> |
|--|--------------------------------|--|--------------------------------|
| School District's proportionate share of the net pension liability | \$ 969,082,208 | \$ 642,342,568 | \$ 375,516,432 |

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and PSERS financial report which is publicly available at www.trsga.com/publications and [Annual Financial Reports - Employees' Retirement System of Georgia \(ga.gov\)](http://www.ga.gov/annual-financial-reports-employees-retirement-system).

Payables to the pension plan: At June 30, 2023, the School District reported a payable in the amount of \$6,261,445 to the TRS plan for the employee and employer contributions attributable to June of 2023.

CHEROKEE COUNTY SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2023

DEFINED CONTRIBUTION PLAN

In August 2001, Cherokee County Board of Education adopted the School District's 403(b) pension plan for the group of employees covered under the Public School Employees' Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Cherokee County Board of Education's desire to supplement the retirement savings of this group.

The School District selected VALIC as the provider of the School District's 403(b) plan. For each employee covered under PSERS, the School District began contributing to the plan an amount equal to \$.50 for each \$1.00 of employee contributions up to four percent of the employee's regular earnings.

An employee becomes vested in employer contributions in accordance with the following schedule:

| | |
|--------------------------|------|
| 0-35 months of service: | 0% |
| 36-47 months of service: | 50% |
| 48-59 months of service: | 75% |
| 60+ months of service: | 100% |

Employees who have already completed five years of service at the time of enrollment are immediately vested upon enrollment. Employees at all times are 100% vested in employee contributions.

Funds accumulated through employer contributions are only available to the employee upon termination of employment or by achieving normal retirement age as determined by the Internal Revenue Service. If an employee terminates employment prior to achieving vested status, funds contributed by the School District on behalf of the non-vested employee are credited back to the School District.

Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

| <u>Fiscal Year</u> | <u>Percentage Contributed</u> | <u>Required Contribution</u> |
|--------------------|-----------------------------------|----------------------------------|
| 2023 | 100% | \$ 264,047 |
| 2022 | 100% | 233,454 |
| 2021 | 100% | 203,602 |

NOTE 13: TAX ABATEMENTS

The public purpose of the Cherokee County Development Authority is promoting and expanding for the public good and welfare, industry and trade within Cherokee County and reducing unemployment to the greatest extent possible. The Cherokee County Development Authority, in coordination with Cherokee County government, provide a tax incentive program for qualified industries locating/located in Cherokee County. The purpose of this program is to encourage additional investment from new and existing industries to grow and diversify the tax base and local economy. Eligibility for the tax abatement program is based off the number and quality of jobs

CHEROKEE COUNTY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2023

created as well as the amount of capital investment. There are claw-back provisions should the recently located company not meet their committed jobs and capital investment numbers.

For the fiscal year ended June 30, 2023, the Cherokee County Development Authority abated property taxes due to the School District that were levied on July 25, 2022 and due on November 15, 2022 totaling \$676,080.

Required Supplementary Information



Cherokee County
School District

CHEROKEE COUNTY SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Proportionate Share of Net Pension Liability
 Teachers Retirement System of Georgia
 For the Fiscal Years Ended June 30

| Year Ended | School District's proportion of the net pension liability | School District's proportionate share of the net pension liability | State of Georgia's proportionate share of the net pension liability associated with the School District | Total | School District's covered payroll | School District's proportionate share of the net pension liability as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|------------|---|--|---|----------------|-----------------------------------|---|--|
| 2023 | 1.98% | \$ 642,342,568 | \$ 1,823,624 | \$ 644,166,192 | \$ 268,311,752 | 239.40% | 72.85% |
| 2022 | 1.96% | 172,937,931 | 531,633 | 173,469,564 | 255,192,230 | 67.77% | 92.03% |
| 2021 | 1.96% | 474,722,583 | 1,462,640 | 476,185,223 | 253,712,642 | 187.11% | 77.01% |
| 2020 | 1.95% | 419,413,252 | 1,355,315 | 420,768,567 | 238,692,053 | 175.71% | 78.56% |
| 2019 | 1.94% | 359,724,288 | 1,186,863 | 360,911,151 | 231,484,139 | 155.40% | 80.27% |
| 2018 | 1.92% | 356,627,528 | 1,429,396 | 358,056,924 | 221,443,384 | 161.05% | 79.33% |
| 2017 | 1.93% | 397,351,768 | 1,736,108 | 399,087,876 | 212,135,952 | 187.31% | 76.06% |
| 2016 | 1.92% | 291,638,386 | 1,357,677 | 292,996,063 | 203,096,846 | 143.60% | 81.44% |
| 2015 | 1.88% | 237,742,125 | 1,057,565 | 238,799,690 | 192,776,926 | 123.32% | 84.03% |

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CHEROKEE COUNTY SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Contributions - Teachers Retirement System of Georgia
 For the Fiscal Years Ended June 30

| Year Ended | Contractually required contribution | Contributions in relation to the contractually required contribution | Contribution deficiency (excess) | School District's covered payroll | Contribution as a percentage of covered payroll |
|------------|-------------------------------------|--|----------------------------------|-----------------------------------|---|
| 2023 | \$ 57,573,314 | \$ 57,573,314 | - | \$ 288,734,355 | 19.94% |
| 2022 | 53,000,616 | 53,000,616 | - | 268,311,752 | 19.75% |
| 2021 | 48,310,616 | 48,310,616 | - | 255,192,230 | 18.93% |
| 2020 | 53,468,629 | 53,468,629 | - | 253,712,642 | 21.07% |
| 2019 | 49,737,547 | 49,737,547 | - | 238,692,053 | 20.84% |
| 2018 | 38,784,465 | 38,784,465 | - | 231,484,139 | 16.75% |
| 2017 | 32,062,007 | 32,062,007 | - | 221,443,384 | 14.48% |
| 2016 | 30,323,698 | 30,323,698 | - | 212,135,952 | 14.29% |
| 2015 | 26,600,262 | 26,600,262 | - | 203,096,846 | 13.10% |
| 2014 | 23,551,556 | 23,551,556 | - | 192,776,926 | 12.22% |

CHEROKEE COUNTY SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Proportionate Share of Net Pension Liability
 Public School Employees Retirement System of Georgia
 For the Fiscal Years Ended June 30

| Year Ended | School District's proportion of the net pension liability | School District's proportionate share of the net pension liability | State of Georgia's proportionate share of the net pension liability associated with the School District | Total | School District's covered payroll | School District's proportionate share of the net pension liability as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|------------|---|--|---|--------------|-----------------------------------|---|--|
| 2023 | 0.00% | \$ - | \$ 4,899,874 | \$ 4,899,874 | \$ 8,792,061 | N/A | 81.21% |
| 2022 | 0.00% | - | 491,094 | 491,094 | 8,379,095 | N/A | 98.00% |
| 2021 | 0.00% | - | 3,632,552 | 3,632,552 | 8,573,009 | N/A | 84.45% |
| 2020 | 0.00% | - | 3,383,345 | 3,383,345 | 9,139,952 | N/A | 85.02% |
| 2019 | 0.00% | - | 3,228,085 | 3,228,085 | 9,967,544 | N/A | 85.26% |
| 2018 | 0.00% | - | 2,850,834 | 2,850,834 | 10,091,040 | N/A | 76.33% |
| 2017 | 0.00% | - | 3,719,948 | 3,719,948 | 8,638,876 | N/A | 72.34% |
| 2016 | 0.00% | - | 2,375,349 | 2,375,349 | 8,399,160 | N/A | 76.20% |
| 2015 | 0.00% | - | 1,997,884 | 1,997,884 | 8,408,080 | N/A | 76.20% |

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CHEROKEE COUNTY SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Proportionate Share of Net OPEB Liability
 School OPEB Fund
 For the Fiscal Years Ended June 30

| Year Ended | School District's proportion of the net OPEB liability | School District's proportionate share of the net OPEB liability (asset) | School District's covered payroll | School District's proportionate share of the net OPEB liability as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total OPEB liability |
|---------------|--|--|--------------------------------------|--|--|
| 2023 | 2.28% | \$ 225,407,215 | \$ 236,048,328 | 95.49% | 6.17% |
| 2022 | 2.24% | 242,856,932 | 226,586,081 | 107.18% | 6.14% |
| 2021 | 2.26% | 331,435,964 | 223,346,128 | 148.40% | 3.99% |
| 2020 | 2.23% | 273,784,693 | 208,010,097 | 131.62% | 4.63% |
| 2019 | 2.20% | 279,928,576 | 201,098,305 | 139.20% | 2.93% |
| 2018 | 2.18% | 306,413,183 | 153,601,363 | 199.49% | 1.61% |

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CHEROKEE COUNTY SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Contributions - School OPEB Fund
 For the Fiscal Years Ended June 30

| Year Ended | Contractually required contribution | Contributions in relation to the contractually required contribution | Contribution deficiency (excess) | School District's covered payroll | Contribution as a percentage of covered payroll |
|---------------|--|--|-------------------------------------|--------------------------------------|---|
| 2023 | \$ 9,019,919 | \$ 9,019,919 | \$ - | \$ 251,914,114 | 3.58% |
| 2022 | 8,229,841 | 8,229,841 | - | 236,048,328 | 3.49% |
| 2021 | 8,340,887 | 8,340,887 | - | 226,586,081 | 3.68% |
| 2020 | 7,631,155 | 7,631,155 | - | 223,346,128 | 3.42% |
| 2019 | 12,015,177 | 12,015,177 | - | 208,010,097 | 5.78% |
| 2018 | 11,415,245 | 11,415,245 | - | 201,098,305 | 5.68% |

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CHEROKEE COUNTY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Teachers Retirement System

Change of benefit terms: There have been no changes in benefit terms.

Changes of assumptions: On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP 2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

On May 11, 2022, the Board adopted recommended changes to the long-term assumed rate of return and payroll growth assumption utilized by the System. The long-term assumed rate of return was changed from 7.25% to 6.90%, and the payroll growth assumption was changed from 3.00% to 2.50%.

Public School Employees Retirement System

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement and withdrawal. The expectation of retired life mortality was changed to the RP 2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females).

A new funding policy was initially adopted by the Board on March 15, 2018, and most recently amended on December 17, 2020. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, disability, and withdrawal. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability.

School OPEB Fund

Changes of benefit terms: There have been no changes in benefit terms.

Changes in assumptions:

June 30, 2020 valuation: Decremental assumptions were changed to reflect the Employees' Retirement System's experience study. Approximately 0.10% of employees are members of the Employees' Retirement System.

June 30, 2019 valuation: Decremental assumptions were changed to reflect the Teachers Retirement System's experience study.

June 30, 2018 valuation: The inflation assumption was lowered from 2.75% to 2.50%.

The discount rate was updated from 3.07% as of June 30, 2016 to 3.58% as of June 30, 2017, to 3.87% as of June 30, 2018, back to 3.58% as of June 30, 2019, and to 2.22% as of June 30, 2020.

Individual Fund Schedules Section



Cherokee County
School District

CHEROKEE COUNTY SCHOOL DISTRICT

Capital Projects

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|----------------------|---------------------------------------|
| Revenues | | | | |
| Local Sources | \$ 56,262,984 | \$ 56,262,984 | \$ 65,105,312 | \$ 8,842,328 |
| State Funds | 8,100,000 | 8,100,000 | 4,163,831 | (3,936,169) |
| Investment Earnings | 36,920 | 36,920 | 3,182,026 | 3,145,106 |
| Total Revenues | <u>64,399,904</u> | <u>64,399,904</u> | <u>72,451,169</u> | <u>8,051,265</u> |
| Expenditures | | | | |
| Instructional Services | 34,137,792 | 34,137,792 | 6,870,982 | 27,266,810 |
| Support Services | | | | |
| General Administration | | - | 132,910 | (132,910) |
| School Administration | | - | 2,218,948 | (2,218,948) |
| Maintenance and Operation of Plant | | - | 712,562 | (712,562) |
| Student Transportation Services | | - | 6,003,419 | (6,003,419) |
| School Nutrition | | - | 1,826,181 | (1,826,181) |
| Facilities Acquisition and Construction | 100,936,029 | 100,936,029 | 42,907,632 | 58,028,397 |
| Total Expenditures | <u>135,073,821</u> | <u>135,073,821</u> | <u>60,672,634</u> | <u>74,401,187</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(70,673,917)</u> | <u>(70,673,917)</u> | <u>11,778,535</u> | <u>82,452,452</u> |
| Other Financing Sources | | | | |
| Bond Issuance | 115,000,000 | 115,000,000 | | (115,000,000) |
| Premiums on Bonds Sold | 17,250,000 | 17,250,000 | | (17,250,000) |
| Transfer In | | - | 15,472,723 | 15,472,723 |
| Transfers Out | (34,764,818) | (34,764,818) | (34,764,818) | - |
| Total Other Financing Sources (Uses) | <u>97,485,182</u> | <u>97,485,182</u> | <u>(19,292,095)</u> | <u>(116,777,277)</u> |
| Net Change in Fund Balances | 26,811,265 | 26,811,265 | (7,513,560) | (34,324,825) |
| Fund Balances - Beginning | <u>99,592,573</u> | <u>99,592,573</u> | <u>99,592,573</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 126,403,838</u> | <u>\$ 126,403,838</u> | <u>\$ 92,079,013</u> | <u>\$ (34,324,825)</u> |

CHEROKEE COUNTY SCHOOL DISTRICT

Debt Service

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Fiscal Year Ended June 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|----------------------|---------------------------------------|
| Revenues | | | | |
| Local Sources | \$ 17,891,756 | \$ 17,891,756 | \$ 19,946,595 | \$ 2,054,839 |
| Investment Earnings | 1,025,948 | 1,025,948 | 2,007,800 | 981,852 |
| Miscellaneous | 2,936,976 | 2,936,976 | 3,014,516 | 77,540 |
| Total Revenues | <u>21,854,680</u> | <u>21,854,680</u> | <u>24,968,911</u> | <u>3,114,231</u> |
| Expenditures | | | | |
| Debt Service | | | | |
| Principal Retirement | 24,905,000 | 24,905,000 | 24,905,000 | - |
| Interest and Fees | 19,152,895 | 19,152,895 | 19,154,254 | (1,359) |
| Total Expenditures | <u>44,057,895</u> | <u>44,057,895</u> | <u>44,059,254</u> | <u>(1,359)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(22,203,215)</u> | <u>(22,203,215)</u> | <u>(19,090,343)</u> | <u>3,112,872</u> |
| Other Financing Sources | | | | |
| Transfers In | 34,764,818 | 34,764,818 | 34,764,818 | - |
| Total Other Financing Sources (Uses) | <u>34,764,818</u> | <u>34,764,818</u> | <u>34,764,818</u> | <u>-</u> |
| Net Change in Fund Balances | 12,561,603 | 12,561,603 | 15,674,475 | 3,112,872 |
| Fund Balances - Beginning | <u>44,576,689</u> | <u>44,576,689</u> | <u>44,576,689</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 57,138,292</u> | <u>\$ 57,138,292</u> | <u>\$ 60,251,164</u> | <u>\$ 3,112,872</u> |

CHEROKEE COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Educational
Local Option Sales Tax Proceeds
For the Fiscal Year Ended June 30, 2023

2018-2022 ELOST

| PROJECT | ORIGINAL ESTIMATED COST ⁽¹⁾ | CURRENT ESTIMATED COSTS ⁽²⁾ | AMOUNT EXPENDED IN CURRENT YEAR ⁽³⁾ | AMOUNT EXPENDED IN PRIOR YEARS ⁽³⁾ | TOTAL COMPLETION COST ⁽⁴⁾ | ESTIMATED COMPLETION DATE |
|--|--|--|---|--|--|---------------------------------|
| Payment of a portion of the principal and interest on the Series 2009, Series 2010, Series 2012, Series 2014, Series 2015, Series 2016 and Series 2017 General Obligation Bonds previously issued along with acquiring, constructing, and equipping new school, administrative, athletic and other buildings and facilities; adding to, renovating, repairing, improving and equipping existing school, administrative, athletic and other buildings and facilities; acquiring, installing, and equipping portable classrooms; acquiring buses and other vehicles; acquiring, installing, and implementing system-wide technology improvements; acquiring land; and acquiring any property useful or desirable both real and personal. | | | | | | |
| | \$ <u>210,000,000</u> | \$ <u>210,000,000</u> | \$ <u>7,657,856</u> | \$ <u>123,424,348</u> | \$ <u>131,082,204</u> | Complete |
| Totals | \$ <u>210,000,000</u> | \$ <u>210,000,000</u> | \$ <u>7,657,856</u> | \$ <u>123,424,348</u> | \$ <u>131,082,204</u> | |

(4) The remaining proceeds of \$78,917,796 were used to pay debt service on SPLOST projects advance funded with proceeds from General Obligation Bonds.

2023-2027 ELOST

| PROJECT | ORIGINAL ESTIMATED COST ⁽¹⁾ | CURRENT ESTIMATED COSTS ⁽²⁾ | AMOUNT EXPENDED IN CURRENT YEAR ⁽³⁾ | AMOUNT EXPENDED IN PRIOR YEARS ⁽³⁾ | TOTAL COMPLETION COST | ESTIMATED COMPLETION DATE |
|--|--|--|---|--|-----------------------------|---------------------------------|
| Payment of a portion of the principal and interest on the Series 2009, Series 2010, Series 2012, Series 2014, Series 2015, Series 2016, Series 2017, Series 2018 and Series 2020 General Obligation Bonds previously issued along with acquiring, constructing, and equipping new school, administrative, athletic and other buildings and facilities; adding to, renovating, repairing, improving and equipping existing school, administrative, athletic and other buildings and facilities; acquiring buses and other vehicles; acquiring, installing, and implementing system-wide technology improvements; acquiring land; and acquiring any property useful or desirable both real and personal. | | | | | | |
| | \$ <u>290,000,000</u> | \$ <u>290,000,000</u> | \$ <u>53,014,778</u> | \$ <u>-</u> | \$ <u>53,014,778</u> | Ongoing |
| Totals | \$ <u>290,000,000</u> | \$ <u>290,000,000</u> | \$ <u>53,014,778</u> | \$ <u>-</u> | \$ <u>53,014,778</u> | |

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the projects. Includes all costs from project inception to completion.

(3) The voters of Cherokee County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state and local property taxes and/or other funds over the life of the projects.

Collections on the 2018-2022 ELOST began January 2018. The tax expired in September 2022.

This schedule is prepared on the modified accrual basis of accounting.

Statistical Section



Cherokee County
School District

CHEROKEE COUNTY SCHOOL DISTRICT
Introduction to the Statistical Section

Exhibits

Financial Trends

I - IV

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

Revenue Capacity

V - VIII

These schedules contain information to help the reader assess the School District's most significant local revenue source, property tax.

Debt Capacity

IX - XII

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

Economic & Demographic

XIII - XIV

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

Operating Information

XV - XIX

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

CHEROKEE COUNTY SCHOOL DISTRICT
Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Exhibit I

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------------------|-----------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 171,145,712 | \$ 175,561,454 | \$ 135,165,188 | \$ 144,651,983 | \$ 110,975,930 | \$ 114,343,646 | \$ 144,061,247 | \$ 151,329,453 | \$ 206,536,571 | \$ 224,839,453 |
| Restricted | 37,776,874 | 84,492,945 | 58,795,136 | 52,384,239 | 90,376,401 | 87,138,047 | 88,589,088 | 122,049,717 | 104,445,652 | 157,882,391 |
| Unrestricted | <u>38,528,714</u> | <u>(306,529,001)</u> | <u>(226,709,526)</u> | <u>(251,624,907)</u> | <u>(558,790,206)</u> | <u>(528,724,168)</u> | <u>(556,434,148)</u> | <u>(581,944,350)</u> | <u>(488,449,327)</u> | <u>(498,905,462)</u> |
| Total Governmental Activities | | | | | | | | | | |
| Net Position | <u>\$ 247,451,300</u> | <u>\$ (46,474,602)</u> | <u>\$ (32,749,202)</u> | <u>\$ (54,588,685)</u> | <u>\$ (357,437,875)</u> | <u>\$ (327,242,475)</u> | <u>\$ (323,783,813)</u> | <u>\$ (308,565,180)</u> | <u>\$ (177,467,104)</u> | <u>\$ (116,183,618)</u> |

CHEROKEE COUNTY SCHOOL DISTRICT

Exhibit II

Changes In Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instructional Services | \$ 250,405,679 | \$ 263,918,820 | \$ 268,277,389 | \$ 304,154,371 | \$ 307,545,475 | \$ 299,191,976 | \$ 349,806,598 | \$ 357,726,187 | \$ 317,683,289 | \$ 402,769,207 |
| Support Services: | | | | | | | | | | |
| Pupil Services | 14,141,755 | 15,035,928 | 15,585,477 | 18,457,952 | 18,963,817 | 19,698,979 | 23,020,573 | 25,002,139 | 21,932,447 | 30,631,573 |
| Improvement of Instructional Services | 8,055,042 | 8,139,358 | 10,728,571 | 12,314,950 | 13,800,487 | 14,989,865 | 18,547,088 | 17,624,675 | 16,667,247 | 22,700,842 |
| Instructional Staff Training | - | - | - | - | - | - | - | 1,971,064 | 1,799,075 | 3,149,149 |
| Educational Media Services | 4,349,943 | 4,349,249 | 4,223,845 | 4,341,011 | 4,714,223 | 4,591,369 | 5,367,644 | 5,460,864 | 4,388,756 | 5,841,073 |
| General Administration | 4,256,475 | 4,625,077 | 4,417,958 | 4,639,969 | 4,665,197 | 4,716,707 | 5,217,800 | 4,755,035 | 4,582,140 | 5,476,282 |
| School Administration | 19,786,635 | 18,605,572 | 20,992,806 | 22,616,547 | 25,260,871 | 24,991,512 | 28,596,867 | 30,689,382 | 25,712,155 | 32,060,955 |
| Support Services - Business | 3,082,503 | 2,173,419 | 2,307,908 | 3,596,089 | 2,792,043 | 3,070,305 | 3,520,710 | 3,218,672 | 3,211,878 | 3,754,102 |
| Maintenance and Operation | 24,186,081 | 19,651,349 | 24,048,694 | 25,171,126 | 25,712,187 | 26,885,475 | 28,362,628 | 31,962,408 | 30,833,726 | 38,453,274 |
| Student Transportation Services | 17,938,166 | 17,972,099 | 18,706,517 | 22,969,715 | 24,470,133 | 28,050,941 | 25,642,488 | 25,779,362 | 26,629,157 | 28,000,530 |
| Support Services - Central | 3,346,549 | 3,691,062 | 4,192,381 | 4,228,809 | 5,144,624 | 4,844,465 | 4,912,279 | 4,410,257 | 4,328,844 | 5,492,057 |
| Other Support Services | 330,053 | 295,785 | 326,095 | 58,350 | - | - | - | - | - | - |
| Operations of Noninstructional Services: | | | | | | | | | | |
| Community Service | 24,802 | 23,820 | 1,974,761 | 2,001,908 | 2,133,240 | 2,003,057 | 1,813,722 | 1,659,278 | 1,884,602 | 2,032,925 |
| School Nutrition | 15,310,576 | 16,012,913 | 16,221,840 | 16,377,079 | 16,709,035 | 16,652,579 | 16,004,897 | 16,943,050 | 20,659,483 | 21,380,672 |
| Interest on Long-term Debt | 17,569,037 | 17,687,324 | 19,922,135 | 22,271,369 | 14,683,311 | 16,557,350 | 14,972,747 | 14,405,242 | 11,917,833 | 13,031,759 |
| Total Governmental Activities Expenses | \$ 382,783,296 | \$ 392,181,775 | \$ 411,926,377 | \$ 463,199,245 | \$ 466,594,643 | \$ 466,244,580 | \$ 525,786,041 | \$ 541,607,615 | \$ 492,230,632 | \$ 614,774,400 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Instructional Services | \$ 11,665,861 | \$ 11,699,841 | \$ 12,482,920 | \$ 13,209,819 | \$ 12,515,944 | \$ 13,543,252 | \$ 1,952,671 | \$ 1,815,326 | \$ 2,677,442 | \$ 3,238,462 |
| General Administration | 24,473 | 61,156 | 67,686 | 55,650 | - | - | - | - | - | - |
| School Administration | - | - | - | - | - | - | - | 102,879 | - | - |
| Support Services - Business | 512,126 | 282,082 | 177,618 | 155,831 | - | - | - | - | - | - |
| Maintenance and Operation | - | - | - | - | 227,793 | 253,023 | 273,909 | 183,043 | 351,458 | 444,803 |
| Student Transportation Services | - | - | - | - | - | - | 171,800 | 8,059 | 137,928 | 114,242 |
| School Nutrition | 6,190,901 | 6,284,294 | 6,544,616 | 7,135,331 | 7,042,849 | 7,449,816 | 5,780,814 | 1,387,286 | 1,170,269 | 7,970,858 |
| Operating Grants and Contributions | 182,302,687 | 206,318,462 | 213,577,923 | 221,016,968 | 233,948,283 | 241,765,291 | 259,413,966 | 265,575,176 | 304,881,438 | 301,657,040 |
| Capital Grants and Contributions | 4,914,187 | 10,288,788 | 8,650,087 | 2,079,785 | 4,600,742 | 7,441,006 | 4,500,880 | 6,769,644 | 4,520,463 | 10,544,801 |
| Total Governmental Activities Program Revenues | \$ 205,610,235 | \$ 234,934,623 | \$ 241,500,850 | \$ 243,653,384 | \$ 258,335,611 | \$ 270,452,388 | \$ 272,094,040 | \$ 275,841,413 | \$ 313,738,998 | \$ 323,970,206 |
| Total Governmental Activities Net (Expense) | \$ (177,173,061) | \$ (157,247,152) | \$ (170,425,527) | \$ (219,545,861) | \$ (208,259,032) | \$ (195,792,192) | \$ (253,692,001) | \$ (265,766,202) | \$ (178,491,634) | \$ (290,804,194) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property, Levied for General Purposes | \$ 115,437,762 | \$ 128,425,998 | \$ 143,581,684 | \$ 156,267,252 | \$ 158,505,094 | \$ 169,863,066 | \$ 180,874,165 | \$ 195,114,768 | \$ 211,910,326 | \$ 234,552,807 |
| Property, Levied for Debt Service | 2,440,652 | 277,364 | 266,606 | 288,004 | 4,120,032 | 4,504,024 | 8,962,221 | 9,575,689 | 13,113,768 | 19,379,479 |
| Educational Local Option Sales Tax | 31,148,497 | 33,612,150 | 34,898,795 | 36,129,915 | 38,528,529 | 42,354,080 | 45,014,445 | 55,398,402 | 61,034,167 | 64,920,879 |
| Intangible Tax | - | - | - | - | - | - | - | - | 8,669,194 | 4,878,851 |
| Transfer Tax | - | - | - | - | - | - | - | - | 3,590,201 | 2,695,180 |
| Other Tax | 3,795,929 | 4,625,155 | - | - | 7,003,050 | 6,348,184 | 9,522,405 | 13,506,564 | 39,308 | - |
| Unrestricted Grants and Contributions | - | 969,255 | 4,492,797 | 4,153,299 | - | - | - | - | - | - |
| Restricted Investment Earnings | 379,995 | 431,733 | 555,927 | 623,996 | 945,547 | - | - | - | - | - |
| Unrestricted Investment Earnings | 14,958 | 27,131 | 82,046 | 183,067 | 467,627 | 1,132,482 | 901,234 | 93,798 | 273,006 | 5,530,589 |
| Miscellaneous | 1,472,405 | - | - | - | 1,492,706 | 1,785,756 | 11,332,572 | 7,295,614 | 10,959,740 | 20,129,895 |
| Gain (Loss) on Asset Disposal | 8,912 | (243,336) | 273,072 | 60,845 | (868,961) | - | - | - | - | - |
| Total Governmental Activities | \$ 154,699,110 | \$ 168,125,450 | \$ 184,150,927 | \$ 197,706,378 | \$ 210,193,624 | \$ 225,987,592 | \$ 256,607,042 | \$ 280,984,835 | \$ 309,589,710 | \$ 352,087,680 |
| Change in Net Position | | | | | | | | | | |
| Total Governmental Activities | \$ (22,473,951) | \$ 10,878,298 | \$ 13,725,400 | \$ (21,839,483) | \$ 1,934,592 | \$ 30,195,400 | \$ 2,915,041 | \$ 15,218,633 | \$ 131,098,076 | \$ 61,283,486 |

Note: Governmental Activities are the only activities of the Primary Government

CHEROKEE COUNTY SCHOOL DISTRICT
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Exhibit III

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 272,721 | \$ 716,582 | \$ 730,560 | \$ 797,246 | \$ 750,379 | \$ 644,424 | \$ 1,028,352 | \$ 1,491,087 | \$ 979,618 | \$ 1,624,298 |
| Restricted | - | 948,100 | - | - | - | - | - | - | - | - |
| Committed | - | 8,075,632 | 8,622,378 | 9,248,303 | 9,596,893 | 12,137,457 | 11,614,655 | 12,948,431 | 56,998,340 | 54,170,250 |
| Assigned | - | - | - | - | - | - | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Unassigned | 25,467,356 | 39,209,291 | 44,671,277 | 46,279,801 | 50,465,938 | 54,773,428 | 60,726,855 | 74,080,015 | 71,043,747 | 83,352,409 |
| Total General Fund | <u>\$ 25,740,077</u> | <u>\$ 48,949,605</u> | <u>\$ 54,024,215</u> | <u>\$ 56,325,350</u> | <u>\$ 60,813,210</u> | <u>\$ 67,555,309</u> | <u>\$ 76,369,862</u> | <u>\$ 91,519,533</u> | <u>\$ 132,021,705</u> | <u>\$ 142,146,957</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ 329,765 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 67,584,818 | 83,544,845 | 58,788,413 | 52,384,239 | 90,333,208 | 87,098,716 | 126,947,989 | 129,735,578 | 144,169,262 | 152,330,177 |
| Committed | 7,757,858 | - | - | - | - | - | - | - | - | - |
| Total All Other Governmental Fund: | <u>\$ 75,672,441</u> | <u>\$ 83,544,845</u> | <u>\$ 58,788,413</u> | <u>\$ 52,384,239</u> | <u>\$ 90,333,208</u> | <u>\$ 87,098,716</u> | <u>\$126,947,989</u> | <u>\$129,735,578</u> | <u>\$ 144,169,262</u> | <u>\$ 152,330,177</u> |

CHEROKEE COUNTY SCHOOL DISTRICT
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

Exhibit IV

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|---------------------|----------------------|------------------------|-----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues | | | | | | | | | | |
| Local Sources | \$ 174,908,700 | \$ 187,039,576 | \$ 199,359,911 | \$ 214,388,005 | \$ 228,385,473 | \$ 246,148,867 | \$ 264,424,760 | \$ 284,840,463 | \$ 314,342,182 | \$ 357,716,065 |
| State Funds | 160,644,859 | 190,486,206 | 198,705,638 | 199,131,369 | 211,496,126 | 218,212,132 | 234,022,975 | 226,012,415 | 239,644,357 | 254,304,034 |
| Federal Funds ¹ | 23,850,274 | 27,145,626 | 26,442,730 | 24,215,467 | 23,111,998 | 23,857,002 | 23,153,274 | 40,079,719 | 63,670,981 | 49,541,770 |
| Investment Earnings | 394,952 | 458,864 | 637,972 | 807,064 | 1,413,174 | 3,117,625 | 2,531,004 | 999,310 | 1,445,843 | 10,720,415 |
| Miscellaneous | 2,873,240 | - | - | 2,948,053 | 3,915,065 | 5,113,946 | 4,121,099 | 4,779,335 | 4,713,623 | 3,557,234 |
| Total Revenues | 362,672,025 | 405,130,272 | 425,146,251 | 441,489,958 | 468,321,836 | 496,449,572 | 528,253,112 | 556,711,242 | 623,816,986 | 675,839,518 |
| Expenditures | | | | | | | | | | |
| Instructional Services | 236,061,634 | 257,718,118 | 261,187,809 | 279,380,706 | 284,762,125 | 290,809,416 | 316,895,080 | 310,874,228 | 341,363,933 | 368,489,237 |
| Pupil Services | 14,151,619 | 15,512,529 | 16,038,553 | 17,874,635 | 18,577,288 | 20,221,099 | 21,844,282 | 22,829,049 | 24,760,065 | 29,210,267 |
| Improvement of Instructional Services | 8,063,646 | 8,395,425 | 11,042,810 | 11,957,788 | 13,570,161 | 15,341,099 | 17,733,122 | 16,163,915 | 18,499,176 | 21,714,165 |
| Instructional Staff Training | - | - | - | - | - | - | - | 1,893,348 | 1,935,229 | 3,149,149 |
| Educational Media Services | 4,350,082 | 4,508,107 | 4,363,287 | 4,192,494 | 4,616,997 | 4,718,229 | 5,096,652 | 4,971,260 | 5,025,650 | 5,531,644 |
| General Administration | 3,816,469 | 4,036,345 | 3,735,252 | 3,844,437 | 3,823,016 | 3,978,982 | 4,944,645 | 3,796,280 | 4,478,925 | 4,682,633 |
| School Administration | 19,695,117 | 19,263,667 | 21,604,006 | 22,387,656 | 24,482,989 | 25,338,378 | 28,105,756 | 27,804,008 | 29,752,053 | 31,789,705 |
| Support Services - Business | 2,015,498 | 2,204,431 | 2,337,761 | 2,716,300 | 2,688,671 | 3,100,280 | 3,339,124 | 2,937,470 | 3,523,228 | 4,680,774 |
| Maintenance and Operation | 24,789,844 | 19,691,594 | 24,044,944 | 24,881,022 | 25,345,889 | 26,735,820 | 28,110,756 | 31,090,153 | 31,841,546 | 38,554,867 |
| Student Transportation Services | 15,788,454 | 16,999,251 | 18,467,658 | 21,380,221 | 22,805,197 | 26,841,290 | 26,875,444 | 29,376,100 | 25,360,954 | 33,788,454 |
| Community Services | 26,684 | 26,043 | 1,974,761 | 2,001,908 | 2,133,240 | 2,003,057 | 1,813,722 | 1,659,278 | 1,884,602 | 2,032,925 |
| School Nutrition Program | 15,320,006 | 16,018,774 | 16,274,962 | 16,263,629 | 16,261,941 | 16,587,199 | 15,868,378 | 16,344,638 | 21,627,016 | 23,849,467 |
| Other Support Services | 3,678,212 | 4,068,800 | 4,589,366 | 4,139,123 | 5,108,539 | 4,907,557 | 4,767,651 | 4,192,431 | 6,603,178 | 6,456,750 |
| Facilities Acquisition and Construction | 30,417,113 | 32,819,163 | 21,055,286 | 17,862,414 | 8,718,559 | 22,129,457 | 8,483,965 | 26,438,617 | 14,338,381 | 42,907,632 |
| Debt Service | | | | | | | | | | |
| Principal Retirement | 16,150,000 | 16,230,000 | 17,635,000 | 19,210,000 | 21,575,000 | 9,420,000 | 16,110,000 | 21,270,000 | 53,480,735 | 25,630,670 |
| Interest and Fees | 18,073,797 | 19,183,376 | 20,673,022 | 19,437,238 | 19,925,553 | 20,880,402 | 20,792,921 | 21,423,397 | 20,958,714 | 19,154,254 |
| Issuance Costs | 712,137 | 974,949 | 512,472 | 325,591 | 448,703 | - | - | - | - | - |
| Total Expenditures | 413,110,312 | 437,650,572 | 445,536,949 | 467,855,162 | 474,843,868 | 493,012,265 | 520,781,498 | 539,049,026 | 607,448,531 | 661,622,593 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (50,438,287) | (32,520,300) | (20,390,698) | (26,365,204) | (6,522,032) | 3,437,307 | 7,471,614 | 17,662,216 | 16,368,455 | 14,216,925 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers In | 335,661 | 18,150,889 | 138,578 | 13,421 | 5,889,760 | - | 27,020,579 | 30,245,032 | 22,790,292 | 50,237,541 |
| Transfers Out | (335,661) | (18,150,889) | (138,578) | (13,421) | (5,889,760) | - | (27,020,579) | (30,245,032) | (22,790,292) | (50,237,541) |
| Bond Issuance | 81,315,000 | 108,960,000 | 42,685,000 | 18,175,000 | 39,685,000 | - | 30,550,000 | - | 29,615,000 | - |
| Premiums on Bonds Sold | 13,311,060 | 23,515,260 | 8,766,142 | 4,023,835 | 6,663,214 | - | 9,886,918 | - | 7,545,189 | - |
| Lease Liability Proceeds | - | - | - | - | - | - | - | - | 1,202,940 | 3,327,600 |
| Proceeds From Sale of Capital Assets | 226,518 | 38,144 | 196,403 | 63,330 | 2,610,647 | 70,300 | 211,673 | 275,044 | 204,272 | 741,642 |
| Payment to Bond Escrow Agent | (40,703,827) | (70,387,328) | (50,938,669) | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 54,148,751 | 62,126,076 | 708,876 | 22,262,165 | 48,958,861 | 70,300 | 40,648,591 | 275,044 | 38,567,401 | 4,069,242 |
| Net Change in Fund Balances | \$ 3,710,464 | \$ 29,605,776 | \$ (19,681,822) | \$ (4,103,039) | \$ 42,436,829 | \$ 3,507,607 | \$ 48,120,205 | \$ 17,937,260 | \$ 54,935,856 | \$ 18,286,167 |
| Non-Capital Expenditures | 379,433,643 | 401,748,228 | 423,147,045 | 449,992,748 | 466,125,309 | 470,882,808 | 506,024,963 | 508,763,633 | 588,124,886 | 607,820,941 |
| Capitalized Expenditures | 33,676,669 | 35,902,344 | 22,389,904 | 17,862,414 | 8,718,559 | 22,129,457 | 14,756,535 | 30,285,393 | 19,323,645 | 53,801,652 |
| Total Expenditures | 413,110,312 | 437,650,572 | 445,536,949 | 467,855,162 | 474,843,868 | 493,012,265 | 520,781,498 | 539,049,026 | 607,448,531 | 661,622,593 |
| Debt Service as a Percentage of Non-Capitalized Expenditures | 9.2% | 9.1% | 9.2% | 8.7% | 9.0% | 6.4% | 7.3% | 8.4% | 12.7% | 7.4% |

¹ Federal revenues and corresponding expenses increased in fiscal years 2021 to 2023 related to federal funding in response to the COVID-19 pandemic.

CHEROKEE COUNTY SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Property by Type
Last Ten Fiscal Years

Exhibit V

| Fiscal Year³ | Residential Property | Commercial Property | Industrial & Utility Property | Agricultural Property | Preferential & Conservation Use Property | Motor Vehicles and Mobile Homes¹ | Other Property | Less: Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate² | Estimated Actual Taxable Value | Annual Percentage Change |
|--------------------------------|-----------------------------|----------------------------|--|------------------------------|---|--|-----------------------|----------------------------------|-------------------------------------|--|---------------------------------------|---------------------------------|
| 2014 | \$ 4,199,340,719 | \$ 1,064,149,402 | \$ 354,421,115 | \$ 872,496,502 | \$ 219,791,440 | \$ 655,289,690 | \$ 2,679,124 | \$ 1,431,414,715 | \$ 5,936,753,277 | 1.95% | \$ 14,841,883,193 | 1.89% |
| 2015 | 4,832,876,519 | 1,216,647,055 | 360,024,363 | 918,398,745 | 231,497,160 | 544,063,160 | 3,336,647 | 1,623,570,343 | 6,483,273,306 | 1.95% | 16,208,183,265 | 9.21% |
| 2016 | 5,396,734,955 | 1,266,253,828 | 367,728,759 | 1,008,183,024 | 260,445,760 | 407,304,844 | 2,520,952 | 1,866,128,237 | 6,843,043,885 | 1.95% | 17,107,609,713 | 5.55% |
| 2017 | 5,983,542,756 | 1,359,167,290 | 395,169,730 | 1,060,893,640 | 269,460,760 | 314,363,550 | 2,401,230 | 2,070,919,374 | 7,314,079,582 | 1.95% | 18,285,198,955 | 6.88% |
| 2018 | 6,603,865,308 | 1,541,757,711 | 426,596,658 | 1,200,231,760 | 297,671,080 | 235,689,450 | 2,777,488 | 2,318,265,927 | 7,990,323,528 | 1.95% | 19,975,808,820 | 9.25% |
| 2019 | 7,187,264,153 | 1,651,560,421 | 465,702,841 | 1,240,959,696 | 302,943,520 | 183,755,428 | 6,273,203 | 2,559,918,061 | 8,478,541,201 | 1.95% | 21,196,353,003 | 6.11% |
| 2020 | 7,958,639,334 | 1,809,511,426 | 497,636,385 | 1,342,764,924 | 299,793,640 | 154,090,534 | 6,535,792 | 2,877,484,612 | 9,191,487,423 | 1.95% | 22,978,718,558 | 8.41% |
| 2021 | 8,664,076,489 | 1,885,627,052 | 529,535,460 | 1,449,086,931 | 281,545,819 | 131,413,880 | 9,274,987 | 3,169,860,065 | 9,780,700,553 | 1.95% | 24,451,751,383 | 6.41% |
| 2022 | 9,666,440,471 | 2,087,499,203 | 576,642,332 | 1,545,020,200 | 286,165,985 | 113,830,708 | 10,511,344 | 3,569,409,925 | 10,716,700,318 | 1.95% | 26,791,750,795 | 9.57% |
| 2023 | 11,929,596,357 | 2,621,947,272 | 655,890,684 | 1,969,513,935 | 338,356,511 | 113,830,708 | 13,295,364 | 4,323,459,432 | 13,318,971,399 | 1.80% | 33,297,428,498 | 24.28% |

Source: State of Georgia Department of Revenue, Tax Digest Consolidation Summary, School, <https://sso.dor.ga.gov/>

Property in Cherokee County is reassessed annually. The county assesses property at 40 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing the assessed value by this percentage.

¹ As of March 1, 2013, only motor vehicles titles prior to March 1, 2013 are subject to ad valorem tax. Motor vehicles titles after that date are subject instead to a one-time state and local title fee. As a result of this change in law, the assessed value of motor vehicles subject to ad valorem tax decreased by approximately \$512.4 million from 2013 to 2023, and the District expects the assessed value of motor vehicles to continue to decrease in future years as motor vehicles subject to ad valorem tax come out of service.

² Per \$1,000 of assessed value.

³ The tax year is one year prior to the fiscal year.

CHEROKEE COUNTY SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates²
Last Ten Fiscal Years
(rate per \$1,000 of assessed taxable value)

Exhibit VI

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Direct-School District: | | | | | | | | | | |
| Maintenance and operations ³ | 19.450 | 19.450 | 19.450 | 19.450 | 18.950 | 18.950 | 18.450 | 18.450 | 18.200 | 16.450 |
| Debt service | 0.400 | 0.000 | 0.000 | 0.000 | 0.500 | 0.500 | 1.000 | 1.000 | 1.250 | 1.500 |
| Total Direct-School District | 19.850 | 19.450 | 17.950 |
| Overlapping:¹ | | | | | | | | | | |
| Cherokee County | 5.798 | 5.728 | 5.728 | 5.680 | 5.483 | 5.366 | 5.216 | 5.212 | 5.212 | 4.995 |
| Fire District | 3.373 | 3.436 | 3.436 | 3.374 | 3.298 | 3.269 | 3.269 | 3.292 | 3.292 | 2.984 |
| Parks | 0.776 | 0.744 | 0.744 | 0.609 | 0.581 | 0.503 | 0.480 | 0.461 | 0.434 | 0.354 |
| State of Georgia | 0.150 | 0.100 | 0.050 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total Overlapping | 10.097 | 10.008 | 9.958 | 9.663 | 9.362 | 9.138 | 8.965 | 8.965 | 8.938 | 8.333 |
| Additional Overlapping Rates:¹ | | | | | | | | | | |
| City of Ball Ground | 6.000 | 5.375 | 5.139 | 4.916 | 8.037 | 8.269 | 4.707 | 8.292 | 7.925 | 6.922 |
| City of Canton | 6.800 | 6.196 | 5.850 | 5.600 | 5.400 | 5.400 | 5.400 | 5.400 | 5.400 | 5.400 |
| City of Holly Springs | 9.373 | 8.936 | 8.751 | 8.460 | 8.148 | 7.999 | 7.879 | 7.692 | 7.512 | 6.825 |
| City of Mountain Park | 10.780 | 13.330 | 13.220 | 12.900 | 12.880 | 8.320 | 9.730 | 9.550 | 8.000 | 7.080 |
| City of Nelson | 1.250 | 1.124 | 1.085 | 1.289 | 4.256 | 4.178 | 0.857 | 4.099 | 4.438 | 3.649 |
| City of Waleska | 3.550 | 4.250 | 4.250 | 4.285 | 4.220 | 3.655 | 3.655 | 6.635 | 6.411 | 5.508 |
| City of Woodstock | 7.889 | 7.250 | 6.992 | 6.992 | 6.808 | 6.720 | 6.554 | 6.307 | 5.981 | 5.693 |

¹ Overlapping rates are those of governments that overlap the School District's geographic boundaries.

² The tax year is one year prior to the fiscal year.

³ The legal limit is 20 mills.

Source: Cherokee County Tax Commissioner (Cherokee County Board of Commissioners FY22 ACFR), Georgia Department of Revenue

CHEROKEE COUNTY SCHOOL DISTRICT

Exhibit VII

Principal Property Taxpayers
Current and Nine Years Ago

| Taxpayer | 2022 | | | 2013 | | |
|-----------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Georgia Power | \$ 72,762,545 | 1 | 0.55% | \$ 44,587,648 | 1 | 0.75% |
| Cherokee County Development | 55,274,175 | 2 | 0.42% | | | |
| Atlanta Gas | 41,541,299 | 3 | 0.31% | 30,831,065 | 2 | 0.52% |
| Universal Alloy Corporation | 34,129,224 | 4 | 0.26% | | | |
| Hudson Capital Cherokee I LLC | 32,699,282 | 5 | 0.25% | 23,463,470 | 3 | 0.40% |
| Cobb EMC | 30,740,794 | 6 | 0.23% | | | |
| Solomon-Woodstock LLC | 24,935,920 | 7 | 0.19% | | | |
| MP the Palmer | 24,028,748 | 8 | 0.18% | 15,989,544 | 5 | 0.27% |
| Cherokee County Development Auth | 22,400,455 | 9 | 0.17% | | | |
| Cole Mountain Canton Market Place | <u>21,511,576</u> | 10 | <u>0.16%</u> | | | |
| GLL Selection II Georgia LP | | | | 18,026,200 | 4 | |
| BellSouth Telecommunications | | | | 12,703,462 | 6 | 0.21% |
| CH Realty IV / Woodstock, LLC | | | | 11,057,840 | 7 | |
| DDRM Riverstone Plaza LLC | | | | 11,011,440 | 8 | 0.19% |
| Windstream Georgia Comm Corp | | | | 10,417,141 | 9 | 0.18% |
| Sawnee EMC | | | | <u>9,830,697</u> | 10 | <u>0.17%</u> |
| Totals | \$ <u>360,024,018</u> | | <u>2.70%</u> | \$ <u>187,918,507</u> | | <u>2.68%</u> |

Source: Cherokee County Tax Commissioner (Cherokee County Board of Commissioners FY22 ACFR)

CHEROKEE COUNTY SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years

Exhibit VIII

| Fiscal Year | Taxes Levied ¹ | Collected Within the Fiscal Year of the Levy ² | | Collections In Subsequent Years ³ | Total Collections to Date | |
|-------------|---------------------------|---|--------------------|--|---------------------------|--------------------|
| | | Amount ¹ | Percentage of Levy | | Amount ¹ | Percentage of Levy |
| 2014 | \$ 117,580,492 | \$ 105,808,883 | 89.99% | \$ 2,671,947 | \$ 108,480,830 | 92.26% |
| 2015 | 125,807,610 | 114,268,043 | 90.83% | 2,266,065 | 116,534,108 | 92.63% |
| 2016 | 132,824,435 | 123,875,257 | 93.26% | 1,495,889 | 125,371,146 | 94.39% |
| 2017 | 141,975,756 | 135,094,205 | 95.15% | 1,691,374 | 136,785,579 | 96.34% |
| 2018 | 155,152,909 | 146,572,095 | 94.47% | 1,401,495 | 147,973,590 | 95.37% |
| 2019 | 164,622,834 | 159,028,319 | 96.60% | 1,359,151 | 160,387,470 | 97.43% |
| 2020 | 178,519,040 | 173,688,210 | 97.29% | 2,493,451 | 176,181,661 | 98.69% |
| 2021 | 189,964,691 | 181,589,640 | 95.59% | 1,359,420 | 182,949,060 | 96.31% |
| 2022 | 206,279,667 | 200,095,222 | 97.00% | 1,556,455 | 201,651,677 | 97.76% |
| 2023 | 237,103,224 | 228,216,933 | 96.25% | 445,355 | 228,662,288 | 96.44% |

Source: Cherokee County Tax Commissioner

¹ Relates to preceding calendar year tax digest.

² Amounts shown are net of collection fees of 2.50% paid to Cherokee County for fiscal years 2012 through 2013, 2.30% paid to Cherokee County for fiscal year 2014, 2.10% paid to Cherokee County for fiscal year 2015, and 2.00% paid to Cherokee County for fiscal years 2016 through 2023.

³ 2022 Collections are through November 17, 2023.

CHEROKEE COUNTY SCHOOL DISTRICT
Ratios of Total Debt Outstanding by Type
Last Ten Fiscal Years

Exhibit IX

| Fiscal Year | Governmental Activities Debt Outstanding | | | | Total Primary Government | Annual Personal Income (thousands) ¹ | Estimated Population ¹ | Debt as a Percentage of Personal Income | Total Debt Per Capita |
|-------------|--|---------------|-------------------------------------|------------------------------------|--------------------------|---|-----------------------------------|---|-----------------------|
| | General Obligation Bonds | Bond Premiums | Qualified School Construction Bonds | Lease and Subscription Liabilities | | | | | |
| 2014 | \$ 356,475,000 | \$ 25,594,630 | \$ 40,055,000 | \$ - | \$ 422,124,630 | \$ 9,132,064 | 224,487 | 4.62% | \$ 1,880 |
| 2015 | 385,205,000 | 45,515,819 | 40,055,000 | - | 470,775,819 | 9,855,842 | 230,396 | 4.78% | 2,043 |
| 2016 | 365,375,000 | 49,308,763 | 40,055,000 | - | 454,738,763 | 10,709,537 | 235,424 | 4.25% | 1,932 |
| 2017 | 364,340,000 | 48,463,109 | 40,055,000 | - | 452,858,109 | 11,548,667 | 241,600 | 3.92% | 1,874 |
| 2018 | 382,450,000 | 48,598,225 | 40,055,000 | - | 471,103,225 | 12,147,718 | 247,573 | 3.88% | 1,903 |
| 2019 | 373,030,000 | 41,788,073 | 40,055,000 | - | 454,873,073 | 12,996,343 | 254,149 | 3.50% | 1,790 |
| 2020 | 387,470,000 | 45,185,291 | 40,055,000 | - | 472,710,291 | 13,702,741 | 258,773 | 3.45% | 1,827 |
| 2021 | 366,200,000 | 38,275,482 | 40,055,000 | - | 444,530,482 | 14,929,052 | 265,274 | 2.98% | 1,676 |
| 2022 | 342,635,000 | 36,928,877 | 40,055,000 | 902,205 | 420,521,082 | 16,541,457 | 274,615 | 2.54% | 1,531 |
| 2023 | 317,730,000 | 30,930,029 | 40,055,000 | 3,504,135 | 392,219,164 | 18,629,170 | 281,278 | 2.11% | 1,394 |

Note: Details regarding the School District's outstanding debt can be found in the notes to the financial statements.

¹ Information obtained from the U.S. Bureau of Economic Analysis

CHEROKEE COUNTY SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit X

| Fiscal Year | Estimated Population ¹ | Estimated Actual Value | Net General Obligation Bonds ² | Percentage of Estimated Actual Taxable Value of Property | Net General Bonded Debt Per Capita |
|-------------|-----------------------------------|------------------------|---|--|------------------------------------|
| 2014 | 224,487 | \$ 14,841,883,193 | \$ 362,078,165 | 2.44% | 1,613 |
| 2015 | 230,396 | 16,208,183,265 | 389,905,409 | 2.41% | 1,692 |
| 2016 | 235,424 | 17,107,609,713 | 373,567,690 | 2.18% | 1,587 |
| 2017 | 241,600 | 18,285,198,955 | 370,354,676 | 2.03% | 1,533 |
| 2018 | 247,573 | 19,975,808,820 | 380,263,518 | 1.90% | 1,536 |
| 2019 | 254,149 | 21,196,353,003 | 341,943,209 | 1.61% | 1,345 |
| 2020 | 258,773 | 22,978,718,558 | 356,010,647 | 1.55% | 1,376 |
| 2021 | 265,274 | 24,451,751,383 | 326,148,472 | 1.33% | 1,229 |
| 2022 | 274,615 | 26,791,750,795 | 334,911,975 | 1.25% | 1,220 |
| 2023 | 281,278 | 33,297,428,498 | 288,286,077 | 0.87% | 1,025 |

Note: Details about the School District's outstanding debt can be found in the notes to the financial statements.

¹ Population data can be found in the Schedule of Demographic and Economic Statistics table

² Net General Obligation Bonds amount is calculated by taking Total General Obligation Bonds amount and removing the net position restricted for debt service for the applicable fiscal year.

CHEROKEE COUNTY SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2023

Exhibit XI

| <u>Governmental Unit</u> | <u>Amount of Outstanding Debt</u> | <u>Estimated Percentage Applicable¹</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|---------------------------------------|--|--|
| Direct General Obligation Debt: | | | |
| Cherokee County Board of Education ² | | | |
| General Obligation Bonds | \$ 348,660,029 | 100% | \$ 348,660,029 |
| Qualified School Construction Bonds | 40,055,000 | 100% | 40,055,000 |
| Lease and Subscription Liabilities | 3,504,135 | 100% | 3,504,135 |
| Overlapping General Obligation Debt: | | | |
| Cherokee County, Georgia | | | |
| General Obligation Bonds | 42,018,247 | 100% | 42,018,247 |
| Financed Purchase | <u>581,740</u> | 100% | <u>581,740</u> |
| Total Direct and Overlapping Debt | <u>\$ 434,819,151</u> | | <u>\$ 434,819,151</u> |

Sources: Assessed value data used to estimate applicable percentages provided by the Cherokee County Tax Commissioner. All amounts shown were obtained as of September 30, 2021 unless indicated otherwise.

¹ The percentage of each overlapping entity's outstanding debt chargeable to property in the School District is calculated by dividing the gross assessed valuation of property in the School District by the gross assessed valuation of property on the overlapping entity.

² As of June 30, 2023

CHEROKEE COUNTY SCHOOL DISTRICT

Exhibit XII

Legal Debt Margin
Last Ten Fiscal Years

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| Assessed Value | \$ 5,936,753,277 | \$ 6,483,273,306 | \$ 6,843,043,885 | \$ 7,314,079,582 | \$ 7,990,323,528 | \$ 8,478,541,201 | \$ 9,191,487,423 | \$ 9,780,700,553 | \$ 10,716,700,318 | \$ 13,318,971,399 |
| Debt Limit ¹ | \$ 593,675,328 | \$ 648,327,331 | \$ 684,304,389 | \$ 731,407,958 | \$ 799,032,353 | \$ 847,854,120 | \$ 919,148,742 | \$ 978,070,055 | \$ 1,071,670,032 | \$ 1,331,897,140 |
| Total Net Debt Applicable to Limit: General Obligation Bonds | <u>356,475,000</u> | <u>385,205,000</u> | <u>365,375,000</u> | <u>364,340,000</u> | <u>382,450,000</u> | <u>373,030,000</u> | <u>387,470,000</u> | <u>366,200,000</u> | <u>342,635,000</u> | <u>317,730,000</u> |
| Legal Debt Margin | <u>\$ 237,200,328</u> | <u>\$ 263,122,331</u> | <u>\$ 318,929,389</u> | <u>\$ 367,067,958</u> | <u>\$ 416,582,353</u> | <u>\$ 474,824,120</u> | <u>\$ 531,678,742</u> | <u>\$ 611,870,055</u> | <u>\$ 729,035,032</u> | <u>\$ 1,014,167,140</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 60.05% | 59.42% | 53.39% | 49.81% | 47.86% | 44.00% | 42.16% | 37.44% | 31.97% | 23.86% |

Source: Cherokee County Tax Commissioner, District Records (Assessed Value Statistical table)

¹ Under Article 9, Section 5, Paragraph 1 of the State of Georgia Constitution, the School District's outstanding general obligation debt should not exceed 10% of the assessed value of the taxable property located within the School District.

CHEROKEE COUNTY SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Exhibit XIII

| Calendar Year | Population^{1*} | Personal Income (thousands)^{1*} | Per Capita Income^{1*} | Median Age^{2*} | School Enrollment³ | Unemployment Rate^{4*} |
|----------------------|--------------------------------|---|---|--------------------------------|--|---|
| 2013 | 224,487 | \$ 9,132,064 | \$ 40,680 | 37.3 | 39,644 | 6.1% |
| 2014 | 230,396 | 9,855,842 | 42,778 | 37.2 | 40,517 | 5.5% |
| 2015 | 235,424 | 10,709,537 | 45,490 | 37.7 | 41,169 | 4.7% |
| 2016 | 241,600 | 11,548,667 | 47,801 | 38.7 | 41,769 | 4.2% |
| 2017 | 247,573 | 12,147,718 | 49,067 | 39.6 | 42,148 | 3.7% |
| 2018 | 254,149 | 12,996,343 | 51,137 | 38.6 | 42,277 | 3.1% |
| 2019 | 258,773 | 13,702,741 | 52,953 | 39.0 | 42,598 | 2.7% |
| 2020 | 265,274 | 14,929,052 | 56,278 | 39.0 | 41,223 | 4.9% |
| 2021 | 274,615 | 16,541,457 | 60,235 | 40.8 | 41,901 | 2.6% |
| 2022 | 281,278 | 18,629,170 | 66,230 | 40.3 | 41,856 | 2.4% |

Note: Student Enrollment is based on the data for the 20 day count for the school year (July through June) which occurs within the calendar year.

* County-wide data

~ Data was not released at the time of reporting

¹ Information obtained from the U.S. Bureau of Economic Analysis, <https://apps.bea.gov/>

² Information obtained from the United States Census Bureau, data.census.gov

³ Annual 20 day report for School Enrollment record

⁴ Information obtained from the United States Department of Labor, Bureau of Labor Statistics, <https://www.bls.gov/lau/#tables>

CHEROKEE COUNTY SCHOOL DISTRICT

Exhibit XIV

Principal Employers
Current and Nine Years Ago

| Employer | 2022 | | | 2013 | | |
|---------------------------------|---------------|------|---------------------------------------|---------------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Cherokee County School District | 5,109 | 1 | 3.7% | 4,383 | 1 | 3.8% |
| Northside Hospital-Cherokee | 3,600 | 2 | 2.6% | 1,187 | 3 | 1.0% |
| Cherokee County Government | 1,677 | 3 | 1.2% | 1,492 | 2 | 1.3% |
| Publix Supermarkets | 1,561 | 4 | 1.1% | 932 | 5 | 0.8% |
| Wal-Mart Associates, Inc. | 1,124 | 5 | 0.8% | 1,060 | 4 | 0.9% |
| Inalfa Roof System | 1,000 | 6 | 0.7% | | | |
| Kroger Supermarkets | 843 | 7 | 0.6% | | | |
| Pilgrim's Pride Corporation | 760 | 8 | 0.6% | 817 | 6 | 0.7% |
| Home Depot | 741 | 9 | 0.5% | | | |
| Chart Inc. | 511 | 10 | 0.4% | 530 | 7 | 0.5% |
| Target | | | | 387 | 9 | 0.3% |
| Piolax Corporation | | | | 343 | 8 | 0.3% |
| Universal Alloy Corporation | | | | 245 | 10 | 0.2% |
| Totals | <u>16,926</u> | | <u>12.3%</u> | <u>11,376</u> | | <u>9.8%</u> |

Source: Cherokee County Government (Cherokee County Board of Commissioners ACFR FY22)

CHEROKEE COUNTY SCHOOL DISTRICT

Exhibit XV

Employees by Function
Last Ten Fiscal Years

| Function | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Instructional Services | 2,726 | 2,889 | 3,003 | 3,163 | 3,184 | 3,289 | 3,273 | 3,236 | 3,381 | 3,533 |
| Pupil Services | 177 | 178 | 203 | 184 | 200 | 207 | 212 | 212 | 233 | 253 |
| Improvement of Instructional Services | 86 | 96 | 97 | 118 | 120 | 125 | 133 | 124 | 126 | 139 |
| Instructional Staff Training | - | - | - | - | - | - | - | 8 | 7 | 9 |
| Educational Media Services | 49 | 49 | 48 | 46 | 46 | 42 | 42 | 41 | 41 | 42 |
| General Administration | 11 | 11 | 11 | 11 | 12 | 10 | 18 | 18 | 10 | 18 |
| School Administration | 275 | 283 | 289 | 287 | 302 | 289 | 297 | 296 | 307 | 306 |
| Support Services - Business | 26 | 26 | 26 | 29 | 30 | 30 | 29 | 29 | 29 | 27 |
| Maintenance and Operation | 58 | 58 | 65 | 66 | 69 | 73 | 74 | 75 | 85 | 87 |
| Student Transportation Services | 435 | 445 | 467 | 489 | 507 | 524 | 521 | 489 | 485 | 470 |
| Support Services - Central | 21 | 21 | 25 | 27 | 28 | 21 | 19 | 20 | 18 | 20 |
| School Nutrition | 289 | 292 | 294 | 291 | 291 | 293 | 297 | 281 | 291 | 296 |
| Total | 4,153 | 4,348 | 4,528 | 4,711 | 4,789 | 4,903 | 4,915 | 4,829 | 5,013 | 5,200 |
| <i>Percentage Change from Prior Fiscal Year</i> | -5.12% | 4.70% | 4.14% | 4.04% | 1.66% | 2.38% | 0.24% | -1.75% | 3.81% | 3.73% |

Source: Cherokee County School District Payroll historical records as of the end of the fiscal year.

CHEROKEE COUNTY SCHOOL DISTRICT
Teacher Salary Schedule
Last Ten Fiscal Years

Exhibit XVI

| Fiscal Year | School District's Minimum Salary¹ | Minimum State Salary^{2,3} | School District's % of State Minimum³ | School District's Maximum Salary¹ | School District's Average Salary¹ | State-wide Average³ | School District's % of State Average³ |
|--------------------|---|---|---|---|---|---------------------------------------|---|
| 2014 | \$ 35,145 | \$ 31,586 | 111% | \$ 86,669 | \$ 60,907 | \$ 52,973 | 115% |
| 2015 | 35,496 | 31,586 | 112% | 89,254 | 62,375 | 53,424 | 117% |
| 2016 | 35,496 | 31,586 | 112% | 89,254 | 62,375 | 54,215 | 115% |
| 2017 | 35,496 | 31,586 | 112% | 90,146 | 62,821 | 55,537 | 113% |
| 2018 | 36,222 | 32,217 | 112% | 91,960 | 64,091 | 56,342 | 114% |
| 2019 | 36,586 | 32,217 | 114% | 92,887 | 64,737 | 57,072 | 113% |
| 2020 | 39,596 | 35,217 | 112% | 95,897 | 67,747 | 60,558 | 112% |
| 2021 | 39,596 | 35,217 | 112% | 95,897 | 67,747 | 60,549 | 112% |
| 2022 | 40,006 | 35,217 | 114% | 96,870 | 68,438 | 62,193 | 110% |
| 2023 | 42,006 | 37,217 | 113% | 99,069 | 70,538 | 64,505 | 109% |

Data Source:

¹ Annual Cherokee County School District Salary Handbooks

² Georgia Department of Education

³ Georgia Governor's Office of Student Achievement, K-12 Public Schools Report Card

* Data not available at time of reporting

CHEROKEE COUNTY SCHOOL DISTRICT

Exhibit XVII

School Buildings Capacity
Last Ten Fiscal Years

| School Name | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Arnold Mill ES | | | | | | | | | | |
| Capacity | 1,131 | 1,137 | 1,062 | 1,113 | 1,100 | 1,100 | 1,113 | 1,137 | 1,100 | 1,068 |
| Enrollment | 830 | 851 | 781 | 788 | 783 | 788 | 787 | 709 | 793 | 798 |
| Avery ES | | | | | | | | | | |
| Capacity | 1,143 | 1,150 | 1,150 | 1,175 | 1,150 | 1,150 | 1,150 | 1,163 | 1,163 | 1,163 |
| Enrollment | 1,061 | 1,034 | 983 | 1,015 | 1,011 | 1,034 | 996 | 971 | 1,043 | 1,111 |
| Ball Ground ES | | | | | | | | | | |
| Capacity | 1,200 | 1,188 | 1,163 | 1,175 | 1,163 | 1,137 | 1,137 | 1,150 | 1,150 | 1,143 |
| Enrollment | 520 | 559 | 500 | 508 | 524 | 552 | 564 | 527 | 553 | 556 |
| Bascomb ES | | | | | | | | | | |
| Capacity | 1,231 | 1,231 | 1,237 | 1,263 | 1,250 | 1,237 | 1,250 | 1,250 | 1,250 | 1,050 |
| Enrollment | 1,082 | 1,013 | 1,016 | 981 | 943 | 902 | 929 | 902 | 946 | 969 |
| Boston ES | | | | | | | | | | |
| Capacity | 883 | 887 | 887 | 891 | 883 | 912 | 891 | 891 | 891 | 887 |
| Enrollment | 590 | 599 | 615 | 617 | 593 | 582 | 589 | 576 | 589 | 617 |
| Canton ES | | | | | | | | | | |
| Capacity | 1,168 | 1,175 | 1,163 | 1,163 | 1,150 | - | - | - | - | - |
| Enrollment | 885 | 755 | 820 | 826 | 767 | - | - | - | - | - |
| Carmel ES | | | | | | | | | | |
| Capacity | 1,325 | 1,337 | 1,275 | 1,287 | 1,275 | 1,275 | 1,275 | 1,281 | 1,281 | 1,275 |
| Enrollment | 1,208 | 1,179 | 1,061 | 1,020 | 1,041 | 981 | 1,026 | 932 | 902 | 887 |
| Clark Creek ES | | | | | | | | | | |
| Capacity | 1,175 | 1,175 | 1,175 | 1,200 | 1,193 | 1,175 | 1,175 | 1,187 | 1,187 | 1,175 |
| Enrollment | 948 | 952 | 1,011 | 1,082 | 1,159 | 1,208 | 1,199 | 1,131 | 1,044 | 1,090 |
| Clayton ES | | | | | | | | | | |
| Capacity | 663 | 462 | 462 | 456 | 462 | 462 | 462 | 462 | 462 | 431 |
| Enrollment | 296 | 226 | 246 | 232 | 227 | 257 | 255 | 243 | 275 | 298 |
| Free Home ES | | | | | | | | | | |
| Capacity | 306 | 356 | 350 | 362 | 362 | 362 | 362 | 362 | 400 | 400 |
| Enrollment | 330 | 328 | 307 | 314 | 325 | 327 | 276 | 275 | 309 | 305 |
| Hasty ES | | | | | | | | | | |
| Capacity | 1,156 | 1,181 | 1,193 | 1,187 | 1,163 | 1,150 | 1,175 | 1,181 | 1,143 | 1,187 |
| Enrollment | 846 | 858 | 891 | 907 | 882 | 911 | 939 | 960 | 979 | 978 |
| Hickory Flat ES | | | | | | | | | | |
| Capacity | 895 | 913 | 913 | 925 | 918 | 918 | 918 | 918 | 918 | 906 |
| Enrollment | 539 | 545 | 522 | 473 | 513 | 595 | 687 | 737 | 846 | 906 |
| Holly Springs ES | | | | | | | | | | |
| Capacity | 1,418 | 1,438 | 1,406 | 1,250 | 1,187 | 1,187 | 1,187 | 1,193 | 1,193 | 1,187 |
| Enrollment | 967 | 953 | 938 | 805 | 754 | 738 | 728 | 699 | 711 | 706 |
| Indian Knoll ES | | | | | | | | | | |
| Capacity | 1,156 | 1,162 | 1,150 | 1,193 | 1,187 | 1,193 | 1,193 | 1,200 | 1,200 | 1,200 |
| Enrollment | 1,052 | 1,094 | 1,130 | 991 | 931 | 922 | 884 | 810 | 845 | 868 |
| Johnston ES | | | | | | | | | | |
| Capacity | 750 | 763 | 643 | 875 | 687 | 687 | 687 | 862 | 862 | 687 |
| Enrollment | 550 | 566 | 571 | 570 | 584 | 578 | 586 | 486 | 462 | 453 |
| Knox ES | | | | | | | | | | |
| Capacity | 1,168 | 1,143 | 1,143 | 1,193 | 1,187 | 1,187 | 1,187 | 1,187 | 1,187 | 1,181 |
| Enrollment | 847 | 749 | 773 | 741 | 781 | 993 | 968 | 873 | 874 | 857 |
| Liberty ES | | | | | | | | | | |
| Capacity | 1,550 | 1,562 | 1,562 | 1,575 | 1,575 | 1,575 | 1,575 | 1,556 | 1,343 | 1,343 |
| Enrollment | 1,281 | 1,252 | 1,234 | 1,207 | 1,196 | 1,090 | 1,063 | 991 | 996 | 976 |
| Little River ES | | | | | | | | | | |
| Capacity | 1,137 | 1,143 | 1,509 | 1,512 | 1,506 | 1,506 | 1,506 | 1,506 | 1,506 | 1,506 |
| Enrollment | 1,335 | 1,369 | 1,361 | 1,338 | 1,324 | 1,358 | 1,372 | 1,309 | 1,252 | 1,253 |
| Macedonia ES | | | | | | | | | | |
| Capacity | 850 | 856 | 862 | 862 | 862 | 862 | 862 | 862 | 862 | 862 |
| Enrollment | 795 | 760 | 774 | 770 | 785 | 744 | 758 | 722 | 754 | 728 |
| Mountain Road ES | | | | | | | | | | |
| Capacity | 637 | 643 | 631 | 713 | 687 | 687 | 700 | 713 | 713 | 700 |
| Enrollment | 569 | 561 | 537 | 419 | 429 | 441 | 404 | 381 | 394 | 405 |

CHEROKEE COUNTY SCHOOL DISTRICT

Exhibit XVII

School Buildings Capacity
Last Ten Fiscal Years

| School Name | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Oak Grove ES | | | | | | | | | | |
| Capacity | 883 | 891 | 793 | 775 | 687 | 687 | 687 | 687 | 687 | 687 |
| Enrollment | 533 | 563 | 575 | 512 | 466 | 449 | 442 | 429 | 453 | 486 |
| R. M. Moore ES | | | | | | | | | | |
| Capacity | 1,075 | 1,062 | 1,062 | 1,062 | 1,062 | 1,050 | 1,050 | 1,050 | 1,050 | 1,125 |
| Enrollment | 546 | 417 | 397 | 420 | 384 | 872 | 924 | 869 | 926 | 958 |
| Sixes ES | | | | | | | | | | |
| Capacity | 1,038 | 1,050 | 879 | 883 | 883 | 879 | 875 | 879 | 879 | 887 |
| Enrollment | 774 | 768 | 724 | 684 | 716 | 733 | 720 | 669 | 689 | 696 |
| Woodstock ES | | | | | | | | | | |
| Capacity | 1,213 | 1,231 | 1,231 | 1,237 | 1,200 | 1,181 | 1,213 | 1,225 | 1,225 | 1,213 |
| Enrollment | 1,100 | 1,111 | 1,138 | 1,176 | 1,163 | 1,151 | 1,146 | 1,039 | 1,030 | 1,098 |
| Creeklane MS | | | | | | | | | | |
| Capacity | 1,306 | 1,281 | 1,287 | 1,287 | 1,287 | 1,362 | 1,362 | 1,362 | 1,362 | 1,362 |
| Enrollment | 1,420 | 1,392 | 1,456 | 1,494 | 1,543 | 1,532 | 1,518 | 1,475 | 1,455 | 1,507 |
| Dean Rusk MS | | | | | | | | | | |
| Capacity | 925 | 925 | 925 | 1,600 | 1,650 | 1,650 | 1,650 | 1,637 | 1,637 | 1,625 |
| Enrollment | 861 | 894 | 927 | 1,479 | 1,522 | 1,546 | 1,587 | 1,512 | 1,473 | 1,454 |
| E. T. Booth MS | | | | | | | | | | |
| Capacity | 1,631 | 1,650 | 1,650 | 1,663 | 1,650 | 1,650 | 1,650 | 1,650 | 1,650 | 1,650 |
| Enrollment | 1,634 | 1,679 | 1,688 | 1,763 | 1,786 | 1,821 | 1,811 | 1,725 | 1,632 | 1,643 |
| Freedom MS | | | | | | | | | | |
| Capacity | 1,150 | 1,187 | 1,125 | 1,187 | 1,187 | 1,187 | 1,187 | 1,187 | 1,150 | 1,181 |
| Enrollment | 1,174 | 1,114 | 1,163 | 1,165 | 1,163 | 1,133 | 1,096 | 1,055 | 942 | 920 |
| Mill Creek MS | | | | | | | | | | |
| Capacity | 1,175 | 1,187 | 1,250 | 1,293 | 1,287 | 1,287 | 1,275 | 1,525 | 1,525 | 1,506 |
| Enrollment | 1,216 | 1,286 | 1,437 | 1,416 | 1,414 | 1,410 | 1,478 | 1,402 | 1,339 | 1,320 |
| Teasley MS | | | | | | | | | | |
| Capacity | 912 | 1,525 | 1,538 | 1,550 | 1,518 | 1,525 | 1,538 | 1,538 | 1,538 | 1,538 |
| Enrollment | 870 | 1,399 | 1,388 | 1,418 | 1,522 | 1,582 | 1,633 | 1,574 | 1,667 | 1,602 |
| Woodstock MS | | | | | | | | | | |
| Capacity | 1,125 | 1,131 | 1,125 | 1,088 | 1,075 | 1,075 | 1,075 | 1,225 | 1,325 | 1,313 |
| Enrollment | 1,116 | 1,178 | 1,124 | 1,157 | 1,193 | 1,224 | 1,180 | 1,135 | 1,037 | 1,067 |
| Cherokee HS | | | | | | | | | | |
| Capacity | 2,063 | 2,087 | 2,163 | 2,387 | 2,512 | 3,440 | 3,440 | 3,420 | 3,420 | 3,410 |
| Enrollment | 2,080 | 2,293 | 2,465 | 2,589 | 2,647 | 2,689 | 2,727 | 2,850 | 2,912 | 2,896 |
| Creekview HS | | | | | | | | | | |
| Capacity | 1,813 | 1,838 | 1,900 | 1,925 | 1,975 | 1,950 | 1,950 | 1,938 | 1,962 | 1,975 |
| Enrollment | 1,745 | 1,818 | 1,873 | 1,993 | 1,995 | 2,001 | 2,000 | 2,078 | 2,054 | 2,087 |
| Etowah HS | | | | | | | | | | |
| Capacity | 2,363 | 3,175 | 3,150 | 3,175 | 3,175 | 3,175 | 3,175 | 2,988 | 3,040 | 2,538 |
| Enrollment | 2,374 | 2,356 | 2,377 | 2,381 | 2,421 | 2,384 | 2,394 | 2,475 | 2,421 | 2,406 |
| River Ridge HS | | | | | | | | | | |
| Capacity | 1,975 | 2,025 | 2,025 | 2,050 | 2,025 | 2,025 | 2,025 | 2,038 | 2,038 | 2,025 |
| Enrollment | 1,502 | 1,567 | 1,658 | 1,725 | 1,809 | 1,868 | 1,909 | 1,949 | 1,902 | 1,896 |
| Sequoyah HS | | | | | | | | | | |
| Capacity | 1,725 | 1,688 | 1,650 | 1,737 | 2,375 | 2,375 | 2,375 | 2,375 | 2,375 | 2,375 |
| Enrollment | 1,593 | 1,644 | 1,765 | 1,848 | 1,912 | 1,941 | 1,983 | 2,060 | 2,091 | 2,051 |
| Woodstock HS | | | | | | | | | | |
| Capacity | 1,862 | 1,900 | 1,962 | 2,413 | 2,393 | 2,387 | 2,425 | 2,381 | 2,381 | 2,375 |
| Enrollment | 1,949 | 2,108 | 2,208 | 2,274 | 2,308 | 2,228 | 2,254 | 2,194 | 2,134 | 2,032 |

Source: Cherokee County School District available records (Planning and Facilities, Division of Support Services) and annual 20-day enrollment report. Capacity schedule does not include information on preschools and center locations within the school district.

CHEROKEE COUNTY SCHOOL DISTRICT
 Number of Personnel and Ratio of Pupils to Professional Personnel
 Last Ten Fiscal Years

Exhibit XVIII

| | Professional Personnel¹ | Other Operating Personnel² | Service Personnel³ | Total Personnel | Student Enrollment⁴ | Ratio of Pupils to Professional Personnel |
|------|---|--|--|----------------------------|---|--|
| 2014 | 2,811 | 763 | 748 | 4,322 | 39,644 | 14.1 |
| 2015 | 2,963 | 791 | 776 | 4,530 | 40,517 | 13.7 |
| 2016 | 3,097 | 851 | 749 | 4,697 | 41,169 | 13.3 |
| 2017 | 3,172 | 838 | 765 | 4,775 | 41,769 | 13.2 |
| 2018 | 3,231 | 841 | 779 | 4,851 | 42,148 | 13.0 |
| 2019 | 3,246 | 815 | 822 | 4,883 | 42,277 | 13.0 |
| 2020 | 3,288 | 855 | 829 | 4,972 | 42,598 | 13.0 |
| 2021 | 3,266 | 817 | 805 | 4,888 | 41,223 | 12.6 |
| 2022 | 3,404 | 863 | 833 | 5,100 | 41,901 | 12.3 |
| 2023 | 3,527 | 890 | 823 | 5,240 | 41,856 | 11.9 |

Source: Historical personnel records from the Cherokee County School District Human Resource Department as of the April CPI report for each fiscal year.

- ¹ Professional personnel consists of all certified personnel including teachers, librarians, counselors, supervisors, consultants, coordinators, principals, assistant principals and other leadership personnel.
- ² Other Operating personnel includes non-certified leadership personnel, classroom aides, secretarial and clerical employees, and other technicians.
- ³ Service personnel includes food service personnel, custodial employees, bus drivers and maintenance/warehouse employees.
- ⁴ Annual 20 day report for School Enrollment record

CHEROKEE COUNTY SCHOOL DISTRICTOperating Statistics
Last Ten Fiscal Years

| Fiscal Year | Expenditures¹ | Daily Enrollment² | Cost per Pupil Enrolled | Percentage of Change |
|--------------------|---------------------------------|-------------------------------------|--------------------------------|-----------------------------|
| 2014 | \$ 382,783,296 | 39,644 | \$ 9,656 | -1.21% |
| 2015 | 392,181,775 | 40,517 | 9,679 | 0.25% |
| 2016 | 411,926,377 | 41,169 | 10,006 | 3.37% |
| 2017 | 463,199,245 | 41,769 | 11,090 | 10.83% |
| 2018 | 466,594,643 | 42,148 | 11,070 | -0.17% |
| 2019 | 466,244,580 | 42,277 | 11,028 | -0.38% |
| 2020 | 525,786,041 | 42,598 | 12,343 | 11.92% |
| 2021 | 541,607,615 | 41,223 | 13,138 | 6.45% |
| 2022 | 492,230,632 | 41,901 | 11,747 | -10.59% |
| 2023 | 614,774,400 | 41,856 | 14,688 | 25.03% |

¹ Changes in Net Position statistical table

² Annual 20 day report for School Enrollment record

Compliance Section



Cherokee County
School District

**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**

To the Superintendent and Members of
The Cherokee County Board of Education
Canton, Georgia

We 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 Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cherokee County School District (the "School District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cherokee County School District's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our 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.

A handwritten signature in black ink that reads "Williamson + Company". The script is cursive and fluid, with the plus sign and "Company" written in a slightly different style than "Williamson".

Williamson and Company
Certified Public Accountants
December 20, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Superintendent and Members of
The Cherokee County Board of Education
Canton, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Cherokee County School District's (the "School District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ending June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Cherokee County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Cherokee County School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Cherokee County School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cherokee County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Cherokee County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Cherokee County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cherokee County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Cherokee County School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Williamson + Company". The signature is written in a cursive, flowing style.

Williamson and Company
Certified Public Accountants
December 20, 2023

CHEROKEE COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

| FUNDING AGENCY PROGRAM/GRANT | CFDA NUMBER | PASS- THROUGH ENTITY ID NUMBER | EXPENDITURES IN PERIOD |
|---|----------------|---|---------------------------|
| Agriculture, U. S. Department of | | | |
| Child Nutrition Cluster | | | |
| Pass-Through From Georgia Department of Education | | | |
| Food Services | | | |
| School Breakfast Program | 10.553 | 225GA324N1199 | \$ 2,340,406 |
| National School Lunch Program ¹ | 10.555 | 225GA324N1199 | 10,035,735 |
| National School Lunch Program | 10.555 | 235GA324N1199 | 104,214 |
| COVID-19: National School Lunch Program | 10.555 | 225GA324N1099 | <u>1,168,788</u> |
| Total Child Nutrition Cluster | | | <u>13,649,143</u> |
| Total U. S. Department of Agriculture | | | <u>13,649,143</u> |
| Education, U. S. Department of | | | |
| Education Stabilization Fund | | | |
| Pass-Through From Georgia Department of Education | | | |
| COVID-19 - ARP - Elementary and Secondary School Emergency Relief | | | |
| Fund Homeless Children and Youth | 84.425W | S425W210011 | 104,626 |
| COVID-19 - American Rescue Plan Elementary and Secondary School | | | |
| Emergency Relief Fund | 84.425U | S425U210012 | <u>17,328,693</u> |
| Total Education Stabilization Fund | | | <u>17,433,319</u> |
| Special Education Cluster | | | |
| Pass-Through From Georgia Department of Education | | | |
| Special Education | | | |
| Flow Through | 84.027A | H027A210073 | 472,200 |
| Flow Through | 84.027A | H027A220073 | 7,666,433 |
| COVID-19 - American Rescue Plan - Grants to States | 84.027X | H027X210073 | 941,739 |
| COVID-19 - American Rescue Plan - Preschool Grants | 84.173X | H173A200081 | 64,500 |
| Preschool Grants | 84.173A | H173A220081 | <u>214,444</u> |
| Total Special Education Cluster | | | <u>9,359,316</u> |
| Other Programs | | | |
| Pass-Through From Georgia Department of Education | | | |
| Career and Technical Education - Basic Grants to States | 84.048A | V048A220010 | 317,381 |
| Title IV, Part A Student Support and Academic Enrichment | 84.424A | S424A210011 | 2,877 |
| Title IV, Part A Student Support and Academic Enrichment | 84.424A | S424A220011 | 357,741 |
| Title III, Part A Language Instruction for English Learners | 84.365A | S365A210010 | 12,181 |
| Title III, Part A Language Instruction for English Learners | 84.365A | S365A220010 | 434,746 |
| Title III, Part A Language Instruction for Immigrant Students | 84.365A | S365A210010 | 13,317 |
| Title II, Improving Teacher Quality State Grants | 84.367A | S367A210001 | 18,788 |
| Title II, Improving Teacher Quality State Grants | 84.367A | S367A220001 | 892,037 |
| Title II, Advance Placement | 84.367A | S367A220001 | 4,200 |
| Title I, Improving the Academic Achievement of the Disadvantaged | 84.010A | S010A210010-21A | 186,334 |
| Title I, Improving the Academic Achievement of the Disadvantaged | 84.010A | S010A220010 | <u>5,531,971</u> |
| Total Other Programs | | | <u>7,771,573</u> |
| Total U. S. Department of Education | | | <u>34,564,208</u> |
| Health and Human Services, U. S. Department of | | | |
| Child Care and Development Fund Cluster | | | |
| Pass-Through From Bright From the Start | | | |
| Georgia Department of Early Care and Learning | | | |
| Child Care and Development Block Grant | 93.600 | | 518,586 |
| Pass-Through from Ninth District Opportunity, Inc.: | | | |
| Georgia Prekindergarten Transition Program | 93.575 | | <u>203,133</u> |
| Total Child Care and Development Fund Cluster | | | <u>721,719</u> |
| Total U. S. Department of Health and Human Services | | | <u>721,719</u> |
| Defense, U. S. Department of | | | |
| Direct | | | |
| Department of the Army - ROTC Program | 12.000 | | 60,203 |
| Department of the Air Force - ROTC Program | 12.000 | | 274,549 |
| Department of the Navy - ROTC Program | 12.000 | | <u>84,054</u> |
| Total U. S. Department of Defense | | | <u>418,806</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 49,353,877</u> |

CHEROKEE COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Cherokee County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Total federal revenues presented in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds differ from the total federal expenditures presented in this schedule due to federal payments received that were not associated with a specific federal program. Those differences totaled \$187,893.

¹ Includes the federally assigned value of donated commodities for the Food Donation Program in the amount of \$1,310,907.

CHEROKEE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issue:

Independent Auditor Report on Financial Statements Unmodified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiencies identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant deficiencies identified? None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.616(a)? No

Identification of major programs:

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-------------------------------------|--|
| 84.425U, 84.425W 84.027, 84.173 | Education Stabilization Fund - Elementary and Secondary Education Special Education Cluster |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,480,303

Auditee qualified as low-risk auditee? Yes

CHEROKEE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section II - Financial Statement Findings and Questioned Costs

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Status of Prior Year Findings and Questioned Costs

None reported.



Cherokee County
School District

**CHEROKEE COUNTY SCHOOL DISTRICT
DR. BRIAN V. HIGHTOWER
SUPERINTENDENT OF SCHOOLS**

SCHOOL BOARD MEMBERS

**Kyla Cromer, School Board Chair
Robert Rechsteiner, School Board Vice-Chair
John Harmon
Patsy Jordan
Dr. Susan Padgett-Harrison
Kelly Poole
Erin Ragsdale**