

**CITY OF SHERMAN
CITY COUNCIL REGULAR MEETING AGENDA
COUNCIL CHAMBERS OF THE CITY HALL
220 WEST MULBERRY STREET
SHERMAN, TEXAS
MONDAY, MARCH 7, 2022
5:00 P.M.**

- A. 1. CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN**
- A. 2. PLEDGE OF ALLEGIANCE LED BY COUNCIL MEMBER HENRY MARROQUIN**
- A. 3. INVOCATION BY COUNCIL MEMBER HENRY MARROQUIN**
- A. 4. APPROVE MINUTES OF THE REGULAR CITY COUNCIL MEETING OF FEBRUARY 21, 2022, AND CALLED BUDGET WORKSHOP OF JUNE 17, 2021 AND JUNE 18, 2021.**

Citizen Comments

- B. 1. CITIZEN COMMENTS**
During this meeting, the City Council welcomes public comment only on agenda items listed under the Open Meeting portion of the agenda, in accordance with Texas Government Code Section 551.007. For items not listed on the agenda, those matters may be discussed with City staff during regular business hours, or with the Mayor or any Council member by contacting them at times other than at City Council meetings.

Consent Agenda

- C. 1. CONSENT AGENDA**
Asterisked (*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately

Resolutions

- D. 1. RESOLUTION NO. 6852**
Authorizing Execution of a Collateral Assignment of the Master Development Agreement by RCICD Heritage Ranch LLC, for the Benefit of First United Bank and Trust Company.
- D. 2. RESOLUTION NO. 6853**
Authorizing Execution of a Professional Services Agreement with Pacheco Koch Consulting Engineers, LLC for the Flanary Road Extension Alignment Study
- D. 3. * RESOLUTION NO. 6854**
Abandoning One (1) Twenty Foot (20') Utility Easement Located in Lot 2 of Jackson Walker Addition, Instrument No. 2020-133, Plat Records, Grayson County, Texas, and Being More Particularly Described on the Exhibit "A" Attached Hereto and Made a Part Hereof for all Purposes, which Utility Easement is Established in Volume 8, Page 34 of the Plat Records of Grayson County, Texas

- D. 4. * RESOLUTION NO. 6855**
Awarding Bids to and Authorizing Execution of Contracts with Multiple Vendors for an Annual Supply of Chemicals for the Sherman Water Treatment Plant
- D. 5. * RESOLUTION NO. 6856**
Authorizing the Texas Housing Foundation to Exercise its Powers on Property Known as the Park Manor Senior Community, Located at 1725 S. FM Road 1417, Sherman, TX 75092, within the Territorial Boundaries of the City of Sherman, Texas and Authorizing a Cooperation Agreement.
- D. 6. * RESOLUTION NO. 6857**
Abandoning A Twenty Foot (20') Private Sanitary Sewer Easement Located Across Lots 1-4, Block 1, of Las Casitas to Grayson County, Texas, As Per Plat of Record in Volume 18, Page 122 and 122-A, Plat Records, Grayson County, Texas, and Being More Particularly Shown On The Exhibit "A" Attached Hereto And Made A Part Hereof For All Purposes

Requests to Advertise

- E. 1. * REQUEST TO ADVERTISE**
Martin Luther King Park Restroom Replacement Project
- E. 2. * REQUEST TO ADVERTISE**
Purchase of a Crew Cab Truck With Dump Bed for the Cemetery Department

Other Business

- F. 1. OTHER BUSINESS**
Receive Semi-Annual Report on the Sherman Cultural District
- F. 2. OTHER BUSINESS**
Accept Annual Audit Report for Year Ended September 30, 2021 from Pattillo, Brown and Hill, LLP
- F. 3. OTHER BUSINESS**
Receive an Update on the City of Sherman's Ongoing Projects
- G. COUNCIL COMMENTS**

Executive Session

- H. 1. EXECUTIVE SESSION**
In accordance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, the City Council may hold an Executive Session if the discussion of any of the items identified in this agenda, or any of the items identified below, concern one or more of the following:
- | | |
|------------------------------|---|
| Tex. Gov't Code §
551.071 | Seeking the advice of its attorney about pending or contemplated litigation, settlement offers or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. |
|------------------------------|---|

Tex. Gov't Code § 551.072	Deliberating the purchase, exchange, lease or value of real property if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.
Tex. Gov't Code § 551.073	Deliberating a negotiated contract for a prospective gift or donation to the City if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.
Tex. Gov't Code § 551.074	Deliberating the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing.
Tex. Gov't Code § 551.076	Deliberating the deployment, or specific occasions for implementation, of security personnel or devices or a security audit.
Tex. Gov't Code § 551.087	Discussing or deliberating commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay or expand in or near the City and with which the City is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. (a) Sherman Hospital Project
Tex. Gov't Code § 551.089	Deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementation of security personnel, critical infrastructure or security devices.

The Council reconvenes into General Session

I. 1. OPEN MEETING

Reconvene into Open Meeting and Consider Action, if any, on items discussed in Executive Session

J. ADJOURNMENT

COUNCIL CALENDAR

CERTIFICATION

I, the undersigned authority, do hereby certify that the above Notice of Regular Meeting of the City Council of the City of Sherman is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice on the bulletin board at City Hall of said City of Sherman, Texas, a place convenient to the public, and said notice was posted on March 3, 2022 at 4:00 p.m., and said time of posting was 72 hours before said meeting was convened or called to order.

Dated this 3rd day of March, 2022.

City of Sherman, Texas

City Clerk

The above agenda schedule represents an estimate of the order for the indicated items and is subject to change at any time.

All agenda items are subject to final action by the City Council.

An unscheduled closed executive session may be held if the discussion of any of the above agenda items concerns the purchase, exchange, lease or value of real property; the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; the deployment or use of security personnel or equipment; or requires consultations with the City Attorney.

At the discretion of the City Council, non-agenda items under the headings of "Citizens Requests", "Media Questions", and "Council Concerns" may be presented to the Council for informational purposes; however, by law, the Council shall not discuss, deliberate, or vote upon such matters except that a statement of specific factual information, a recitation of existing policy, and deliberations concerning the placing of the subject on a subsequent agenda may take place.

The City Attorney has approved the Executive Session items on this agenda.

PERSONS WITH DISABILITIES, WHO PLAN TO ATTEND THIS MEETING AND WHO MAY NEED ASSISTANCE, ARE REQUESTED TO CONTACT LINDA ASHBY AT (903) 892-7204, TWO (2) WORKING DAYS PRIOR TO THE MEETING SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.

Mayor

David Plyler

Deputy Mayor

Pamela L. Howeth

Council Members

Henry Marroquin, Council-At-Large, PL #1

Juston Dobbs, Council-At-Large, PL #2

Shawn C. Teamann, Council – District #1

Josh Stevenson, Council – District #2

Pamela L. Howeth, Council – District #3

Daron Holland, Council – District #4



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

A. 4.

Meeting Date: 03/07/2022

Approved By: Robby Hefton, City Manager

Caption:

APPROVE MINUTES OF THE REGULAR CITY COUNCIL MEETING OF FEBRUARY 21, 2022, AND CALLED BUDGET WORKSHOP OF JUNE 17, 2021 AND JUNE 18, 2021.

Attachments

February 21, 2022

June 17, 2021 - Called Budget Work Session

June 18, 2021 - Called Budget Work Session

Budget Planning Meeting

Water Treatment Plant Facilities

Conventional and UF-RO Water Flow

STATE OF TEXAS §
 February 21, 2022
COUNTY OF GRAYSON §

BE IT REMEMBERED THAT A Regular Meeting of the City Council of the City of Sherman, Grayson County, Texas was begun and held in the Council Chambers of City Hall on February 21, 2022.

MEMBERS PRESENT: MAYOR DAVID PLYLER; DEPUTY MAYOR PAM HOWETH.
 COUNCIL MEMBERS HOLLAND, MARROQUIN, STEVENSON,
 TEAMANN.

MEMBERS ABSENT: COUNCIL MEMBER DOBBS.

CALL TO ORDER

Mayor Plyler called the meeting to order at 5:00 p.m. The Pledge of Allegiance and Invocation were led by Deputy Mayor Pam Howeth.

CALL TO ORDER

APPROVE MINUTES

The Council reviewed the Minutes of the Regular City Council Meeting of February 7, 2022, and the Called City Council Meeting of February 9, 2022. Deputy Mayor Howeth moved to approve the Minutes, as presented; Second by Council Member Teamann; All present voted AYE.
MOTION CARRIED.

APPROVE MINUTES

CITIZEN'S COMMENTS

There were no citizen's comments.

CITIZEN'S COMMENTS

CONSENT AGENDA

Asterisked (*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately.

CONSENT AGENDA

The Council reviewed the Consent Agenda. Council Member Stevenson moved to approve the Consent Agenda, as presented. Second by Council Member Teamann. All present voted AYE.

Mayor Plyler introduced Ordinance No. 6459 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING THE CODE OF ORDINANCES, CITY OF SHERMAN, TEXAS, AT CHAPTER 13 (UTILITIES), ARTICLE 13.07 (WATER, SEWERS AND SEWAGE DISPOSAL), DIVISION 3 (SEWERS AND SEWAGE DISPOSAL) AND DIVISION 6 (FATS, OIL, GREASE AND SEDIMENT CONTROL); MODIFYING REGULATIONS GOVERNING THE CITY'S FATS, OIL, GREASE AND SEDIMENT CONTROL PROGRAM; PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES; PROVIDING A REPEALING CLAUSE, A SEVERABILITY CLAUSE AND A PENALTY CLAUSE.

ORD 6459
FATS, OILS,
GREASE &
SEDIMENT CONTROL

Terrence Steele, Assistant City Manager, said the Wastewater Treatment Department is recommending an amendment to this ordinance, which was originally adopted in 2008. The amendment would apply to food trucks and small businesses, that don't require

large, in-ground grease traps. Also, as an establishment changes their menu, it would still give them the option to require larger grease traps, if necessary.

He said it is expected that this amendment would help small businesses that would be locating in downtown Sherman, without having to install cumbersome grease traps.

No citizens appeared before the City Council to discuss Ordinance No. 6459.

The Public Hearing was closed.

ADOPTION OF ORDINANCES

Ordinance 6459

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING THE CODE OF ORDINANCES, CITY OF SHERMAN, TEXAS, AT CHAPTER 13 (UTILITIES), ARTICLE 13.07 (WATER, SEWERS AND SEWAGE DISPOSAL), DIVISION 3 (SEWERS AND SEWAGE DISPOSAL) AND DIVISION 6 (FATS, OIL, GREASE AND SEDIMENT CONTROL); MODIFYING REGULATIONS GOVERNING THE CITY'S FATS, OIL, GREASE AND SEDIMENT CONTROL PROGRAM; PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES; PROVIDING A REPEALING CLAUSE, A SEVERABILITY CLAUSE AND A PENALTY CLAUSE.

ORD 6459
FATS, OILS,
GREASE &
SEDIMENT CONTROL

Council Member Teamann asked if smaller users that could use an under-sink grease trap, were previously allowed to ask for an exception. Nathan Whiddon, Wastewater Superintendent, confirmed that they were allowed to request an exception.

Deputy Mayor Howeth said she liked the idea of helping small businesses, but she asked how the staff would know if they changed their menu to where they would need a larger grease trap.

Mr. Whiddon said they would need to pull a building permit to expand the plumbing or do a retrofit to the facility.

Council Member Marroquin asked about the minimum capacity required for a grease trap. Mr. Whiddon said the ordinance establishes requirements for a mechanical device, if they have a small business, with a limited space, and a number of fixtures connected to the device, and it doesn't exceed the design. They are trying to accommodate unusual circumstances.

ACTION TAKEN.

Motion by Council Member Stevenson to adopt Ordinance No. 6459, as presented. Second by Council Member Teamann.

VOTING AYE: Holland, Howeth, Marroquin, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

RESOLUTION NO. 6848 – AUTHORIZING EXECUTION OF A CONSENT TO THE ASSIGNMENT OF THE MASTER DEVELOPMENT AGREEMENT BETWEEN THE CITY OF SHERMAN AND TPJ PROPERTIES, LTD., FOR THE CONSTRUCTION OF PUBLIC

RES 6848
HERITAGE RANCH
CONSENT TO
ASSIGNMENT OF

FACILITIES IN THE RESIDENTIAL PORTION OF THE MIXED-USE PLANNED DEVELOPMENT KNOWN AS HERITAGE RANCH, BEING AN APPROXIMATE 174-ACRE RESIDENTIAL DEVELOPMENT ALONG U.S. HWY 82 AND BETWEEN F.M. 1417 (HERITAGE PARKWAY) AND TRAVIS STREET IN THE CITY OF SHERMAN, TEXAS; IDENTIFYING THE PERMITTED ASSIGNEE AS RCICD HERITAGE RANCH, LLC

THE MASTER
DEVELOPMENT
AGREEMENT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A CONSENT TO THE ASSIGNMENT OF THE MASTER DEVELOPMENT AGREEMENT BETWEEN THE CITY OF SHERMAN AND TPJ PROPERTIES, LTD., FOR THE CONSTRUCTION OF PUBLIC FACILITIES IN THE RESIDENTIAL PORTION OF THE MIXED-USE PLANNED DEVELOPMENT KNOWN AS HERITAGE RANCH, BEING AN APPROXIMATE 174-ACRE RESIDENTIAL DEVELOPMENT ALONG U.S. HWY 82 AND BETWEEN F.M. 1417 (HERITAGE PARKWAY) AND TRAVIS STREET IN THE CITY OF SHERMAN, TEXAS; IDENTIFYING THE PERMITTED ASSIGNEE AS RCICD HERITAGE RANCH, LLC.

Robby Hefton, City Manager, said in the summer of 2021, the Council approved a Master Development Agreement with TPJ, which is the developer that is developing the residential portion of this Planned Development.

Since that time, they have brought on additional partners, and changed the legal structure of the project. The Master Development Agreement requires that the developer have City Council approval to assign this contract to anyone else.

Neither the plan nor timing have changed, but this is an administrative function to recognize the change in ownership structure and developers. They are asking for the City's consent to assign this agreement to this new company.

Ryan Johnson, representing TPJ Properties, is in attendance at the meeting to answer any questions the Council might have.

ACTION TAKEN.

Motion by Council Member Stevenson to approve Resolution No. 6848, as presented. Second by Deputy Mayor Howeth.

VOTING AYE: Holland, Howeth, Marroquin, Stevenson.

VOTING NAY: None.

ABSTAIN: Teamann.

MOTION CARRIED.

RESOLUTION NO. 6849 – AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH COBB, FENDLEY & ASSOCIATES, INC. FOR THE SOUTH FRIENDSHIP ROAD AND PLEASANT HOME ROAD ALIGNMENT STUDIES

RES 6849
FRIENDSHIP RD
& PLEASANT HOME
RD ALIGNMENT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH COBB, FENDLEY & ASSOCIATES, INC. FOR THE SOUTH FRIENDSHIP ROAD AND PLEASANT HOME ROAD ALIGNMENT STUDIES.

COUNCIL MINUTES – FEBRUARY 21, 2022

Wayne Lee, Director of Engineering, said the staff is proposing to hire an engineering firm to set the alignment for the continuation of Friendship Road, from Hwy 56 to O.B. Groner Road, and Pleasant Home Road, from Riddles Road to the intersection of Park Avenue and FM 1417.

There has been a lot of development in the area, and the right-of-way needs to be established, and dedicated by plat. Cost is estimated to be \$573,705, and will be funded by Street Bond Funds.

ACTION TAKEN.

Motion by Council Member Teamann to approve Resolution No.

6849, as presented. Second by Council Member Stevenson.

VOTING AYE: Holland, Howeth, Marroquin, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

RESOLUTION NO. 6850 – AUTHORIZING THE PURCHASE OF TWO NEW DODGE RAM 2500 PICK UP TRUCKS FROM SILSBEE FORD THROUGH TIPS FOR THE PARKS MAINTENANCE DEPARTMENT
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE PURCHASE OF TWO NEW DODGE RAM 2500 PICK UP TRUCKS FROM SILSBEE FORD THROUGH TIPS FOR THE PARKS MAINTENANCE DEPARTMENT.
CONSENT AGENDA,

**RES 6850
VEHICLE PURCHASE**

RESOLUTION NO. 6851 – REPEALING AND REPLACING RESOLUTION NO. 6777; ESTABLISHING SALARY STRUCTURES AND INCENTIVE/CERTIFICATION PAY SCHEDULES FOR FIREFIGHTERS AND POLICE OFFICERS; ESTABLISHING SPECIAL LONGEVITY PAY SCHEDULES FOR NEWLY HIRED FIREFIGHTERS AND POLICE OFFICERS; PROVIDING FOR AN EFFECTIVE DATE
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, REPEALING AND REPLACING RESOLUTION NO. 6777; ESTABLISHING SALARY STRUCTURES AND INCENTIVE/CERTIFICATION PAY SCHEDULES FOR FIREFIGHTERS AND POLICE OFFICERS; ESTABLISHING SPECIAL LONGEVITY PAY SCHEDULES FOR NEWLY HIRED FIREFIGHTERS AND POLICE OFFICERS; PROVIDING FOR AN EFFECTIVE DATE.
CONSENT AGENDA.

**RES 6851
POLICE & FIRE
PAY SCHEDULES**

REQUEST TO ADVERTISE DESIGN & CONSTRUCTION OF BASKETBALL, TENNIS, AND PICKLEBALL COURT IMPROVEMENTS AT FAIRVIEW PARK
The City Council approved the request to advertise for the design and construction of basketball, tennis, and pickleball court improvements at Fairview Park.

**REQ TO ADVERTISE
DESIGN &
CONSTRUCTION OF
FAIRVIEW PARK
COURT
IMPROVEMENTS**

The Council previously approved the 2017 Parks Master Plan, which called for the expansion of current park infrastructure necessary to address the increased growth and usage at Fairview Park. Funding for the improvements was included in the FY 2021-2022 Budget, as part of the Capital Improvement Program.
CONSENT AGENDA.

WATER TREATMENT PLANT EMERGENCY GENERATOR

The City Council approved the request to advertise for a Water Treatment Plant emergency generator. The generator is in response to the February 2021 power outage at the Plant. Council approved a request to install an emergency backup generator in case of a future power outage.

The project is estimated to cost approximately \$1.4 million, and funding will be available in the 2022 GTUA Open Market Budget.
CONSENT AGENDA.

WATER TREATMENT
PLANT EMERGENCY
GENERATOR

SYCAMORE TO EVERGREEN SANITARY SEWER REPLACEMENT PROJECT

The City Council approved the request to advertise for the Sycamore to Evergreen Sanitary Sewer Replacement Project. The project is part of the 2022 Capital Improvement Program Budget, and will replace approximately 320 feet of existing undersized sewer lines.

The project is estimated to cost approximately \$125,000, and funding is available in the 2021 GTUA Open Market Budget.
CONSENT AGENDA.

SANITARY SEWER
REPLACEMENT

OTHER BUSINESS

APPOINT DIRECTOR OF FINANCE MARY LAWRENCE TO THE SHERMAN HOSPITAL BOARD

Mr. Hefton said this appointment needs to happen for the project to move forward. They need to establish the Board of Directors, and one of their recommendations is that there be at least one City representative on the board.

The staff believes Ms. Lawrence would represent the City well and has a great background in finance and accounting, and knows the right questions to ask.

ACTION TAKEN.

Motion by Council Member Stevenson to appoint Mary Lawrence to the Sherman Hospital Board, as presented.
Second by Council Member Holland.

VOTING AYE: Holland, Howeth, Marroquin, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

SHERMAN HOSPITAL
BOARD

DETERMINATION OF HICKORY HILL PLANNED DEVELOPMENT FOR LESS THAN 200 ACRES

Rob Rae, Director of Development Services, said the Council adopted the Planned Development Ordinance in March 2019. In the ordinance it states that anything under 200 acres must be approved by the City Council, prior to submitting the application.

A developer has said they want to develop at the corner of Lamberth Road and Friendship Road, and want to apply as a Planned Development, however it only encompasses 154 acres. They have submitted a potential conceptual plan, and have met with the staff numerous times.

HICKORY HILL
PLANNED
DEVELOPMENT

Mr. Hefton said this is along the new alignment of Lamberth Road as it would trail off to the west, and referenced the new alignment of Friendship Road.

When initiated, the Planned Development Ordinance was supposed to include more than just single-family homes, and should have additional elements. These additional elements should either be in quality, amenities, size, or mixed use. The staff feels this project incorporates those ideas.

He said, the only action tonight would allow them to take the next step, and is not approving the Planned Development or giving them the authority to do anything other than submit an application. The application would then be reviewed by Halff Associates, which is the City's consultant.

The project would be a proposed mixed use of single-family housing, higher density single-family housing, commercial, and elements incorporating Site 8A flood control structure. There are parks around two other flood control structure sites, Dean Gilbert Lake at Pecan Grove West, and Pickens Lake at Herman Baker Park.

The idea is to incorporate the detention structure into a park structure that would have greenspace, open space, trails, and connectivity to other parks.

Mr. Hefton added that, if the property was under 100 acres, it would not be considered for a Planned Development, even with Council approval.

Taylor Blanchard, Linesight Development, was available to answer any questions the Council might have.

Council Member Stevenson asked for additional information about the development.

Mr. Blanchard said the development is at the intersection of two major thoroughfares in Sherman's Extraterritorial Jurisdiction, with no declaration of future land use.

Their original intent was to ask for the Planned Development to provide a mix of uses for this area. They felt it would be best to provide a mix of single-family patio homes and R-1 zoning, and to connect with trails and parks. He said they were excited to build high quality homes and offer connectivity to parks and trails, for that part of town.

Council Member Teamann said it looked like the different elements would be separated in different areas, and he asked why they decided to request a Planned Development instead of requesting different zoning for the different properties.

Mr. Blanchard said they wanted to ensure consistency and tie together all the elements, since they will all be connected. They thought it was a great opportunity to partner with the City and work

COUNCIL MINUTES – FEBRUARY 21, 2022

together to see what each party would like, and not segment one quadrant to breakout.

Council Member Teamann said that was good for the City because they have more input on what the final product looks like.

Mr. Blanchard said the City maintains the flood control lake and they saw the opportunity to make an amenity out of that and provide a public park facility. The commercial areas will make use of the City's minor arterial roads.

Deputy Mayor Howeth asked what the negative would be to allowing this as a Planned Development. Mr. Rae said he didn't think there would be a negative. He said if it was all one use, it would make sense to do it with one zone change, but with the diversity, this will be easier on the developer to create what they want. There will be a little more staff time required with the application process and review, but the fees will pay for that.

Council Member Teamann felt it would be good because the City would have more input on the overall product.

ACTION TAKEN.

Motion by Council Member Stevenson to authorize representatives of Hickory Hill Planned Development to move forward with their application for a Planned Development, as presented. Second by Council Member Holland.

VOTING AYE: Holland, Howeth, Marroquin, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

DISCUSS AND CONSIDER APPROVAL OF THE BUDGET CALENDAR FOR FISCAL YEAR (FY) 2022-2023

BUDGET CALENDAR

Mr. Hefton presented the proposed Budget Calendar for the FY 2022-2023 meetings. The three key meetings are proposed for:

- Budget Planning Meeting with City Council and Financial Update for April 22, 2022
- Capital Improvement Program Work Session for May 26, 2022
- Budget Workshop for June 16-17, 2022

Deputy Mayor Howeth will be unable to attend the April 22 meeting so it will be moved to April 19, 2022. Everyone was okay with the other proposed meeting dates.

ACTION TAKEN.

Motion by Deputy Mayor Howeth to change the date of the Budget Planning Meeting and Financial Update to April 19, 2022, and to approve the other proposed dates for the Budget Calendar for FY 2022-2023. Second by Council Member Teamann.

VOTING AYE: Holland, Howeth, Marroquin, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

**APPOINT/REMOVE OR CONSIDER QUALIFICATIONS TO BOARDS
AND COMMISSIONS**
LIBRARY BOARD (4)

LIBRARY BOARD

ACTION TAKEN.

Motion by Deputy Mayor Howeth to reappoint Laurie Mealy, to the Library Board, for a term from January 19, 2022 to January 19, 2025, and to reappoint Donna Nesbit, for a term from February 5, 2022 to February 5, 2025. Second by Council Member Holland.

VOTING AYE: Holland, Howeth, Marroquin, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

Deputy Mayor Howeth also encourage other citizens to apply for the vacancies on the Library Board.

COUNCIL COMMENTS

CONGRATULATIONS TO STAFF MEMBER

**CONGRATULATIONS
TO STAFF MEMBER**

Council Member Marroquin congratulated Tasheena Taylor, Administrative Assistant, on reading the ordinance and resolution captions tonight, saying she did a great job.

ANNOUNCEMENTS

ANNOUNCEMENTS

Mayor Plyler announced the following:

- The City of Sherman will hold a job fair on February 26, 2022, from 10:00 a.m. until 2:00 p.m., at City Hall.
- Coffee with the Mayor will be held on March 4, 2022, at 8:00 a.m., at the Salvation Army of Grayson County. The event will feature the latest drone update on City projects.
- The Annual St. Patrick's Day Parade will be held on March 12, 2022, at 11:00 a.m. in Downtown Sherman.

**EXECUTIVE SESSION – IN ACCORDANCE WITH CHAPTER 551,
GOVT. CODE, V.T.C.S., (OPEN MEETINGS LAW)**

EXECUTIVE SESSION

THE CITY COUNCIL WILL NOW HOLD AN EXECUTIVE SESSION PURSUANT TO THE PROVISIONS OF THE OPEN MEETINGS LAW, CHAPTER 551, GOVERNMENT CODE, VERNONS TEXAS CODES ANNOTATED, IN ACCORDANCE WITH THE AUTHORITY CONTAINED IN THE FOLLOWING SECTIONS.

TEX. GOV'T CODE § 551.071 --

SEEKING THE ADVICE OF ITS ATTORNEY ABOUT PENDING OR CONTEMPLATED LITIGATION, SETTLEMENT OFFERS OR ANY MATTER IN WHICH THE DUTY OF THE ATTORNEY TO THE CITY COUNCIL UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT OF THE STATE BAR OF TEXAS CLEARLY CONFLICTS WITH THE TEXAS OPEN MEETINGS ACT

TEX. GOV'T CODE § 551.072 --

DELIBERATING THE PURCHASE, EXCHANGE, LEASE OR VALUE OF REAL PROPERTY IF DELIBERATION IN AN OPEN MEETING WOULD HAVE A DETRIMENTAL EFFECT ON THE POSITION OF THE CITY IN NEGOTIATIONS WITH A THIRD PERSON

TEX. GOV'T CODE § 551.073 --

DELIBERATING A NEGOTIATED CONTRACT FOR A PROSPECTIVE GIFT OR DONATION TO THE CITY IF DELIBERATION IN AN OPEN MEETING WOULD HAVE A DETRIMENTAL EFFECT ON THE POSITION OF THE CITY IN NEGOTIATIONS WITH A THIRD PERSON

TEX. GOV'T CODE § 551.074 --

DELIBERATING THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE OR DISMISSAL OF A PUBLIC OFFICER OR EMPLOYEE; OR TO HEAR A COMPLAINT OR CHARGE AGAINST AN OFFICER OR EMPLOYEE UNLESS THE OFFICER OR EMPLOYEE WHO IS THE SUBJECT OF THE DELIBERATION OR HEARING REQUESTS A PUBLIC HEARING

- (a) Planning and Zoning Commission (1)
- (b) Discussion of the duties of the City Manager

TEX. GOV'T CODE § 551.076 --

DELIBERATING THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION, OF SECURITY PERSONNEL OR DEVICES OR A SECURITY AUDIT

TEX. GOV'T CODE § 551.087 --

DISCUSSING OR DELIBERATING COMMERCIAL OR FINANCIAL INFORMATION THAT THE CITY HAS RECEIVED FROM A BUSINESS PROSPECT THAT THE CITY SEEKS TO HAVE LOCATE, STAY OR EXPAND IN OR NEAR THE CITY AND WITH WHICH THE CITY IS CONDUCTING ECONOMIC DEVELOPMENT NEGOTIATIONS; OR DELIBERATING THE OFFER OF A FINANCIAL OR OTHER INCENTIVE TO A BUSINESS PROSPECT

- (a) Project Boston
- (b) Sherman Hospital Project

TEX. GOV'T CODE § 551.089 --

DELIBERATING SECURITY ASSESSMENTS OR DEPLOYMENTS RELATING TO INFORMATION RESOURCES TECHNOLOGY, NETWORK SECURITY INFORMATION, OR THE DEPLOYMENT OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL, CRITICAL INFRASTRUCTURE OR SECURITY DEVICES

On Motion duly made and carried, the Open Meeting recessed and reconvened in Executive Session at 5:29 p.m.

On Motion duly made and carried, the Executive Session recessed at 6:28 p.m. and reconvened in Open Meeting.

OPEN MEETING

Reconvene into Open Meeting and take action, if any, on items discussed in Executive Session.

OPEN MEETING

APPOINT/REMOVE OR CONSIDER QUALIFICATIONS TO BOARDS AND COMMISSIONS

PLANNING AND ZONING COMMISSION (1)

ACTION TAKEN.

Motion by Council Member Stevenson to reappoint Paul Manley, to the Planning and Zoning Commission, for a term from

PLANNING &
ZONING COMMISSION

COUNCIL MINUTES – FEBRUARY 21, 2022

December 18, 2021 to December 18, 2024. Second by Council Member Holland.

VOTING AYE: Holland, Howeth, Marroquin, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

PROJECT BOSTON

PROJECT BOSTON

ACTION TAKEN.

Motion by Council Member Teamann to authorize the City Manager to negotiate an incentive agreement with Project Boston. Second by Council Member Stevenson.

VOTING AYE: Holland, Howeth, Marroquin, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

ADJOURNMENT

ADJOURNMENT

On Motion duly made and carried, the meeting adjourned at 6:29 p.m.

MAYOR

CITY CLERK

§

June 17, 2021

§

BE IT REMEMBERED THAT A Called Meeting of the City Council of the City of Sherman, Grayson County, Texas was begun and held in the Council Chambers of City Hall, 220 West Mulberry Street, Sherman, Texas, on June 17, 2021.

MEMBERS PRESENT: Mayor David Plyler; Deputy Mayor Daron Holland.
Council Members Howeth, Melton, Steele, Stevenson, Teamann.

MEMBERS ABSENT: None.

STAFF PRESENT: Robby Hefton, City Manager; Terrence Steele, Assistant City Manager; Clint Philpott, Assistant City Manager; Ryan Pittman, Attorney; Abernathy, Roeder, Boyd, Hullett; Wayne Lee, Director of Engineering; Rob Rae, Director of Development Services; Danny Jones, Fire Chief; Leah Campbell, Human Resources/OD Administrator; Cathy Perkins, Human Resources Manager; Zach Flores, Police Chief; Bruce Dawsey, Assistant Police Chief; Jason Jeffcoat, Assistant Police Chief; Chris Olson, Assistant Fire Chief; Tom Pruitt, Utility Engineer; Mary Lawrence, Director of Finance; Nathan Whiddon, Wastewater Superintendent; Kevin Winkler, Public Works Manager; Eric Sandberg, Assistant Public Works Manager; Theresa Hutchinson, Parks and Recreation Manager; Karen Wolff, Administrative Secretary; Jim Cross, Water Systems Manager; Nate Strauch, Community and Support Services Manager; Shawn Hackworth, IT Manager; Sean Hemperley, Parks and Cemetery Maintenance Superintendent; Melissa Eason, Library Services Manager; Mike Grant, Facilities Superintendent; Sarah McRae, Tourism/Main Street Manager; Junior Jaimes, Computer Support Technician; Teri Fine, Assistant to the City Manager; and Linda Ashby, City Clerk.

PURPOSE: CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

PLEDGE OF ALLEGIANCE LED BY DEPUTY MAYOR DARON HOLLAND

INVOCATION BY DEPUTY MAYOR DARON HOLLAND

CITIZEN COMMENTS

2021-2022 BUDGET REVIEW

TOUR OF THE WATER TREATMENT PLANT AND THE WASTEWATER TREATMENT PLANT

EXECUTIVE SESSION

In Accordance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, the City Council may hold an Executive Session if the discussion of any of the items identified in this agenda, or any of the items identified below, concern one or more of the following:

COUNCIL MINUTES – JUNE 17, 2021

TEX. GOV'T CODE § 551.071 --

Seeking the advice of its attorney about pending or contemplated litigation, settlement offers or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

TEX. GOV'T CODE § 551.072 --

Deliberating the purchase, exchange, lease or value of real property if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

TEX. GOV'T CODE § 551.073 –

Deliberating a negotiated contract for a prospective gift or donation to the City if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

TEX. GOV'T CODE § 551.074 –

Deliberating the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing

TEX. GOV'T CODE § 551.076 –

Deliberating the deployment, or specific occasions for implementation, of security personnel or devices or a security audit

TEX. GOV'T CODE § 551.087 –

Discussing or deliberating commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay or expand in or near the City and with which the City is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect

TEX. GOV'T CODE § 551.089 –

Deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementation of security personnel, critical infrastructure or security devices

OPEN MEETING

ADJOURNMENT

CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

Mayor Plyler called the meeting to order at 8:14 a.m., declared a quorum present, and opened the meeting.

PLEDGE OF ALLEGIANCE AND INVOCATION BY DEPUTY MAYOR DARON HOLLAND

COUNCIL MINUTES – JUNE 17, 2021

CITIZEN COMMENTS

There were no citizen's comments.

2021-2022 BUDGET REVIEW

Opening Comments/FY 2021 Work Plan Updates

Robby Hefton, City Manager, said the City started “planting” for the future about nine years ago. They looked at what seemed to be on the horizon and started working to plan for the growth that would be coming in the future. He said it was also for sustainability and to engage all sorts of development. They also focused on foundational things that make a City “livable” and prosperous, such as cleaning up the City, infrastructure expansions, parks, entertainment, and health and safety.

From a financial standpoint, Mr. Hefton said the City has seen prosperity in sales tax, property tax, utility revenues, solid waste revenues, and a lower cost for group health for the employees. In fact, the group health plan is costing slightly less in 2022 than it did in 2011. There has also been uncommon growth on single-family and multi-family residential permits, which are at an all time high. Commercial and retail development is good and there have been multiple medical facility improvement discussions.

Since 2015, Sherman has seen sales tax increase by \$6.7 million annually and property tax increase by \$4.3 million annually for a total of \$11 million in the General Fund. This doesn't include increased value, this is just from growth, from new value coming on the rolls, and new spending on the sales tax. Without that growth, there would be \$11 million out of the General Fund that wouldn't be there. Mr. Hefton said this growth is for sustainability's sake.

He discussed efficiencies that were used to help determine the FY 2022 Budget. As for operations and employees, these include a reduction in staff, when possible, phasing-in new positions, and overtime management. Many of the new positions that are being proposed in the Budget are not coming at the beginning of the fiscal year, but in the middle of the fiscal year, or when they are actually needed.

As for funding, efficiencies include using non-local money to pay for City services and projects. These include developer investments, Texoma Area Solid Waste Authority distributions, Tax Increment Reinvestment Zones, State grants, and Federal money, when available. This leverages City money with other entities' money.

Mr. Hefton said the City Council has indicated that principals for the FY 2022 Budget should be to balance and take care of what the City has, as well as manage and plan for growth, set rates at appropriate levels, use reserve funds to smooth revenue or expense swings, and to keep reserve levels between 60 and 90 days in the operating funds.

The proposed budget does include across-the-board employee raises totaling 4%, in two installments. He did say the most recent inflation rate for the Dallas/Ft. Worth area is 6.3%, and said they would discuss that issue more at tomorrow's meeting. The City continues to make HSA contributions for employees, and do market adjustments for various positions, based on peer studies. There are some additional staff requests that will be discussed tomorrow.

Mr. Hefton said the City is also taking care of facilities and parks that are already in use. He also addressed items that will be proposed to assist with operations, such as an enhanced street materials budget, continued support for Environmental Code, fleet replacement, and building back the Utility reserves.

COUNCIL MINUTES – JUNE 17, 2021

He also said the staff is planning for what's coming in 2022. The Water and Wastewater Master Plans are an 18 to 24-month process, and will continue into FY 2022. There will also be a presentation tomorrow on the Comprehensive Master Plan. Another presentation tomorrow will include the Utility Rate Study and a plan for implementation, as well as the results of the Downtown Sewer Study. Besides the sewer study, there are other needs for the downtown area.

This budget presentation will also include discussion about the new Police Headquarters and future Fire Department locations. He said one focus for the next year will be on operations and the front-end personnel in the Engineering and Development Services Departments.

From a financial standpoint, it appears that the City will have a \$360 million increase in the tax base, both from existing values and new property added. Essentially all additional \$1.8 million property tax revenues will go towards debt service. He said the City is able to do what they said they would do, which was to issue bonds, but not increase the tax rate to pay for them. Sales tax revenues are strong, but very hard to predict. He said some months are up and some are down.

There has been a revenue increase for growth in usage in the Utility Fund. The Utility Rate Study has been done and the Council will consider adopting the recommended rates from the study. Mr. Hefton said TASWA does plan to make another distribution, but the amounts have not been determined yet. They did have another good year. They are doing some engineering on certain aspects that could extend the facility's life. The study will be \$1.5 million, which they will pay for with reserves. He said, at current volumes, there is about 30 to 35 years left in the landfill. The study could potentially double the life of the landfill.

They showed the FY 2021 Work Plan Update, which was discussed at a previous Budget Planning Meeting. He addressed the Council's direction on the current fiscal year budget. He said the staff has made "great progress," but there were a couple of setbacks on fleet, especially concerning trash trucks. But he did say there "was a plan" that was underway.

Flyover/CIP/Projects Update/Project History

Clint Philpott, Assistant City Manager, and Nate Strauch, Community and Support Services Manager, presented flyovers and descriptions of various City projects. These projects include:

Water Treatment Plant	South Travis Bridge
Texoma Parkway at FM 691	Steeple Chase
Southside Sewer	Moore Street
Northwest Sewer	Park Street
Legacy Water Line	Washington Meadows
Bel-Air	Quail Run
Heritage Ranch	The Preserve
Shepherd's Place	FM 1417
McGee Street Extension	US 75

City Council Members took a break from 9:26 a.m. to 9:44 a.m.

Mr. Philpott discussed some of the CIP projects and updated the City Council. During the Capital Improvement Workshop, the presentation covered major projects over the next five years, while these projects are things that will be "touched" this year. They will either be funded during the current budget year or in FY 2022.

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There are four projects for the Water Treatment Plant that will be considered this year. These are:

- Backwash Tank Rehabilitation Design, \$250,000 – Similar to all other water tank rehabilitation and includes sandblasting, repainting, and upgrade to new safety standards
- Start developing scope to replace EDR with RO (2022), \$50,000 -- To determine what needs to be done; Design (2023), \$400,000 – To actually replace the EDR, to remove dissolved solids from the water stream
- Refurbish Flocculation/Sedimentation Basin Design, \$250,000 – This removes the larger things from the water
- Implement AWIA Assessments (Security Upgrades), \$200,000 – These are safety/security upgrades for the entire system, required by the EPA and the Federal government

Mr. Philpott said there is also a project to construct backup generators at both the Water Treatment Plant and the Texoma Pump Station. There will be a lot of coordination required for this project, including electrical work from North Texas, and easements from the Corp of Engineers. He stressed the importance of keeping the system running to continue feeding water from Lake Texoma into the system, during a power outage.

There are four projects for the Wastewater Treatment Plant including:

- Construction and expansion of the Operations and Maintenance Building, \$1,258,637 – the laboratory, restrooms, and offices are being remodeled
- Main Switchgear and Emergency Backup Generator Design, \$500,000 – Because of the electrical nature of these two projects they are interrelated and were combined. There are also currently two power sources at the plant
- Headworks Pump Replacement, \$145,000 – One of the pumps needs to be replaced. It was reconstructed in 2017, but parts are becoming hard to get. It will be replaced with the newer pumps, and parts from the old pump will be “scabbed off” and used as needed for replacement parts
- Vulnerability Assessment, Phase 1 (Security Upgrades), Assess (2021), \$67,194 – Implement (2022), \$100,000

Another project is the rehabilitation of the 5 million-gallon Ida Road Ground Storage Tank. He said, generally, the City needs to rehabilitate one groundwater tank each year. It has been about 20 years since this tank was painted, and it needs to be sandblasted and repainted.

He also listed additional projects, such as the 12” Water Line Replacement along Texoma, the South Side Sewer Line Replacement, and the Street Bank Stabilization on Nantucket Street. The bank stabilization project is downstream from the Heritage Ranch Development, and during the project if lines will need to be replaced, they can also be upsized to allow more downstream capacity. Council Member Melton expressed concern about the erosion along this creek.

Additional projects include the Northwest Sewer; the Bel-Air Boulevard and Legacy Water Line, done in three phases, and with some Federal money; and Heritage Ranch Lift Station.

The Marilee Water Line is an 18” water line to provide surface water to Marilee Special Utility District and to the City on Shepherd and Farmington Road. He said once the brine issue is approved through Texoma Commission on Environmental Quality, there will be a lot of discussion with the Greater Texoma Utility Authority, and areas to the south, about how to be the regional water supplier, and using their rights from Lake Texoma. He said any project that requires the supply of regional water, will be funded through those sources. Sherman citizens won’t be paying for water for these other entities.

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The Shepherd Utilities project will be a new 24" gravity sewer line to collect areas south of Shepherd Drive. Mr. Hefton said, in the early 1990's when MEMC was constructing that plant, they put in all the water and sewer infrastructure, including the water tank. They paid for the construction and the City paid them back through reduced rates on their water bills. They had planned on a phase two and three, so they put the infrastructure in as if they would be fully built out. That's why there is so much capacity there. The plan is to design the line, but not start construction until needed.

Mr. Philpott said the Water Master Plan is on schedule and they are converting the City GIS and water model into InfoWater Works, which is a different computer software. They have also determined the locations for the pressure sensors to help calibrate the model and run the calculations on peak developments and demands. They're still looking at the population projections for the plan.

In April 2021, they installed flow monitors at strategic locations in manholes, within each of the wastewater basins for the Wastewater Master Plan. These flow monitors measure rain data, and it has been very rainy recently, so they have collected some good data. This will give good numbers on peak demand during rain events and without rain events. They're starting to review the GIS network, but on this one they need to build the model. For the water system, they already had the model, they were just updating and calibrating it.

Mr. Philpott said there is currently no final report on the Downtown Sewer Study. First they performed a smoke test and that helped determine the areas where they need to video the lines to determine the condition of the lines. The rain did cause delays in the project, but the City should have the results next month. He felt there would be some downtown projects resulting from the report, both private and public.

Mr. Philpott addressed street projects. He said, with all the development going on, the City should probably begin acquiring right-of-way and do a final design for the Lamberth Road Extension from Shady Oaks Lane to the future Friendship Road. Both water and sewer are located close by. The design is proposed for FY 2022, which will make it a "shovel-ready" project. The plan is also to extend a waterline which will "loop" a current dead-end line. He said construction wouldn't start until developers move forward.

The McGee Street Extension project is in two phases, and the City is reimbursing the developer for the project. However, the City can only reimburse them for up to 30% of their infrastructure project. He said Phase 1 of the project doesn't cover all the expenses of McGee Street. Once Phase 1 is complete, the City will reimburse them up to 30%, and once they do Phase 2, the City will reimburse them the remainder of the amount. This residential development is one of the few that doesn't have minimum lot sizes, therefore it will have larger lots for larger homes.

Council Member Steele asked what the plan was for Little Lane. He said the City is constructing a "pretty nice road." Mr. Philpot said it is a right-of-way issue, that would probably need to go to condemnation. He said it would probably cost between \$500,000 and \$600,000 for the right-of-way alone. He said Little Lane is adjacent to a private subdivision, so right-of-way was dedicated.

Mr. Philpott said the South Travis Street Bridge includes the replacement of one box culvert with four new ones, and the relocation of a sewer line. During the project, the sewer line collapsed. There will be a change order for City crews to complete an emergency repair of that sewer line. He didn't think the repair would take very long.

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He said they have a design for Friendship Road from SH 56 to O.B. Groner Road, which was completed in 2015 or 2016. Once the High School announced they were constructing their facility at O.B. Groner and FM 1417, a lot of development began in the area. This project is to look at, schematically, and determine what the right-of-way and alignment needs are for Friendship Road from SH 56 to O.B. Groner. It is on the minor thoroughfare list for four lanes with a median. Mr. Philpott said, at some point in the future, a waterline will be needed to provide adequate water to new developments in south Sherman. A design for the road is needed so the waterline can be located outside the right-of-way, so it won't be in the way of future development. Also, if a design is known, as development comes in, the right-of-way can be dedicated instead of purchased.

Council Member Melton confirmed that Setting Suns Estate is on City water, but not on City sewer. She has talked to citizens that feel, while the City is "doing this new stuff," they need to be getting Setting Suns on City sewer. Mr. Philpott said some of those residents were originally told the City would run sewer at some point, however the City has never been responsible for doing that. Mr. Hefton added that there would need to be a lift station to force the sewer northeast, or more development to the south.

Council Member Howeth said she and Council Member Melton have both been contacted recently by residents of Setting Suns wanting the City to provide sewer service. Mr. Philpott said originally that addition was built in the County so they wouldn't have to meet City standards. The homes were purchased at a lower rate, because they didn't have the services that City residents had, including roads, water, and sewer.

The Setting Suns situation was compared with Preston Club Estates; however Preston Club did have a sewer system with sewer lines already run. If the City provided sewer to Setting Suns, they would need to run sewer lines to each house. The residents of Preston Club Estates are also paying an additional service charge for their sewer service.

Mr. Hefton said the most comparable situation is Carriage Estates, where the City put water lines in, but they remained on their own septic service. Upon annexation, the City did not promise to replace their sewer service. Same thing with Setting Suns, the City provides water, but they continue with their current sewer system.

Mr. Philpott said the staff will begin trying to obtain the right-of-way along the FM 1417 corridor, from SH 56 to West Travis Street, so the Texas Department of Transportation can try to get State funding for that project.

The Bel-Air Planned Development will be completed in phases, and the developer has already asked his engineers to begin on the design for Phase 2. This phase would include the beach club and the first apartment complex. Council Member Stevenson said that the developer is not required to do the phases in numerical order.

Mr. Philpott said the plan for the Shepherd Road Expansion, is to get it designed and then base the phasing of construction on development.

Mr. Philpott discussed Capital Improvement Projects from the Parks Department. Money from the land sale will be spent to develop a study to determine what type of Rec Center that Sherman needs. This won't be just an engineering study, but will determine what other communities have and what Sherman's needs are, such as an indoor waterpark, basketball courts, or pickleball courts. It will include size, cost, and potential locations.

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Other projects will include the construction of new restroom facilities at the Martin Luther King Park; two new basketball courts, similar to Pecan Grove Park; expansion of the tennis courts and striping for pickleball; shade structures for Pecan Grove Athletic Center; and construction of a crushed concrete trail system, between Park Street and Baker Park. Council Member Melton wanted shading for the dog park.

Mr. Philpott said the proposed fiber installation project would be an annual savings and would replace a 1 GB fiber line with a 10 GB fiber line. He said the staff reviewed a wireless option, which is close in cost. The 10 GB wireless is the best, however, for rainy or hot days, the efficiencies are reduced. The benefit to the wired system is 10 GB is “the floor,” with the ability to go up to 100 GB, by changing some things at the data pole. He said they are still researching the possibilities, but are leaning toward tying the fibers together.

As for the Airport Pavement Maintenance Project, Mr. Philpott said one of the City’s new engineer’s is an expert in Airport development. He said 14 of the 21 hangars are complete. The City is taking advantage of TxDOT Aviation Grants that are available with money from the Federal government. The current grant is to overlay and re-stripe the runway, reconstruct the taxiway on the north side, and rehab the southern taxiway. The City’s portion of the project will be 10% of the cost, or about \$182,500.

Mayor Plyler said the length of the Airport’s runway limits the type of planes that can land, and he asked if there was an opportunity to lengthen the runway, using TxDOT funding. Mr. Philpott said the City would need to acquire some right-of-way and some additional easement. There would also need to be some type of bridge or tunnel when Park Street is extended. He felt it would be possible with a grant and a developer that would be willing to fund it. Terrence Steele, Assistant City Manager, said it might also have to be extended to the north, into Hawn Park. Council Member Steele asked if the City really wanted larger planes landing at the Municipal Airport.

Mr. Philpott said there is an Airport Master Plan now. Mary Lawrence, Director of Finance, said the Comprehensive Master Plan does not call for lengthening the runway, however, at the time, the staff said they didn’t want to do that. If the City wanted to consider lengthening the runway, the consultant could review that to see if it was possible.

Council Member Steele verified that, if the City receives a TxDOT Aviation Grant, they are expected to keep the Airport open for a specific number of years.

Police Update – Police HQ Project, Armored Vehicle, Animal Control

Zach Flores, Police Chief, introduced Aaron Babcock, Architect, with Hidell & Associates Consultants, to discuss a project update on the new Police Facility Headquarters. The design consists of two buildings, the main building and an annex facility, and secured parking and public parking. He said the design is staying the same, but they are making “little tweaks” for efficiencies.

Mr. Babcock addressed the schedule from design to development and said that portion of the project is about 60% complete. The drawings should be complete by August 2021 and will then be turned over to the construction company. They will get bids and submit it to the Council in November 2021, with a guaranteed maximum price (GMP). If the Council approves, they would then move into the construction phase, with an estimated completion in early 2023.

Mr. Babcock addressed the constructability review, saying two things were critical. One is that they make the design as efficient as they can. They originally designed a thin slab, but the subcontractors felt if they increased the slab depth, and used less grade beams, it might be more

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efficient from a cost standpoint. They are also looking at how they are putting the steel framing on the wood structure. He said the facility will include a storm shelter, so the locker rooms will be built to withstand a tornado.

Mr. Babcock said there is currently some volatility in construction. The availability and cost of steel is the main item that is impacting this project. He discussed the possibility of using trusses or joists instead of steel beams. They are also working with the brick and stone to maximize efficiencies there too.

He presented a project schedule for construction of the Police Headquarters. Under this schedule the City Council would consider the guaranteed maximum price on November 1, 2021 with groundbreaking set later that month. The grand opening would be scheduled for February 2023.

Mr. Babcock said cost of the project is broken into “facility cost” and “other project cost.” The facility cost includes the actual cost of construction, the professional fee, material testing, technology, and a project contingency. Other project costs include the cost of moving, the purchase of furniture and equipment, fiber optic cable to the site, a communications tower, and dispatch consoles. The guaranteed project cost also includes a contingency amount. If this contingency is not spent during construction, it could be used for some of the “value added” items. The overall project budget is estimated to be \$17.2 million.

He also discussed the price changes from March 2020 to March 2021 for construction and selected materials. Costs have increased for diesel fuel, lumber and plywood, steel mill products, copper and brass, and plastic construction products. Even with these cost increases, Mr. Babcock compared them with the project cost of recent similar police facilities in other, nearby Texas communities. Sherman’s cost per square foot is still lower than most of the other projects.

Mayor Plyler asked that, if they didn’t spend the entire contingency amount, does the City get that back. Mr. Babcock said that would be the City’s option. He said there would be some “value added” items that are identified, that the Police Department might want to have. At the end of the job, that remaining contingency could be spent on those items, or it could be returned to the City. Mayor Plyler asked who owns the “buy out funds” during construction. He said if there are any buy out funds left, those normally stay within the project. Any project savings at the end of the job, revert to the City. The City can then determine if they want to incorporate it into the project, or have a change order.

Council Member Steele said the contingency is just over 1%, and assuming there is an increase in building costs, is that contingency enough. Mr. Babcock said in the \$15.3 million construction cost, there is an allowance line item, included for cost escalation of about \$300,000. This contingency is larger than the GMP contingency because they are anticipating a cost increase.

He said, if costs increase once the GMP is signed, Burns Construction is guaranteeing that price and they will be taking a risk if they don’t immediately sign the contracts with the contractor. The GMP is really the cost, unless there is some unforeseen thing that becomes an additional cost that wasn’t in the drawing. They are trying to project the cost on a project where construction starts in November.

Chief Flores showed a short video about an armored vehicle, at a scenario that was actual footage of a standoff event in Tyler, Texas. He said Sherman has one of the only response teams, north of McKinney. He admitted that most Police Departments don’t need this type of vehicle, however, he felt Sherman did since they have a Special Response Team. He described

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a recent encounter they had with a suspect and the fact that all they currently have is a ballistic blanket. He said the armored vehicle would be so much safer for the officers involved.

Chief Flores said they were involved in two officer shootings last year, and Honey Grove just had an officer shot. That's why Sherman needs this armored vehicle. He said, without question, their officers will be put into these situations.

He said it would be a \$240,000 investment, that would last a long time. He said there was money in seizure funds, and they proposed to spend most of it from there, from "drug dealer money." He said in reality, they would probably use the armored vehicle mostly, outside the City. They are also looking at other ways to recoup some of the cost of the vehicle.

Council Member Stevenson verified that the vehicle is an F450 pickup, that has been retrofitted and upfitted with the ballistic capabilities. He said they don't want to "over militarize," but they want to protect their officers within a civilian, urban environment. You do that with something that is appropriate for the job and not ex-military equipment. However, that is more expensive.

Chief Flores had hoped to wait until they had all the funds to purchase from seizure funds, however after the last SRT call-out, and they had to put the officers in that situation, he said he didn't feel comfortable doing that anymore. He said they did have most of the money that would be needed for the purchase.

Mr. Hefton said it is currently in the budget for seizure funds to pay three-fourths of the cost and \$60,000 to come from the General Fund. He felt the proposed vehicle was "very functional" and used in other departments around the country.

Council Member Teamann said if it saves one life in Grayson County, it's worth every penny. Council Member Melton verified that there's currently not enough money in the seizure fund for the entire purchase of the vehicle. Council Member Stevenson said it would be cheaper to get an ex-military vehicle, but the maintenance "would kill you." Chief Flores said the military vehicles are also heavy and would not be appropriate to drive on City streets, and are too tall for many maneuvers.

Mr. Hefton said there are additional seizure funds that are "in the system" that have been delayed because the courts have been delayed because of COVID-19.

Chief Flores said the Police Department took over responsibility for the Animal Services Department in October 2020. He said it has presented several challenges, but they have taken a proactive and progressive stance toward the duty.

This year they have had almost 1,500 animals brought into the shelter, as compared with 2,563 last fiscal year. He emphasized the "rescue" portion of the job and said they were focusing on spays and neuters. With the spaying and neutering, they can get the adoptions out to other locations, not just Sherman. They also plan to utilize rescue organizations and enhance the social media presence.

As for personnel, changes that were made include moving from multiple uniforms to one uniform, moving employees into positions where they could succeed, and changing the overtime policy, which achieved a 48% year-to-date, reduction in overtime. They also re-evaluated the fleet and moved two unneeded vehicles to other City departments. After receipt of the new adoption trailer, they also reduced the trailers from two to one.

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There were also some info and technology issues such as service accountability, processing credit cards at the animal adoption trailer, and large amounts of paper files. They purchased software to integrate with police software to allow for tracking from calls for service to adoption, and improved the response to citizen calls, patrol response, and communication and information sharing. They can also cross reference animal control calls at houses that have had police patrol calls too, to keep employees safer.

Chief Flores addressed the facilities saying they reduced the storage buildings from three to one, removed all dilapidated fencing, replaced all roofs and gutters, and frosted the surgery room glass for an improved customer experience. He said everything was done with the current budgeted money. He has also worked with operations to cross-train employees and maximize the return on investment from volunteers.

Chief Flores said his request for FY 2022 is \$177,000 less than last year. They are also working with the Legal Department to update the ordinance dealing with animal services, and are basing it on the City of Irving's ordinance. He felt the new ordinance would provide an up-to-date product for the citizens.

Council Member Stevenson asked if the City was still charging Grayson County and the other entities \$50 per dog. Chief Flores said, at this time, they are still being charged. He said the hard part is trying to determine what the costs actually are for taking these animals. He said, once they determine where they really need to be, then he will make some recommendations.

Council Member Melton asked about transporting the animals to other states. Chief Flores said the only thing missing is the relationships with other rescue groups. He said in the past, they may not have known that there was an abundance of animals. In the future, he will relate the situation to them. They discussed ways to publicize that animals are available for adoption.

Street Improvements

Mr. Philpott said now that they have the equipment and the staff, the City can actually maintain these streets the way they should be maintained. Kevin Winkler, Public Works Manager, said when most people think about streets, they think about potholes. However, on a daily basis, that department does a lot more than repair potholes.

In the past, the City has done a lot of chip seal to repair problem streets, however over the years, that has built up the gutters and impacted the ability of rain water to run off the streets. He also addressed some statistics of jobs the Street Department has done in the past year, including filling 486 pot holes, repairing 142 utility cuts, sweeping 1,100 miles of streets, trimming 2,300 cubic yards of trees, and monitoring 1,996 drains for stormwater drainage, including creeks, bridges, and inlets.

Mr. Winkler said when he took over the department, he wanted to try and get additional equipment to do more maintenance, and to actually repair a problem and not just cover it up. They are also reusing crushed concrete from jobs and that saves money from having to buy street materials. It's already on site and ready to use.

He said, it takes more money to repair more streets. Asphalt is expensive and has increased in price. In 1996, Mr. Winkler said there were 28 positions in the department, and currently there are 25 budgeted positions. He also discussed an increase in efficiency, partially from buying larger trucks instead of using more smaller ones.

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Mr. Hefton presented a timeline showing the cost increase in street materials. He said part of this year's request is for more money for street materials. He said the City has the people, and they have the equipment, and now they need to spend additional resources to take care of the infrastructure that the City has.

Mr. Winkler said last year they requested more funding, but with COVID-19 going on, it wasn't possible to budget the additional money. He said he was asking for additional funds this year, even beyond the operating budget.

He addressed their current ability, saying with four large trucks and the current staffing levels, they should be able to lay about 500 tons of asphalt a day. If they spend more on asphalt to increase those abilities, one additional large truck and two positions would allow 600 tons per day; two additional large trucks and two more positions would allow 700 tons per day, and three large trucks and another one position would allow 800 tons per day. He said 800 tons per day would probably max their ability with one paver.

Mr. Winkler also addressed extensive maintenance on streets, saying chip seal covers up the problem, where asphalt repairs it, especially on rehab projects. He mentioned specific projects, such as Holly Street, with a material cost estimate of \$16,000; King Street, material cost estimate of \$87,000; McKown Street, material cost estimate of \$37,000; Ellington Street, material cost estimate of \$12,200; Lake Street, material cost estimate of \$9,000; North Creek Drive, material cost estimate of \$46,000; and College Street, material cost estimate of \$28,000.

He also mentioned a plan to pick one, or more if possible, additional complete rebuild projects annually, that need to be done and completing those too. These projects would be curb-to-curb rebuilds, where they mill the existing asphalt, establish baselines for grades, remove and replace any base rock that has failed, replace damaged curb, and lay new asphalt.

Mr. Hefton said what has been discussed, up to this point, is in the City's operating budget. The \$300,000 request that's in the budget now is for additional materials to do those streets that he already mentioned.

Now he's asking if there are some projects that they would like to do, in-house, with CO bond money. These projects would be complete rebuilds, and would be longer term projects.

Council Member Teamann confirmed that to "max out" their ability, it would take an additional three trucks and five people. With the current level of trucks and employees, their max would be 500 tons of asphalt a day.

Council Member Melton confirmed that concrete streets are more expensive than asphalt and they take more time to cure. Basically, it's more expensive and it takes longer.

Mr. Winkler discussed the scope of these possible major rebuild projects. He estimated that they would do one large project annually, estimated at between \$250,000 and \$350,000. The City crews would do all the construction, but hire a surveyor for staking the grade. Streets recommended for this type of project would be parts of Woods Street, Montgomery Street, Walnut Street, and Grant Street, Phase 1 and 2.

Mr. Hefton reiterated that the City could do one of these projects annually with an additional \$250,000 to \$350,000. To do any more than that, the City would need to add equipment or outsource the job.

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Mr. Hefton said this was the last presentation for today, but he would like to get the Council's thoughts on several items. He asked if they were okay with increasing the street's material budget to maximize what can be done with the crews and equipment.

Council Member Steele said the City has the Street Sales Tax, \$945,000 a year. He asked where that put the City. Mr. Hefton said that's one-eighth of \$0.01, so for \$1 million in sales tax, that's \$60,000 to \$70,000, for the year. All of the street sales tax is already "spoken for." The only thing not spoken for, is the \$60,000 to \$70,000 annually. Council discussed possible funding sources for the projects. Mr. Hefton said they can build all five of the projects in, and then come to the Council annually to determine the funding source. For 2022, the project will be paid for through operations.

Council Member Howeth felt that the City needed to do some of these projects now, so citizens knew that their money was being used. Mr. Hefton confirmed that the Council wanted to do what they could, in-house, and then sub-out the rest with bond money.

Mr. Hefton asked, if the staff had the ability to manage the original maintenance proposal to take care of potholes and small sections, and manage subbing out all four of these projects, in one year. Mr. Philpott explained that the project would need to be bid and to do that, there must be a design. Mr. Hefton said, regardless of who does the project, does the City have the ability "to manage" the projects in one year, even if they are done by a contractor. Mr. Winkler said if they were managing a contractor, yes, but not if they were also doing projects.

Mr. Hefton said there is several million dollars left in the 2021 bond issue. Contracting out the projects, does increase the price of the project. If the Council authorizes the projects, the staff will start working on them and divide them up between operating and bond money. He did reiterate that all projects can't be done in one year, but a lot of it can be done in one year.

Council Member Howeth mentioned the additional traffic on City streets because of the Hwy 75 construction. Mr. Philpott said another question is should the streets be rehabbed now, or should you wait until the Hwy 75 project is completed.

In summation, Mr. Hefton said, without hiring new people, the staff will manage these projects as rebuilds, in-house, over the next year or two. They will also take into consideration that some streets are being used as "by-passes" for the Hwy 75 construction. When the Hwy 75 project is complete, those streets that were heavily traveled need to be reviewed and repaired as necessary.

City Council Members took a lunch break from 12:03 p.m. to 1:10 p.m.

Mr. Holland left the meeting for a family emergency.

TOUR OF THE WATER TREATMENT PLANT AND THE WASTEWATER TREATMENT PLANT WTP/WWTP Tour

Council Members and staff arrived at the Wastewater Treatment Plant at 1:10 p.m. for a tour of the plant, explanation of the process, and a video. Nathan Whiddon, Wastewater Superintendent, and Jeff Rigdon, Senior Wastewater Plant Operator, presented the video and explained the wastewater process.

Council Members and staff left the Wastewater Treatment Plant at 2:14 p.m. and arrived at the Water Treatment Plant at 2:39 p.m.

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Jim Cross, Water Systems Manager, briefed the Council and staff on the water treatment process and presented a video and slides of the process.

Oscar Canalas, Water Treatment Plant, Maintenance Supervisor, presented a tour of the facilities.

Council Members and staff left the Water Treatment Plant at 3:58 p.m. to return to City Hall.

EXECUTIVE SESSION

In Accordance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, the City Council may hold an Executive Session if the discussion of any of the items identified in this agenda, or any of the items identified below, concern one or more of the following:

TEX. GOV'T CODE § 551.071 --

Seeking the advice of its attorney about pending or contemplated litigation, settlement offers or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

TEX. GOV'T CODE § 551.072 --

Deliberating the purchase, exchange, lease or value of real property if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

TEX. GOV'T CODE § 551.073 –

Deliberating a negotiated contract for a prospective gift or donation to the City if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

TEX. GOV'T CODE § 551.074 –

Deliberating the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing

TEX. GOV'T CODE § 551.076 –

Deliberating the deployment, or specific occasions for implementation, of security personnel or devices or a security audit

TEX. GOV'T CODE § 551.087 –

Discussing or deliberating commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay or expand in or near the City and with which the City is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect

TEX. GOV'T CODE § 551.089 –

Deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementation of security personnel, critical infrastructure or security devices

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OPEN MEETING

ADJOURNMENT

There being no further business to come before the City Council today, motion was duly made and approved to adjourn the Called Meeting at 4:12 p.m. Documentation for the Budget Work Session is held in the General File "Budget Work Session FY 2021-2022" in the City Clerk's Office.

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OPEN MEETING

ADJOURNMENT

CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

Mayor Plyler called the meeting to order at 8:15 a.m., declared a quorum present, and opened the meeting.

PLEDGE OF ALLEGIANCE AND INVOCATION BY COUNCIL MEMBER JOSH STEVENSON

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CITIZEN COMMENTS

There were no citizen's comments.

2021-2022 BUDGET REVIEW

Utility Issues and Utility Rate Study

Robby Hefton, City Manager, said Dan Jackson, Vice President, Willdan Financial Services, will discuss the City's Water and Wastewater Rate Study, which is the first one that has been done in many years. Previously they were done in-house, but with the growth Sherman is seeing, it was felt that there should be some analysis by a professional. He said Willdan did a great job for the City and will discuss the results shortly.

He outlined the schedule and presentations for today's meeting. At the end of the meeting, everything will be summed up for Council direction.

Mr. Jackson said their company did the Water and Wastewater Rate Study and Financial Plan for the City of Sherman. He outlined his credentials and those of his company. He said he has seen growth in the Dallas area, especially Richardson and Frisco. Through this, he has gained the perspective of how growth impacts and changes a community, and especially how it changes the water and sewer service. He emphasized that no City can survive without water resources.

He said water is also a challenge to communities such as Sherman. Water must be paid for in a way that is affordable to the community. The Rate Study they did addresses the current cost of water, as well as the cost of water in future years. The Rate Study will address the rates that customers pay; the volume of water, both with current customers, and for anticipated growth; and the cost of service. They will also review the retail rate plan and the wholesale rate plan.

Mr. Jackson said water is becoming a "more precious resource." He said the average utility is expected to increase its cost by 5% to 6% in the coming years. The American Water Works Association forecasts that water and wastewater rates in the United States will triple in the next 15 years. He said water is a business, it produces a product, and there are costs associated with producing and delivering that product. The rates a City charges are intended to try and recover the cost of providing that service. However, unlike other businesses, the City doesn't seek to make a profit from the water. All they try to do is cover the cost.

The cost of water increases because, like everything, it is subject to inflation. There is also a cost to running a water system, which includes chemicals, electricity, insurance, worker's compensation, and employee health care benefits. These costs must be passed to the rate payers. Mr. Jackson added that it takes a lot of money to build a water system, water treatment plants, storage tanks, and piping. Those assets wear out over time and must be maintained and replaced.

He said a properly run water system, must balance the desire to keep rates low, with the need to invest in your system, to ensure that the system is reliable, and that the service is top quality. He said raising rates is not an easy thing to do, and 30% to 40% of utilities charge rates that do not cover their costs. Just because rates are low, it doesn't mean it's a more efficient system. It might mean they're using their General Fund to subsidize their water and sewer operation. While it's not illegal to do that, Mr. Jackson said it's not a good financial policy. Every dollar used to subsidize water and sewer operations, is a dollar that's not available for other critical City services.

Mr. Jackson said, the City of Sherman doesn't do that. Their water operation is self-funded, and the water rate plan they are going to provide, will enable the City to remain self-funded. The only

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thing the City will be asking ratepayers to do, is to pay what it is actually costing to provide that service.

He said the City of Sherman hasn't adjusted its rates since 2017. Most cities adjust their rates almost every year. He added that, Sherman's rates are about the lowest in the DFW Metroplex. One reason Sherman is able to keep the rates low is that they combine retail customers and wholesale customers.

Water is a "bulk commodity." Most of the cost of running a water system is fixed, therefore, the more product you sell, the less you charge to each of your customers. It has been very good for the City to have the wholesale and industrial customers. It has enabled the City to keep the rates low for all the customers.

Mr. Jackson said growth is also a benefit, and properly managed growth will significantly benefit a community. There is a lot of growth coming to Sherman, and managing that growth will keep the rates lower than the average.

However, the combination of increasing operating expenses, and the need to fund \$95 million in capital improvements is going to fuel the need to do some novel rate adjustments in 2021 and the years beyond. Money from the ratepayers will be directly invested into the future of Sherman. The capital improvement projects will benefit the City, the citizens today and the citizens far into the future.

As for water and sewer rates, Mr. Jackson said citizens pay a combination of a minimum charge and a rate per 1,000 gallons. Most customers use a 5/8" meter, which costs \$22.80 per month, with the first 1,500 gallons of water service. There are other rates for larger meters. Beyond the first 1,500 gallons, all retail customers pay a rate of \$3.27 per additional 1,000 gallons. This flat rate is charged for all retail customers, residential, commercial, multi-family, hydrants, and industrial.

Wholesale water customers pay different rates based on their contracts. The City has four wholesale water customers that pay the following rates, Knollwood pays \$3.27; Gunter-Marilee pays \$3.43; Dorchester pays \$1.53; and Panda-Sherman uses raw water, not treated, and pays \$0.72.

For wastewater rates, citizens pay a service charge of \$8.19 for all meters, which includes the first 1,500 gallons. After that amount, the consumption charge for each additional 1,000 gallons is \$3.48, for residential, commercial, multi-family, and industrial. The two wholesale customers, Howe and Knollwood, pay \$3.48 per 1,000 gallons.

Mr. Jackson said the average, residential customer in the City, uses around 6,000 to 7,000 gallons of water per month. A good comparison with other cities is at 5,000 gallons per month. A Sherman residential customer that uses 5,000 gallons of water and wastewater per month, would pay about \$54.62 per month for that service. Mr. Jackson said, that is just about the lowest rate in the Metroplex. It is about 25% below the State average of \$76.47, for that amount.

He said currently the City has about 20,500 retail water customers, and presented the breakdown, with the most being residential users. The question is, how will growth impact this in the future, and he felt Sherman would continue to be very competitive in the future. In FY 2021, the City sold 2.5 billion gallons of treated water, and it is expected to increase in the future. He explained that water usage will vary based on the weather.

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He also addressed the amount of raw and treated water that was sold in 2021. The residential customers used the largest water volume. The second largest group was the industrial customers.

Mr. Jackson discussed the cost of the City's water operation. Components of cost include the operating expenses, such as personnel, repairs and maintenance, chemicals, office supplies; and capital outlays, such as trucks, pumps, computers, an expenditure but not one that requires debt. The most critical component is debt principal and interest, which is the debt that is issued for the large capital expenditures, such as a treatment plant expansion or a new water tower. Debt would be issued for these expenditures, with principal and interest paid annually. This cost must be recovered from the rates. The final component is the funds transfers, which are used by the City to reimburse the other City departments used to support the water and sewer operations. This would include departments such as administration, police, and fire. A well-run water operation reimburses the General Fund for those expenditures. Mr. Jackson said, it's good financial management and the City of Sherman does use transfers.

Mr. Jackson said they developed a comprehensive model that was used to project all of the operating and capital expenses over the next 10 years. He reiterated that a "forecast" is not a guarantee, but is a prediction, based on a series of reasonable assumptions. He outlined the assumptions that were used for the forecast.

These assumptions include that most personnel and operating expenses will increase about 3% per year; that certain expenses will increase at higher rates and some at lower rates; and that the City will continue implementation of its current Capital Improvement Plan, which includes about \$95 million in water and wastewater system improvement over the next 10 years. He said, how this plan is funded will be the biggest impact on the rate plan. A City must balance their capital projects through existing reserves, rates, impact fees, and long-term debt. He outlined the forecasts for the water and the wastewater systems.

The Capital Improvement Plan for FY 2021 through FY 2030, which shows total projects of \$94,667,000, with \$67,120,000 for water projects, and \$27,547,000 for wastewater projects. He discussed the projected funding sources of the plan, which include the Improvement Fund, Impact Fees, Grants, and Long-Term Debt.

He presented a chart outlining the long-term debt financing over the next 10 years for these projects. He said the terms would be for 25 years, with an interest rate of 3.5%. He said debt will increase in the coming years, but the impact will be minimized because some of the current debt will be rolled off. The City's forecast of the cost of services will increase. Currently, it's a little over \$15 million, and it will increase to about \$23 million or \$24 million by 2030.

Mr. Jackson said they were also asked to review whether or not the City's minimum charge is reasonable, and what are the fixed costs involved in running the operation. Most costs of running a water operation are fixed, therefore most cities charge a minimum charge for water service.

The City's fixed cost of providing water service to citizens is \$45.40, regardless of how much they use. Currently the City's minimum charge for water per month is \$22. Therefore, the current minimum charge is covering about half of the fixed cost. The fixed cost of providing wastewater service is \$35.99 per month.

Mr. Jackson presented the Retail and Wholesale Water Rate Plan. Because the City's costs are continuing to increase, and because of the need to complete the investments to the system over the next 10 years, they recommend that the City consider implementing a five-year rate plan.

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The plan would feature one ordinance, with rate adjustments automatically in October of each year for a period from 2021 through 2025.

The rate plan would assume no basic change in the rate structure, but would feature a series of percentage adjustments over the next five years. The Council has the option to adopt a multi-year plan or a single adjustment, and Mr. Jackson recommended that the rate plan be reviewed every two-to-three years, because of rapidly changing growth and economic conditions. He said, even with a five-year plan, the City can reassess that plan every year and make changes. The Council could postpone or terminate some of the rate increases. Basically, a five-year plan is a roadmap.

Mr. Jackson outlined the recommended rate increases for the five-year plan, which includes a 4% increase in minimum water rates for residential customers, with the biometric rate increasing from \$3.27 to \$3.40 per month. This rate would take effect in October 2021. He also presented the proposed rate increase for the other four years of the plan, which would be similar. The same rate increases would also be effective for non-residential customers.

He said the study found that Sherman's water rates are "over recovering" a little, and wastewater rates are "under recovering" a little. There is also a large amount of wastewater debt to be issued in the coming years. Accordingly, they recommended a slightly higher wastewater adjustment in the first couple of years.

The recommended increase for wastewater, for the first year would be 9%, an increase from \$8.19 to \$8.93, with a biometric rate increasing from \$3.48 to \$3.79, per month. He also presented the proposed rate increase for the other four years of the plan. He said the larger increase would ensure that the wastewater rate is covering all the costs, and to fund the larger amount of debt coming in the future.

Mr. Jackson also presented a chart that outlined the actual impact on the citizen ratepayers. The average residential customer uses about 6,000 gallons per month and pays \$61.37. Under the proposed plan, that customer's bill would increase by \$3.65, which is a 5.9% blended increase. If the customer uses the minimum amount, and a lot of older, fixed income customers do, they currently pay \$30.99, and their increase would be to \$32.64, \$1.65 more, or a 5.3% increase. He said under this plan, the "vast majority" of rate payers, would pay about \$3 more a month.

For a commercial customer that uses 20,000 gallons of water per month, and pays \$287.01, the rate increase would only be \$15.11. Because Sherman's rates are so low, any increase by percentage is going to "sound" like a lot. But in reality, the dollar amount is very low. He also outlined the proposed rate increases for future years.

Mr. Jackson also compared the proposed rate increase amounts with the rates of other cities. In Sherman, a 5,000 gallon monthly water customer, in 2025, would be paying \$68.72. That's still lower than most other cities current rates and still under the State average, now! He also said, that "virtually all of these cities" will be raising their rates in the next five years. He said, even if Sherman adopts this five-year plan, their rates will still be among the lowest in this area, and these rates will allow you to do \$95 million in capital improvements, for the future.

Many cities in the Dallas-Fort Worth area, get their water from the North Texas Municipal Water District, as does most of the Collin-Denton County corridor. Over the last several years, NTMWD has been doing some significant rate increases. They are building a major new reservoir, called the Bois D'Arc Reservoir. He said, over the last few years, NTMWD's rate adjustments have

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averaged 8.5% annually. He reiterated that Sherman needs to raise their rates, just to cover their cost.

Mr. Jackson said one reason Sherman's rates are as competitive as they are is because of the wholesale rates. It showed a lot of foresight for the City to enter into these wholesale contracts, because it has benefited all the ratepayers.

There are four major water wholesale customers. Knollwood, whose rate is equal to the residential customers; Gunter/Marilee, whose rate is the residential rate, plus 5%; Dorchester, with a contractual rate of \$1.53; and Panda, who buys raw water at a contractual rate. Howe and Knollwood are also wastewater wholesale customers, paying the same rates as the residential.

They are recommending the same percentage of adjustments for these customers, as is done for the residential customers. Everyone will be sharing in the sacrifice, as necessary, to ensure that the water supply will be available to them, at continued competitive rates. He said, Knollwood, and Gunter/Marilee are paying a rate that is about where the cost is. Dorchester's rate is currently a little less than the cost. Panda-Sherman is paying a little more than their cost. He said, for the most part, the City's wholesale customers are paying about what it is costing to provide them with water.

He discussed the proposed rate increases for wholesale customers versus the cost of services. The proposed rate increase will recover "slightly more" than the cost of service, which is important to build a little contingency. He said it will continue to maintain a very healthy financial utility for the coming years.

He said, in summary, it's never easy to ask citizens to pay more for anything, and if they are asked to pay more, they want to know why it is beneficial to them and to the community. Implementing this rate plan, will enable Sherman's utility to continue to operate on a stand-alone basis; will continue to be independent of General Fund assistance; costs will continue to increase, whether rates or increased or not, so this rate plan will allow the City to cover those increasing costs; it will give the City a very financially healthy utility. All the City would be asking the ratepayer to do, is pay what the service is costing. It will also give the City the ability to make \$95 million of investments, that will improve the quality of service and provide a system that functions as well today and, in the future, as it has in the past.

Mr. Jackson "strongly recommended" that the City of Sherman implement this five-year plan.

Mayor Plyler asked Mr. Jackson to discuss the impact of additional customers on the proposed rate plan. The City has several areas of large developments of multi-family, that are about to come on line, probably next year. He asked how the plan would account for those customers. If the number of customers increases, and the costs increase, how does that affect the situation.

Mr. Jackson said that the growth that the City has experienced and will experience in the future, will benefit the rate plan. Sherman's rates are not as high as they would otherwise have to be, if you were not looking at growth. The City will add several hundred new accounts every year, you may have to hire one or two additional operating crew, but you won't have to double employees. While costs will increase, they won't increase nearly as much as the new accounts will increase. Every new customer is a new minimum charge monthly, but it's not costing much to add those new accounts. Basically, it's "economies of scale." A new account doesn't double the costs of one account.

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Council Member Teamann said the proposed five-year plan is “front-end loaded,” and the costs are “back-end loaded.” He asked what the purpose was of not averaging the rate increases over the back several years. Next year might not require a rate increase, so why not streamline between the rate increases over 2022 through 2025, and not increase in 2021.

Mr. Jackson said that could be done, it does keep the rates lower for a longer period of time and offer a “smooth” increase. However, there will be a lot of debt in the next two years, and the City needs to meet the debt service and the debt coverage requirements. Coverage is a portion of debt, that requires a City to recover more than expenses to provide a cushion for the lenders. Rates should cover this cushion.

Mr. Jackson said the City could do a smooth rate increase, but he felt that it would make things pretty tight in 2023 and 2024. He felt it might result in “under recovering” in a couple of years. If the Council wanted to “back-load” the increase instead of “front-load” it, they have that option. The rate increase like this, would be basically \$3 per month, every year.

Council Member Teamann asked if it was typical to sell wholesale water at breakeven rates. Mr. Jackson said it is not uncommon in the industry. As the contracts expire, he recommended that the City explore the costs. A wholesale customer is not “an owner” of the system. They buy water from the City. The City takes all the risk of developing a water system, and supplying water to them. Under rate-making methodology, the City is “entitled to a return.” As contracts are renegotiated in the future, he “strongly encouraged” the City to consider a contract that allowed them some return on the sale of wholesale water. It doesn’t have to be a great return, but it could be something that compensates the City for supplying the service.

Mayor Plyler asked, how far the City was behind in rates now for compensation. Mr. Jackson said the City is currently close to “break-even” level. This year it is projected that they will be just a little below the cost. The projection is that the net revenues will be negative \$473,000, but that is within the margin of error. Mr. Jackson clarified that the negative revenue projection is without rate adjustments. They must also remember, that water sales is also based on weather, and that can make a big difference in the revenue. However, he cautioned, that if the City doesn’t do the rate adjustments, they will fall even farther behind.

Council Member Steele asked about transfers. Mary Lawrence, Director of Finance, said there are administrative costs from other City departments such as streets, that provide some services to the water and wastewater systems. They are charged a “franchise fee” to cover the costs of other departments.

Council Member Steele verified that transfers weren’t being used to “prop up” other funds. Ms. Lawrence said that has been done in the past, in other funds, such as the Group Health Fund. Council Member Teamann said those transfers in and out, can change dramatically each year. Mr. Hefton said the transfers that were previously described, do not vary. It is a financial calculation that is done each year. When the Group Health Fund needed “propping up,” or once with the Utility Fund needed “propping up,” that is an example of using fund balance in one fund to prop up other funds, as needed. But that is not on-going, that is a one-time use of fund balance.

The transfers that Mr. Jackson described are exact and don’t change. They are the ones that are done by a financial calculation each year.

Council Member Howeth said this presentation has made it clear that the City is falling behind and has an opportunity to catch up. She felt the citizens might be more accommodating after the

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winter storm that caused power outages at the Water Treatment Plant and Wastewater Treatment Plant, in February 2022. They will better understand that water needs to be readily available and the equipment needs to be updated. Deputy Mayor Holland also felt the City was at that point. Council Member Melton felt it should have already been done.

Council Member Howeth said she did not realize Dorchester was paying such a low rate for water. Mr. Hefton said they have paid that for about 30 years. He said when the contract expires, they will “fix” that, and will give them notice of a rate increase. Council Member Howeth felt the rate should be at least equal to the rate Sherman citizens pay.

Council Members discussed how a multi-year rate plan would be adopted. Mr. Hefton said, even if the five-year plan is adopted, it would be reviewed annually by the Council to see if adjustments needed to be made. He said ordinances change all the time. The Council would adopt the results of the plan, with either the smooth or percentage rates. He added that Standard & Poor, the bond rating agency has said that Sherman will “get dinged” if they don’t adopt the rate plan. At that point, the Council should probably review the rate plan annually during the budget preparation. He said there will be a lot of growth coming to Sherman and a lot of new water accounts.

Council Member Teamann said, for him personally, any fee that is charged is a tax on the citizens. He understood that the bond rating might suffer because there’s not enough revenue in the General Fund. He felt the Council has done a good job with being efficient with the money they had. He felt the City should keep all fees as low as possible for as long as possible.

Mayor Plyler said this fee is not a tax, because the citizens are paying for a product. If costs aren’t covered, it comes out of the General Fund, and there will be less money for streets, and all the other services that must be paid for. The cost will be paid, whether it’s with a rate increase or not. He said if the General Fund starts paying for these services, then that is a tax. He felt it was good to have a plan, but it did need to be reviewed annually. He said the bond rating agencies said we should have a plan, and he felt that was a good idea to keep the bond rating up.

He felt the citizens needed to know the Council is serious about maintaining the infrastructure, such as water, sewer, and streets, throughout the City. He said with all the new development coming in the future, he felt that might take care of some of the cost, instead of rate increases. Mr. Hefton said a clause could be added to the ordinance adopting the five-year plan, that the City Council will annually review this.

Council Member Howeth said she liked the idea of a five-year plan, but she liked the more constant rate increase, as opposed to the front-loaded plan. Council Member Stevenson felt the City would “get dinged” by the bond rating company anyway. He said money is cheap right now and if they front-loaded the increase, they could borrow more for less in the future. Council Member Steele felt it was important to build reserves, but thought the rate increases could be less in the future. He said, even with the increase over five-years, Sherman’s rates are still very low compared to other cities.

Mayor Plyler added that, as additional streams of revenue open up, and other water customers come on line and buy Sherman water, the City might be able to add another City or to serve some of the Denison customers on the southern quadrant. He felt it was good to review the rates annually.

Council Member Stevenson said the City would have the option to “take no action” in the future if the rate increase was not needed.

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Mr. Hefton clarified that the Council wanted a flat rate instead of the “waterfall” rate. He said the rate was 7% on wastewater and 4% on water, for a blended rate of about 5% to 5.5%. The Council will adopt the five-year plan, and review it annually. Council Member Howeth reiterated that they are just trying to recover the cost of the service, and said they shouldn’t be losing money.

City Council Members took a break from 9:41 a.m. to 10:03 a.m.

Environmental Code Enforcement

Nate Strauch, Community and Support Services Manager, presented a report on Neighborhood Services, which has been a project of the Council for the last couple of years. Neighborhood Services is comprised of Code Enforcement, headed by Andreas Liss, Environmental Code Supervisor, and the Quality Neighborhoods Program, headed by Chip Matthews, Neighborhood Services Superintendent.

Duties of the Code Enforcement Department are to police the bulk trash program, parking in residential yards, trash in yards, unmowed grass, and “bandit” signs that are placed in the right-of-way.

About four years ago, the Quality Neighborhoods Program was revamped and Mr. Matthews was brought in. The program has made substantial gains since that time. They also took over the junk vehicle enforcement from the Police Department, and the commercial CO enforcement program, which was focused on the Houston-Lamar Street corridor.

Mr. Strauch said the Council directed the staff to “take a hard look” at bulk trash enforcement. There was a major problem, especially on the east side, of people putting their trash curbside when it was convenient for them, instead of putting it out on their monthly pickup week. They also put items such as tires and refrigerators, in with their bulk pickup, which are items that the City doesn’t pick up, and they mix their bulk brush with their bulk trash.

Mr. Strauch said since they started focusing on this, they are using two full-time employees on the program, and have written 1,486 citations in the last year, which have produced about \$70,000 in revenue. The most common issues they deal with are trash placed out on the wrong week, mixed trash with limbs, and disallowed items.

He showed several photos of trash accumulations or parking on unimproved surfaces, and junk vehicles that they have dealt with. He explained that high grass is a seasonal problem, but takes up a tremendous amount of time in Spring and Summer. In cases of high grass, where the homeowner cannot or will not remediate the situation, the City arranges for mowing and places a mowing lien on the property.

Bandit signs are removed seven days a week, not every week, but also on the weekend to catch the signs that are put out on the weekend. He said people don’t realize how many of these signs are put out each day, but if they stopped picking them up, it would really be noticeable.

Mr. Strauch said prior to FY 2017, the department had two full-time employees and did reactive enforcement instead of proactive. They weren’t patrolling or looking for violations. After 2017, they moved to proactive enforcement and added staff to the department. At Council direction, they actually went into the community and looked for violations. They added a fourth full-time employee in FY 2019. With that fourth employee, case numbers have increased.

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He said bulk trash is the biggest issue for this department and takes up nearly 50% of the resources. To alleviate this, Mr. Strauch said the program rules could be changed, the responsibilities could be offloaded to the Solid Waste Department, additional staff could be added to pick up the slack, or, he said they could stick to the status quo. This program is under City Council direction, and he said staff understood it was a priority for them.

Mr. Strauch said ideally, they would like to have four employees that would each handle a quarter of the City, and one employee to focus on code violations. Council Member Melton verified that they currently had four employees. Mr. Strauch said the bulk trash program is taking up two of the employees, 100% of the time.

Council Member Melton questioned how the program worked. Mr. Liss explained that the bulk trash pickup moved to a new quadrant of the City each week. Currently they have one officer in front of the active quadrant, and one officer behind that quadrant. One contacts and educates the people that put their bulk trash out too early, and the other that puts their items out too late. This makes the bulk trash pickup more efficient for the Solid Waste Department when they come through with their pickup. Mr. Liss said, as a result, they are having a lot less abatement.

Council Member Melton asked how the employee time was divided and who was billing for the violations. Mr. Liss said he is the supervisor, with three staff members. Two staff members are running solid waste, 100% of the time. The other staff member, Katie Turner, runs the southern half of the City for code violations, and Mr. Liss runs the northern half for code violations himself. Ms. Turner has also learned the billing part of the job and inputs all the billing for solid waste.

Council Member Howeth said this is a priority for the Council. Council Member Stevenson said if the staff has to spend half of the code enforcement time in policing the City's program, then it's not working right.

Council Member Steele said, with all the education that has been done, are the violations going down or up. Mr. Strauch said it went up when they first started doing it, then it dropped off. But now that they're fully staffed, violations have gone back up. Council Member Steele said more people are "finding" violations, not that violations are going down. He said the City used to do a Spring/Fall pickup or they could do a one-time pickup, or even a drop-off center.

Terrence Steele, Assistant City Manager, said if the Council wants to say, after two violations, the fee will go up to \$500, it will be implemented tomorrow. Council Member Teamann said, whatever is being done, is not stopping the problem. Mr. Steele said the majority of the violations are Spanish speaking citizens. He said they are trying to educate them about the program and the flyers are in Spanish and English.

Council Member Melton confirmed that the fine is \$100, and the fee depends on the size of the bulk waste. Council Member Melton felt the fine should be increased to \$500 for the second offense.

Council Member Stevenson asked, what if the City simplifies the program, and allows two free bulk pickups annually, made by appointment. Other Council Members felt it would increase illegal dumping of items.

Mr. Steele said they currently know the length of time it takes to run a specific district for bulk trash pickup. With a call-in system, he felt the City would begin getting complaints about items being left curbside.

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They discussed various ways to handle the bulk pickups. Kevin Winkler, Public Works Manager, said they currently have 12,000 customers, if each one gets two pick-ups, that's 24,000 pickups annually. Or course, not everyone calls for a pickup. But Mr. Winkler said he couldn't do appointment pickups from all over the City. Council Members again discussed different possibilities.

Mr. Hefton said the staff will do whatever the Council directs them to do. The direction came from the Council because the City looked "tacky." He asked if the City looked better.

Council Member Teamann felt that the City should provide a twice-a-year pick up. Mr. Steele said the staff will go in any direction that is given to the City Manager. He said they will get complaints from realtors and business owners, saying they brought someone to the community, and trash was "all over the place."

Council Member Howeth suggested that every City employee become a "code enforcement officer" and if they see a problem area, trash or grass that is too high, report it. They wouldn't be authorized to write tickets, but they would report it. Mr. Liss said they do get a lot of reported issues from staff.

Council Member Steele said the staff is spending the bulk of their time on the trash program. He said people are still dumping shingles and things like that. He addressed the auto repair shops that are leaving cars parked out in the front of their businesses. He said they are seeing some improvements, but is it enough to continue the program.

Mr. Steele said there are 12,000 water accounts, with 10% of violations, which means that 90% of the people are doing it right. Council Member Steele said 100% of the people don't use the program, and asked what percentage are actually using it. Mr. Steele said they would start tracking that data, to see how many people actually use the service.

Mr. Strauch said he felt that most people use the program so infrequently that they forget what the rules are. Mr. Liss felt that if a three-month assessment of July, August, and September was done, that would be a good determination. The assessment should include how many they're picking up, how many they're notifying, and how many they are abating.

Mayor Plyler said the citizens are busy and they're working in their yard, as they have time. When he does this, he places it curbside and calls for a special pickup. A special pickup does cost the citizen, but he can only do cleanup on certain days. He felt there might be a way to address the issue, but didn't know if that was a Spring/Fall pickup.

Council Member Stevenson recommended a Spring/Fall pickup, and a call and request \$28 pickup fee, which would keep everyone working, but they wouldn't spend all their time doing violations.

Council Member Melton felt the second violation should carry a heavier fine.

Mr. Strauch outlined the history of the Quality Neighborhoods program, which originally had one dedicated employee. At that time they were demolishing up to 20 houses annually. In March 2018, the Council approved the hiring of a Neighborhood Quality Coordinator, and Mr. Matthews was hired in May 2018.

Demolitions were done by independent contractors, and the City was paying a higher fee for demolition. Also, if the contractor received a better offer for another job, they would accept that,

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leaving the City job undone. Mr. Strauch said the City was demolishing about 40 to 60 houses annually, at that point. The goal was to do about 100 houses annually, and they weren't going to do that using outside crews.

In January 2019, the Council approved a City demolition crew, and the three-man crew was hired and was fully operational by July 2019. In July 2020, in response to the Council's direction regarding junk vehicles and commercial enforcement, they added another administrative employee to the department. This person works almost exclusively on junk vehicles and commercial compliance.

He outlined the number of junk vehicle cases, saying it definitely increased, once the new employee was hired. This also resulted in 527 cases that were the result of the commercial cleanup. These cases include everything from a car parked on the street that doesn't have any tires, to removing hundreds of junk vehicles from private property.

Mr. Strauch said substandard structures are the main focus of the program, and by adding the City demolition crew, they were able to exceed the goal of 100 structures, for 2020. Moving forward, he expected that they would continue to be able to demolish 100 substandard structures annually.

Mr. Strauch said moving the work in-house has allowed the staff to demolish more substandard structures, and to do them quicker and cheaper. Hiring the crew saved the City approximately \$200,000 over the entire cost, if they had been able to hire an outside demolition crew. They originally hired a three-man crew, but he explained that it proved to be unnecessary and the crew was downsized to two, full-time employees. The crew also utilizes an excavator, one skid-steer, and a 40' dump trailer.

He addressed the budget for the Substandard Structure Program, which comes from the General Fund and from Community Development Block Grant funding. CDBG funding is used a lot to remediate these structures, however they are limited as to the location they can use this funding. Mostly CDBG funding is used for structures on the east side of Sherman, and a couple of neighborhoods on the west side.

The General Fund budget for the program has increased, per Council direction. Mr. Strauch felt the budget would "stabilize" from this point forward, and that they have reached their maximum capacity with what they have.

Mr. Strauch mentioned the reinvestment of demolished property, which is ultimately the end goal, and takes several years to "come to fruition." The process involves finding the house, contacting the owner, receiving permission to tear it down, tearing it down, then the owner has to either build a new house on the property or sell it to someone else that does. It takes about three years between the time a house is identified as a substandard structure and someone can actually build on the property.

He showed photos of houses that had been demolished and the new structures that were built on the property, and also cited the City tax increase that was realized on the property. He mentioned the time it takes in taxes to recoup the demolition fee, which is definitely a shorter period by using the City demolition crew. Of the 21 properties that have been demolished, most are located on the east side of Sherman. The oldest and most dilapidated homes are located on the east side, and also CDBG money can be used there.

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He said the newest focus of the program is for commercial structures, which are major cases with major workloads. These are typically cases that are taken to court, and that require a lot more work on the backend and on the frontend. Each property requires an asbestos test, and if it comes back with asbestos, it must be abated. These cases are more expensive, take more time, and are much more resource intensive.

He showed a commercial structure at 201 South East Street that had 125 vehicles parked on the property. Once the vehicles and the dilapidated structure were removed, they found a giant underground storage tank which had to be removed and remediated.

The Council had also asked the staff to take care of the old Wilco property at 803 East Houston Street. He said if a retail demolition crew had been hired, it would have cost about \$30,000 to remediate. After 1.5 years of work, Mr. Matthew's crew was able to clean it out for less than \$8,000.

Mr. Strauch said there are three "eras" in the Quality Neighborhood Program. The time prior to hiring Mr. Matthews, they spent mostly CDBG money and could only complete 15 to 20 structures annually. After Mr. Matthews was hired, the program was expanded, but they were still paying retail prices for demolition. They were able to do about 40 to 60 structures at this time. And finally, after the demolition crew was hired, they could complete between 100 and 120 structures annually.

There is an increased cost on commercial structures, and they only did one or two properties prior to hiring Mr. Matthews. Most commercial properties have asbestos and it is very costly to abate asbestos. Since the demolition crew has been set in place, they expect to be able to complete five or more commercial properties annually. To go beyond that, Mr. Strauch said the program would need additional resources.

In summation, Mr. Strauch said they should be able to abate 100 plus residential structures and "a handful" of major commercial projects annually, and the budget should be stabilized. If the Council wanted to accelerate the program, a second demolition crew could be added. Costs to add another crew are estimated at \$500,000 for equipment; and \$150,000 annually for ongoing crew expenses; plus additional tipping fees. There are still over 750 houses that have been identified as substandard in the City limits.

Mr. Strauch discussed the possible creation of a Central Business District building registration ordinance. If the Council would like to do this, an ordinance would be needed that required an owner of a building in the Central Business District, that is not actively producing income or actively being used, to register the building with the City and to tell what you eventually plan to do with it. The goal of the program would be to encourage these speculators that own buildings in the Central Business District to utilize the building. The property needs to be redeveloped so it can be rented, or moved to an owner that will redevelop it. The registration framework would be a first step in the process. This would also help the City determine which buildings were eligible for demolition.

Council Member Stevenson had recommended reviewing the building registration ordinance that is being used in Paris, Texas. Mr. Matthews actually helped draft that ordinance. There is a small, annual registration fee, but it gives the City needed information to keep track of these things, and provides an incentive for development.

If the Council wants to move forward with this program, Mr. Strauch recommended adding one full time employee, a clerk to manage it.

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He presented the requested budget to keep the program status quo, but said they would like to add a clerk this year, to help move the cases through the court system. With that position they would hope to increase the commercial demolitions from five to ten annually, to at least ten annually. If the Council wanted to really accelerate the program, they could add the second demolition crew.

Mr. Hefton asked for Council input on the Quality Neighborhood Program.

Council Member Melton asked if an additional clerk could be used from another department, such as the Police Department. Council Member Stevenson said the Central Business District ordinance is something that has been discussed with the downtown business owners. Other cities have ordinances that require the building owners to register those empty or derelict buildings, as “non-usable” buildings. They would need a plan to do something with the building or know that they would pay an additional fee on top of other costs. The goal is to encourage redevelop in the downtown area.

Council Member Melton asked about the implication of “historical” buildings. Council Member Stevenson said they aren’t talking about demolition, if they can help it. There’s a couple of partial buildings that burned years ago and there are only a couple of walls standing. The owner has no plans for these buildings.

Mr. Hefton asked if the goal of the program was to obtain a centralized database of all the derelict properties so they can be marketed. Or is it punitive, and if the owner doesn’t do something in a certain amount of time, then they would be fined. Council Member Stevenson the goal would initially be for marketing, and then maybe, eventually punitive. Initially, it would be to determine how many properties are derelict, then the Council could determine if they wanted to do something else.

Mr. Strauch said looking at the focus of the program, if there is a building that is uninhabitable, someone couldn’t be living in it or get a Certificate of Occupancy to use it, there are two options. They could either, get it in the condition that it is usable, or the City can tear it down. Once the database is compiled, if a business owner is not willing to do something with their property, then Mr. Matthews would be waiting to tear it down.

Council Member Stevenson said to start moving in that direction, it would be registration only. Then it could be brought back to Council to see if they want to move forward with tearing them down.

Mr. Hefton asked if there were any resources available from outside organizations, that could be used to help develop this program, instead of only using City resources.

Mr. Matthews mentioned a couple of examples from other cities and what they’ve done with their downtown. He said his vision for Sherman’s downtown is foot traffic, retail, dining, and entertainment. He said “sometimes you have to get rid of the old to bring in the new.” He referenced seven buildings downtown that have no roof and four walls. He said, if they were gone, there would be room for revitalization.

He did not recommend that the clerk be a Police Department employee. That clerk would be preparing Sherman’s court cases for Municipal Court of Record and taking the workload off the current Court Clerks.

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Mr. Hefton said the question is, if they want to do anymore that the staff is currently doing, they need more. If the Council is okay with what is currently being done, and at the levels that are being done, then the budget is fine.

If the building registration is a downtown initiative, are their downtown people that can help create the database. Council Member Stevenson felt that a full-time clerk position was needed to make the database and complete all the paperwork.

Mr. Strauch said staff could probably compile the database, however if the Council wants them to “act” on the database, then they probably would need a physical employee.

Council Member Teamann felt it was okay to prepare a database of dilapidated buildings, but when it came to tearing them down, that might require more conversation. He felt the City must recognize the problem before they decide what to do about it.

Mr. Hefton said the original program started only to address residential substandard structures, and then, because of the success, it grew. He added that the program is now at capacity and the staff can’t do any more, without additional resources, including employees.

Council Member Teamann asked how many residential houses would be considered the equivalent of one commercial job. Mr. Strauch said there were many unknowns on a commercial job and they never really knew what they might run into, such as the underground storage tank on the Wilco property. Mr. Matthews said they currently demolish 1.5 residential houses every week.

Council Member Howeth liked the idea of having a database of downtown properties for development, and felt it would be beneficial to tear down some of the dilapidated commercial buildings.

Mr. Hefton mentioned the possible use of Tax Increment Reinvestment Zone dollars for abatement. He clarified that the Council did have an interest in doing the database and getting the program up and running, maybe using the TIRZ money to start doing abatements. They would have to consider how the additional staff would be paid for. They can use TIRZ money as seed money for starting the program. Council Members wanted to maintain the status quo on the Quality Neighborhood Program that is currently being done by Mr. Matthews.

Mr. Matthews said there are many smaller commercial structures all over Sherman, that if the buildings were demolished, the property would sell. He said the buildings are what’s stopping the redevelopment. Mr. Hefton felt there was plenty of dilapidated buildings in the downtown area to work with.

Mr. Strauch said the staff will bring back a draft ordinance for the downtown building registration and will work to “backfill” using TIRZ money to bring a clerk in.

City Council Members took a lunch break from 11:31 a.m. to 11:51 a.m.

Planning Update – Comp Master Plan

Rob Rae, Director of Development Services, outlined the discussion on a Comprehensive Master Plan Update for the City. He explained that the State has given the City the ability to create a Comprehensive Plan to guide the development, growth, and infrastructure improvements in the City. The Plan is a vision for the future and considers the entire geographic area of the City and the Extraterritorial Jurisdiction.

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Comprehensive Plans are updated as needed, generally every 5, 10 or 20 years, depending on growth. The Plan forecast can vary from 10 to 50 years, and these visions and goals are developed through community outreach. Because development and trends change, the Comprehensive Plans should be updated regularly.

In the past 12 years, new residential building permits have greatly increased in Sherman. In the 2009 Master Plan, the consultant said if the City had 200 new building permits a year, they would hit their growth projection. In the last three years, the projections for 2021, the City will surpass the 200 building permits per year.

Mr. Rae defined zoning, land use, and future land use, as it applies to the Comprehensive Master Plan. Zoning establishes the types of uses permitted on a parcel of land and sets development standards. Land use refers to how the land is used, including residential, commercial, and industrial. Future land use sets the board direction on how a community wants to develop in the future.

In Sherman, there are eight zoning districts, and each district has its permitted land uses. Future land uses are a broad category of usage. A Future Land Use map is also designed to outline development in the City.

When an applicant comes into Development Services, they must review the plan and make sure it coincides with the future land use for the property in question. But it must also fall into the correct zoning district. Some new development doesn't meet the future land use from the Master Plan, that's why it's important to update the Plan regularly, to be consistent with how the Council wants the City to grow.

The Council has said they want to see things such as smaller lots and townhomes in different districts. As part of this project, Mr. Rae said they would refine these land use categories to have the multiple zoning districts that the Council wants.

Comprehensive planning is not new in Sherman, and the first Plan for Sherman was done in 1919, by George Kessler, a renowned City planner and landscape architect. He was responsible for plans such as Dallas Fair Park, Hermann Park in Houston, and Hyde Park in Kansas City. Mr. Rae highlighted several issues that were covered in the Kessler Plan.

Other Comprehensive Plans for Sherman have been done in 1950-1951, 1967-1968, 1988, 1998, and 2009. The staff is proposing an update to the Plan in 2022, covering the following six core elements. These elements are land use and urban design, housing and neighborhoods, transportation and mobility, parks and trails, infrastructure, and economic development. A Water and Wastewater Master Plan is currently underway to update this infrastructure and the Parks and Trails Plan has recently been updated.

The vision for the Plan should be developed by the community, and not by the consultant or the City staff. It should be a simple document that every citizen could understand, and not overly technical. Mr. Rae added that the Plan should be used and referenced often, once it has been adopted. The scope items that the City would be looking for include public outreach and public meetings, technical analysis, and an update to the Comprehensive Plan document.

Key tasks that would be involved include developing the vision for growth in the community. This requires public involvement and outreach, both virtually and through surveys, and could be done in public meetings with feedback. They would need to examine existing conditions and current land use conditions, and develop a future land use plan, which identifies new zoning districts.

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Another key task is to incorporate information from other Master Plans, such as the Water and Wastewater Master Plan, Parks Master Plan, and the Transportation Master Plan, which was developed by the staff.

Mr. Rae presented a schedule for the Comprehensive Plan, beginning in Fall 2021, when they would select a consultant to assist in development and determine the Advisory Committee. The schedule continues through Summer 2022 when they hold public meetings and finally consider adoption of the Plan. The Plan would also be coordinated with the Water and Wastewater Master Plans.

Mr. Hefton said Kendig-Keast was hired as the consultant for the 2009 Comprehensive Master Plan, and they did the entire project. However, since Mr. Rae is a planner, he can step in and do many of the administrative, managerial aspects of the Plan. Mr. Hefton asked Mr. Rae to lay out his vision on how the project should be done, including what consultants might help with and what could be done in-house.

Mr. Rae said, typically, for a City the size of Sherman, a turn-key Comprehensive Master Plan would cost between \$300,000 and \$500,000. The contract with Kendig-Keast was just under \$300,000 in 2009, for the turn-key project.

He said his proposal is a “slimmed-down” version of that, where a consultant would be hired to “do the visioning,” the public involvement, and the land use plan. He estimated the cost would be closer to \$100,000. City staff would do a lot of the internal items. This year’s budget also includes some software, needed for the project.

Mr. Hefton verified that Mr. Rae felt he could handle his normal day-to-day responsibilities, the Planning and Zoning Commission, and this project, without things falling behind. Mr. Rae said he did feel he could do that, and was used to working “consultant hours.” Hiring a consultant to help would also help with the plan to handle the project internally.

Mr. Hefton said Mr. Rae has been on the “consultant end” of things and has been a consultant for the City, and he would serve as the point man on the project. He said he does have the technical expertise to handle the project.

Council Member Melton liked the fact that the Plan would be done in-house. Deputy Mayor Holland verified that the Comprehensive Master Plan could be used for a “long time” and should be good for 10 years.

FY 2022 Financials and Work Plan Staffing and Benefits

Mr. Hefton said he would “wrap-up” everything that was discussed during the last couple of days and then discuss the financials.

He addressed items that have been built into the budget, as it currently stands.

- 2% + 2% - base pay for all employees increase by 4% (2% would be in 2021 and 2% in 2022)
- Various market adjustments
- Contribution to HSA - \$600 per employee
- Total proposed employee positions for 2022 would be 482 (new positions include Civil Engineer, Engineering Inspector, 2 Building Inspectors, Cemetery/Grounds Maintenance Worker, Motorcycle Officer, Inflow and Infiltration Worker, Equipment Services Shop Foreman, IT Helpdesk Supervisor)

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Mr. Hefton said at the Planning Meeting, the Council asked for additional detail on the City's debt. He presented information on the non-utility debt. Utility debt is issued through the Greater Texoma Utility Authority and shows up on the City's books as "debt service payments," which is an expense and not a liability. He said \$7.8 million is the projected non-utility debt service for 2022. Most of this debt is Certificates of Obligation, however there are some other issues such as Tax Notes. Mr. Hefton also presented a list of items that the Tax Note funding for FY 2022 would be used for. Most of the items are equipment, but there are some smaller projects or items listed.

He also presented a preliminary estimate of how the tax rate would be split. The tax rate would still be subject to the calculation of what was formerly called the "effective tax rate" and the "rollback tax rate." The rate is below the "voter approved tax rate." Even after issuing the Certificates of Obligation and the Tax Note debt, it leaves the tax rate unchanged. He also presented the outstanding CO/Tax Note debt and said, over the next 25 years, this debt will be paid off.

He presented total debt service by year, broken down with interest and principal annually, and types of debt service by year.

Mr. Hefton said he has gathered Council input from several sources for the FY 2022 Budget. Council Members want to continue with downtown improvements and want to take care of what the City already has. Smaller projects, that were specifically requested by Council include Martin Luther King Restrooms, Fairview Basketball Court, and Moore Street. Also, complete projects that were already started, such as the Police Headquarters and Brockett/Broughton Street. And no tax rate increase.

He mentioned several items from a planning and operations standpoint, including an increased street materials budget; fleet and equipment purchases; Tax Note financing on various equipment and projects; Environmental Code continue as-is; do the downtown focus, with inventory, and manage those structures, possibly using TIRZ dollars for the remediation; and additional street rebuild possibilities.

Mr. Hefton said plans will be brought back for the downtown inventory and for the additional street rebuilds, to determine how those projects will be handled.

In summation, he said there will be no change in the tax rate, and the 5-year utility rate plan that calls for an annual review of the rates. There will be no change in the solid waste rates.

Financial & Council Direction

Ms. Lawrence presented financial highlights of the budget and the specific funds. The proposed budget maintained the current property tax rate of \$0.489 per \$100 valuation, however the components changes. She explained that \$0.03 went from operations to debt service, to pay for the 2021 CO. Six new positions were requested, due to the growth in the City.

The Utility Fund Budget includes the 6% increase for water and sewer rates, which will be adjusted for today's discussion.

She said they are projecting the receipt of \$700,000 in the Solid Waste Fund, from the Texoma Area Solid Waste Authority. The budget also includes \$555,000 for additional fleet.

In the General Improvement Fund, the staff will complete several street projects, and begin projects such as the Police Headquarters, and some smaller projects.

COUNCIL MINUTES – JUNE 18, 2021

She addressed fund balances for the various funds, saying that there are 84 days of reserves in the General Fund, however there will be some challenges with the sales tax. The Utility Fund is projected to have 66 days of reserves, after adjustments from the General Fund and the 6% rate increase. The Solid Waste Fund is steadily building, thanks to the distribution from TAWSA, and is projected to have 62 days of reserves. She said the TASWA distributions are critical to the health of the Solid Waste Fund, and without them, she said the City would have to be “doing something different” in this fund.

Mr. Hefton said, once the number is adjusted from 6%, down to whatever the number ends up being, if that number reduced reserves below 60 days, the staff will “fix” that through transfers, probably from the General Fund. He said, the staff will bring back a plan, that all the major funds are still within that 60 to 90-day window for reserves.

Council Member Melton asked what Ms. Lawrence through could be done if the TASWA distribution stopped. Ms. Lawrence said you either have to increase revenue or decrease expenses. Mr. Hefton said the rates are in excess of what’s needed for TASWA to do their operation. He said he thought of it as a rebate of the gate rates that are too high. They are still well below market, and he felt that should be an annual distribution. Council Member Melton questioned whether or not TASWA felt that way. Mr. Hefton felt that the distribution would probably continue every year now. Ms. Lawrence said, ongoing, the three major funds are balanced.

Ms. Lawrence explained sales tax issues, due to COVID-19, from previous years, and a large audit adjustment from a construction company. Apparently, some construction companies pay all their sales tax up front, then they ask for a rebate for all the sales tax they paid. There is nothing the City can do about that, but they do try to adjust the sales tax numbers to reflect what a normal year would “look” like. Another large effect was from the Federal Government’s stimulus money, which caused a great increase in sales tax for May 2021. She said there was no consistency in the sales tax sales. The February 2021 ice storm also affected sales tax.

With property tax, Ms. Lawrence said they expected to see about the same level of growth as in years past. Since 2011, they have added \$1 billion in value to the tax rolls, in growth and existing value. Sherman is unique from other Cities, in how they provide water and sewer services to citizens. Most cities receive their water from another water utility district. They may pay for debt, but it’s built into their rates and it’s not on their books. Ms. Lawrence compared several cities property tax rate and debt rate with Sherman’s rate.

She also presented the Utility Fund budget, including the 6% rate increase, and the water and sewer revenues. The Solid Waste Fund is recovering from a decrease in revenue from the solid waste rates and increase in commercial solid waste. The fund balance should be at \$1.3 million, up from \$628,000. Revenue for this fund is up about 3%, with commercial being up about 6%. Mr. Hefton said, if you removed the two TASWA payments, then the fund balance would be zero. He felt that disbursement would also be available in 2022.

Ms. Lawrence addressed transfers between funds, and reminded Council that one purpose was to reimburse a fund for services provided by other departments. Debt service is another purpose of a transfer. The bond covenant requires the City to set aside funds to make the debt service payment. Every year, with the budget, some of the TIRZ money is budgeted to go to the Debt Service Fund to pay the TIRZ debt service. Money is transferred from the fund that generates the revenue to pay the debt service related to that fund. Transfers are also used to fund capital projects such as through impact fees, and to prop up funds, as needed.

COUNCIL MINUTES – JUNE 18, 2021

Council Member Howeth asked if the hotels were all up to date on their Hotel-Motel Tax payments. Ms. Lawrence said the City is “getting paid.”

Council Member Teamann asked if the City had the Airbnb ordinance to receive revenue from vacation homes. Ms. Lawrence said the City does not have that ordinance, but did look at the possibility. She said the revenue from Airbnb homes is pretty small and would probably be only a “few hundred dollars a year.” She said some send it in voluntarily. Ryan Pittman, City Attorney, said they are required to pay taxes and they are not excluded by State law.

Ms. Lawrence explained the amounts transferred in to the various funds, both for administrative and franchise fees, for debt service, capital projects, and excess reserves or non-recurring issues.

Mr. Hefton added that the staff sees the water and sewer utility just like they do other utilities. Frontier and Sparklight pay the City a franchise fee, so when a franchise fee is charged to the water and sewer funds, the City is treating itself like the other utility companies and charging them the same percentage.

Ms. Lawrence said \$3.4 million is transferred to the General Fund and \$0.2 million is transferred to the Utility Fund for administrative and franchise fees; \$1.1 million is transferred to the Debt Service Fund to cover debt service; \$1.5 million is transferred to the General Improvement Fund and some to the Utility Improvement Fund for capital projects; and some is transferred to the Group Health Fund for excess reserves or non-recurring issues.

For the General Improvement Fund, Ms. Lawrence said the largest part of the facilities expenditures is for the Police Headquarters. The City has also been doing between \$8 million and \$10 million annually in streets, mostly with bond money.

Ms. Lawrence said there is \$600,000 in the capital expenses line item for the Downtown TIRZ for next year. Staff discussed using that for some of the sewer improvements that may need to be done as a result of the sewer line testing.

The staff is requesting about \$300,000 for equipment purchases in the General Fund, about \$550,000 in the Utility Fund, and about \$640,000 in the Solid Waste Fund. Fleet replacement purchases are requested at \$1.4 million.

Ms. Lawrence addressed the money that is expected to be received from the American Rescue Plan Act, which is expected to be about \$9.1 million. The proposed projects are also “grant eligible.”

Council Member Teamann said there was a big push to get the M&O rate up, and he asked what the plan was. Mr. Hefton said the plan is “growth.” He said the growth in new value and in sales tax will be what “carry the day” for the City.

Mr. Hefton asked for Council direction on several issues. On the cost of living increase, Council agreed to the 2+3 increase for employees. He said, what was presented earlier was what was included in the budget. The staff will bring back both options on the utility rate for the Council to consider. Council Member Stevenson confirmed that there was no way to exempt senior citizens from the utility rate increase.

COUNCIL MINUTES – JUNE 18, 2021

Mr. Hefton said they will bring back the results of the downtown sewer smoke test. They will also add the possibility of using Downtown TIRZ money for the dilapidated structures. The staff will bring back a plan on additional street rebuild projects, probably with CO funding.

He said there would be no change in the tax rate, utility rates will be adjusted as discussed, and there will be no change in solid waste rates.

The Draft Budget will be presented to the Council at the August 2, 2021 Council Meeting.

EXECUTIVE SESSION

In Accordance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, the City Council may hold an Executive Session if the discussion of any of the items identified in this agenda, or any of the items identified below, concern one or more of the following:

TEX. GOV'T CODE § 551.071 --

Seeking the advice of its attorney about pending or contemplated litigation, settlement offers or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

TEX. GOV'T CODE § 551.072 --

Deliberating the purchase, exchange, lease or value of real property if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

TEX. GOV'T CODE § 551.073 –

Deliberating a negotiated contract for a prospective gift or donation to the City if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

TEX. GOV'T CODE § 551.074 –

Deliberating the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing

TEX. GOV'T CODE § 551.076 –

Deliberating the deployment, or specific occasions for implementation, of security personnel or devices or a security audit

TEX. GOV'T CODE § 551.087 –

Discussing or deliberating commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay or expand in or near the City and with which the City is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect

TEX. GOV'T CODE § 551.089 –

Deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementation of security personnel, critical infrastructure or security devices

COUNCIL MINUTES – JUNE 18, 2021

The Executive Session was not needed.

ADJOURNMENT

There being no further business to come before the City Council today, motion was duly made and approved to adjourn the Called Meeting at 1:19 p.m. Documentation for the Budget Work Session is held in the General File "Budget Work Session FY 2021-2022" in the City Clerk's Office.

ATTEST

MAYOR

CITY CLERK



Budget Workshop FY22

June 17-18, 2021

Budget Workshop Agenda

TIME	SUBJECT	PRESENTER
	THURSDAY JUNE 17, 2021	
8:00 - 8:15	BREAKFAST	
8:15 - 8:45	Opening Comments/FY2021 Work plan Update	Hefton
8:45 – 10:00	Flyovers/CIP/Projects Update/Project History	Philpott
10:00 - 10:15	BREAK	
10:15 - 11:00	Police Update – Police HQ Project, Armored Vehicle, Animal Control	Flores/Hidell Assoc.
11:00 - 11:45	Street Improvements	Philpott/Winkler
11:45 - 12:30	LUNCH	
1:00 - 3:00	WTP/WWTP Tour	Management Team
	FRIDAY JUNE 18, 2021	
8:00 - 8:15	BREAKFAST	
8:15 - 9:15	Utility Issues and Utility Rate Study	Philpott/Lee
9:15 – 9:45	Environmental Code Enforcement	Strauch
9:45 – 10:15	Planning Update – Comp Master Plan	Rae
10:15 – 10:30	BREAK	
10:30 - 10:45	FY 2022 Work Plan	Hefton
10:45 - 11:30	Financials & Council Direction	Lawrence/Hefton
11:30 -	LUNCH/ADJOURN	

Good Stewardship

Planting for the Future

- In 2015, we began a more aggressive growth mgmt approach
 - Increase use of TIRZ - leveraging County, City, developer \$\$
 - Proactively engaging quality developments – e.g., Legacy Village, Crossroads, Bel Air, Heritage, Grove, Austin Landing, Magnolia Village, Washington Meadows...
 - Use of new tools - TIRZ, PID, MUD, Chapter 380, etc.
 - “Development pays for development” – impact fees, stormwater fees, infrastructure development costs, etc.

“Blessed is the Nation whose God is the Lord”... Ps. 33:12 AND blessed is the City whose God is the Lord

Good Stewardship

Planting for the Future (cont.)

- We've focused on laying foundation now for a future harvest
 - Update development regs, e.g., Planned Development, Thoroughfare Plan, subdivision regs,
 - Cleaning up the City – via increased Environmental Code resources – staffing, equipment, budget \$\$
 - Infrastructure expansions – water/sewer utilities, roads
 - Quality-of-life – parks, education (SISD), entertainment
 - Health & Safety – public safety \$\$, entertaining medical facility improvements
 - In-house crews for various programs – Utility pipeline, housing demolition

“Blessed is the Nation whose God is the Lord”... Ps. 33:12 AND blessed is the City whose God is the Lord

Good Stewardship

Reaping what we've sown

- As a result, since 2015, we've seen:
 - Uncommon prosperity
 - Sales taxes up 46% (\$6.7 M annually)
 - Property tax base up 40% from new development (~\$900M base = \$4.3M annually)
 - Utility revenues up 31% (\$5.9M annually - some growth, some rates)
 - Solid Waste revenues up 31% (\$1.8M annually)
 - Group Health Costs are slightly lower in 2022 than in **2011**
 - Uncommon growth
 - Residential permits at all time high
 - ~2,000 SFR lots under development, ~2,000 MFR
 - Commercial/Retail development
 - Multiple medical facility improvement discussions

Good Stewardship

Creativity and Efficiency in FY22 Budget

➤ Operations and Employees

- Reduction in staff when possible
 - Animal Control
 - Housing Demolition
- Phasing-in new positions (mid-year hiring to match need vs. full year)
 - Engineering
 - Code & Inspections
- Overtime management
 - Public support services
 - Animal control
 - Police Department (continued from FY21)

Good Stewardship

Creativity and Efficiency in FY22 Budget

➤ Funding

- Using non-local \$\$ to pay for City services/projects
 - Developer investment – Development Agreements, Impact Fees
 - TASWA – pursuing member distributions
 - County - TIRZ
 - State - Fire and police grants
 - Federal
 - Drug seizure funds
 - CDBG
 - CARES Act
 - Infrastructure Funds – “Uncle Joe’s \$\$”

Work Plan Principles for FY2022

- Balance taking care of what we have AND manage/plan for growth
- Set rates at appropriate levels
- Use Reserve Funds to smooth revenue/expense swings
- Keep reserve levels between 60-90 days in operating funds

Good Stewardship

Taking care of what we have

➤ People

- Across-the-Board raises (2% + 2%)
- HSA Contribution
- Market Adjustment – various
- Additional Staff – Police, Grounds, Engineering, IT, Fleet

➤ Facilities – Parks dugouts, FD, MLK Restroom, Fairview Basketball Court

➤ Operations – Street Materials budget, Environmental Code, Fleet replacement, building back Utility reserves

Good Stewardship

Planning for what's coming in FY22 Budget

➤ Planning

- Water + Wastewater Master Planning
- Comp Master Plan update
- Utility Rate plan implementation
- Downtown needs study

➤ Facilities – Police HQ, future FD locations

➤ Operations – Front-end personnel (Engineering, Dev Svcs)

Financial Expectations/Focus for FY2022

- General Fund

- Expect property tax values to be up \$360 million for increased values + new property added
- Essentially all additional \$1.8 million property tax revenues go towards debt svc
- Sales tax revenues strong, but very hard to estimate
- Group health fund continues to perform well

- Utility Fund

- Revenue increase for growth in usage
- Consider adopting Utility Rate Study recommended rates

- Solid Waste Fund

- Continue pressing TASWA to make appropriate distributions

FY21 WORK PLAN UPDATE



2021 Council Direction

Page 1 of 3

- ★ Completed
- ★ In-Progress
- ★ Delayed
- ★ Postponed

Compensation and Staffing

- ★ *Add 3 full-time employees as presented*
- ★ *Adjust Police Dept and other pay*
- ★ *Provide a 2X one-time @ 1% for all City employees*
- ★ *HSA contribution to all employees*

Fleet

- ★ *Purchase necessary fleet/equipment*

Rate and Fee Adjustments

- ★ *Implement Impact Fees*
- ★ *Adjust Fire Inspection and other fees*
- ★ *Adjust Engineering inspection and testing fee (not in orig. FY21 plan)*

Commercial Development

- ★ *Development Agreements – Bel Air PID and Master Development Agreement*
- ★ *Sherman Crossroads – McDonalds, Panda Express, other pad sites sold*
- ★ *Heritage Ranch Planned Development approved*
- ★ *Hospital project*

2021 Council Direction

Page 2 of 3



Police Department HQ

- ★ *Design and site purchase (purchase complete, final design complete in fall 2021, construction late 2021/early 2022)*

General CIPs and related debt

- ★ *Implement CIP projects*
- ★ *No change in property tax rate for FY21*
- ★ *\$30M bonds issued April 2021 – Police HQ and other*

Utility System – Planning Focus

- ★ *Utility Master Plan – underway*
- ★ *Utility Rate Study – underway, to be completed by June 2021*
- ★ *Marilee SUD water line – design substantially complete, ROW*
- ★ *NW Sewer – Bids opened 4/22; construction to begin May/June*

2021 Council Direction

Page 3 of 3



GENERAL CIP

- ★ *Taylor Street/McGee Street – developer delayed*
- ★ *Swan Ridge – developer delayed, City postponed*
- ★ *Park Avenue – complete in FY21*
- ★ *Bridges – Travis/Center/McGee*
- ★ *FM1417 ROW – SH56 to W. Travis*
- ★ *Moore Street – Engineering complete; project to bid summer 2021*



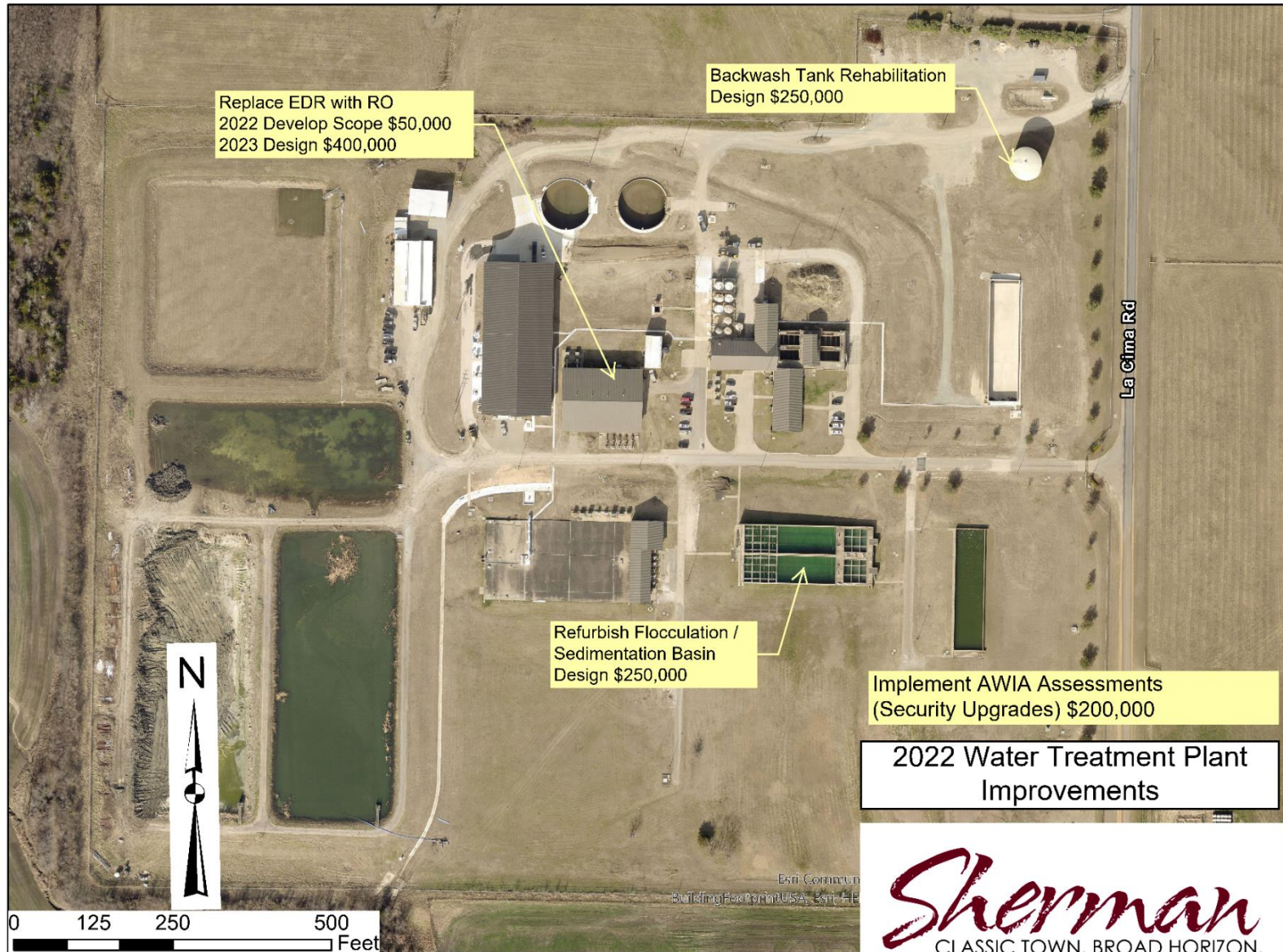
FLYOVERS



Capital Improvement Plan 2021-2022

- Water Treatment Plant
- Wastewater Treatment Plant
- Distribution System
- Streets
- Parks and Recreation

Water Treatment Plant



WTP – Generators



Description

Construct Backup Generators at both the Water Treatment Plant and the Texoma Pump Station. Construction includes both the generator and automatic transfer switch upgrades.

Design (Parkhill Engineers)

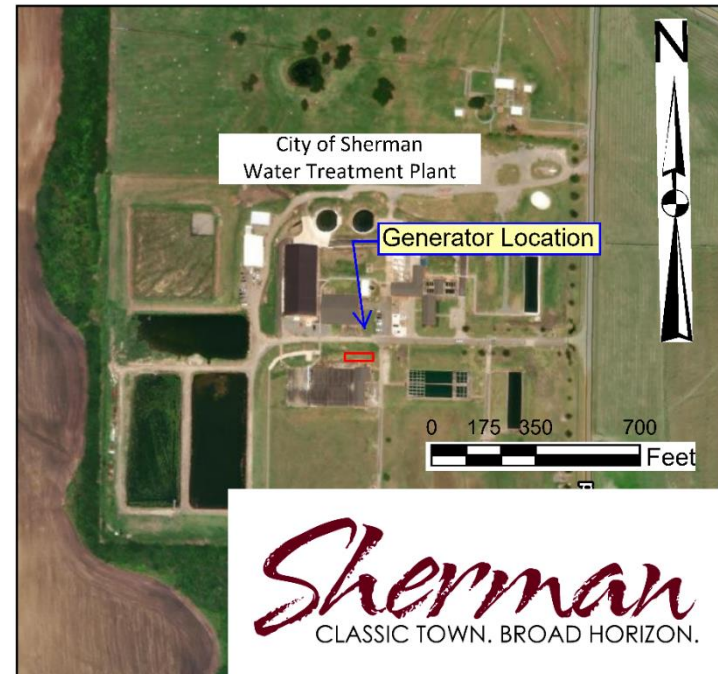
- Cost \$190,000 - 4th Quarter 2021

Construction

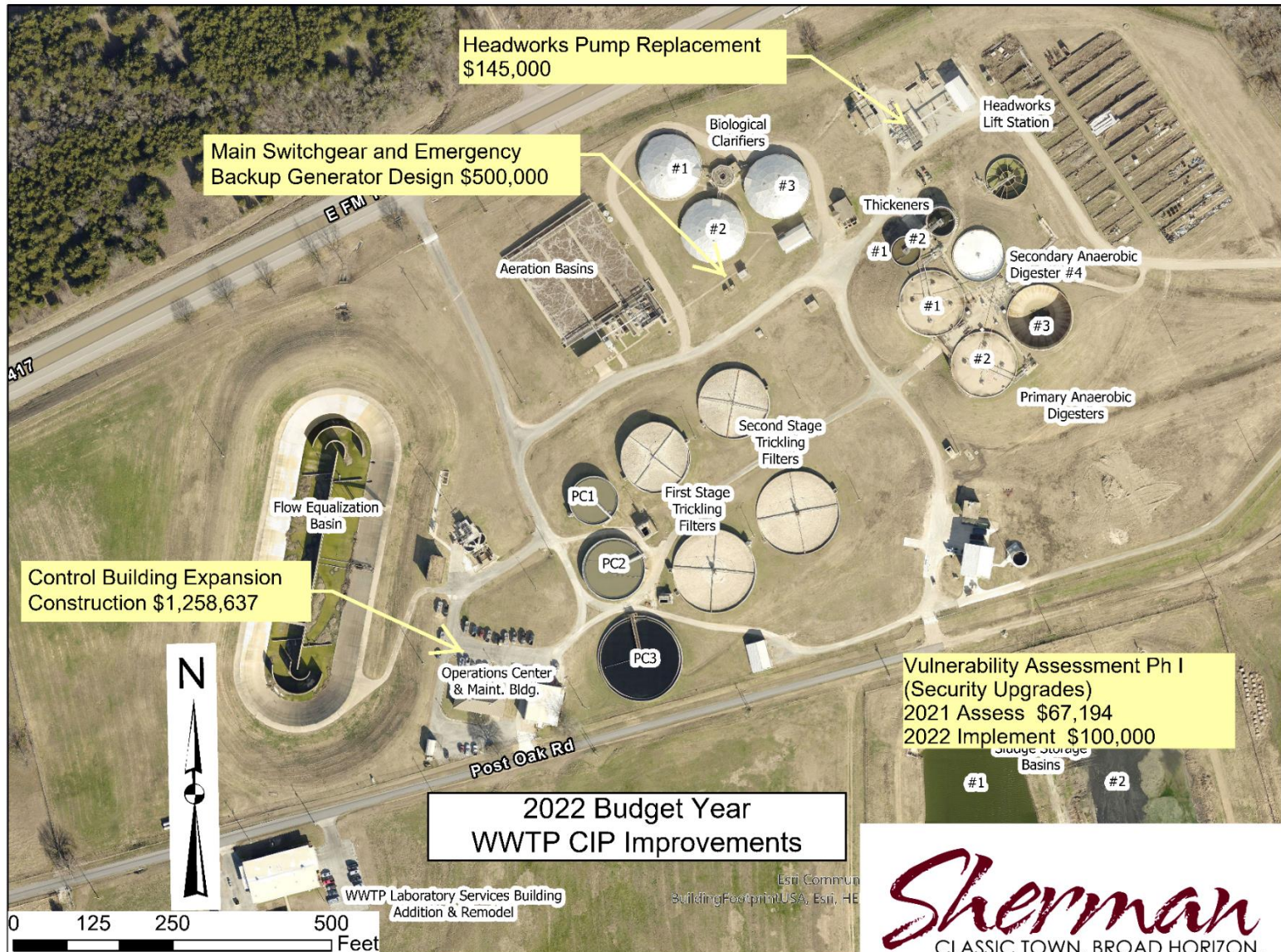
- WTP Cost \$1.0M - 1st Quarter 2022
- Pump Station Cost \$0.9M - 1st Quarter 2022

Funding

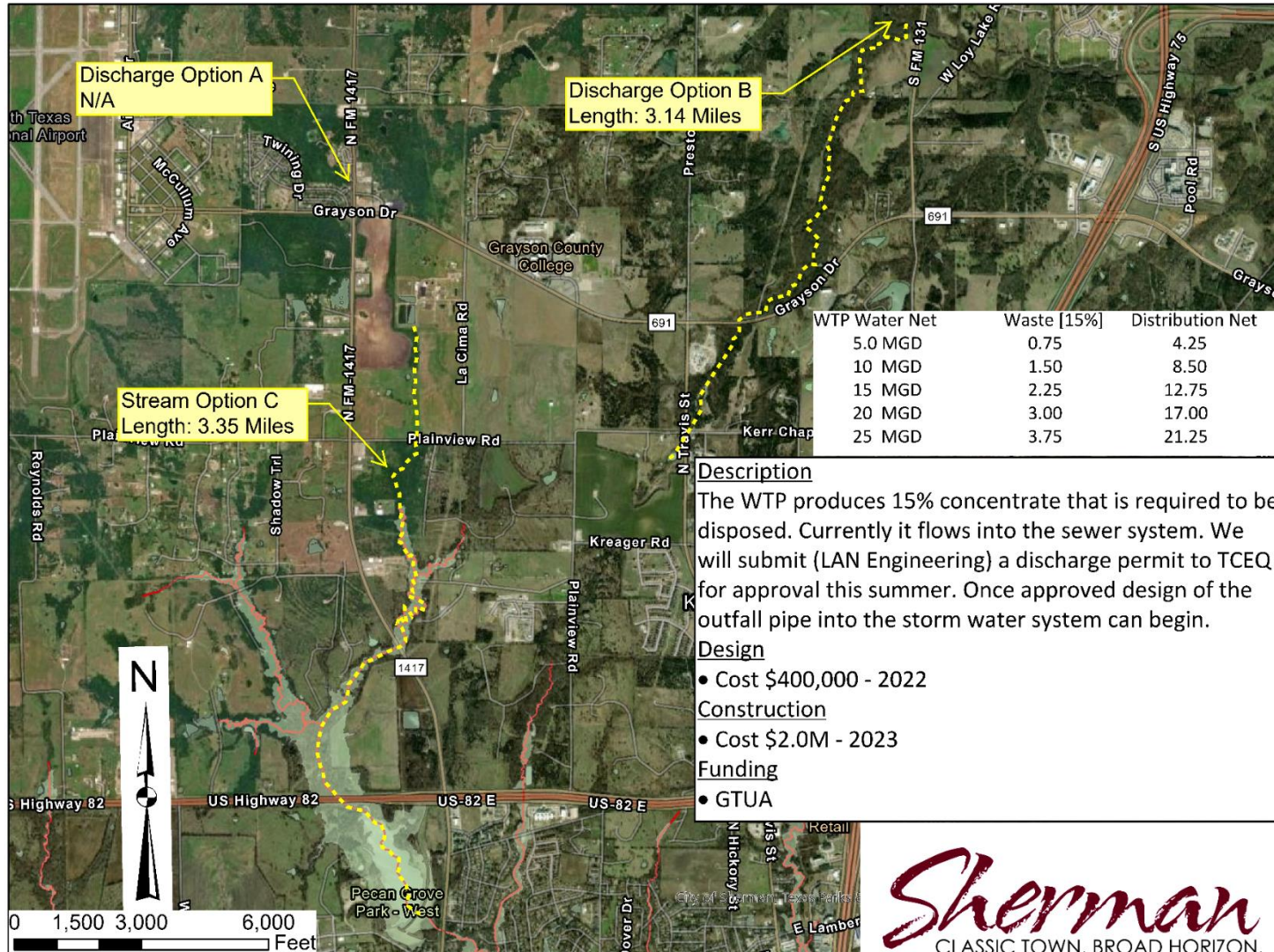
- GTUA / ARPA (Federal Grant)



Waste Water Treatment Plant



WTP – Construct Concentrate Disposal Line



Ida Road Ground Storage Tank

Description

Rehabilitate 5-MG Ida Road Ground Storage Tank (sandblast and paint inside and out). Remove built up sediment. Repair access ladder, OSHA compliance.

Design (Garver Engineers)

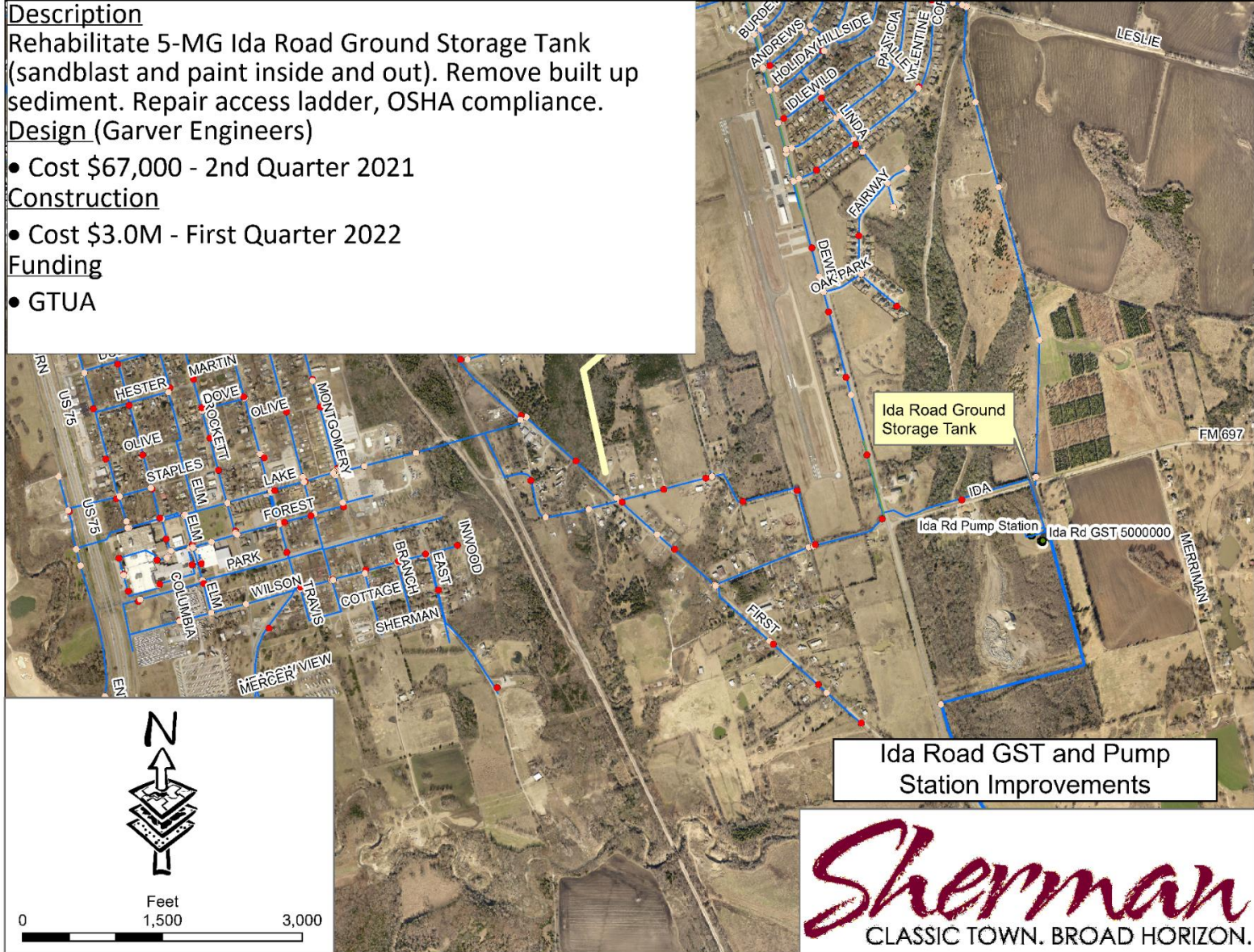
- Cost \$67,000 - 2nd Quarter 2021

Construction

- Cost \$3.0M - First Quarter 2022

Funding

- GTUA



12" Water Line Replacement along Texoma

Description

Replace 5,180-LF existing 12" water line installed in 1964.

Design (KCI Engineers)

- Cost \$163,000 - 2021
 - Design Completion - 3Q 2021
- Construction (TBD)

- Cost Estimate \$2.5M - 2022

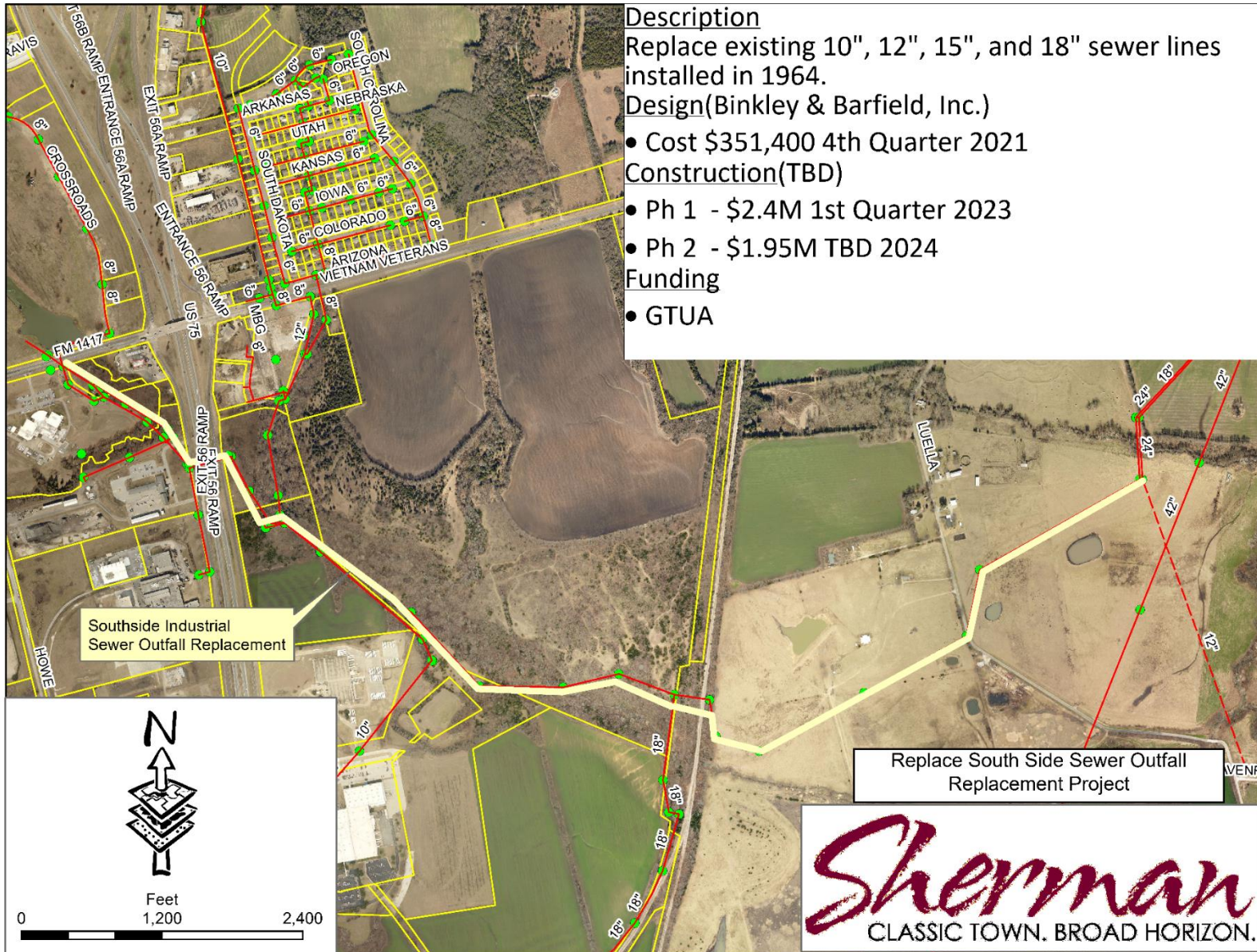
Funding

- GTUA



Sherman
CLASSIC TOWN. BROAD HORIZON.

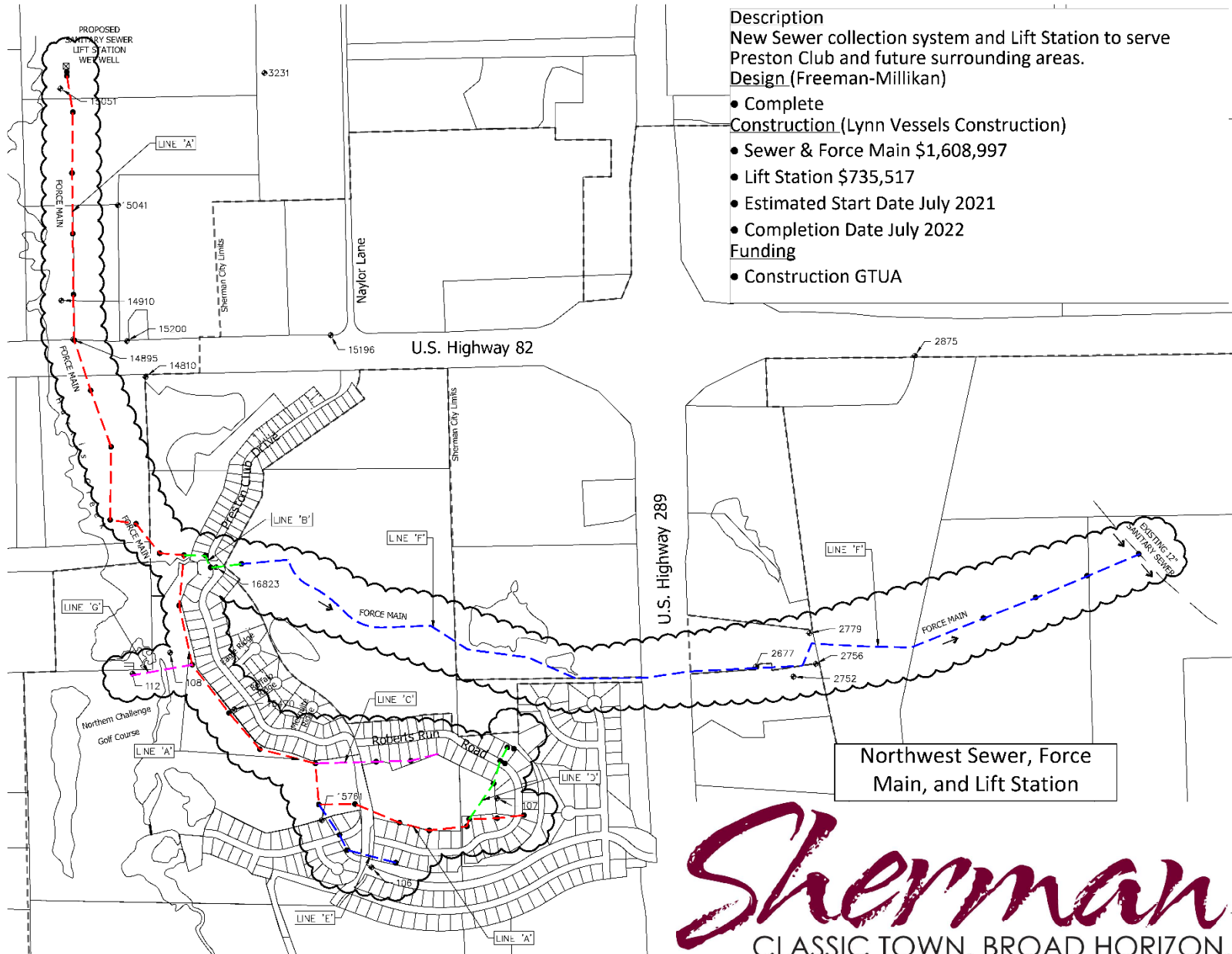
Replace South Side Sewer Line



Stream Bank Stabilization - Nantucket



Northwest Sewer



Description

New Sewer collection system and Lift Station to serve Preston Club and future surrounding areas.

Design (Freeman-Millikan)

Construction (Lynn Vessels Construction)

• Complete

• Sewer & Force Main \$1,608,997

• Lift Station \$735,517

• Estimated Start Date July 2021

• Completion Date July 2022

Funding

• Construction GTUA

Northwest Sewer, Force
Main, and Lift Station

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Bel-Air Blvd and Legacy Water Line

Description

Addition of a new Surface Water line to supply areas east of U.S. 75 and relocate an existing 24" Ground Water line. The Project will also improve pressures upstream of the Southwest Booster Pump Station.

Design (Hayter Engineering)

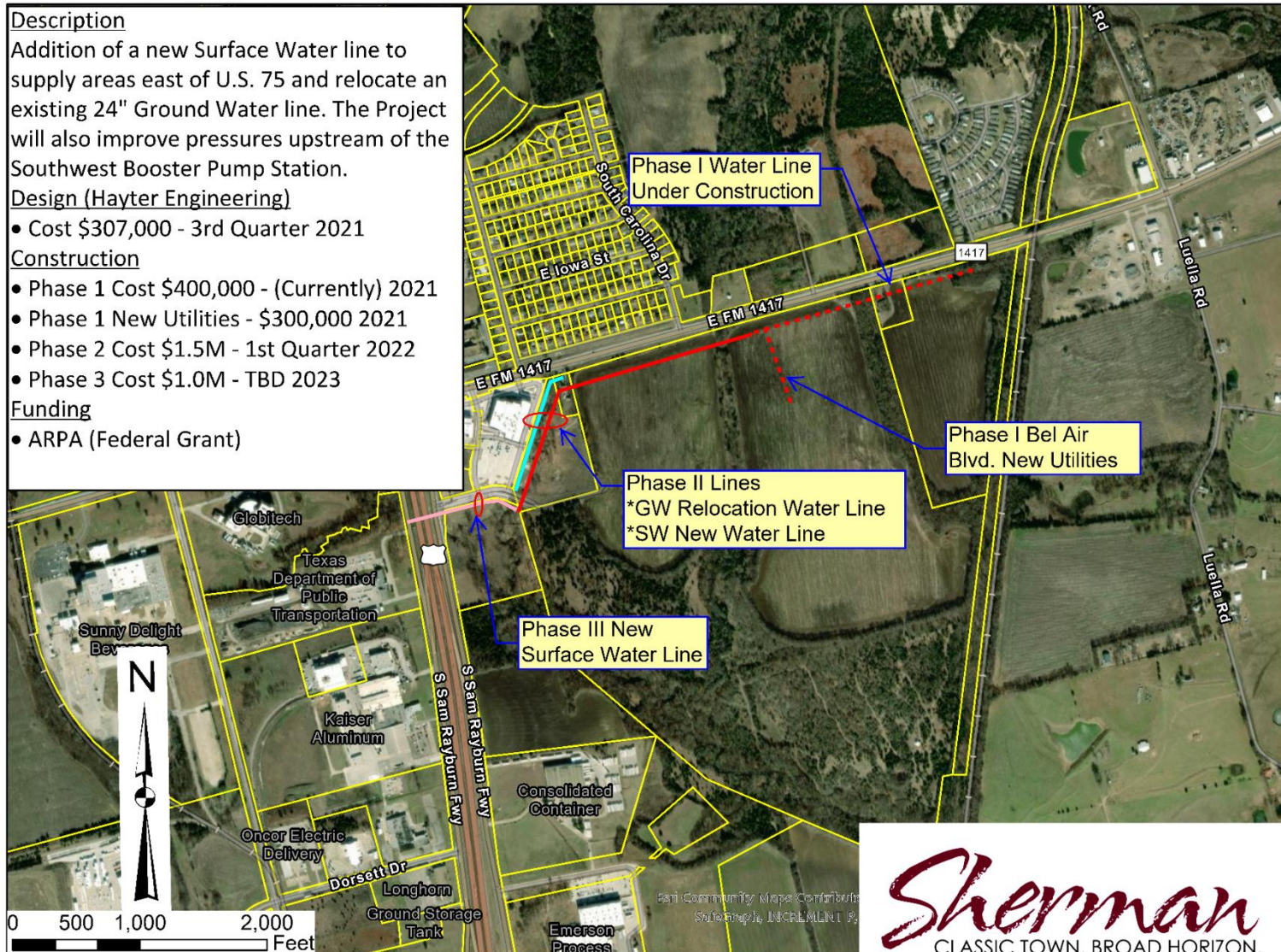
- Cost \$307,000 - 3rd Quarter 2021

Construction

- Phase 1 Cost \$400,000 - (Currently) 2021
- Phase 1 New Utilities - \$300,000 2021
- Phase 2 Cost \$1.5M - 1st Quarter 2022
- Phase 3 Cost \$1.0M - TBD 2023

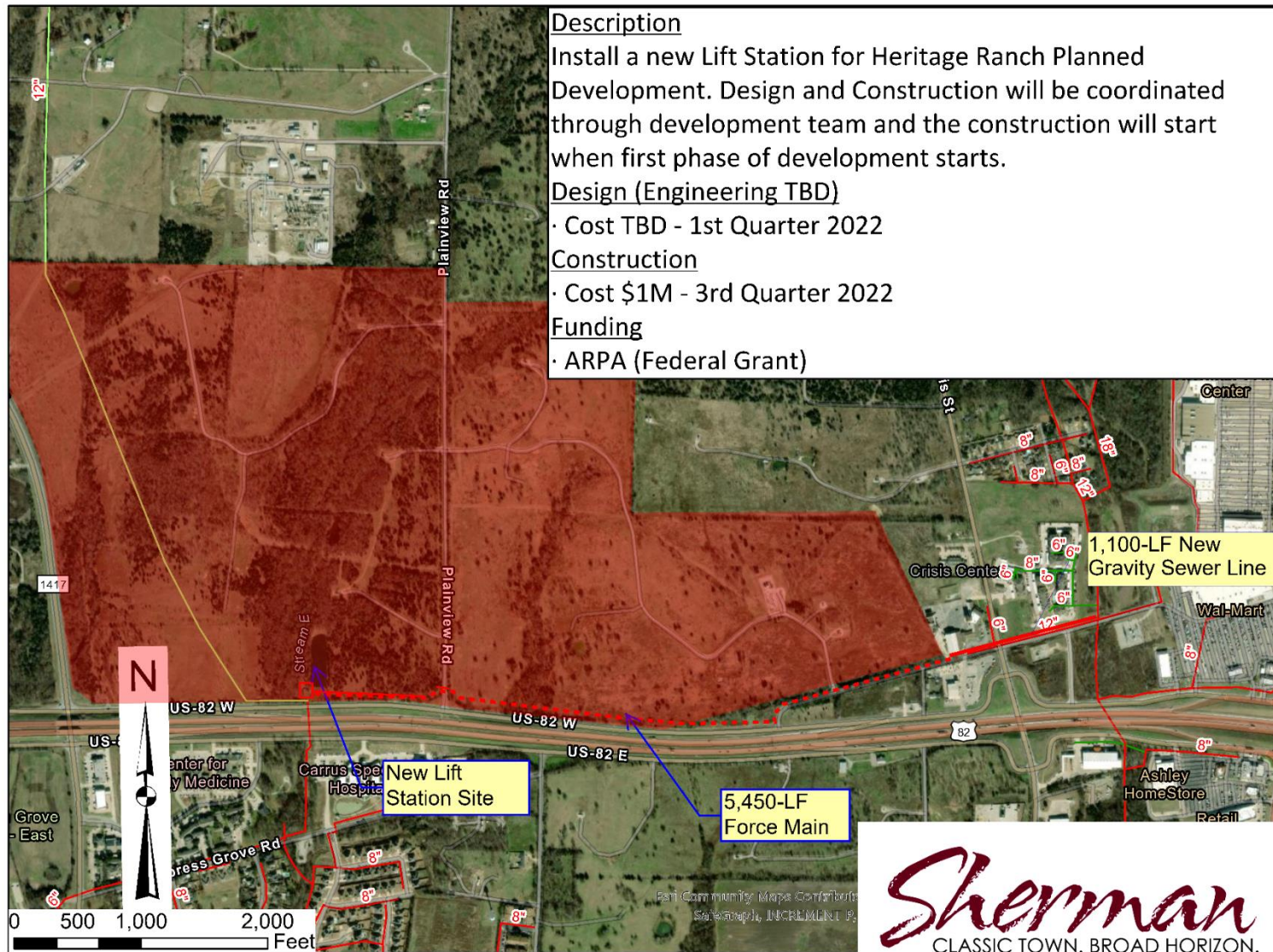
Funding

- ARPA (Federal Grant)

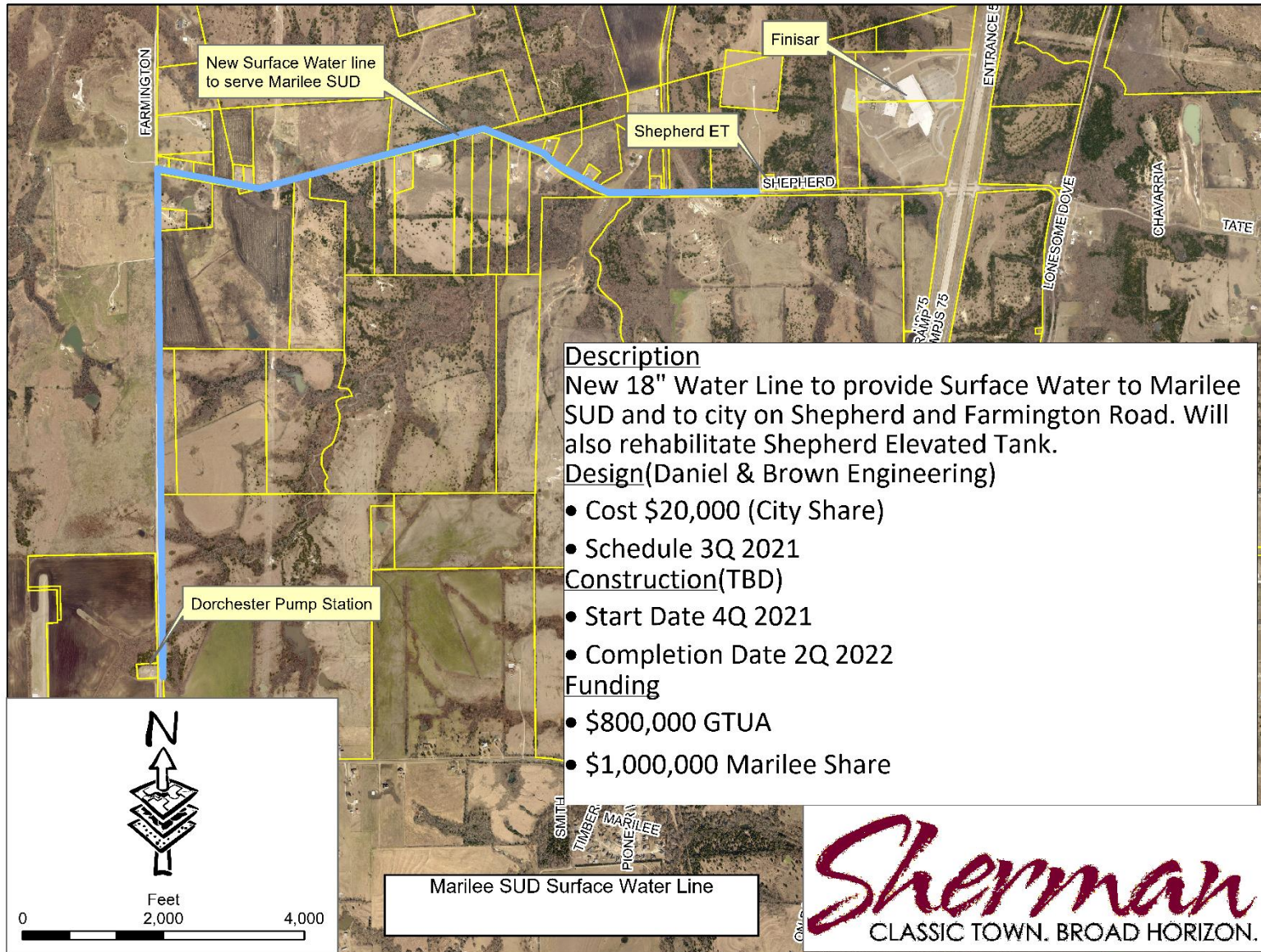


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Heritage Ranch Lift Station



Marilee Water Line



Shepherd Utilities

Description

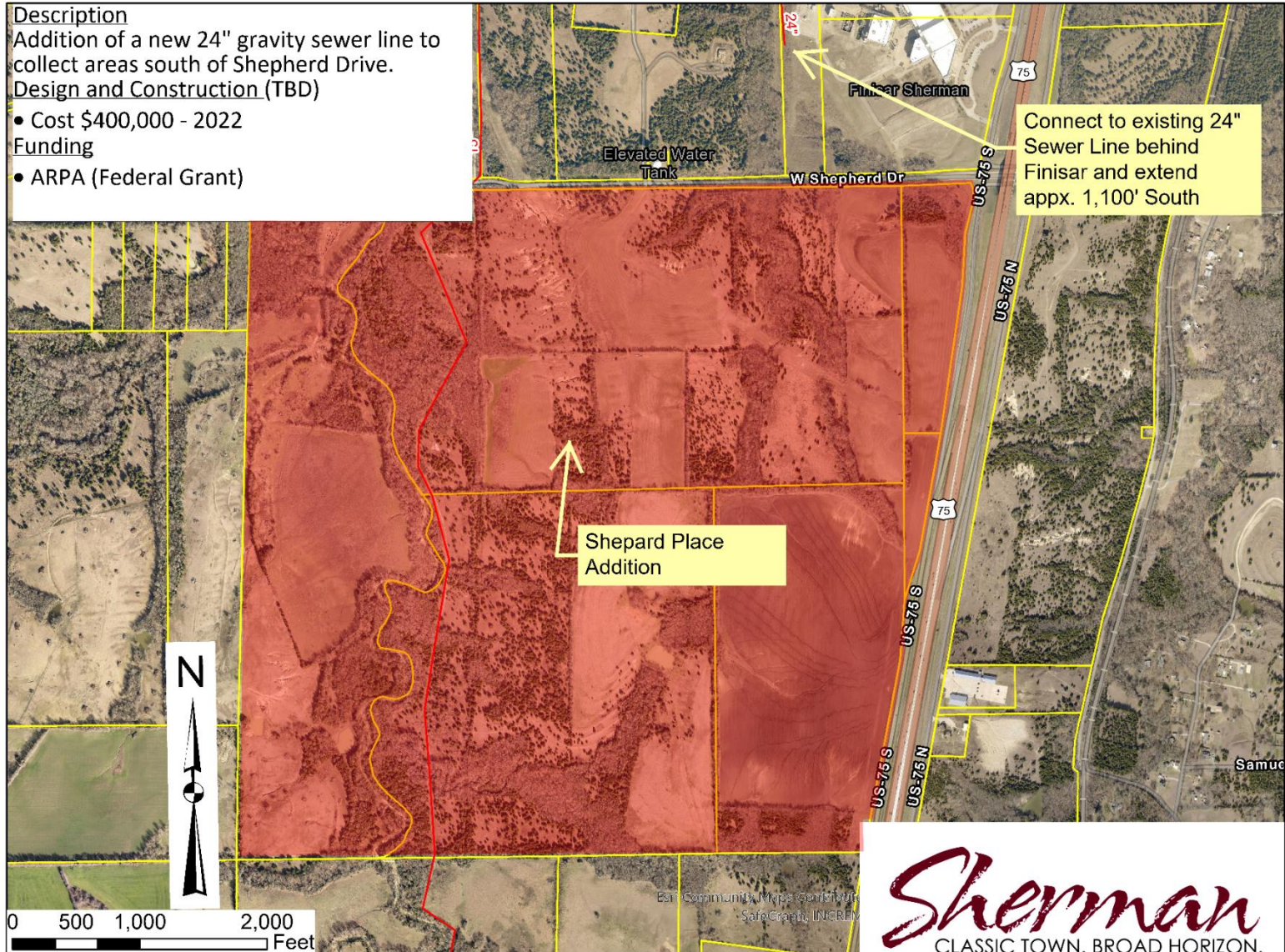
Addition of a new 24" gravity sewer line to collect areas south of Shepherd Drive.

Design and Construction (TBD)

- Cost \$400,000 - 2022

Funding

- ARPA (Federal Grant)

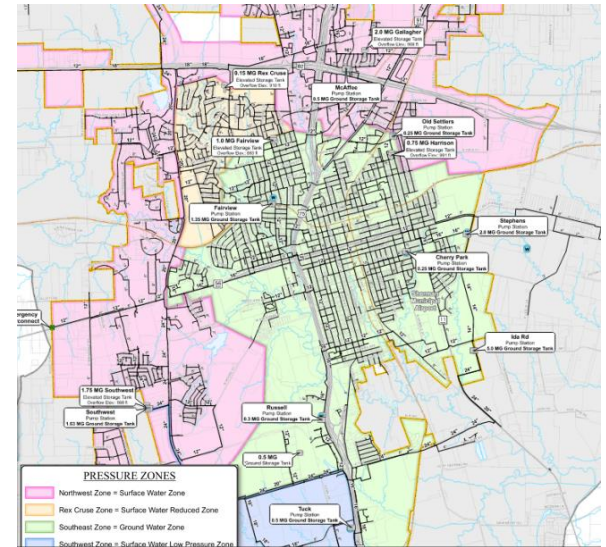


Shepherd
CLASSIC TOWN. BROAD HORIZON.

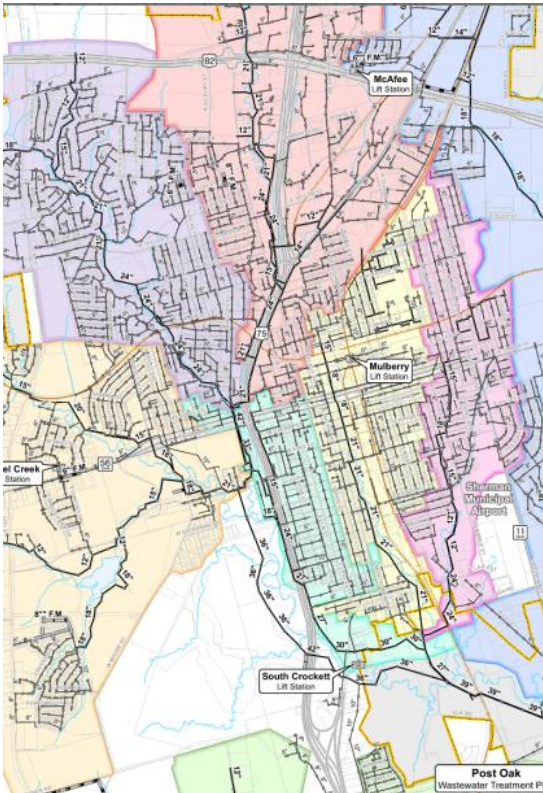
Water Master Plan

Update...

- Reviewing list of wholesale customers per 2021 Region C Water Plan
- Evaluating population projections data from City and County
- Developing pressure testing plan for approximately 10 locations throughout the system
- Updating water system model from City GIS and WaterGEMS model into InfoWater hydraulic modeling software
- Project on schedule for December 2022 completion

[illegible]

Waster Water Master Plan

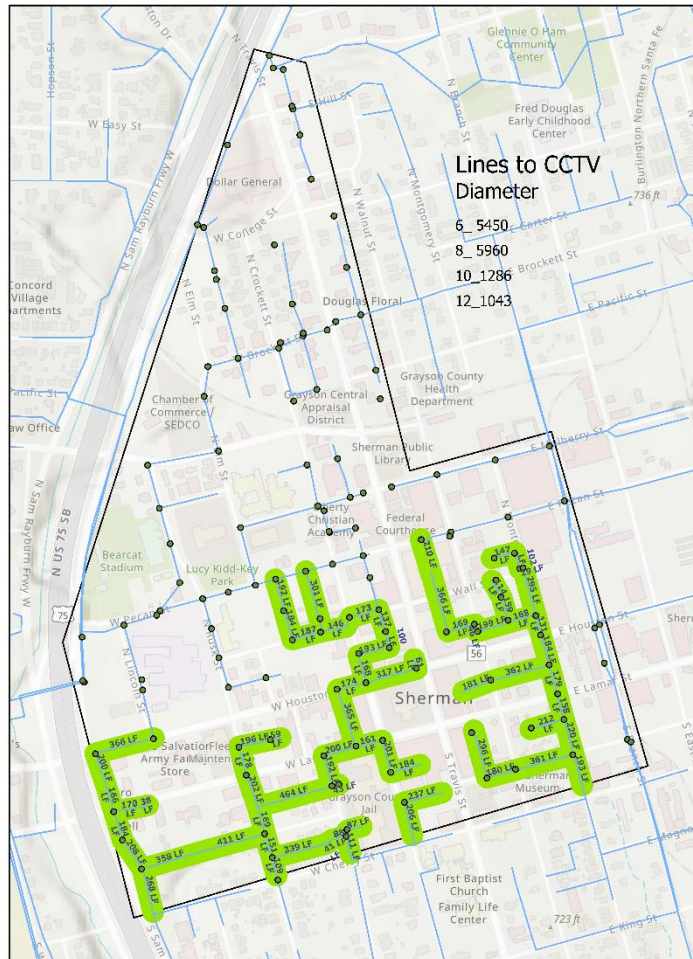


Update...

- Evaluating Land Use and population growth
- On April 5, installed flow monitors at strategic locations in manholes within each of the wastewater basins
- Identifying potential survey work needed
- Reviewing City's wastewater GIS network and data
- Project on schedule for December 2022 completion

[illegible]

Downtown Sewer Study



Update...

- Smoke Testing Complete
- CCTV of lines with most issues from smoke testing should be complete by June 16th depending on weather (Green lines complete by June 16)
- Engineer to provide Draft Report of findings first half of July
- Project about one month behind schedule to rain delaying CCTV work

Sherman Streets

CLASSIC TOWN. BROAD HORIZON.



Lamberth Road Extension

Description

Construct 4,000' of 4 lane Boulevard from Shady Oaks Ln. to future Friendship Rd.

Design & ROW (TBD)

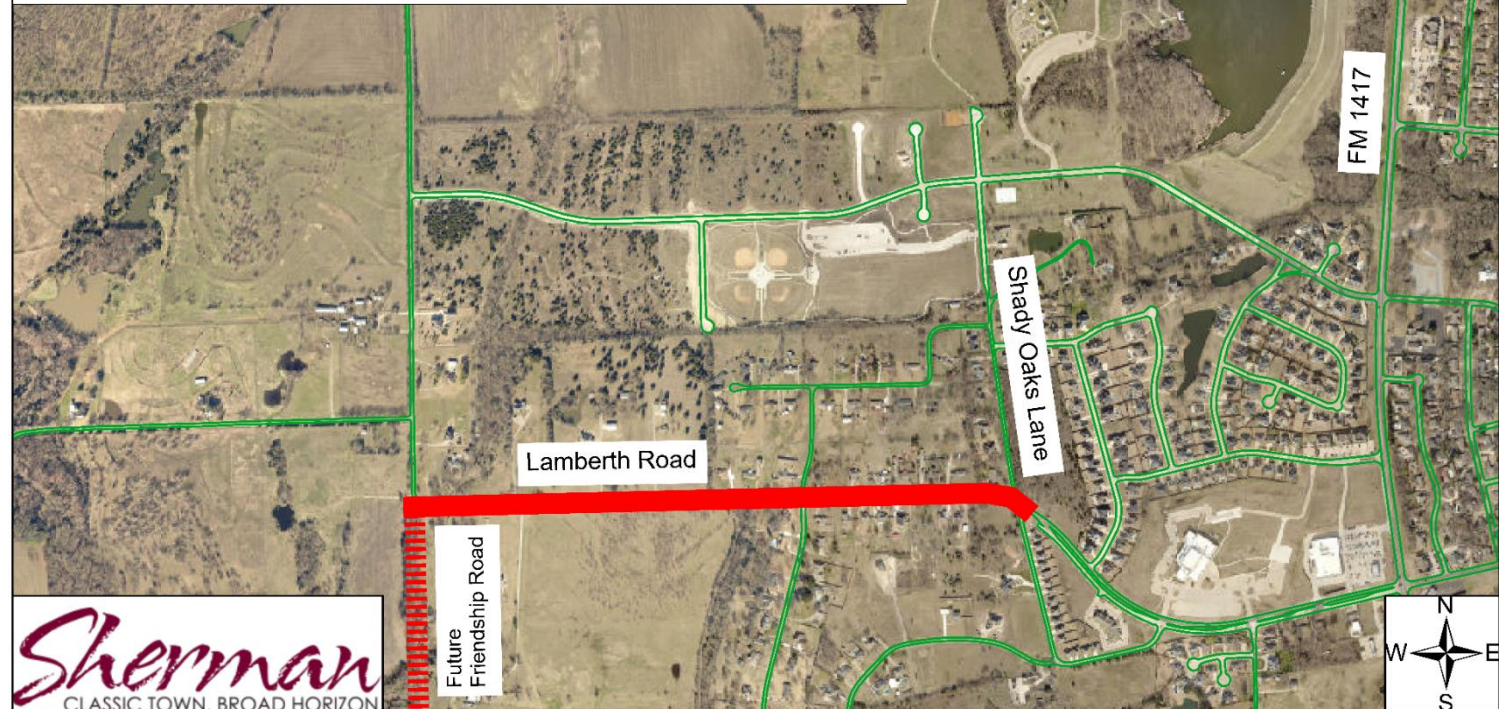
- Cost \$500,000 - 2022

Construction

- Cost \$3.0M - 2024

Funding

- CO / Impact Fee



McGee Street Phase 2



South Travis Bridge



Lamberth Drainage Improvements

Description

Replace 10' diameter culvert crossing with four 12'x12' box culverts to protect road and traveling public from 100 year flood event. Road currently is over-topped by 10 year flood event.

Design (Halff Associates)

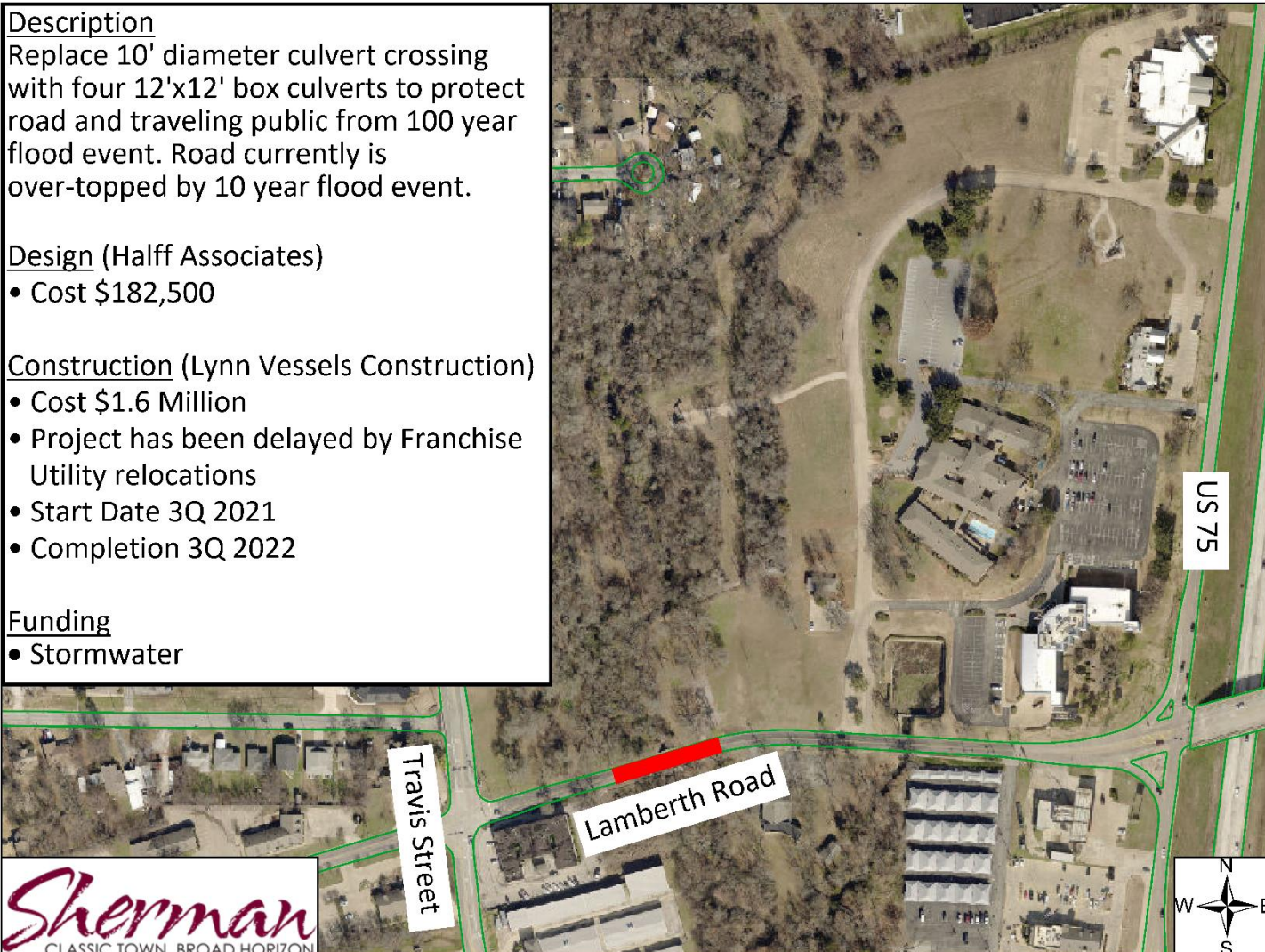
- Cost \$182,500

Construction (Lynn Vessels Construction)

- Cost \$1.6 Million
- Project has been delayed by Franchise Utility relocations
- Start Date 3Q 2021
- Completion 3Q 2022

Funding

- Stormwater



Friendship from SH 56 to OB Groner

Description

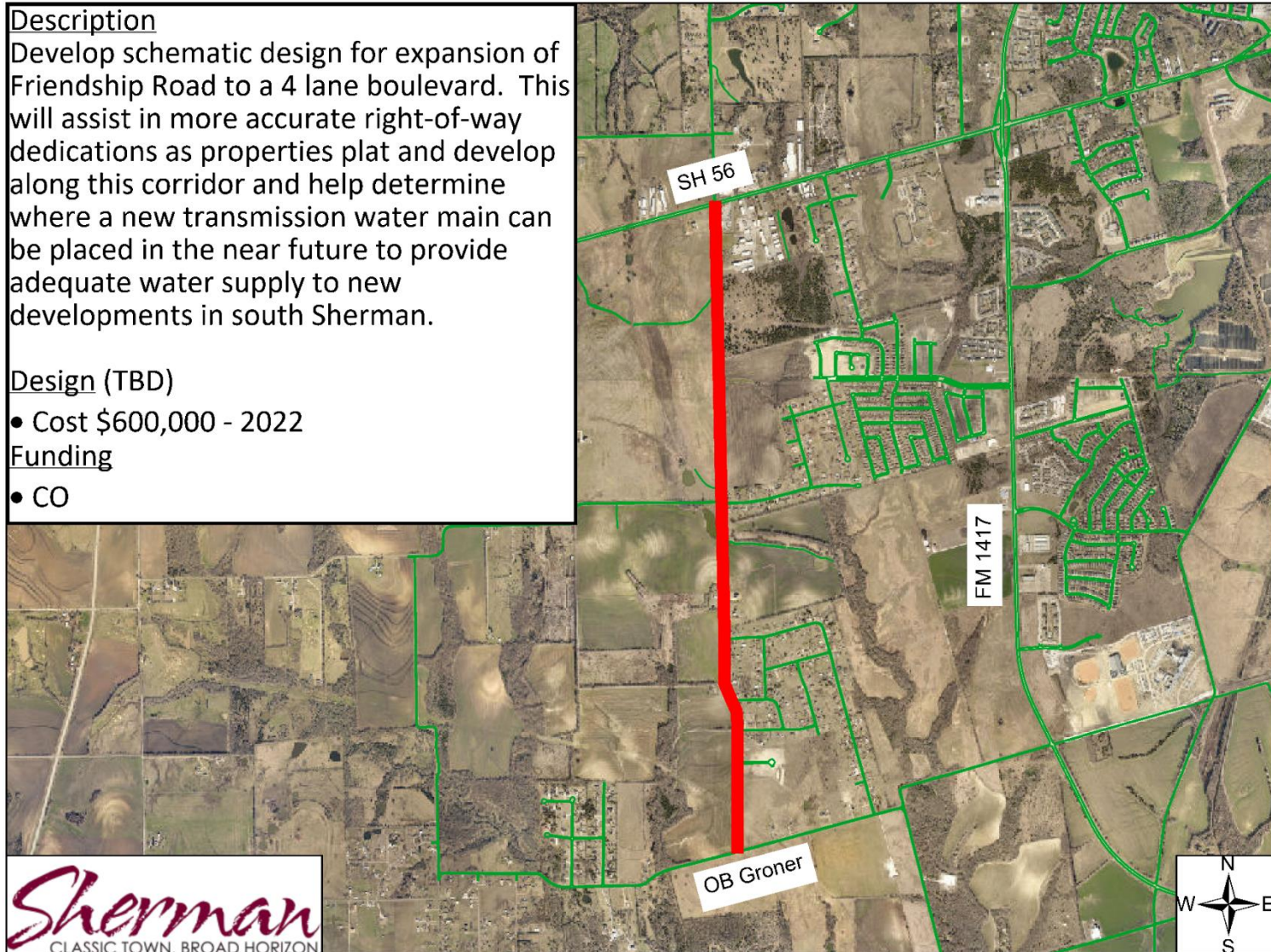
Develop schematic design for expansion of Friendship Road to a 4 lane boulevard. This will assist in more accurate right-of-way dedications as properties plat and develop along this corridor and help determine where a new transmission water main can be placed in the near future to provide adequate water supply to new developments in south Sherman.

Design (TBD)

- Cost \$600,000 - 2022

Funding

- CO



FM 1417 from SH 56 to W. Travis

Description

Acquisition of ROW for TxDOT improvements to FM 1417 from SH 56 to West Travis

Design & ROW (Lochner -Design)

- City Share \$1.5M - 2022

Construction (TBD)

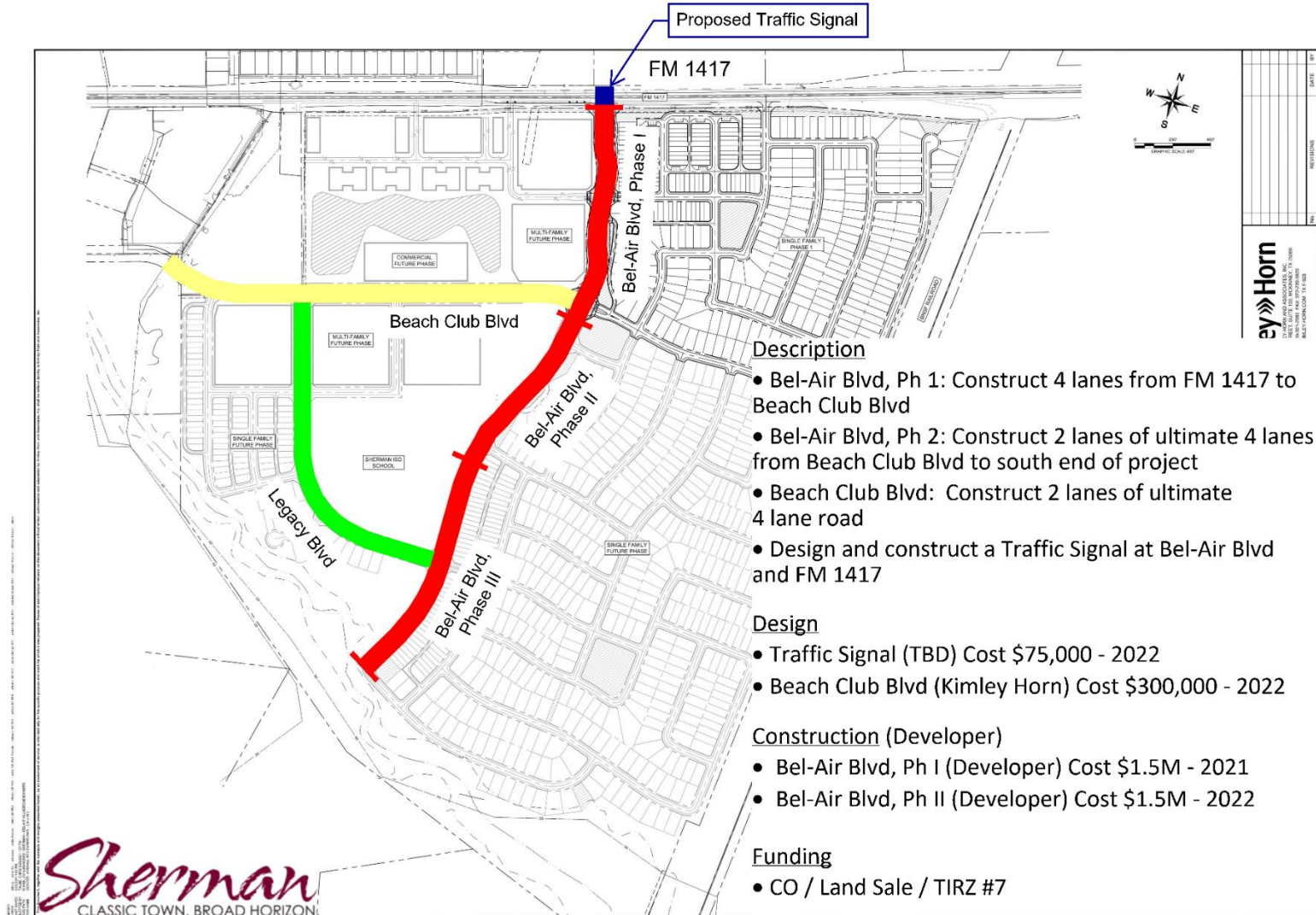
- City Share \$1.8M - TBD

Funding

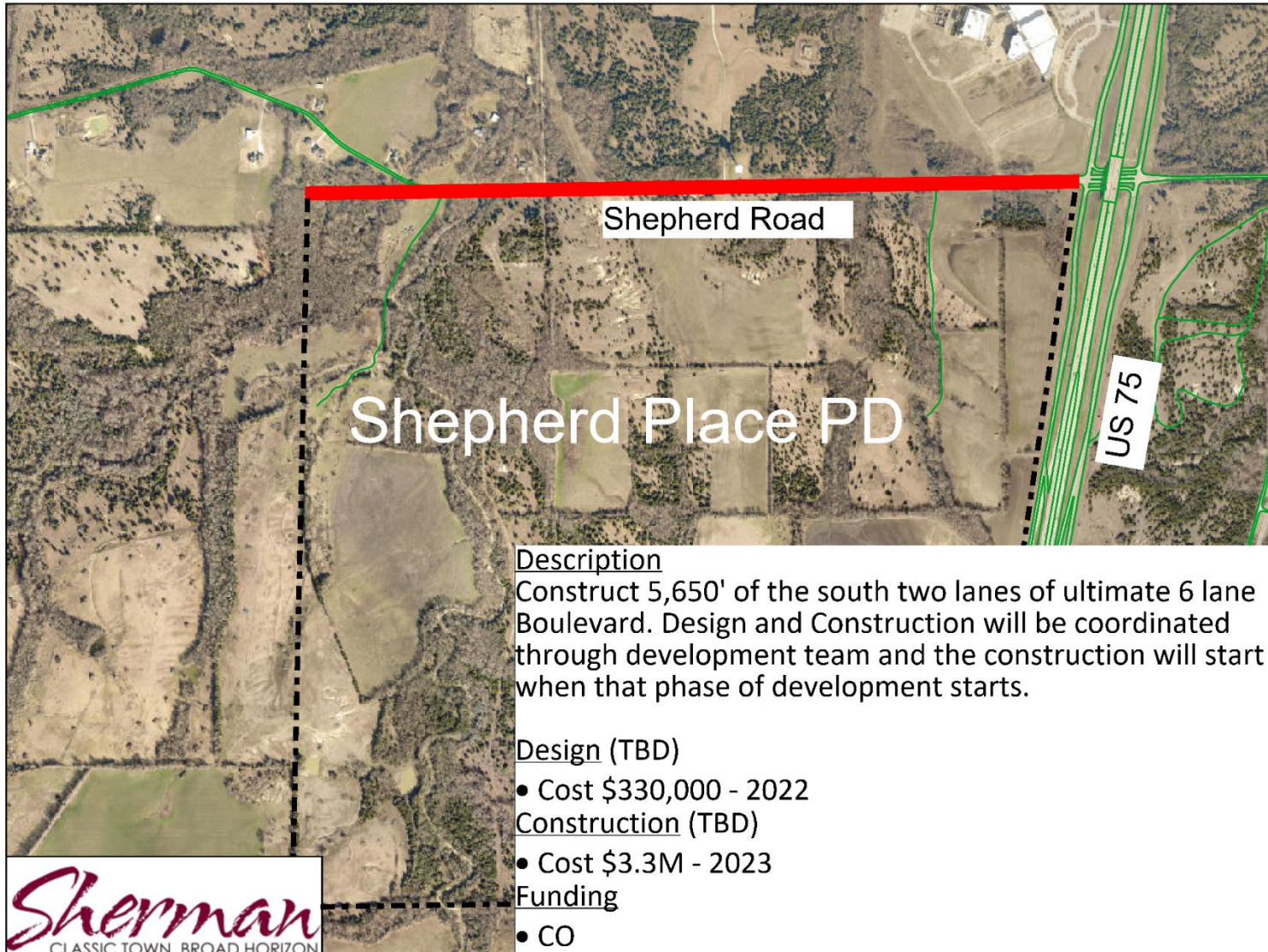
- CO / Impact Fee



Bel-Air Planned Development



Shepherd Road Expansion



Steeple Chase Drive

Description

A 710 foot extension of a two lane road and 12-inch water main to future Southridge Lane. This will allow the new high school to access the north side of their campus and promote additional development.

Design (GEES)

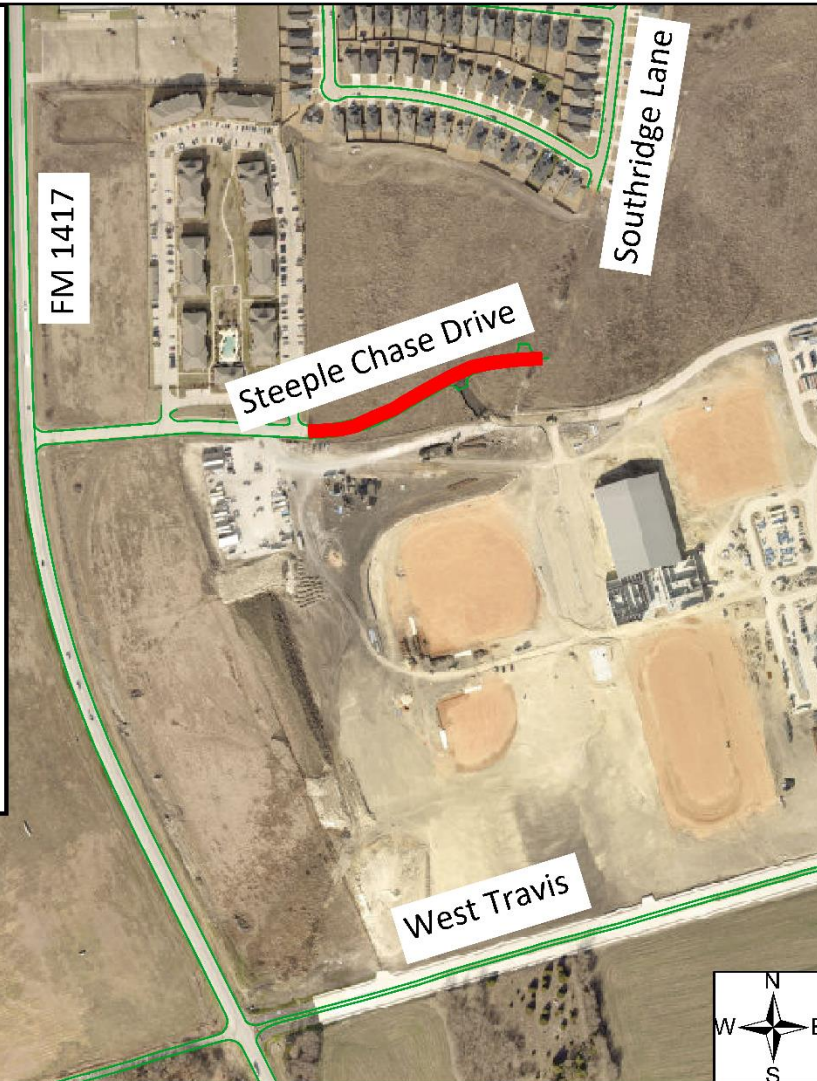
- Cost \$20,000

Construction (Lynn Vessels Construction)

- Cost \$445,000
- Coordinating sidewalk construction with school
- Start Date 4Q 2020
- Completion 3Q 2021

Funding

- CO Bonds & SISD



Moore St. W. Travis to FM 1417

Description

Construct 3,600' of the west two lanes of ultimate 4 lane Boulevard

Design (Jones & Carter)

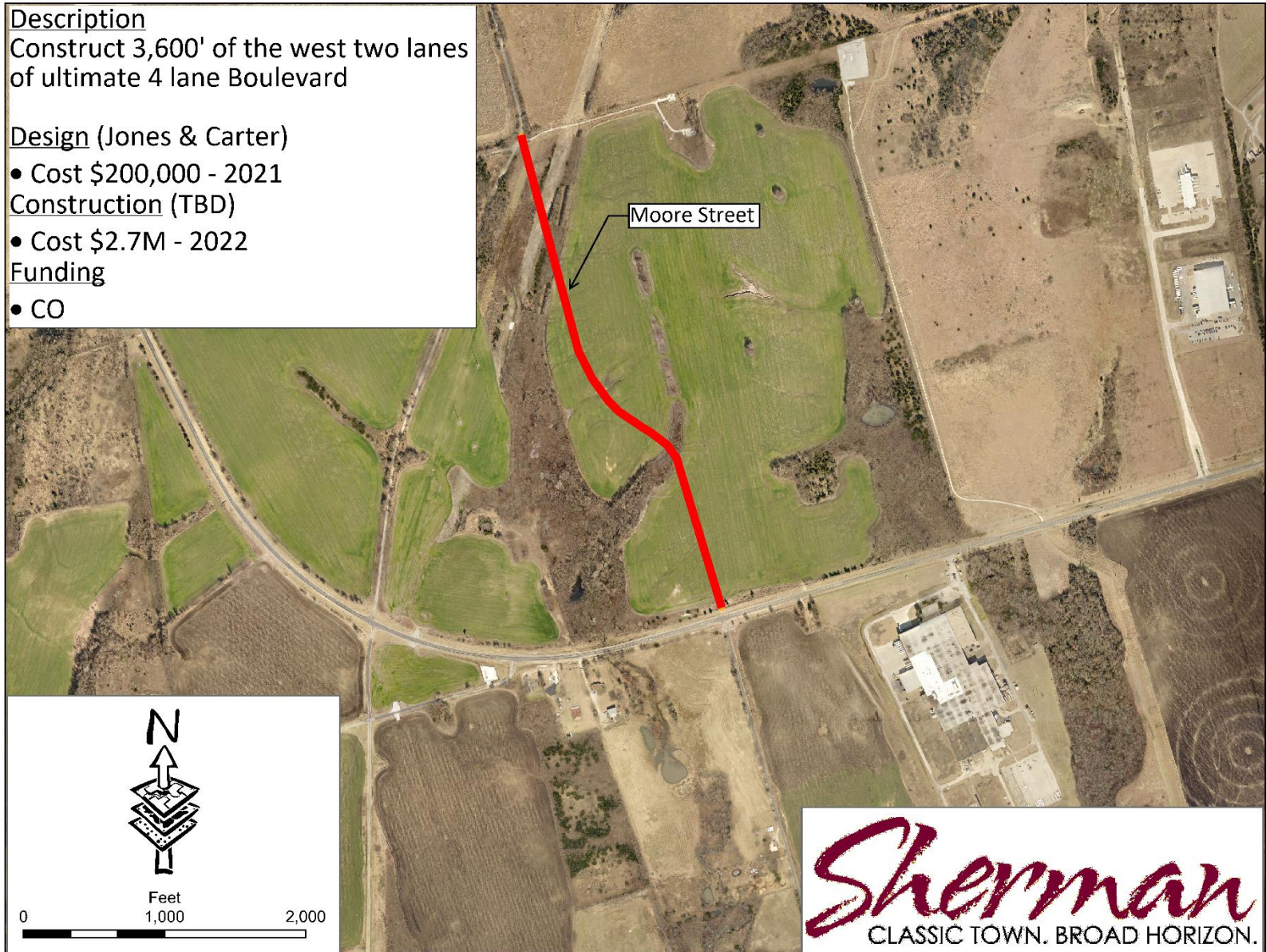
- Cost \$200,000 - 2021

Construction (TBD)

- Cost \$2.7M - 2022

Funding

- CO



Sherman
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Moore Street North

Description

Construct 7,850' of the west two lanes of ultimate 4 lane Boulevard

Design (CP&Y)

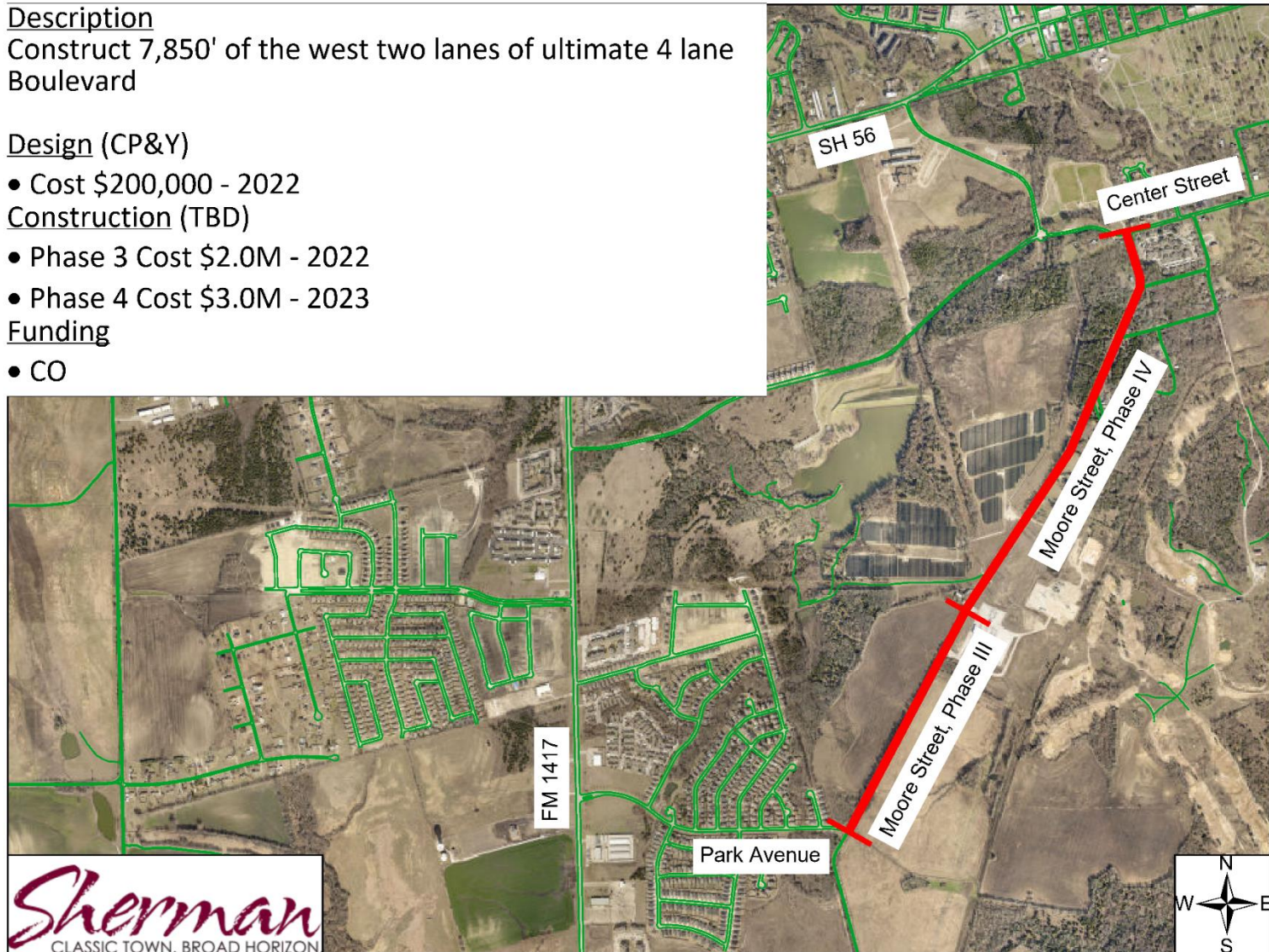
- Cost \$200,000 - 2022

Construction (TBD)

- Phase 3 Cost \$2.0M - 2022
- Phase 4 Cost \$3.0M - 2023

Funding

- CO



Park Street

Description

Construct 1,250' of the south two lanes of ultimate 4 lane Boulevard from Inwood Street to Lake Street.

Design(Brockette/Davis/Drake, Inc.)

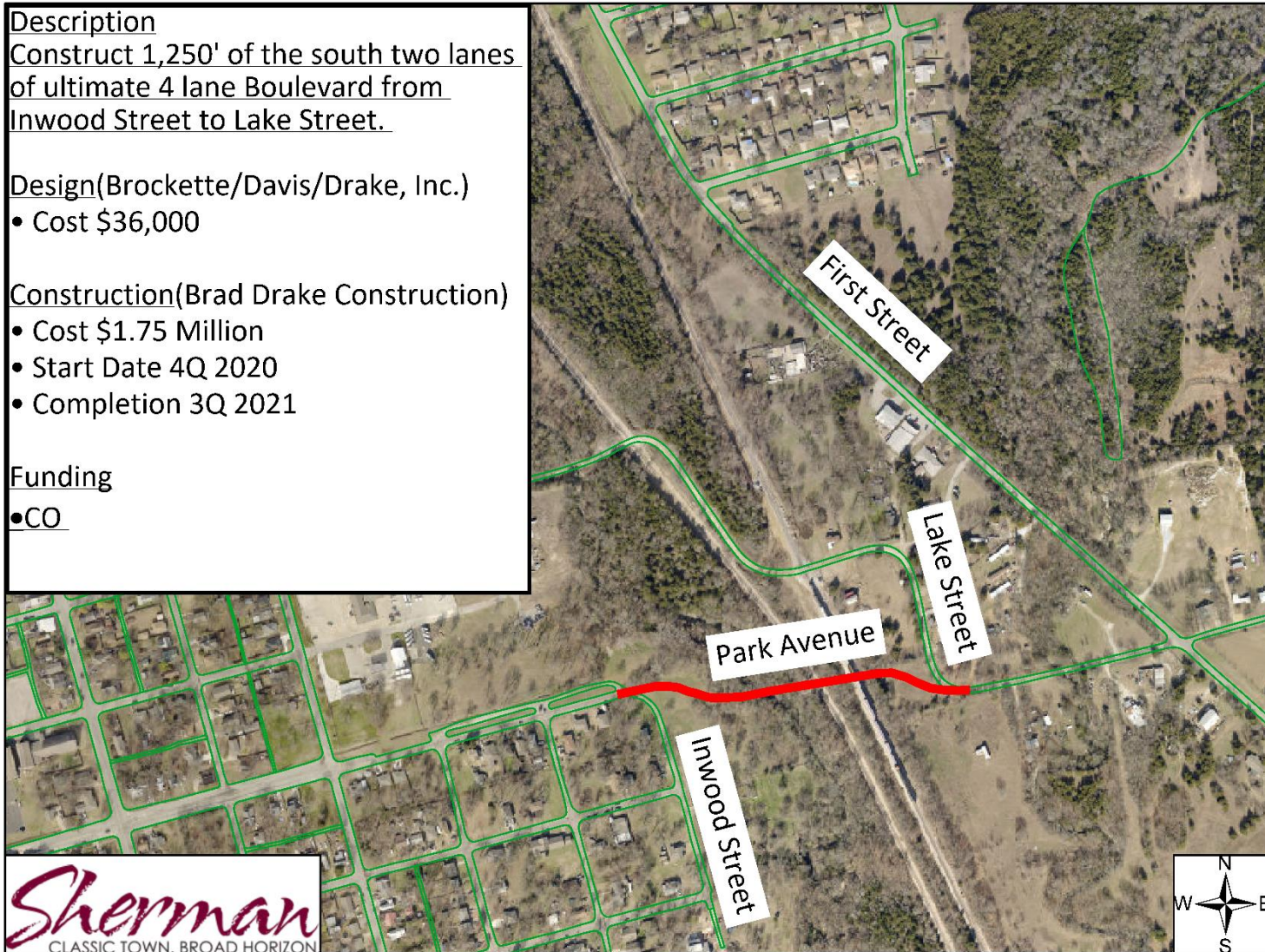
- Cost \$36,000

Construction(Brad Drake Construction)

- Cost \$1.75 Million
- Start Date 4Q 2020
- Completion 3Q 2021

Funding

- CO



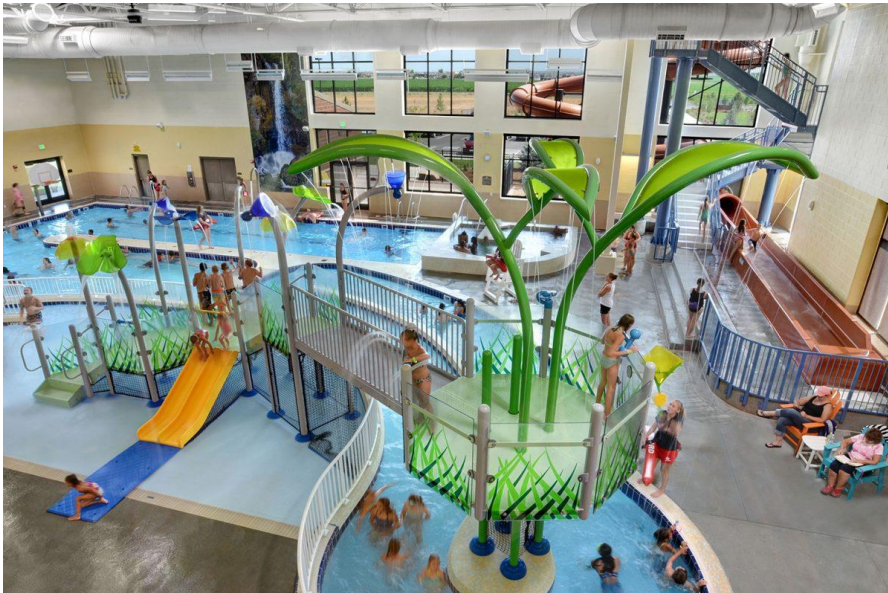
Rec Center Study

Description

- Develop a Study that determines the size, cost and potential locations for a potential Public Recreational Center

Cost

- \$40,000 (Land Sale / CO)



MLK Restrooms

Description

- Construct new Restroom Facilities at the MLK Park

Cost

- \$240,000 (CDBG Funds)
- \$90,000 (Land Sale / CO)



Fairview Basketball Court

Description

- Construct two basketball courts, similar to Pecan Grove Park

Cost

- \$150,000 (Land Sale / CO)



Tennis Court / Pickle ball Court



Description

- Expand the existing Tennis Courts and add striping for Pickle ball

Cost

- \$240,000 (Land Sale / CO)



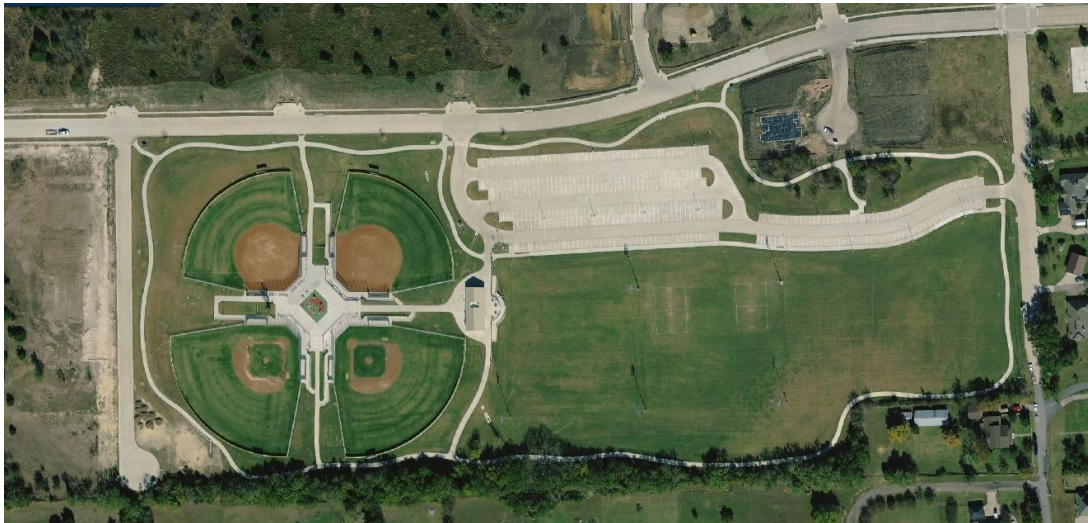
PGAC Shading

Description

- Construct Shade Structures for both the Playground and field stands, similar to Old Settlers Park

Cost

- \$270,000 (Land Sale / CO)



Trail Development

Description

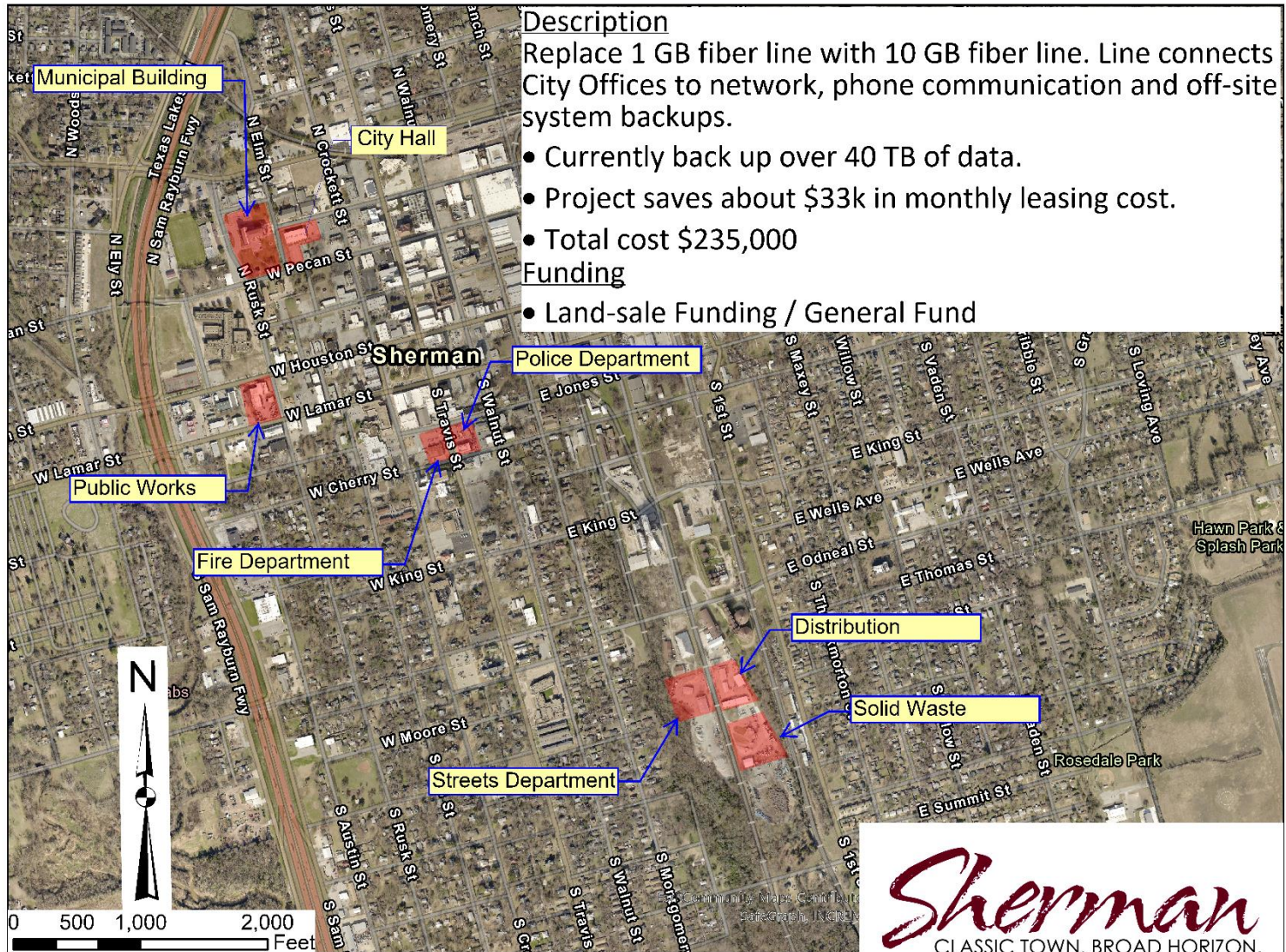
- Construct crushed concrete trail system between Park St. and Baker Park using in house parks crew to complete.

Cost

- \$50,000 (Tax Notes)



IT - 10 GB Fiber Installation



Sherman
CLASSIC TOWN. BROAD HORIZON.

Airport Pavement Maintenance

Description

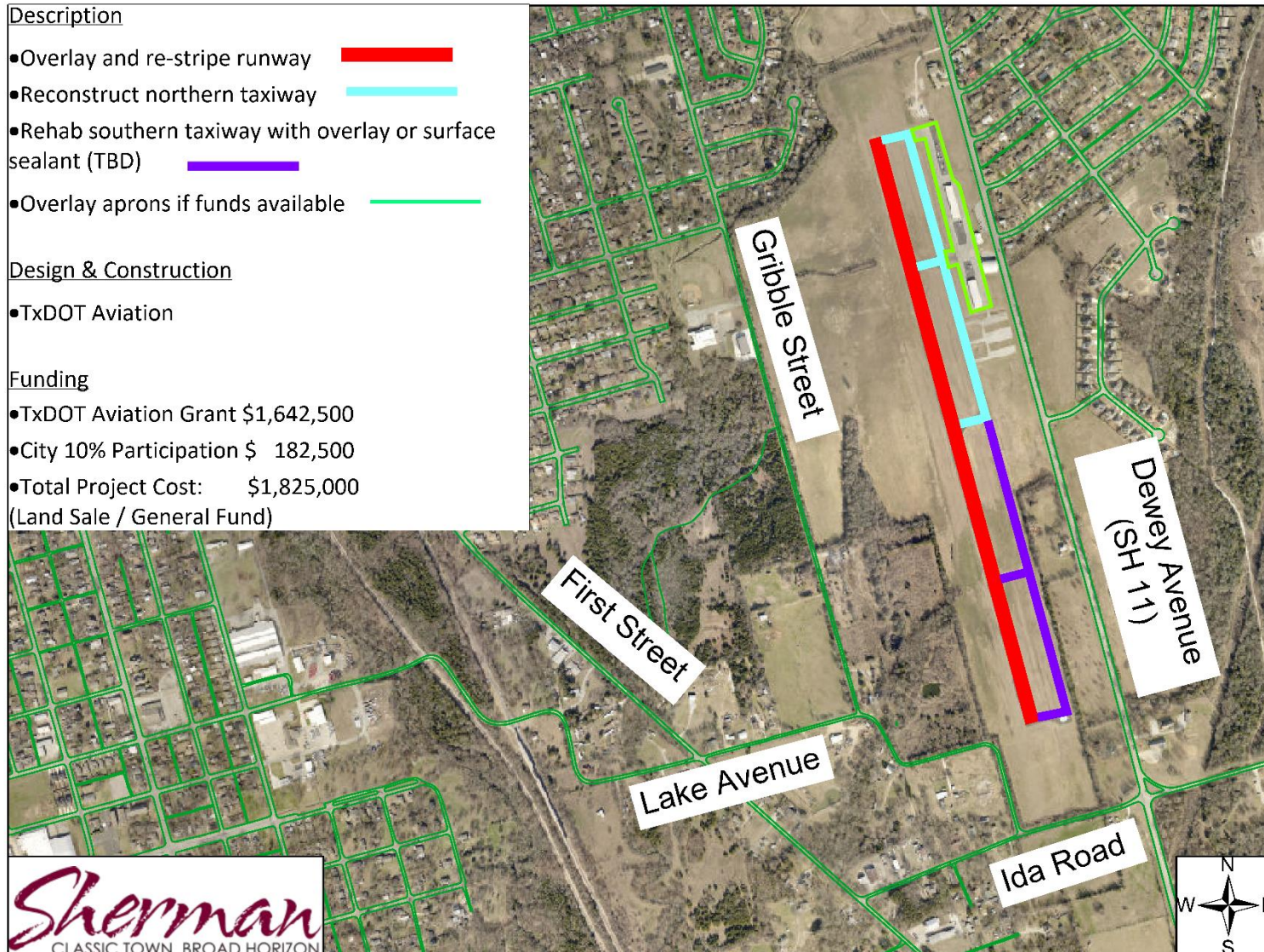
- Overlay and re-stripe runway █
- Reconstruct northern taxiway █
- Rehab southern taxiway with overlay or surface sealant (TBD) █
- Overlay aprons if funds available █

Design & Construction

- TxDOT Aviation

Funding

- TxDOT Aviation Grant \$1,642,500
- City 10% Participation \$ 182,500
- Total Project Cost: \$1,825,000
(Land Sale / General Fund)



A blurred background of a construction site. In the foreground, a white hard hat is visible, resting on a wooden post. The hard hat has the word "Sherman" written on it in a cursive font. The background shows a yellow excavator and some trees, all out of focus.

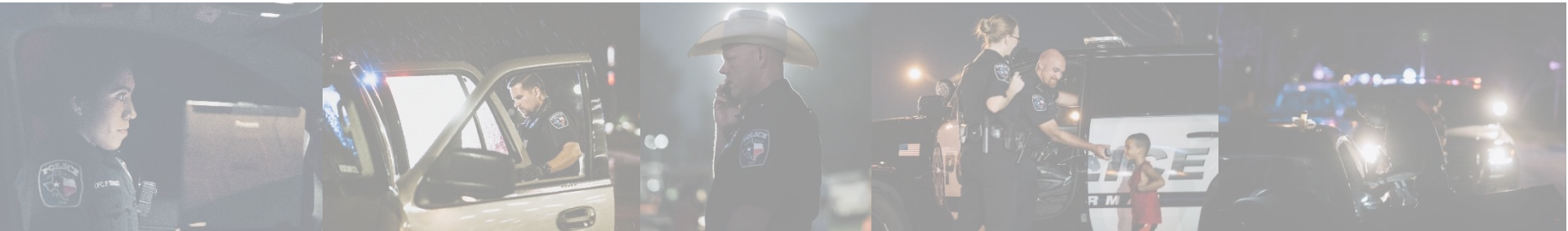
Break



DEPARTMENT UPDATE FY22



City Council Project Update



SHERMAN POLICE HEADQUARTERS



PREPARED BY
HIDELL AND ASSOCIATES ARCHITECTS, INC.



FACILITY DESIGN UPDATE

CONCEPT RENDERING





FACILITY DESIGN UPDATE

PRESENTATION AGENDA

- **Design Tasks Update**
- **Constructability Review**
 - Current Construction Conditions
- **Construction Schedule**
 - Key Milestone Dates
- **Estimate of Project Cost**
 - Overall Cost Breakdown





PROJECT TASKS (TO DATE)

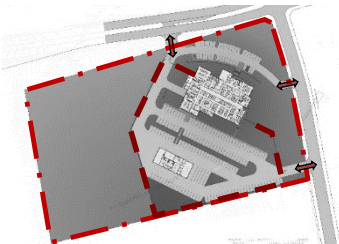
TASK I



CONCEPTUAL DESIGN

COMPLETED

TASK II



SCHEMATIC DESIGN

COMPLETED

TASK III



DESIGN DEVELOPMENT

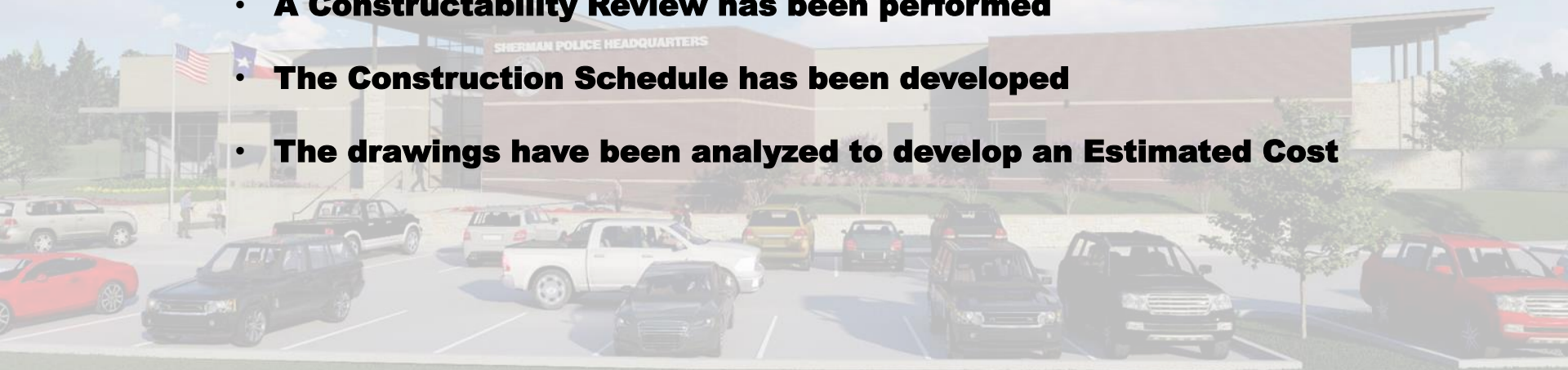
CURRENT TASK



PROJECT STATUS – COMPLETING DESIGN DOCUMENTS

THE PROJECT IS COMPLETE THROUGH THE DESIGN DEVELOPMENT PHASE

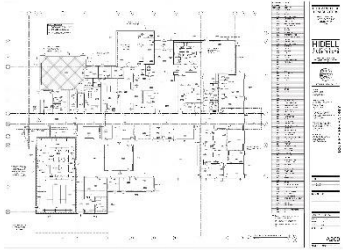
- **The design in approx. 60% complete**
- **The facilities major systems have been identified and reviewed (HVAC, Electrical, Structural)**
- **A Constructability Review has been performed**
- **The Construction Schedule has been developed**
- **The drawings have been analyzed to develop an Estimated Cost**





PROJECT TASKS

TASK IV

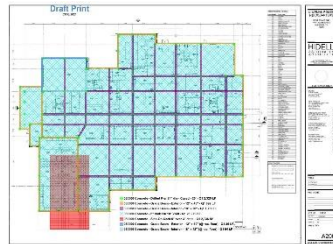
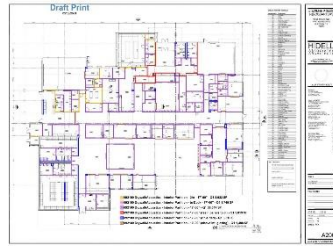


CONSTRUCTION DOCUMENTS

DRAWINGS COMPLETE
AUGUST 2021

8 WEEKS

TASK V

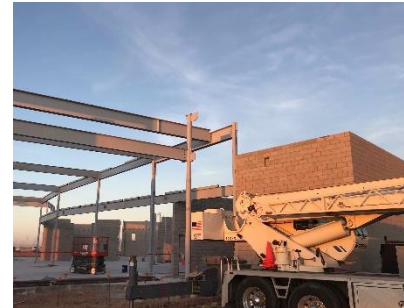


8 WEEKS

GMP PRICING

SUBMITTED FOR COUNCIL APPROVAL
NOVEMBER 2021

TASK VI



15 MONTHS

CONSTRUCTION

ESTIMATED COMPLETION
EARLY 2023

PREPARED BY **HIDELL AND ASSOCIATES ARCHITECTS, INC.**



CONSTRUCTION SCHEDULE

KEY MILESTONES

- 
- An architectural rendering of the Sherman Police Facility Headquarters. The building is a large, modern structure with a flat roof and large windows. It is surrounded by a parking lot with several vehicles, including a white van, a black SUV, and a yellow car. The building is set against a backdrop of trees and a clear sky. The rendering is overlaid with a semi-transparent grid and text boxes for the construction schedule.
- Issue Drawings **AUGUST 2021**
 - Bidding **AUG / SEPT 2021**
 - Finalize GMP **OCTOBER 2021**
 - **Council Approve GMP** **NOVEMBER 1, 2021**
 - Groundbreaking **NOVEMBER 2021**
 - Concrete Slab Installation **MARCH 2022**
 - Steel Structure Installation **MAY 2022**
 - Interior Finish-Out **NOVEMBER 2022**
 - Punchlist **JANUARY 2023**
 - Furniture Installation **JAN / FEB 2023**
 - **Grand Opening** **FEBRUARY 2023**

SHERMAN POLICE FACILITY HEADQUARTERS PROJECT UPDATE



ESTIMATE OF PROJECT COST

Estimated project cost including Construction, Furniture, Technology, and Equipment based on design development plan documents

FACILITY COST

Item Description	Estimated Cost	Actual Cost	Total Cost
CONSTRUCTION (GMP) <i>(Site improvements and New Police HQ facility)</i>	\$ 15,313,130.00		\$ 15,313,130.00
Professional Fee <i>(Construction Administration and Furniture Procurement)</i>		\$ 179,250.00	\$ 179,250.00
<i>Fee to change structural system</i>	\$ 14,000.00		\$ 14,000.00
Material Testing <i>(Material Testing During Construction)</i>	\$ 30,000.00		\$ 30,000.00
Technology <i>(Server, switches, devices, etc...)</i>	\$ 100,000.00		\$ 100,000.00
Project Contingency <i>(Design/Owner Contingency)</i>	\$ 200,000.00		\$ 200,000.00
SUB TOTAL FACILITY COST		\$	15,836,380.00

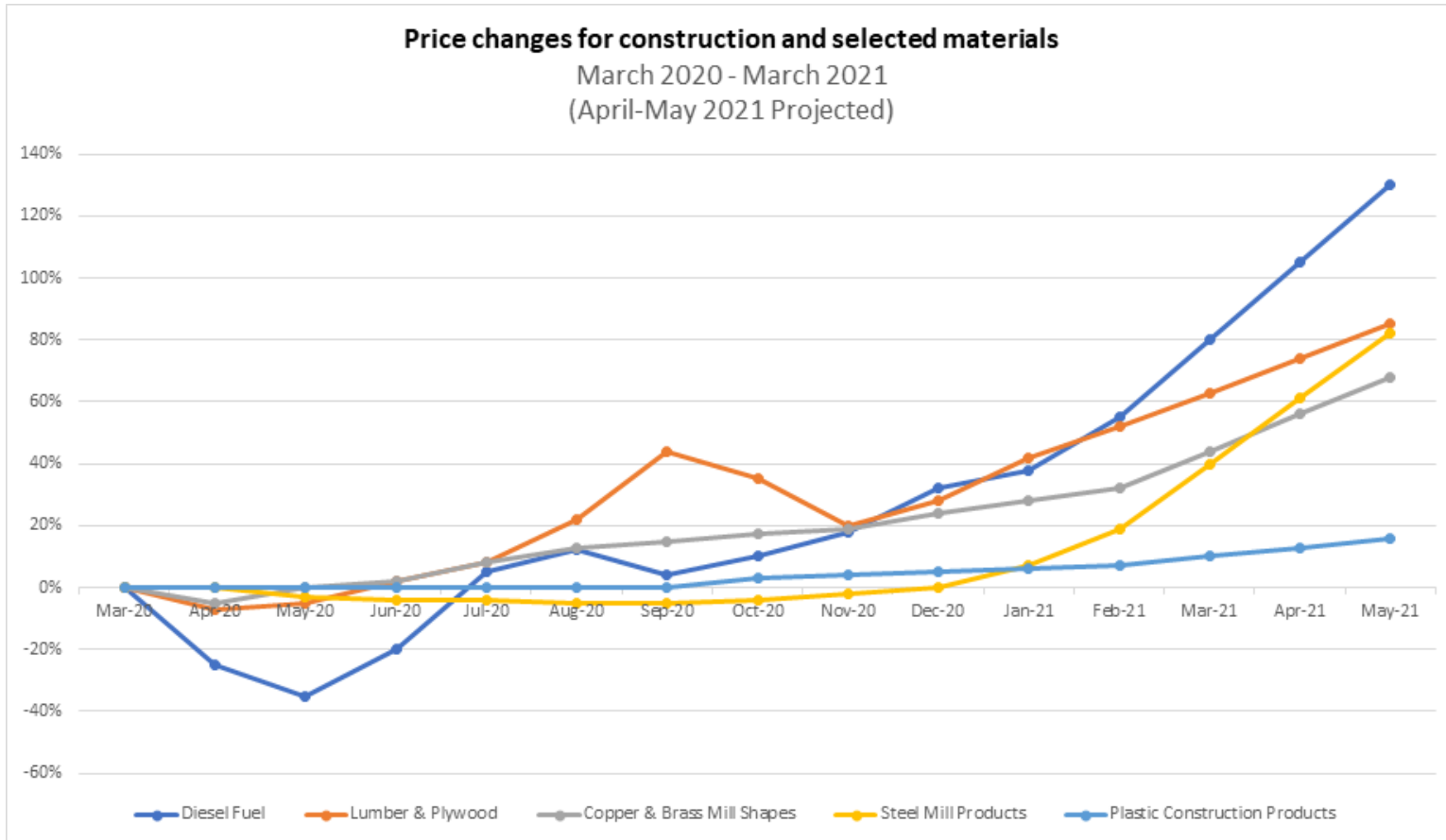
OTHER PROJECT COST

Item Description	Estimated Cost	Actual Cost	Total Cost
Moving Cost <i>(Relocation of equipment, moving of personal items)</i>	\$ 5,000.00		\$ 5,000.00
Furniture and Equipment <i>(all new furniture, shelving, Gym Equipment etc...)</i>	\$ 696,000.00		\$ 696,000.00
Fiber Optic Cable to Site	\$ 20,000.00		\$ 20,000.00
Communications Tower <i>(Tower, Antenna, Cabling, Equipment,...)</i>	\$ 209,860.72		\$ 209,860.72
Dispatch Consoles <i>(Five new dispatch consoles)</i>	\$ 494,569.00		\$ 494,569.00
SUB TOTAL PROJECT COST		\$	1,425,429.72

TOTAL COST	\$ 17,261,809.72
-------------------	-------------------------



CONSTRUCTION COST - ONE YEAR ANALYSIS



DIESEL FUEL: 130%

LUMBER & PLYWOOD: 85%
STEEL MILL PRODUCTS: 82%

COPPER AND BRASS: 68%

PLASTIC CONSTRUCTION
PRODUCTS: 68%

Source: Bureau of Labor Statistics, producer price indexes (PPIs) for new nonresidential building construction (bid prices), diesel fuel, wood and metal products, plastic products, not seasonally adjusted

SHERMAN POLICE FACILITY HEADQUARTERS PROJECT UPDATE



PROJECT COST OF RECENT SIMILAR POLICE FACILITIES

Project Description	Square Feet	Construction Cost	Construction Cost Per / SF
Prosper Police Complex <i>(Completed 10/2020)</i>	23,500	\$11,075,000	\$481
Weatherford Public Safety Building <i>(Broke Ground 4/2021)</i>	38,000	\$18,886,000	\$497
Denton Police Sub-Station <i>(Estimated Completion 3/2022)</i>	28,783	\$13,038,000	\$453
Azle Town Hall and Police Facility <i>(Completed 10/2019)</i>	28,000	\$12,601,947	\$450
Richardson Police Headquarters <i>(Material Testing During Construction)</i>	80,000	—	—
Plano Police Substation & Dispatch <i>(Completed 7/2020)</i>	24,000	\$10,800,000	\$450
City of Garland Property and Evidence Bldg <i>(Estimated complete 2022)</i>	20,220	\$9,800,000	\$485

Total Project Cost	Total Project Cost / SF
\$19,600,000 <i>(Included street improvements)</i>	\$834
\$19,500,000	\$513
\$14,081,000	\$489
\$14,000,000	\$500
\$45,000,000	\$563
—	—
—	—

Sherman Police Headquarters	34,110	\$15,313,130	\$449
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\$17,261,810	\$506
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SHERMAN POLICE FACILITY HEADQUARTERS PROJECT UPDATE



CONCEPT RENDERING



PREPARED BY HIDELL AND ASSOCIATES ARCHITECTS, INC.



ARMORED VEHICLE DISCUSSION



Sherman Police Department Animal Services Division

People
Quality
Image



Adoptions

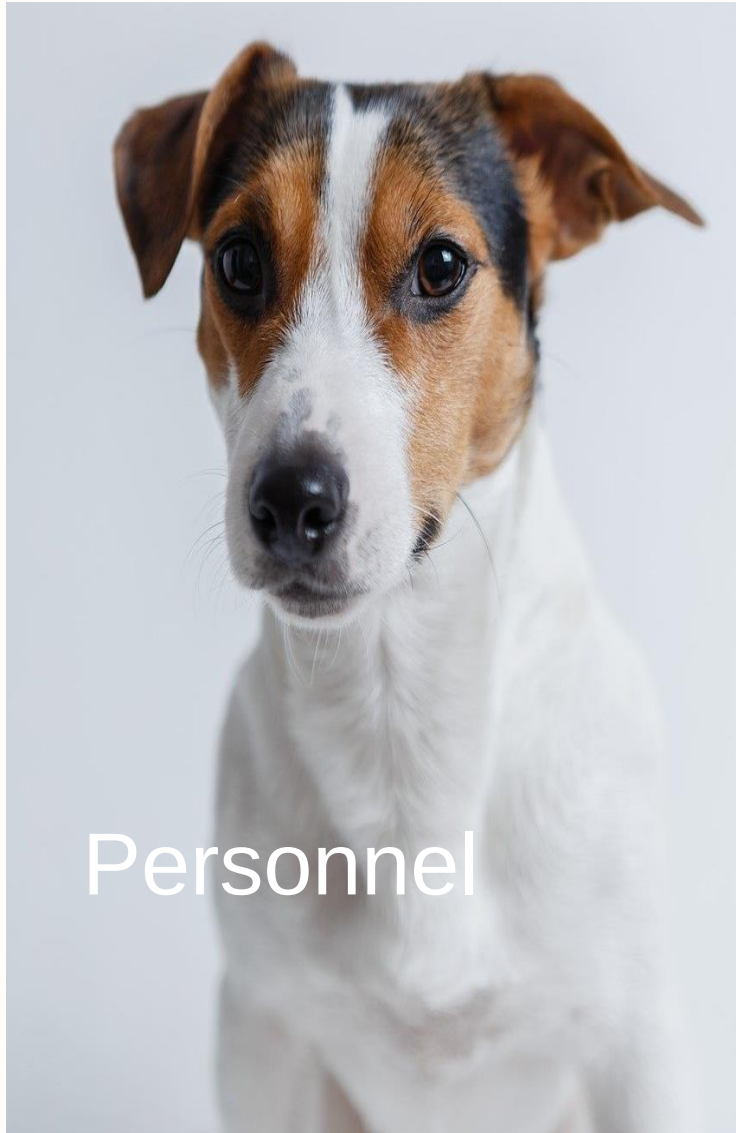
FY21

(YTD)1453 animals taken in
523 adopted
205 to rescue

- Increase spay/neuters
- Utilize rescue organizations
- Enhance social media presence

FY20

2563 animals taken in
1240 adoptions
369 to rescue



Personnel

Moved from multiple uniforms to ONE uniform.

Moved employees into positions where they could succeed.

Changed overtime policy, achieved 48% OT reduction YTD.

Lorem
ipsum
dolor

Fleet

Found an abundance of vehicles, we reduced our fleet and moved excess to other city departments in need.

Reduced adoption trailers from two to one with the new adoption trailer acquisition.





Info and Technology

Lacked call for service accountability

Unable to process cards at animal adoption trailer

Purged all paper files in accordance with record retention

Purchased software to integrate with Police software. Allows for tracking from call for service to adoption.

Improved response to citizen calls, patrol response, communication and information sharing.

Purchase made with FY21 budget savings

Facilities

Reduced storage from 3 to 1 building

Removed all dilapidated fencing

Replaced all roofs and gutters

Frosted surgery room glass for improved customer experience

THANK YOU PARKS AND REC & FACILITY MAINT.



OPERATIONS



All employees in process of being trained to be Animal Control Officers

Formalizing Volunteers

Maintaining budget (FY22 requested is \$177,000 less than FY21)

City Ordinance

Advisory committee lead

Based on City of Irving

Focus on animal welfare and
owner responsibility

Updated definitions to better fit legal standards

Updated fee schedule





2021 Streets Update



Sink Holes

- Weather events
- Tree Trimming
- Emergencies
- Street Sweeping
- Painting/Thermo Markings
- Signage
- Street Signals
- School Zones
- Special Requests



Trash



Utility Cuts

- Pot Holes
- Asphalt Paving
- Concrete Curb Repair/Placement
- Chip Seal
- Crack Seal
- Concrete Paving Repair
- Drainage/Ditch Work
- Alley Maintenance
- Base Rock Maintenance

Emergencies



Quick Facts

- Pot Holes – 486 Filled
- Utility Cuts – 142 Repaired
- Sweeping – 1,100 Miles
- Tree Trimming – 2300 Cu/Yds
- Drains – 1996 Locations Monitored



Drainage Maintenance



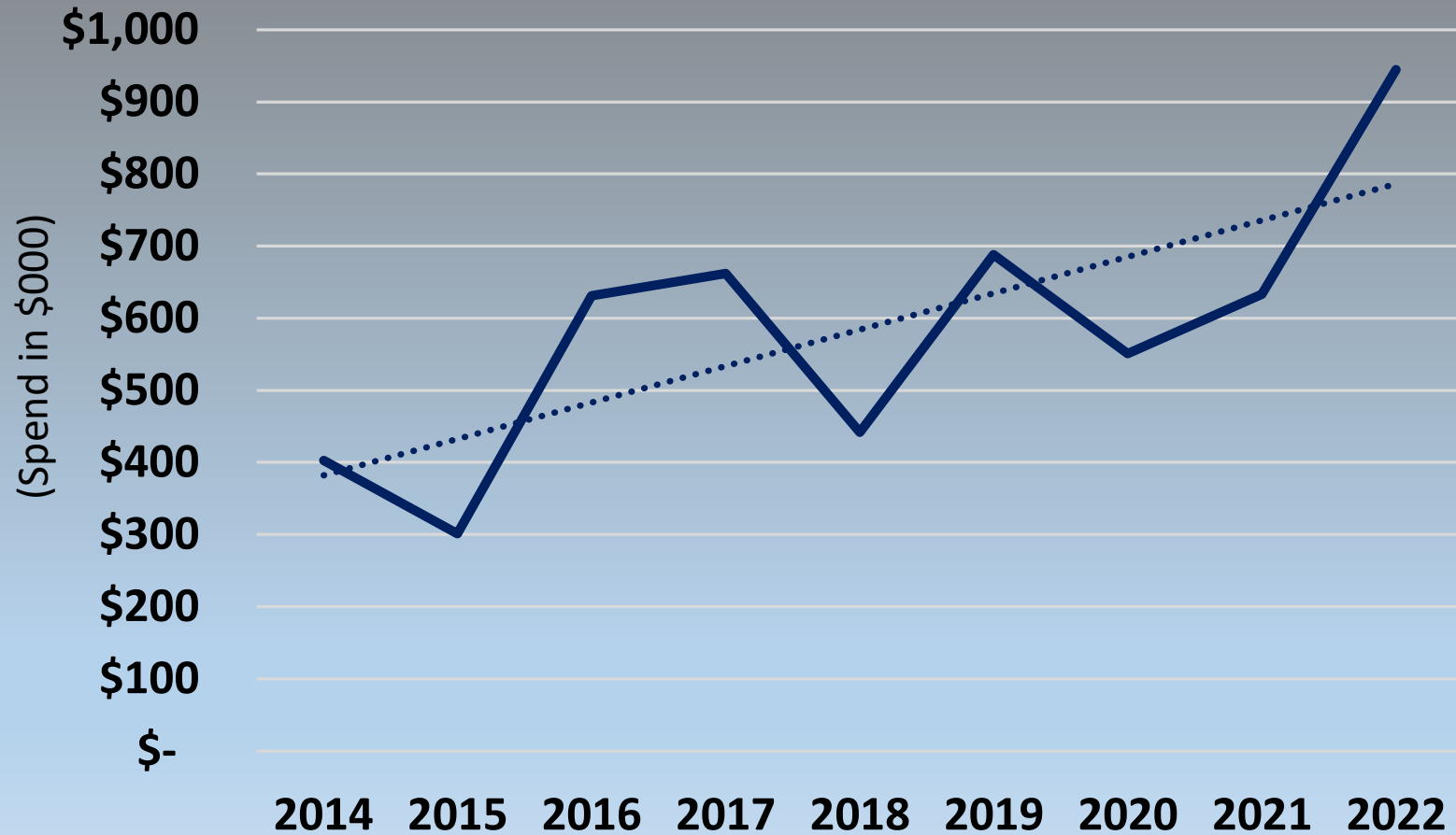
Creating Ability



Budget History

- Historically we patched bad areas which requires lesser amounts of asphalt.
- New equipment allows for complete rebuilding of streets.
- Rebuilding requires large volumes of asphalt = \$\$
- In 1996 there were 28 positions, currently we have 25 positions budgeted.
- Buying larger trucks increased our efficiency.
- We currently have 4 of the larger trucks.

Street Materials Expense History



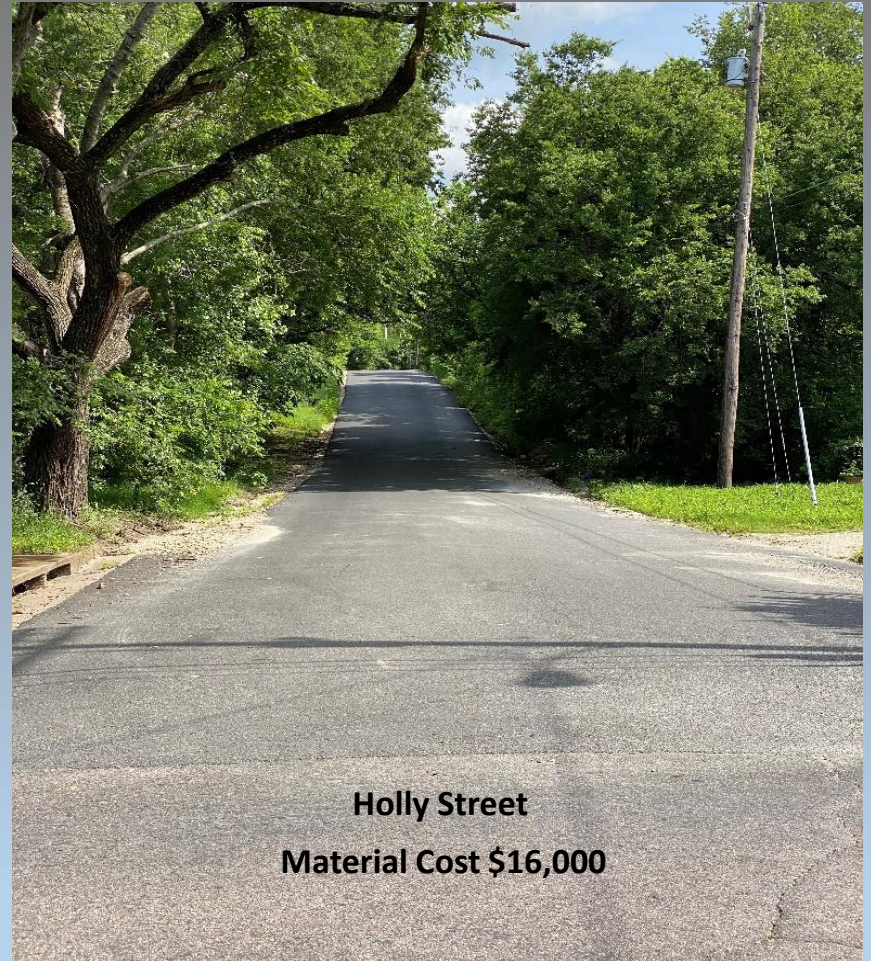
Budget

- 2020-2021 Requested \$833,000 for Street Material
 - \$633,000 actual approved (reduced by \$200,000)
 - \$392,000 of the original was dedicated to asphalt
 - Oct/20 – May/21 \$445,000 of asphalt
- 2021-2022 Requested \$945,000 for Street Material
 - \$480,000 of the requested amount is for asphalt
 - 10% increase in asphalt prices
 - Snow event caused more than usual damage

Current Ability

- 4 Large trucks and current staffing level allow us to lay about 500 tons of asphalt a day.
- If we choose to spend more on asphalt, to increase our abilities would be:
 - One additional large truck and 2 positions = 600 tons a day.
 - Second additional large truck and 2 positions = 700 tons a day.
 - Third additional large truck and 1 position = 800 tons a day.
- This potentially would be about our max ability with one paver.

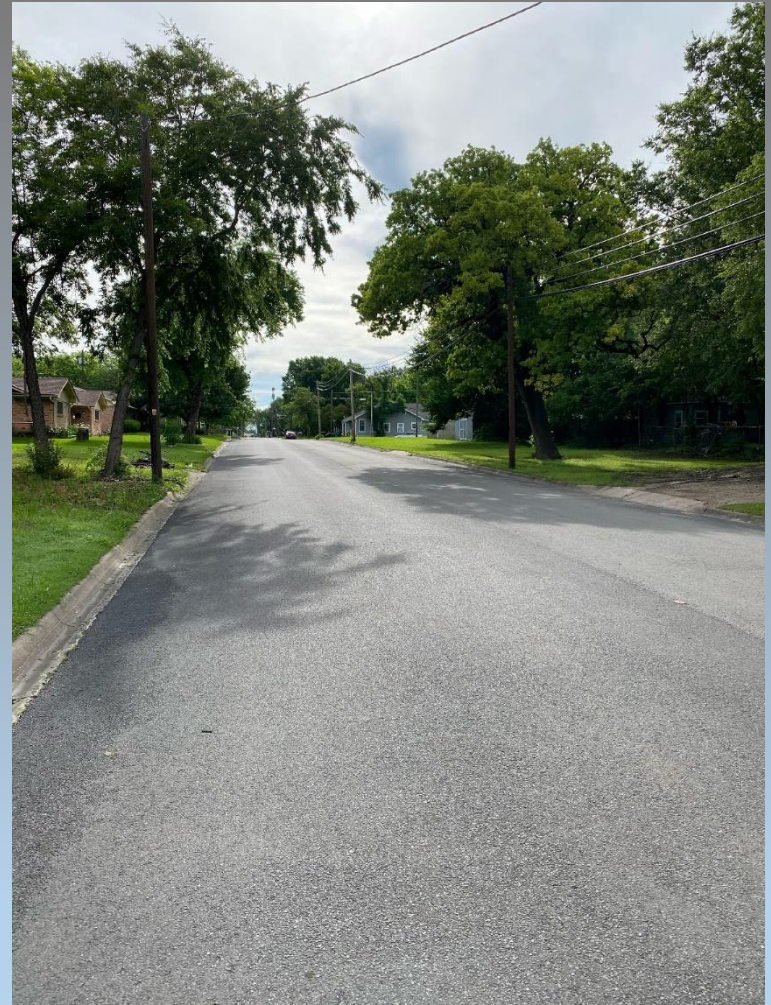
Extensive Maintenance



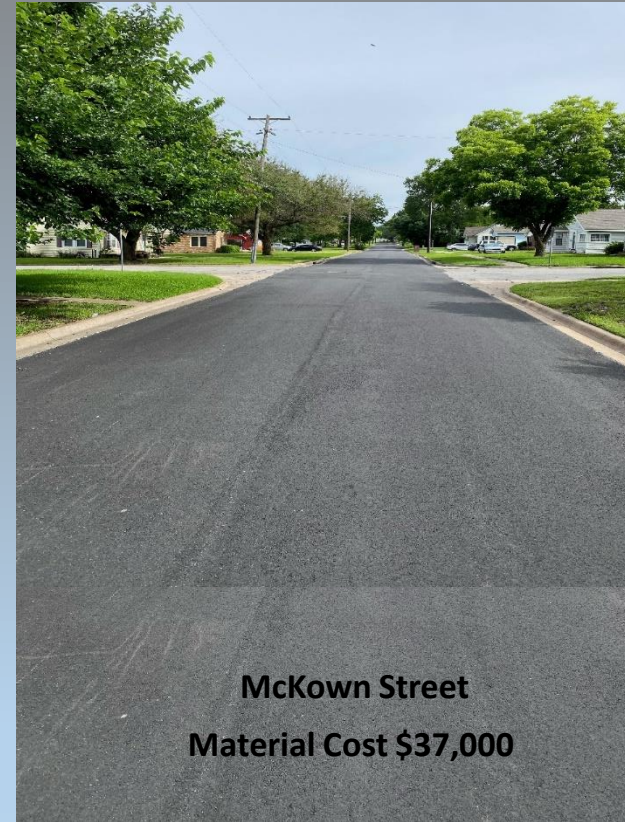
Holly Street

Material Cost \$16,000

Extensive Maintenance



Extensive Maintenance



McKown Street
Material Cost \$37,000

Extensive Maintenance



Ellington Street

Material Cost \$12,200

Extensive Maintenance



Lake Street

Material Cost \$9,000



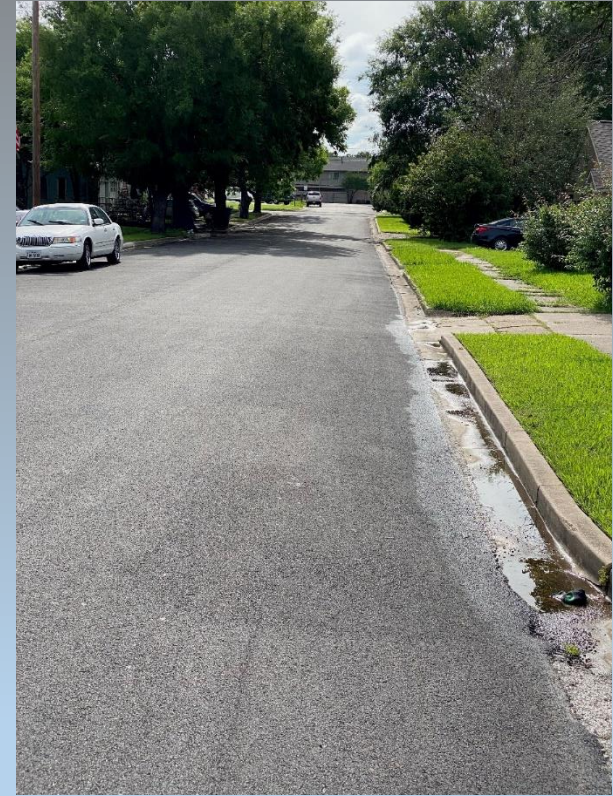
North Creek Drive

Material Cost \$46,000

Extensive Maintenance



Extensive Maintenance



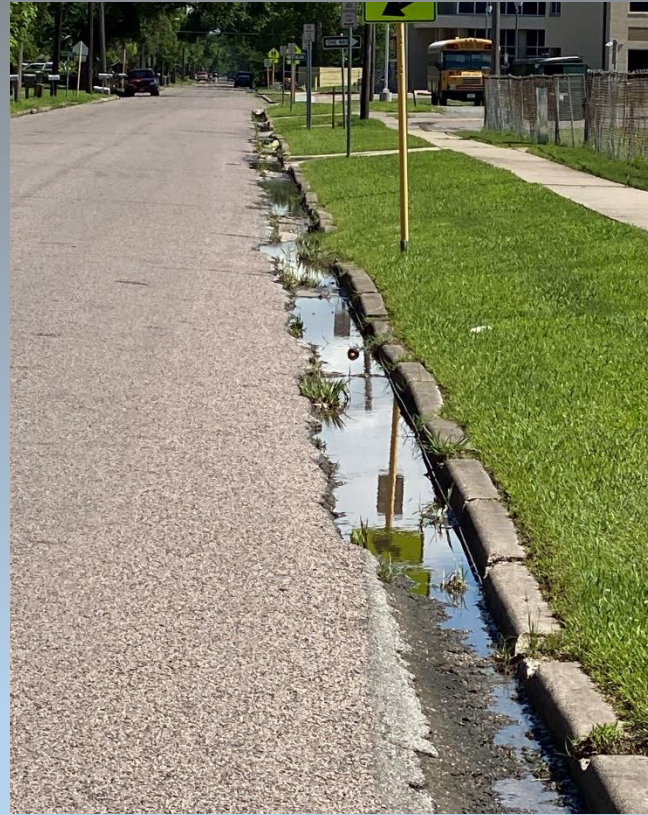
Extensive Maintenance



Complete Rebuild Projects

- Projects would be a complete curb to curb rebuild.
- Mill existing asphalt.
- Hire surveyor to establish baseline for grades.
- Remove any areas where base rock has failed and replace.
- Re-establish/Replace any curb that is damaged.
- Lay new asphalt.
- *Alternate* Replace drive approaches.
- *Alternate* Replace sidewalks.

Rebuilding Streets



Rebuilding Streets

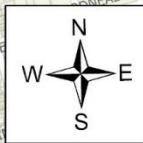


Major Rebuild Projects

- Same concept as the previous projects but on a larger scale.
- Done in house, we could take only one of these per budget year from a work load perspective.
- Depending on location exact location these would be in the range of \$250k - \$350k per project.
- Our Street Dept would do the construction while hiring a surveyor for staking for grade control.

Major Rebuild Projects

- Woods Street -
- Montgomery Street
- Walnut Street
- Grant Street Phase I & II



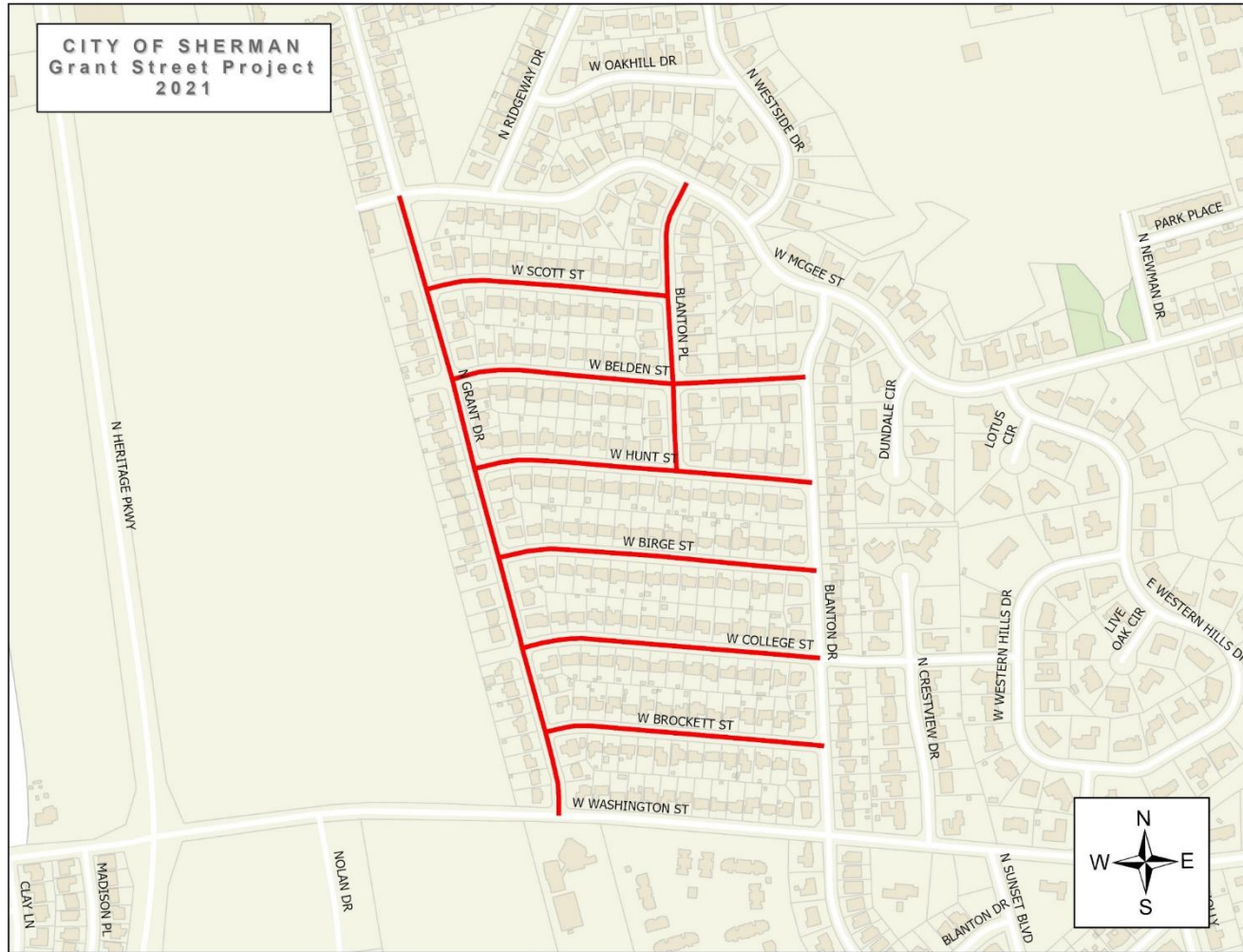
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CITY OF SHERMAN
Walnut Street Project
2021

Map showing the Walnut Street Project 2021 area in Sherman, Oklahoma. The project area is highlighted in red, running diagonally from the top left to the bottom right. The map includes a compass rose in the bottom right corner, indicating North (N), South (S), East (E), and West (W). The project area is bounded by the railroad tracks to the north and the city limits to the south. The map shows a grid of streets, including major thoroughfares like US 75 and US 169, and numerous residential streets. The project area covers a significant portion of the city's central and northern areas.



CITY OF SHERMAN
Grant Street Project
2021



A blurred background of a construction site. In the foreground, a white hard hat is visible, resting on a wooden post. The hard hat has the word "Sherman" written on it in a cursive font. The background shows a yellow excavator and some trees, all out of focus.

Break for the day

UTILITIES UPDATE FY21-22

City Council Work Session – City of Sherman

Water and Wastewater Rate Study



June 2021



Presentation Contents

- Background on Rates
- Customers and Volumes
- Current and Forecast Cost of Service
- Retail Rate Plan
- Wholesale Rate Plan
- Next Steps



Preliminary – Subject to Change

City Council Work Session – City of Sherman



Background on Rates

Facts about Water and Wastewater Rates in the 21st Century

- Average utility has been increasing rates 5-6% per year, trend expected to continue
- AWWA forecasts that water and wastewater rates across the U.S. will triple in the next 15 years
- 30-40% of utilities charge rates that do not cover their costs
- Rate adjustments are primarily due to reasons beyond a utility's control – inflation, Capital Improvement Plans, etc.

Preliminary – Subject to Change

City of Sherman

Water and Wastewater Rate Background



- City has not adjusted its rates since 2017
- Rates are among the lowest in the DFW metroplex
- Wholesale customers and account growth have benefited utility by adding more customers over which to spread costs
- Combination of increasing operating expenses and need to fund \$95 million in capital improvements is fueling the need to adjust rates in 2021 and beyond

Preliminary – Subject to Change

Current Water and Wastewater Rate Structure Effective October 2017

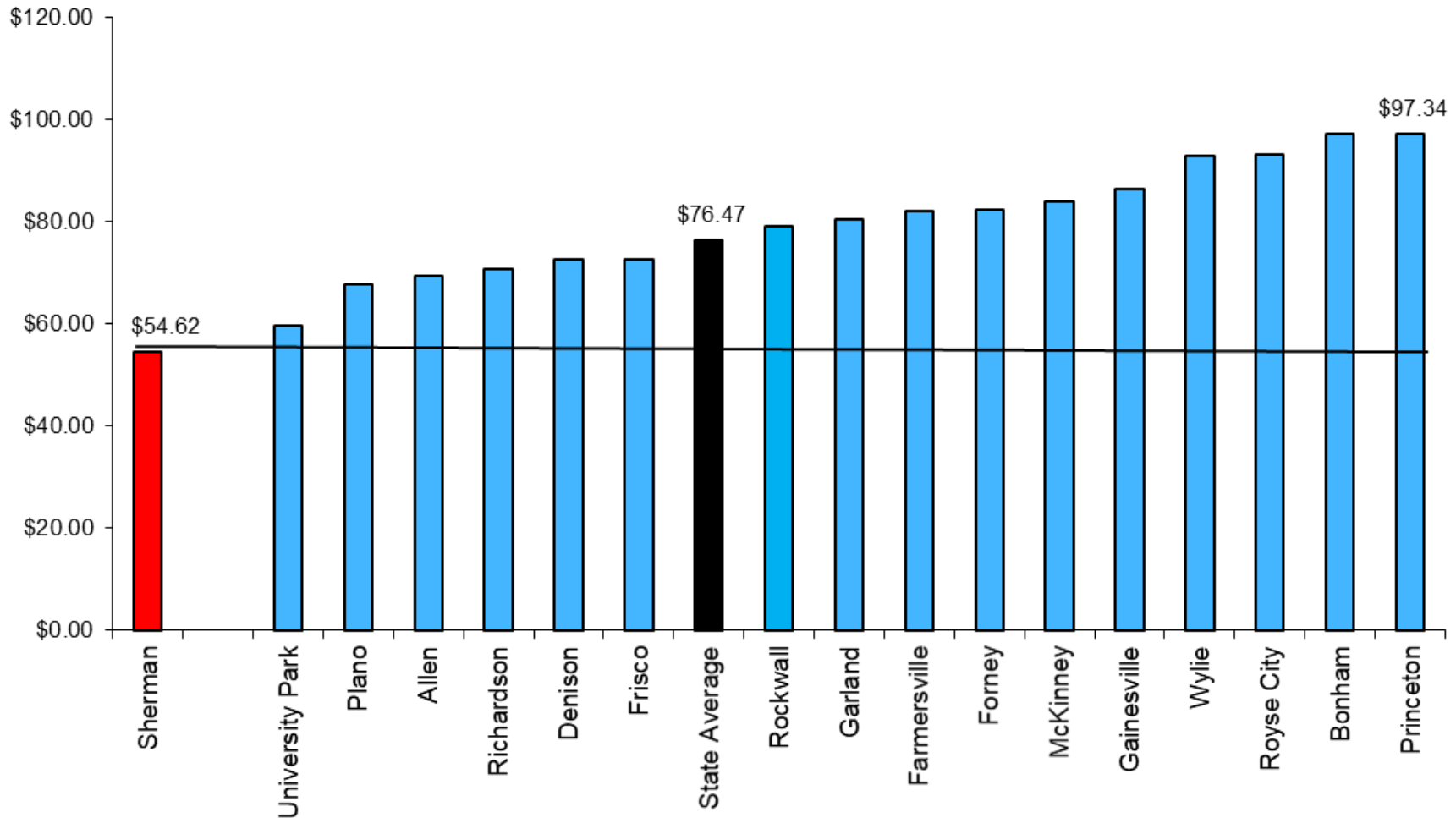
Water Rates		Wastewater Rates	
Service Charge -- 1st 1,500 Gallons		Service Charge -- 1st 1,500 Gallons	
<u>Meter Size</u>	<u>Inside City</u>		<u>Inside City</u>
5/8 X 3/4"	\$ 22.80	Service Charge	\$ 8.19
1"	44.97	(All Meters)	
1 1/2"	90.36		
2"	153.94		
3"	335.62		
4"	589.92		
6"	1,316.58		
8"	2,333.88		
10"	3,641.84		
Consumption Charge -- Per 1,000 Gallons		Consumption Charge -- Per 1,000 Gallons	
	<u>Inside City</u>		<u>Inside City</u>
Retail:		Retail:	
Residential	\$ 3.27	** Residential	3.48
Commercial	3.27	Commercial	3.48
Multi-Family	3.27	Multi-Family	3.48
Hydrants	3.27	Industrial	3.48
Industrial	3.27		
Wholesale:		Wholesale:	
Knollwood	3.27	Howe	3.48
Gunter-Marilee	3.43	Knollwood	3.48
Dorchester	1.53		
Panda-Sherman Raw Water	0.72		

NOTE: Outside City assessed 100% Premium

** Capped at 9,000 Gallons

Preliminary – Subject to Change

Monthly Residential Charge Comparison 5,000 Gallons Water and Wastewater



Preliminary – Subject to Change

City Council Work Session – City of Sherman



Water and Wastewater: Customers and Volumes

Water and Wastewater Accounts

Test Year 2020

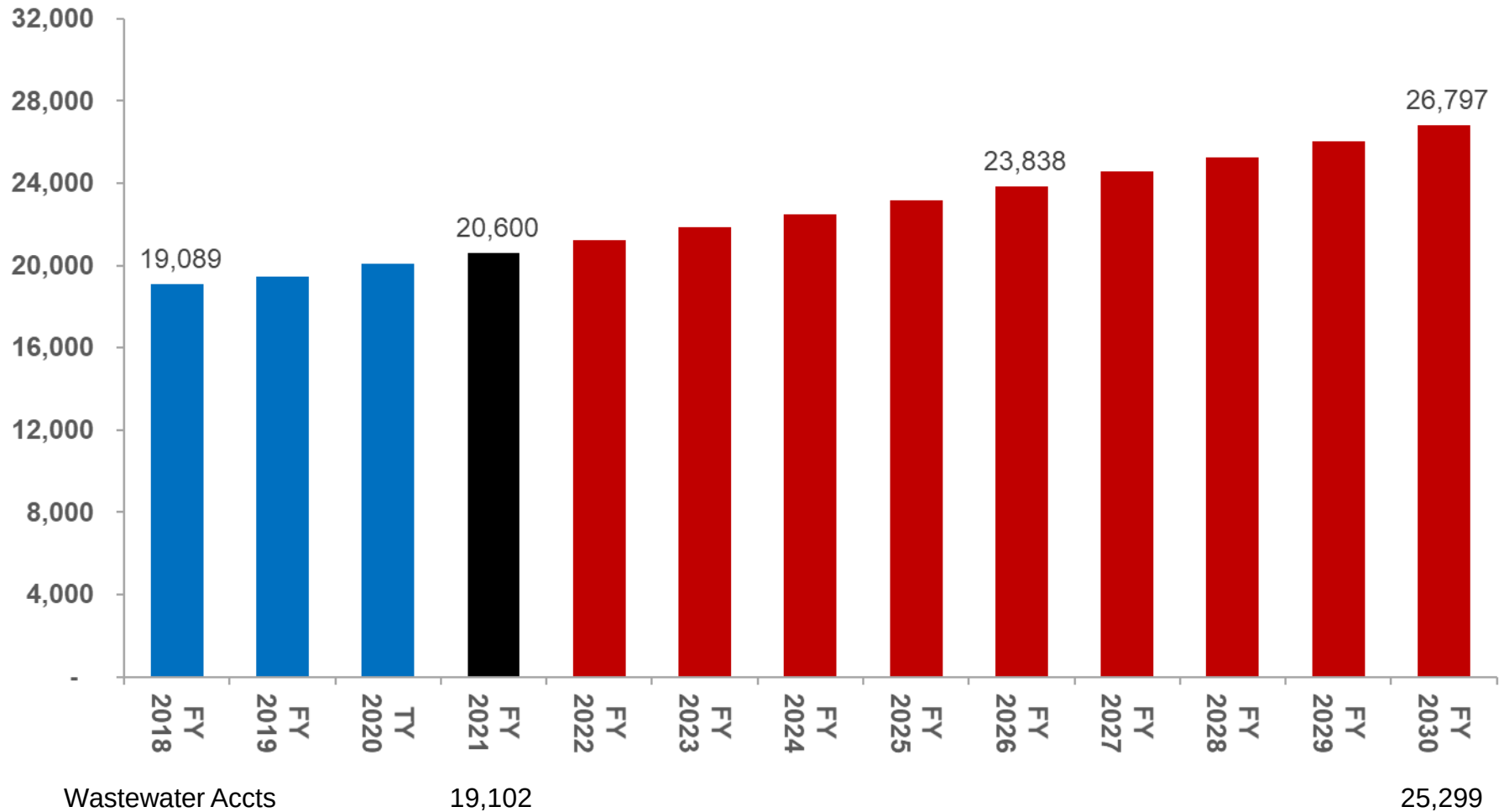
WATER Customer Accounts	
<u>Retail</u>	
Residential	12,989
Commercial	1,648
Multi-Family	5,695
Hydrants	24
Industrial	22
Outside	218
Sub-Total Retail	20,596
<u>Wholesale</u>	
Knollwood	1
Gunter-Marilee	1
Dorchester	1
Panda-Sherman Raw Wate	1
Total	20,600

WASTEWATER Customer Accounts	
<u>Retail</u>	
Residential	12,098
Commercial	1,291
Multi-Family	5,695
Industrial	10
Outside	6
Sub-Total Retail	19,100
<u>Wholesale</u>	
Howe	1
Knollwood	1
Total	19,102

Preliminary – Subject to Change

Actual and Forecast Water Accounts

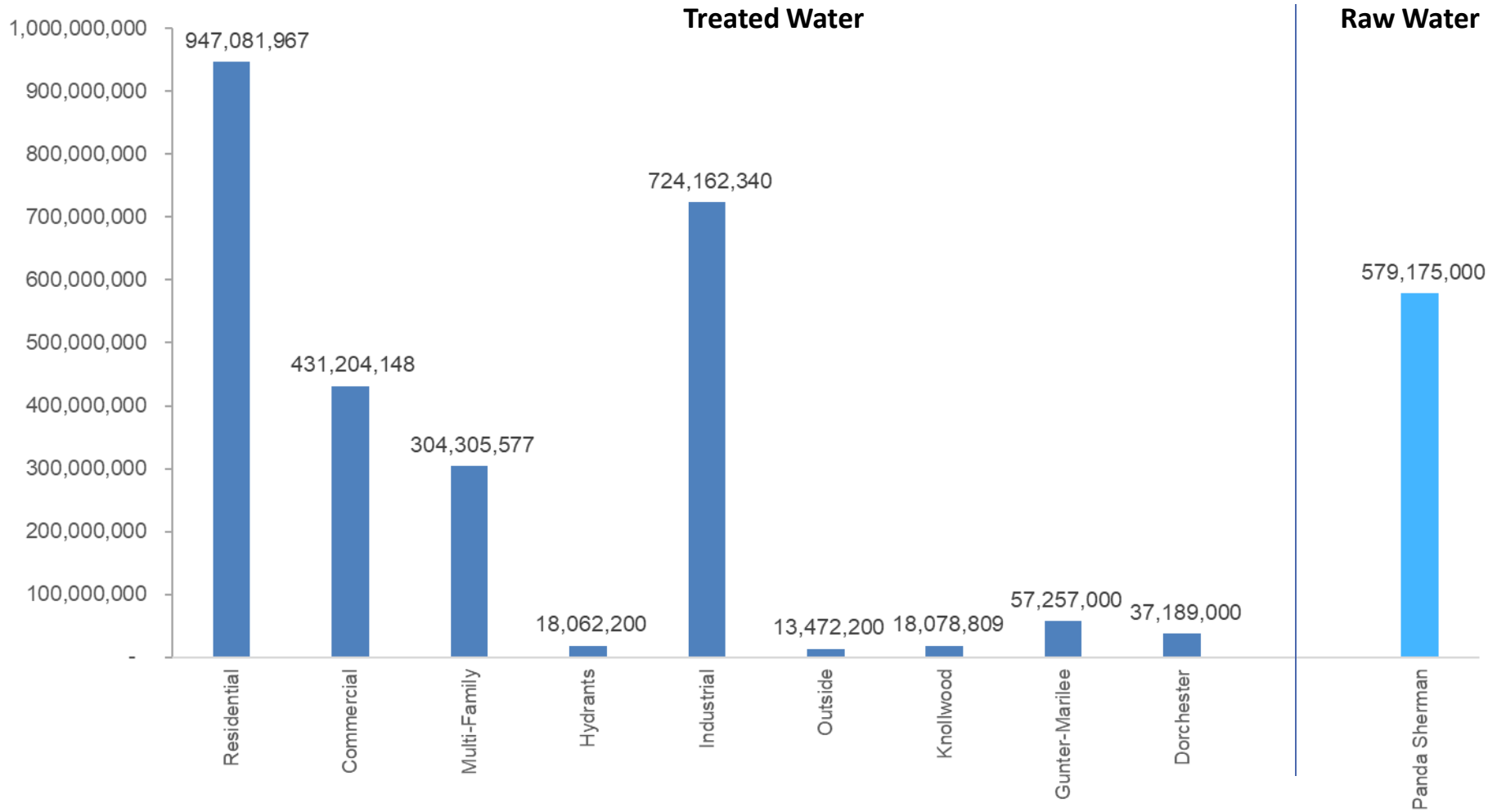
Annual Growth $\approx$ 3.0%, 600–775 Accounts



Preliminary – Subject to Change

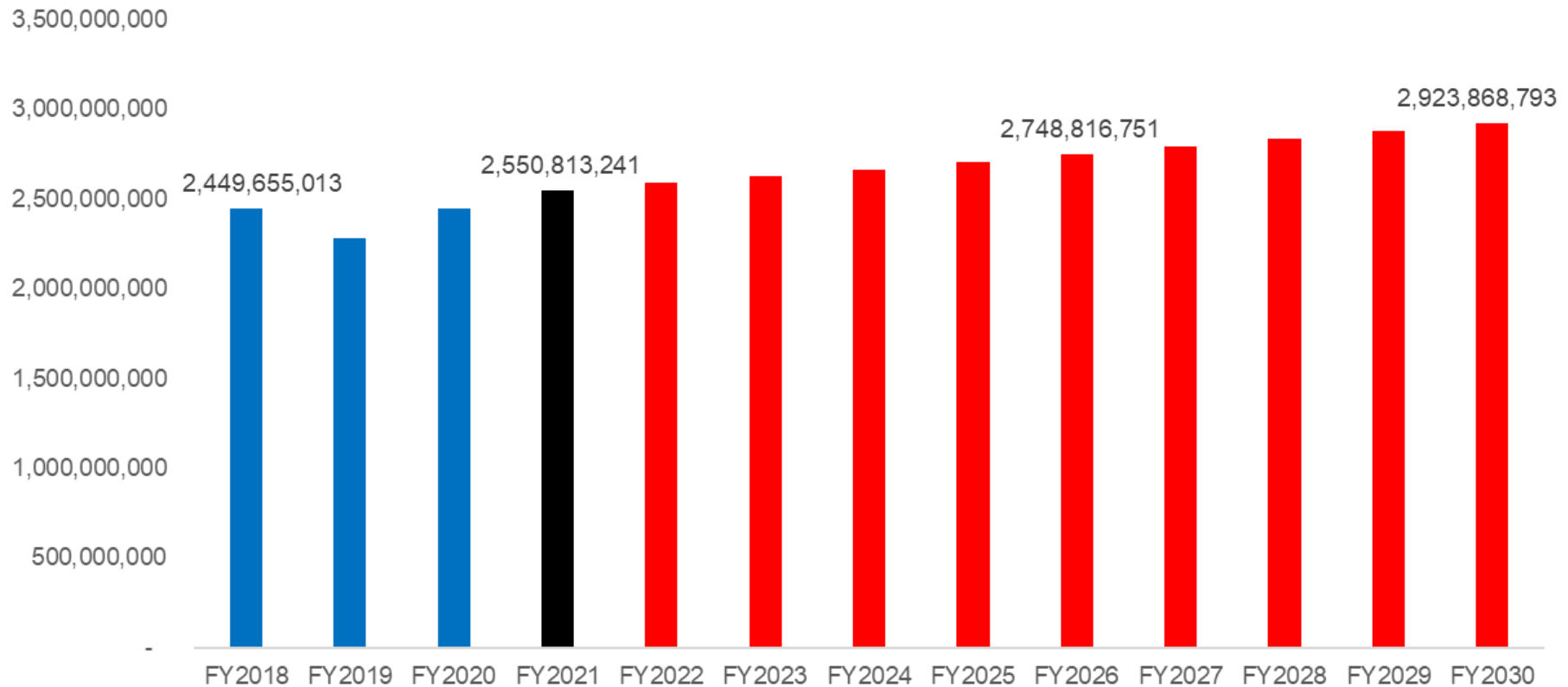
Test Year 2021

Raw and Treated Water Consumption by Rate Class



Preliminary – Subject to Change

Actual and Forecast Water Billed Consumption Retail and Wholesale



Preliminary – Subject to Change

City Council Work Session – City of Sherman



Water and Wastewater: Current and Forecast Cost of Service

Sherman
CLASSIC TOWN. BROAD HORIZON.

- [illegible]



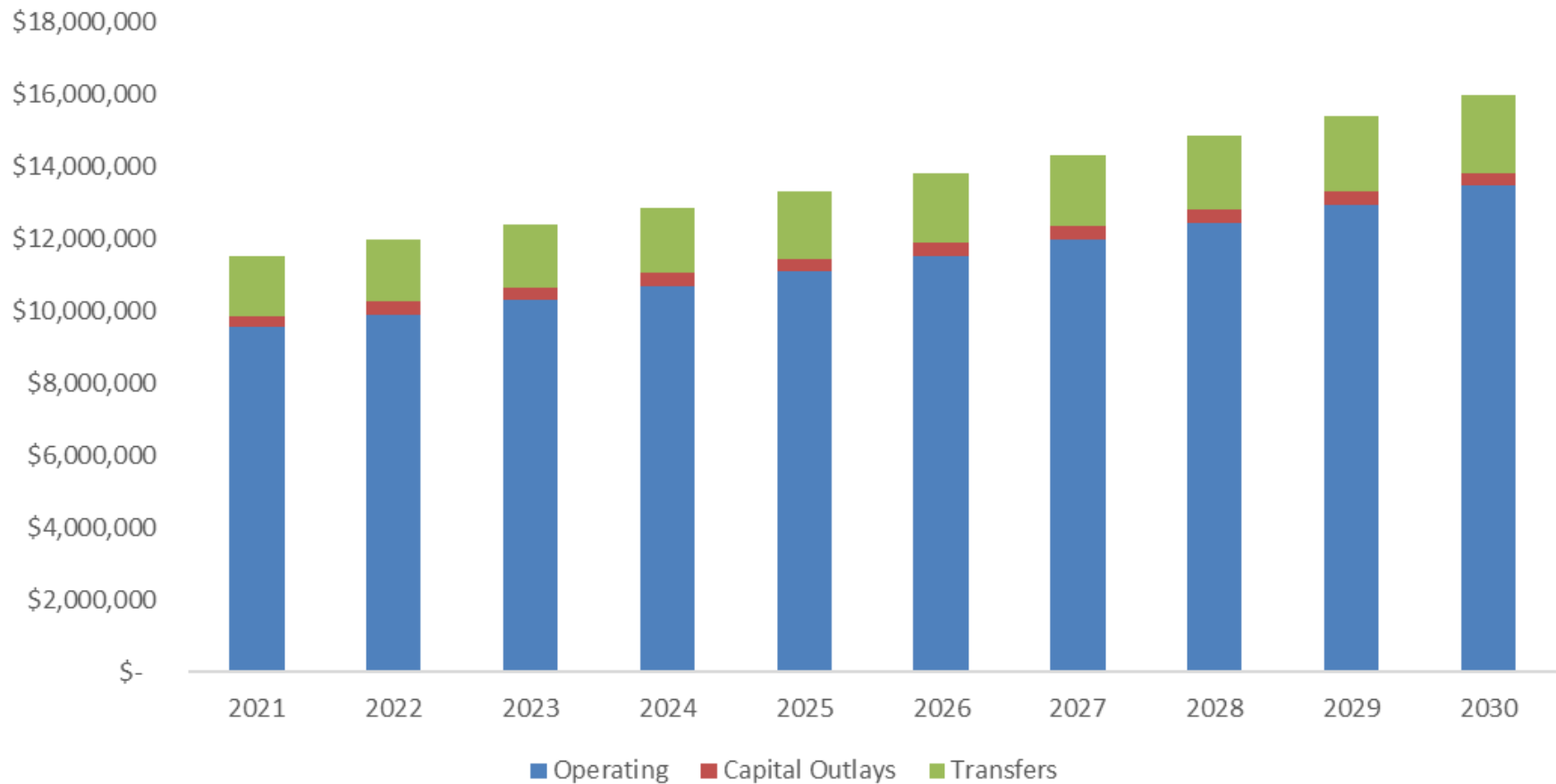
Key Assumptions Driving Forecast Financial and Rate Plan

- Most personnel and operating expenses increase 3% per year
- Certain expenses increase at higher rates and/or are tied to increases in accounts/volumes
- City implements its current Capital Improvement Plan with approximately \$95 million in water and wastewater system improvements over the next 10 years
- **Biggest impact on rate plan:** how CIP is to be funded:
 - Existing Reserves
 - Rates
 - Long-term Debt



Preliminary – Subject to Change

Forecast Water Operating Expenses, Capital Outlays and Transfers



Preliminary – Subject to Change

Forecast Wastewater Operating Expenses, Capital Outlays and Transfers



Preliminary – Subject to Change

Capital Improvement Plan: FY 2021 – FY 2030

	WATER	WASTEWATER	TOTAL
<u>Project Type</u>			
Treatment	\$ 45,465,000	\$ 16,402,000	\$ 61,867,000
Distribution/Collection	21,655,000	11,145,000	32,800,000
Total Projects	67,120,000	27,547,000	94,667,000
<u>Projected Funding Sources</u>			
Improvement Fund	1,313,312	626,656	1,939,967
Impact Fees	5,586,688	2,793,344	8,380,033
Grants	6,500,000	-	6,500,000
Long-Term Debt	53,720,000	24,127,000	77,847,000
Total Projected Funding Sources	67,120,000	27,547,000	94,667,000

* FY 2021 – FY 2026 from City CIP, FY 2027 – FY 2030 from City preliminary planning documents



Preliminary – Subject to Change

Long-Term Financing

Forecast Water and Wastewater Bond Issues

Year	Water	Wastewater	Total
FY 2021	\$ 5,540,000	\$ 4,212,000	\$ 9,752,000
FY 2022	7,345,000	665,000	8,010,000
FY 2023	6,625,000	10,400,000	17,025,000
FY 2024	5,200,000	6,150,000	11,350,000
FY 2025	3,510,000	1,700,000	5,210,000
FY 2026	3,500,000	1,000,000	4,500,000
FY 2027	11,000,000	-	11,000,000
FY 2028	11,000,000	-	11,000,000
FY 2029	-	-	-
FY 2030	-	-	-
Total	53,720,000	24,127,000	77,847,000

Term = 25 Years

Interest = 3.5%

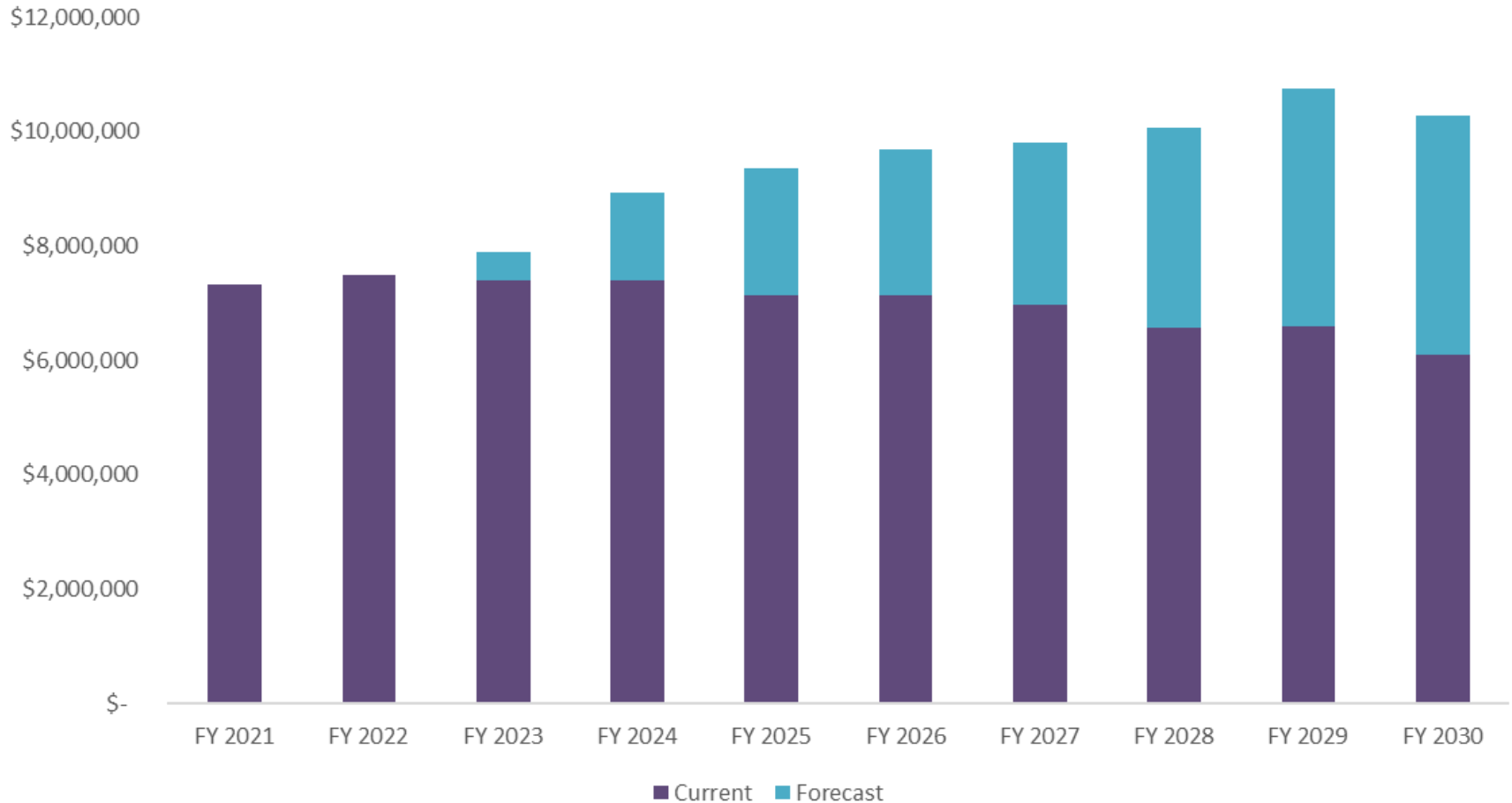
Fixed P&I payments



NOTE: FY 2021 debt already issued

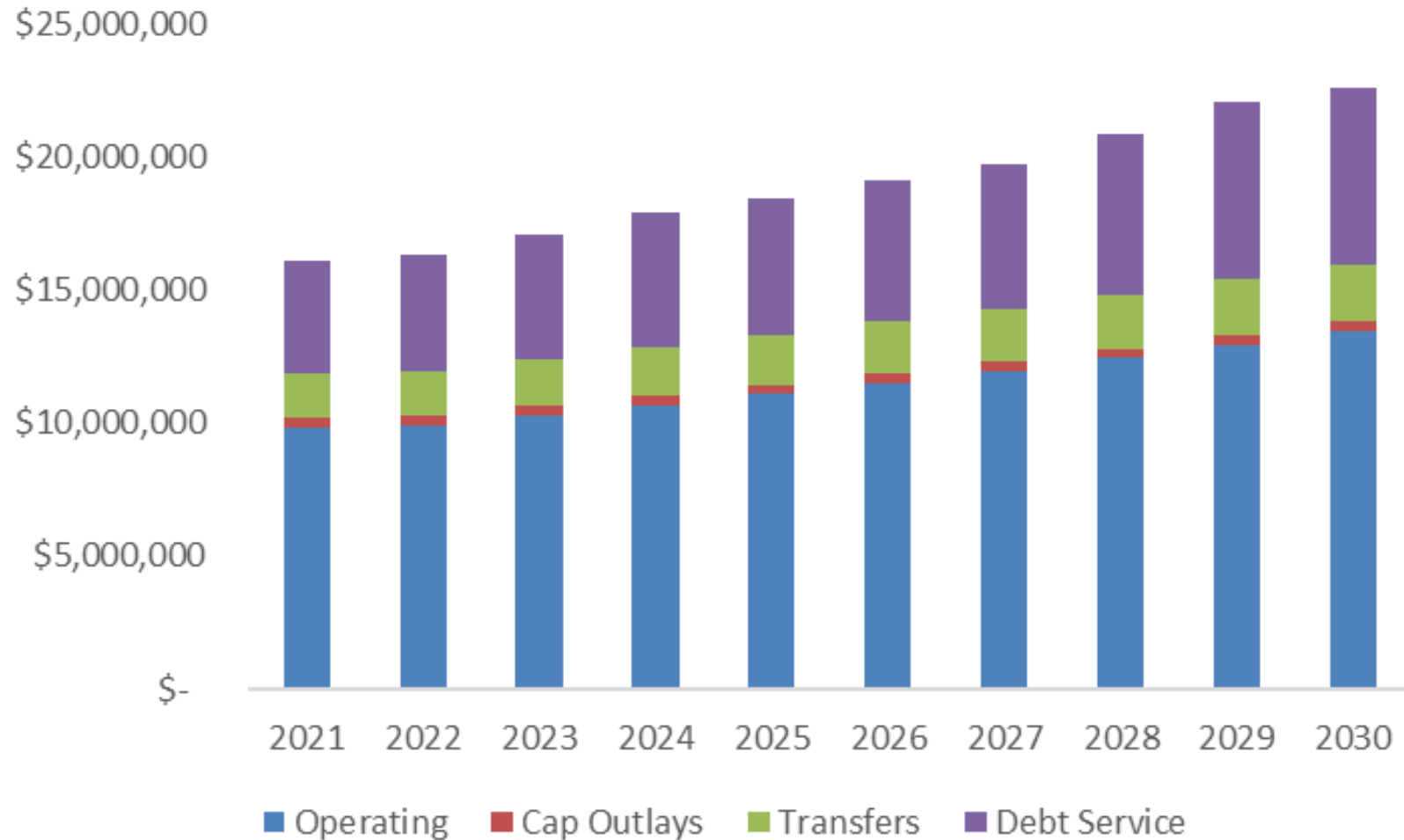
Preliminary – Subject to Change

Current and Forecast Debt Service



Preliminary – Subject to Change

Forecast Cost of Service and Net Revenue Requirement



Preliminary – Subject to Change

Forecast Cost of Service and Net Revenue Requirement

Fiscal Year	Operating/ Cap Outlays	Debt Service	Transfers & Contingencies	Total Cost of Service	Less Non-Rate Revenues	Net Revenue Requirement
WATER Revenue Requirement						
2021	\$ 9,858,959	\$ 4,289,611	\$ 1,650,000	\$ 15,798,570	\$ 1,461,219	\$ 14,337,351
2022	10,260,311	4,326,224	1,699,500	16,286,036	1,463,680	14,822,356
2023	10,637,076	4,714,600	1,750,485	17,102,160	843,227	16,258,933
2024	11,030,762	5,096,866	1,803,000	17,930,628	845,838	17,084,790
2025	11,442,315	5,137,735	1,857,090	18,437,140	848,527	17,588,613
2026	11,872,744	5,353,162	1,912,802	19,138,708	851,297	18,287,411
2027	12,323,129	5,399,964	1,970,186	19,693,279	854,149	18,839,129
2028	12,794,627	6,011,585	2,029,292	20,835,504	857,088	19,978,416
2029	13,288,477	6,692,466	2,090,171	22,071,114	860,114	21,210,999
2030	13,806,009	6,589,107	2,152,876	22,547,991	863,231	21,684,760
WASTEWATER Revenue Requirement						
2021	\$ 5,236,864	\$ 3,029,339	\$ 1,650,000	\$ 9,916,203	\$ 1,253,131	\$ 8,663,072
2022	5,363,547	3,169,995	1,699,500	10,233,042	1,255,410	8,977,632
2023	5,544,870	3,182,703	1,750,485	10,478,059	680,745	9,797,314
2024	5,733,499	3,836,101	1,803,000	11,372,599	683,163	10,689,436
2025	5,929,788	4,224,439	1,857,090	12,011,316	685,653	11,325,663
2026	6,134,115	4,327,200	1,912,802	12,374,117	688,219	11,685,898
2027	6,346,881	4,410,173	1,970,186	12,727,240	690,861	12,036,379
2028	6,568,511	4,066,342	2,029,292	12,664,145	693,582	11,970,563
2029	6,799,460	4,071,129	2,090,171	12,960,759	696,385	12,264,374
2030	7,040,207	3,689,571	2,152,876	12,882,654	699,273	12,183,381

Preliminary – Subject to Change

Forecast Cost of Service

Fixed and Variable

	2021	2022	2023	2024	2025
Water Cost of Service					
<u>Dollars</u>					
Fixed	\$ 11,223,538	\$ 11,543,315	\$ 12,184,588	\$ 12,830,661	\$ 13,146,832
Variable	<u>4,575,032</u>	<u>4,742,720</u>	<u>4,917,572</u>	<u>5,099,966</u>	<u>5,290,307</u>
Total	15,798,570	16,286,036	17,102,160	17,930,628	18,437,140
<u>Percent</u>					
Fixed	59.1%	59.1%	59.1%	59.1%	59.1%
Variable	<u>40.9%</u>	<u>40.9%</u>	<u>40.9%</u>	<u>40.9%</u>	<u>40.9%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%
<u>Monthly Cost Per Account</u>					
Fixed	\$ 45.40	\$ 45.35	\$ 46.50	\$ 47.55	\$ 47.32

Wastewater Cost of Service					
<u>Dollars</u>					
Fixed	\$ 8,249,496	\$ 8,507,411	\$ 8,691,149	\$ 9,521,941	\$ 10,094,322
Variable	<u>1,666,708</u>	<u>1,725,631</u>	<u>1,786,910</u>	<u>1,850,658</u>	<u>1,916,994</u>
Total	9,916,203	10,233,042	10,478,059	11,372,599	12,011,316
<u>Percent</u>					
Fixed	83.2%	83.1%	82.9%	83.7%	84.0%
Variable	<u>16.8%</u>	<u>16.9%</u>	<u>17.1%</u>	<u>16.3%</u>	<u>16.0%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%
<u>Monthly Cost Per Account</u>					
Fixed	\$ 35.99	\$ 35.97	\$ 35.61	\$ 37.81	\$ 38.85

Preliminary – Subject to Change

City Council Work Session – City of Sherman



Water and Wastewater:
Rate Plan Scenario I – Status Quo
Retail Rates

Notes on Rate Proposal – Scenario I -- Retail

- Assumes no change in rate structure; uniform percentage adjustments for base and volume charges
- Rate adjustments assumed to be effective October 1 of each fiscal year, beginning with October 1, 2021
- Council has option to adopt multi-year plan or single adjustment
- Given rapidly changing growth and economic conditions, recommend rate plan be reviewed every 2-3 years

Water Rate Plan Scenario I – Retail Rates

FY 2021 – FY 2025

			Effective					
			Current	Oct-21	Oct-22	Oct-23	Oct-24	Oct-25
Residential								
Customer Service Charge								
5/8 X 3/4"			\$ 22.80	\$ 23.71	\$ 24.66	\$ 25.65	\$ 26.42	\$ 26.94
1"			44.97	46.77	48.64	50.59	52.10	53.14
1 1/2"			90.36	93.97	97.73	101.64	104.69	106.79
Volume Rate Per 1,000 Gal								
1,500	Above		3.27	3.40	3.54	3.68	3.79	3.86
Percent Change				4.0%	4.0%	4.0%	3.0%	2.0%
Non-Residential								
Customer Service Charge								
5/8 X 3/4"			22.80	23.71	24.66	25.65	26.42	26.94
1"			44.97	46.77	48.64	50.59	52.10	53.14
1 1/2"			90.36	93.97	97.73	101.64	104.69	106.79
2"			153.94	160.10	166.50	173.16	178.36	181.92
3"			335.62	349.04	363.01	377.53	388.85	396.63
4"			589.92	613.52	638.06	663.58	683.49	697.16
6"			1,316.58	1,369.24	1,424.01	1,480.97	1,525.40	1,555.91
Volume Rate Per 1,000 Gal								
1,500	Above		3.27	3.40	3.54	3.68	3.79	3.86
Percent Change				4.0%	4.0%	4.0%	3.0%	2.0%

Preliminary – Subject to Change

Wastewater Rate Plan Scenario I – Retail Rates

FY 2021 – FY 2025

			Effective					
			Current	Oct-21	Oct-22	Oct-23	Oct-24	Oct-25
Residential								
Customer Service Charge								
All Meters			\$ 8.19	\$ 8.93	\$ 9.73	\$ 10.61	\$ 11.14	\$ 11.36
Volume Rate Per 1,000 Gal								
1,500 9,000			3.48	3.79	4.13	4.51	4.73	4.83
Percent Change				9.0%	9.0%	9.0%	5.0%	2.0%
Non-Residential								
Customer Service Charge								
All Meters			\$ 8.19	\$ 8.93	\$ 9.73	\$ 10.61	\$ 11.14	\$ 11.36
Volume Rate Per 1,000 Gal								
1,500 Above			3.48	3.79	4.13	4.51	4.73	4.83
Percent Change				9.0%	9.0%	9.0%	5.0%	2.0%

Preliminary – Subject to Change

Rate Plan Scenario I -- Impact on Ratepayers

FY 2021 – FY 2025

		Current	Oct-21
Residential Monthly Charges Inside -- 3/4"			
1,500 Water	Total	\$ 30.99	\$ 32.64
1,500 WW	Increase -- \$		1.65
	Increase -- %		5.3%
6,000 Water	Total	61.37	65.01
6,000 WW	Increase -- \$		3.65
	Increase -- %		5.9%
10,000 Water	Total	84.89	89.99
9,000 WW	Increase -- \$		5.11
	Increase -- %		6.0%

Commercial Monthly Charges Inside -- 2"

20,000 Water	Total	\$ 287.01	\$ 302.11
20,000 WW	Increase -- \$		15.11
	Increase -- %		5.3%
40,000 Water	Total	422.01	445.99
40,000 WW	Increase -- \$		23.99
	Increase -- %		5.7%

Preliminary – Subject to Change

Rate Plan Scenario I -- Impact on Ratepayers

FY 2021 – FY 2025

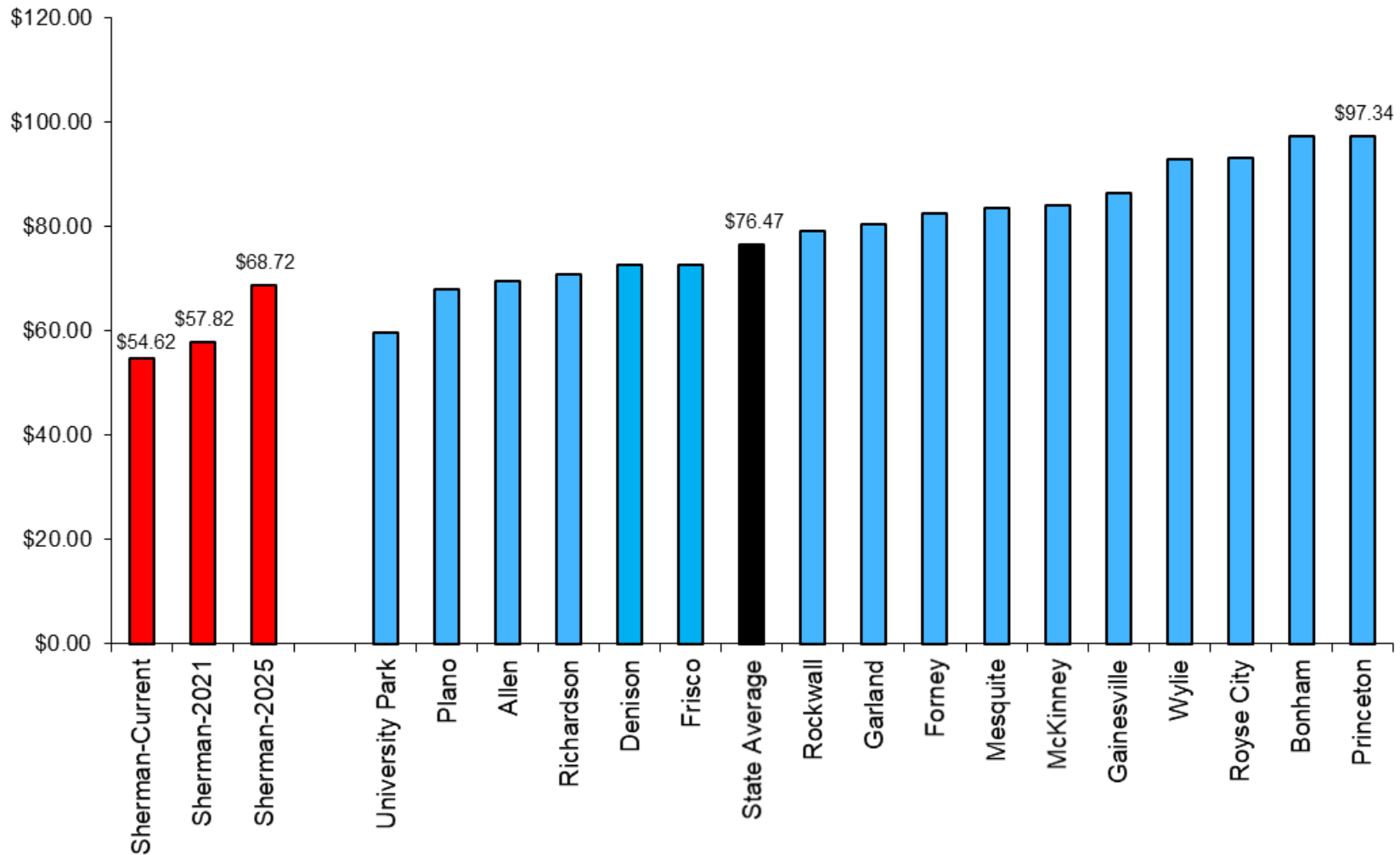
			Effective					
Current			Oct-21	Oct-22	Oct-23	Oct-24	Oct-25	
Residential Monthly Charges Inside -- 3/4"								
1,500 Water	Total	\$ 30.99	\$ 32.64	\$ 34.39	\$ 36.25	\$ 37.55	\$ 38.30	
1,500 WW	Increase -- \$		1.65	1.75	1.86	1.30	0.75	
	Increase -- %		5.3%	5.4%	5.4%	3.6%	2.0%	
6,000 Water	Total	61.37	65.01	68.91	73.09	75.90	77.41	
6,000 WW	Increase -- \$		3.65	3.90	4.17	2.81	1.52	
	Increase -- %		5.9%	6.0%	6.1%	3.8%	2.0%	
10,000 Water	Total	84.89	89.99	95.46	101.32	105.25	107.35	
9,000 WW	Increase -- \$		5.11	5.47	5.86	3.93	2.10	
	Increase -- %		6.0%	6.1%	6.1%	3.9%	2.0%	

Commercial Monthly Charges Inside -- 2"

20,000 Water	Total	\$ 287.01	\$ 302.11	\$ 318.15	\$ 335.19	\$ 347.13	\$ 354.07
20,000 WW	Increase -- \$		15.11	16.04	17.04	11.94	6.94
	Increase -- %		5.3%	5.3%	5.4%	3.6%	2.0%
40,000 Water	Total	422.01	445.99	471.58	498.89	517.54	527.89
40,000 WW	Increase -- \$		23.99	25.59	27.31	18.65	10.35
	Increase -- %		5.7%	5.7%	5.8%	3.7%	2.0%

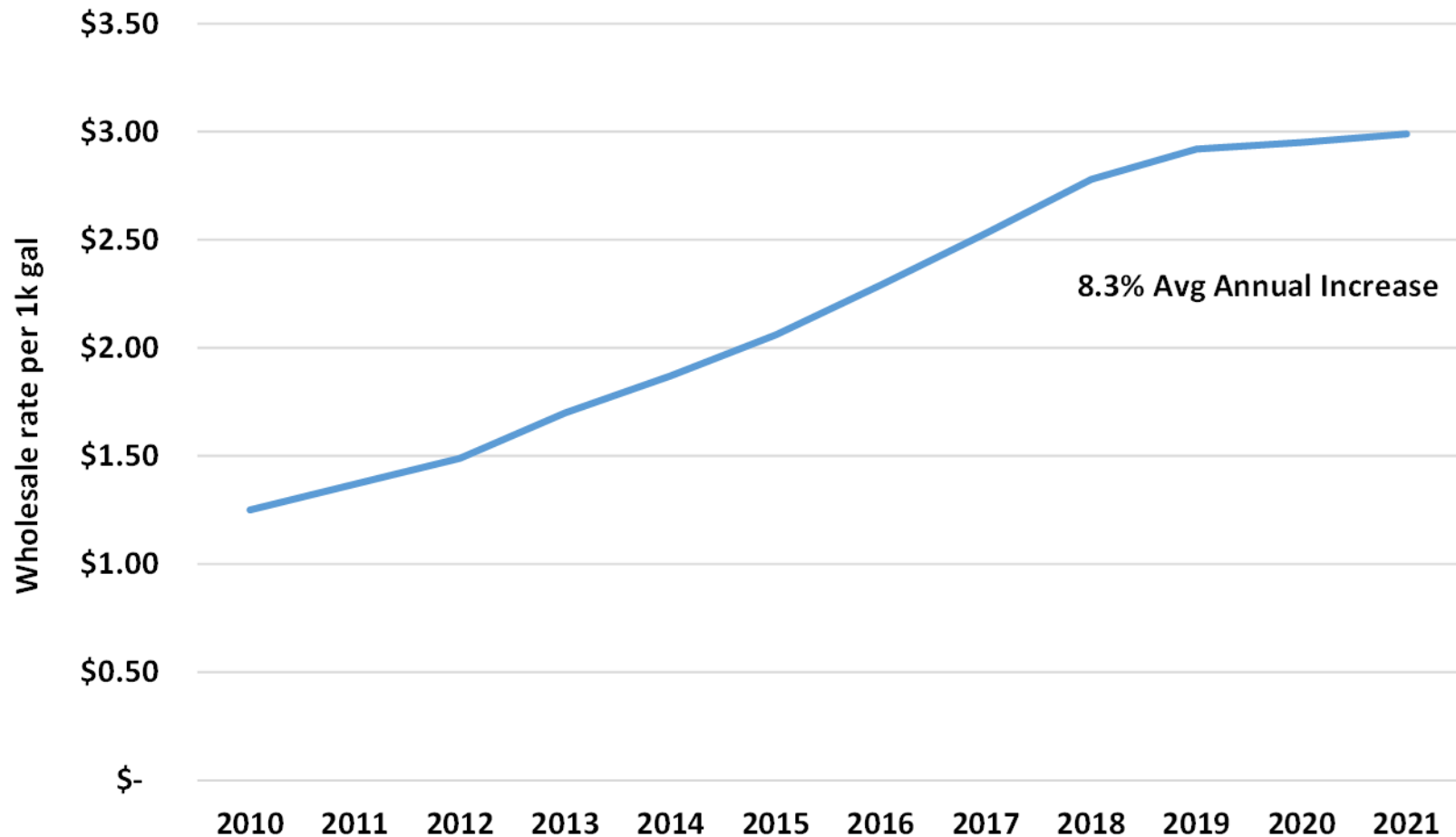
Preliminary – Subject to Change

Monthly Residential Charge Comparison 5,000 Gallons Water and Wastewater



Preliminary – Subject to Change

NTMWD Wholesale Rate History



Preliminary – Subject to Change

City Council Work Session – City of Sherman



Wholesale Rates

Sherman
CLASSIC TOWN. BROAD HORIZON.

Wholesale Rate Provisions

- Water Wholesale
 - Knollwood – rate equal to residential
 - Gunter/Marilee – residential + 5.0%
 - Dorchester – Contractual rate -- \$1.53
 - Panda-Sherman Raw Water – contractual rate
- Wastewater Wholesale
 - Howe/Knollwood – rate equal to residential

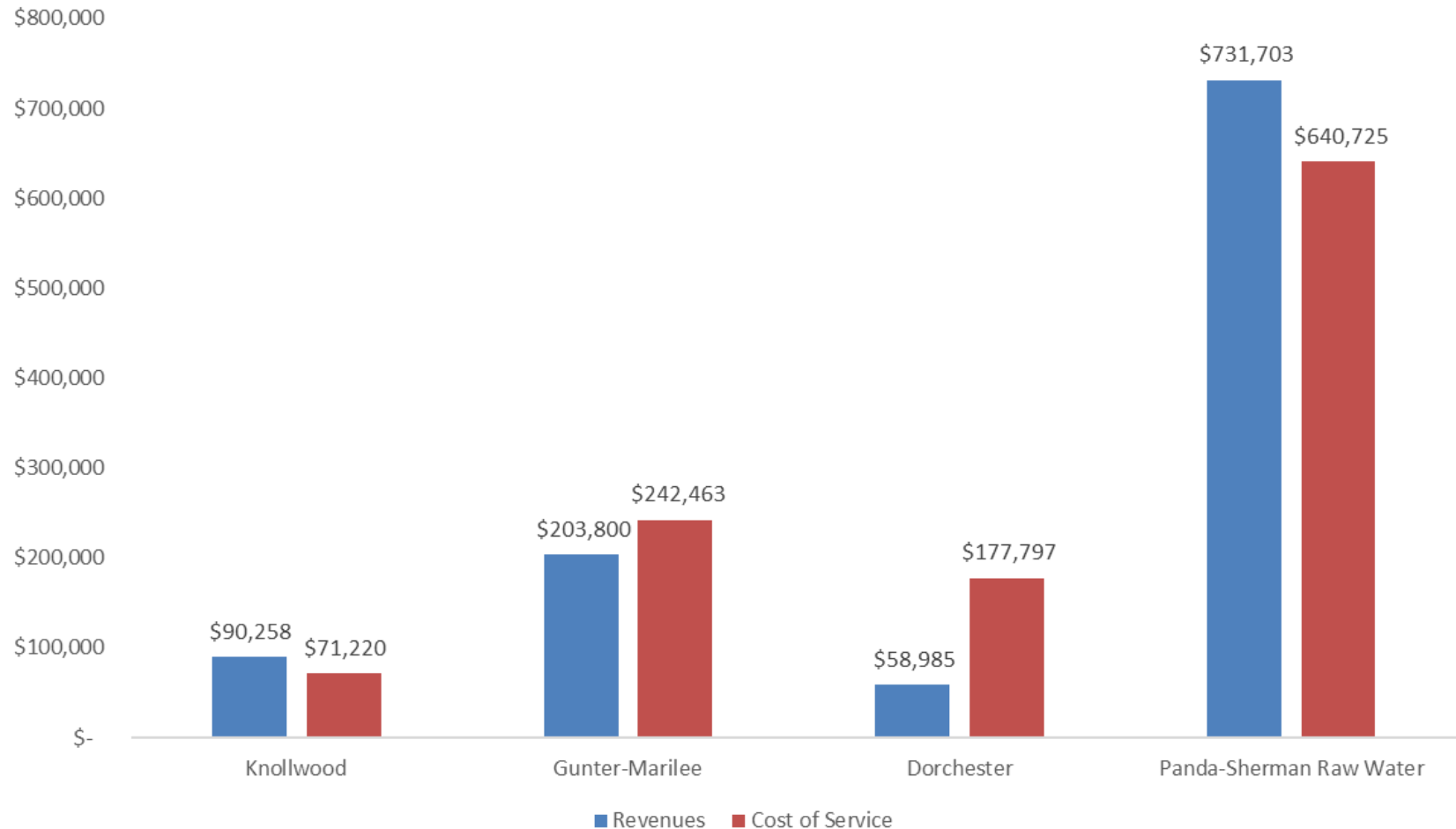
Preliminary – Subject to Change

Wholesale Rates

		Effective					
	Current	Oct-21	Oct-22	Oct-23	Oct-24	Oct-25	
Wholesale Volume Rates							
Knollwood	\$ 3.27	\$ 3.40	\$ 3.54	\$ 3.68	\$ 3.79	\$ 3.86	
Gunter-Marilee	3.43	3.57	3.71	3.86	3.98	4.06	
Dorchester	1.53	1.59	1.65	1.72	1.77	1.81	
Raw Water Rate							
Panda-Sherman Raw Water							
Monthly Charge	\$ 24,448	\$ 25,181	\$ 25,937	\$ 26,715	\$ 27,516	\$ 28,342	
Volume Rate/1,000 Gallons	0.723	0.745	0.767	0.790	0.814	0.838	
Wholesale Wastewater Rates							
Howe							
Knollwood							
Monthly Charge	\$ 8.19	\$ 8.93	\$ 9.73	\$ 10.61	\$ 11.14	\$ 11.36	
Volume Rate/1,000 Gallons	3.48	3.79	4.13	4.51	4.73	4.83	

Preliminary – Subject to Change

Wholesale Water Revenues vs. Cost of Service FY 2022



Preliminary – Subject to Change

City Council Work Session – City of Sherman



Summary and Next Steps

Forecast Summary

FY 2021 – FY 2026

	2021	2022	2023	2024	2025	2026
Beginning Fund Balance	\$ 2,027,890	\$ 1,554,406	\$ 1,937,588	\$ 1,978,249	\$ 2,387,429	\$ 3,371,289
<u>Revenues</u>						
Water	14,718,743	15,542,432	16,467,025	17,449,406	18,336,851	19,093,228
Wastewater	7,808,196	8,640,738	9,629,884	10,734,000	11,561,284	12,091,342
Non-Rate	2,714,350	2,719,090	1,523,972	1,529,001	1,534,180	1,539,515
Total Revenues	25,241,289	26,902,260	27,620,881	29,712,407	31,432,316	32,724,085
Cost of Service						
Operating	14,473,920	15,009,000	15,567,087	16,149,402	16,757,243	17,391,999
Capital Outlays	621,903	614,859	614,859	614,859	614,859	614,859
Debt Service	7,318,950	7,496,220	7,897,303	8,932,967	9,362,174	9,680,362
Transfers	3,300,000	3,399,000	3,500,970	3,605,999	3,714,179	3,825,604
Total	25,714,773	26,519,078	27,580,219	29,303,227	30,448,456	31,512,824
Net Revenues for Contingencies	(473,484)	383,182	40,662	409,180	983,860	1,211,261
Percent of COS	-1.9%	1.4%	0.1%	1.4%	3.1%	3.7%
Ending Fund Balance	1,554,406	1,937,588	1,978,249	2,387,429	3,371,289	4,582,550

Preliminary – Subject to Change

Presentation Summary

Benefits of Proposed Rate Plan

- Will enable utility to continue operating on a stand-alone basis and independent of general fund assistance
- Will cover estimated increased cost of requisite labor, services and materials
- Will result in financially-healthy utility that has ability to fund operations and capital needs
- Ensures that ratepayers pay only what it costs to provide water and wastewater service
- Will allow \$95 million of capital investment to improve quality of service and provide a well-functioning system for future generations

Preliminary – Subject to Change

City Council Work Session – City of Sherman



Questions and Discussion

Sherman
CLASSIC TOWN. BROAD HORIZON.

Scenario II – Uniform Percent Adjustments

		Effective					
		Current	Oct-21	Oct-22	Oct-23	Oct-24	Oct-25
Residential -- Water							
<u>Customer Service Charge</u>							
5/8 X 3/4"		\$ 22.80	\$ 23.48	\$ 24.19	\$ 24.91	\$ 25.66	\$ 26.43
1"		44.97	46.32	47.71	49.14	50.61	52.13
1 1/2"		90.36	93.07	95.86	98.74	101.70	104.75
<u>Volume Rate Per 1,000 Gal</u>							
1,500	Above	3.27	3.37	3.47	3.57	3.68	3.79
Residential -- Wastewater							
<u>Customer Service Charge</u>							
All Meters		\$ 8.19	\$ 8.76	\$ 9.38	\$ 10.03	\$ 10.74	\$ 11.49
<u>Volume Rate Per 1,000 Gal</u>							
1,500	9,000	3.48	3.72	3.98	4.26	4.56	4.88
Residential Monthly Charges Inside -- 3/4"							
1,500 Water	Total	\$ 30.99	\$ 32.25	\$ 33.57	\$ 34.95	\$ 36.40	\$ 37.92
1,500 WW	Increase -- \$		1.26	1.32	1.38	1.45	1.52
6,000 Water	Total	61.37	64.16	67.11	70.21	73.49	76.94
6,000 WW	Increase -- \$		2.79	2.95	3.11	3.28	3.46
10,000 Water	Total	84.89	88.80	92.93	97.29	101.89	106.75
9,000 WW	Increase -- \$		3.92	4.13	4.36	4.60	4.85

Preliminary – Subject to Change

Scenario II – Uniform Percent Adjustments

	2021	2022	2023	2024	2025	2026
Beginning Fund Balance	\$ 2,027,890	\$ 1,554,406	\$ 1,660,284	\$ 1,075,452	\$ 455,450	\$ 505,195
<u>Revenues</u>						
Water	14,718,743	15,411,469	16,178,326	16,985,700	17,835,816	18,731,027
Wastewater	7,808,196	8,494,398	9,293,088	10,168,524	11,128,204	12,180,371
Non-Rate	2,714,350	2,719,090	1,523,972	1,529,001	1,534,180	1,539,515
Total Revenues	25,241,289	26,624,956	26,995,387	28,683,225	30,498,201	32,450,914
<u>Cost of Service</u>						
Operating	14,473,920	15,009,000	15,567,087	16,149,402	16,757,243	17,391,999
Capital Outlays	621,903	614,859	614,859	614,859	614,859	614,859
Debt Service	7,318,950	7,496,220	7,897,303	8,932,967	9,362,174	9,465,266
Transfers	3,300,000	3,399,000	3,500,970	3,605,999	3,714,179	3,825,604
Total	25,714,773	26,519,078	27,580,219	29,303,227	30,448,456	31,297,729
Net Revenues for Contingencies	(473,484)	105,878	(584,832)	(620,002)	49,745	1,153,185
Percent of COS	-1.9%	0.4%	-2.2%	-2.2%	0.2%	3.6%
Ending Fund Balance	1,554,406	1,660,284	1,075,452	455,450	505,195	1,658,379

Preliminary – Subject to Change

Discussion and Council Direction

- Rates – As-presented vs smoothed?
- Single-year vs multi-year rate adoption?

Neighborhood Services

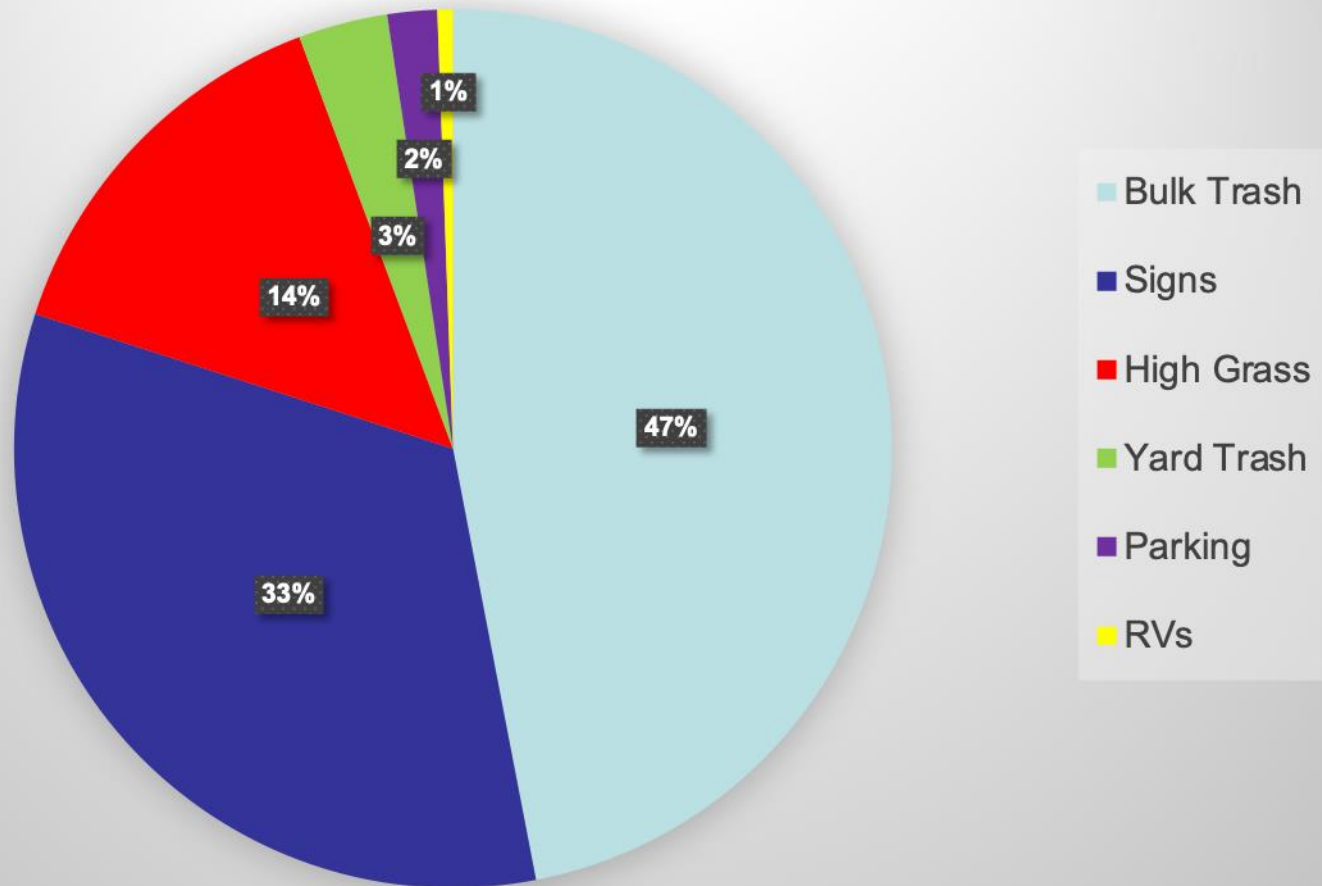


Neighborhood Services

- Code Enforcement
 - Bulk trash policing
 - Yard trash/ yard parking
 - Unmowed grass
 - Bandit signs
- Quality Neighborhoods Program
 - Substandard Structures
 - Junk Vehicles
 - Commercial CO enforcement

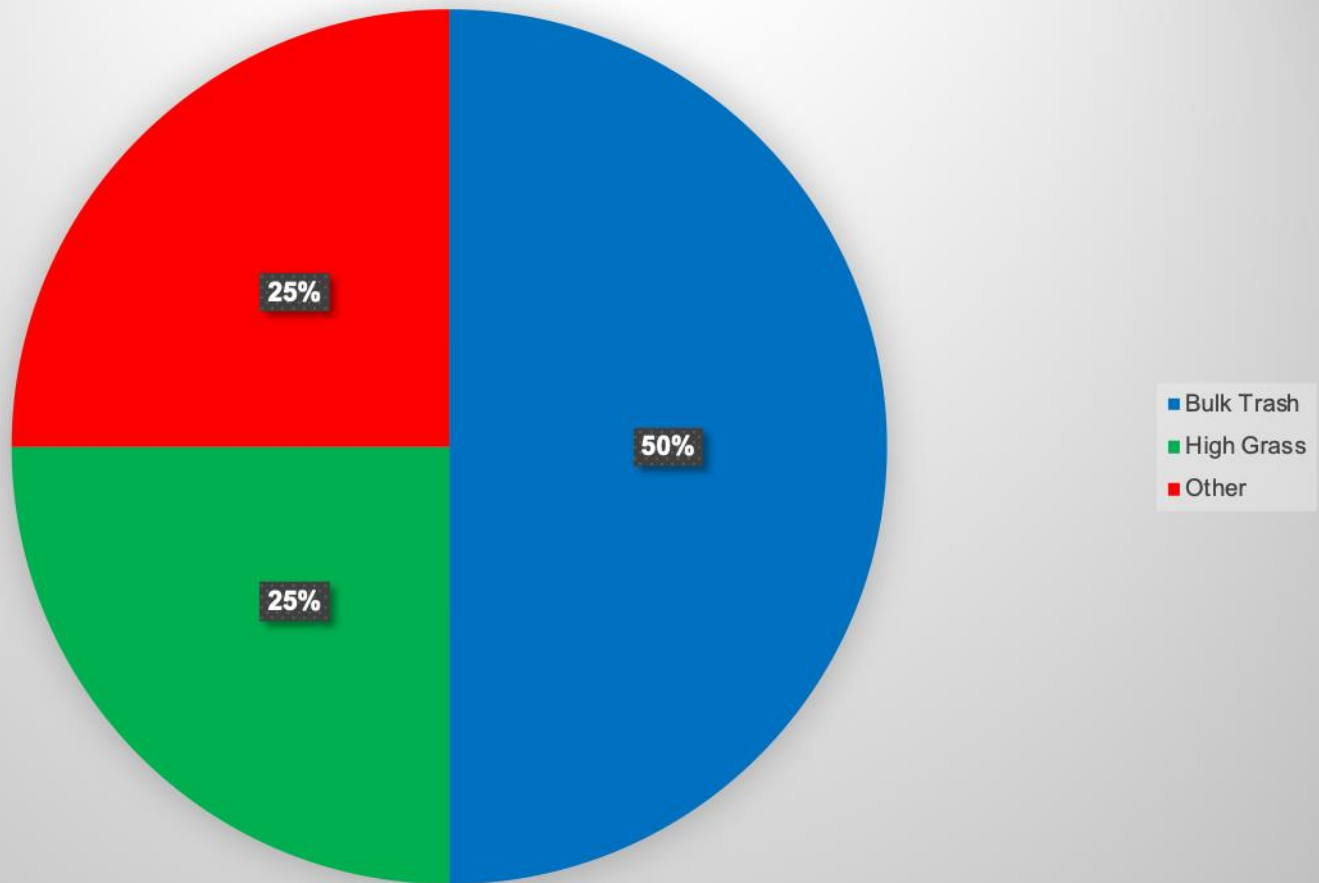
Code Enforcement

Code Enforcement Case Types 2020-21



Code Enforcement

Code Enforcement Cases by Workload



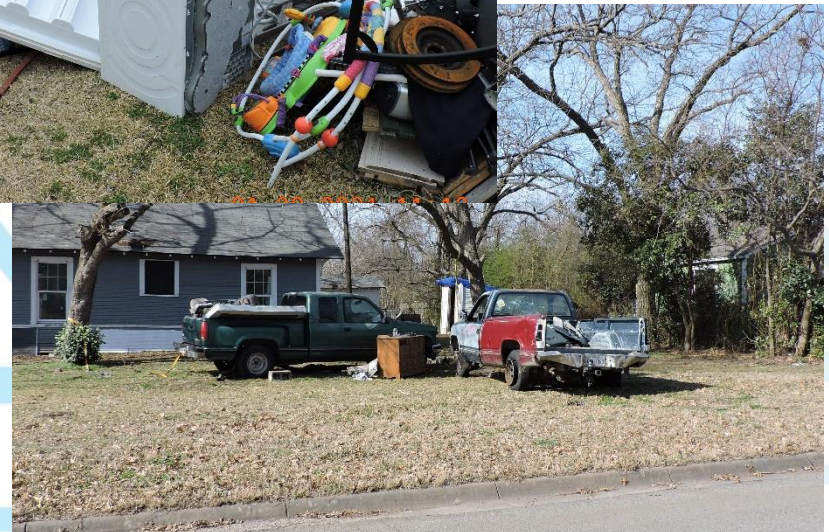
Bulk Trash Enforcement

- Per Council direction, instances of noncompliance have been policed more strictly.
- 1,486 cases in the last year
- Most common issues: Wrong week, Mixed trash/limbs, Disallowed items (tires, fridges, etc.)
- Citations have produced approx. \$70,000 in revenue.



Yard issues

- Officers keep an eye out for trash accumulation, parking on unimproved surfaces, and junk furniture/ vehicles.



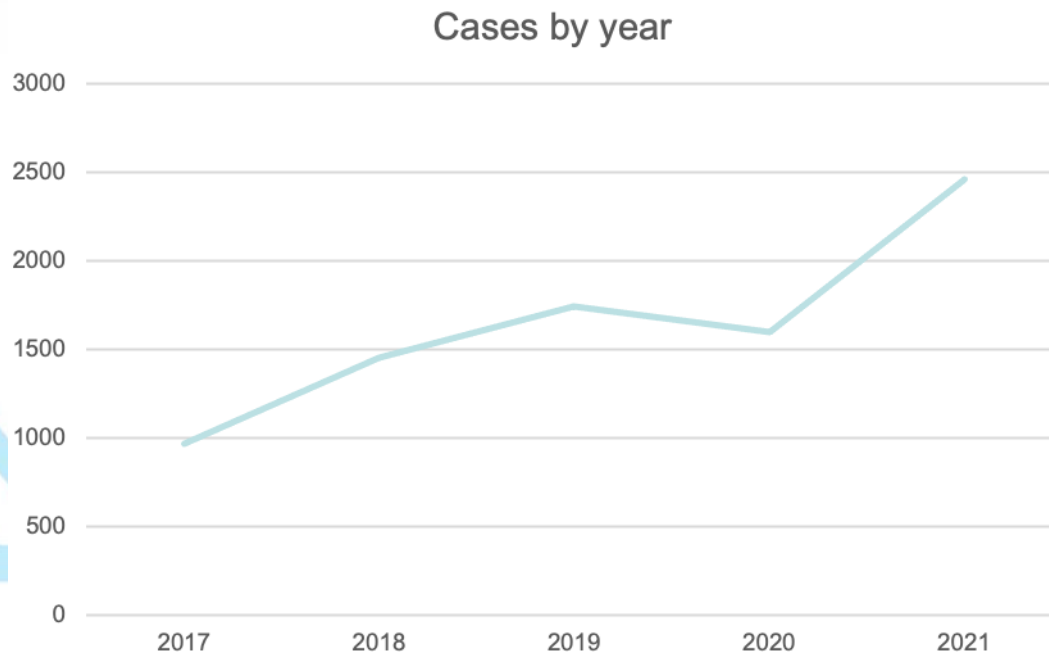
High Grass / Bandit Signs

- Unmowed properties are ticketed, mowed, and liened upon
- Bandit signs are removed 7 days a week



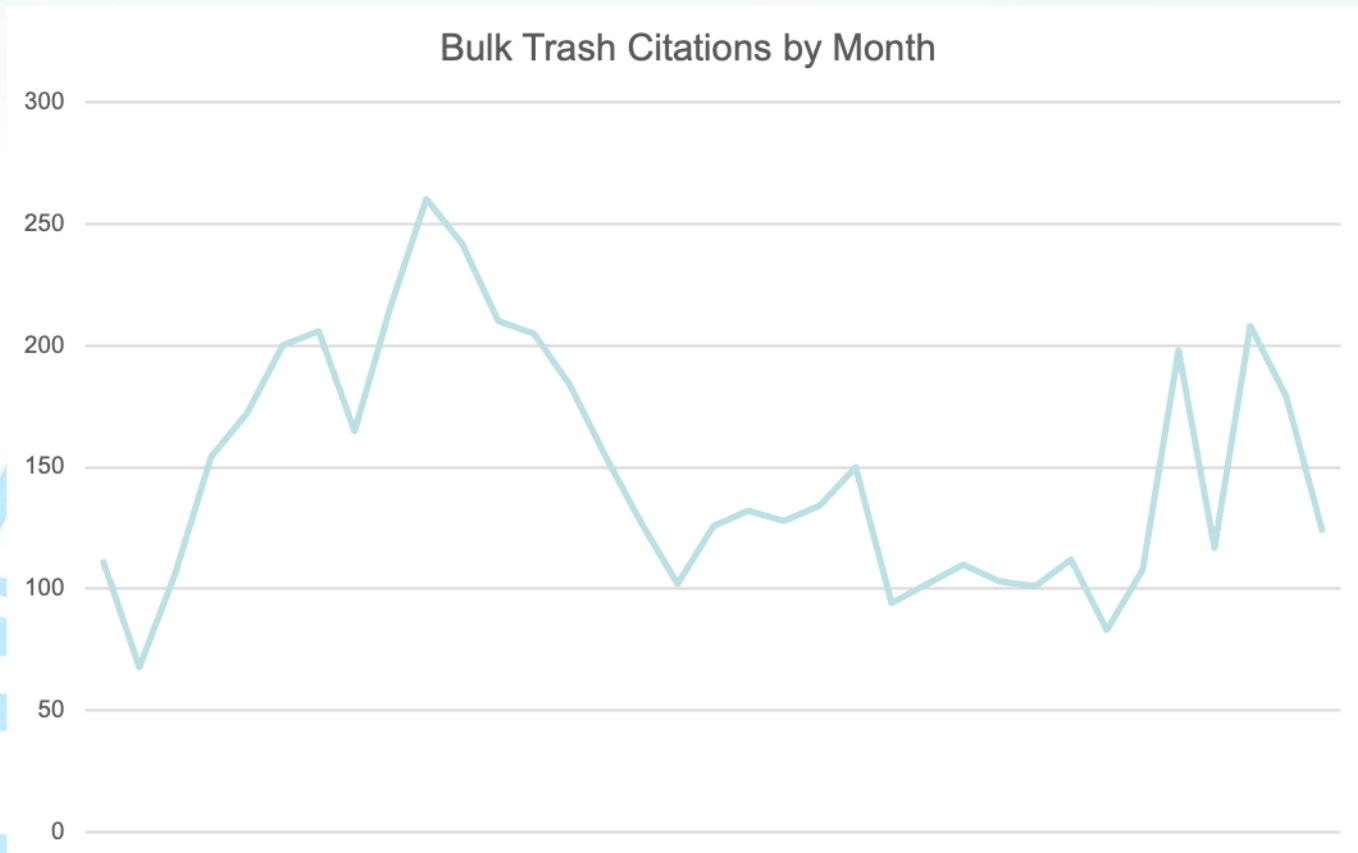
Department Staffing

- Prior to FY 2017, Department was two FTE
 - Reactive enforcement vs. proactive
- Added 4th FTE in FY 2019



Department Challenges

- Bulk trash takes up nearly 50% of Department resources... but worst may be behind us?

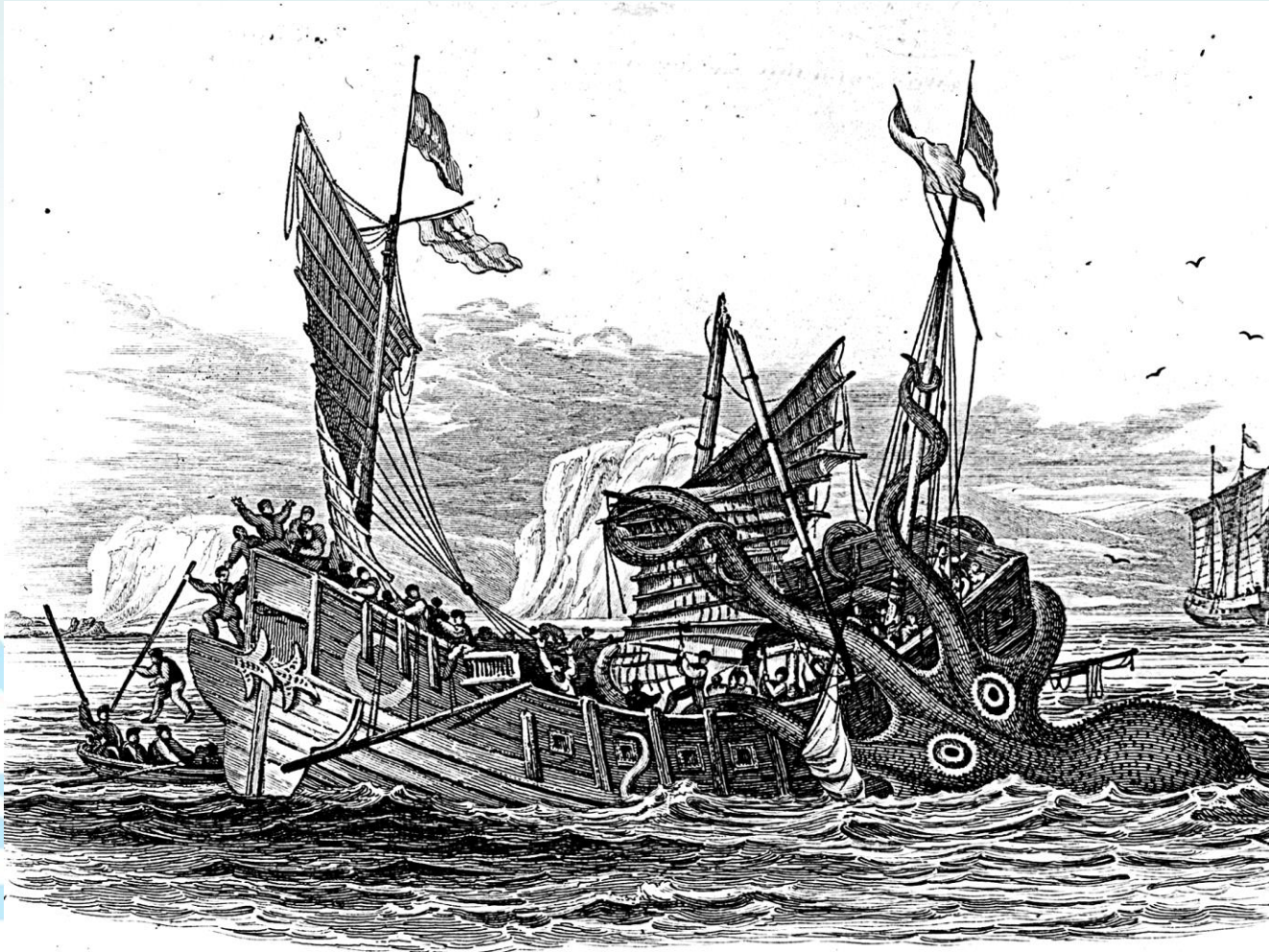


Department Challenges

- Bulk trash takes up nearly 50% of Department resources
 - Change program rules?
 - Offload to Solid Waste?
 - Add more staff?
 - Status Quo?
- Ideally, four employees would handle $\frac{1}{4}$ of the city each



Quality Neighborhoods



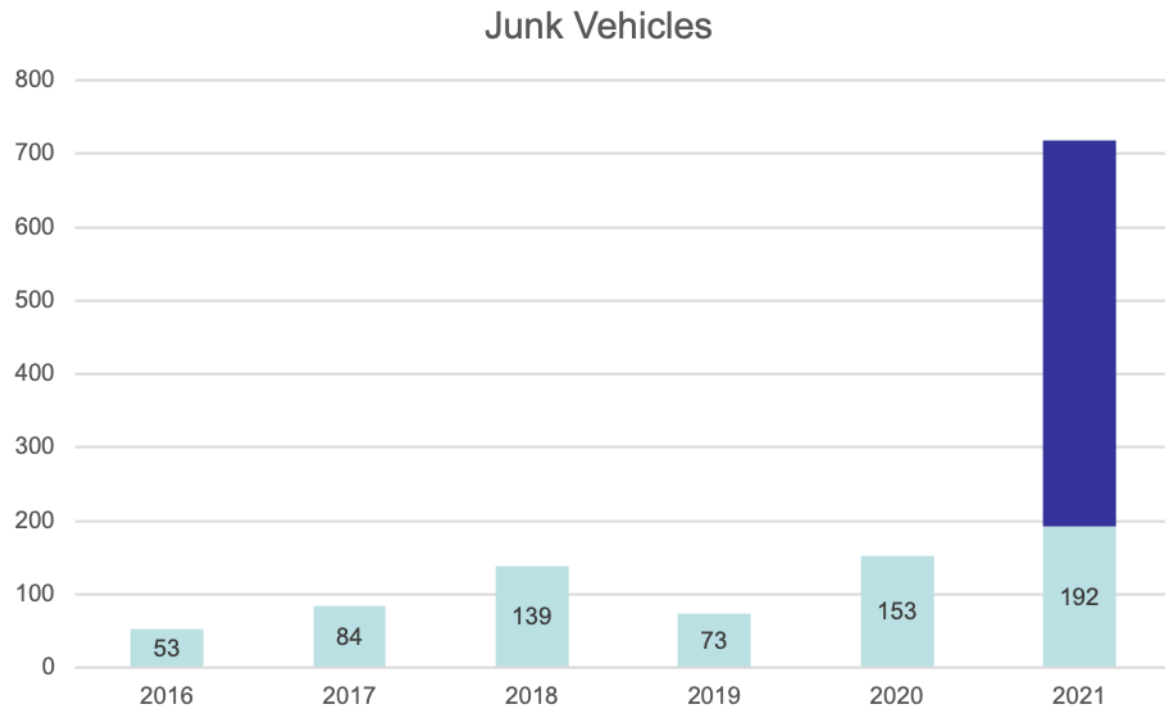
Quality Neighborhoods

- March 2018 – Council approves “Neighborhood Quality Coordinator”
- May 2018 – Chip Matthews hired
- January 2019 – Council approves City demo crew
- July 2019 – Crew is fully operational
- July 2020 – Compliance and Zoning Officer hired



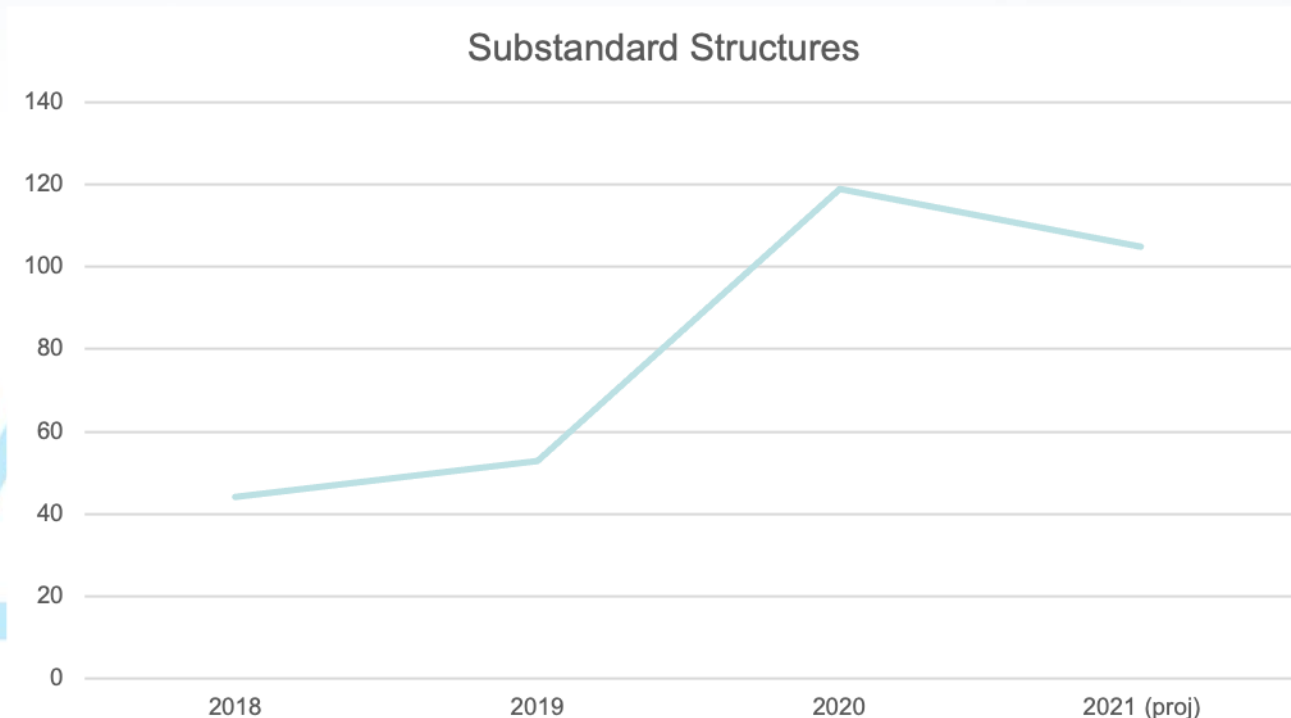
Junk Vehicles

- Prior to 2020, junk vehicles were handled by a combination of Code Enforcement and Police
- New compliance officer has taken over
- Commercial clean-up has added 527 for the current budget year



Substandard Structures

- The chief focus of the Quality Neighborhoods program is still unoccupied, substandard, residential structures

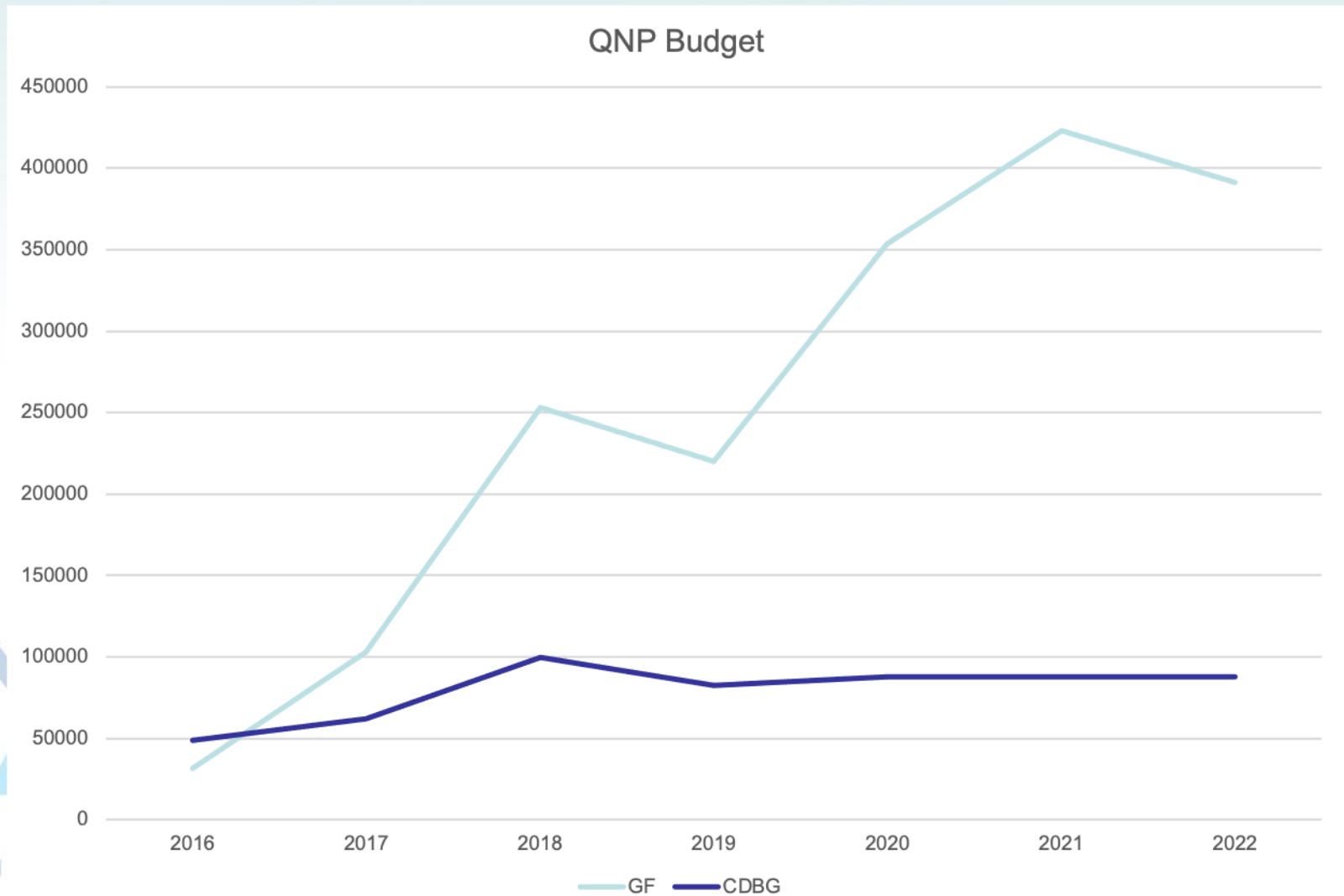


Substandard Structures

- Moving the work in-house has resulted in a substantial increase in demolitions
- In addition to increased workload, the crew saves the City approx. \$200k vs. outside contractors
- A three-man crew proved to be unnecessary; crew was downsized to two FTE; one excavator, one skid-steer, and a 40' dump trailer



Substandard Structures



Reinvestment

- Since 2018, 20 residential properties and 1 commercial property have been redeveloped after demolition
 - Two more working through P&Z
- E.g. 914 E. Houston
 - Value in 2017: \$27k
 - Demoed in 2018
 - Value in 2021: \$162k
 - Value in 2023: \$4.7 million (probably)
- That's \$675 additional dollars for Sherman into perpetuity... ROI = 7 years
 - Would be quicker if City crew had done the work

Reinvestment

914 E. Houston

Before



After



City tax increase: \$675

Reinvestment

1108 E Chaffin

Before



After



City tax increase: \$430

Reinvestment

1200 block 1st Street

Before



After



City tax increase: TBD,
approximately \$1630

Reinvestment

1002 S Maxey

Before



After



City tax increase: \$296

Reinvestment

1109 N. Ross

Before



After



City tax increase: \$660

Reinvestment

1013 E. Epstein

Before



After



City tax increase: TBD,
approximately \$580

Reinvestment



Commercial Structures

- Per Council direction, the QNP has pushed into new territory, enforcing commercial occupancy and substandard businesses
- Major cases with major work associated:
 - 407 E Cherry St – 2 months
 - 201 S East St – 10 months
 - 517 E Pecan – 10 months
 - 803 E Houston – 18 months



Commercial Structures – 201 S. East



Commercial Structures – 803 Houston



QNP Recap

- Three eras
- Residential:
 - 15-20 structures each year BC (Before Chip)
 - 40-60 structures BCE (Before Crew Entered)
 - 100-120 structures AD (After Demo-crew)
- Commercial:
 - 1-2 properties yearly BC & BCE
 - 5+ properties AD



Quality Neighborhoods

- 100+ residential structures and a handful of major commercial projects each year are now the status quo moving forward
 - Budget should stabilize
- Residential and commercial demolitions could be further accelerated with a second demo crew
 - Equipment expenses of approximately 500k
 - Ongoing crew expenses approximately 150k/ year + additional tipping fees
 - Could be a priority for future budgets with Council direction

Quality Neighborhoods

- Possible creation of Central Business District derelict building registration ordinance
 - Chip has experience
 - Downtown buy-in already exists
 - Would lay the groundwork for expanded commercial demolitions in the CBD
- Paris could serve as model
 - Required registration of buildings vacant 1 year +
 - Small registration fee per building
 - Plans for redevelopment required for all structures
- Would need one FTE to manage, clerk

QNP Future

	Status Quo	Half-Measure	Full-Measure
Staffing	Chip, officer, crew	+ Clerk	+ Clerk & 2 nd Crew
GF Budget	400k/ yr	450k/ yr	700k / yr
Sunk Cost	516k	No change	+ 500k
Residential	100+	100+	200+
Commercial	5-10	10+	10+



Neighborhood Services





Comprehensive Master Plan Update

Sherman City Council – Budget Meeting

June 17 & 18, 2021

Presentation Outline

- What is a Comprehensive Plan and Why do we need a plan?
- How is the Comprehensive Plan implemented in Sherman?
- History of Plans in Sherman
- 2022 Comprehensive Plan Update
 - Comp Plan Goals
 - Key Tasks of the Plan
 - Comprehensive Plan Schedule

Comprehensive Master Planning

- Sherman has the ability to create a comprehensive plan to guide development, growth, and infrastructure improvements.
 - Texas Local Government Code Section 213 regulates comprehensive planning for municipalities
- Purposes of Comprehensive Planning:
 - To determine the “big picture” vision and associated goals regarding the future growth and enhancement of the community.
 - Considers the entire geographic area of the city and the ETJ.
 - Assesses long-term considerations into the determination for short-term actions.

Comprehensive Master Planning

- Comprehensive Plans are updated as needed, but can range between 10-20 years between updates.
- Forecast year for the plan can vary from 10 – 50 years depending on how far we want to look out.
- Vision and goals are developed through community outreach
- Comprehensive Plan updates are needed regularly because development trends change.

...a lot has changed in 12 years



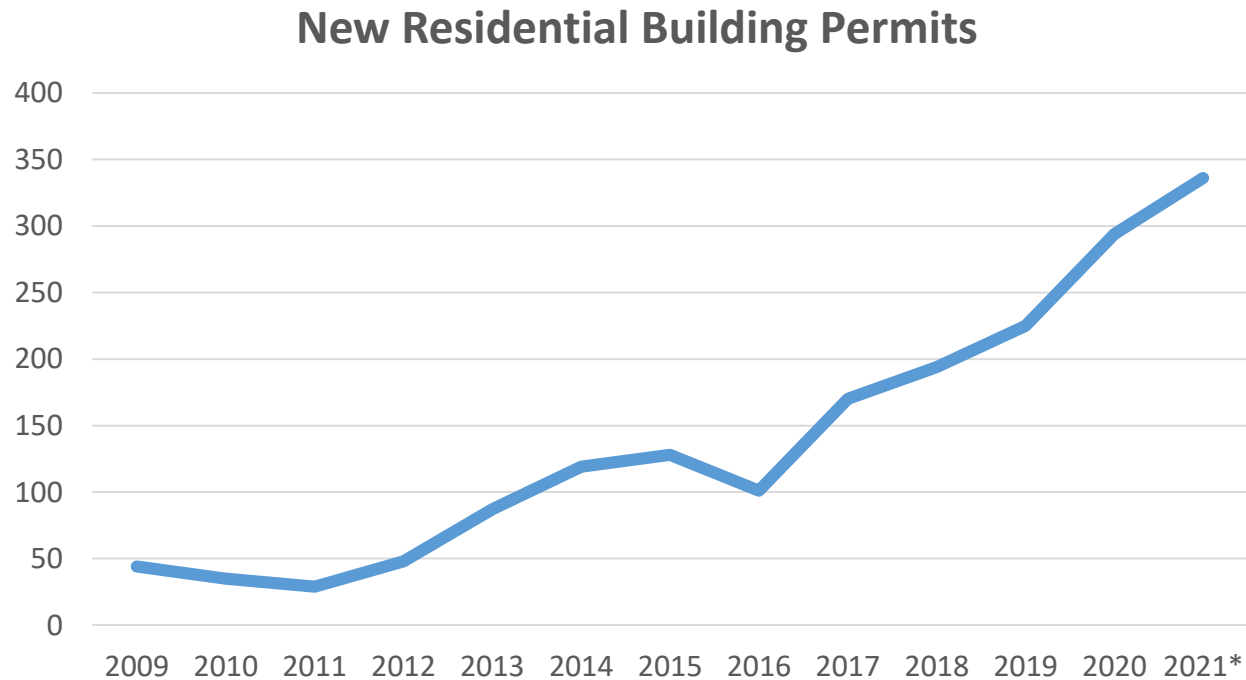
...a lot has changed in 12 years



...a lot has changed in 12 years



...a lot has changed in 12 years



Comprehensive Master Implementation

- **Zoning** establishes the types of uses permitted on a parcel of land and sets the development standards for a site such as building height, setbacks, and density.
- **Land use** refers to how land is used, including residential, commercial, industrial, and open space. Each land use category includes and permits a variety of zoning categories.
- **Future Land Use** sets the broad direction on how a community wants to develop in the future as identified in the Comprehensive Plan.

Comprehensive Master Implementation

Zoning District

R-A

R-1

C-O

C-1

C-2

M-1

M-1.5

M-2

Land use

Example (C-1):

Service Station

Bakery

Grocery Store

Department Store

Restaurant

Funeral Home

Health Club

Music Store

Future Land Use

Agricultural

Rural Residential

Suburban Neighborhood

Urban Neighborhood

Commercial District

Industrial Park

Business Campus

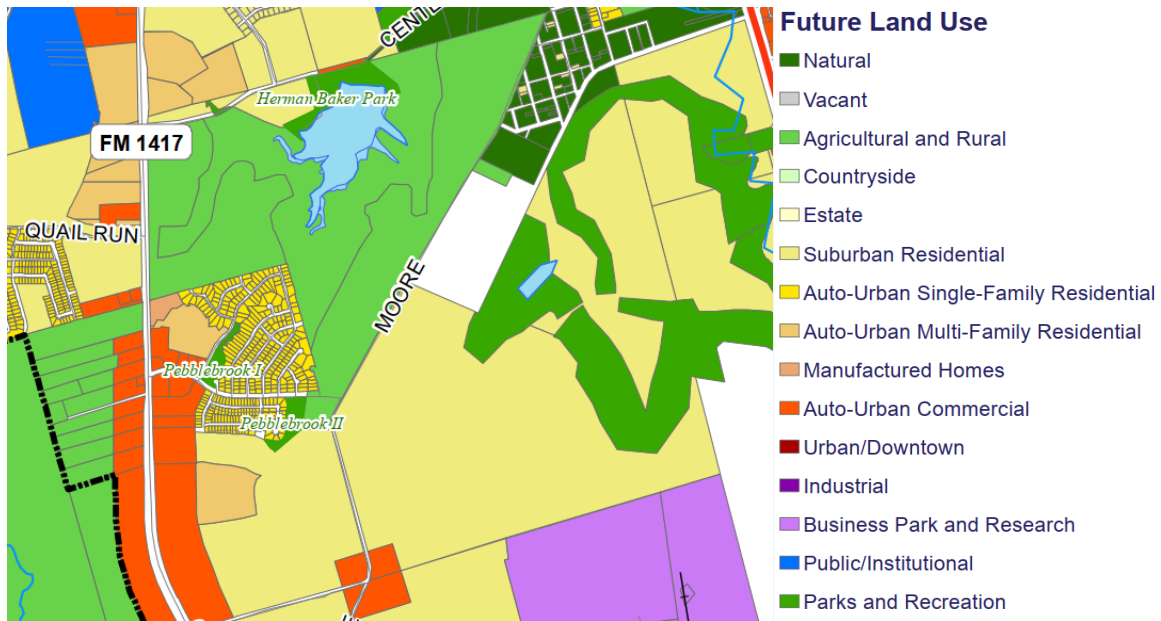
Urban Core

Neighborhood Commercial

Regional Activity Center

Institutional

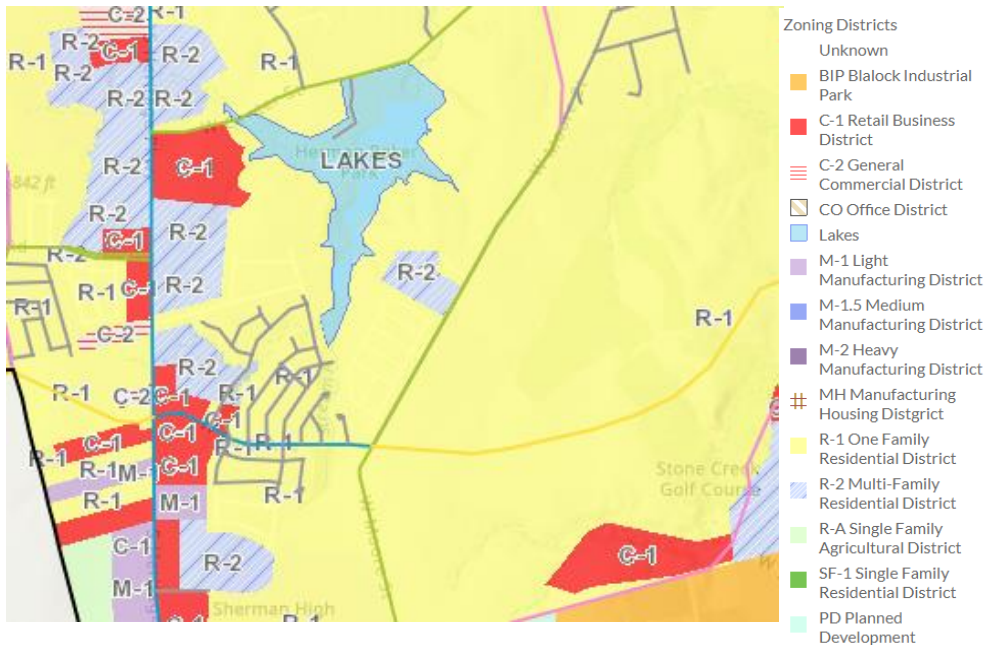
Comprehensive Master Implementation



• The Grove Addition

- Current Zoning: R-1/R-2
- Current Land Use: Agricultural
- Future Land Use (2009): Agricultural and Rural

Comprehensive Master Implementation



• The Grove Addition

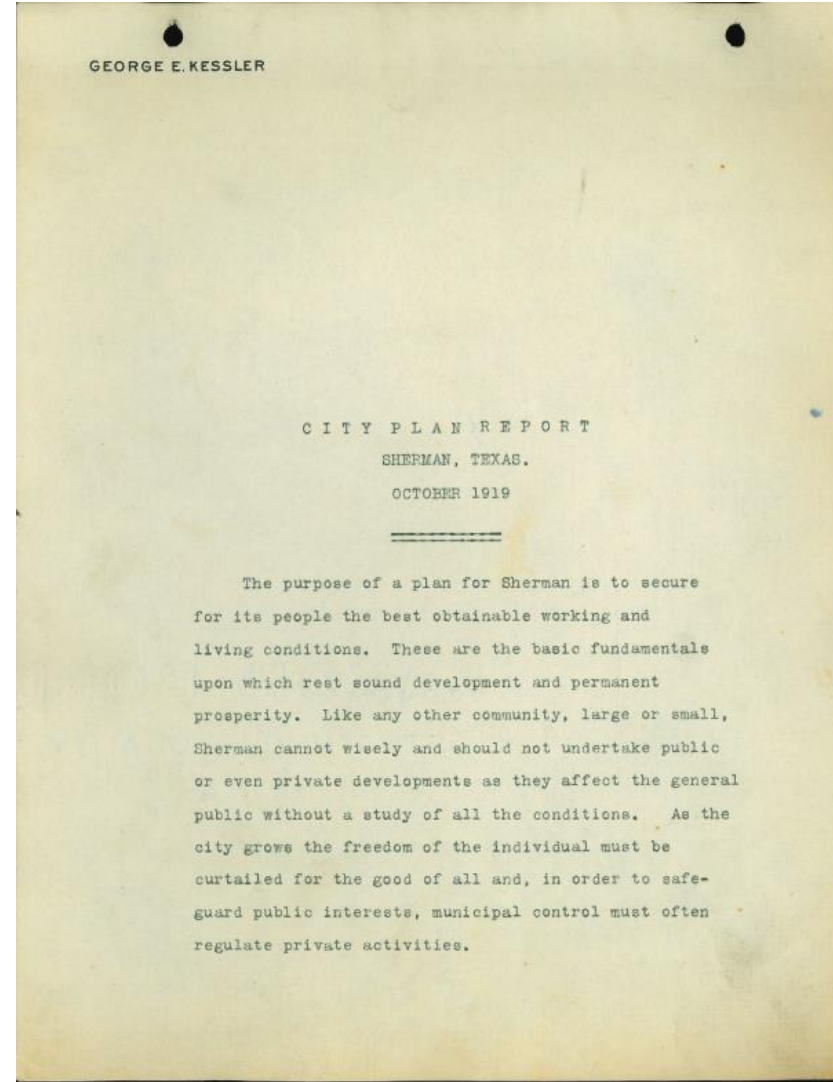
- Current Zoning: R-1/R-2
- Current Land Use: Agricultural
- Future Land Use (2009): Agricultural and Rural

Comprehensive Planning in Sherman is not new



1919 City Plan

- George Kessler was a renowned city planner and landscape architect in the early 1900s
- Primary contributor to the “City Beautiful Movement.”
- Responsible for numerous high profile plans and park designs:
 - Dallas 1911 Comprehensive Plan
 - Dallas Fair Park
 - Hermann Park in Houston
 - Kansas City’s Hyde Park



1919 City Plan – George Kessler

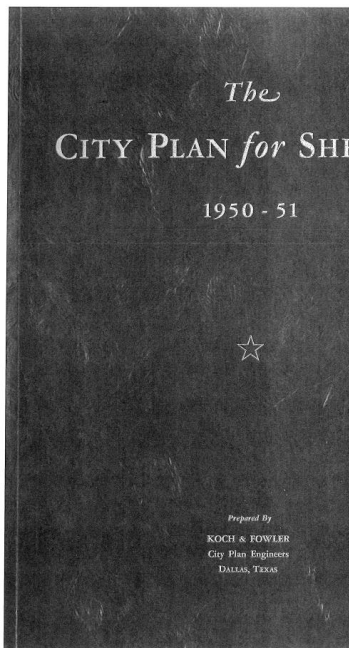
“The question of employing Mr. Kessler for a complete city plan, in addition to the planning of the parks which he has already undertaken, was discussed at length. Mr. McKown explained that if Mr. Kessler is employed on the bigger job for a fee of \$3,000, the \$1,000 already incurred would apply, so that the city could receive the benefit of this high class service throughout the city for an expenditure of only **\$2,000**. Mr. Cole took occasion to explain that Mr. Kessler’s methods of city planning do not consist in cutting a city up into so many “beauty spots,” but deals with the individual problems of a city. Mr. Cole has observed the results of Mr. Kessler’s work in Dallas, Houston, Kansas City and other places, and states that such an investment would doubtless save many times the amount spent in avoiding costly mistakes and correcting the mistakes of the past in so far as they can be corrected.”

-Sherman Courier, August 15, 1917



Other Comprehensive Plans

1950-51



1967-68

SHERMAN, TEXAS A COMPREHENSIVE PLAN

THE SITE & THE PEOPLE
LAND USE
THOROUGHFARES
SCHOOLS
PARKS
HOUSING
NEIGHBORHOOD AREAS
CENTRAL BUSINESS DISTRICT
PUBLIC BUILDINGS
THE COMPREHENSIVE PLAN

MAY, 1968

PREPARED FOR THE CITY COUNCIL AND
PLANNING AND ZONING COMMISSION

HARVIN SPRINGER AND ASSOCIATES
URBAN PLANNING CONSULTANT
DALLAS, TEXAS

1988

SHERMAN'S COMPREHENSIVE

INTRODUCTION
POPULATION AND ECONOMIC ANALYSIS
FACTORS INFLUENCING DEVELOPMENT
EXISTING LAND USE
NEIGHBORHOODS AND HOUSING
THOROUGHFARE SYSTEM
PARKS AND OPEN SPACE
PUBLIC BUILDINGS
FUTURE LAND USE PLAN
IMPLEMENTATION

1988

Prepared for the

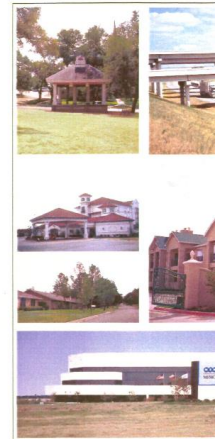
City Council
Planning and Zoning Board
and
Citizens' Comprehensive Plan Committee

By

SCHRICHEL, ROLLINS AND ASSOCIATES, INC.
Urban Planners Civil Engineers
Landscape Architects
Arlington, Texas

1998

City of Sherman 1998 COMPREHENSIVE



SchricHEL, Rollins and Associates, Inc.
Consultants in Landscape Architecture • Engineering • Planning

2009

SHERMAN COMPREHENSIVE PLAN ★ 2009

ADOPTED JULY 20, 2009

2022 Comprehensive Plan

- Core Elements of a Comprehensive Plan
- Comp Plan Goals
- Key Tasks of the Plan
- Comprehensive Plan Schedule

Core Elements of a Comprehensive Plan



Land Use and Urban Design



Housing and Neighborhoods



Transportation and Mobility



Parks and Trails



Infrastructure



Economic Development

Goals to consider for the Plan

- Vision developed from the Community, not the vision of a consultant or staff.
- Needs to be a simple document that is easy to read and understand.
 - Not over 200 pages
 - Not over technical
- The plan should be used and referenced once adopted.
- Primary Scope Items:
 - Public Outreach and Public Meetings
 - Technical Analysis
 - Comprehensive Plan Document

Key Tasks for Comprehensive Plan

- Develop the Vision for Growth in Sherman
 - Public Involvement and Outreach
 - Comprehensive Plan Advisory Committee
- Examine Existing Conditions
 - Current Land Use Conditions
- Develop Future Land Use Plan
 - Identify new zoning districts
- Incorporate Information from Other Master Plans
 - Water and Wastewater Master Plan
 - Parks Master Plan
 - Transportation Master Plan (Staff Developed)



Comprehensive Plan Schedule

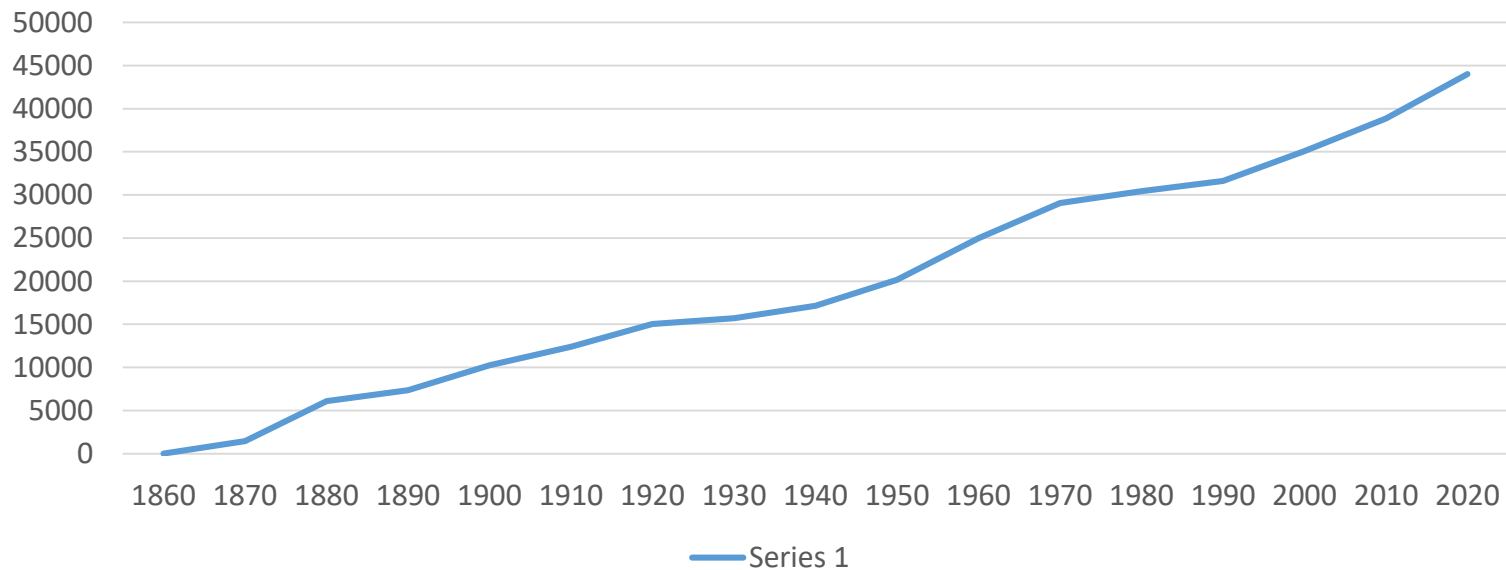
- Fall 2021 (September – November)
 - Select a consultant to assist in the Comp Plan development
 - Determine the Comprehensive Plan Advisory Committee
- Winter 2021-2022 (December – February)
 - Public Meeting
 - Begin Developing Vision
- Spring 2022 (March – May)
 - Development of the Plan
- Summer 2022 (June – August)
 - Public Meeting
 - Plan Adoption



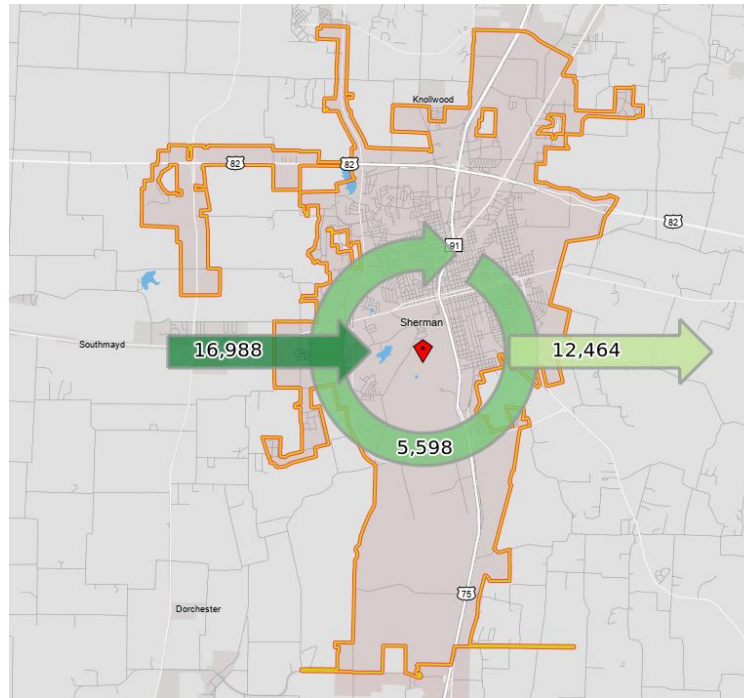
Discussion

Creating a Comprehensive Master Plan

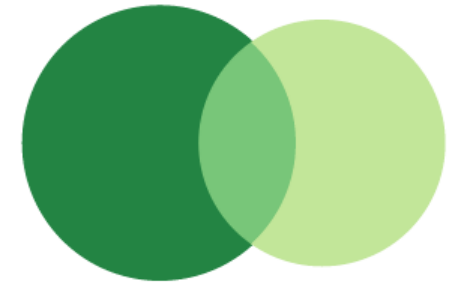
Sherman Population 1860 - 2020



Comprehensive Planning in Sherman

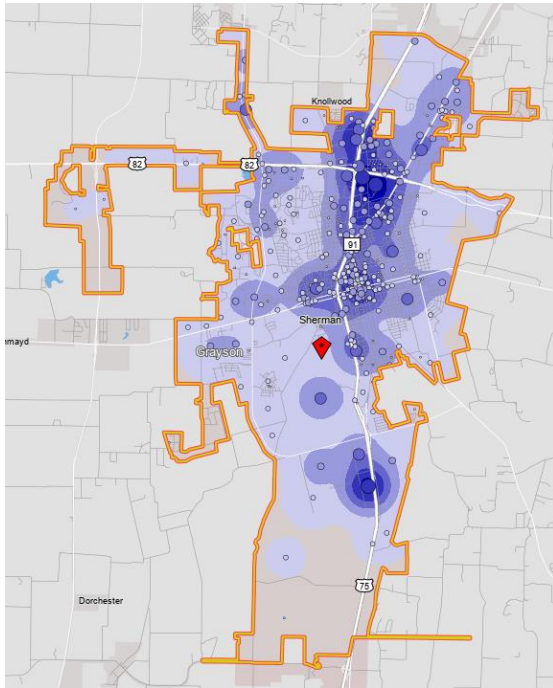


Inflow/Outflow Job Counts in 2018



- 16,988 - Employed in Selection Area, Live Outside
- 12,464 - Live in Selection Area, Employed Outside
- 5,598 - Employed and Live in Selection Area

Comprehensive Planning in Sherman

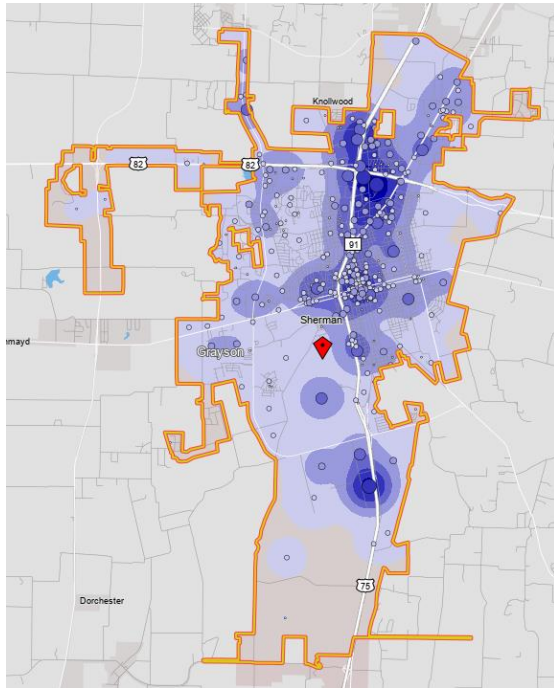


Worker Age	Count	Share
Age 29 or younger	5,740	25.4%
Age 30 to 54	11,621	51.5%
Age 55 or older	5,225	23.1%

Earnings	Count	Share
\$1,250 per month or less	5,496	24.3%
\$1,251 to \$3,333 per month	9,108	40.3%
More than \$3,333 per month	7,982	35.3%

Worker Race	Count	Share
White Alone	18,084	80.1%
Black or African American Alone	2,640	11.7%
American Indian or Alaska Native Alone	329	1.5%
Asian Alone	1,060	4.7%
Native Hawaiian or Other Pacific Islander Alone	32	0.1%
Two or More Race Groups	441	2.0%

Comprehensive Planning in Sherman



NAICS Industry Sector	Count	Share
Agriculture, Forestry, Fishing and Hunting	12	0.1%
Mining, Quarrying, and Oil and Gas Extraction	20	0.1%
Utilities	87	0.4%
Construction	982	4.3%
Manufacturing	4,199	18.6%
Wholesale Trade	491	2.2%
Retail Trade	3,294	14.6%
Transportation and Warehousing	363	1.6%
Information	227	1.0%
Finance and Insurance	668	3.0%
Real Estate	203	0.9%
Professional Services	517	2.3%

NAICS Industry Sector	Count	Share
Management of Companies	7	0.0%
Administration & Support, Waste Management and Remediation	1,596	7.1%
Educational Services	2,025	9.0%
Health Care	3,939	17.4%
Arts, Entertainment, and Recreation	193	0.9%
Accommodation and Food Services	2,758	12.2%
Other Services	484	2.1%
Public Administration	521	2.3%

A blurred background of a construction site. In the foreground, a white hard hat is perched on a wooden post. The hard hat has the word "Sherman" written on it in a cursive font. The background shows a yellow excavator and some trees, all out of focus.

BREAK

FY22 Financials and Workplan



STAFFING AND BENEFITS

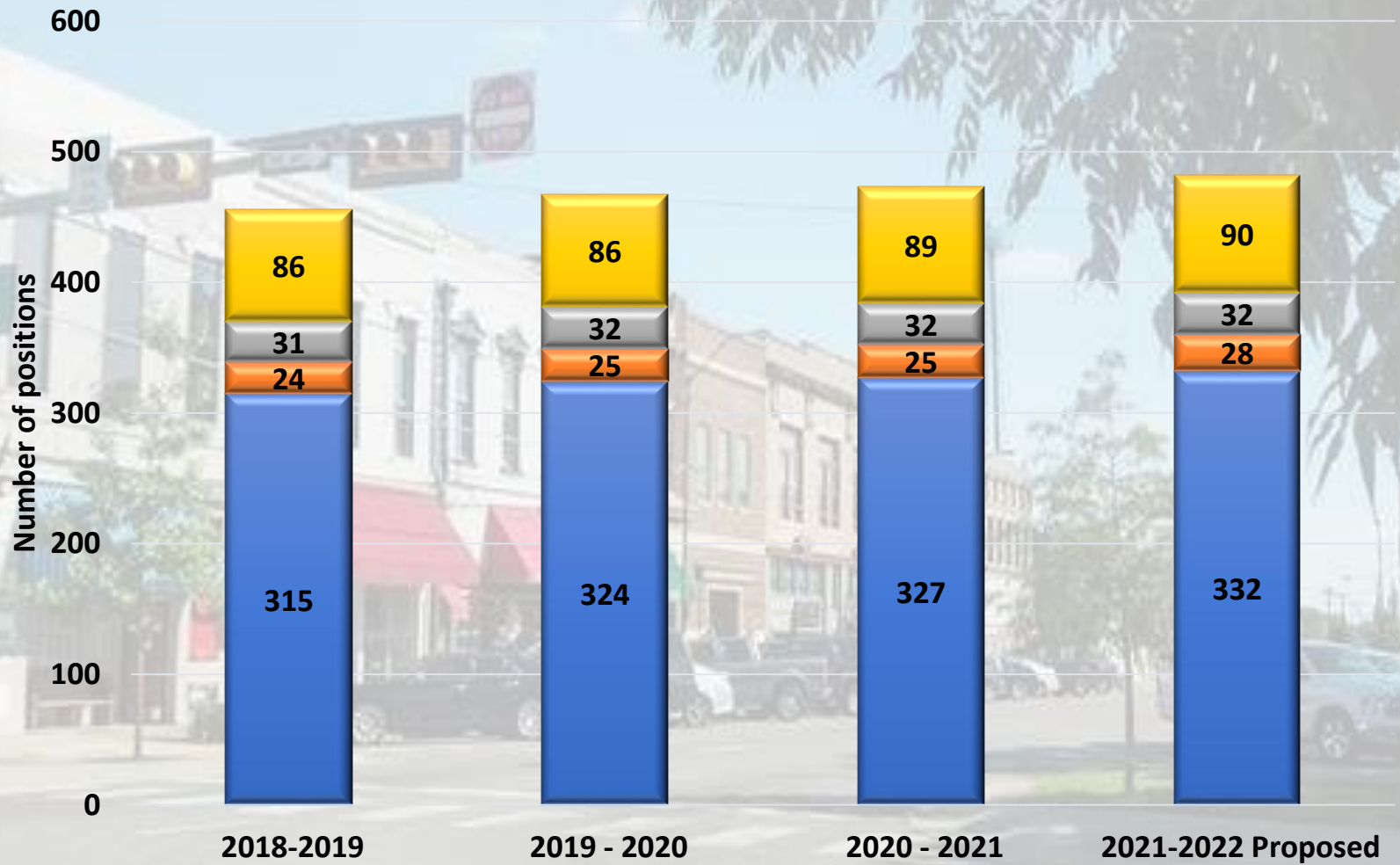


FY22 Impacts

Employee Compensation

- 2% + 2% - Base pay for all employees increased by 4% vs. FY21 base pay (could do 2% + 3%)
- Financial impact to FY22 budget is only 2% vs FY21 since there were 1% +1% already in the budget
- Various market adjustments
- Contribution to HSA accounts - \$600/employee

Employee Count History



■ General ■ Other ■ Solid Waste ■ Utility

New Positions Proposed

☐ General Fund

- ✓ Civil Engineer
- ✓ Engineering Inspector (partial year)
- ✓ Building Inspectors (2) (partial year)
- ✓ Cemetery/Grounds Maintenance Worker
- ✓ Motorcycle Officer

☐ Other Funds

- ✓ Utility Fund – Inflow and Infiltration Worker
- ✓ Equipment Service Center – Shop Foreman
- ✓ Information Technology – Helpdesk Supervisor



DEBT AND TAX UPDATE

Non-Utility Debt Service

Issue	2021			2022		
	Interest	Principal	Total	Interest	Principal	Total
2018 CO	\$ 700,756	\$ 495,000	\$ 1,195,756	\$ 676,006	\$ 520,000	\$ 1,196,006
2019 CO	706,113	455,000	1,161,113	683,363	480,000	1,163,363
2017 CO	313,934	333,760	647,695	297,246	350,690	647,936
2016 CO	158,313	310,000	468,313	149,013	320,000	469,013
2017 TIRZ #7 CO	86,009	91,441	177,451	81,437	96,080	177,517
2017 TIRZ #5 CO	139,765	148,592	288,357	132,336	156,129	288,465
2017 TIRZ #6 CO	109,304	116,207	225,510	103,493	122,101	225,594
2017 A Stormwater	118,375	150,000	268,375	113,875	155,000	268,875
2017 Refunding General	217,230	677,640	894,870	203,773	694,412	898,185
2017 Refunding Auditorium	31,012	77,479	108,490	29,090	77,479	106,569
2021 Tax Notes	18,219	350,000	368,219	64,450	300,000	364,450
2021 CO	-	-	-	970,324	390,000	1,360,324
2004 TIF #1	30,414	215,000	245,414	20,868	230,000	250,868
2017 Refunding TIF #1	13,258	54,881	68,139	12,437	58,109	70,546
2022 Tax Notes	-	-	-	16,696	350,000	366,696
	\$ 2,642,701	\$ 3,475,000	\$ 6,117,701	\$ 3,554,406	\$ 4,300,000	\$ 7,854,406

Proposed Tax Note Funding for FY22

		Amount
Building Maintenance	F250 Utility Trk	37,275
Cemetery	5500 Crew Cab with Dump Bed	70,000
Emergency Management	Ford F-150 4x4	39,917
	Make Ready For F-150	15,000
Engineering	New Trucks for Inspectors	66,000
Fire	Additional Parking at Station 2	20,000
	Dodge Ram Ambulance	288,856
	Ford F-150 4x4	39,917
	Make Ready for Ambulance	20,000
	Make Ready For F-150	30,000
	New Front Fence and Gate for Station 5.5	35,000
	Privacy Fence at Station 3	25,000
	Replace Bay Doors at Station 1, 2, 3, & 5	94,000
Parks Maintenance	2500 Dodge Ram	78,784
	Ballfield Big Mower	50,495
	Kubota Utility Tractor	24,400
	Pecan Grove West Park Electrical Upgrade	35,000
	Trail Development The Grove/Utility Easement/Baker	50,000
Police	2021 Ford F150	61,592
	2021 Ford F150 - added equipment	7,104
	2022 Chevy Tahoe	143,000
	2022 Chevy Tahoe - added equipment	73,512
	BATT-X Armored vehicle - partial funded	63,500
	Harley Electra Glide	35,000
Streets	3/4 Ton Ext Cab Utility Bed P/U	40,000
	Front End Loader	250,000
	Latex Printer For Sign Shop	20,500
	Sign Table	17,500
	Wanco Message Boards	37,000
Grand Total		\$ 1,768,352

Tax Rate Worksheet

Preliminary FY22 No New Revenue Tax Rate
(formerly Effective Tax Rate) $\$.4489/\100

Preliminary FY22 Voter Approved Tax Rate
(formerly Rollback Tax Rate) $\$.4948/\100

Current Tax Rate

M&O	$\$.338/\100
I&S	<u>$\\$.151/\\100</u>
	$\$.489/\100

Preliminary FY22 Tax Rate

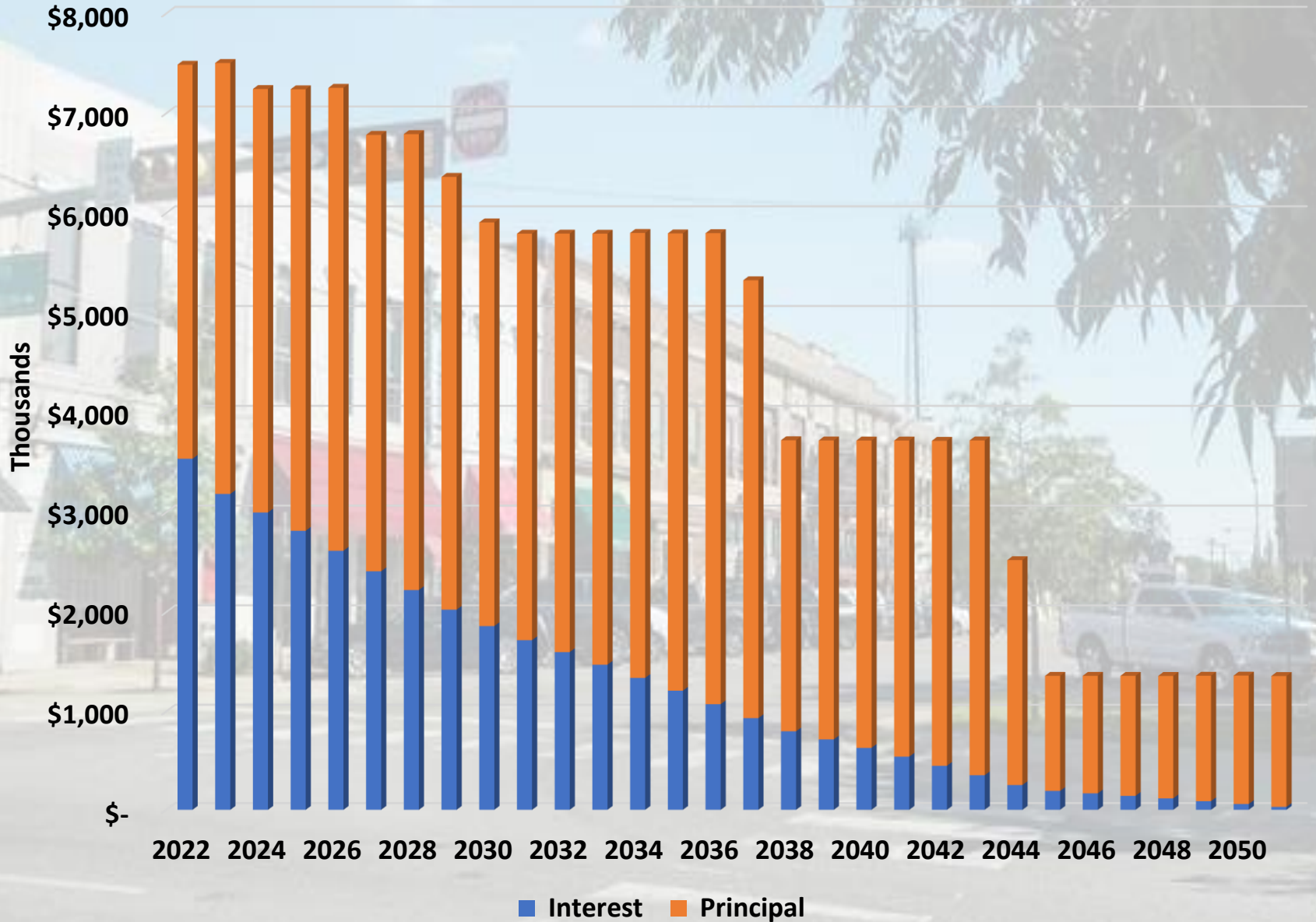
M&O	$\$.306/\100
I&S	<u>$\\$.183/\\100</u>
	$\$.489/\100

Outstanding CO/Tax Note Debt

(In 000)

Description	Interest		Principal		Total
2004 TIF #1	\$	32	\$	470	\$ 502
2016 CO	\$	1,257	\$	5,775	\$ 7,032
2017 CO	\$	5,299	\$	16,135	\$ 21,434
2017 Refunding	\$	1,165	\$	6,895	\$ 8,060
2017A Stormwater	\$	995	\$	3,330	\$ 4,325
2018 CO	\$	8,267	\$	18,015	\$ 26,282
2019 CO	\$	8,506	\$	18,240	\$ 26,746
2021 CO	\$	11,837	\$	29,025	\$ 40,862
2021 Tax Notes	\$	200	\$	1,630	\$ 1,830
	\$	37,556	\$	99,515	\$ 137,071

Debt Service by Year



Debt Service by Year

Fiscal Year		Interest		Principal		Grand Total
2022	\$	3,537,710	\$	3,950,000	\$	7,487,710
2023		3,185,094		4,320,000		7,505,094
2024		2,999,038		4,245,000		7,244,038
2025		2,816,138		4,425,000		7,241,138
2026		2,616,088		4,640,000		7,256,088
2027		2,409,788		4,375,000		6,784,788
2028		2,222,188		4,570,000		6,792,188
2029		2,024,900		4,338,624		6,363,524
2030		1,860,788		4,046,376		5,907,163
2031		1,719,225		4,075,000		5,794,225
2032		1,599,650		4,195,000		5,794,650
2033		1,473,519		4,320,000		5,793,519
2034		1,341,031		4,460,000		5,801,031
2035		1,211,969		4,585,000		5,796,969
2036		1,074,381		4,725,000		5,799,381
2037		932,469		4,395,000		5,327,469
2038		798,819		2,925,000		3,723,819
2039		716,419		3,005,000		3,721,419
2040		630,444		3,090,000		3,720,444
2041		540,669		3,180,000		3,720,669
2042		448,131		3,270,000		3,718,131
2043		351,425		3,370,000		3,721,425
2044		251,631		2,270,000		2,521,631
2045		192,169		1,170,000		1,362,169
2046		167,306		1,195,000		1,362,306
2047		141,913		1,220,000		1,361,913
2048		115,988		1,245,000		1,360,988
2049		87,975		1,275,000		1,362,975
2050		59,288		1,305,000		1,364,288
2051		29,925		1,330,000		1,359,925
Grand Total	\$	37,556,073	\$	99,515,000	\$	137,071,073

Debt Service by Year

Fiscal Year	Type	Interest	Principal	Grand Total
2022				
	CO	2,979,724	2,755,103	5,734,826
	Hotel-Motel Tax	29,090	77,479	106,569
	Stormwater	113,875	155,000	268,875
	Tax Notes	64,450	300,000	364,450
	TIRZ	350,571	662,419	1,012,990
2022 Total		3,537,710	3,950,000	7,487,710
2023				
	CO	2,676,997	3,063,962	5,740,959
	Hotel-Motel Tax	26,630	82,321	108,951
	Stormwater	107,675	165,000	272,675
	Tax Notes	53,200	315,000	368,200
	TIRZ	320,592	693,717	1,014,308
2023 Total		3,185,094	4,320,000	7,505,094
2024				
	CO	2,544,784	3,193,310	5,738,094
	Hotel-Motel Tax	23,570	82,321	105,891
	Stormwater	101,075	170,000	271,075
	Tax Notes	40,600	325,000	365,600
	TIRZ	289,009	474,368	763,377
2024 Total		2,999,038	4,245,000	7,244,038
2025				
	CO	2,406,805	3,329,430	5,736,235
	Hotel-Motel Tax	20,439	82,321	102,760
	Stormwater	94,275	175,000	269,275
	Tax Notes	27,600	340,000	367,600
	TIRZ	267,018	498,249	765,267

Debt Service by Year

(continued)

Fiscal Year	Type	Interest	Principal	Grand Total
2026				
	CO	2,255,167	3,490,866	5,746,033
	Hotel-Motel Tax	16,146	92,006	108,152
	Stormwater	87,275	185,000	272,275
	Tax Notes	14,000	350,000	364,000
	TIRZ	243,499	522,128	765,627
2026 Total		2,616,088	4,640,000	7,256,088
2027				
	CO	2,104,417	3,610,584	5,715,001
	Hotel-Motel Tax	11,616	96,848	108,464
	Stormwater	79,875	190,000	269,875
	TIRZ	213,879	477,568	691,447
2027 Total		2,409,788	4,375,000	6,784,788
2028				
	CO	1,947,742	3,774,932	5,722,674
	Hotel-Motel Tax	7,394	96,848	104,242
	Stormwater	72,275	200,000	272,275
	TIRZ	194,777	498,219	692,996
2028 Total		2,222,188	4,570,000	6,792,188
2029				
	CO	1,782,771	3,515,644	5,298,415
	Hotel-Motel Tax	3,006	101,691	104,697
	Stormwater	64,275	205,000	269,275
	TIRZ	174,848	516,289	691,137
2029 Total		2,024,900	4,338,624	6,363,524
2030				
	CO	1,643,072	3,193,222	4,836,294
	Hotel-Motel Tax	231	111,376	111,607
	Stormwater	58,125	210,000	268,125
	TIRZ	159,359	531,778	691,137
2030 Total		1,860,788	4,046,376	5,907,163

Debt Service by Year

(continued)

Fiscal Year	Type	Interest	Principal	Grand Total
2031				
	CO	1,523,994	3,307,733	4,831,727
	Stormwater	51,825	220,000	271,825
	TIRZ	143,406	547,267	690,673
2031 Total		1,719,225	4,075,000	5,794,225
2032				
	CO	1,428,121	3,404,663	4,832,784
	Stormwater	45,225	225,000	270,225
	TIRZ	126,304	565,337	691,641
2032 Total		1,599,650	4,195,000	5,794,650
2033				
	CO	1,327,113	3,506,593	4,833,707
	Stormwater	38,475	230,000	268,475
	TIRZ	107,930	583,407	691,337
2033 Total		1,473,519	4,320,000	5,793,519
2034				
	CO	1,221,216	3,615,941	4,837,157
	Stormwater	31,575	240,000	271,575
	TIRZ	88,240	604,059	692,299
2034 Total		1,341,031	4,460,000	5,801,031
2035				
	CO	1,120,040	3,715,290	4,835,330
	Stormwater	24,075	245,000	269,075
	TIRZ	67,853	624,710	692,563
2035 Total		1,211,969	4,585,000	5,796,969
2036				
	CO	1,011,974	3,824,638	4,836,612
	Stormwater	16,419	255,000	271,419
	TIRZ	45,988	645,362	691,350
2036 Total		1,074,381	4,725,000	5,799,381

Debt Service by Year

(continued)

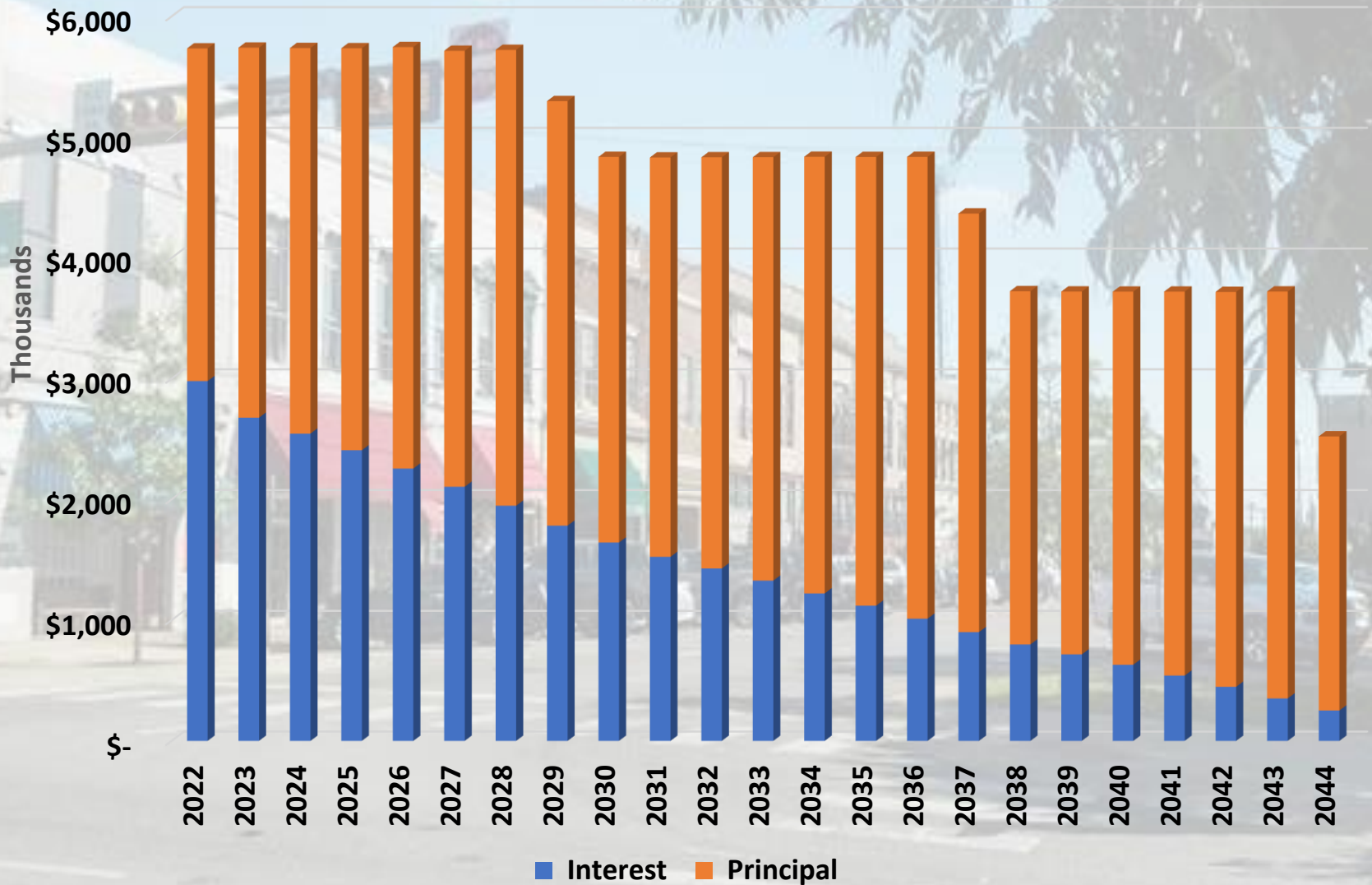
Fiscal Year	Type	Interest	Principal	Sum of Grand Total
2037				
	CO	900,618	3,466,405	4,367,023
	Stormwater	8,450	260,000	268,450
	TIRZ	23,401	668,595	691,996
2037 Total		932,469	4,395,000	5,327,469
2038				
	CO	798,819	2,925,000	3,723,819
2038 Total		798,819	2,925,000	3,723,819
2039				
	CO	716,419	3,005,000	3,721,419
2039 Total		716,419	3,005,000	3,721,419
2040				
	CO	630,444	3,090,000	3,720,444
2040 Total		630,444	3,090,000	3,720,444
2041				
	CO	540,669	3,180,000	3,720,669
2041 Total		540,669	3,180,000	3,720,669
2042				
	CO	448,131	3,270,000	3,718,131
2042 Total		448,131	3,270,000	3,718,131
2043				
	CO	351,425	3,370,000	3,721,425
2043 Total		351,425	3,370,000	3,721,425
2044				
	CO	251,631	2,270,000	2,521,631
2044 Total		251,631	2,270,000	2,521,631
2045				
	CO	192,169	1,170,000	1,362,169
2045 Total		192,169	1,170,000	1,362,169
2046				
	CO	167,306	1,195,000	1,362,306
2046 Total		167,306	1,195,000	1,362,306

Debt Service by Year

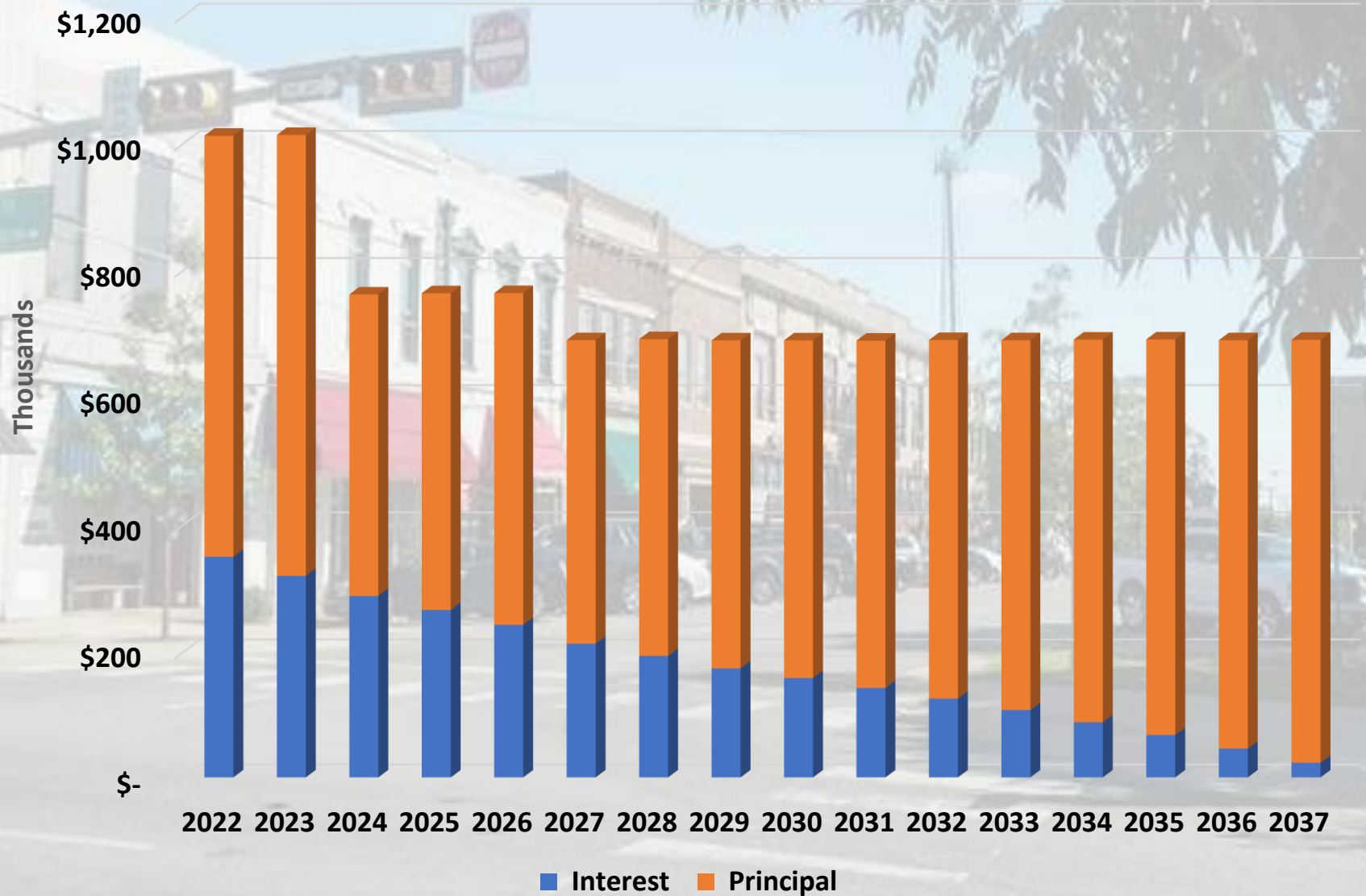
(continued)

Fiscal Year	Type	Interest	Principal	Sum of Grand Total
2047				
	CO	141,913	1,220,000	1,361,913
2047 Total		141,913	1,220,000	1,361,913
2048				
	CO	115,988	1,245,000	1,360,988
2048 Total		115,988	1,245,000	1,360,988
2049				
	CO	87,975	1,275,000	1,362,975
2049 Total		87,975	1,275,000	1,362,975
2050				
	CO	59,288	1,305,000	1,364,288
2050 Total		59,288	1,305,000	1,364,288
2051				
	CO	29,925	1,330,000	1,359,925
2051 Total		29,925	1,330,000	1,359,925
Grand Total		37,556,073	99,515,000	137,071,073

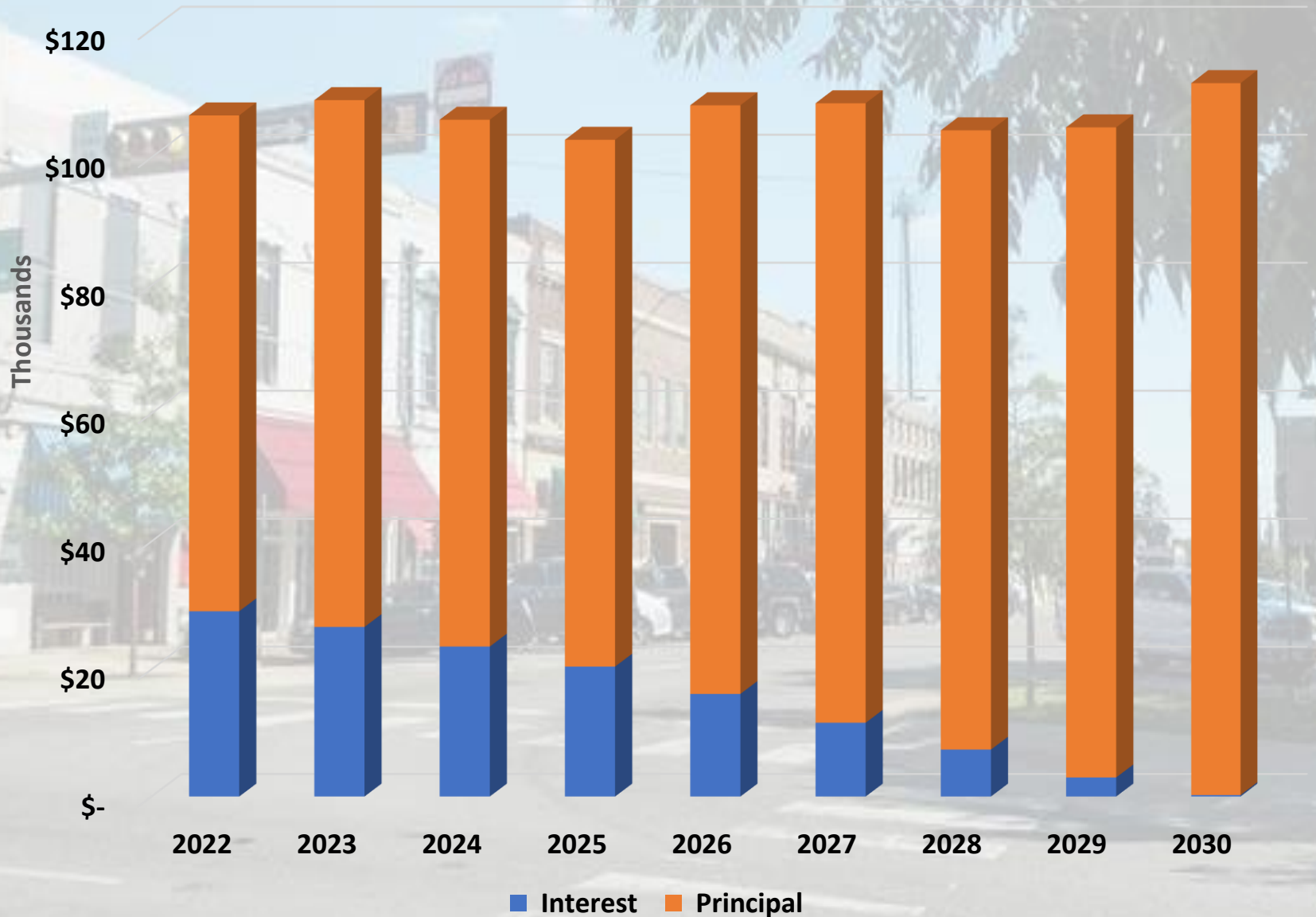
CO Debt Service by Year



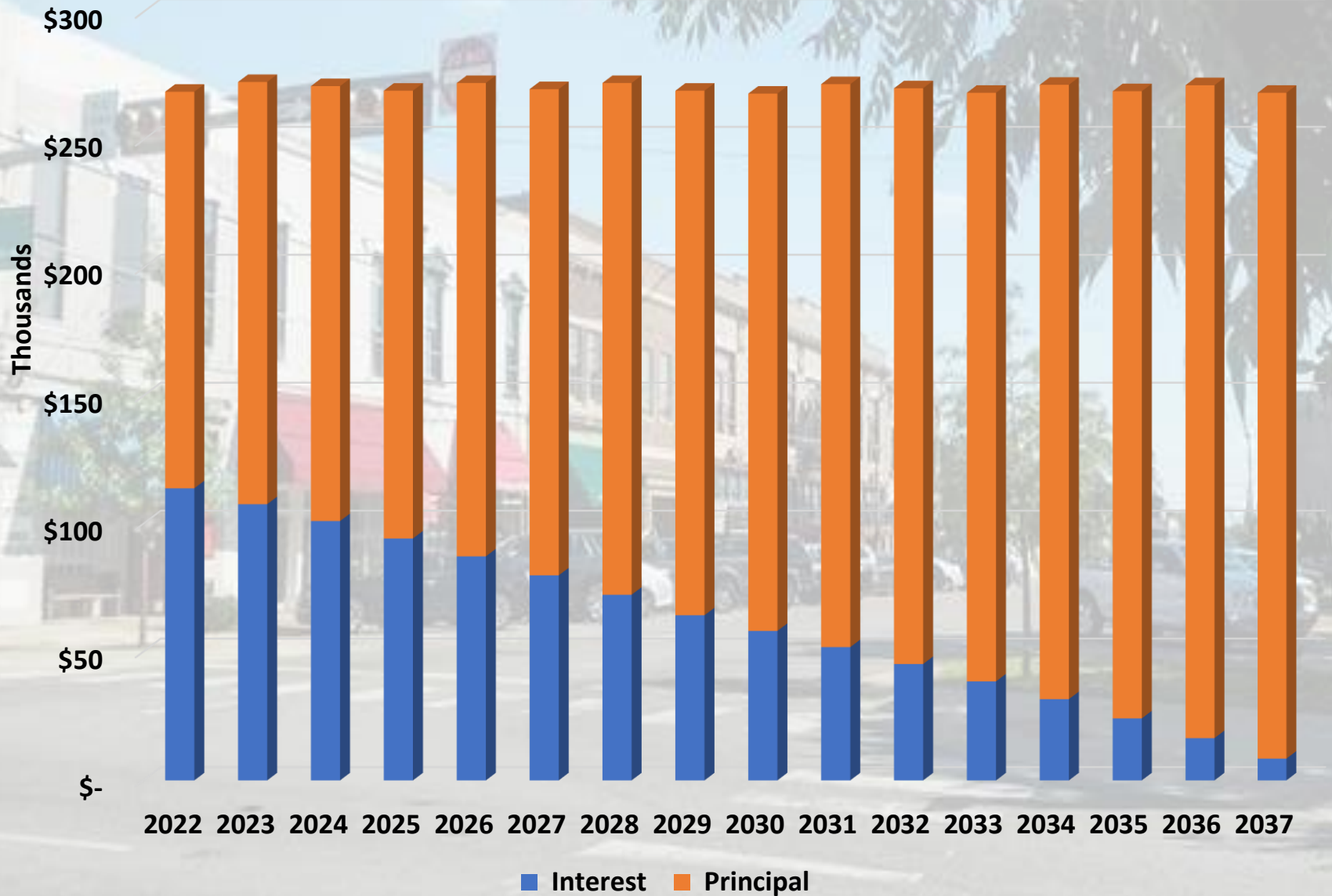
TIRZ Debt Service by Year



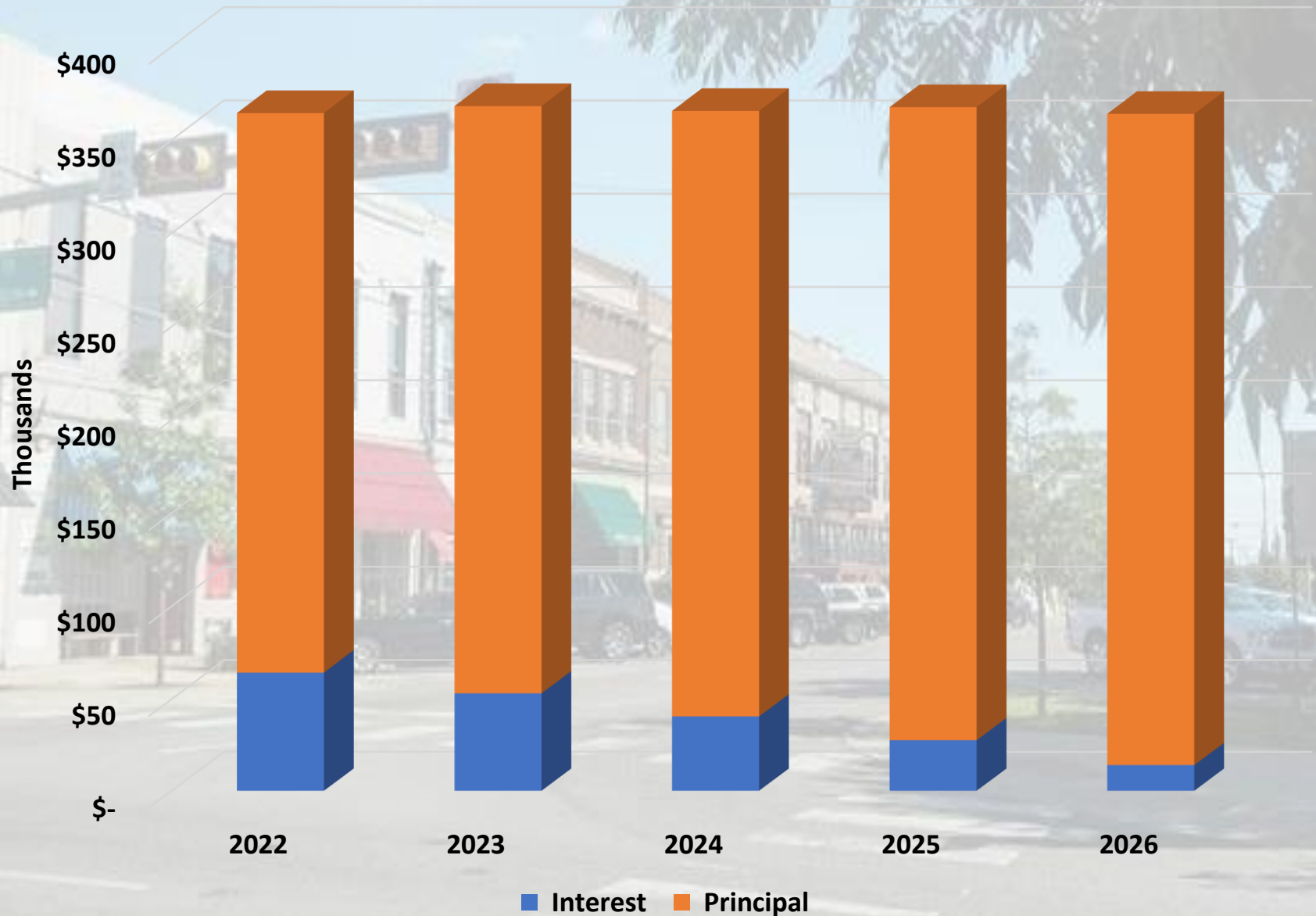
Hotel-Motel Tax Debt Service by Year



Stormwater Debt Service by Year



Tax Note Debt Service by Year



FY22 Workplan



Council Input for FY2022

- Downtown Improvements
- Take care of what we have
- Projects
 - MLK Restroom
 - Fairview Basketball Court
 - Moore Street
- Finish what we've started – Police HQ, Brockett/Broughton
- No tax rate increase



Work plan Summary for FY2022

- Compensation/Staffing
 - 2 + 2 cost of living (or 2 + 3)
 - Market adjustments, as needed
 - HSA contribution
 - Staffing as presented
- Facilities/CIP
 - Police Facilities – begin construction
 - Various General and Utility CIP projects
- Planning & Operations
 - Utility rate proposed adjustment + multi-year adoption?
 - Comp Master Plan update
 - Downtown plan
 - Rec facility plan

Work plan Summary for FY2022

(continued)

- Planning and Operations
 - Increased street materials budget
 - Fleet and equipment purchases
 - Tax note financing for various equipment/projects
 - Environmental Code continue as-is
 - Additional street rebuild possibilities

FY2022 Budget - Rates

- General Fund
 - No change in tax rate
- Utility Fund
 - 6% Rate adjustment for FY22, or level rate adjustment??
- Solid Waste Fund
 - No change in SW rates

Financials and Capital



FY 2022 Budget Financial Highlights

General Fund

- ☐ Property tax rate unchanged at \$.489/\$100
 - ✓ Debt service \$0.183/\$100
 - ✓ M&O \$0.306/\$100
 - ✓ Six new positions –Three for partial year
 - ✓ Tax Note capital financing

Utility Fund

- ☐ 6% Proposed increase water and sewer rates
 - Rate Study
- ☐ One new position

FY 2022 Budget Financial Highlights (cont'd)

Solid Waste Fund

☐ TASWA - \$700k

☐ \$555,000 fleet

General Improvement Fund

☐ New projects

- ✓ Streets – Bel Air Blvd, Travis St. bridge
- ✓ Parks – Fairview Basketball, MLK Restroom, PGW Shading

☐ Continuing projects

- ✓ Streets – Moore St., Lamberth, Taylor, Friendship, FM 1417 Hwy 56 to W. Travis
- ✓ Facilities – Police Headquarters

Pay adjustments

☐ 2% + 2% Across-the-board

☐ Various market adjustments

FY 2022 Fund Balance Summary

Fund Balances

- ❑ **General Fund – \$10.4 million**
 - ✓ **\$900,000 above FY21 Adjusted Budget**
 - ✓ **84 days reserves**

- ❑ **Utility Fund – \$4.7 million**
 - ✓ **About \$277,000 above FY21 Adjusted Budget**
 - ✓ **66 days reserves**

- ❑ **Solid Waste Fund – \$1.3 million**
 - ✓ **\$830,000 above FY2021 Adjusted Budget**
 - ✓ **62 days reserves**

Ongoing Fund Balancing

GENERAL FUND BALANCING

	Proposed FY 2022 Budget	Non-recurring Items	Ongoing Balancing
Revenue	45,204,987	-	45,204,987
Expense	45,121,221	(1,400,610)	43,720,611
	83,766	1,400,610	1,484,376

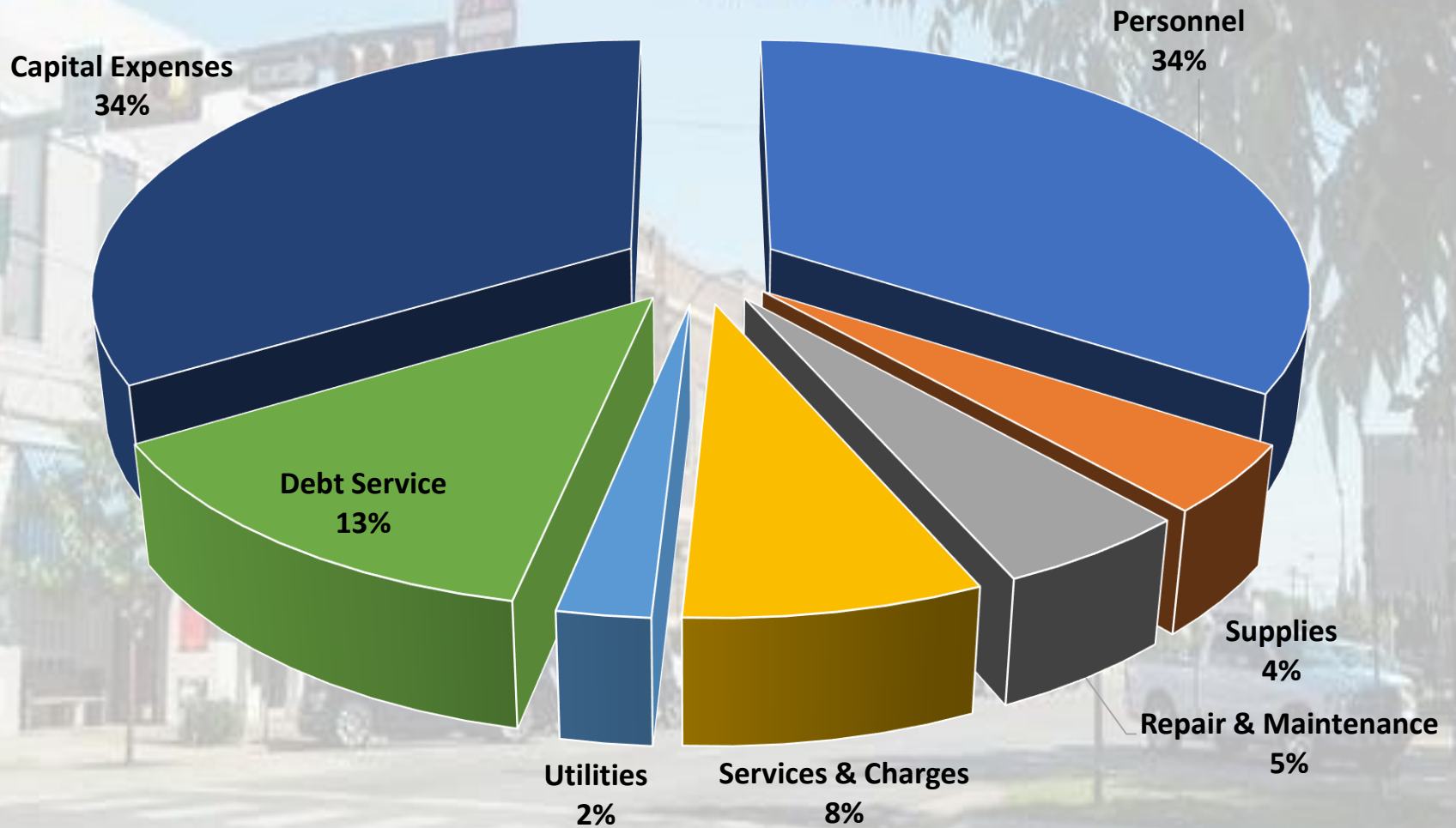
UTILITY FUND BALANCING

	Proposed FY 2022 Budget	Non-recurring Items	Ongoing Balancing
Revenue	27,759,488	(1,200,000)	26,559,488
Expense	26,009,231	(521,821)	25,487,410
	1,750,257	(678,179)	1,072,078

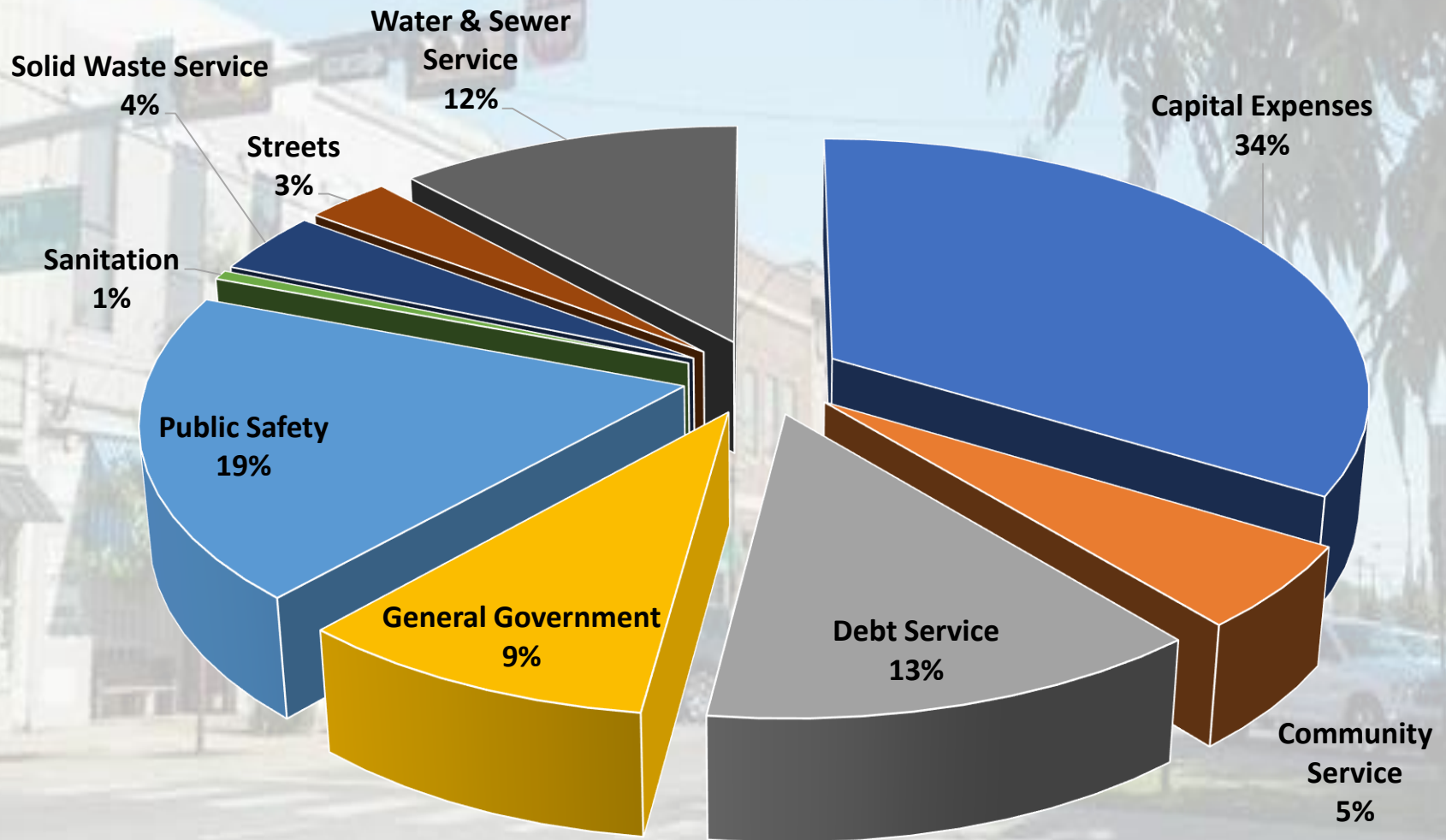
SOLID WASTE FUND BALANCING

	Proposed FY 2022 Budget	Non-recurring Items	Ongoing Balancing
Revenue	8,333,800	-	8,333,800
Expense	7,850,185	(113,729)	7,736,456
	483,615	113,729	597,344

Total Expenditures by Object - All Funds



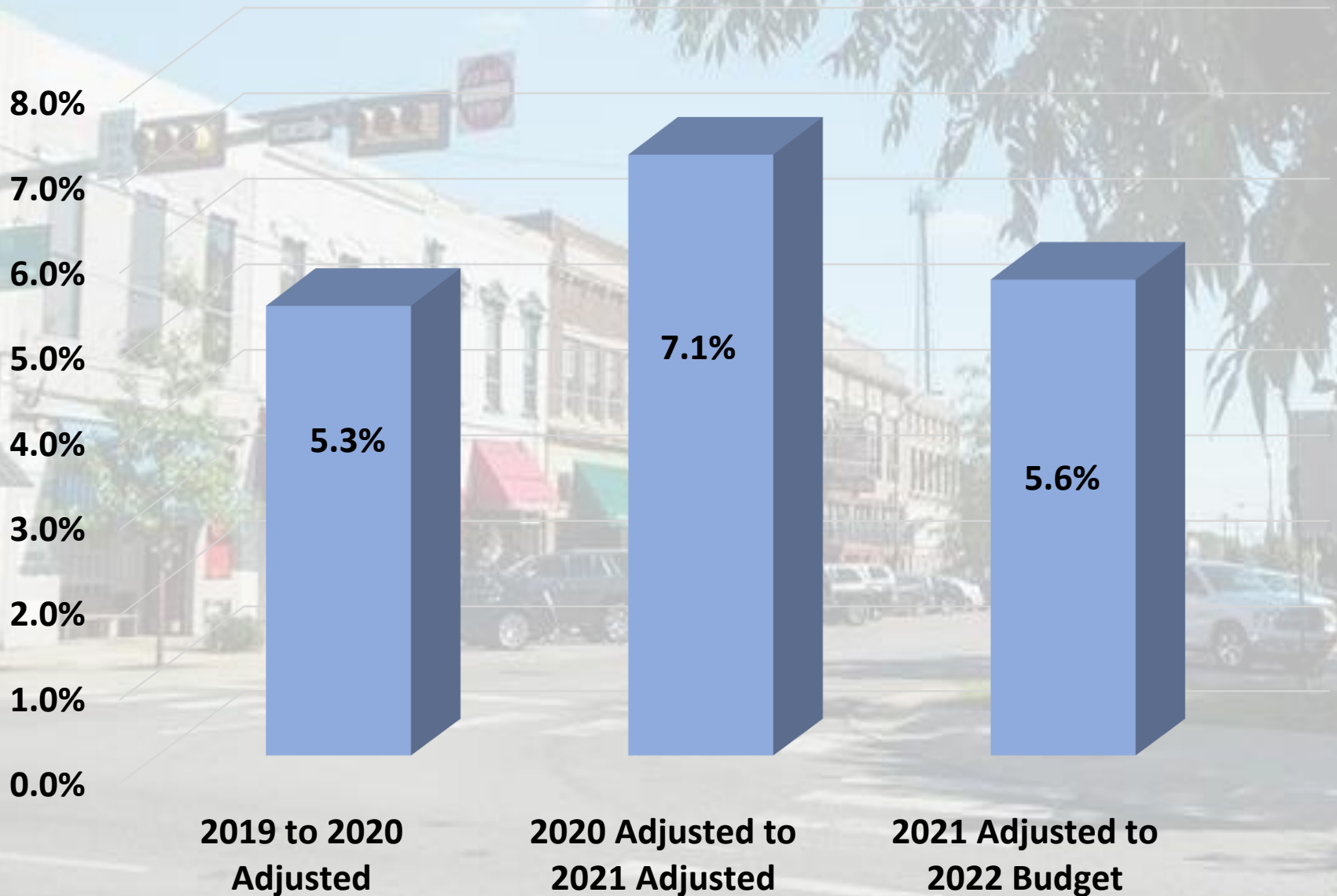
Total Expenditures by Function - All Funds



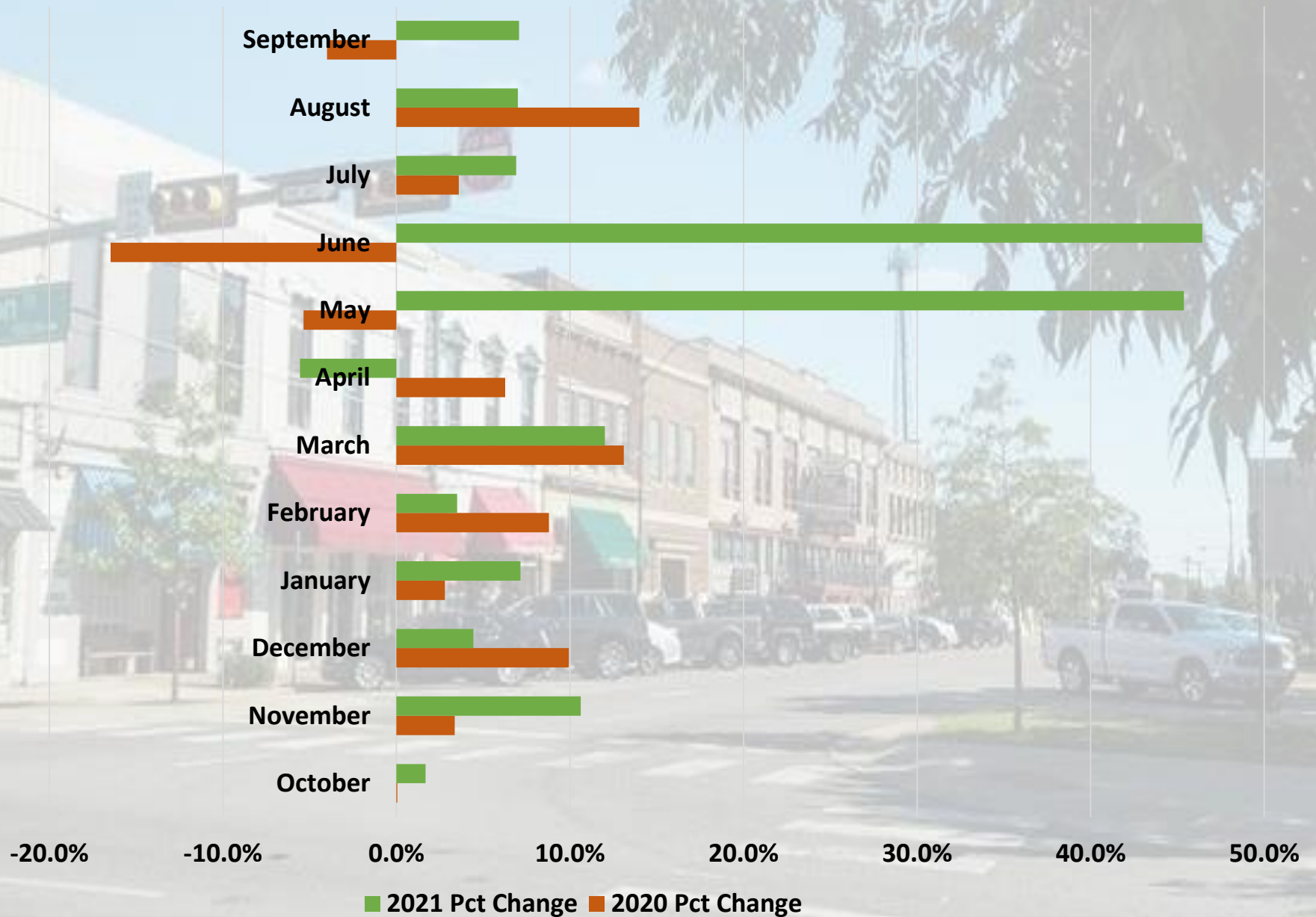
City of Sherman
GENERAL FUND
2021-2022 Annual Budget

	Actual 2019-2020	Adjusted Budget 2020-2021	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 8,186,565	\$ 8,344,554	\$ 9,373,124	\$ 10,305,718
Revenues				
Property Tax	11,138,247	12,254,100	12,147,700	12,106,700
Sales Tax	18,224,887	18,369,000	20,653,000	21,385,000
Franchise Tax	2,806,622	2,834,000	2,799,000	2,738,000
Other Taxes	142,123	161,980	136,200	146,200
Fines & Penalties	354,832	567,150	376,100	448,600
Recreation	66,022	256,750	265,600	285,600
Licenses & Permits	608,943	665,200	710,000	811,500
Rentals	24,466	31,500	29,550	29,550
Cemetery	238,308	165,600	256,100	221,100
Sales & Service	734,274	649,891	1,393,427	1,866,491
Ambulance Service	1,706,343	1,450,000	1,252,200	1,252,200
Interest Income	128,409	60,000	80,000	80,000
Grant Revenue	699,367	406,522	1,349,195	42,800
Intergovernmental	346,566	320,263	340,979	231,407
Miscellaneous Revenue	369,177	351,220	239,227	201,700
Debt Proceeds	-	-	-	-
Total Revenues	37,588,586	38,543,176	42,028,278	41,846,848
Transfers In	4,149,000	4,881,000	3,925,719	3,358,139
Total Revenues and Transfers In	41,737,586	43,424,176	45,953,997	45,204,987
Total Funds Available	49,924,152	51,768,730	55,327,121	55,510,705
Expenditures				
Personnel	28,977,408	30,290,581	29,809,680	30,978,300
Supplies	1,573,462	2,002,049	2,292,165	1,938,512
Repair & Maintenance	1,580,580	1,796,572	2,027,097	2,015,704
Utilities	1,008,056	1,056,090	1,206,140	1,098,070
Information Technology	615,427	700,010	838,530	1,036,260
Services & Charges	2,750,524	3,057,185	4,168,305	3,500,796
Vehicle Usage	1,726,987	1,641,430	1,883,281	1,957,930
Capital Expenses	1,015,400	534,730	560,239	401,950
Fleet Services & Charges	1,071,183	1,025,966	1,025,966	783,698
Transfers Out	232,000	210,000	1,210,000	1,410,000
Total Expenditures	40,551,028	42,314,612	45,021,403	45,121,221
Excess Revenues over Expenditures	1,186,559	1,109,564	932,594	83,766
Ending Fund Balance	\$ 9,373,124	\$ 9,454,118	\$ 10,305,718	\$ 10,389,484

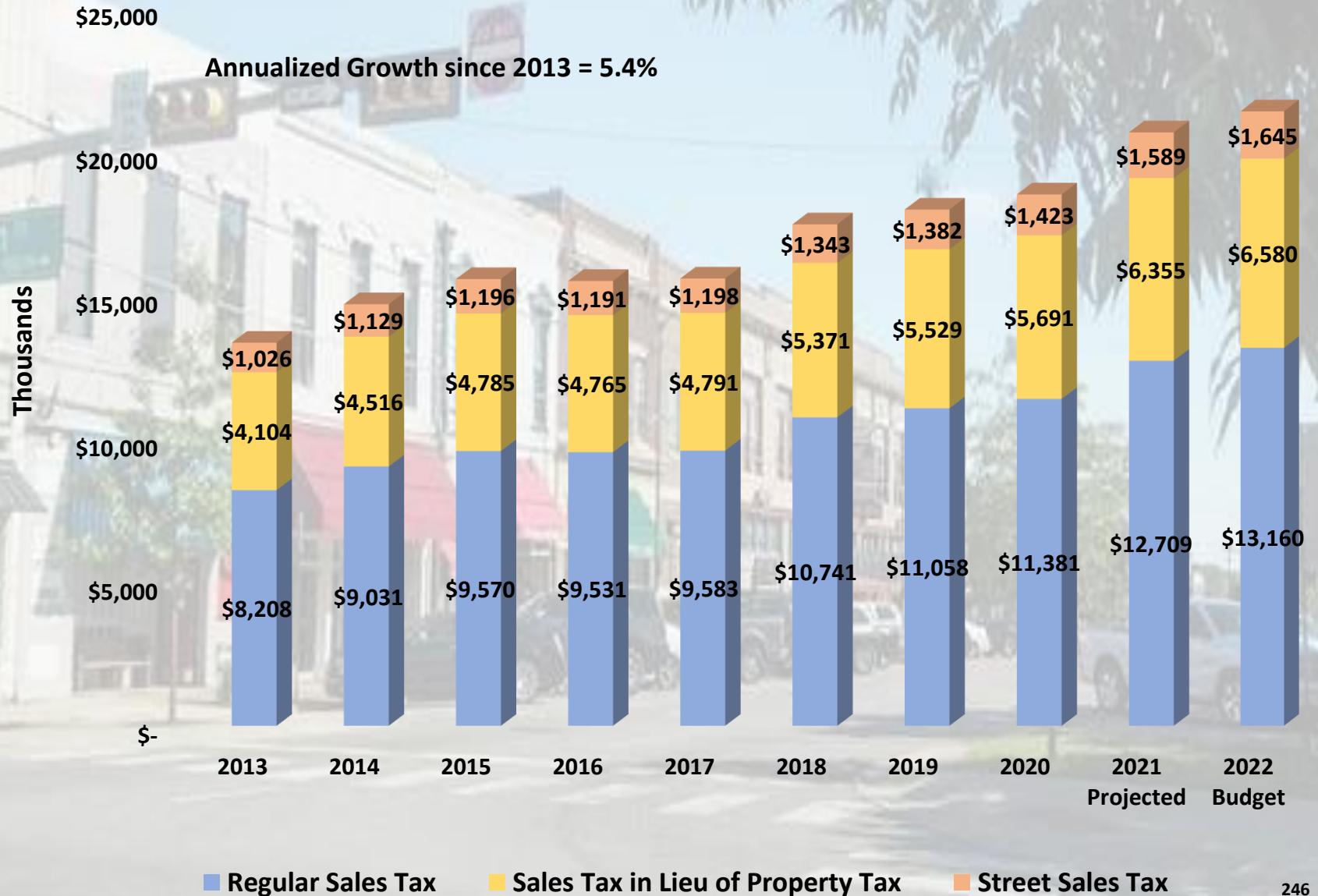
Percent Change in Sales Tax from Prior Year with Adjustments



Sales Tax Percent Change by Month



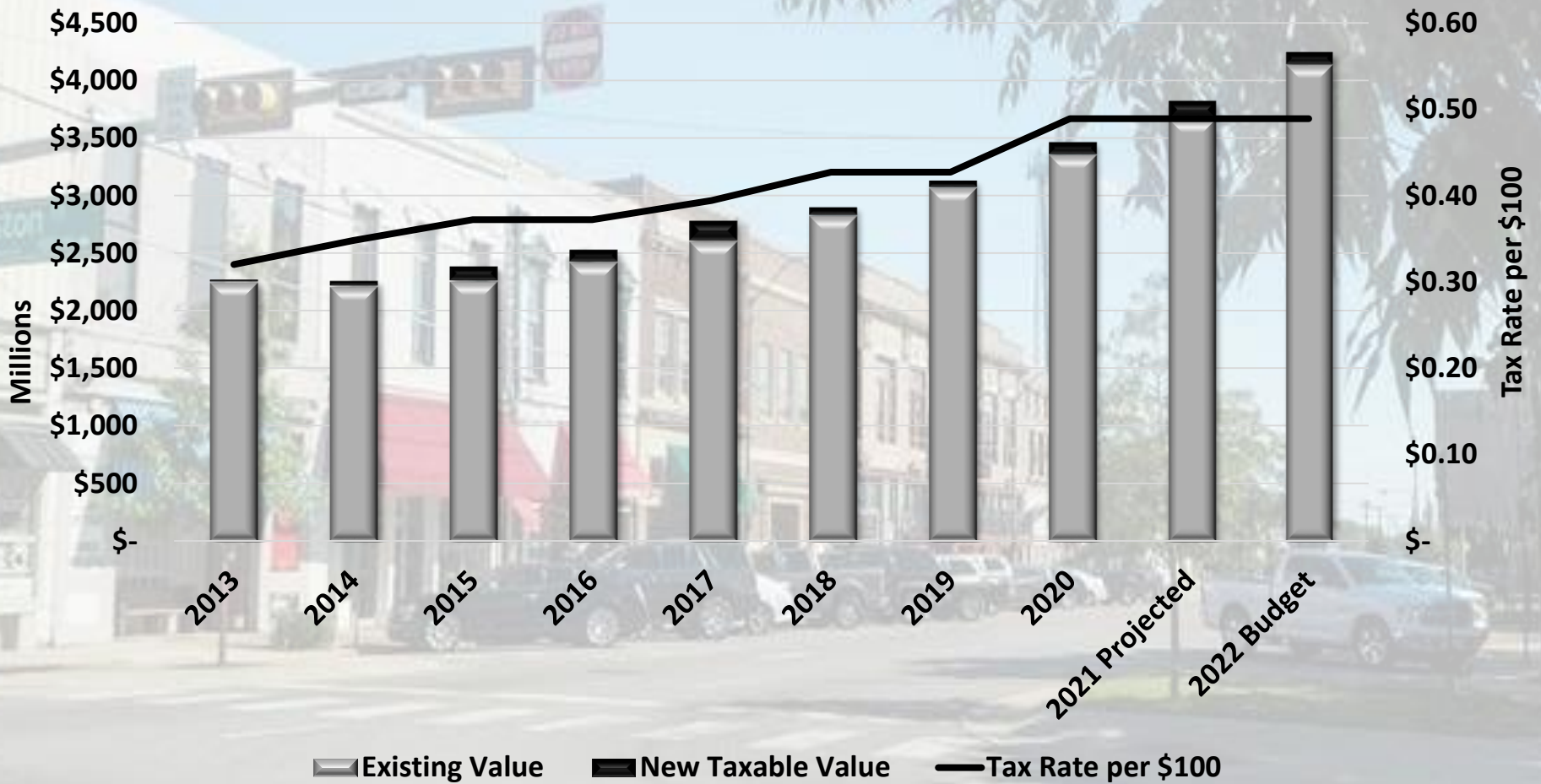
Sales Tax



Cumulative New Value and Growth in Existing Property



New Value and Growth in Existing Property



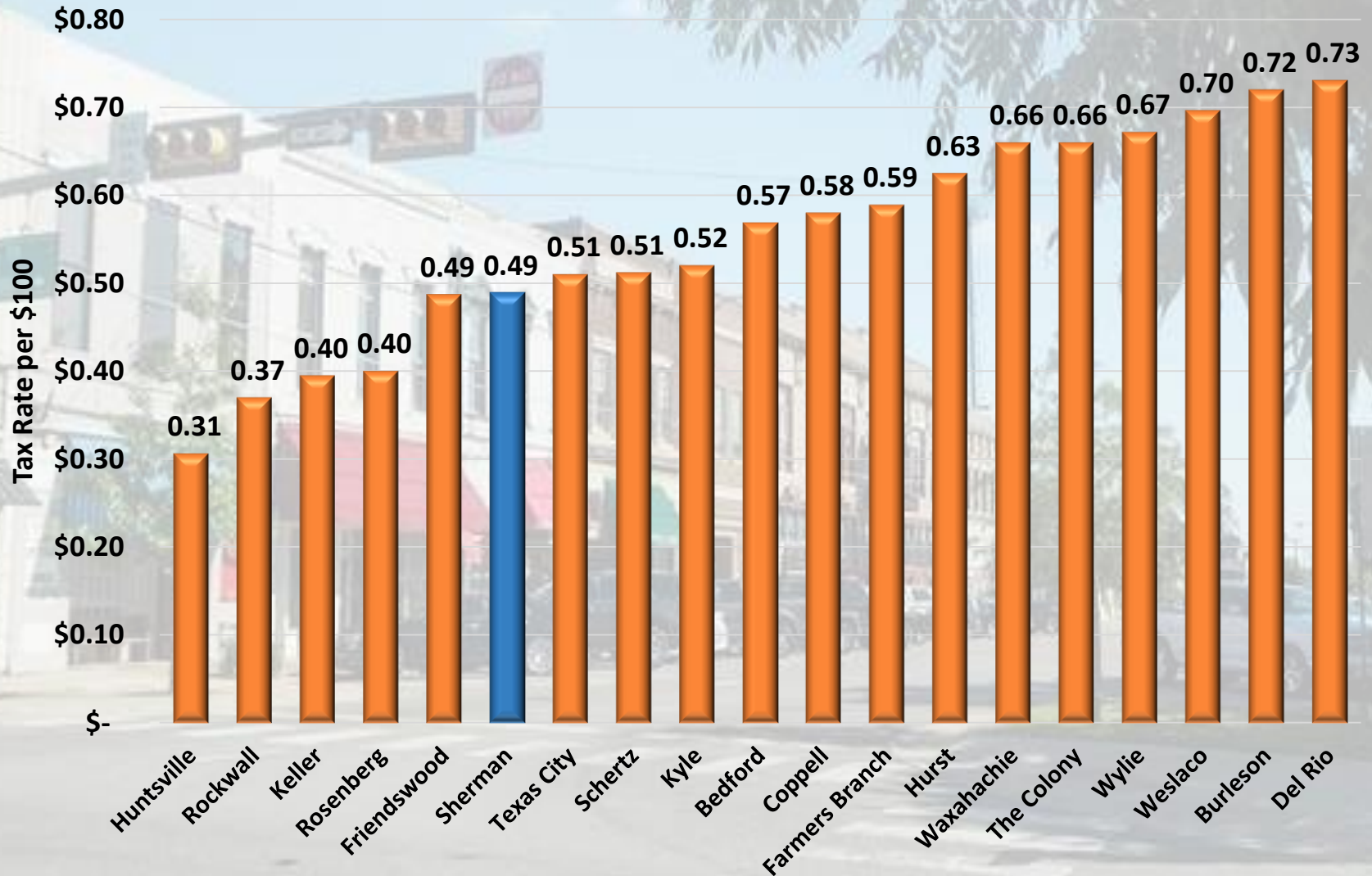
Long-term Debt



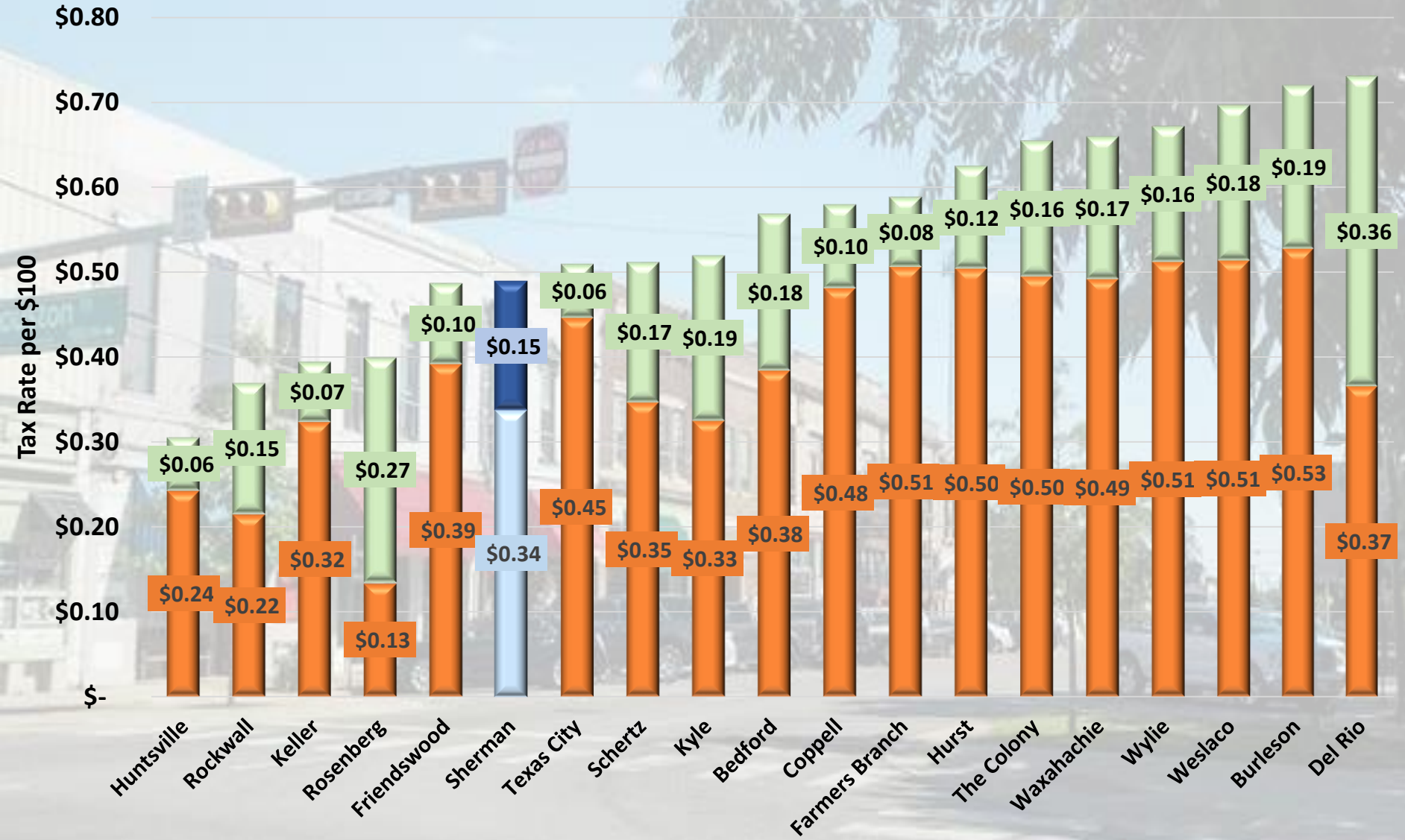
Property Tax Rates and Taxable Value



Property Tax Rates of Similarly Sized Cities



Property Tax Rates of Similarly Sized Cities



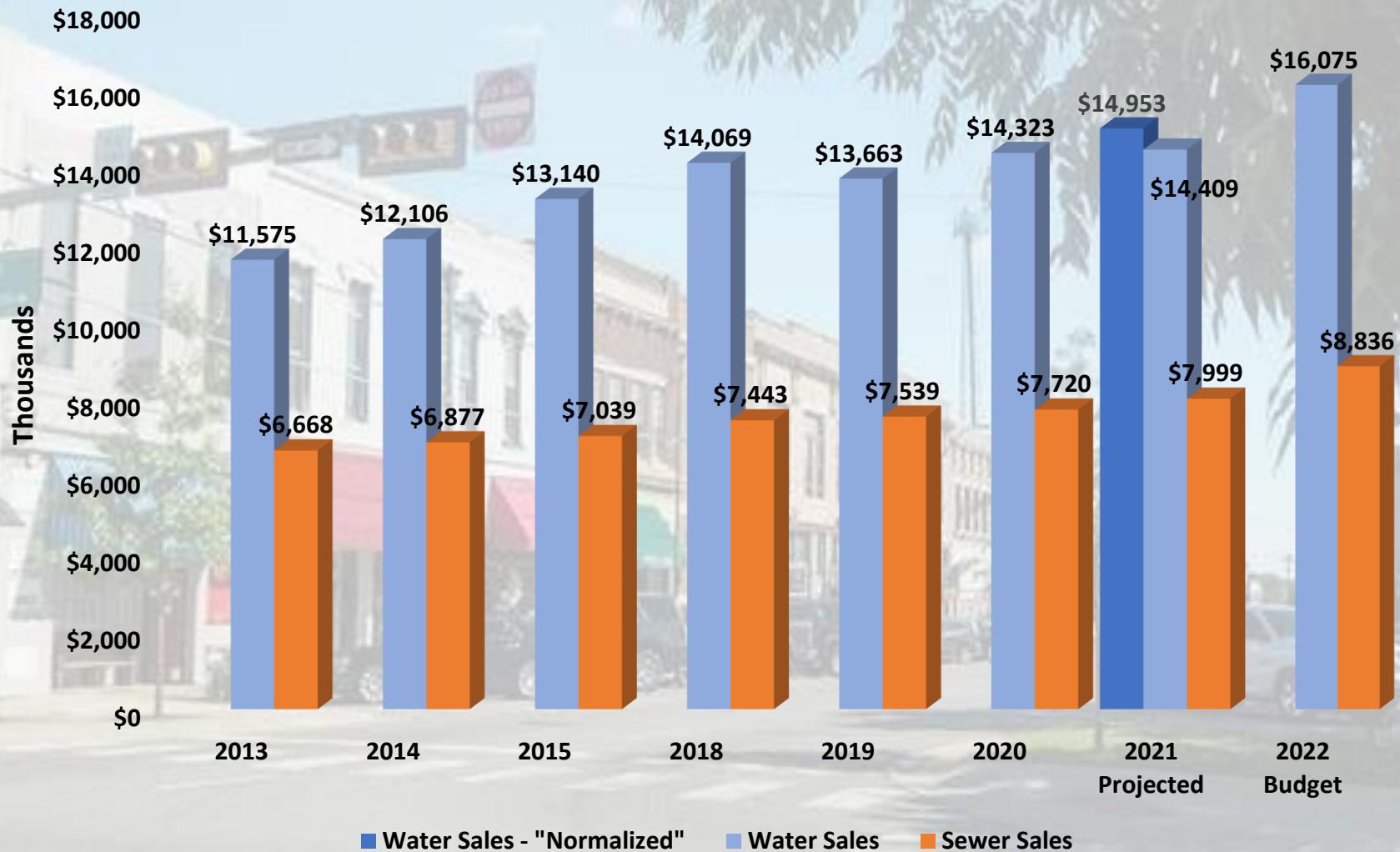
Per Capita Property Tax



City of Sherman
UTILITY FUND
2021-2022 Annual Budget

	Actual 2019-2020	Adjusted Budget 2020-2021	Projected 2020-2021	Requested 2021-2022
Beginning Reserve	\$ 3,992,537	\$ 4,984,976	\$ 4,489,706	\$ 2,948,762
Revenues				
Water Sales	14,323,100	14,713,000	14,409,000	16,075,000
Sewer Sales	7,720,347	7,801,000	7,999,000	8,836,000
Laboratory	140,214	140,000	140,000	140,000
Service Charges & Penalties	475,746	575,000	593,000	610,000
Charges for Services	140,523	144,500	161,000	201,000
Interest Income	68,836	30,000	26,000	25,000
Intergovernmental	409,170	1,601,350	401,350	1,608,488
Miscellaneous Revenue	233,185	65,500	73,000	81,000
Total Revenues	23,511,120	25,070,350	23,802,350	27,576,488
Transfers In	494,000	158,000	1,158,000	183,000
Total Revenues and Transfers In	24,005,120	25,228,350	24,960,350	27,759,488
Total Funds Available	27,997,657	30,213,326	29,450,056	30,708,250
Expenditures				
Personnel	6,328,018	6,898,987	6,619,040	6,900,430
Supplies	1,431,183	1,443,485	1,473,730	1,594,248
Repair & Maintenance	2,205,868	2,124,928	2,955,083	2,586,504
Utilities	1,670,463	1,675,560	2,434,010	1,646,370
Information Technology	182,643	198,750	238,060	292,190
Debt Service	7,146,903	7,320,862	7,318,956	7,616,228
Services & Charges	1,397,900	1,783,716	1,956,009	1,895,604
Vehicle Usage	455,831	403,930	398,904	465,260
Fleet Services & Charges	254,778	236,070	358,295	346,791
Capital Expenses	255,365	405,073	449,207	239,606
Total Expenditures	21,328,951	22,491,361	24,201,294	23,583,231
Transfers Out	2,179,000	3,300,000	2,300,000	2,426,000
Total Expenditures and Transfers Out	23,507,951	25,791,361	26,501,294	26,009,231
Excess Revenues over Expenditures	497,169	(563,011)	(1,540,944)	1,750,257
Ending Reserve	\$ 4,489,706	\$ 4,421,965	\$ 2,948,762	\$ 4,699,019

Water and Sewer Revenues



City of Sherman
SOLID WASTE FUND
2021-2022 Annual Budget

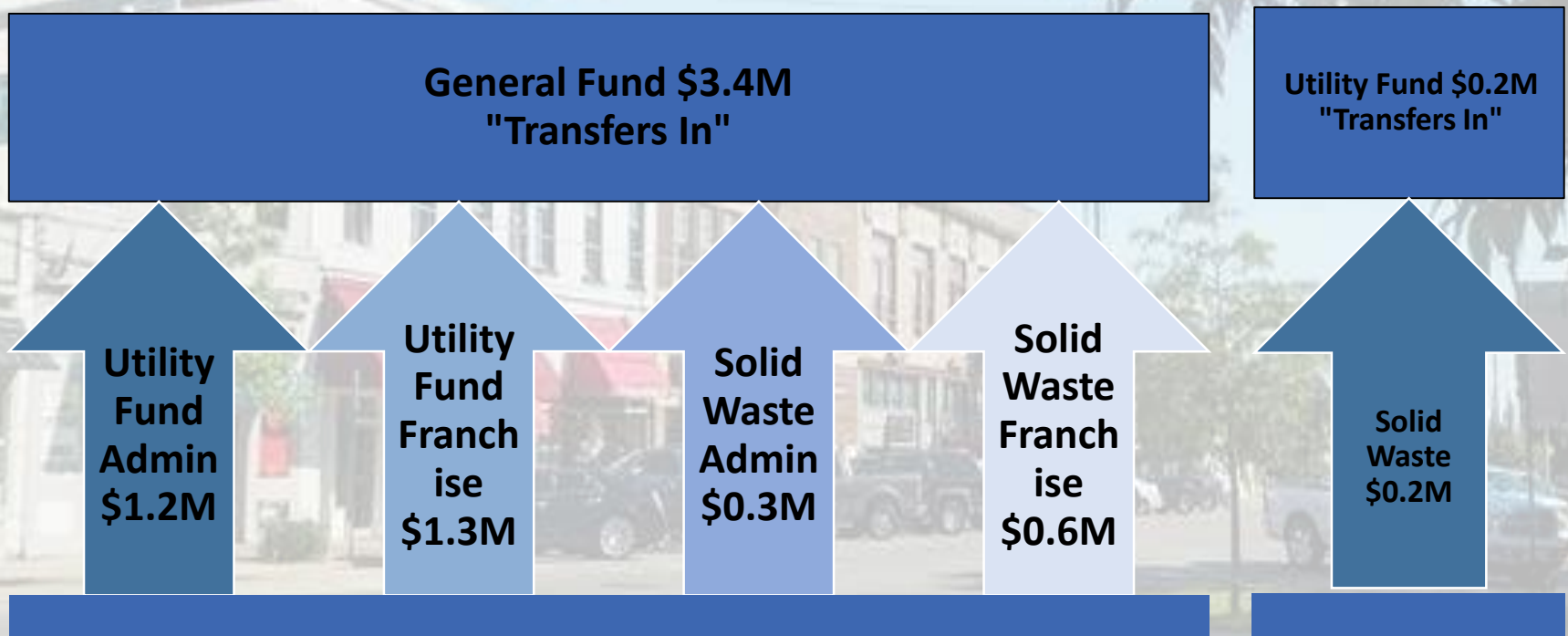
	Actual 2019-2020	Adjusted Budget 2020-2021	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 810,550	\$ 829,730	\$ 628,168	\$ 849,746
Revenues				
Solid Waste Service	7,018,269	6,994,000	7,262,000	7,464,000
Service Charges & Penalties	75,842	90,000	145,000	140,000
Interest Income	543	800	-	1,800
Miscellaneous Revenue	70,367	1,023,000	760,573	728,000
Transfers In	140,000	-	-	-
Total Revenues	7,305,022	8,107,800	8,167,573	8,333,800
Total Funds Available	8,115,572	8,937,530	8,795,741	9,183,546
Expenditures				
Personnel	1,874,711	1,951,869	1,842,370	1,941,180
Supplies	258,223	282,232	277,539	367,780
Repair & Maintenance	74,586	88,074	92,674	58,844
Utilities	28,080	31,250	33,180	49,550
Information Technology	44,668	56,180	67,290	86,110
Services & Charges	2,217,189	2,226,407	2,253,299	2,389,286
Vehicle Usage	1,049,186	1,066,160	1,181,178	1,173,670
Capital Expenses	36,760	43,632	64,746	113,729
Fleet Services & Charges	850,000	350,000	350,000	554,897
Transfers Out	1,054,000	2,339,000	1,783,719	1,115,139
Total Expenditures	7,487,404	8,434,804	7,945,995	7,850,185
Excess Revenues over Expenditures	(182,382)	(327,004)	221,578	483,615
Ending Fund Balance	\$ 628,168	\$ 502,726	\$ 849,746	\$ 1,333,362

Transfers

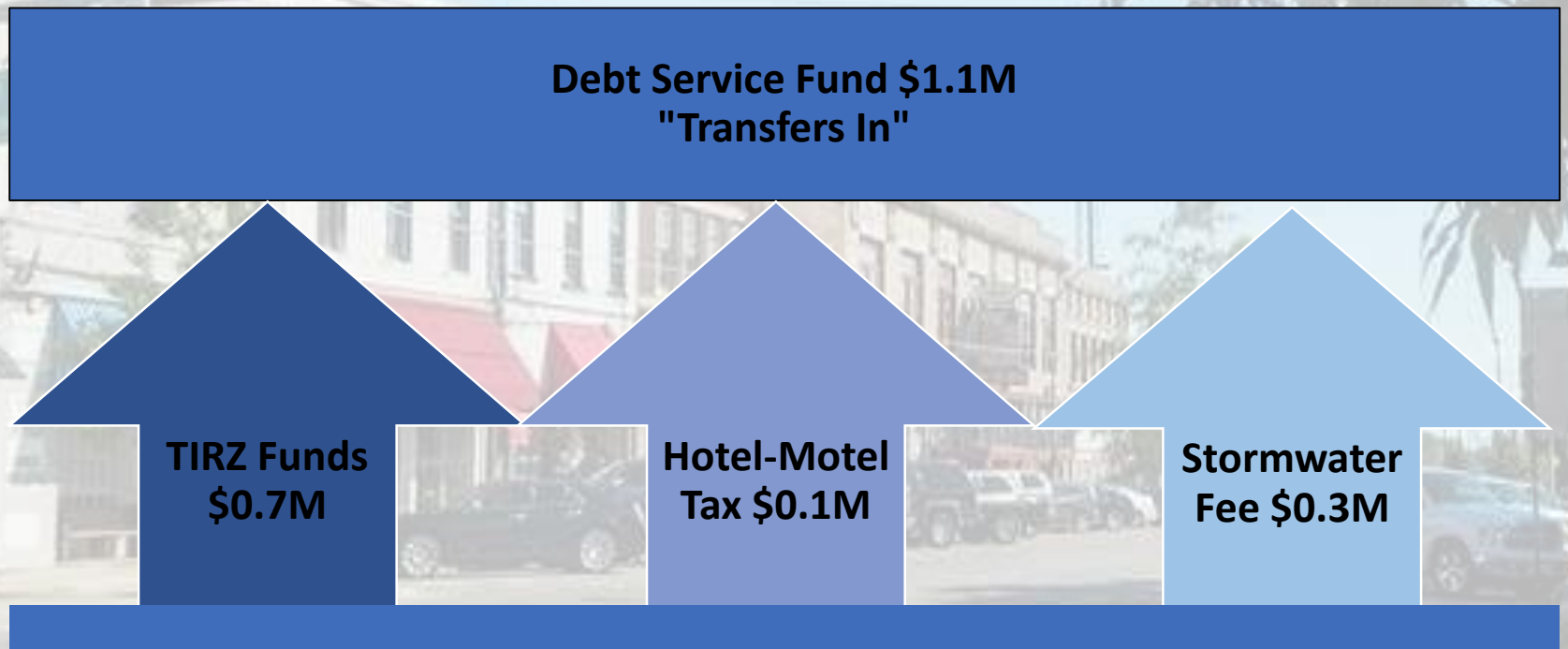
Purposes

- General Fund is paid for its services
 - Utility and Solid Waste Administration
 - Franchise – payment for use of city-owned right-of-ways (just like all other utility companies)
- Pay Debt Service
 - TIRZ
 - Hotel-Motel Tax
 - Stormwater Fee
- Fund Capital Projects
 - General Fund
 - Impact Fees
 - Utility Fund
- Excess Reserves/Non-Recurring
 - To “prop-up” funds in need of temporary support, e.g. group-health fund, Hotel-Motel (FY22), or Utility Fund (FY21)

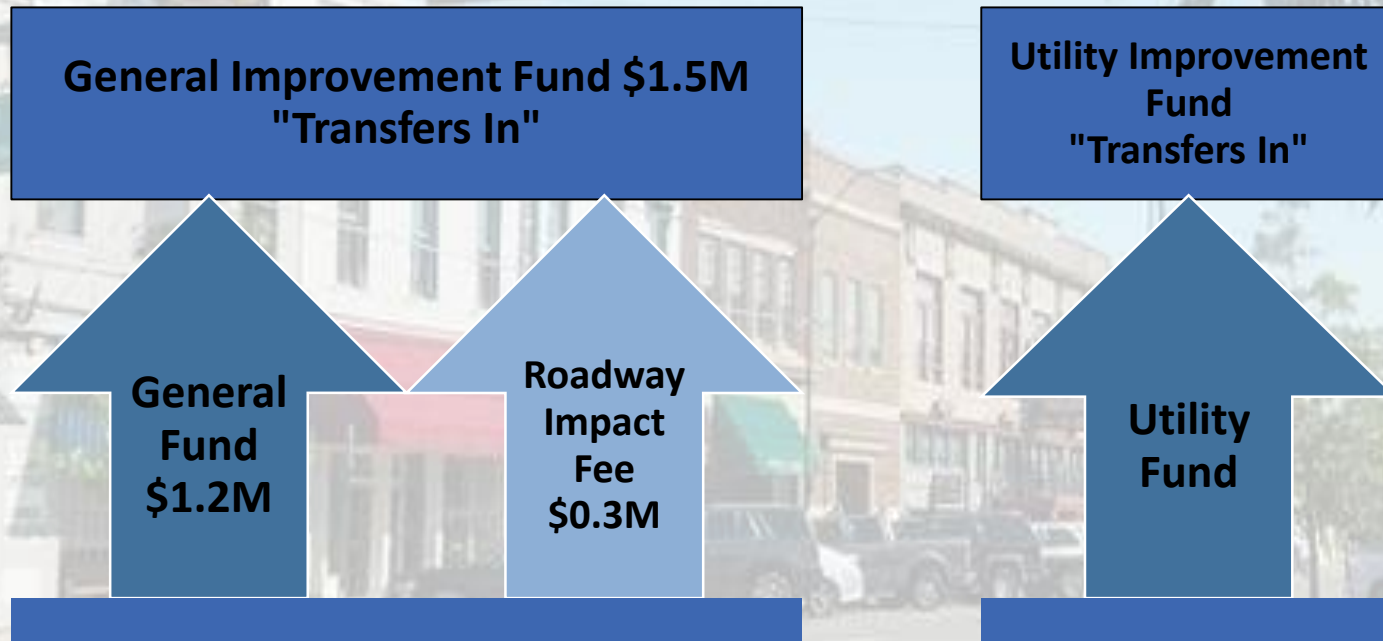
Transfers – Admin and Franchise



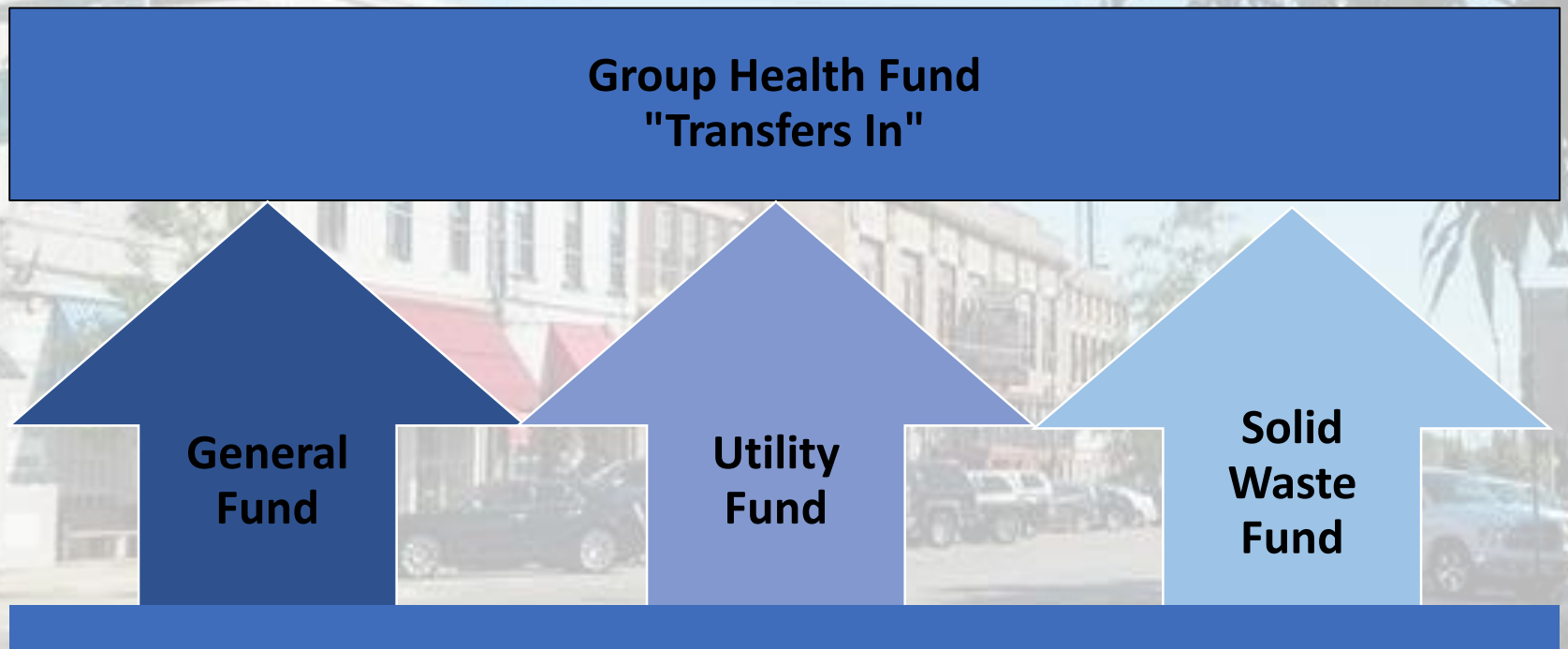
Transfers – Debt Service



Transfers – Capital Projects



Transfers – Excess Reserves/Non-Recurring



City of Sherman

GENERAL IMPROVEMENT FUND

	Actual 2019-2020	Adjusted Budget 2020-2021	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 19,280,728	\$ 15,867,436	\$ 9,656,463	\$ 31,598,481
Revenues				
Transfers In	-	-	-	1,150,000
Transfers In - Impact Fees	-	-	-	300,000
Intergovernmental	1,715,500	500,000	-	-
Grant Revenue	-	-	-	-
Interest Income	158,135	250,000	30,000	150,000
Miscellaneous Revenue	-	4,000,000	3,656,000	-
Debt Proceeds	-	-	29,844,600	334,000
Total Revenues	1,873,635	4,750,000	33,530,600	1,934,000
Total Funds Available	21,154,363	20,617,436	43,187,063	33,532,481
Expenditures				
Facilities	277,117	1,439,000	2,272,313	17,594,000
Parks	1,557,697	9,468	34,000	980,000
Streets	9,663,086	8,300,790	7,577,269	10,593,290
Other	-	40,000	1,705,000	150,000
Transfers Out	-	-	-	-
Total Expenditures	11,497,900	9,789,258	11,588,582	29,317,290
Excess Revenues over Expenditures	(9,624,265)	(5,039,258)	21,942,018	(27,383,290)
Ending Fund Balance	\$ 9,656,463	\$ 10,828,178	\$ 31,598,481	\$ 4,215,191

City of Sherman

GENERAL IMPROVEMENT FUND

	Actual 2019-2020	Adjusted Budget 2020-2021	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 19,280,728	\$ 15,867,436	\$ 9,656,463	\$ 31,598,481
Revenues				
Transfers In	-	-	-	1,150,000
Land Sale Proceeds	-	4,000,000	3,656,000	-
Intergovernmental	1,715,500	500,000	-	-
Transfer In - Impact Fees	-	-	-	300,000
Interest Income	158,135	250,000	30,000	150,000
Debt Proceeds	-	-	29,844,600	334,000
Grant Revenue	-	-	-	-
Total Revenues	1,873,635	4,750,000	33,530,600	1,934,000
Total Funds Available	21,154,363	20,617,436	43,187,063	33,532,481
Expenditures				
(1) FM 1417 (82 to 56) Eng, ROW & Match	30,881	-	2,000,000	-
(1) Pecan Grove Ball Fields	1,459,807	9,468	34,000	-
(1) Legacy Blvd	158,767	-	-	-
(1) Moore St - Park to W. Travis	1,697,982	-	180,000	-
(1) Steeplechase Dr Extension	100,000	-	500,000	-
(1) Munson Planned Development	92,745	-	-	-
(1) Hilre Drive Extension	49,304	-	283,545	-
(1) Travis St West	4,304,827	-	783,204	-
(1) Park Ave Realignment	126,726	1,200,000	1,745,000	-
(1) Bridges-Center/McGee	-	700,000	-	-
(1) TxDOT 1417 & W. Travis Intersection	1,804,990	-	-	-
(1) Lamberth Rd Thoroughfare	2,500	-	-	500,000
(1) Taylor St Extension Eng & ROW/McGee St Ext	18,446	1,500,000	960,000	540,000
(1) Friendship ROW 56 to Lamberth	33,890	-	(270)	600,000
(2) Flanary Rd and Progress Dr Ext/Imp	72,897	-	25,000	-

City of Sherman

GENERAL IMPROVEMENT FUND

	Actual 2019-2020	Adjusted Budget 2020-2021	Projected 2020-2021	Requested 2021-2022
(3) UB Remodel	26,413	-	2,200	-
(3) Pecan Grove Basketball Courts	97,890	-	-	-
(3) Library Park	31,203	-	-	-
(3) Station #3 Remodel	7,129	-	-	-
(3) Fallon Drive	832,731	-	-	-
(3) Fire Station #4 Shower Repair	9,167	-	-	-
(3) Fire Station #1 Bathroom	5,337	-	-	-
(3) Remodel at Station 5	12,150	-	-	-
(3) Finance Remodel	2,226	-	-	-
(3) Police Dept Exterior Renovation	7,803	-	500	-
(3) Police Firing Range	26,718	-	5,000	-
(3) Renovate Cemetery & Maint Bldg	136,222	-	30,000	-
(3) ESC Spray Insulation windows	12,750	-	-	-
(3) Self check-out stations RFID	-	40,000	40,000	-
(3) (Necessity) Station No. 1 roof replacement	-	85,000	85,000	-
(3) New police station - site and design	-	1,354,000	1,354,000	-
(3) Land Sale at W. Travis & FM 1417	-	-	7,500	-
(3) Auditorium Chiller	-	-	165,000	-
(3) Bel Air Blvd Construction Ph I	-	-	1,500,000	-
(3) Recreation Center Study	-	-	-	40,000
(3) Call Recording Software	-	-	-	70,000
(3) FM 1417 signal at Bel Air Blvd Design	-	-	-	75,000
(3) MLK Restrooms (partial CDBG funded \$240,000)	-	-	-	90,000
(3) Comprehensive Master Plan	-	-	-	100,000
(3) Watchguard video evidence platform	-	100,790	100,790	100,790
(3) Re-construct San Miguel cul-de-sac	-	-	-	110,000
(3) Fairview Basketball	-	-	-	150,000
(3) Airport Pavement Maintenance-City match	-	-	-	182,500
(3) Replace Fiber from Muni to PD	-	-	-	235,000
(3) Expand Fairview tennis courts; pickleball	-	-	-	240,000
(3) Pecan Grove West shading	-	-	-	270,000
(3) Beach Club Blvd design	-	-	-	300,000

City of Sherman

GENERAL IMPROVEMENT FUND

	Actual 2019-2020	Adjusted Budget 2020-2021	Projected 2020-2021	Requested 2021-2022
(4) Sign Table	-	-	-	17,500
(4) Additional Parking Sta 2	-	-	-	20,000
(4) Latex Printer Sign Shop	-	-	-	20,500
(4) Privacy Fence Sta 3	-	-	-	25,000
(4) Front Fence & Gate for Sta 5.5	-	-	-	35,000
(4) Pecan Grove West Electrical Upgrade	-	-	-	35,000
(4) Wanco Message Boards	-	-	-	37,000
(4) Trail Development The Grove	-	-	-	50,000
(4) Bay Doors at Sta 1,2,3, & 5	-	-	-	94,000
(5) Shepherd Rd Design	-	-	-	330,000
(5) Bridge-S. Travis	82,490	300,000	-	600,000
(5) FM 1417 design/ROW - SH 56 to W. Travis	253,910	2,000,000	500,000	1,500,000
(5) Bel Air Blvd Construction Ph II	-	-	-	1,500,000
(5) Moore St - W. Travis to FM 1417	-	2,500,000	500,000	2,000,000
(5) Moore St - Park to power easement	-	-	-	2,200,000
(5) New police HQ - Construction	-	-	788,113	17,250,000
Total Expenditures	11,497,900	9,789,258	11,588,582	29,317,290
Excess Revenues over Expenditures	(9,624,265)	(5,039,258)	21,942,018	(27,383,290)
Ending Fund Balance	\$ 9,656,463	\$ 10,828,178	\$ 31,598,481	\$ 4,215,191
(1) Pre-2021 CO				1,640,000
(2) SEDCO funded				-
(3) Land-sale funded/General Fund Transfer			1,500,000	1,963,290
(4) 2021 Tax Notes				334,000
(5) 2021 CO/Impact Fees				25,380,000
Total Projects FY2022				29,317,290

City of Sherman
TIRZ #2 CONSTRUCTION FUND
2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 217,259	\$ 370,658	\$ 474,633
Revenues			
Property Tax	149,512	190,475	196,496
Interest Income	4,887	1,000	1,000
Total Revenues	154,399	191,475	197,496
Total Funds Available	371,658	562,133	672,129
Expenditures:			
Capital Expenses	1,000	87,500	600,000
Transfers Out	-	-	-
Total Expenditures	1,000	87,500	600,000
Excess Revenues over Expenditures	153,399	103,975	(402,504)
Ending Fund Balance	\$ 370,658	\$ 474,633	\$ 72,129

City of Sherman
UTILITY IMPROVEMENT FUND
2021-2022 Annual Budget

	Actual 2019-2020	Budget 2020-2021	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 2,878,642	\$ 729,610	\$ 1,925,541	\$ 568,541
Revenues				
Intergovernmental	1,191,521	-	-	-
Interest Income	24,307	-	12,000	12,000
Miscellaneous Revenue	-	-	-	-
Transfers In	-	600,000	-	-
Transfers In - Impact Fees				825,000
Grant Revenue	-	-	-	4,675,000
Total Revenues	1,215,828	600,000	12,000	5,512,000
Total Funds Available	4,094,470	1,329,610	1,937,541	6,080,541
(1) Aeration Basin Upgrade & Biological Clarifier Rehab	118,424	-	10,332	-
(1) Water crossing under 75 at Choctaw	4,295	-	10,156	-
(1) WWTP Control Building Expansion Engineering	7,788	-	5,250	-
(1) Storm Water lift station/Force main upgrade	26,397	-	-	-
(1) Flanary Rd Wastewater Extension	432,874	-	1,209	-
(1) Moore St Sewer (through Munson Dev) (SISD \$400m)	626,450	-	8,728	-
(1) Utility relocates-FM 1417	27,363	-	-	-
(1) Legacy Waterline - Engineering	28,629	213,000	213,000	-
(1) Marilee SUD	1,367	2,000,000	2,000,000	-
(1) Texoma Pkwy sewer overflow relief	-	200,000	200,000	-
(1) Wastewater system study	-	200,000	200,000	-
(1) Water hydraulic study	-	200,000	200,000	-
(1) Laboratory facility expansion - design and engineering	-	250,000	250,000	-
(1) Gate actuator upgrades WWTP	-	300,000	300,000	-

City of Sherman
UTILITY IMPROVEMENT FUND
2021-2022 Annual Budget

	Actual 2019-2020	Budget 2020-2021	Projected 2020-2021	Requested 2021-2022
(1) Preston Club Water Line	8,824	-	2,000	-
(1) Travis St West Water	(900)	425,000	-	-
(1) Lamberth Water	(6)	-	-	-
(1) High Country Estates Water	7,105	-	1,443	-
(1) Replace EDR process with RO at WTP (Engineering)	-	-	-	50,000
(1) Replace inverted siphon sewer line (Eng)	-	-	-	65,000
(1) Refurbish Rex Cruz EST-Eng	-	-	-	75,000
(1) Security Upgrades at WWTP	-	-	-	100,000
(1) AWIA Security Upgrades @ WTP	-	200,000	-	200,000
(1) Backwash tank at WTP	-	-	-	250,000
(1) Refurbish flocculation/sedimentation basin at WTP	-	-	-	250,000
(1) Replace Southside industrial sewer	-	2,400,000	250,000	250,000
(1) Concentrate Disposal Phase II Yr 1	-	1,700,000	1,700,000	400,000
(1) WWTP Main Switchgear & Electrical Upgrade	-	-	-	500,000
(1) Stream Bank Stabilization - Nantucket	-	-	-	600,000
(1) WWTP Control Building Expansion-Construction	-	575,000	-	1,260,000
(1) North west Sewer	159,913	3,600,000	607,000	1,823,000
(1) Replace Texoma Pkwy 12" water line	-	1,050,000	-	2,500,000
(1) Ida Road ground storage tank repair	-	2,050,000	-	3,000,000
(2) WTP Backup Generator - Engineering	-	-	190,000	-
(2) WWTP Backup Generator Engineering	-	-	112,000	-
(2) Bel Air Blvd Utilities Ph I	-	-	-	300,000
(2) Shepherd Utilities	-	-	-	400,000
(2) Legacy Waterline - Ph I	-	-	-	400,000
(2) Texoma Pump Station Backup Generator	-	-	-	900,000
(2) Heritage Ranch Lift Station	-	-	-	1,000,000
(2) WTP Backup Generator Construction	-	-	-	1,000,000
(2) Legacy Waterline - Construction Ph II & III	-	2,400,000	-	1,500,000

City of Sherman
UTILITY IMPROVEMENT FUND
2021-2022 Annual Budget

	Actual 2019-2020	Budget 2020-2021	Projected 2020-2021	Requested 2021-2022
(3) Dos Lagos	-	-	20,000	-
(3) Fencing/Gate Repairs	5,635	-	75,000	-
(3) Water Distribution system improvements	2,277	-	-	-
(3) Primary Clarifier #1 Rehab Engineering	40,961	-	15,000	-
(3) Center St. Utility Relocation on Hwy 75	493,472	-	-	-
(3) WWTP Fine Screen Rehab	41,506	-	42,000	-
(3) BNSF move utilities	136,560	-	-	-
(3) Improve system lines to address water quality	-	50,000	25,000	-
(3) Upgrade High Country Estates water system	-	60,000	60,000	-
(3) Abandon old wells/pumps at High Country and Preston Club	-	70,000	70,000	-
(3) Re-route Center Street sewer line	-	80,000	80,000	-
(3) Loop Lamberth Road water line	-	135,000	135,000	-
(3) WTP Flow Meter Improvement	-	100,000	100,000	-
(3) Fairview 6" water line	-	150,000	150,000	-
(3) Implement SSO initiatives	-	150,000	75,000	-
(3) WTP Facilities Improvement	-	150,000	75,000	-
(3) Brine Line Phase II Engineering (City Funds)	-	-	70,000	-
(3) Abandon GST & pump station - High Country & Preston Club	-	-	-	50,000
(3) Upgrade water system at High Country	-	-	-	60,000
(3) Yearly Stream Bank Stabilization	-	-	-	100,000
(3) WWTP Headworks Pump	-	-	-	145,000
(3) Utility oversizing/annual replacements	-	150,000	75,000	200,000
GTUA Funding	-	(17,563,000)	(5,959,118)	(11,943,000)
Total Expenditures	2,168,929	1,295,000	1,369,000	6,055,000
Excess Revenues over Expenditures	(953,102)	(695,000)	(1,357,000)	(543,000)
Ending Fund Balance	\$ 1,925,541	\$ 34,610	\$ 568,541	\$ 25,541
(1) GTUA Funding				11,943,000.00
(2) Grant Funded				5,500,000
(3) Utility Fund				555,000
Total Projects FY2022				17,998,000

Equipment Purchases by Fund

Fund Name	Dept Name	Rollup	Amount
General			
	Cemetery		
		7 X 14 DPX 140 Dump Trailer	8,500
		Trailer for Excavator	6,210
		Zero Turn Mower	10,450
	Cemetery Total		25,160
	Fire		
		Fire Extinguisher Training Prop	6,200
		Go Devil Boat (requested In Grant)	15,000
		Portable Floating Pumps (emergency rescue)	10,500
		PPE Dryers	30,000
		RIT Packs	39,850
		Styker Power-pro Cot	21,760
		Swift Water Boat (requested In Grant)	14,000
		Zoll Monitor and Accessories	40,000
	Fire Total		177,310
	Parks		
		Paddleport	30,000
	Parks Total		30,000
	Parks Maintenance		
		(2) Utility Trailer	10,000
		(2) Zero Turn Mower	19,990
		Lift	10,000
	Parks Maintenance Total		39,990
	Public Safety Support		
		Virtual Server (replacement)	15,000
	Public Safety Support Total		15,000
	Streets		
		PCMT 8000 Conflict Monitor Tester	10,200
	Streets Total		10,200
	Swimming Pool		
		Backup pump	7,000
	Swimming Pool Total		7,000
General Total			304,660

Equipment Purchases by Fund

(continued)

Fund Name	Dept Name	Rollup	Amount
Police Pride			
	Police Pride		
		Replacement K-9	18,000
	Police Pride Total		18,000
Police Pride Total			
Hotel-Motel Tax			
	Auditorium		
		Equipment	5,000
	Auditorium Total		5,000
Hotel-Motel Tax Total			
Drug Enforcement			
	Drug Enforcement		
		BATT-X Armored Vehicle	180,000
	Drug Enforcement Total		180,000
Drug Enforcement Total			
Utility			
	Distribution		
		20' Bumper Pull Trailer	7,500
		6 Yrd Dump Truck	92,040
		Crew Truck (replace Valve Truck)	52,075
		Mini Excavator	60,870
		Pump #2 Fairview GST	30,000
		Sewer Camera	66,789
		Shoring Box (Steel) For Big Jobs 12x12	22,392
		Shoring Box Aluminum 6x8	47,190
		Skid Steer	65,529
		Valve Maintenance Trailer	68,777
	Distribution Total		513,161
	Laboratory		
		Replacement Refrigerator	7,750
	Laboratory Total		7,750
	Treatment		
		Teledyne 5800 Refrigerated Sampler	14,300
	Treatment Total		14,300
	Water Production		
		UF/RO backup air compressor	8,785
		Zero Turn Mower	12,500
	Water Production Total		21,285
Utility Total			
			556,496

Equipment Purchases by Fund

(continued)

Fund Name	Dept Name	Rollup	Amount
IT			
	IT		
		Enterprise Camera System - Cameras	42,000
		Enterprise Camera System - Software	15,000
		M-file email api	6,000
		Replace 2 Virtual Hosts	30,000
		SQL Server Licenses	28,575
	IT Total		121,575
IT Total			121,575
Equipment Service Center			
	ESC		
		Shop compressor	15,000
	ESC Total		15,000
Equipment Service Center Total			15,000
Solid Waste			
	CSW		
		Replace CSW software	83,729
	CSW Total		83,729
	RSW		
		Residential Automated Side Load	365,571
		Residential Bulk And Brush Truck	189,326
	RSW Total		554,897
Solid Waste Total			638,626

Fleet Purchases by Fund

Fund Name	Dept Name	Rollup	Amount
Fleet Replacement			
	Building Maintenance		
		F250 Utility Truck	37,275
	Building Maintenance Total		37,275
	Cemetery		
		5500 Crew Cab with Dump Bed	70,000
	Cemetery Total		70,000
	Emergency Management		
		Ford F-150 Equiped	54,917
	Emergency Management Total		54,917
	Engineering		
		(2) Inspector Trucks	66,000
	Engineering Total		66,000
	Fire		
		Ambulance	308,856
		Ford F-150 Equipped (Fire)	69,917
	Fire Total		378,773
	Parks Maintenance		
		(2) 2500 Dodge Ram	78,784
		Ballfield Big Mower	50,495
		Kubota Utility Tractor	24,400
	Parks Maintenance Total		153,679
	Police		
		(4) Police Tahoe equipped	216,512
		BATT-X Armored vehicle - partial funded	63,500
		Ford F150 equipped (Police)	68,696
		Harley Electra Glide	35,000
	Police Total		383,708
	Streets		
		3/4 Ton Ext Cab Utility Bed P/U	40,000
		Front End Loader	250,000
	Streets Total		290,000
Fleet Replacement Total			1,434,352

Other Capital Purchases

Fund Name	Dept Name	Rollup	Amount
Capital Improvement			
	Police		
		WatchGuard Video Evidence Solution	100,790
	Police Total		100,790
	Public Safety Support		
		Call Recording Replacement	70,000
	Public Safety Support Total		70,000
	Streets		
		Latex Printer For Sign Shop	38,000
		Wanco Message Boards	37,000
	Streets Total		75,000
Capital Improvement Total			245,790
Grand Total			\$ 3,519,499

American Rescue Plan Act (ARPA)

	Total	FY2022	FY2023
Heritage Ranch Lift Station	\$ 1.0	\$ 1.0	\$ -
Bel Air Blvd Ph I Utilities	0.3	0.3	-
Bel Air 20" water line (Legacy surface) Ph I	0.4	0.4	-
Bel Air 20" water line (Legacy surface) Ph II & III	2.5	1.5	1.0
Texoma Pump Station Backup Generator	0.9	0.9	-
WTP Backup Generator Construction	1.0	1.0	-
Shepherd W&S, Stormwater	0.4	0.4	-
Storm drainage under Blanton Dr	0.3	0.3	-
Line Replacements	2.4	-	2.4
	\$ 9.1	\$ 5.8	\$ 3.4

COUNCIL DIRECTION



Work plan Summary for FY2022

- Compensation/Staffing
 - 2 + 2 cost of living (or 2 + 3)
 - Market adjustments, as needed
 - HSA contribution
 - Staffing as presented
- Facilities/CIP
 - Police Facilities – begin construction
 - Various General and Utility CIP projects
- Planning & Operations
 - Utility rate proposed adjustment + multi-year adoption?
 - Comp Master Plan update
 - Downtown plan + projects in FY22?
 - Rec facility planning

Work plan Summary for FY2022

(continued)

- Planning and Operations
 - Increased **street materials** budget?
 - Fleet and equipment purchases?
 - Tax note financing for various equipment/projects?
 - **Environmental Code** continue as-is?
 - Additional **street rebuild projects** with CO \$\$?

FY2022 Budget - Rates

- General Fund
 - No change in tax rate
- Utility Fund
 - 6% Rate adjustment for FY22, or level rate adjustment??
- Solid Waste Fund
 - No change in SW rates

Calendar

May 27, 2021

CIP Work Session

June 17-18, 2021

Budget Workshop

August 2, 2021

Draft Budget to Council

Tax rates to Council

August 16, 2021

PH & Budget Ordinance Adopted

PH & Tax Rate Adopted

Small Funds and Miscellaneous



City of Sherman

STREET REVOLVING FUND

2021-2022 Annual Budget

	Actual 2019-2020		Projected 2020-2021		Requested 2021-2022	
Beginning Fund Balance	\$	450,004	\$	460,084	\$	462,284
Revenues						
Sales & Service		-		-		-
Interest Income		10,080		2,200		2,200
Total Revenues		10,080		2,200		2,200
Total Funds Available		460,084		462,284		464,484
Expenditures						
Capital Expenses		-		-		200,000
		-		-		200,000
Ending Fund Balance	\$	460,084	\$	462,284	\$	264,484

City of Sherman

TIRZ #3 CONSTRUCTION FUND

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 57,327	\$ 33,826	\$ 15,304
Revenues			
Property Tax	178,207	181,278	191,788
Interest Income	404	200	200
Total Revenues	178,611	181,478	191,988
Total Funds Available	235,938	215,304	207,292
Expenditures			
Capital Expenses	2,112	200,000	190,000
Transfers Out	200,000	-	-
Total Expenditures	202,112	200,000	190,000
Excess Revenues over Expenditures	(23,501)	(18,522)	1,988
Ending Fund Balance	\$ 33,826	\$ 15,304	\$ 17,292

City of Sherman

REGIONAL DETENTION FUND

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 319,237	\$ 381,359	\$ 382,559
Revenues			
Sales & Service	56,041	-	20,000
Interest Income	6,081	1,200	1,200
Total Revenues	62,122	1,200	21,200
Total Funds Available	381,359	382,559	403,759
Expenditures			
Capital Expenses	-	-	350,000
Total Expenditures	-	-	350,000
Excess Revenues over Expenditures	62,122	1,200	(328,800)
Ending Fund Balance	\$ 381,359	\$ 382,559	\$ 53,759

City of Sherman

TIRZ #5 CONSTRUCTION FUND

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 778,601	\$ 611,156	\$ 458,685
Revenues			
Property Tax	52,666	67,359	88,053
Intergovernmental	53,481	64,970	75,912
Interest Income	12,342	4,200	4,200
Total Revenues	118,489	136,529	168,165
Total Funds Available	897,090	747,685	626,850
Expenditures			
Capital Expenses	-	-	325,000
Transfers Out	285,934	289,000	289,000
Total Expenditures	285,934	289,000	614,000
Excess Revenues over Expenditures	(167,445)	(152,471)	(445,835)
Ending Fund Balance	\$ 611,156	\$ 458,685	\$ 12,850

City of Sherman

TIRZ #6 CONSTRUCTION FUND

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 1,363,454	\$ 1,202,906	\$ 1,031,907
Revenues			
Property Tax	21,987	26,164	31,284
Intergovernmental	23,458	25,237	26,097
Interest Income	17,525	3,600	3,600
Total Revenues	62,969	55,001	60,981
Total Funds Available	1,426,423	1,257,907	1,092,888
Expenditures			
Capital Expenses	-	-	800,000
Transfers Out	223,517	226,000	226,000
Total Expenditures	223,517	226,000	1,026,000
Excess Revenues over Expenditures	(160,548)	(170,999)	(965,019)
Ending Fund Balance	\$ 1,202,906	\$ 1,031,907	\$ 66,888

City of Sherman

TIRZ #7 CONSTRUCTION FUND

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 104,614	\$ (10,347)	\$ (91,508)
Revenues			
Property Tax	21,589	49,217	51,130
Intergovernmental	23,033	47,472	48,843
Interest Income	1,473	150	150
Transfers In	132,000	-	-
Total Revenues	178,095	96,839	100,123
Total Funds Available	282,709	86,492	8,615
Expenditures			
Capital Expenses	133,856	-	-
Transfers Out	159,200	178,000	178,000
Total Expenditures	293,056	178,000	178,000
Excess Revenues over Expenditures	(114,961)	(81,161)	(77,877)
Ending Fund Balance	\$ (10,347)	\$ (91,508)	\$ (169,385)

City of Sherman
ROADWAY IMPACT FEES ZONE #1
2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	-	-	-
Revenues			
Interest Income	-	-	-
Sales & Service	-	-	200,000
Total Revenues	-	-	200,000
Total Funds Available	-	-	200,000
Expenditures			
Capital Expenses	-	-	100,000
Transfers Out	-	-	-
Total Expenditures	-	-	100,000
Excess Revenues over Expenditures	-	-	100,000
Ending Fund Balance	-	-	100,000

City of Sherman

ROADWAY IMPACT FEES ZONE #2

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	-	-	-
Revenues			
Interest Income	-	-	-
Sales & Service	-	-	190,000
Total Revenues	-	-	190,000
Total Funds Available	-	-	190,000
Expenditures			
Capital Expenses	-	-	80,000
Transfers Out	-	-	-
Total Expenditures	-	-	80,000
Excess Revenues over Expenditures	-	-	110,000
Ending Fund Balance	-	-	110,000

City of Sherman
ROADWAY IMPACT FEES ZONE #3
2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	-	-	-
Revenues			
Interest Income	-	-	-
Sales & Service	-	-	-
Total Revenues	-	-	-
Total Funds Available	-	-	-
Expenditures			
Capital Expenses	-	-	-
Transfers Out	-	-	-
Total Expenditures	-	-	-
Excess Revenues over Expenditures	-	-	-
Ending Fund Balance	-	-	-

City of Sherman
ROADWAY IMPACT FEES ZONE #4
2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	-	-	-
Revenues			
Interest Income	-	-	-
Sales & Service	-	-	350,000
Total Revenues	-	-	350,000
Total Funds Available	-	-	350,000
Expenditures			
Capital Expenses	-	-	-
Transfers Out	-	-	300,000
Total Expenditures	-	-	300,000
Excess Revenues over Expenditures	-	-	50,000
Ending Fund Balance	-	-	50,000

City of Sherman
UTILITY IMPACT FEES
2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	-	-	-
Revenues			
Interest Income	-	-	-
Sales & Service	-	-	1,110,000
Total Revenues	-	-	1,110,000
Total Funds Available	-	-	1,110,000
Expenditures			
Capital Expenses	-	-	-
Transfers Out	-	-	825,000
Total Expenditures	-	-	825,000
Excess Revenues over Expenditures	-	-	285,000
Ending Fund Balance	-	-	285,000

City of Sherman
DEBT SERVICE FUND
2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 410,142	\$ 305,284	\$ 304,625
Revenues			
Property Tax	4,371,000	4,739,000	6,455,000
Sales Tax	269,440	-	-
Transfers In	1,290,245	1,070,490	1,069,000
Interest Income	2,577	-	-
Miscellaneous Revenue	505	-	-
Total Revenues	5,933,767	5,809,490	7,524,000
Total Funds Available	6,343,909	6,114,774	7,828,625
Expenditures			
Debt Service	5,909,837	5,804,149	7,516,297
Services & Charges	4,500	6,000	7,000
Transfers Out	124,287	-	-
Total Expenditures	6,038,625	5,810,149	7,523,297
Excess Revenues over Expenditures	(104,858)	(659)	703
Ending Fund Balance	\$ 305,284	\$ 304,625	\$ 305,328

City of Sherman

TIRZ #1 DEBT SERVICE FUND

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 354,944	\$ 363,841	\$ 375,536
Revenues			
Property Tax	314,354	324,998	400,675
Interest Income	8,199	1,000	1,000
Total Revenues	322,553	325,998	401,675
Total Funds Available	677,497	689,839	777,211
Expenditures			
Debt Service	313,456	313,553	321,414
Services & Charges	200	750	200
Total Expenditures	313,656	314,303	321,614
Excess Revenues over Expenditures	8,897	11,695	80,061
Ending Fund Balance	\$ 363,841	\$ 375,536	\$ 455,597

City of Sherman

STORMWATER FUND

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 1,912,477	\$ 1,722,589	\$ 36,570
Revenues			
Sales & Service	444,681	448,000	452,000
Grant Revenue	-	-	250,000
Interest Income	17,814	1,500	1,500
Total Revenues	462,495	449,500	703,500
Total Funds Available	2,374,972	2,172,089	740,070
Expenditures			
Personnel	74,286	101,710	102,860
Supplies	4,057	7,809	4,109
Repair & Maintenance	42,554	53,000	51,500
Information Technology	993	2,500	3,080
Services & Charges	1,860	1,500	3,540
Capital Expenses	113,751	1,700,000	250,000
Transfers Out	261,582	269,000	269,000
Fleet Services & Charges	153,300	-	-
Total Expenditures	652,383	2,135,519	684,089
Excess Revenues over Expenditures	(189,888)	(1,686,019)	19,411
Ending Fund Balance	\$ 1,722,589	\$ 36,570	\$ 55,981

City of Sherman

EMERGENCY 9-1-1 FUND

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 272,458	\$ 322,985	\$ 211,323
Revenues			
Sales & Service	296,281	295,000	294,000
Interest Income	4,899	1,000	1,000
Total Revenues	301,181	296,000	295,000
Total Funds Available	573,639	618,985	506,323
Expenditures			
Personnel	108,231	108,530	108,250
Supplies	2,250	-	-
Repair & Maintenance	-	-	-
Services & Charges	119,534	170,465	180,673
Capital Expenses	20,640	128,666	-
Total Expenditures	250,654	407,661	288,923
Excess Revenues over Expenditures	50,526	(111,661)	6,077
Ending Fund Balance	\$ 322,985	\$ 211,323	\$ 217,400

City of Sherman

COURT SECURITY & TECHNOLOGY FUND

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 50,963	\$ 58,265	\$ 61,195
Revenues			
Fines & Penalties	30,897	29,200	32,250
Interest Income	891	100	100
Total Revenues	31,788	29,300	32,350
Total Funds Available	82,751	87,565	93,545
Expenditures			
Supplies	290	550	5,000
Repair & Maintenance	22,324	23,820	1,116
Services & Charges	1,873	2,000	3,700
Capital Expenses	-	-	5,000
Total Expenditures	24,486	26,370	14,816
Excess Revenues over Expenditures	7,301	2,930	17,534
Ending Fund Balance	\$ 58,265	\$ 61,195	\$ 78,729

City of Sherman

PARKS PRIDE FUND

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 17,533	\$ 19,813	\$ 30,863
Revenues			
Miscellaneous Revenue	31,137	21,000	11,000
Interest Income	452	50	100
Total Revenues	31,589	21,050	11,100
Total Funds Available	49,122	40,863	41,963
Expenditures			
Services & Charges	29,309	10,000	40,000
Capital Expenses	-	16,500	-
Total Expenditures	29,309	26,500	40,000
Excess Revenues over Expenditures	2,280	(5,450)	(28,900)
Ending Fund Balance	\$ 19,813	\$ 30,863	\$ 1,963

City of Sherman

POLICE PRIDE FUND

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 15,114	\$ 8,038	\$ 16,588
Revenues			
Miscellaneous Revenue	10,064	11,000	11,000
Interest Income	295	50	50
Total Revenues	10,359	11,050	11,050
Total Funds Available	25,473	19,088	27,638
Expenditures			
Supplies	-	-	-
Services & Charges	7,435	2,500	5,000
Capital Expenses	10,000	-	18,000
Total Expenditures	17,435	2,500	23,000
Excess Revenues over Expenditures	(7,075)	8,550	(11,950)
Ending Fund Balance	\$ 8,038	\$ 16,588	\$ 4,638

City of Sherman

DONATIONS FUND

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 6,424	\$ 5,687	\$ 6,737
Revenues			
Miscellaneous Revenue	10,120	11,000	11,000
Interest Income	137	50	50
Total Revenues	10,257	11,050	11,050
Total Funds Available	16,681	16,737	17,787
Expenditures			
Supplies	10,994	10,000	15,000
Excess Revenues over Expenditures	(737)	1,050	(3,950)
Ending Fund Balance	\$ 5,687	\$ 6,737	\$ 2,787

City of Sherman
HOTEL/MOTEL TAX FUND
2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ (28,643)	\$ (66,190)	\$ (47,376)
Revenues			
Hotel-Motel Taxes	500,209	556,000	569,000
Fines & Penalties	60	-	-
Miscellaneous Revenue	90	25	-
Interest Income	27	-	-
Sales & Service	41,190	35,000	40,000
Rentals	16,395	20,000	20,000
Transfers In	100,000	210,000	260,000
Total Revenues	657,971	821,025	889,000
Total Funds Available	629,328	754,835	841,624
Expenditures			
Personnel	193,006	195,810	196,430
Supplies	13,845	24,550	22,400
Repair & Maintenance	56,623	30,500	33,500
Utilities	25,044	35,050	29,210
Information Technology	2,978	3,740	13,840
Services & Charges	359,681	404,071	427,500
Capital Expenses	8,618	-	5,000
Transfers Out	35,725	108,490	107,000
Total Expenditures	695,518	802,211	834,880
Excess Revenues over Expenditures	(37,547)	18,814	54,120
Ending Fund Balance	\$ (66,190)	\$ (47,376)	\$ 6,744

City of Sherman
DRUG ENFORCEMENT FUND
2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 206,135	\$ 205,702	\$ 196,024
Revenues			
Fines & Penalties	10,326	25,000	200,000
Interest Income	2,294	600	1,000
Total Revenues	12,620	25,600	201,000
Total Funds Available	218,755	231,302	397,024
Expenditures			
Supplies	2,704	25,000	86,200
Repair & Maintenance	-	-	27,000
Services & Charges	10,349	10,278	5,000
Capital Expenses	-	-	-
Fleet Services & Charges	-	-	180,000
Total Expenditures	13,053	35,278	298,200
Excess Revenues over Expenditures	(433)	(9,678)	(97,200)
Ending Fund Balance	\$ 205,702	\$ 196,024	\$ 98,824

City of Sherman
MUNICIPAL AIRPORT FUND
2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 227,152	\$ 153,381	\$ 86,387
Revenues			
Interest Income	2,905	500	200
Rentals	51,666	50,000	55,000
Sales & Service	352,232	380,000	380,000
Grant Revenue	-	50,000	50,000
Miscellaneous Revenue	-	-	-
Total Revenues	406,803	480,500	485,200
Total Funds Available	633,955	633,881	- 571,587
Expenditures			
Supplies	317,572	325,266	326,250
Repair & Maintenance	18,063	10,344	8,995
Services & Charges	124,517	97,825	103,980
Utilities	9,461	14,060	9,820
Vehicle Usage	-	-	-
Capital Expenses	10,960	100,000	100,000
Total Expenditures	480,574	547,495	549,045
Excess Revenues over Expenditures	(73,771)	(66,995)	(63,845)
Ending Fund Balance	\$ 153,381	\$ 86,387	\$ 22,542

City of Sherman
EMPLOYEE INSURANCE FUND
2021-2022 Annual Budget

	Actual 2019-2020	Budget 2020-2021	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 691,865	\$ 256,261	\$ 122,163	\$ 374,093
Revenues				
Employer Contributions	4,973,253	4,812,048	4,375,430	4,294,170
Employee Contributions	972,932	972,000	957,000	960,000
Retiree Contributions	208,485	213,000	211,000	211,000
COBRA Contributions	-	-	500	-
Miscellaneous Revenue	675	-	-	-
Interest Income	15,289	5,000	-	-
Total Revenues	6,170,634	6,002,048	5,543,930	5,465,170
Total Funds Available	6,862,499	6,258,309	5,666,093	5,839,263
Expenditures				
Health Insurance Claims	4,098,917	4,800,000	4,200,000	4,300,000
Administration & Premiums	1,048,836	1,040,000	1,050,000	1,125,000
Life Insurance Premiums	42,583	47,568	42,000	42,000
Transfers Out	1,550,000	-	-	-
Total Expenditures	6,740,336	5,887,568	5,292,000	5,467,000
Excess Revenues over Expenditures	(569,702)	114,480	251,930	(1,830)
Ending Fund Balance	\$ 122,163	\$ 370,741	\$ 374,093	\$ 372,263

City of Sherman
INFORMATION TECHNOLOGY FUND
2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 105,193	\$ 83,917	\$ 80,559
Revenues			
Technology Services:			
General Fund	615,427	838,530	1,036,260
Stormwater	993	2,500	3,080
Tourism	2,978	3,740	13,840
Equipment Services Fund	21,838	38,630	46,130
Utility Fund	182,643	238,060	292,190
Solid Waste Fund	44,668	67,290	86,110
Interest Income	1,208	-	-
Miscellaneous Revenue	797	-	-
Total Revenues	870,552	1,188,750	1,477,610
Total Funds Available	975,744	1,272,667	1,558,169
Expenditures			
Personnel	595,213	592,320	805,810
Supplies	21,146	62,147	63,086
Repair & Maintenance	145,893	171,695	162,818
Utilities	34,449	38,430	35,710
Services & Charges	69,027	105,827	288,614
Capital Expenses	26,099	221,689	121,575
Total Expenditures	891,827	1,192,108	1,477,613
Excess Revenues over Expenditures	(21,276)	(3,358)	(3)
Ending Fund Balance	\$ 83,917	\$ 80,559	\$ 80,557

City of Sherman

EQUIPMENT SERVICES FUND

2021-2022 Annual Budget

	Actual 2019-2020	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 61,223	\$ (10,508)	\$ 6,295
Revenues			
Internal Service Revenue	3,217,177	3,463,363	3,596,860
Interest Income	947	-	-
Miscellaneous Revenue	22,340	-	-
Total Revenues	3,240,465	3,463,363	3,596,860
Total Funds Available	3,301,687	3,452,855	3,603,155
Expenditures			
Personnel	963,314	996,120	1,088,710
Supplies	652,386	776,090	869,615
Repair & Maintenance	1,231,593	1,249,366	1,152,843
Utilities	13,589	16,180	14,840
Information Technology	21,838	38,630	46,130
Services & Charges	331,675	342,758	371,724
Capital Expenses	97,802	27,416	53,000
Vehicle Usage	-	-	-
Total Expenditures	3,312,195	3,446,560	3,596,862
Excess Revenues over Expenditures	(71,731)	16,803	(2)
Ending Fund Balance	\$ (10,508)	\$ 6,295	\$ 6,293

City of Sherman

FLEET REPLACEMENT FUND

2021-2022 Annual Budget

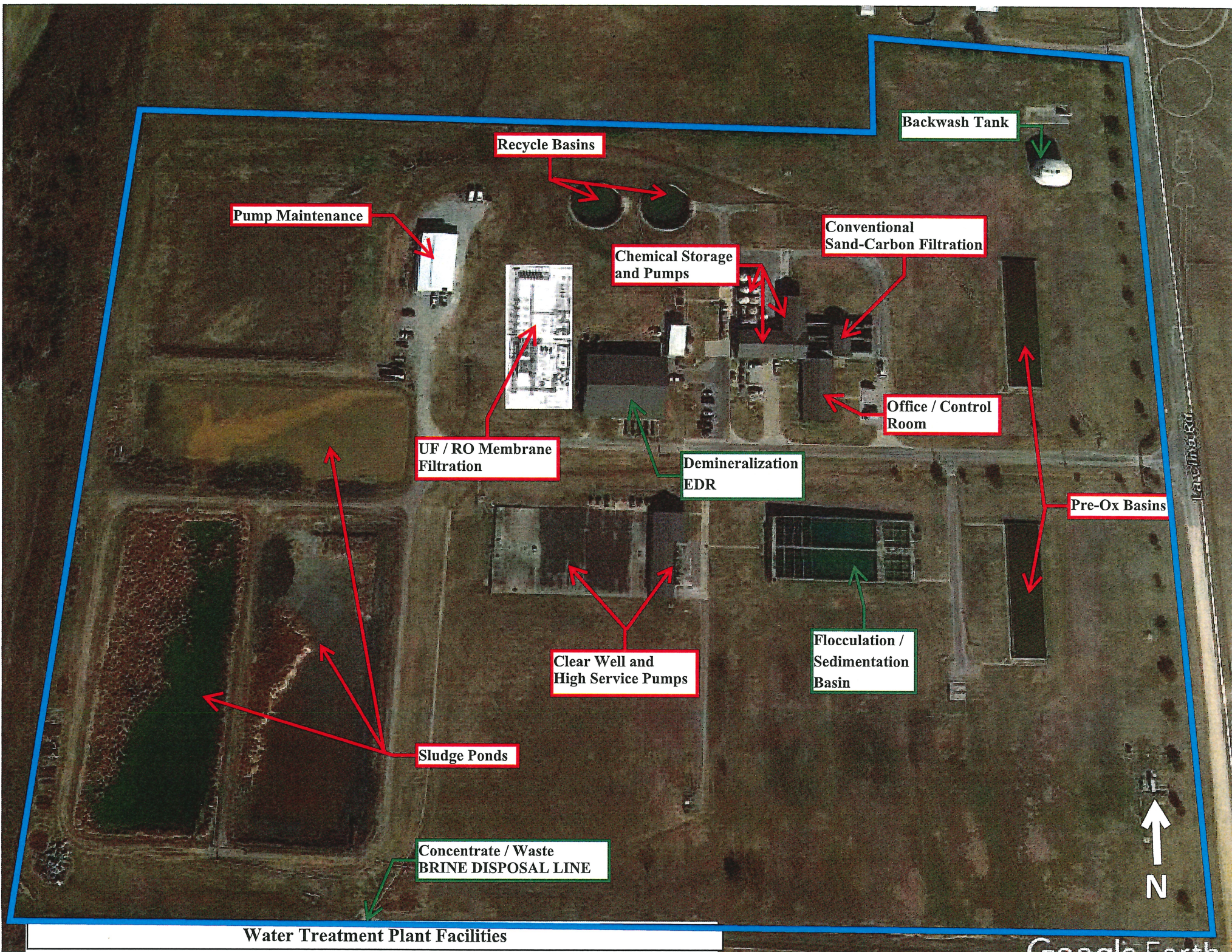
	Actual 2019-2020	Adjusted Budget 2020-2021	Projected 2020-2021	Requested 2021-2022
Beginning Fund Balance	\$ 204,806	\$ 53,999	\$ (74,393)	\$ 28,329
Revenues				
Fleet Replacement Revenue	2,207,036	1,612,036	1,734,261	1,865,386
Interest Income	2,993	5,000	200	200
Debt Proceeds	933,416	1,725,612	2,145,000	1,434,352
Miscellaneous Revenue	152,924	20,000	350,000	-
Total Revenues	3,296,370	3,362,648	4,229,461	3,299,938
Total Funds Available	3,501,176	3,416,647	4,155,068	3,328,267
Expenditures				
Debt Service	675,752	758,988	758,988	758,984
Capital Expenses	2,899,816	2,616,179	3,367,751	2,540,750
Total Expenditures	3,575,568	3,375,167	4,126,739	3,299,734
Excess Revenues over Expenditures	(279,199)	(12,519)	102,722	204
Ending Fund Balance	\$ (74,393)	\$ 41,480	\$ 28,329	\$ 28,533

Unfunded Requests – General Fund

Facilities Fleet	Fire	Training Facility at Station 4	\$ 2,000,000
	Cemetery	Scag Sprayer/Spreader	11,200
	Engineering	New Trucks for Inspectors	33,000
	Fire	FORD F-150 4X4	39,917
		Make Ready For Aerial Truck	60,000
		Make Ready For F-150	30,000
		Make Ready For Fire Engine	60,000
		Spartan Aerial Truck	1,475,000
		Spartan S-180 Fire Engine	555,000
		2500 Dodge Ram	39,392
		Scagg Sprayer/Spreader	11,200
Personnel	Parks Maintenance	2022 Chevy Tahoe	35,750
	Police	2022 Chevy Tahoe - added equipment	18,378
		Air Sweeper	301,500
	Streets	New-Neighborhood Serv Clerk	56,014
	Community Development	New-Division Chief	123,869
	Fire	New-Fire inspector/Incident Safety Officer	101,565
		New-Firefighter	74,666
		New - Admin Assistant for HR	56,896
	Human Resources	New - Risk Manager	103,563
	Parks	New Recreation Specialist	57,075
	Parks Maintenance	New- Horticulture Specialist	50,441
		New -Maintenance Worker Parks maintenance-Ballfields	50,441
	Police	New Community Relations Officer	77,171
	Streets	New-Traffic Operations Tech I	54,904
Grand Total			\$ 5,476,942

Transfers

		BUDGETED FY21/22	
<u>FUND</u>	<u>DETAILS</u>	<i>Expense</i> <i>TRANSFER FROM</i> <u>Debit</u>	<i>Revenue</i> <i>TRANSFER TO</i> <u>Credit</u>
100	From fund 700 5% franchise, admin cost		\$ 2,426,000.00
	From fund 790, dept 243, 244		\$ 876,000.00
	From fund 790, CSW truck debt service		\$ 56,139.00
	To fund 222, capital projects	\$ 1,150,000.00	
	To fund 460, fund balance	\$ 260,000.00	
222	From fund 100, capital projects		\$ 1,150,000.00
	From fund 253, Bel Air Blvd, Shepherd Place		\$ 300,000.00
241	To fund 300, debt service	\$ 289,000.00	
242	To fund 300, debt service	\$ 226,000.00	
243	To fund 300, debt service	\$ 178,000.00	
253	To fund 222, Bel Air Blvd, Shepherd Place	\$ 300,000.00	
300	From fund 420, debt service		\$ 269,000.00
	From fund 241, debt service		\$ 289,000.00
	From fund 242, debt service		\$ 226,000.00
	From fund 243, debt service		\$ 178,000.00
	From fund 460, debt service		\$ 107,000.00
420	To fund 300, debt service	\$ 269,000.00	
460	To fund 300, debt service	\$ 107,000.00	
	From fund j200, fund balance		\$ 260,000.00
700	To fund 100 5% franchise, admin cost	\$ 2,426,000.00	
	From fund 790, admin cost		\$ 183,000.00
750	To fund 770, Bel Air, Heritage Rch, Shepherd	\$ 825,000.00	
770	From fund 750, BelAir, Heritage Rch, Shepherd		\$ 825,000.00
790	To fund 100 8% franchise, admin cost RSW	\$ 254,000.00	
790	To fund 100 8% franchise, admin cost CSW	\$ 622,000.00	
790	To fund 700 admin cost	\$ 183,000.00	
790	To fund 100, CSW truck debt service	\$ 56,139.00	
TOTALS		\$ 7,145,139.00	\$ 7,145,139.00



Pump Maintenance

Recycle Basins

Backwash Tank

Chemical Storage
and Pumps

Conventional
Sand-Carbon Filtration

Office / Control
Room

UF / RO Membrane
Filtration

Demineralization
EDR

Pre-Ox Basins

Clear Well and
High Service Pumps

Flocculation /
Sedimentation
Basin

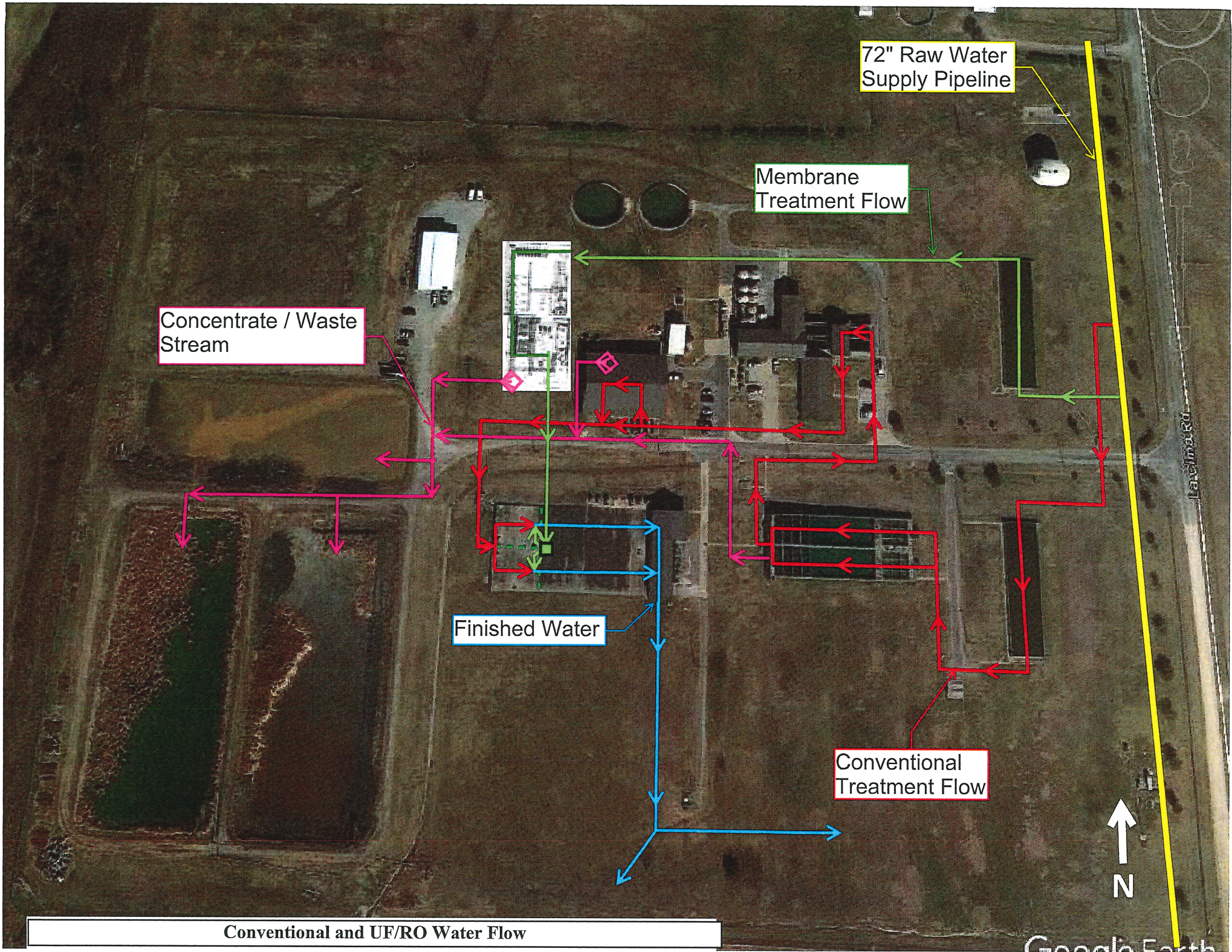
Sludge Ponds

Concentrate / Waste
BRINE DISPOSAL LINE

Water Treatment Plant Facilities



Google Earth



Concentrate / Waste Stream

72" Raw Water Supply Pipeline

Membrane Treatment Flow

Finished Water

Conventional Treatment Flow

Conventional and UF/RO Water Flow



City Council Regular Meeting

C. 1.

Meeting Date: 03/07/2022

Approved By: Robby Hefton, City Manager

Caption:

CONSENT AGENDA

Asterisked (*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately

Issue:

D. 3. * RESOLUTION NO. 6854

Abandoning One (1) Twenty Foot (20') Utility Easement Located in Lot 2 of Jackson Walker Addition, Instrument No. 2020-133, Plat Records, Grayson County, Texas, and Being More Particularly Described on the Exhibit "A" Attached Hereto and Made a Part Hereof for all Purposes, which Utility Easement is Established in Volume 8, Page 34 of the Plat Records of Grayson County, Texas

D. 4. * RESOLUTION NO. 6855

Awarding Bids to and Authorizing Execution of Contracts with Multiple Vendors for an Annual Supply of Chemicals for the Sherman Water Treatment Plant

D. 5. * RESOLUTION NO. 6856

Authorizing the Texas Housing Foundation to Exercise its Powers on Property Known as the Park Manor Senior Community, Located at 1725 S. FM Road 1417, Sherman, TX 75092, within the Territorial Boundaries of the City of Sherman, Texas and Authorizing a Cooperation Agreement.

D. 6. * RESOLUTION NO. 6857

Abandoning A Twenty Foot (20') Private Sanitary Sewer Easement Located Across Lots 1-4, Block 1, of Las Casitas to Grayson County, Texas, As Per Plat of Record in Volume 18, Page 122 and 122-A, Plat Records, Grayson County, Texas, and Being More Particularly Shown On The Exhibit "A" Attached Hereto And Made A Part Hereof For All Purposes

E. 1. * REQUEST TO ADVERTISE

Martin Luther King Park Restroom Replacement Project

E. 2. * REQUEST TO ADVERTISE

Purchase of a Crew Cab Truck With Dump Bed for the Cemetery Department



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

D. 1.

Meeting Date: 03/07/2022

Prepared By: Robby Hefton, City Manager

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6852

Authorizing Execution of a Collateral Assignment of the Master Development Agreement by RCICD Heritage Ranch LLC, for the Benefit of First United Bank and Trust Company.

Issue:

Acknowledging, Consenting and Approval of a Collateral Assignment of the Master Development Agreement by RCICD Heritage Ranch LLC, for the Benefit of First United Bank and Trust Company.

Background:

In January 2021 (Ordinance No. 6354), the City Council approved to rezone the property generally located East of F.M. 1417 (Heritage Parkway) and North of U.S. Highway 82, as a Planned Development District. At the August 2, 2021 City Council meeting the Council approved Resolution 6760, which authorized a Master Development Agreement (MDA) between the City and TPJ Properties, LTD, for the construction of public facilities in the residential portion of the mixed-use planned Development known as Heritage Ranch, being an approximate 174-acre residential development along U.S. HWY 82 and between F.M. 1417 (Heritage Parkway) and Travis Street. At the February 21, 2022 meeting the City Council approved an assignment of TPJ's rights and obligations under the MDA to RCICD.

The new assignee, RCICD, now seeks to collaterally assign its entitlements to funds under the MDA to First United Bank and Trust Company, a bank the developer is using as a financing partner on the project. The MDA requires the developer to obtain Council approval for this collateral assignment.

Origination:

City Manager Robby Hefton

Financial Consideration:

There is no direct financial impact to the City of authorizing assignment of the MDA.

Staff Recommendation:

Staff recommends authorize approving the collateral assignment of the Heritage Ranch Residential MDA as described in the attached collateral assignment agreement

Alternatives:

As directed by City Council

Attachments

Resolution No. 6852

Collateral Assignment

Aerial Location Map

RESOLUTION NO. 6852

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A COLLATERAL ASSIGNMENT OF THE MASTER DEVELOPMENT AGREEMENT BY RCICD HERITAGE RANCH LLC, FOR THE BENEFIT OF FIRST UNITED BANK AND TRUST COMPANY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager be and is hereby authorized and directed, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to acknowledge, consent and approve a Collateral Assignment of the Master Development Agreement by RCICD Heritage Ranch LLC, for the Benefit of First United Bank and Trust Company, being an approximate 174-acre residential development along U.S. Hwy 82 and between F.M. 1417 (Heritage Parkway) and Travis Street in the City of Sherman, Texas, in accordance with all contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS.

PASSED AND APPROVED on this the 7th day of March, 2022.

CITY OF SHERMAN, TEXAS

BY: _____

ATTEST:

DAVID PLYLER, MAYOR

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

COLLATERAL ASSIGNMENT OF MASTER DEVELOPMENT AGREEMENT

THIS COLLATERAL ASSIGNMENT OF MASTER DEVELOPMENT AGREEMENT (this “Assignment”) is made as of February 28, 2022 (the “Effective Date”), by RCICD Heritage Ranch LLC, a Texas limited liability company (together with its successors and assigns, “Assignor”), for the benefit of First United Bank and Trust Company, an Oklahoma state bank (together with its successors and assigns, “Lender”).

RECITALS

A. Assignor, as assignee of TPJ Properties, Ltd., a Texas limited partnership, and the City of Sherman, Texas, a home-rule municipality of the State of Texas (the “City”), are parties to that certain Heritage Ranch Master Development Agreement effective as of October 5, 2021 (as such may be amended, restated, modified, supplemented, replaced or otherwise changed from time to time, the “Development Agreement”) concerning that certain real property owned by Assignor and situated in Grayson County, Texas, containing approximately 171.56 acres, as more particularly described on Exhibit “A” attached hereto and incorporated herein by reference (the “Land”, and together with all improvements now or hereafter situated hereon, the “Property”).

B. Lender has agreed to extend to Assignor a development loan in an aggregate amount of up to \$13,421,100.00 (as it may be renewed, extended, increased or decreased in amount or otherwise rearranged from time to time, the “Credit Facility”) for the purpose of, among other things, financing certain costs and expenses to be incurred by Assignor in connection with the first phase of the construction and development of a residential subdivision to be known as “Heritage Ranch”, an addition to the City of Sherman, Grayson County, Texas, to be located on the Land, with said first phase to include the development of two hundred forty-eight (248) platted, fully developed and buildable single-family residential lots on a portion of the Land containing approximately 50.901 acres and the construction of other related infrastructure improvements, amenities and common elements on the Land, including, without limitation, the Facilities (the “Project”).

C. The Credit Facility is or will be governed by a Development Loan Agreement dated as of the Effective Date by and between Lender and Assignor (as it may be amended, restated, modified, replaced or otherwise changed from time to time, the “Loan Agreement”). Additionally, the Credit Facility is or will be evidenced by a Promissory Note dated as of the Effective Date, executed by Assignor and made payable to the order of Lender in the stated principal amount of \$13,421,100.00 (as it may be amended, restated, modified, supplemented, renewed, extended, increased or decreased in amount, replaced or otherwise changed from time to time, the “Note”) and is or will be secured by, among other things, a Deed of Trust, Assignment of Leases and Rents, Security Agreement, Financing Statement and Fixture Filing dated as of the Effective Date, executed by Assignor, as grantor, for the benefit of Lender, covering, among other things, the Property, and recorded, or to be recorded, in the real property records of Grayson County, Texas (as it may be amended, restated, modified, supplemented, renewed, extended, replaced or otherwise changed from time to time, the “Deed of Trust”, together with the Loan Agreement, the Note and all other documents and instruments that evidence, secure, guaranty or otherwise govern the Credit Facility, the “Loan Documents”).

D. As a condition precedent to Lender extending the Credit Facility and advancing proceeds thereof to Assignor pursuant to the terms, covenants, and conditions of the Loan Documents, Lender has required that Assignor collaterally assign to Lender, as additional security for the Credit Facility, all of Assignor's rights, title and interests in, to and under the Development Agreement, as set forth more fully below, and Assignor has so agreed.

E. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Loan Agreement or the Development Agreement, as applicable.

AGREEMENT

NOW, THEREFORE, Assignor, for and in consideration of the matters described in the foregoing Recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby covenants and agrees for the benefit of Lender, and its successors, assigns, nominees and designees, as follows:

1. **Collateral Assignment.** Assignor hereby collaterally assigns, transfers, sets over and conveys unto Lender, its successors and assigns, all of Assignor's rights, title and interests in, to and under the Development Agreement (but none of Assignor's obligations under the Development Agreement) and all of Assignor's right, title and interest in and to any and all amounts payable directly to Assignor pursuant to or in connection with the Development Agreement, including, without limitation, (a) any and all rights of Assignor to receive reimbursements, receivables, payments, receipts, revenues, interest and income of any kind under the Development Agreement and/or in connection with or from the City or the TIRZ, and any and all rights of Assignor to receive or benefit from all or any portion of such amounts (all of the foregoing being hereinafter referred to collectively as the "**Proceeds**"), and (b) any and all rights and remedies which Assignor may have against the City, the TIRZ or any other party with respect to Assignor's rights to receive all or any portion of the Proceeds (collectively, the "**Collateral**").

2. **Purpose; Security Interest.** This Assignment is given to additionally secure Assignor's full, timely and unconditional payment of any and all indebtedness and liabilities of Assignor now or hereafter existing or arising, absolute or contingent, direct or indirect, secured or unsecured, due or to become due, with respect to the Loan Documents (collectively, the "**Indebtedness**") and the performance and discharge of all obligations under and with respect to the Loan Documents (collectively, the "**Obligations**"). This Assignment shall also constitute a security agreement with respect to the Collateral (including, without limitation, the Development Agreement and the Proceeds), and shall be, during the existence of the Loan Documents, a first and prior security interest under the Uniform Commercial Code of Texas as to the Collateral (including, without limitation, the Development Agreement and the Proceeds). In this regard, Assignor hereby grants unto Lender a first and prior security interest in and to the Collateral (including, without limitation, the Development Agreement and the Proceeds) to secure the full and timely payment and performance of the Indebtedness and Obligations. Assignor hereby agrees to execute and deliver to Lender, in form and substance satisfactory to Lender, such financing statements and such further assurances as Lender may, from time to time, reasonably consider necessary to create, perfect and preserve Lender's security interest herein granted, and Lender may cause such financing statements and assurances to be recorded and filed, at Assignor's sole cost and expense, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest. Lender is authorized to file any such financing statements without Assignor's signature thereon. This Assignment is being granted as security for the Credit Facility and constitutes a collateral assignment and not an absolute assignment of the Collateral.

3. **Representations and Covenants.** Assignor hereby represents, warrants and agrees to, with and for the benefit of Lender as follows:

a. Assignor is the owner of the Collateral, Assignor has the right, power and capacity to make this Assignment without the consent of any party (other than such consents as have been obtained and delivered to Lender on or prior to the date hereof), and, except as provided in the Development Agreement, no person, firm or corporation other than Assignor has or will have (i) any right, title or interest in, to or under the Development Agreement, or (ii) any right to receive the Proceeds or any part thereof;

b. Assignor will perform and discharge, timely and completely, all of Assignor's obligations and undertakings under the Development Agreement. Assignor will use all reasonable efforts to enforce or secure the performance of each and every obligation and undertaking of the City under the Development Agreement and will appear in and prosecute or defend any action or proceeding arising under, or in any manner connected with, the Development Agreement or the obligations and undertakings of the City thereunder;

c. Assignor will not (i) pledge, transfer, mortgage or otherwise encumber or assign any portion of the Proceeds or any of Assignor's rights under the Development Agreement, (ii) waive, excuse, condone or in any manner release or discharge performance of the City under the Development Agreement, (iii) disaffirm, cancel, terminate or consent to any surrender of the Development Agreement, or (iv) modify, extend or in any way alter the terms of the Development Agreement, , except to the extent specifically permitted by the Loan Agreement;

d. Assignor will promptly deliver to Lender, but in any event within five (5) days of Assignor's receipt thereof, any notice of default or any other material notice Assignor receives from the City under or in connection with the Development Agreement; and

e. Assignor represents and warrants that there are no existing defaults under the Development Agreement and Assignor has not performed any act or executed any instrument which might prevent Lender from operating under any of the terms and provisions hereof or which would limit Lender in such operation.

4. **Payments Directly to Lender.** All Proceeds and other amounts that are payable directly to Assignor under the Development Agreement shall be made payable to Assignor, but delivered directly to Lender at the following address:

RCICD Heritage Ranch LLC
c/o First United Bank and Trust Company
401 E. Taylor
Sherman, Texas 75090
Attn: Jeff Robison, Senior V.P.

Assignor hereby unconditionally and irrevocably authorizes and directs the City and the TIRZ, as applicable, to deliver all Proceeds and any other amounts payable to Assignor under the Development Agreement directly to Lender as set forth above or otherwise pursuant to the payment instructions provided by Lender to the City or the TIRZ from time to time. ASSIGNOR INDEMNIFIES AND HOLDS HARMLESS THE CITY AND THE TIRZ FROM AND AGAINST ANY AND ALL COSTS, EXPENSE, LIABILITY AND OTHER DAMAGES WHICH THE CITY OR THE TIRZ MAY INCUR OR SUSTAIN BY REASON OF ITS ADHERENCE TO THE PROVISIONS OF THIS ASSIGNMENT, INCLUDING, WITHOUT LIMITATION, THE REQUIREMENTS TO DELIVER PAYMENTS

DIRECTLY TO LENDER AS PROVIDED ABOVE. The City's and the TIRZ's obligation to deliver payments directly to Lender as provided in this Assignment shall continue until such time as Lender has executed a termination or release of this Assignment and filed a termination of any applicable UCC-1 Financing Statement relating to the Collateral, or until the City or the TIRZ, as applicable, has delivered all payments required to be made directly to Assignor under the Development Agreement, whichever occurs first.

5. **Trust.** In the event Assignor receives any Proceeds or other amounts payable directly to Assignor under the Development Agreement from the City of the TIRZ, whether inadvertently or otherwise, while this Assignment is in effect, Assignor agrees to and shall hold all such amounts in trust for the benefit of Lender for so long as such amounts remain in Assignor's possession, and Assignor shall immediately remit and endorse to Lender such Proceeds for Lender's use in accordance with Section 4 of this Assignment.

6. **Payment of Awards and Other Amounts.** Assignor also hereby assigns to Lender any award made hereafter to Assignor in any court proceeding involving the Development Agreement, in any bankruptcy, insolvency or reorganization proceeding in any state or federal court, and any and all payments made by the City or the TIRZ in lieu of payment of Proceeds, which amounts shall be applied by Lender as provided in Section 7 below.

7. **Application of Proceeds.** Upon Lender's receipt of any Proceeds or other amounts payable to Assignor under the Development Agreement, Lender shall apply such Proceeds to the Indebtedness owed under or in connection with the Note in accordance with the terms thereof.

8. **Default.** The term "Event of Default" as used herein shall mean the occurrence of any one of the following:

a. Assignor shall fail, refuse or neglect, or cause others to fail, refuse or neglect, to perform and discharge fully and timely any of the covenants and agreements of Assignor in this Assignment as and when called for and such failure, refusal or neglect continues for a period of more than thirty (30) days after written notice thereof shall have been given by Lender to Assignor; provided, however, an Event of Default shall not be deemed to have occurred hereunder if such default is of a nature that it cannot reasonably be cured during such thirty (30) day period and (i) Assignor has commenced reasonable efforts to cure such default within such thirty (30) day period, and (ii) diligently pursues such cure efforts to completion, which shall occur within sixty (60) days from the original notification; and provided further, however, that Lender shall not be obligated to provide, and Assignor shall not be entitled to receive, such notice and cure period more than three (3) times during any consecutive twelve (12) month period; or

b. Any statement, representation or warranty heretofore or hereafter made by Assignor in this Assignment is false, calculated to mislead, misleading, or erroneous in any material respect when made; or

c. The occurrence of an "Event of Default" (as such term is defined in each of the other respective Loan Documents) under any of the other Loan Documents.

9. **Remedies.** Assignor, upon the occurrence of an Event of Default, hereby authorizes Lender, at its option, to: (a) exercise any and all rights of Assignor under the Development Agreement, bring or defend any suits in connection with the Development Agreement, in Assignor's name or Lender's own name, and perform such other acts in connection with the Development Agreement as Lender, in its sole discretion, may deem proper; (b) unilaterally declare this Assignment to be an absolute

and unconditional assignment of the Collateral and all of Assignor's rights in, to and under the Development Agreement and in and to the Proceeds; or (c) exercise any and all other rights, remedies and recourses which Lender may have under the Loan Agreement, applicable law or in equity.

10. **Power of Attorney.** Upon an Event of Default, Assignor hereby constitutes and appoints the Lender its true and lawful attorney-in-fact, which appointment is hereby coupled with an interest and is therefore irrevocable, with full power of substitution, to (a) ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all amounts constituting the Proceeds, which may be due or become due or payable under the Development Agreement, (b) execute any and all requests and notices or other demands for the payment of all or any part of the Proceeds, (c) endorse the name of the Assignor on all commercial paper or other instruments given in payment of all or any part of the Proceeds, (d) appear in any action or court proceeding involving the Development Agreement or in any bankruptcy, insolvency or reorganization proceeding in any state or federal court, (e) in the discretion of Lender, give effect to and exercise the rights, remedies, options and privileges of Lender under this Assignment, including without limitation the rights to exercise any and all rights of Assignor under, and consummate in Assignor's name the transactions contemplated by, the Development Agreement, (f) in the discretion of the Lender, file any claim or take any other action or proceeding, either in its own name or in the name of the Assignor or otherwise, which Lender may deem necessary or appropriate to protect and preserve the rights, titles and interests of Lender hereunder or of Assignor under the Development Agreement, (g) cure any default of Assignor under the Development Agreement or take any other action as Lender may determine to be necessary or advisable to protect the rights of Assignor and Lender under the Development Agreement, and (h) without limiting the foregoing, Lender shall have and is hereby given full power and authority to transfer the Development Agreement into the name of Lender or its successor, assign, nominee or designee, without further notice or consent by Assignor, upon the acquisition of title in and to the Property by Lender or Lender's successor, assign, nominee or designee. Notwithstanding the foregoing, Lender shall have no obligation to exercise its rights pursuant to this Section at any time, and Lender's exercise of any such right shall not operate to cure or waive any Event of Default arising in connection therewith or to invalidate any notice of such Event of Default or action taken by Lender in connection therewith. LENDER SHALL INCUR NO LIABILITY IF ANY ACTION SO TAKEN BY IT OR ON ITS BEHALF SHALL PROVE TO BE INADEQUATE OR INVALID, AND ASSIGNOR AGREES TO HOLD LENDER FREE AND HARMLESS AGAINST AND FROM ANY LOSS, COST, LIABILITY OR EXPENSE (INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES) INCURRED IN CONNECTION WITH ANY SUCH ACTION, UNLESS SUCH ACTION CONSTITUTES THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LENDER.

11. **Receipt of Proceeds.** The receipt by Lender of any Proceeds pursuant to this Assignment shall not cure any Event of Default or affect any foreclosure proceedings instituted by Lender with respect to the Property or any sale pursuant thereto

12. **No Assumption; Indemnity; Duty.** Neither this Assignment nor any action by Lender hereunder shall constitute an assumption by Lender of any of Assignor's obligations under the Development Agreement, and Assignor shall continue to be liable for all obligations of Assignor thereunder, Assignor hereby expressly agreeing with Lender to perform all of its obligations under the Development Agreement. Further, Lender shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by Assignor under the Development Agreement. ASSIGNOR AGREES TO INDEMNIFY AND HOLD LENDER HARMLESS AGAINST AND FROM ANY LOSS, COST, LIABILITY OR EXPENSE (INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES) RESULTING FROM ANY FAILURE OF ASSIGNOR TO PERFORM ITS OBLIGATIONS UNDER THE DEVELOPMENT AGREEMENT OR OTHERWISE ARISING FROM THE DEVELOPMENT AGREEMENT OR FROM THIS ASSIGNMENT. This Assignment shall not

place responsibility for the control, care, management or repair of the Property upon Lender, or make Lender responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Property resulting in loss or damage or injury or death to any party; provided, however, the aforesaid indemnity shall not apply to any liability caused by Lender's gross negligence or willful misconduct occurring while Lender has actual physical possession of the Property, whether by virtue of the appointment of a receiver, upon foreclosure or otherwise.

13. **Lender.** As of the Effective Date, this Assignment shall not be deemed or construed to constitute Lender as mortgagee in possession of the Property or to obligate Lender to take any action hereunder, to incur expenses or to perform or discharge any obligation, duty or liability hereunder or under the Development Agreement. The term "Lender" as used herein shall include Lender and Lender's successors, assigns, nominees and designees.

14. **Further Assurances.** Until the Credit Facility and all Indebtedness shall have been paid in full and all Obligations shall have been fully performed and discharged, Assignor will from time to time execute and deliver unto Lender upon demand any and all writings that Lender may reasonably deem necessary or desirable to carry out the purpose and intent hereof, or to enable Lender to enforce any right or rights hereunder.

15. **Costs and Expenses.** Assignor shall reimburse Lender for all costs, fees, expenses and other expenditures paid or incurred by Lender (or any affiliate of Lender) to any third-person in connection with this Assignment and the Development Agreement, including the enforcement of this Assignment, or the protection or exercise of any right or remedy of Lender hereunder, whether at law or in equity, and including, but not limited to, (a) costs, fees, expenses and other expenditures incurred by Lender in connection with (i) the preparation and negotiation of this Assignment or (ii) any bankruptcy proceeding, receivership action or probate involving Assignor or otherwise involving, affecting or related to this Assignment, the Project or the Development Agreement, and (b) costs, expenses and reasonable attorneys' fees of counsel to Lender arising in connection with the preparation, negotiation, interpretation, administration, collection and enforcement of this Assignment or the protection of Lender's rights and remedies hereunder, any release of lien or security interest granted under or evidenced by this Assignment, any consent, approval or waiver hereunder, and any suit involving this Assignment, the Project or the Development Agreement. All costs, fees, expenses and other expenditures paid or incurred by Lender (or any affiliate of Lender) are due and payable by Assignor on demand or, if no demand is made, at the maturity of the Credit Facility. Upon payment or other incurrence by Lender, such fees, costs, expenses and other expenditures shall be added to the outstanding principal balance of the Credit Facility without further notice to Assignor and shall bear interest from the date of payment by Lender until paid by or for the account of Assignor in full at the highest interest rate then in effect as provided for under the terms of the Note, and the payment thereof shall be secured by the same collateral that secures the Credit Facility.

16. **Inconsistencies.** Any provision in the Loan Agreement that pertains to the subject matter of this Assignment shall be deemed to be incorporated herein by this reference as if fully set forth herein. In the event of any conflict between any terms or provisions of this Assignment and any terms or provisions of the Loan Agreement, the terms of this Assignment shall control; provided, however, that the absence of any provision in this Assignment that otherwise appears in the Loan Agreement or the absence of any provision in the Loan agreement that otherwise appears in this Assignment shall not, in and of itself, be deemed an inconsistency.

17. **Miscellaneous.**

a. *Actions by Lender.* The liens, security interests and other security rights of Lender hereunder shall not be impaired by (i) any renewal, extension, increase or modification with respect to the Indebtedness, (ii) any surrender, compromise, release, renewal, extension, exchange or substitution that Lender may grant with respect to the Account, or (iii) any release or indulgence granted to any endorser, guarantor or surety of the Indebtedness. The taking of additional security by Lender shall not release or impair the liens, security interests or other security rights of Lender hereunder or affect the obligations of Assignor hereunder.

b. *Amendment.* This Assignment may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, or modification is sought.

c. *Waiver by Lender.* Lender may waive any Event of Default without waiving any other prior or subsequent Event of Default. Lender may remedy any Event of Default without waiving the Event of Default remedied. Neither the failure by Lender to exercise, nor the delay by Lender in exercising, any right or remedy upon the occurrence of any Event of Default shall be construed as a waiver of such Event of Default or as a waiver of the right to exercise any such right or remedy at a later date. No single or partial exercise by Lender of any right or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof or of any other right or remedy, and every such right or remedy hereunder may be exercised at any time. No waiver of any provision hereof or consent to any departure by Assignor therefrom shall be effective unless the same shall be in writing and signed by Lender, and then such waiver or consent shall be effective only in the specific instances, for the purpose and to the extent therein specified. No notice to or demand on Assignor in any case shall of itself entitle Assignor to any other or further notice or demand in similar or other circumstances.

d. *No Obligation.* Nothing contained herein shall be construed as an obligation on the part of Lender to extend or continue to extend credit to Assignor.

e. *Governing Law; Submission to Jurisdiction.* This Assignment is executed and delivered as an incident to a lending transaction negotiated and consummated in Grayson County, Texas, and shall be governed by and construed in accordance with the laws of the State of Texas. Assignor, for itself and its successors and assigns, hereby irrevocably (a) submits to the nonexclusive jurisdiction of the state and federal courts in Texas, (b) waives, to the fullest extent permitted by law, any objection that it may now or in the future have to the laying of venue of any litigation arising out of or in connection with this Assignment or any Loan Document brought in any District Court sitting in Grayson County, Texas, or in the United States District Court for the Eastern District of Texas, Sherman Division, (c) waives any objection it may now or hereafter have as to the venue of any such action or proceeding brought in such court or that such court is an inconvenient forum, and (d) agrees that any legal proceeding against any party to any of the Loan Documents arising out of or in connection with any of the Loan Documents may be brought in one of the foregoing courts. Assignor hereby agrees that service of process upon Assignor may be made by certified or registered mail, return receipt requested, at its address specified in the Loan Agreement. Nothing herein shall diminish or otherwise affect the right of Lender to serve process in any other manner permitted by law or shall limit the right of Lender to bring any action or proceeding against Assignor or with respect to any of Assignor's property in courts in other jurisdictions. The scope of each of the foregoing agreements and waivers is intended to be all encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, Development Agreement claims, tort claims, breach of duty claims, and all other common law and statutory claims. Assignor acknowledges that these agreements and waivers are a material inducement to Lender's agreement to enter into the agreements and obligations evidenced by the Loan

Documents, that Lender has already relied on these agreements and waivers and will continue to rely on each of these waivers in related future dealings. The agreements and waivers in this Subsection are irrevocable, meaning that they may not be modified either orally or in writing, and these agreements and waivers apply to any future renewals, extensions, amendments, modifications, or replacements in respect of this Assignment.

f. *Cumulative Rights.* All rights and remedies of Lender hereunder are cumulative of each other and of every other right or remedy which Lender may otherwise have at law or in equity or under any instrument or agreement, and the exercise of one or more of such rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of any other rights or remedies.

g. *Severability.* If any provision of this Assignment or the application thereof to any person or circumstance shall, for any reason and to any extent, be held or declared by a court of competent jurisdiction to be invalid, unenforceable, illegal or ineffective, then neither the remainder of this Assignment nor the other instruments referred to herein shall be affected or impaired thereby, but rather shall be enforced to the greatest extent permitted by applicable law. Further this Assignment shall continue to be valid and shall be construed and enforced as if such invalid, unenforceable, illegal or ineffective provision, to the extent of such invalidity, unenforceability, illegality or ineffectiveness, had never been contained herein.

h. *Headings.* The Section and Subsection entitlements hereof are inserted for convenience of reference only and shall in no way alter, modify, define, limit, amplify or be used in construing the text, scope or intent of such Articles, Sections, or Subsections or any provisions hereof.

i. *Notices.* Unless otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing and mailed (via certified mail, return receipt requested) or delivered (via personal delivery or expedited delivery service, in each case with proof of delivery) (a) to the applicable address for notices set forth in the Loan Agreement, or (b) to such other address as shall be designated by such party in a notice to the other parties. All such notices and other communications shall be deemed to have been given or made upon the earliest to occur of (i) actual receipt by the intended recipient, (ii) when signed for or refused by the intended recipient, or (iii) if delivery is attempted and the intended recipient fails to act on said notice in order to retrieve same, the deadline for any such delivery to be retrieved by the intended recipient. Electronic mail and internet websites may be used only to distribute routine communications and to distribute Loan Documents for execution by the parties thereto, and may not be used for any other purpose.

j. *Binding Effect and Assignment.* This Assignment (i) creates a continuing security interest in the Development Agreement, (ii) shall be binding on Assignor and the heirs, executors, administrators, personal representatives, successors and assigns of Assignor, (iii) shall be binding on all parties who/that become bound as "Assignor" under this Assignment, and (iv) shall inure to the benefit of Lender and its successors, transferees and assigns. Without limiting the generality of the foregoing, Lender may pledge, assign or otherwise transfer its rights, title and interest in and to the Indebtedness and the repayment thereof and its rights under this Assignment and any of the other Loan Documents to any other party, without consent of or prior notice to Assignor. Assignor's rights and obligations hereunder may not be assigned or otherwise transferred without the prior written consent of Lender.

k. *Termination.* It is contemplated by the parties hereto that from time to time there may be no outstanding Indebtedness, but notwithstanding such occurrences, this Assignment shall remain valid and shall be in full force and effect as to subsequent outstanding Indebtedness. Upon (i) the satisfaction in full of the Indebtedness and performance in full of the Obligations, (ii) the termination or

expiration of any commitment of Lender to extend credit to Assignor, (iii) written request for the termination hereof delivered by Assignor to Lender, and (iv) written release or termination delivered by Lender to Assignor, this Assignment and the security interests created hereby shall terminate. Upon termination of this Assignment and Assignor's written request, Lender will, at Assignor's expense, execute and deliver to Assignor such documents as Assignor shall reasonably request to evidence such termination.

l. *Counterparts; Electronic Documents and Signatures.* This Assignment may be separately executed in any number of counterparts, each of which will be an original, but all of which, taken together, will be deemed to constitute one and the same instrument. For purposes of negotiating and finalizing this Assignment, if this document or any document executed in connection therewith is transmitted by facsimile machine, electronic mail or other electronic transmission, it will be treated for all purposes as an original document. Additionally, the signature of any party on this document transmitted by way of a facsimile machine, electronic mail or other electronic transmission will be considered for all purposes as an original signature. Any such faxed or electronically transmitted document will be considered to have the same binding legal effect as an original document. At the request of any party, any faxed or electronically transmitted document will be re-executed by each signatory party in an original form.

m. *Gender and Number.* Within this Assignment, words of any gender shall be held and construed to include the other gender, and words in the singular number shall be held and construed to include the plural and words in the plural number shall be held and construed to include the singular, unless in each instance the context requires otherwise.

n. *Imaging of Documents.* Assignor understands and agrees that Lender's document retention policy may involve the electronic imaging of executed Loan Documents (including, but not limited to, this Assignment) and the destruction of the paper originals, and Assignor waives any right that Assignor may have to claim that the imaged copies of the Loan Documents are not originals.

o. *Entire Agreement.* THIS ASSIGNMENT AND THE OTHER LOAN DOCUMENTS CONTAIN THE FINAL, ENTIRE AGREEMENT BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND ALL PRIOR AGREEMENTS, WHETHER WRITTEN OR ORAL, RELATIVE HERETO AND THERETO THAT ARE NOT CONTAINED HEREIN OR THEREIN ARE SUPERSEDED AND TERMINATED HEREBY, AND THIS NOTE AND THE OTHER LOAN DOCUMENTS MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES HERETO.

18. **Consent and Agreement by the City.** Pursuant to Section 11.1 of the Development Agreement, and as evidenced by the City's signature below, the City hereby consents to and approves Assignor's collateral assignment of the Collateral (including, without limitation, the Development Agreement and the Proceeds) to Lender as set forth herein, and the City agrees to comply with the instruction set forth in Section 4 above with regard to the payment of Proceeds. Further, the City agrees to provide a copy of any notice of default by Assignor under the Development Agreement to Lender, contemporaneously with the City's provision of any such notice to Assignee, at the following address:

First United Bank and Trust Company
401 E. Taylor
Sherman, Texas 75090
Attn: Jeff Robison, Senior V.P.

IN WITNESS WHEREOF, Assignor has caused this instrument to be executed as of the Effective Date.

ASSIGNOR:

RCICD HERITAGE RANCH LLC,
a Texas limited liability company

By: _____
Ryan Walker Griffin, Manager

By: _____
Tom Johnson, Manager

THE STATE OF TEXAS §
 §
COUNTY OF _____§

This instrument was acknowledged before me on the ____ day of February 2022, by Ryan Walker Griffin, in his capacity as Manager of RCICD Heritage Ranch LLC, a Texas limited liability company, for and on behalf of said limited liability company.

[Notary Stamp]

Notary Public in and for the State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF _____§

This instrument was acknowledged before me on the ____ day of February 2022, by Tom Johnson, in his capacity as Manager of RCICD Heritage Ranch LLC, a Texas limited liability company, for and on behalf of said limited liability company.

[Notary Stamp]

Notary Public in and for the State of Texas

[Consent of the City appears on the following page.]

(Assignor Signature Page)

ACKNOWLEDGED, CONSENTED TO AND APPROVED:

THE CITY OF SHERMAN, TEXAS

ATTEST:

By: _____
Name: _____
Title: _____

City Clerk

APPROVED AS TO FORM:

Attorney for the City of Sherman

[Acknowledgment of Lender appears on the following page.]

(City Signature Page)

ACKNOWLEDGED BY:

LENDER:

FIRST UNITED BANK AND TRUST COMPANY,
an Oklahoma state bank

By: _____
Jeff Robison, Senior Vice President

THE STATE OF TEXAS §
 §
COUNTY OF _____§

This instrument was acknowledged before me on the ____ day of February 2022, by Jeff Robison, in his capacity as Senior Vice President of First United Bank and Trust Company, an Oklahoma state bank, for and on behalf of said bank.

[Notary Stamp]

Notary Public in and for the State of Texas

(Lender Signature Page)

EXHIBIT "A"
TO
COLLATERAL ASSIGNMENT OF MASTER DEVELOPMENT AGREEMENT

Description of the Land

BEING a tract of land situated in the J. Jennings Survey, Abstract No. 657, and the U. Burns Survey, Abstract No. 121, City of Sherman, Grayson County, Texas, being all of Tract 1, conveyed to TPJ Properties, Ltd., by deed recorded in Volume 3203, Page 464 of the Deed Records, Grayson County, Texas (DRGCT), with the subject tract being more particularly described as follows:

BEGINNING at a concrete nail found in Canyon Grove Road, a public road, for the southwest corner of a tract conveyed to Zoe Life Outreach, Inc., recorded in Volume 5581, Page 396 DRGCT, for the southeast corner of Tract 1;

THENCE S 74°34'26" W, 1286.18 feet along said road to a MAG nail with a flasher found for the intersection of said road with the north line of U.S. Highway 82, a variable width public right-of-way;

THENCE along the north line thereof, the following:

N 03°25'22" W, 17.20 feet;

S 75°01'01" W, 778.89 feet to a concrete monument found;

Around a non-tangent curve to the right having a central angle of 04°45'50", a radius of 5579.68 feet, a chord of N 87°05'05" W - 463.79 feet, an arc length of 463.93 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

And N 84°42'10" W, 916.60 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE departing said right-of-way, the following:

N 06°19'24" W, 542.26 feet;

A tangent curve to the left having a central angle of 24°29'33", a radius of 790.00 feet, a chord of N 18°34'10" W - 335.14 feet, an arc length of 337.70 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

N 30°48'56" W, 654.89 feet;

And a tangent curve to the right having a central angle of 12°30'21", a radius of 851.00 feet, a chord of N 24°33'46" W - 185.38 feet, an arc length of 185.75 feet to a point in Plainview Road, a public road;

THENCE N 00°01'05" W, 1664.00 feet along Plainview Road to a 60d nail found for the southwest corner of a tract conveyed to Astoria Homes, LLC, recorded in Document No. 2020-30762, Official Public Records, Grayson County, Texas (OPRGCT);

(Exhibit "A" – i)

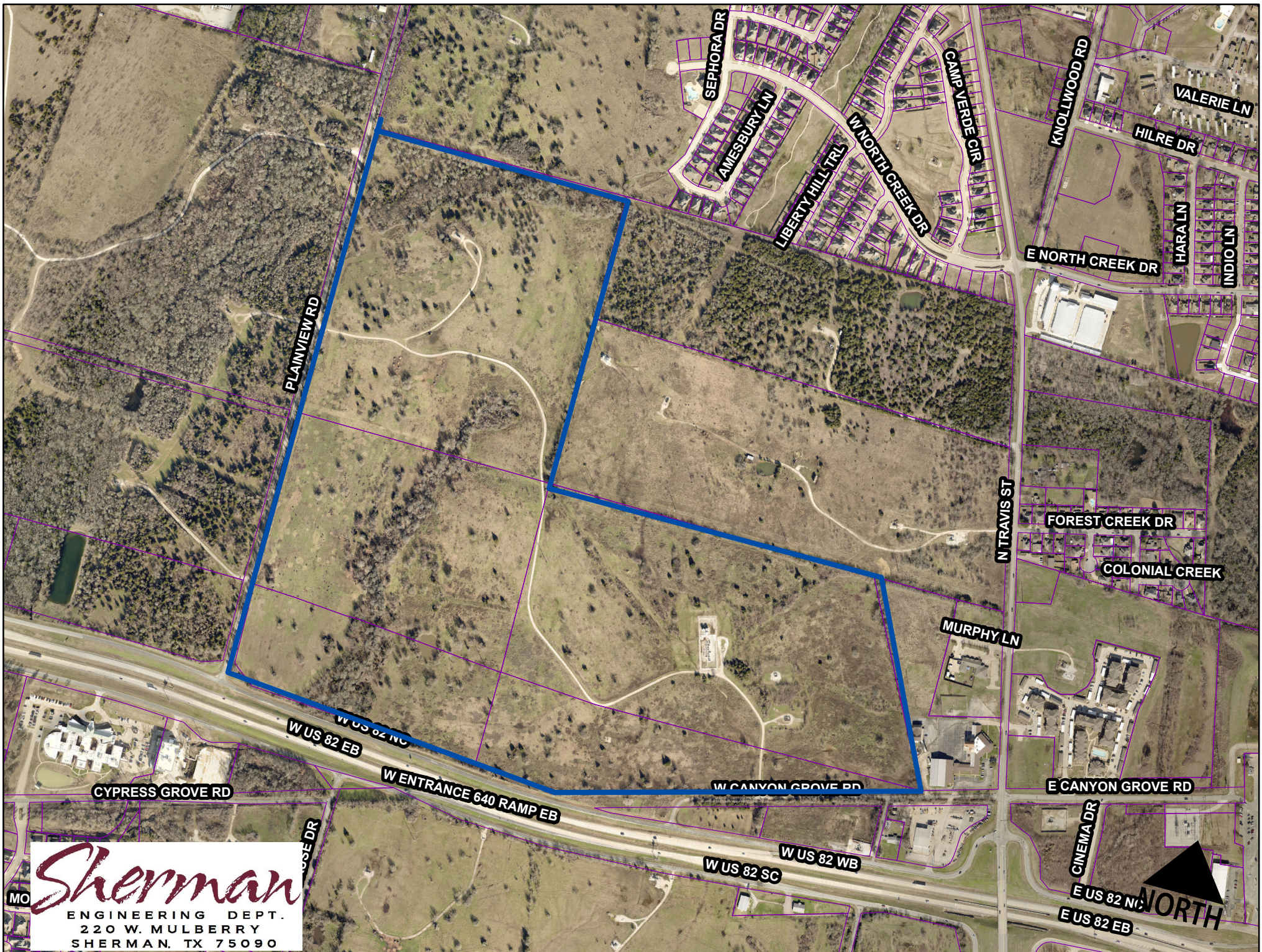
THENCE S 89°06'19" E, 1495.28 feet along the south line thereof to a point for the northwest corner of a tract conveyed to BMT Global, LLC, recorded in Document No. 2018-12534 OPRGCT, from which a 60d nail found bears S 10°07'33" E, 3.63 feet;

THENCE S 00°19'22" W, 1688.82 feet along the west line thereof, and of a tract conveyed to Melissa Smith Murray, recorded in Volume 4413, Page 186 DRGCT, to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set for the southwest corner thereof;

THENCE S 89°27'10" E, 1908.49 feet along the south line of said Murray tract to a 60d nail found for the northwest corner of said Zoe Life Outreach tract;

THENCE S 26°41'36" E, 1234.81 feet along the west line thereof to the POINT OF BEGINNING with the subject tract containing 7,471,223 square feet or 171.516 acres of land.

(Exhibit "A" – ii)



Sherman
ENGINEERING DEPT.
220 W. MULBERRY
SHERMAN, TX 75090



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

D. 2.

Meeting Date: 03/07/2022

Prepared By: Wayne Lee, Director of Engineering

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6853

Authorizing Execution of a Professional Services Agreement with Pacheco Koch Consulting Engineers, LLC for the Flanary Road Extension Alignment Study

Issue:

To consider a contract for professional services with with Pacheco Koch Consulting Engineers, LLC for the Flanary Road Extension Alignment Study

Background:

Flanary Road is part of the City's Master Thoroughfare plan and is ultimately to be a four lane divided arterial roadways. This professional services contract will provide an alignment study and 30% engineering design for approximately 10,200 feet of Flanary Road from Progress Road Extension to Shepherd Drive. This will assist with setting the right-of-way requirements needed for this thoroughfare. This will also help establish where the water line easements for a future 36-inch water main that needs to be installed from the water treatment plant to Shepherd Drive to provide adequate water for proposed developments in south Sherman.

Origination:

Engineering Department

Financial Consideration:

The contract amount is \$254,185.00. The City is coordinating funding of this project with SEDCO.

Staff Recommendation:

Pacheco Koch Consulting Engineers, LLC is fully qualified to perform these services and staff has negotiated a reasonable fee for these services. It is recommended that the contract for professional services with Pacheco Koch Consulting Engineers, LLC for the alignment study and preliminary design of Flanary Road Extension project be approved.

Alternatives:

As may be directed by the City Council

Attachments

Resolution No. 6853

Contract

Location Map

RESOLUTION NO. 6853

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH PANCHECO KOCH CONSULTING ENGINEERS, LLC FOR THE FLANARY ROAD EXTENSION ALIGNMENT STUDY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager be and is hereby authorized and directed, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute a Professional Services Agreement with Pacheco Koch Consulting Engineers, LLC for the Flanary Road Extension Alignment Study, in accordance with all contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 7th day of March, 2022.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: _____
DAVID PLYLER, MAYOR

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

AGREEMENT
BETWEEN
THE CITY OF SHERMAN, TEXAS AND
PACHECO KOCH CONSULTING ENGINEERS, LLC
FOR
PROFESSIONAL SERVICES

Made as of the _____ day of _____, 2022:

Between City: **The City of Sherman, Texas**
220 W. Mulberry Street
Sherman, Texas 75090
Telephone: (903) 892-7208

and Consultant: **Pacheco Koch Consulting Engineers, LLC**
118 North Ohio Street
Celina, Texas 75009
Telephone: (972) 235-3031

for the following Project: **Flanary Road Extension – Shepherd to Progress**

THIS AGREEMENT ("Agreement") is made and entered into by and between the City of Sherman, Texas, a home-rule municipality ("City"), and Pacheco Koch Consulting Engineers, LLC, a Texas corporation ("Consultant"), to be effective from and after the date as provided above. City and Consultant are at times each referred to herein as a "party" or collectively as the "parties."

WHEREAS, City desires to engage Consultant to provide professional civil engineering services for the Flanary Road Extension – Shepherd to Progress Project ("Project"); and

WHEREAS, Consultant desires to render such professional services ("Services") for City on the terms and conditions provided herein.

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS:

That for and in consideration of the covenants contained herein, for the mutual benefits to be obtained hereby and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1 CONSULTANT'S SERVICES

- 1.1 **Employment of Consultant** – City hereby agrees to retain Consultant to perform the Services in connection with the Project. Consultant agrees to perform the Services in accordance with the terms and conditions of this Agreement. Consultant further agrees that if any employee of Consultant who is performing the day-to-day Services under this Agreement for the Project is separated, for any reason, from employment with Consultant, Consultant shall provide City with written notice thereof within two (2) business days following the separation.
- 1.2 **Scope of Services** – The parties agree that Consultant shall perform the Services as are set forth and described in **Exhibit A**, attached hereto and incorporated herein by reference for all purposes (“**Scope of Services**”). The parties understand and agree that deviations or modifications to the Scope of Services described in **Exhibit A**, in the form of written amendment to this Agreement, may be authorized from time to time by City (“**Amendment(s)**”).
- 1.2.1 **Requirement of Written Amendment** – “Extra” work, “claims” invoiced as “extra” work or “claims” which have not been issued as a duly executed, written Amendment by the Sherman Director of Engineering or designee will not be authorized for payment and/or shall not become part of this Agreement. A duly executed, written Amendment requiring additional funding of \$50,000 or more of the original contract amount shall be preceded by the Sherman City Council’s authorization for the Sherman City Manager to execute said Amendment.
- 1.2.2 **CONSULTANT SHALL NOT PERFORM ANY “EXTRA” WORK AND/OR ADDITIONAL SERVICES WITHOUT A DULY EXECUTED, WRITTEN AMENDMENT ISSUED BY THE CITY.**
- 1.3 **Schedule of Work** – Consultant agrees to commence work immediately on the execution of this Agreement, and to proceed diligently with said work to completion as described in the Project Engineering Budget Summary, attached hereto as **Exhibit B** and incorporated herein by reference for all purposes.
- 1.4 **Standard of Care** – Consultant shall perform the Services required hereunder in accordance with the prevailing engineering standard of care by exercising the skill and care ordinarily utilized by engineers performing the same or similar services under the same or similar circumstances in the State of Texas.

ARTICLE 2 CITY'S RESPONSIBILITIES

City shall do the following in a timely manner so as not to delay the Services of Consultant:

- 2.1 **Project Data** – City shall furnish required information that is reasonably requested by Consultant and that City has in its possession at the time of Consultant's request, as expeditiously as necessary for the orderly progress of the Project, and Consultant shall be entitled to rely upon the accuracy and completeness of the information furnished by City under this Article 2.1.
- 2.2 **City Project Manager** – When necessary in City's sole discretion, City shall designate a representative authorized to act on City's behalf with respect to the Project ("Project Manager"). City, the Project Manager and/or his or her authorized designee shall examine the documents submitted by Consultant and shall render any required decisions pertaining thereto as soon as practicable to avoid unreasonable delay in the progress of Consultant's Services.

ARTICLE 3 CONSULTANT'S COMPENSATION

- 3.1 **Compensation for Consultant's Services** – As described in "Article 1, Consultant's Services" of this Agreement, compensation for this Project shall be: (a) for Basic Services, on a lump sum basis in an amount not to exceed **ONE HUNDRED FIFTY-FOUR THOUSAND EIGHT HUNDRED NINETY-FIVE AND 00/100 DOLLARS (\$154,895.00)**; (b) for Special Services, on a not to exceed amount of **NINETY-NINE THOUSAND TWO HUNDRED NINETY AND 00/100 DOLLARS (\$99,290.00)** (collectively, "Consultant's Fee"); and (c) paid in accordance with this Article 3 and the Project Design Budget Summary as set forth in Exhibit B.
- 311 **Completion of Record Documents** – City and Consultant agree that the completion of Record Documents and/or "As-Built" Documents, including hard copy formatting and electronic formatting, shall be completed, submitted to, and accepted by City prior to payment. Completion of the Record Documents and/or "As-Built" documents shall be included in the Consultant's Fee and considered to be within the Scope of Services defined under this Agreement." The electronic formatting shall be consistent with the standards established in Exhibit C, Guidelines for Computer Aided Design and Drafting ("CADD"), which is attached hereto and incorporated herein by reference for all purposes. Notwithstanding the foregoing, ownership of the Record Documents and/or "As-Built" Documents shall transfer to City upon payment of Consultant's Fee.
- 312 **Disputes between City and Construction Contractor** – If the Project involves Consultant performing Construction Administration Services relating to an agreement between a Construction Contractor ("Contractor") and City, and on receipt of a written request by City, Consultant shall research previous and existing conditions of the Project, and make a determination whether or not to certify that sufficient cause exists for City to declare Contractor in default of the terms and conditions of the Agreement.

Consultant shall submit his findings in writing to City, or submit a written request for a specific extension of time (including the basis for such extension), within fifteen (15) calendar days of receipt of the written request from City. City and Consultant agree that if requested by City, completion of this task shall be included in the Consultant's Fee and considered to be within the Scope of Services as defined under this Agreement.

313 **Consultation and Approval by Governmental Authorities and Franchised Utilities** – Consultant shall be solely responsible for identifying and analyzing the requirements of governmental agencies and all franchise utilities involved with the Project, and for consulting with such agencies and utilities to obtain all necessary approvals and/or permissions. Consultant shall be responsible for preparation and timely submittal of documents required for review, approval and/or recording by such agencies and/or utilities. Consultant shall be solely responsible for making such changes in the construction documents ("Construction Documents") as may be required by existing written standards promulgated by such agencies and/or utilities at no additional charge to City.

3.2 **Direct Expenses** – Direct Expenses ("Direct Expenses") are included in Consultant's Fee as described in Article 3.1 of this Agreement and include actual reasonable and necessary expenditures made by Consultant and Consultant's employees and subcontractors in the interest of the Project. All submitted Direct Expenses are to be within the amounts as stated in the Project Engineering Budget Summary set forth in **Exhibit B**, and consistent with **Exhibit D**, Guidelines for Direct Expenses; General and Administrative Markup; Travel and Subsistence Expenses, which is attached hereto and incorporated herein by reference for all purposes. Consultant shall be solely responsible for the auditing and accuracy of all Direct Expenses, including those of its subcontractors, prior to submitting to City for reimbursement. Any over-payment by City for errors in submittals for reimbursement may be deducted from Consultant's subsequent payment for Services; provided, however, that this shall not be City's sole and exclusive remedy for said over-payment.

3.3 **Additional Services** – Consultant shall provide the Services as described in the Scope of Services set forth in **Exhibit A** of this Agreement. If authorized in writing by City, Consultant shall provide additional services, to be compensated as provided in an Amendment to the Contract on a cost not to exceed sum or hourly basis in accordance with this paragraph ("Additional Services") and a mutually agreed estimate of man-hours and expenses. These services may include, but are not limited to:

331 Additional meetings, hearings, work-sessions or other similar presentations which are not provided for or contemplated in the Scope of Services described in **Exhibit A**.

332 Additional drafts and revisions to the Project which are not provided for or

contemplated in the Scope of Services as described in **Exhibit A**.

- 333 Additional copies of final reports and construction plans which are not provided for or contemplated in the Scope of Services as described in **Exhibit A**.
- 334 Photography, professional massing models which are not provided for or contemplated in the Scope of Services as described in **Exhibit A**.
- 335 Compensation for Additional Services authorized by City shall be in addition to Consultant's Fee and shall be based on direct billable labor rates and expenses.
- 336 Compensation for Additional Services authorized by City shall be in addition to Consultant's Fee and shall be based on an hourly basis according to the rates in Exhibit B-1. The rates set forth in Exhibit B-1 are subject to reasonable change provided prior written notice of said change is given to and approved by City.
- 3.4 **Invoices** – No payment to Consultant shall be made until Consultant tenders an invoice to City. Consultant shall submit monthly invoices for Services rendered, based upon the actual percentage of work complete at the time the invoice is prepared, or shall submit invoices to City immediately upon completion of each individual task listed in **Exhibit B**. On all submitted invoices for Services rendered, Consultant shall include appropriate background materials to support the submitted charges on said invoice. Upon request, such background material may include, but is not limited to, employee timesheets, invoices for work obtained from other parties, and receipts and/or log information relating to Direct Expenses. All invoices shall provide a summary methodology for administrative markup and/or overhead charges.
- 3.5 **Timing of Payment** – City shall make payment to Consultant for said invoices within thirty (30) days following receipt and acceptance thereof. The parties agree that payment by City to Consultant is considered to be complete upon mailing of payment by City. Furthermore, the parties agree that the payment is considered to be mailed on the date that the payment is postmarked.
- 3.6 **Disputed Payment Procedures** – In the event of a disputed or contested billing by City, only that portion so contested may be withheld from payment, and the undisputed portion will be paid. City shall notify Consultant of a disputed invoice, or portion of an invoice, in writing by the twenty-first (21st) calendar day after the date City receives the invoice. City shall provide Consultant an opportunity to cure the basis of the dispute. If a dispute is resolved in favor of Consultant, City shall proceed to process said invoice, or the disputed portion of the invoice, within the provisions of **Article 3.5** of this Agreement. If a dispute is resolved in favor of City, Consultant shall submit to City a corrected invoice, reflecting any and all

payment(s) of the undisputed amounts, documenting the credited amounts, and identifying outstanding amounts on said invoice to aid City in processing payment for the remaining balance. Such revised invoice shall have a new invoice number, clearly referencing the previous submitted invoice. City agrees to exercise reasonableness in contesting any billing or portion thereof that has background materials supporting the submitted charges.

- 3.7 **Failure to Pay** – Failure of City to pay an invoice, for a reason other than on written notification as stated in the provisions of Article 3.6 of this Agreement, to Consultant within sixty (60) days from the date of the invoice shall grant Consultant the right, in addition to any and all other rights provided, to, upon written notice to City, suspend performance under this Agreement, and such act or acts shall not be deemed a breach of this Agreement. However, Consultant shall not suspend performance under this Agreement prior to the tenth (10th) calendar day after written notice of suspension was provided to City, in accordance with Chapter 2251, Subchapter “D” of the TEX. GOV’T CODE. City shall not be required to pay any invoice submitted by Consultant if Consultant breached any provision(s) herein.
- 3.8 **Adjusted Compensation** – If the Scope of the Project (“Scope of the Project”) or if the Services are materially changed due to no error by Consultant in the performance of Services under this Agreement, the amounts of Consultant’s compensation shall be equitably adjusted as approved by City in its sole discretion. Any additional amounts paid to Consultant as a result of any material change to the Scope of the Project shall be authorized by written Change Order duly executed by both parties before the Services are performed.
- 3.9 **Project Suspension** – If the Project is suspended or abandoned in whole or in part for more than three (3) months, Consultant shall be entitled to compensation for any and all work completed to the satisfaction of City in accordance with the provisions of this Agreement prior to suspension or abandonment. In the event of such suspension or abandonment, Consultant shall deliver to City all finished or unfinished documents, data, studies, drawings, maps, models, reports, photographs and/or any other items prepared by Consultant in connection with this Agreement prior to Consultant receiving final payment. If the Project is resumed after being suspended for more than three (3) months, Consultant’s compensation shall be equitably adjusted as approved by City. Any additional amounts paid to Consultant after the Project is resumed shall be agreed upon in writing by both parties before the services are performed.

ARTICLE 4 OWNERSHIP OF DOCUMENTS

- 4.1 **Documents Property of City** – The Project is the property of City, and Consultant may not use the documents, plans, data, studies, surveys, drawings, maps, models, reports, photographs and/or any materials for any other purpose not relating to the Project without City’s prior written consent. City shall be furnished

with such reproductions of the Project, plans, data, documents, maps, and any other information as defined in **Exhibit A**. Upon completion of the work, or any earlier termination of this Agreement under **Article 3** and/or **Article 8** of this Agreement, Consultant will revise plans, data, documents, maps, and any other information as defined in **Exhibit A** to reflect changes while working on the Project through the date of completion of the work, as solely determined by City, or the effective date of any earlier termination of this Agreement under **Article 3** and/or **Article 8** of this Agreement, and promptly furnish the same to City in an acceptable electronic format. All such reproductions shall be the property of City who may use them without Consultant's permission for any purpose relating to the Project, including, but not limited to, completion of the Project, and/or additions, alterations, modifications, and/or revisions to the Project. Any reuse of the documents not relating to the Project, or on extensions of the Project, shall be at City's own risk.

- 4.2 **Documents Subject to Laws Regarding Public Disclosure** – Consultant acknowledges that City is a governmental entity and that all documents, plans, data, studies, surveys, drawings, maps, models, reports, photographs and/or any items prepared or furnished by Consultant (and Consultant's professional associates and/or sub-consultants) under this Agreement are instruments of service in respect of the Project and property of City. Upon completion of the Project, all of the documents, plans, data, studies, surveys, drawings, maps, models, reports, photographs and/or any items prepared or furnished by Consultant (and Consultant's professional associates and/or sub-consultants) shall thereafter be subject to the Texas Public Information Act (Chapter 552, TEX. GOV'T CODE, as amended) and any other applicable laws requiring public disclosure of the information contained in said documents.

ARTICLE 5 CONSULTANT'S INSURANCE REQUIREMENTS

- 5.1 **Required General Liability Insurance** – Consistent with the terms and provisions of **Exhibit E**, Contractor Insurance Guidelines, which is attached hereto and incorporated herein by reference for all purposes, Consultant shall procure and maintain throughout the term of this Agreement, at no expense to City, a general liability insurance policy with a company that maintains a minimum rating of "A" by A.M. Best's Key Rating Guide, or other equivalent rating service(s), and is authorized to transact business in the State of Texas, in an amount not less than One Million and 00/100 Dollars (\$1,000,000.00) for each occurrence, and Two Million and 00/100 Dollars (\$2,000,000.00) in the aggregate. Such policy shall name City, its officers, agents, representatives, and employees as additional insureds as to all applicable coverage. Such policy shall provide for a waiver of subrogation against City for injuries, including death, property damage, or any other loss to the extent that same is covered by the proceeds of the insurance. Such policy shall require the provision of written notice to City at least thirty (30) days prior to cancellation, non-renewal or material modification of any policies, evidenced by return receipt or United States Certified Mail. Consultant shall furnish

City with certificates and required endorsement(s) evidencing such coverage prior to commencing work on the Project.

- 5.2 **Required Professional Liability Insurance** – Consistent with the terms and provisions of **Exhibit E**, Consultant shall procure and maintain throughout the term of this Agreement, at no expense to City, a professional liability (errors and omissions) insurance policy with a company that maintains a minimum rating of “A” by A.M. Best’s Key Rating Guide, or other equivalent rating service(s), and is authorized to transact business in the State of Texas, in an amount not less than One Million and 00/100 Dollars (\$1,000,000.00) for each claim, and Two Million and 00/100 Dollars (\$2,000,000.00) in the aggregate. Such policy shall require the provision of written notice to City at least thirty (30) days prior to cancellation, non-renewal or material modification of any policies, evidenced by return receipt or United States Certified Mail. Consultant shall furnish City with certificates and required endorsement(s) evidencing such coverage prior to commencing work on the Project.
- 5.3 **Required Workers Compensation Insurance** – Consistent with the terms and provisions of **Exhibit E**, Consultant shall procure and maintain throughout the term of this Agreement, at no expense to City, all Statutory Workers Compensation Insurance as required by the laws of the State of Texas. Such insurance policy shall be with a company that maintains a minimum rating of “A” by A.M. Best’s Key Rating Guide, or other equivalent service(s), and is authorized to transact business in the State of Texas. Such policy shall require the provision of written notice to City at least thirty (30) days prior to cancellation, non-renewal or material modification of any policies, evidenced by return receipt or United States Certified Mail. Consultant shall furnish City with certificates and required endorsement(s) evidencing such coverage prior to commencing work on the Project.
- 5.4 **Circumstances Requiring Umbrella Coverage or Excess Liability Coverage** – If the Project’s size and scope warrant, and if identified on the checklist located in **Exhibit E**, Consultant shall procure and maintain throughout the term of this Agreement, at no expense to City, an umbrella coverage or excess liability coverage insurance policy with a company that maintains a minimum rating of “A” by A.M. Best’s Key Rating Guide, or other equivalent rating service(s), and is authorized to transact business in the State of Texas, in an amount of Two Million and 00/100 Dollars (\$2,000,000.00). Such policy shall require the provision of written notice to City at least thirty (30) days prior to cancellation, non-renewal, or material modification of any policies, evidenced by return receipt or United States Certified Mail. Consultant shall furnish City with certificates and required endorsement(s) evidencing such coverage prior to commencing work on the Project.

ARTICLE 6 CONSULTANT'S ACCOUNTING RECORDS

Records of Direct Expenses and expenses pertaining to services performed in conjunction with the Project shall be kept on the basis of generally accepted accounting principles or otherwise consistent with Consultant's accounting practices. Invoices will be sent to City as indicated in Article 3.4 of this Agreement. Copies of employee time sheets, receipts for direct expense items and other records of Project expenses will be made available if requested.

ARTICLE 7 AUDITS AND RECORDS/VENDOR DISCLOSURE

Consultant agrees that at any time during normal business hours and as often as City may deem necessary, Consultant shall make available to representatives of City for examination all of its records with respect to all matters covered by this Agreement, and will permit such representatives of City to audit, examine, copy and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement, and for a period of four (4) years from the date of final settlement of this Agreement or for such other or longer period, if any, as may be required by applicable statute or other lawful requirement.

Consultant agrees that it is further aware of the vendor disclosure requirements set forth in Chapter 176, TEX. LOC. GOV'T CODE, as amended, and will abide by the same. In this connection, a lawful representative of Consultant shall execute and deliver to City the Conflict of Interest Questionnaire, Form CIQ, attached hereto as Exhibit F and incorporated herein for all purposes, no later than the Effective Date of this Agreement.

ARTICLE 8 TERMINATION OF AGREEMENT/REMEDIES

City may, upon thirty (30) days written notice to Consultant, terminate this Agreement, for any reason or no reason at all, before the termination date hereof, without prejudice to any other remedy it may have. If City terminates this Agreement due to a default of and/or breach by Consultant and the expense of finishing the Project exceeds Consultant's Fee at the time of termination, Consultant waives its right to any portion of Consultant's Fee as set forth in Article 3 of this Agreement and agrees to pay any costs over and above the fee which City is required to pay in order to finish the Project. On any default and/or breach by Consultant, City may elect not to terminate the Agreement, and in such event it may make good the deficiency in which the default consists, and deduct the costs from Consultant's Fee due Consultant as set forth in Article 3 of this Agreement. If City terminates this Agreement and Consultant is not in default of the Agreement, Consultant shall be entitled to compensation for any and all work completed to the satisfaction of City in accordance with the provisions of this Agreement prior to termination. Prior to termination for default and/or breach by Consultant, City shall notify Consultant of such

default and/or breach and Consultant shall have fifteen (15) days to remedy such default and/or breach.

In the event of any termination, Consultant shall deliver to City all finished and/or unfinished documents, data, studies, surveys, drawings, maps, models, reports, photographs and/or any items prepared by Consultant in connection with this Agreement prior to Consultant receiving final payment.

The rights and remedies provided by this Agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its rights to use any or all other remedies. These rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

ARTICLE 9 DISPUTE RESOLUTION/MEDIATION

In addition to all remedies at law, the parties may agree to attempt to resolve any controversy, claim or dispute arising out of or relating to the interpretation or performance of this Agreement, or breach thereof, by voluntary mediation to be conducted by a mutually acceptable mediator. However, if both parties do not agree to voluntarily mediate any such controversy, claim or dispute, mediation shall not be required.

ARTICLE 10 INDEMNITY

CONSULTANT SHALL RELEASE, DEFEND, INDEMNIFY AND HOLD HARMLESS CITY AND ITS CITY COUNCIL MEMBERS, OFFICERS, AGENTS, REPRESENTATIVES AND EMPLOYEES (COLLECTIVELY REFERRED TO AS “CITY” FOR PURPOSES OF THIS ARTICLE 10) FROM AND AGAINST ALL DAMAGES, INJURIES (WHETHER IN CONTRACT OR IN TORT, INCLUDING PERSONAL INJURY AND DEATH), CLAIMS, PROPERTY DAMAGES (INCLUDING LOSS OF USE), LOSSES, DEMANDS (REGARDLESS OF WHETHER THE ALLEGATIONS ARE FALSE, FRAUDULENT OR GROUNDLESS), SUITS, ACTIONS, JUDGMENTS, LIENS, COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEY’S FEES AND EXPENSES (INCLUDING ATTORNEY’S FEES AND EXPENSES INCURRED IN ENFORCING THIS ARTICLE 10), THAT IN WHOLE OR IN PART ARISE OUT OF OR ARE CONNECTED WITH, OR THAT ARE ALLEGED TO HAVE ARISEN OUT OF OR CONNECTED WITH, GOODS AND/OR SERVICES PROVIDED BY CONSULTANT, ITS OFFICERS, AGENTS, REPRESENTATIVES, EMPLOYEES, SUBCONTRACTORS, LICENSEES, INVITEES OR ANY OTHER THIRD PARTIES FOR WHOM CONSULTANT IS LEGALLY RESPONSIBLE (COLLECTIVELY REFERRED TO AS “CONSULTANT” FOR PURPOSES OF THIS ARTICLE 10) PURSUANT TO THIS AGREEMENT AND/OR THE

NEGLIGENT, GROSSLY NEGLIGENT AND/OR INTENTIONAL WRONGFUL ACT AND/OR OMISSION OF CONSULTANT IN ITS/THEIR PERFORMANCE OF THIS AGREEMENT, REGARDLESS OF THE JOINT OR CONCURRENT NEGLIGENCE OR STRICT LIABILITY OF THE CITY (COLLECTIVELY, "CLAIMS"). THIS INDEMNIFICATION PROVISION AND THE USE OF THE TERM "CLAIMS" IS ALSO SPECIFICALLY INTENDED TO APPLY TO, BUT IS NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER CIVIL OR CRIMINAL, BROUGHT AGAINST CITY BY ANY GOVERNMENT AUTHORITY OR AGENCY RELATED TO ANY PERSON PROVIDING SERVICES UNDER THIS AGREEMENT THAT ARE BASED ON ANY FEDERAL IMMIGRATION LAW AND ANY AND ALL CLAIMS, DEMANDS, DAMAGES, ACTIONS AND CAUSES OF ACTION OF EVERY KIND AND NATURE, KNOWN AND UNKNOWN, EXISTING OR CLAIMED TO EXIST, RELATING TO OR ARISING OUT OF ANY EMPLOYMENT RELATIONSHIP BETWEEN CONSULTANT AND ITS EMPLOYEES OR SUBCONTRACTORS AS A RESULT OF THAT SUBCONTRACTOR'S OR EMPLOYEE'S EMPLOYMENT AND/OR SEPARATION FROM EMPLOYMENT WITH THE CONSULTANT, INCLUDING BUT NOT LIMITED TO ANY DISCRIMINATION CLAIM BASED ON SEX, SEXUAL ORIENTATION OR PREFERENCE, RACE, RELIGION, COLOR, NATIONAL ORIGIN, AGE OR DISABILITY UNDER FEDERAL, STATE OR LOCAL LAW, RULE OR REGULATION, AND/OR ANY CLAIM FOR WRONGFUL TERMINATION, BACK PAY, FUTURE WAGE LOSS, OVERTIME PAY, EMPLOYEE BENEFITS, INJURY SUBJECT TO RELIEF UNDER THE WORKERS' COMPENSATION ACT OR WOULD BE SUBJECT TO RELIEF UNDER ANY POLICY FOR WORKERS COMPENSATION INSURANCE, AND ANY OTHER CLAIM, WHETHER IN TORT, CONTRACT OR OTHERWISE. CONSULTANT IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS; PROVIDED, HOWEVER, THAT IF A COURT OF COMPETENT JURISDICTION SIGNS A JUDGMENT THAT BECOMES FINAL AND NON-APPEALABLE, DETERMINING THAT THE CITY (WITHOUT WAIVING ANY GOVERNMENTAL IMMUNITY) HAS JOINT, CONCURRENT OR SOLE NEGLIGENCE FOR THE CLAIMS IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS ("JUDGMENT"), THEN CONSULTANT IS NOT REQUIRED TO INDEMNIFY OR DEFEND CITY TO THE EXTENT OF THE NEGLIGENCE APPORTIONED TO CITY FOR EACH CAUSE(S) OF ACTION IDENTIFIED IN THE JUDGMENT. IN THE EVENT THE JUDGMENT PROVIDES THAT CITY IS JOINTLY, CONCURRENTLY OR SOLELY NEGLIGENT FOR THE CLAIMS REFERRED TO THEREIN, CITY AGREES TO REIMBURSE CONSULTANT FOR ALL REASONABLE AND NECESSARY COSTS INCURRED AND PAID BY CONSULTANT THAT ARE ATTRIBUTABLE TO CITY'S PERCENTAGE OF JOINT, CONCURRENT OR SOLE NEGLIGENCE, AS SET FORTH IN THE JUDGMENT, INCLUDING REASONABLE AND NECESSARY ATTORNEY'S FEES AND EXPENSES, WITHIN SIXTY (60) DAYS OF THE

DATE THE JUDGMENT BECOMES FINAL AND NON-APPEALABLE. IF THIS AGREEMENT IS A CONTRACT FOR ENGINEERING OR ARCHITECTURAL SERVICES, THEN CONSULTANT'S INDEMNITY AND DEFENSE OBLIGATIONS UNDER THIS ARTICLE 10 ARE LIMITED BY, AND TO BE READ AS COMPLYING WITH, SECTION 271.904 OF THE TEXAS LOCAL GOVERNMENT CODE.

IN ITS SOLE DISCRETION, CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY CONSULTANT IN FULFILLING ITS OBLIGATION HEREUNDER TO DEFEND AND INDEMNIFY CITY, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY CITY IN WRITING. CITY RESERVES THE RIGHT TO PROVIDE A PORTION OR ALL OF ITS OWN DEFENSE; HOWEVER, CITY IS UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY CITY IS NOT TO BE CONSTRUED AS A WAIVER OF CONSULTANT'S OBLIGATION TO DEFEND CITY OR AS A WAIVER OF CONSULTANT'S OBLIGATION TO INDEMNIFY CITY PURSUANT TO THIS AGREEMENT. CONSULTANT SHALL RETAIN CITY-APPROVED DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF CITY'S WRITTEN NOTICE THAT CITY IS INVOKING ITS RIGHT TO DEFENSE OR INDEMNIFICATION UNDER THIS AGREEMENT. IF CONSULTANT FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, CITY SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND CONSULTANT SHALL BE LIABLE FOR ALL COSTS INCURRED BY CITY. THE RIGHTS AND OBLIGATIONS CREATED BY THIS ARTICLE SHALL SURVIVE TERMINATION OF THIS AGREEMENT.

ARTICLE 11 NOTICES

Any notice provided or permitted to be given under this Agreement must be in writing and may be served by depositing the same in the United States Mail, addressed to the party to be notified, postage pre-paid and registered or certified with return receipt requested; by facsimile; by electronic mail, with documentation evidencing the addressee's receipt thereof; or by delivering the same in person to such party a via hand-delivery service, or any courier service that provides a return receipt showing the date of actual delivery of same to the addressee thereof. Notice given in accordance herewith shall be effective upon receipt at the address of the addressee. For purposes of notification, the addresses of the parties shall be as follows:

If to City, addressed to:

Wayne E. Lee, P.E., CFM
Director of Engineering
City of Sherman
220 W Mulberry St.
Sherman, TX 75091
Telephone: (903) 892-7327
Email: waynel@cityofsherman.com

With a copy to:

Abernathy, Roeder, Boyd & Hullett, P.C.
Attention: Ryan D. Pittman
1700 Redbud Blvd., Suite 300
McKinney, Texas 75069
Telephone: (214) 544-4000
Facsimile: (214) 544-4054
Email: rpittman@abernathy-law.com

If to Consultant, addressed to:

General Counsel
Pacheco Koch Consulting Engineers, LLC
12701 Whitewater Drive, Suite 300
Minnetonka, Minnesota 55343
Telephone: (952) 937-5150
Email: Legal@westwoodps.com

ARTICLE 12 MISCELLANEOUS

12.1 **Complete Agreement** – This Agreement, including the exhibits hereto labeled “A” through “F,” all of which are incorporated herein for all purposes, constitute the entire Agreement by and between the parties regarding the subject matter hereof and supersedes all prior and/or contemporaneous written and/or oral understandings. This Agreement may not be amended, supplemented, and/or modified except by written agreement duly executed by both parties. The following exhibits are attached below and made a part of this Agreement:

12.1.1 **Exhibit A**, Scope of Services.

12.1.2 **Exhibit B**, Project Engineering Budget Summary.

12.1.3 **Exhibit B-1**, Schedule of Standard Hourly Billing Rates

12.1.4 **Exhibit C**, Guidelines for Computer Aided Design and Drafting (CADD).

12.1.5 **Exhibit D**, Guidelines for Direct Expenses; General and Administrative Markup; Travel and Subsistence Expenses.

12.1.6 **Exhibit E**, Contractor Insurance Guidelines.

12.1.7 **Exhibit F**, Conflict of Interest Questionnaire, Form CIQ.

To the extent that **Exhibit A**, **Exhibit B**, **Exhibit B-1**, **Exhibit C**, **Exhibit D**, **Exhibit E**, or **Exhibit F** are in conflict with provisions of this Agreement or each other, the provisions of this Agreement, then the provisions of **Exhibit C**, **Exhibit D**, **Exhibit E**, **Exhibit F**, **Exhibit B**, **Exhibit B-1** or **Exhibit A** shall prevail in that order.

12.2 **Assignment and Subletting** – Consultant agrees that neither this Agreement nor the work to be performed hereunder will be assigned or sublet without the prior written consent of City. Consultant further agrees that the assignment or subletting of any portion or feature of the work or materials required in the performance of this Agreement shall not relieve Consultant of its full obligations to City as provided by this Agreement. All such approved work performed by assignment or subletting shall be billed through Consultant, and there shall be no third party billing.

12.3 **Attorney's Fees** – If either party files any action or brings any proceeding against the other arising from this Agreement, then as between City and Consultant, the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, reasonable and necessary attorneys' fees and litigation expenses both at trial and on appeal, subject to the limitations set forth in TEX. LOC. GOV'T CODE § 271.153, as it exists or may be amended, if applicable.

12.4 **Successors and Assigns** – City and Consultant, and their respective partners, assigns, successors, subcontractors, executors, officers, agents, employees, representatives and administrators are hereby bound to the terms and conditions of this Agreement.

12.5 **Savings/Severability** – In the event of a term, condition, or provision of this Agreement is determined to be invalid, illegal, void, unenforceable, or unlawful by a court of competent jurisdiction, then that term, condition, or provision, shall be deleted and the remainder of the Agreement shall remain in full force and effect as if such invalid, illegal, void, unenforceable or unlawful provision had never been contained in this Agreement.

12.6 **Governing Law/Venue** – This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflict of law principles. The exclusive venue for any action arising out of this Agreement shall be a court of appropriate jurisdiction in Grayson County, Texas.

12.7 **Execution/Consideration** – This Agreement is executed by the parties hereto without coercion or duress for any substantial consideration, the sufficiency of which is forever confessed.

- 12.8 **Authority** – The individuals executing this Agreement on behalf of the respective parties below represent to each other that all appropriate and necessary action has been taken to authorize the individual who is executing this Agreement to do so for and on behalf of the party for which his or her signature appears, that there are no other parties or entities required to execute this Agreement in order for the same to be an authorized and binding agreement on the other party for whom the individual is signing this Agreement and that each individual affixing his or her signature hereto is authorized to do so, and such authorization is valid and effective on the date hereof.
- 12.9 **Waiver** – Waiver by either party of any breach of this Agreement, or the failure of either party to enforce any of the provisions of this Agreement, at any time, shall not in any way affect, limit, or waive such party's right thereafter to enforce and compel strict compliance.
- 12.10 **Headings** – The headings of the various sections of this Agreement are included solely for convenience of reference and are not to be full or accurate descriptions of the content thereof.
- 12.11 **Multiple Counterparts** – This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes. An electronic mail and/or facsimile signature will also be deemed to constitute an original if properly executed and delivered to the other party.
- 12.12 **Immunity** – It is expressly understood and agreed that, in the execution and performance of this Agreement, City has not waived, nor shall be deemed to have waived, any immunity, governmental, sovereign and/or official, or defense that is available to it against claims arising in the exercise of governmental powers and functions. By entering into this Agreement, the parties do not create any obligations, express or implied, other than those set forth in this Agreement.
- 12.13 **Incorporation of Recitals** – The representations, covenants and recitations set forth in the foregoing recitals of this Agreement are true and correct and are incorporated into the body of this Agreement and adopted as findings of City and the authorized representative of Consultant.
- 12.14 **Additional Representations** – Each signatory represents this Agreement has been read by the party for which this Agreement is executed and that such party has had the opportunity to confer with its counsel.
- 12.15 **Miscellaneous Drafting Provisions** – This Agreement shall be deemed drafted equally by all parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning, and any presumption or

principle that the language herein is to be construed against any party shall not apply.

- 12.16 **No Third Party Beneficiaries** – Nothing in this Agreement shall be construed to create any right in any third party not a signatory to this Agreement, and the parties do not intend to create any third party beneficiaries by entering into this Agreement.
- 12.17 **Indemnity** – The parties agree that the Indemnity provision set forth in Article 10 of this Agreement is conspicuous and the parties have read and understood the same.
- 12.18 **Representations** – All representations and covenants made by one party to the other in this Agreement or in any certificate or other instrument delivered by one party to the other under this Agreement shall be considered to have been relied upon by the other party and will survive the satisfaction of any fees under this Agreement, regardless of any investigation made by either party.
- 12.19 **Independent Contractor** – In performing this Agreement, Consultant shall act as an independent contractor with respect to City. In no event shall this Agreement be construed as establishing a partnership, joint venture or similar relationship between the parties and nothing herein shall authorize either party to act as agent for the other. Consultant shall be liable for its own debts, obligations, acts and omissions, including the payment of all required withholding, social security and other taxes and benefits with respect to all of Consultant's officers, directors, partners, employees and representatives, who shall not be considered City employees and shall not be eligible for any employee benefit plan offered by City.
- 12.20 **Debarment/Suspension** – City is prohibited from making any award or permitting any award at any tier to any party which is debarred or suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, Debarment and Suspension. City, Consultant and Consultant's subcontractors shall comply with federal and state regulations regarding debarment and suspension. Consultant shall include a statement of compliance with federal and state debarment and suspension regulations in all third-party agreements for work on the Project.
- 12.21 **Restrictions on Lobbying** – City and Consultant are prohibited from using funds awarded under the Agreement for lobbying purposes. Consultant shall include a statement of compliance with this provision in applicable procurement solicitations and third-Party agreements for work on the Project.
- 12.22 **Appropriation of Funds** – Funds are not presently budgeted for City's performance under this Agreement beyond the end of City's 2021-2022 fiscal year. City will give Consultant sixty (60) days' notice if funds for City's performance are not budgeted to continue beyond that time. City shall have no liability for payment

of any money for services performed after the end of City's 2021-2022 fiscal year unless and until such funds are budgeted.

- 12.23 **Certifications Required by Texas Law** – In accordance with Chapter 2270 of the Texas Government Code (to the extent applicable), Consultant hereby certifies that Consultant does not boycott Israel and will not boycott Israel during the term of any contract with City, including during the term of this Agreement. In accordance with Chapter 809 of the Texas Government Code (to the extent applicable), Consultant hereby certifies that Consultant does not boycott energy companies and will not boycott energy companies during the term of any contract with City, including during the term of this Agreement. In accordance with Chapter 2274 of the Texas Government Code (to the extent applicable), Consultant hereby certifies that Consultant does not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of any contract with City, including during the term of this Agreement. The foregoing terms have the meanings ascribed to them in the referenced statutes if defined therein.
- 12.24 **Reference to Consultant** – When referring to “Consultant,” this Agreement shall refer to and be binding upon Consultant, and its officers, directors, partners, employees, representatives, contractors, subcontractors, licensees, invitees, agents, successors, assignees (as authorized herein), vendors, grantees, trustees, legal representatives and/or any other third parties for whom Consultant is legally responsible.
- 12.25 **Reference to City** – When referring to “City,” this Agreement shall refer to and be binding upon City, its Council members, officers, agents, representatives, employees and/or any other authorized third parties for whom City is legally responsible.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the date set forth in the introductory clause of this Agreement.

CITY:
City of Sherman, Texas,
a Texas home-rule municipality

CONSULTANT:
Pacheco Koch Consulting Engineers, LLC
a Texas corporation

By: _____
Robby Hefton, City Manager

By: _____
Brian D. O'Neill, PE
Director, Public Infrastructure

APPROVED AS TO FORM:

Abernathy, Roeder, Boyd & Hullett,
P.C. Ryan D. Pittman, City Attorneys

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED **ROBBY HEFTON**, KNOWN TO ME TO BE ONE OF THE PERSONS WHOSE NAMES ARE SUBSCRIBED TO THE FOREGOING INSTRUMENT; HE ACKNOWLEDGED TO ME THAT HE IS THE CITY MANAGER AND DULY AUTHORIZED REPRESENTATIVE FOR THE **CITY OF SHERMAN, TEXAS**, A TEXAS HOME-RULE MUNICIPALITY, AND THAT HE EXECUTED SAID INSTRUMENT FOR THE PURPOSES AND CONSIDERATION THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS _____ DAY
OF _____ 2022.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS
My commission expires: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED **BRIAN D. O'NEILL**, KNOWN TO ME TO BE ONE OF THE PERSONS WHOSE NAMES ARE SUBSCRIBED TO THE FOREGOING INSTRUMENT; HE ACKNOWLEDGED TO ME THAT HE IS THE DULY AUTHORIZED REPRESENTATIVE FOR **PACHCO KOCH CONSULTING ENGINEERS, LLC**, AND THAT HE EXECUTED SAID INSTRUMENT FOR THE PURPOSES AND CONSIDERATION THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS _____ DAY
OF _____ 2022.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS
My commission expires: _____

EXHIBIT A SCOPE OF SERVICES

PROJECT DESCRIPTION:

The Project consists of the schematic design of Flanary Road from W. Shepherd Drive to W. Progress Road as shown on the Grayson County MTP. This schematic design will include an ultimate 4 lane divided roadway section along Flanary Road. The centerline will be based on AASHTO requirements for arterials with an anticipated design speed of 45 MPH. The schematic design will include plan view utilizing aerials and available ROW information. The conceptual profile will be based off LiDAR information. The project will incorporate guidelines from City of Sherman, AASHTO and TxDOT. Finally, the bridge crossings will be identified and the elevations set based on FEMA published 100-year water surface elevations along with H&H work to determine water surface elevation and bridge scour. (PROJECT)

BASIC SERVICES:

A. Project Management, Coordination & Permitting

1. Manage the Team:

- Lead, manage and direct design team activities
- Ensure quality control is practiced in performance of the work
- Communicate internally among team members
- Allocate team resources

2. Specific design requirements shall be obtained from the City of Sherman Engineering Design Standards. Consultant will establish and summarize design criteria. The design criteria will be reviewed by the City for approval prior to beginning design work.

3. Consultant shall coordinate with other engineering consultants, utility companies, franchise utilities, City of Sherman, pipeline companies, and any other entity which has facilities within or adjacent to the Project.

4. Communications and Reporting:

- Attend a pre-design project kickoff meeting with OWNER staff to confirm and clarify scope, understand OWNER objectives, and ensure economical and functional designs that meet OWNER requirements.
- Conduct review meetings with the OWNER at the end of each design phase.
- Prepare and submit monthly invoices in the format acceptable to the OWNER.
- Prepare and submit monthly progress reports.
- Prepare and submit baseline Project Schedule initially and Project Schedule updates.

EXHIBIT A SCOPE OF SERVICES

- Coordinate with other agencies and entities as necessary for the design of the proposed infrastructure and provide and obtain information needed to prepare the design.
- With respect to coordination with permitting authorities, Consultant shall communicate with permitting authorities such that their regulatory requirements are appropriately reflected in the designs. Consultant shall work with regulatory authorities to obtain approval of the designs, and make changes necessary to meet their requirements.
- Attend additional project coordination meetings, if needed.

5. Utility Clearance:

- The CONSULTANT will consult with the OWNER, public utilities, private utilities and government agencies to determine the approximate location of above and underground utilities, and other facilities (current and future) that have an impact or influence on the project. CONSULTANT will design OWNER facilities to avoid or minimize conflicts with existing utilities, and consider known potential future utilities in designs. CONSULTANT will provide plans to and coordinate with utility owner(s) related to the relocation efforts of franchise utilities that remain in conflict with the proposed construction.

B. Preliminary Design (30% Submittal)

1. Prepare preliminary schematic layout on a roll or large scale PDF.
 - Plan and Profile – 1" = 100' horizontal; 1" = 10' vertical
 1. Proposed centerline alignment and horizontal curve information
 2. Proposed face of curb
 3. Proposed medians
 4. Proposed intersection improvements at intersections
 5. Proposed bridge location using 2' freeboard from 100' year water surface elevation
 6. Proposed bridge layout
 7. Proposed Right-of-Way
 8. Turn lanes at intersections
 9. Future water, sanitary sewer and drainage crossings;
 10. Proposed toe of slope based on 4:1 side slopes
 11. Typical Section of Roadway
 12. Plan view layout of 36" Water Line Location and 12' Trail Location within Schematic View
2. Evaluate potential intersection locations for Akers Road Extension.
3. Prepare an estimate of construction quantities and develop the preliminary opinion of probable construction costs with a 15% contingency.

EXHIBIT A SCOPE OF SERVICES

4. Submit one preliminary/schematic roll, PDF of plans/contract documents, and conceptual opinion of probable construction costs to the OWNER for review.

C. Preliminary Design Akers Road If Requested (30% Submittal)

1. Prepare preliminary schematic layout on a roll or large scale PDF.
 - Plan and Profile – 1" = 100' horizontal; 1" = 10' vertical
 1. Proposed centerline alignment and horizontal curve information
 2. Proposed face of curb
 3. Proposed medians
 4. Proposed intersection improvements at intersections
 5. Proposed Right-of-Way
 6. Turn lanes at intersections
 7. Future water, sanitary sewer and drainage crossings;
 8. Proposed toe of slope based on 4:1 side slopes
 9. Typical Section of Roadway

D. Direct Expenses

1. Included in this item are usual and customary expenses normally incurred during performance of the services described. These expenses could include courier delivery charges, copies of existing engineering plans and/or maps, printing and reproduction (either in-house or by reproduction company) and mileage.

SPECIAL SERVICES:

A. Aerial Mapping/Drone Survey

1. Aerial LiDAR/Photography Acquisition

New LiDAR and color stereoscopic aerial photography will be flown at an altitude of less than 250' above mean terrain with a multi-rotor Unmanned Aerial System (UAS) using a small format digital camera system. The direct-to-digital exposures will have a nominal ground sample distance of 1".

2. LiDAR Ground Control/Ground Truthing

Westwood will be responsible for the selection and acquisition of LiDAR control points for LiDAR-to-ground calibration. Aerial targets will be placed within the intended LiDAR swath. Targets will either be painted or constructed from standard target material. Digital hand-held camera pictures will be taken of the occupied control points.

EXHIBIT A SCOPE OF SERVICES

A continuously operating, dual frequency, GPS base station will set within or near the project area.

LiDAR ground truthing will be performed at the same time as setting targets. 100 topo check points will be collected in grassy areas within the flight boundaries.

The LiDAR coordinate values will be referenced to the appropriate State Plane Coordinate System, NAD83 (2011) adjustment with vertical elevations referenced to NAVD88 datum using the Geoid 18 Model. Or as otherwise requested.

3. Orthophoto

A 1" pixel ortho-corrected image will be generated to cover the area. This data will be delivered as a MrSID compressed image mosaic for AutoCAD, MicroStation, and GIS platforms, as well as ECW tiles for PLS-CADD.

4. Topography

The raw point cloud will be processed against ABGPS/IMU values, GPS base stations and LiDAR control to arrive at a ground-calibrated point cloud in LAS format. Westwood will classify and filter the ground-calibrated LiDAR LAS files to arrive at an accurate bare earth surface. The massive amount of LiDAR points will be thinned, without affecting detail, to model key points for generation of 1' contours. Break lines will be added to accurately model and flatten the water features. Aerial flights and processing will be designed to meet National Map Accuracy Standards in areas not obscured by vegetation. Contours will be generated and delivered in DXF format or model keypoints in LAS format.

LiDAR pulses could be obstructed in instances of heavy vegetation. In these instances, contour lines may be dashed to reflect uncertainty in determining bare earth.

5. Planimetric Feature Collection

Visible planimetric feature details at ground level will be collected and symbolized. Detail will include visible pole bases, tower bases, roads, trails, buildings, railroads, water features, buildings, etc. Individual trees will not be shown. Aerial flights and processing will be designed to meet National Map

EXHIBIT A SCOPE OF SERVICES

Accuracy Standards for 1" =100' mapping. Plan feature data will be delivered in DXF format.

6. Aerial Mapping Assumptions

- a. The Client to assist in Right of Entry and CONSULTANT will try to obtain Right of Entry to subject property and possibly adjoining properties for the purpose of setting pre-flight aerial panel points, or acquiring post-flight control, if needed.
- b. Aerial flights are dependent on weather and ground conditions
- c. Flights covered by \$5MM aviation insurance. Certificates of insurance may be requested prior to flight. Additional insurance may be purchased for an additional fee.
- d. Supplemental survey to address any obscured areas are outside of this scope.

This scope does not provide any surface data below any body of water.

B. Hydrologic and Hydraulic Analyses (30% Submittal)

- a. Data collection – Obtain available hydrologic and hydraulic models and studies for Choctaw Creek in the vicinity of the proposed Flanary Road bridge crossing.
- b. Hydrologic Analysis – The effective FEMA 500-year discharge will be used to estimate the 100-year ultimate discharge for Choctaw Creek for the proposed bridge crossing. A fully developed watershed hydrologic analysis may be performed during final design if required by OWNER. No new hydrology will be performed for the conceptual Flanary Road schematic bridge crossing design for Choctaw Creek.
- c. Hydraulic Analysis – Prepare existing and proposed conditions HEC-RAS hydraulic models for Choctaw Creek and the proposed Flanary Road bridge crossing. The hydraulic models will be based on available LiDAR topography data and limited field survey. The hydraulic analysis will be performed to determine bridge deck, low chord, pier spacing and transitional channel grading for the proposed bridge crossing to meet City drainage criteria. Additional hydraulic analysis during final design would be required for FEMA floodway analysis and CLOMR/LOMR submittals.
- d. Scour Analysis – Perform scour analysis of proposed piers and bridge abutments to meet City drainage criteria and determine required depth of bridge piers and erosion protection.

EXHIBIT A SCOPE OF SERVICES

- e. Bridge Schematic and Layout Plan – Prepare proposed Flanary Road bridge crossing of Choctaw Creek schematic plan and profile exhibits and bridge layout plan.
- f. Drainage Summary Report – Summarize hydrologic and hydraulic analyses methodology, results, and recommendations for proposed Flanary Road bridge crossing of Choctaw Creek.

C. Geotechnical Investigation:

1. Through a qualified subcontractor, CONSULTANT shall:

- Perform soil investigations, including field and laboratory tests, borings, related engineering analysis and recommendations for determining soil conditions will be made. Eleven (11) bores are budgeted to a maximum depth of 10' and one (1) 60' bore is anticipated near Choctaw Creek including hydrometer analysis for Scour evaluation.
- Field and laboratory analysis will be made at reasonable intervals along the project alignment.
- A concrete pavement section design will be prepared based on the results.
- Recommendations regarding design of trench safety and below ground structure, and suitability of pipe materials and construction technologies will be prepared based on the results.

Services not included in this contract:

- *Intermediate (60%) or Final Design (90%/100%)*
- *Environmental Clearance*
- *Construction observation or inspection services*
- *As-built surveys of constructed improvements*
- *Public hearings or City Council/Commission meetings*
- *Complete Geotechnical Engineering for Bridge – One 60' bore is included, with Preliminary and Final Design at least 1 more would be necessary but more than likely 2 when bridge location is determined*
- *Subsurface utility engineering (SUE) Level A and B*
- *Utility coordination meeting(s) to start relocation process with affected franchise utilities.*
- *Reset property corner monumentation disturbed or removed during or after construction*
- *LOMR and/or CLOMR Preparation*
- *Traffic Signal Design*
- *Illumination Design*
- *Required application and permitting fees (LOMR) or special insurance premiums are not included*

EXHIBIT A
SCOPE OF SERVICES

- *Phase II Environmental Site Assessments*
- *Storm Water Pollution Prevention Permit (SWPPP) – Erosion Control Plans are included.*
- *Tree mitigation plan or calculations of protected tree inches requiring mitigation.*

EXHIBIT B
PROJECT DESIGN BUDGET SUMMARY

For all professional services included in EXHIBIT 'A', Scope of Services, the CONSULTANT shall be compensated a lump sum fee of \$154,895.00 for basic services and additional basic services, if authorized, in the amount of \$ 108,935.00. Special Services shall be billed on a not to exceed amount of \$99,290.00 for project total of \$363,120.00 as summarized below. The total fee shall be considered full compensation for the services described in EXHIBIT A, including all labor materials, supplies, and equipment necessary to deliver the services.

Basic Services

A.	Project Management, Coordination & Permitting	\$ 8,570.00
B.	Conceptual/Schematic Design (30% Submittal)	145,040.00
C.	Direct Expense (Not to Exceed)	<u>1,285.00</u>
	Basic Services Total (Lump Sum)	\$ 154,895.00

Special Services

A.	Aerial Mapping/Drone Survey	\$ 32,150.00
B.	Geotechnical Investigation	19,550.00
C.	H&H Analysis	<u>47,590.00</u>
	Special Services Total	\$ 99,290.00

TOTAL (BASIC & SPECIAL SERVICES) \$ 254,185.00

Additional Basic Services

Akers Road Design and Survey – If Requested

A.	Conceptual/Schematic Design (30% Submittal)	\$ 88,100.00
B.	Aerial Mapping/Drone Survey	19,550.00
C.	Direct Expense (Not to Exceed)	<u>1,285.00</u>
	Akers Road Total (Lump Sum)	\$ 108,935.00

GRAND TOTAL \$ 363,120.00

EXHIBIT B-1 to Agreement between
the City of Sherman, Texas (OWNER)
and Pacheco Koch Consulting
Engineers, LLC, (CONSULTANT) for
Consulting Services

**EXHIBIT 'B-1' – SCHEDULE OF STANDARD HOURLY BILLING RATES
PROFESSIONAL CONSULTING SERVICES**

ENGINEERING

Principal.....	\$245.00/Hr.
Associate Principal.....	\$210.00/Hr.
Director.....	\$210.00/Hr.
Senior Project Manager	\$170.00/Hr.
Senior Project Coordinator	\$170.00/Hr.
Project Manager.....	\$125.00/Hr.
Project Coordinator.....	\$125.00/Hr.
Project Engineer.....	\$100.00/Hr.
Senior Technician.....	\$115.00/Hr.
Technician	\$85.00/Hr.
Drafter	\$80.00/Hr.
Research Manager.....	\$100.00/Hr.
Research Coordinator.....	\$65.00/Hr.
Research Assistant	\$55.00/Hr.
Executive Assistant.....	\$100.00/Hr.
Senior Administrative Assistant	\$90.00/Hr.
Administrative Assistant.....	\$75.00/Hr.
Expert Witness Testimony.....	\$350.00/Hr.

LANDSCAPE ARCHITECTURE

Principal.....	\$245.00/Hr.
Associate Principal.....	\$210.00/Hr.
Director.....	\$210.00/Hr.
Senior Project Manager	\$160.00/Hr.
Project Manager.....	\$120.00/Hr.
Project Landscape Architect	\$100.00/Hr.
Landscape Task Lead	\$95.00/Hr.
Technician	\$85.00/Hr.
Landscape Designer	\$80.00/Hr.
Drafter	\$80.00/Hr.
Executive Assistant.....	\$100.00/Hr.
Senior Administrative Assistant	\$90.00/Hr.
Administrative Assistant.....	\$75.00/Hr.
Expert Witness Testimony.....	\$350.00/Hr.

SURVEYING

Principal	\$245.00/Hr.
Associate Principal	\$210.00/Hr.
Director	\$210.00/Hr.
Senior Project Manager	\$165.00/Hr.
Senior Project Coordinator	\$165.00/Hr.
Project Manager.....	\$120.00/Hr.
Project Coordinator.....	\$120.00/Hr.
Project Surveyor	\$100.00/Hr.
Survey Intern	\$95.00/Hr.
Senior Technician.....	\$95.00/Hr.
Technician	\$85.00/Hr.
Drafter	\$80.00/Hr.
Research Manager.....	\$100.00/Hr.
Research Coordinator.....	\$65.00/Hr.
Research Assistant	\$55.00/Hr.
Executive Assistant.....	\$100.00/Hr.
Senior Administrative Assistant	\$90.00/Hr.
Administrative Assistant.....	\$75.00/Hr.
Expert Witness Testimony.....	\$350.00/Hr.
Survey Field Crew (1-person)	\$100.00/Hr.
Survey Field Crew (2-person)	\$150.00/Hr.
Survey Field Crew (3-person)	\$210.00/Hr.
Survey Field Crew (4-person)	\$270.00/Hr.
Survey Scanner Crew (1-person) ..	\$180.00/Hr.
Survey Scanner Crew (2-person) ..	\$225.00/Hr.
Survey Scanner Crew (3-person) ..	\$310.00/Hr.

END OF EXHIBIT 'B-1'

2/12/2022

EXHIBIT C
GUIDELINES FOR COMPUTER AIDED DESIGN AND DRAFTING (CADD)

1. Files shall be done in DWG/DXF format.
2. Files shall be georeferenced in the State Plane, Texas North Central FIPS 4202 (feet) coordinate system, using a datum of NAD 83 Grid.
3. If a surface adjustment factor is applied to the data, any surface adjustment factors used should be clearly documented on the drawing.
4. If submissions for the Project relate to a plat, the file submitted must match exactly the plat that is submitted for recording.
5. The file shall contain required features for the project type as detailed below:
 - a. Pre-Construction/As-Built Plans and/or Record Documents:
 - i. Layers from Final Plat Requirements as Applicable to Project Type.
 - ii. Water Utility Features.
 - iii. Sanitary Sewer Features.
 - iv. Storm Sewer Features.
6. Each required feature group should be provided as a separate layer within the file.
7. Layer names should be representative of the information contained in the layer.
8. Line work should be done per accepted industry norms.
9. Text should not be smaller than 0.08" on a full size sheet, and should be a font such as Simplex, Calibri, or Arial.

EXHIBIT D
CONSULTANT'S GUIDELINES FOR DIRECT EXPENSES; GENERAL AND
ADMINISTRATIVE MARKUP; TRAVEL AND SUBSISTENCE EXPENSES

- I. **CONSULTANT'S RESPONSIBILITY**. Consultant shall be solely responsible for the auditing and accuracy of all Direct Expenses, approved markup (general and/or administrative), and approved travel and/or subsistence charges, including those of its subcontractors, prior to submitting to City for reimbursement. Any over-payment by City for errors in submittals for reimbursement may be deducted from Consultant's subsequent payment(s) for services; however, this shall not be City's sole and exclusive remedy for said over-payment.

II. **GUIDELINES FOR DIRECT EXPENSES**.

- A. **Local Transportation** – Transportation in connection with the Project, when such transportation is not a function of routine performance of the duties of Consultant in connection with the Project, and when such transportation exceeds beyond fifty (50) miles from the Project site, shall be reimbursed at a standard mileage rate consistent with that as issued, and periodically revised, by the United States Internal Revenue Service (IRS). Under no circumstances shall City reimburse Consultant at a higher standard mileage rate or pay additional markup on charges for local transportation. Completion of City's Standard Mileage Log is required for submittal of these charges for reimbursement, including justification for each submitted expense.

Under no circumstances are charges associated with rental cars for local transportation eligible for reimbursement by City. Toll road subscriptions or toll plaza receipts are not reimbursable. Consultant agrees to place these standards in all subcontracts for work on the Project.

- B. **Supplies, Material, Equipment** – City shall reimburse the actual cost of other similar direct Project-related expenses, which are duly presented in advance and approved by City's Project Manager in writing.
- C. **Commercial Reproduction** – City shall reimburse the actual cost of reproductions, specifically limited to progress prints prepared for presentation to City at each phase of progress, and final Construction Documents prepared for distribution at bidding phase, provided that Consultant has duly obtained at least three (3) quotations from commercial firms and has chosen the best value for City. Consultant shall provide such documentation to City for review prior to submitting these expenses for reimbursement. Consultant agrees to place these standards in all subcontracts for work on the Project.
- D. **In-House Reproduction** – Consultant shall make arrangements with City for prior approval of in-house reproduction rates prior to submitting these expenses for reimbursement. City shall provide Consultant with a standard format for documenting these charges. Completion of City's reproduction log is required as

EXHIBIT D
CONSULTANT'S GUIDELINES FOR DIRECT EXPENSES; GENERAL AND
ADMINISTRATIVE MARKUP; TRAVEL AND SUBSISTENCE EXPENSES

a prerequisite for payment, including the number or reproductions, the date, time, description, the approved standard rate, and a justification for each submitted expense for reimbursement. Consultant agrees to place these standards in all subcontracts for work on the Project.

- E. **Commercial Plotting** – City shall reimburse the actual cost of plots, specifically limited to final documents, provided Consultant has duly obtained at least three (3) quotations from commercial firms and has chosen the best value for City. Consultant shall provide such documentation to City for review prior to submitting these expenses for reimbursement. Consultant agrees to place these standards in all subcontracts for work on the Project.
- F. **In-House Plotting** – Consultant shall make arrangements with City for prior written approval of in-house plotting rates prior to submitting these charges for reimbursement. City shall provide Consultant with a standard format for documenting these charges. Completion of City's reproduction log is required as a prerequisite for payment, including the number of plots, the date, time, description, the approved standard rate, and a justification for each submitted charge for reimbursement.
- G. **Communications** – Reimbursement for expenses relating to electronic communications shall be limited to long-distance telephone or fax toll charges specifically required in the discharge of professional responsibilities related to the Project. Telephone service charges including office or cellular phones, WATTS, or Metro line services or similar charges are not reimbursable.
- H. **Postage, Mail, and Delivery Service** – City shall reimburse the actual cost of postage and delivery of Instruments of Service, provided Consultant duly considers all circumstances (including available time for assured delivery) of the required delivery and selects the best value for City, which may require comparison of delivery costs offered by three (3) or more sources or methods of delivery, which at a minimum shall include U.S. Mail. Courier service is acceptable only in circumstances requiring deadline-sensitive deliveries and not for the convenience of Consultant and/or Consultant's employees. Consultant agrees to place these standards in all subcontracts for work on the Project.
- I. **Meals and Other Related Charges** – Meals or any other related expenses are not reimbursable unless incurred outside a fifty (50) mile radius of the Project, and then only reimbursable for the actual cost subject to compliance with City's currently adopted policy. Non-allowable costs include, but are not limited to, charges for entertainment, alcoholic beverages, and gratuities.

EXHIBIT D
**CONSULTANT'S GUIDELINES FOR DIRECT EXPENSES; GENERAL AND
ADMINISTRATIVE MARKUP; TRAVEL AND SUBSISTENCE EXPENSES**

III. GUIDELINES FOR GENERAL AND ADMINISTRATIVE MARKUP.

- A. **Requirement of Prior Approval** – Consultant may be allowed to charge a General and/or Administrative Markup on work completed if Consultant can clearly define to City specifically what costs are included in the markup calculation. To apply General and/or Administrative Markup, Consultant must also document to City what costs would be considered direct costs. City shall issue approval in writing to allow Consultant to charge General and/or Administrative Markup. City reserves the right to reject any and all requests for General and/or Administrative Markup.

IV. GUIDELINES FOR TRAVEL AND SUBSISTENCE EXPENSES.

- A. **Requirement of Prior Approval** – City shall reimburse the actual cost of travel and/or subsistence expenses upon prior written approval by City's Project Manager.
- B. **Adherence to Currently Adopted City Travel Policy** – Reimbursements shall be governed by the same travel policies provided for City employees according to current adopted policy. Prior to the event, Consultant shall request, and City's Project Manager shall provide the provisions and the restrictions that apply to out-of-town reimbursements.

EXHIBIT E
CONTRACTOR'S INSURANCE GUIDELINES

I. GENERAL INSURANCE REQUIREMENTS –

- A. All policies shall name the City of Sherman, its officers, agents, representatives and employees as additional insured as to all applicable coverage with the exception of workers compensation insurance and professional liability insurance.
- B. Such policies shall require the provision of written notice to City at least thirty (30) days prior to cancellation, non-renewal or material modification of any policies, evidenced by return receipt or United States Certified Mail.
- C. Such policies shall provide for a waiver of subrogation against City for injuries, including death, property damage or any other loss to the extent the same is covered by the proceeds of the insurance.

II. INSURANCE COMPANY QUALIFICATION – All insurance companies providing the required insurance shall be authorized to transact business in the State of Texas, and shall have a minimum rating of "A" by A.M. Best's Key Rating Guide, or other equivalent rating service(s).

III. CERTIFICATE OF INSURANCE – A Certificate of Insurance and policy endorsement(s) evidencing the required insurance shall be submitted prior to execution of the Agreement. If the Agreement is renewed or extended by City, a Certificate of Insurance and policy endorsement(s) shall also be provided to City prior to the date the Agreement is renewed or extended.

IV. INSURANCE CHECKLIST – "X" means that the following coverage(s) is required for this Agreement.

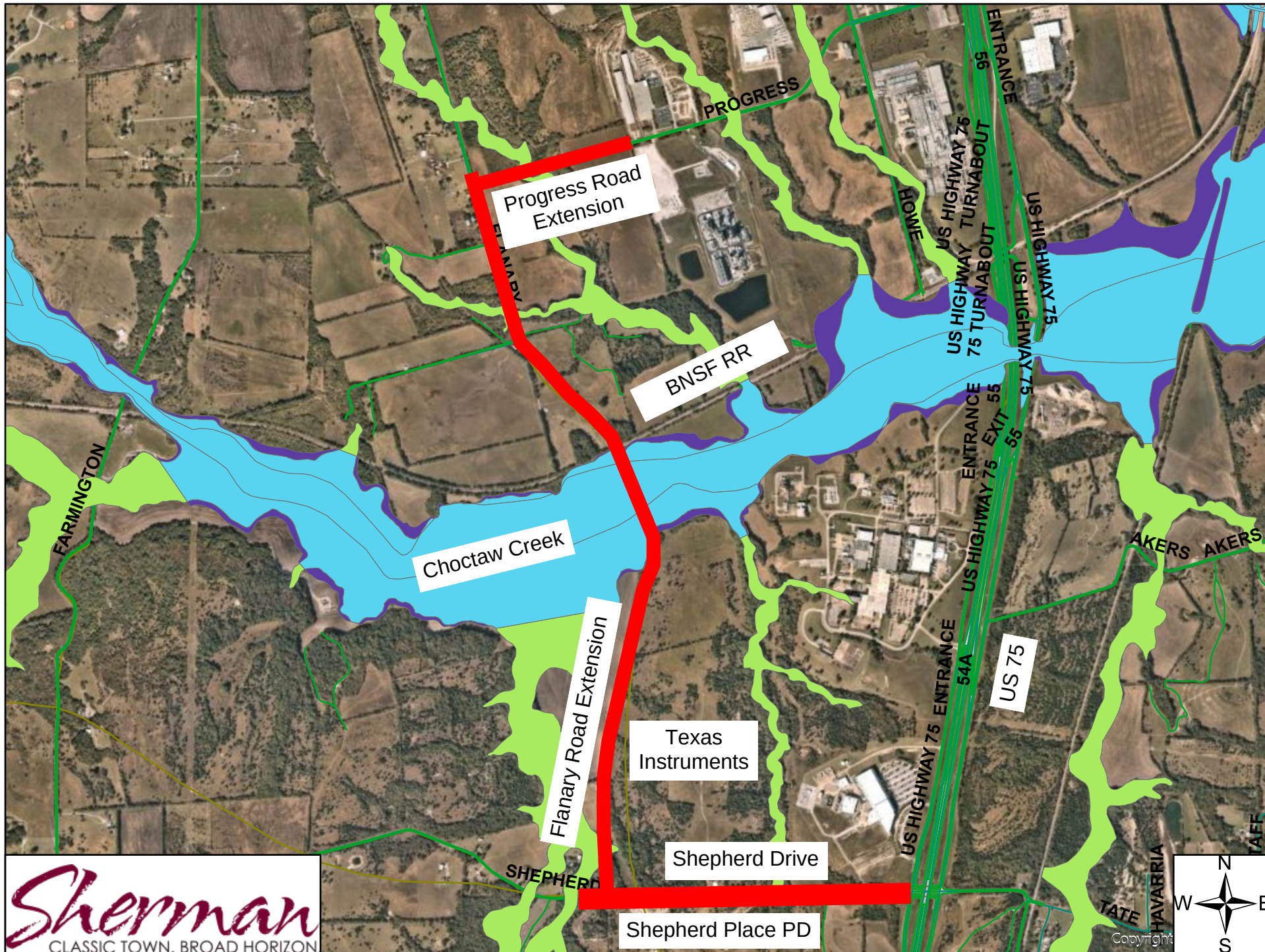
Coverage Required		Limits
<u> X </u>	1. Worker's Compensation & Employer's Liability	▪ Statutory Limits of the State of Texas
<u> X </u>	2. General Liability	▪ Minimum \$1,000,000.00 each occurrence; ▪ Minimum \$2,000,000.00 in the aggregate
<u> </u>	3. XCU Coverage	▪ Minimum \$1,000,000.00 each occurrence; ▪ Minimum \$2,000,000.00 in the aggregate

EXHIBIT E
CONTRACTOR'S INSURANCE GUIDELINES

-
- | | | | |
|---------------|-----|---|--|
| <u> X </u> | 4. | Professional Liability | <ul style="list-style-type: none">▪ Minimum \$1,000,000.00 each claim;▪ Minimum \$2,000,000.00 in the aggregate |
| <u> X </u> | 5. | Umbrella Coverage of Excess Liability Coverage | <ul style="list-style-type: none">▪ An amount of \$2,000,000.00▪ Minimum \$2,000,000.00 in the aggregate |
| <u> X </u> | 6. | City and its officers, agents, representatives and employees named as additional insured on General Liability Policy, as provided above. This coverage is primary to all other coverage City may possess. | |
| <u> X </u> | 7. | General Liability Insurance provides for a Waiver of Subrogation against the City for injuries, including death, property damage, or any other loss to the extent that same is covered by the proceeds of the insurance. All insurance policies that are required to name the City as an additional insured must be endorsed to read as primary and non-contributory coverage regardless of the application of other insurance. | |
| <u> X </u> | 8. | Thirty (30) days' notice of cancellation, non-renewal, or material change required. The words "endeavor to" and "but failure" (to end of sentence) are to be eliminated from the Notice of Cancellation provision on standard ACORD certificates. | |
| <u> X </u> | 9. | Insurance company has a minimum rating of "A" by A.M. Best's Key Rating Guide, or other equivalent rating service(s). | |
| <u> X </u> | 10. | The Certificate of Insurance must state the project title and bid number. | |
| <u> </u> | 11. | Other Insurance Requirements (State Below): | |

EXHIBIT F
CONFLICT OF INTEREST QUESTIONNAIRE, FORM CIQ

CONFLICT OF INTEREST QUESTIONNAIRE For vendor doing business with local governmental entity		FORM CIQ
This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session. This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a). By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code. A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.	OFFICE USE ONLY 	
1 Name of vendor who has a business relationship with local governmental entity.		
2 ☐ Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)		
3 Name of local government officer about whom the information is being disclosed. _____ Name of Officer		
4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary. A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor? ☐ Yes ☐ No B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity? ☐ Yes ☐ No		
5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.		
6 ☐ Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).		
7 _____ Signature of vendor doing business with the governmental entity _____ Date		





SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

D. 3.

Meeting Date: 03/07/2022

Prepared By: Wayne Lee, Director of Engineering

Approved By: Robby Hefton, City Manager

Caption:

*** RESOLUTION NO. 6854**

Abandoning One (1) Twenty Foot (20') Utility Easement Located in Lot 2 of Jackson Walker Addition, Instrument No. 2020-133, Plat Records, Grayson County, Texas, and Being More Particularly Described on the Exhibit "A" Attached Hereto and Made a Part Hereof for all Purposes, which Utility Easement is Established in Volume 8, Page 34 of the Plat Records of Grayson County, Texas

Issue:

To consider the abandonment of a portion of one (1) 20' utility easement lying within the property lines of Lot 2 of Jackson Walker Addition to the City of Sherman, Texas

Background:

Said easement, which is filed of record in Volume 8, Page 34 of the Plat Records of Grayson County, Texas, is not being utilized and is no longer deemed necessary. Said abandonment has been approved by franchise utilities.

Origination:

Engineering Department

Financial Consideration:

None

Staff Recommendation:

Staff recommends approval of the one (1) 20' utility easement abandonment

Alternatives:

As may be directed by City Council

Attachments

Resolution No. 6854

Utility Easement Release - Jackson Walker Addition

Jackson Walker Addition Filed Plat

Aerial Location Map

RESOLUTION NO. 6854

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ABANDONING ONE (1) TWENTY FOOT (20') UTILITY EASEMENT LOCATED IN LOT 2 OF JACKSON WALKER ADDITION, INSTRUMENT NO. 2020-133, PLAT RECORDS, GRAYSON COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED ON THE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES, WHICH UTILITY EASEMENT IS ESTABLISHED IN VOLUME 8, PAGE 34 OF THE PLAT RECORDS OF GRAYSON COUNTY, TEXAS; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, the City Council is of the opinion that the abandoning, vacating and closing of said utility easement as depicted on the attached map is in the public interest and is approved;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the one (1) twenty foot (20') utility easement located in Lot 2 of Jackson Walker Addition, Instrument No. 2020-133, Plat Records, Grayson County, said easement being established in Volume 8, Page 34 of the Plat Records of Grayson County, Texas, as depicted in Exhibit "A" attached hereto, be and are hereby extinguished, vacated, closed, and permanently abandoned as an easement for public use.

SECTION 2. That the City Manager be and is hereby authorized and directed, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute a Release and Abandonment of Easement in the same or substantially same form as the contract document attached hereto and incorporated herein for all purposes.

SECTION 3. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 7th day of March, 2022.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

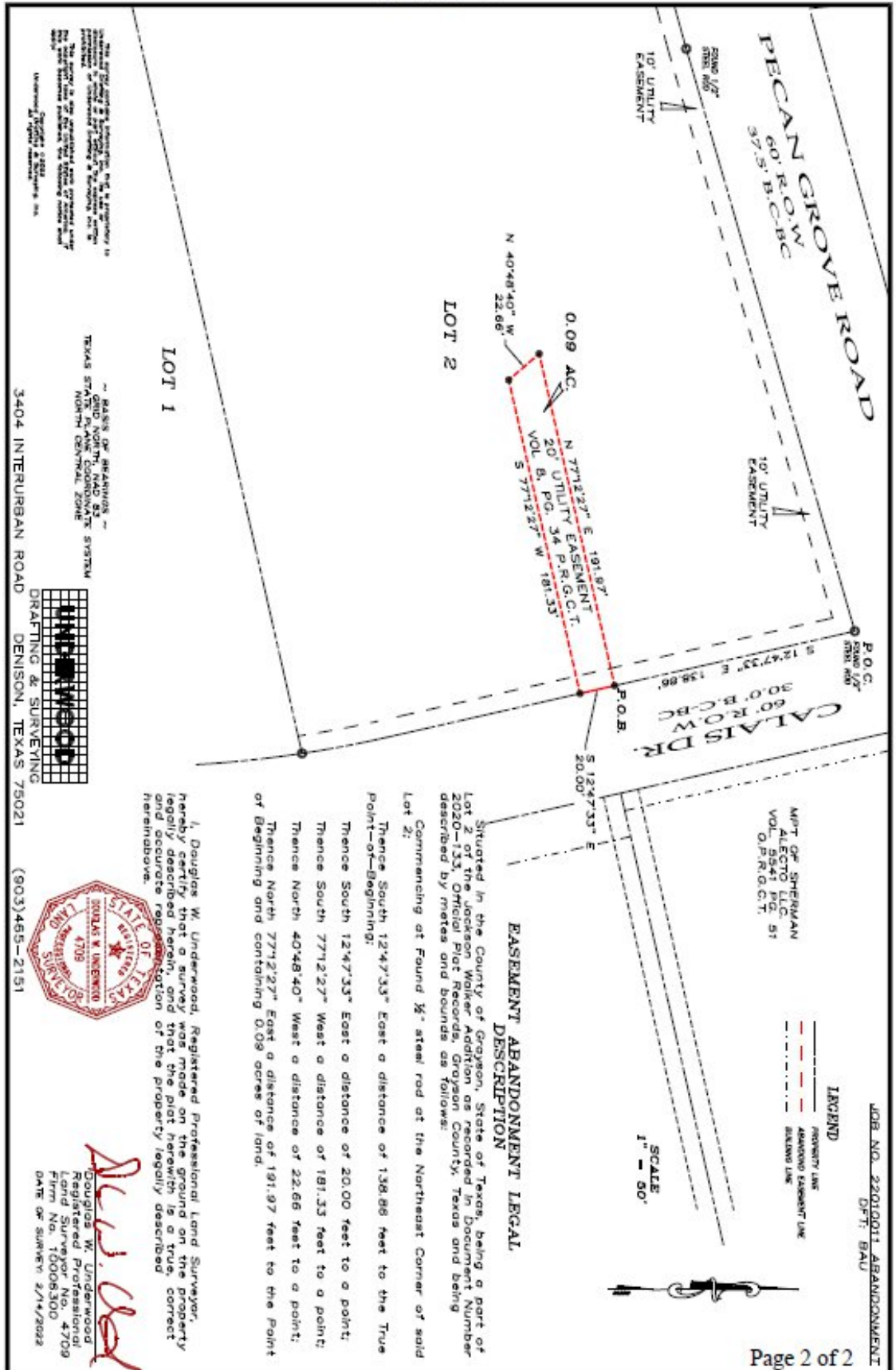
ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM AND CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

EXHIBIT "A"



RELEASE AND ABANDONMENT OF EASEMENT

DATE: _____ day of _____, 2022

PROPERTY:

BEING 0.204 ACRES, BEING A PART OF A 20-FOOT UTILITY EASEMENT, IN LOT 2 of JACKSON WALKER ADDITION TO THE CITY OF SHERMAN, TEXAS, AS SHOWN BY PLAT OF RECORD IN INSTRUMENT NO. 2020-133, PLAT RECORDS, GRAYSON COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED ON THE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES, WHICH UTILITY EASEMENT IS RECORDED IN VOLUME 8, PAGE 34 OF THE PLAT RECORDS OF GRAYSON COUNTY, TEXAS.

WHEREAS, the above described property is located in Lot 2 of Jackson Walker Addition, Instrument No. 2020-133, being established in Volume 8, Page 34 of the Plat Records of Grayson County, Texas.

WHEREAS, said property contains one (1) 20-foot Utility Easement as filed of record in Instrument No. 2020-133, being established in Volume 8, Page 34 of the Plat Records of Grayson County, Texas and being more particularly described on the Exhibit "A" attached hereto and made a part hereof for all purposes.

WHEREAS, said Utility Easement is not being utilized and the City of Sherman no longer deems said 20-Foot Utility Easement as a necessary Easement.

WHEREAS, the City of Sherman, Texas, does hereby abandon, relinquish and vacate its interest in and to the easement described above.

THE CITY OF SHERMAN, TEXAS

By: _____

Name: ROBBY HEFTON

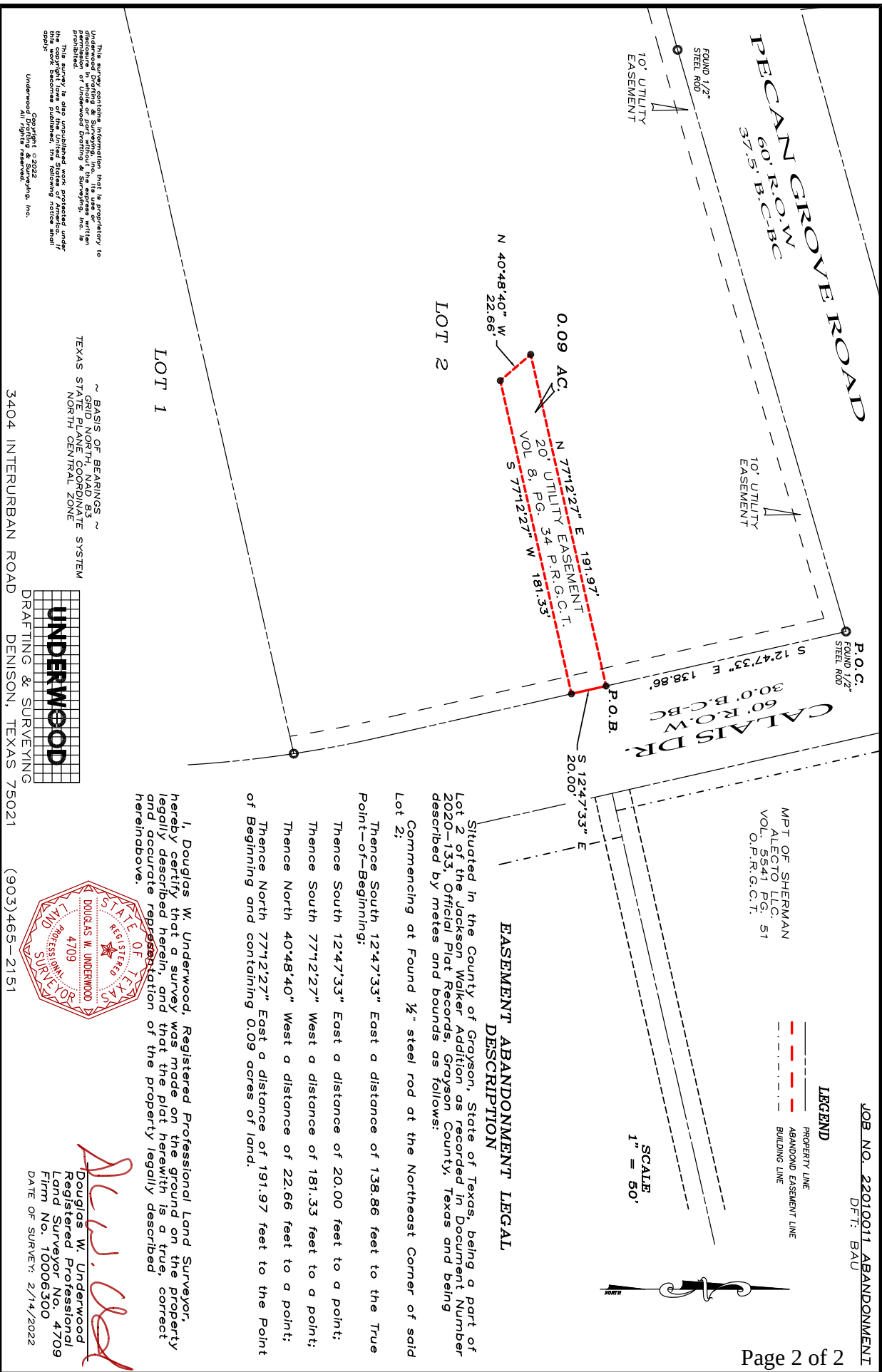
Title: City Manager

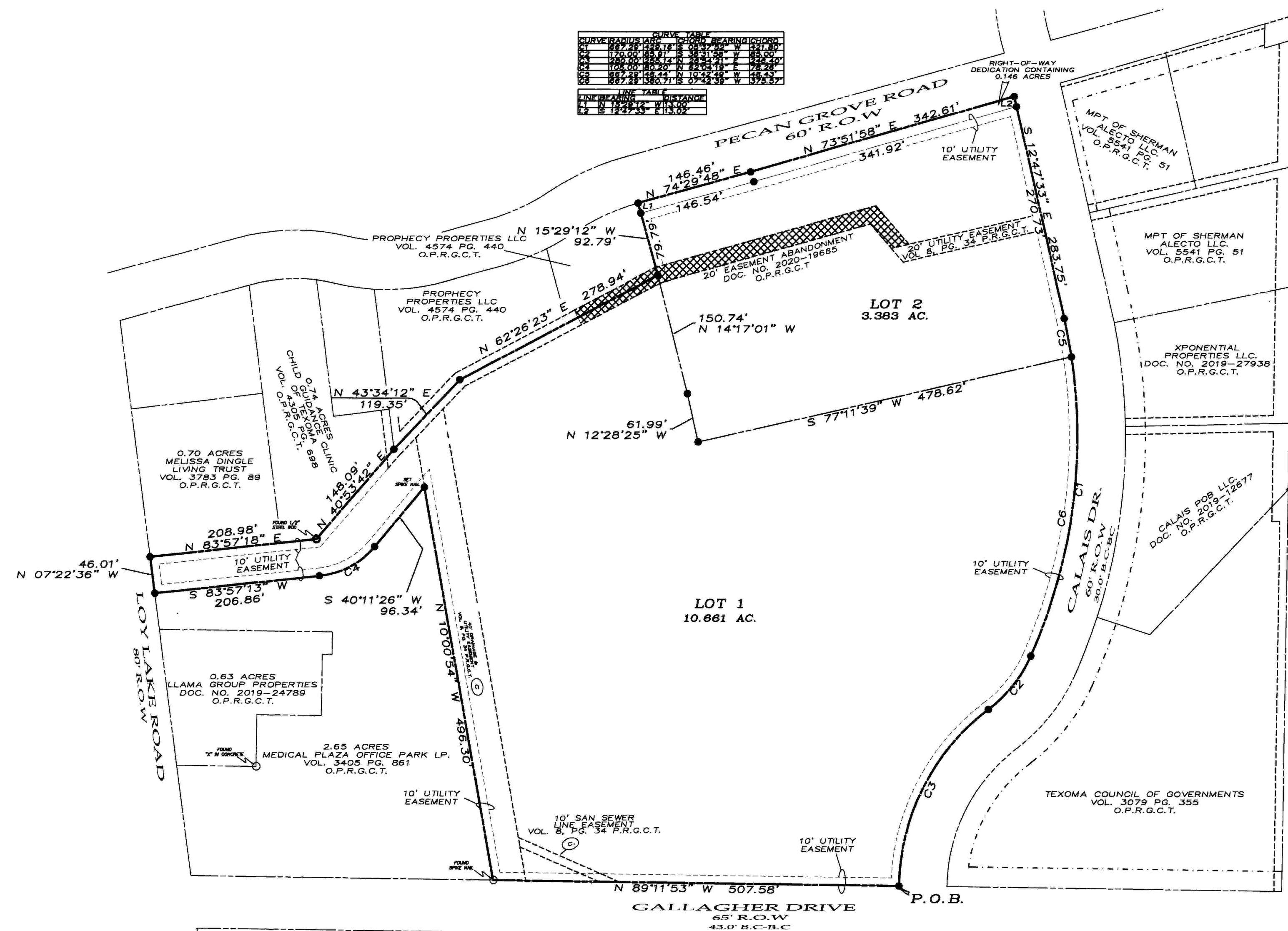
STATE OF TEXAS }
COUNTY OF GRAYSON }

This instrument was acknowledged before me on the _____ day of _____, 2022, by

ROBBY HEFTON, as City Manager of THE CITY OF SHERMAN, TEXAS.

Notary Public – State of Texas





FINAL PLAT JACKSON WALKER ADDITION

Being a replat of all of Lot 7, Block One, of Gleckler Plaza Addition, to the City of Sherman, of record in Volume 8, Page 35, of the Plat Records, Grayson County, Texas, and all of Lots 5 & 6, Block One, of the partial replat of Gleckler Plaza Addition, of record in Volume 8, Page 85, of said Plat

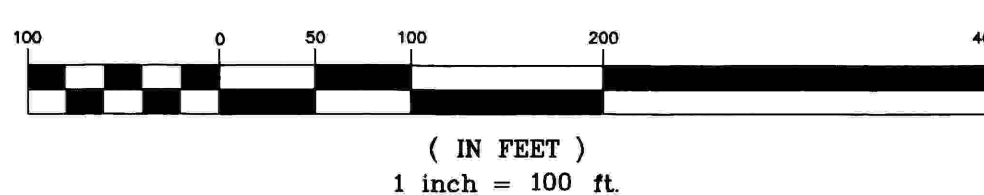
Records
BEING 14.189 ACRES

~ BASIS OF BEARINGS ~
GRID NORTH, NAD 83
TEXAS STATE PLANE COORDINATE SYSTEM
NORTH CENTRAL ZONE

Filed for Record
in the Official Records of:
Grayson County Clerk
On: 8/28/2020 2:48:46 PM
In the PLAT Records
JACKSON WALKER ADDN
Doc Number: 2020-133
Number of Pages: 2
Amount: 75.00
Order#: 20200828000124
By: HA



GRAPHIC SCALE



OWNERS/DEVELOPER

MPT OF SHERMAN ALECTO LLC.
1000 URBAN CENTER DRIVE
BIRMINGHAM, ALABAMA 35242

SURVEYOR

DOUGLAS W. UNDERWOOD
R.P.L.S. NO. 4709
3404 INTERURBAN ROAD
DENISON, TEXAS

6-23-2020



3404 INTERURBAN ROAD DENISON, TEXAS 75021 (903)465-2151

SHEET 1 OF 2

20067

LEGAL DESCRIPTION

Situated in the City of Sherman, Grayson County, Texas, being a part of the J.B. McAnair Survey, Abstract No. 763, being all of Lot 7, Block One, of Gleckler Plaza Addition, to the City of Sherman, of record in Volume 8, Page 35, of the Plat Records, Grayson County, Texas, and all of Lots 5 & 6, Block One, of the partial replat of Gleckler Plaza Addition, of record in Volume 8, Page 85, of said Plat Records, also being all that parcel of land described as Tract One in Warranty Deed from Notami Hospitals of Texas, Inc., to Epic Properties, Inc., of record in Volume 2165, Page 808, of the Real Property Records, Grayson County, Texas, and being more particularly described by metes and bounds as follows:

Beginning at a 1/2" capped steel rod set at the intersection of the north right-of-way line of Gallagher Drive with the west right-of-way line of Calais Drive, being the southeast corner of said Lot 7 and Block One;

Thence North 89°11'53" West with said north right-of-way line, a distance of 507.58 feet to a Found Spike Nail set at the southeast corner of Lot 8, of said Block One;

Thence North 10°00'54" West with the east line of said Lot 8, a distance of 496.30 feet to a spike nail set in an asphalt drive, said nail being the northeast corner of said Lot 8;

Thence with the north line of said Lot 8 the following calls and distances:
South 40°11'26" West a distance of 96.34 feet to a set 1/2" capped steel rod;

A curve to the right having a radius of 105.00 feet, an arc length of 80.20 feet, a chord bearing of S 82°04'19" W, and an chord length of 78.26 feet to a set 1/2" capped steel rod;

South 83°57'13" West a distance of 206.86 feet to a 1/2" capped steel rod set in the east right-of-way line of Loy Lake Road;

Thence North 07°22'36" West with said east right-of-way line, a distance of 46.01 feet to a 1/2" capped steel rod set at the southwest corner of that tract of land conveyed to Melissa Dingle Living Trust by deed of record in Volume 3783, Page 89, Official Public Records, Grayson County, Texas;

Thence North 83°57'18" East with the south line of said tract a distance of 208.98 feet to a 1/2" steel rod found in concrete at an angle point in the south line of Lot 1, of said Block One;

Thence North 40°53'42" East with said south line, a distance of 148.09 feet to a 1/2" capped steel rod set at the southeast corner of said Lot One, the southwest corner of Lot 3, of said Block One;

Thence North 43°34'12" East with the south line of said Lot 3, a distance of 119.35 feet to a 1/2" capped steel rod set at an angle point in said south line;

Thence North 62°26'23" East a distance of 278.94 feet to a 1/2" capped steel rod set at the southeast corner of Lot 4, of said Block One;

Thence North 15°29'12" West with the east line of said Lot 4, a distance of 92.79 feet to a 1/2" capped steel rod set at the northeast corner of said Lot 4, also being in the north line of said Block One;

Thence North 74°29'48" East with the north line of said Block One, a distance of 146.46 feet to a set 1/2" capped steel rod;

Thence North 73°51'58" East a distance of 342.61 feet to a 1/2" capped steel rod set at the northeast corner of Lot 6, of said Block One, said rod being in the west right-of-way line of said Calais Drive;

Thence with said west right-of-way line the following calls and distances:
South 12°47'33" East a distance of 283.75 feet to a set 1/2" capped steel rod;

A curve to the right having a radius of 667.29 feet, an arc length of 429.46 feet, a chord bearing of South 05°37'52" West 421.80 feet to a set 1/2" capped steel rod;

A curve to the right having a radius of 170.00 feet, an arc length of 85.91 feet, a chord bearing South 38°31'58" West 85.00 feet to a set 1/2" capped steel rod;

A curve to the left having a radius of 280.00 feet, an arc length of 255.14 feet, a chord bears South 26°54'21" West 246.40 feet to the Point-of-Beginning and containing 14.189 acres of land.

ACCEPTANCE

Approved this 21st day of July, 2020, by the City Planning Commission to the City of Sherman, Texas.

[Signature] Chairman *[Signature]* Secretary

CERTIFICATE OF ACCEPTANCE OF DEDICATION

Accepted by the City Council of the City of Sherman

[Signature] Mayor, City of Sherman, Texas

08/28/2020 Date

SURVEYOR'S CERTIFICATION

KNOWN ALL MEN BY THESE PRESENTS:

That I, Douglas W. Underwood, Registered Professional Land Surveyor, do hereby certify that I prepared this plat from an actual and accurate survey of the land and that the corner monuments thereon were properly placed, under my personal supervision, in accordance with the subdivision regulations of the City of Sherman, Texas.

[Signature]
Douglas W. Underwood
Registered Professional
Land Surveyor, No. 4709

08/24/2020
Date

Filed for Record
in the Official Records of:
Grayson County Clerk
On: 8/28/2020 2:48:46 PM
In the PLAT Records
JACKSON WALKER ADDN
Doc Number: 2020-133
Number of Pages: 2
Amount: 75.00
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OWNERS/DEVELOPER

MPT OF SHERMAN ALECTO LLC.
1000 URBAN CENTER DRIVE
BIRMINGHAM, ALABAMA 35242

SURVEYOR

DOUGLAS W. UNDERWOOD
R.P.L.S. NO. 4709
3404 INTERURBAN ROAD
DENISON, TEXAS

6-23-2020



3404 INTERURBAN ROAD DENISON, TEXAS 75021 (903)465-2151

SHEET 2 OF 2

OWNERS DEDICATION

NOW THEREFORE KNOWN ALL MEN BY THESE PRESENTS:

THAT I, MPT OF SHERMAN ALECTO LLC., do hereby adopt this plat designating the hereinabove property as the JACKSON WALKER ADDITION, an addition to the City of Sherman, and do hereby dedicate to the public use forever the streets and easements shown on this plat for the mutual use and accommodation of all public and private utilities desiring to use or using same. Any public or private utility shall have the right to remove and keep removed all or part of any buildings, fences, trees, shrubs or other improvements or growths which in anyway endanger or interfere with the construction, maintenance, or efficiency of its respective systems on any of these easements strips and any public or private utility shall, at all times, have a right of ingress and egress to and from and upon the said easement strips for the purpose of constructing, reconstructing, inspecting, patrolling, maintaining and adding to or removing all or part of its respective system without the permission of anyone. This plat approved subject to all ordinances, rules regulations and resolutions of the City of Sherman, Texas.

WITNESS MY HAND this 27th day of August, 2020

[Signature]
EMMETT E. MCLEAN, EVS AND COO
MPT OF SHERMAN ALECTO LLC.

STATE OF Alabama
COUNTY OF Jefferson

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared EMMETT E. MCLEAN known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 27th day of August, 2020.

[Signature]
Notary Public in and for
the State of Alabama
Commission Expires: 12/26/23



CERTIFICATE OF COMPLIANCE

The Undersigned, the City Clerk of the City of Sherman, hereby certifies that the foregoing, JACKSON WALKER ADDITION, an addition to the City of Sherman, Texas, was submitted to the City Council on the 21st day of August, 2020, and the City Council by formal action then and there accepted the dedication of streets, alleys, easements and public places as shown and set forth in and upon said map or plat, and said City Council further authorized the Mayor to note the acceptance thereof by signing his name as herein above subscribed.

Witness my hand this 28th day of August, 2020.

[Signature]
Sinda Ashby
Clerk, City of Sherman, Texas



~ GENERAL NOTES ~

1. Water Supply to be provided by the City of Sherman.
2. Sewer Service to be provided by the City of Sherman.
3. Electrical service is provided by Oncor Electrical Delivery.
4. Blocking the flow of water or construction of improvements in drainage easements, and filling or obstruction of the floodway is prohibited.
5. Any existing creeks or drainage channels traversing along or across the addition will remain as open channels and will be maintained by the individual owners of the lot or lots that are traversed by or adjacent to the drainage courses along or across said lots.
6. The City of Sherman will not be responsible for the maintenance and operation of said drainage ways or drainage easements for the control of erosion.
7. Neither the City of Sherman nor the undersigned surveyor will be responsible for any damage, personal injury, or loss of life or property occasioned by flooding or flooding conditions.
8. The owners and builders must comply with all other local, state and federal regulations regarding developments of this type.
9. Bearings are based on the City of Sherman Control Monument Network.
10. The City of Sherman reserves the right to require submission of Development Plat based on proposed use of each lot.

FINAL PLAT JACKSON WALKER ADDITION

Being a replat of all of Lot 7, Block One, of Gleckler Plaza Addition, to the City of Sherman, of record in Volume 8, Page 35, of the Plat Records, Grayson County, Texas, and all of Lots 5 & 6, Block One, of the partial replat of Gleckler Plaza Addition, of record in Volume 8, Page 85, of said Plat

Records
BEING 14.189 ACRES

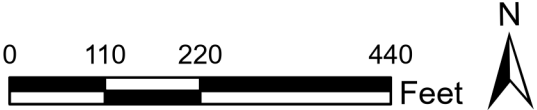
6-23-2020



3404 INTERURBAN ROAD DENISON, TEXAS 75021 (903)465-2151

E-9-409

Utility Easement Abandon - Jackson Walker Addition





SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

D. 4.

Meeting Date: 03/07/2022

Prepared By: Jim Cross, Water Systems Manager

Approved By: Robby Hefton, City Manager

Caption:

*** RESOLUTION NO. 6855**

Awarding Bids to and Authorizing Execution of Contracts with Multiple Vendors for an Annual Supply of Chemicals for the Sherman Water Treatment Plant

Issue:

To consider awarding contracts to multiple vendors for an annual supply of chemicals to be used at the Sherman Water Treatment Plant

Background:

At the December 6, 2021 meeting, the City Council authorized a request to advertise for the solicitation of public bids from various chemicals for our water operations. This year, the City received bids from ten (10) vendors. In order to gain maximum benefit for the City, each type of chemical is considered separately for awarding purposes; thus, the staff recommends awarding contracts to eight different vendors based on the lowest responsive price for each of the chemicals.

Origination:

Department of Utilities

Financial Consideration:

Funding is available in the Water Production budget for fiscal year (FY) 2021-2022 for the purchase of these chemicals.

Staff Recommendation:

It is recommended that the Council award the contracts for chemicals to the vendors identified in the attached pricing summary.

Alternatives:

As may be recommended by the City Council.

Attachments

Resolution No. 6855

Supply Contract

Bid Tabulation

RESOLUTION NO. 6855

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING BIDS TO AND AUTHORIZING EXECUTION OF CONTRACTS WITH MULTIPLE VENDORS FOR THE ANNUAL SUPPLY OF CHEMICALS FOR THE SHERMAN WATER TREATMENT PLANT; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That bids are hereby awarded to DPC Industries, Inc., Brenntag Southwest, Inc., Shrieve Chemical, Shannon Chemical Corporation, FSTI, Inc., Chemtrade Chemicals US, LLC., Pennco, Inc., and Chameleon Industries, Inc. for an annual supply of chemicals to be used at the Sherman Water Treatment Plant in accordance with the City's specifications; and that the City Manager be and is hereby authorized and directed, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute contracts of sale with DPC Industries, Inc., Brenntag Southwest, Inc., Shrieve Chemical, Shannon Chemical Corporation, FSTI, Inc., Chemtrade Chemicals US, LLC., Pennco, Inc., and Chameleon Industries, Inc. for said annual supply of chemicals to be used at the Sherman Water Treatment Plant, in accordance with all contract documents attached hereto and made a part hereof for all purposes. Funds for this purchase are being committed out of the City of Sherman's fiscal year 2021-2022 budget.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, on this the 7th day of March, 2022.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

BY: _____
DAVID PLYLER, MAYOR

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

SUPPLY CONTRACT

THE STATE OF TEXAS §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS:

THIS AGREEMENT, made and entered into by and between the CITY OF SHERMAN, a municipal corporation of the State of Texas, hereinafter called "CITY", and _____, hereinafter called "SUPPLIER",

WITNESSETH:

SUPPLIER agrees to sell and will deliver to CITY, and CITY agrees to purchase from SUPPLIER, on an as-needed basis, chemicals specified as _____ for use at the Sherman Water Treatment Plant as described in the Invitation to Bid and incorporated herein for all purposes. As consideration for this contract, SUPPLIER agrees to sell and deliver such chemicals at the prices specified therein in the Invitation to Bid during the contract period beginning on March 7, 2022, and ending on March 6, 2023.

Reference is hereby made to the specifications and requirements of the Invitation to Bid prepared by CITY and the Bid Proposal submitted by SUPPLIER on January 26, 2022 in answer to CITY's Invitation to Bid. All of the specifications and requirements of CITY's Invitation to Bid, are incorporated herein by reference and are part of this contract for all purposes.

SUPPLIER hereby agrees to deliver ordered chemicals to CITY at the Sherman Water Treatment Plant located at 243 La Cima Drive, Sherman, Texas, within four (4) business days from the date of order placement. CITY reserves the right on or before initiation of order to reasonably restrict days and hours for delivery. CITY will pay SUPPLIER for chemicals delivered within thirty (30) days from the date of the receipt of invoice.

CITY retains the right to reject without restriction all or any chemicals delivered by SUPPLIER which fails to comply with the specifications as set forth in the Invitation to Bid and the Bid Proposal submitted by SUPPLIER. Upon written notice by City to Supplier of non-conforming delivered chemicals which fail to comply with specifications, SUPPLIER shall have three (3) business days from notice of rejection to replace the non-conforming chemicals. CITY shall on notice receive credit for all charges related to non-conforming chemicals delivered. Supplier shall have twenty (20) days from notice of CITY's rejection of non-conforming chemicals to remove non-conforming chemicals from the Sherman Water Treatment Plant at SUPPLIER's expense in default of which, CITY may, at its election, return to SUPPLIER non-conforming chemicals delivered to the CITY thirty (30) days from notice to the SUPPLIER. In the event of CITY's return of non-conforming chemicals, CITY shall be entitled to recover all costs and expense relating to reloading, removal and return of rejected non-conforming chemicals from SUPPLIER. CITY is expressly authorized to contract for return in default of SUPPLIER's removal of non-conforming chemical

supply pursuant to this agreement. City assumes no liability for loss or damage to non-conforming items delivered to CITY under this provision and SUPPLIER agrees to release and hold harmless CITY from any claim or liability relating to SUPPLIER's delivery of non-conforming items pursuant to this contract.

Payment of Monies Owed to the City of Sherman. CITY may, in its discretion, apply any monies owed to SUPPLIER, the contracting party under this agreement, in partial or complete satisfaction of any property taxes due or other monies owed the City of Sherman, which are or become delinquent during the term of this contract.

Amendment of Contract. This agreement may not be changed, varied or altered except by an instrument in writing, duly executed on behalf of CITY and by SUPPLIER.

Assignment of Contract. No assignment by a party hereto of any rights under or interests in the Contract will be binding on another party hereto without the written consent of the party sought to be bound; and specifically, but without limitation, moneys that may become due and moneys that are due may be assigned without such consent (except to the extent that the effect by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Contract.

Severability. Any provision or part of this Contract that is held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon the CITY and SUPPLIER, who agree that the Contract shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

Headings. Section or other headings contained in this Contract are for reference purposes only and shall not affect in any way the meaning or interpretation of this Contract.

Conflicts. If there are any conflicts between the Contract and the Invitation to Bid, the provisions in the Contract prevail over the provisions in the Invitation to Bid.

Supplier's Warranty. SUPPLIER expressly represents and warrants its compliance with all applicable laws, ordinances and regulations in its operations and material delivered under this Agreement including, but not limited to AWWA standards and NSF60 requirements. SUPPLIER further expressly represents and warrants its compliance with all applicable regulation of hazardous substances as may be present in, used, manufactured, handled, created, stored or delivered to CITY incidental to this Agreement. CITY has no duty to inspect or examine material furnished by SUPPLIER under this Agreement. CITY is entitled to fully rely on material as represented by and specified of SUPPLIER under this Agreement.

Supplier's Indemnity of City. SUPPLIER agrees to indemnify, defend and hold harmless CITY against all claims, damages and liabilities of whatever nature, foreseen or unforeseen under any environmental, hazardous substance law or other law including, but not limited to the following:

- a) All fees incurred in defending any action or proceeding brought by any individual, public or private entity arising from materials furnished or incidental to this Agreement. SUPPLIER's liability for fees shall include, but not be limited to legal fees, environmental consultants, engineers, surveyors and expert witnesses.

- b) Any diminution in property value attributable to:
- i.) breach of warranty under this Agreement or,
 - ii.) any cleanup, detoxification, remediation or other response action taken or incidental to any material the subject of this Agreement as may be imposed by Federal, State, local government or Court order.

Notices under this. Agreement. All notices under this Agreement require written notice delivered to CITY or SUPPLIER at the address indicated on this agreement or as otherwise noticed by the party in writing.

Applicable Laws and Venue. This agreement shall be construed in accordance with the laws of the State of Texas, shall be deemed performable and enforceable in the State of Texas, with venue in Grayson County, Texas.

IN WITNESS WHEREOF, this instrument, in duplicate originals of equal force, has been executed on behalf of SUPPLIER and on behalf of CITY, City of Sherman, by its City Manager and attested by its City Clerk, effective the _____ day of _____ 2022.

SUPPLIER:

CITY:

CITY OF SHERMAN, TEXAS

BY: _____

NAME: _____

TITLE: _____

ADDRESS: _____

BY: _____

ROBBY HEFTON,

CITY MANAGER

220 W. MULBERRY

SHERMAN, TEXAS, 75090

ATTEST:

ATTEST:

BY: _____

NAME: _____

TITLE: _____

BY: _____

LINDA ASHBY,

CITY CLERK

APPROVED:

ABERNATHY,
ROEDER, BOYD &
HULLETT, P.C.
CITY ATTORNEY

City of Sherman
Water Treatment Chemical Bid Tabulation
January 25, 2022; 2:00 PM

[illegible]

[illegible]



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

D. 5.

Meeting Date: 03/07/2022

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

*** RESOLUTION NO. 6856**

Authorizing the Texas Housing Foundation to Exercise its Powers on Property Known as the Park Manor Senior Community, Located at 1725 S. FM Road 1417, Sherman, TX 75092, within the Territorial Boundaries of the City of Sherman, Texas and Authorizing a Cooperation Agreement.

Issue:

To authorize the Texas Housing Foundation to exercise its Powers on Property Known as the Park Manor Senior Community, Located at 1725 S. FM Road 1417, Sherman, TX 75092, within the Territorial Boundaries of the City of Sherman, Texas and Authorizing a Cooperation Agreement.

Background:

The Texas Housing Foundation was created to provide a tool to create, develop, acquire, administer, manage, and provide services to affordable housing projects through related business entities and for the residents at communities in which they are located. Through 2021, over 5,600 units of affordable workforce and senior housing across the state of Texas have been developed/acquired.

The Texas Housing Foundation is seeking to rehab Park Manor Senior Community located at 1725 S FM 1417, Sherman, TX. State law requires approval of the governing body of the municipality where the project is proposed. The scope of the project is as follows:

Budget: \$40,000 per unit or \$7,840,000

Scope

- Exterior
 - Clubhouse re-design
 - New supportive services area
 - New food pantry
 - New furniture, artwork, and fixtures
 - New outdoor pergola and games area
 - New landscaping and irrigation repair
 - Paint all buildings
 - New lighting
 - Parking lot patch, seal coat and stripe
 - Replace trash enclosures
 - Power wash all buildings, stairs, breezeways, mail kiosks, dumpster enclosures and pool deck

- Gutter repairs and downspouts
- Replace damaged or missing siding, shutters, fascia, soffits
- Roof repairs as needed
- Repair/replace mail kiosk as needed
- Accessibility repairs as needed to bring property to compliance
- Units
 - New appliances
 - New cabinets
 - New LVP flooring
 - Free resident Wi-Fi in all units
 - Install fire sprinkler system in exterior patio closets
 - Energy saving repairs/improvements
 - Full HVAC replacement
 - Water heater replacement as needed
 - Install water monitoring system for each unit (leak detection system)
 - Replace toilet “guts”
 - Install low flow faucets and shower heads

Origination:

Mark A. Mayfield, President, Texas Housing Foundation

Financial Consideration:

There is no requirement for City financial participation in this project. The City is only required to enter into a "cooperation agreement" to allow THF to proceed with the project.

Staff Recommendation:

To authorize the Cooperation Agreement with THF Public Facilities Corporation

Alternatives:

The City Council could chose not to authorize this agreement.

Attachments

Resolution No. 6856
Agreement
Reservation Certificate
Rehab Scope
THF Narrative

RESOLUTION NO. 6856

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE TEXAS HOUSING FOUNDATION TO EXERCISE ITS POWERS ON PROPERTY KNOWN AS THE PARK MANOR SENIOR COMMUNITY, LOCATED AT 1725 S. FM ROAD 1417, SHERMAN, TX 75092, WITHIN THE TERRITORIAL BOUNDARIES OF THE CITY OF SHERMAN, TEXAS; AND AUTHORIZING A COOPERATION AGREEMENT; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, the City Council of the City of Sherman, Texas finds that there exists in the City of Sherman ("City") a shortage of safe and sanitary housing available to lower income residents at rents they can afford; and

WHEREAS, the Texas Housing Foundation, a Texas regional housing authority ("Foundation"), has represented to the City that it has significant experience and expertise in successfully providing, developing, financing, and managing housing projects that are affordable to lower income residents and are assets to the community; and

WHEREAS, Texas Local Government Code Section 392.017(d) requires that the governing body of a municipality adopt a resolution declaring a need for a regional housing authority to exercise its powers in another jurisdiction, and authorizing a cooperation agreement under Section 392.059; and

WHEREAS, it is contemplated that THF Public Facility Corporation, a Texas public facility corporation duly organized by the Foundation (the "PFC") will issue tax-exempt bonds in order to finance a portion of the costs financing of the property and development known as the Park Manor Senior Community, located at 1725 S. FM 1417, Sherman, TX 75092 ("Property"); and

WHEREAS, it is further contemplated that a wholly-owned subsidiary of the Foundation will serve as the Applicant's general partner; and

WHEREAS, the City of Sherman has conducted a public hearing to take testimony with regard to the Property and cooperation agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. Pursuant to Texas Local Government Code, Section 392.017(d)(1), the City Council declares that there is a need for the Foundation to exercise its powers on the Property in the territorial boundaries of the City to provide decent, safe, and sanitary housing that is affordable for lower income residents of the City. The Foundation is hereby authorized to exercise its powers on the Property in the territorial boundaries of the City as set forth in the Cooperation Agreement attached hereto.

SECTION 3. Pursuant to Texas Local Government Code, Section 392.017(d)(2) and the Cooperation Agreement between the Foundation and the City, attached hereto and incorporated herein, the Foundation is hereby authorized under Texas Local Government Code Section 392.059(a) to exercise its powers on the Property within the City. The City agrees to cooperate with the Foundation to allow the Foundation to provide housing for low and moderate income residents on the Property in the territorial boundaries of the City consistent with the terms of the Cooperation Agreement. The Foundation and the PFC are authorized to exercise its powers under the Texas Housing Authorities Law, Texas Local Government Code Chapter 392 and the Texas Public Facility Corporation Act, Texas Local Government Code Chapter 303, respectively, to finance, plan, undertake, construct, or operate the housing project on the Property in the City, consistent with the terms of the Cooperation Agreement. The Cooperation Agreement only authorizes the Foundation and the PFC to take action in connection with the Property in the City. The Mayor is hereby authorized to execute the Cooperation Agreement on behalf of the City.

SECTION 4. The Mayor is authorized to take any reasonable and necessary action to effectuate the direction and intention of this resolution and the Cooperation Agreement.

SECTION 5. This Resolution shall become effective upon its passage. The City Clerk is hereby authorized, directed and empowered to certify these resolutions to TDHCA and the Foundation.

SECTION 6. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 7th day of March, 2022.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

COOPERATION AGREEMENT
BETWEEN
THE CITY OF SHERMAN, TEXAS
AND THE
TEXAS HOUSING FOUNDATION

WHEREAS, on _____, 2022, under provisions of the Texas Local Government Code, Section 392.017(d), the City of Sherman (“City”) declared that there is a need for the Texas Housing Foundation, a Texas regional housing authority (the “Foundation”), to exercise its powers on property known as the Park Manor Senior Community, located at 1725 S. FM 1417, Sherman, TX 75092 (“Park Manor Senior Community”), within the territorial boundaries of the City, subject to the terms and conditions of this Agreement, because there exists in the City a shortage of safe and sanitary housing available to lower income persons at rentals they can afford; and

WHEREAS, Tex. Local Gov’t. Code, Section 392.017(d), requires that the City Council adopt a resolution authorizing the Texas Housing Foundation to exercise its powers in the City at the Park Manor Senior Community, subject to the terms and conditions of this Agreement, and authorizing a cooperation agreement under Section 392.059(a); and

WHEREAS, the Board of Commissioners of the Foundation also adopted a resolution to exercise its powers in the City at the Park Manor Senior Community and authorized a cooperation agreement under Section 392.059(a); and

WHEREAS, the Foundation has formed THF Public Facility Corporation, a public facility corporation under Chapter 303 of the Tex. Local Gov’t Code (the “PFC”), for purposes of, among other things (a) acquiring, constructing, rehabilitating, renovating, repairing, equipping, furnishing and placing in service public facilities at the Park Manor Senior Community; and (b) issuing bonds on the behalf of the Foundation to finance the costs of such public facilities;

NOW, THEREFORE, the parties hereto, the City, and the Foundation agree as follows:

Section 1: Cooperation Agreement. The City and the Foundation agree to cooperate to allow the Foundation, or the PFC acting on behalf of the Foundation, to provide housing for lower income persons at the Park Manor Senior Community in the City, consistent with the provisions below.

Section 2: Housing Development Authorization; Bond Issuance. The Foundation is authorized to exercise its powers under the Tex. Local Gov’t. Code, Chapter 392, to finance, plan undertake, or operate the housing development at the Park Manor Senior Community in the City as provided in this Agreement. The PFC is hereby authorized to exercise any powers under Tex. Local Gov’t Code, Chapter 303 on behalf of the Foundation in connection with the financing and operation of the housing development at the Park Manor Senior Community in the City, including but not limited to, issuing tax-exempt or taxable bonds to finance the costs of such housing development. This Cooperation Agreement only authorizes the Foundation or PFC to

take action in connection with the Park Manor Senior Community. Additional authority would be required for the Foundation or PFC to participate in any other development within the territorial boundaries of the City.

Section 3: Ownership. The Foundation, or the PFC acting on behalf of the Foundation, is authorized to acquire land, develop site improvements, and construct buildings for the housing development at the Park Manor Senior Community within the territorial boundaries of the City, and to operate and manage such development for the benefit of lower income residents of the City.

Section 4. Annual Reports. The Foundation shall submit within 120 days after the end of its fiscal year a report to the Mayor of the City describing the housing and services operation undertaken for the benefit of lower income residents of the City and other activities of the Foundation and PFC in the City.

Section 5. Preservation of Authority. No applicable provision or intention in this cooperation agreement limits the authority or power of the City or other housing authorities operating in the City to exercise its respective powers under any law. No provision or intention in this cooperation agreement limits the authority or power of the Foundation to exercise its powers under the Texas Housing Authorities Law, Tex. Local Govt. Code, Chapter 392, to finance, plan, undertake, construct, or operate the housing development at the Park Manor Senior Community under this Cooperation Agreement.

Section 6. Implementation. The Mayor of the City and the President of the Foundation are authorized to take any reasonable and necessary action to effectuate and implement the direction and intention of this cooperation agreement and the authorizing resolutions.

Section 7. Termination. This Agreement may be terminated by either party for any reason by giving written notice to the other party at least 30 calendar days before the date of termination of its intent to terminate.

[Signature page follows.]

Agreed this ____ day of _____, 2022.

City of Sherman, Texas

By: David Plyler, Mayor

Attest:

Linda Ashby, City Clerk

Texas Housing Foundation

By: Mark Mayfield, President



TEXAS BOND REVIEW BOARD

Governor Greg Abbott, Chairman
Lieutenant Governor Dan Patrick
Speaker Dade Phelan
Comptroller Glenn Hegar

Robert B. Latsha II
Executive Director

CERTIFICATE OF RESERVATION Docket Number 4861

Pursuant to the terms of Chapter 1372 of the Texas Government Code, as amended (the "Act"), and the Internal Revenue Code of 1986, as amended (the "Code"), the undersigned hereby issues this Certificate of Reservation for the purpose of reserving a portion of the State ceiling for private activity bonds (as defined in the Code) for calendar year 2022.

The undersigned certifies that on February 7, 2022 (the "Reservation Date") an *Application for Reservation* was accepted as a qualified application by the Texas Bond Review Board for filing.

The amount of \$25,000,000 is hereby reserved for THF Public Facility Corporation (the "Issuer") to be used for Qualified Residential Rental Project (Lakeside Manor Senior Apartments) the purpose of which is described in the *Application for Reservation*.

The undersigned certifies that the State ceiling of \$3,248,073,510, imposed by the Code, has not been exceeded for calendar year 2022.

This Certificate of Reservation shall be null and void if the Issuer is not in compliance with the procedures and deadlines outlined in the Act and the Code.

This Certificate of Reservation is not to be construed as: (i) a representation or warranty by the Texas Bond Review Board or its Executive Director that the above-mentioned bonds will be paid or that any obligations assumed by any of the parties under the instruments delivered in connection with the bonds will in fact be performed; (ii) a pledge of the faith or credit of the State of Texas or any agency, instrumentality or political subdivision of the State of Texas; or (iii) a representation or warranty concerning the validity of the corporate existence of the Issuer or the validity of the bonds.

To the best of my knowledge and belief, I hereby certify under penalty of perjury that this reservation and endorsement was not made in consideration of a bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

A handwritten signature in blue ink, appearing to read "R. Latsha II", written over a horizontal line.

Robert B. Latsha II
Executive Director

Dated this 7th day of February, 2022

Park Manor Rehab

Budget: \$40,000 per unit or \$7,840,000

Scope

- Exterior
 - o Clubhouse re-design
 - New supportive services area
 - New food pantry
 - New furniture, artwork, and fixtures
 - New outdoor pergola and games area
 - o New landscaping and irrigation repair
 - o Paint all buildings
 - o New lighting
 - o Parking lot patch, seal coat and stripe
 - o Replace trash enclosures
 - o Power wash all buildings, stairs, breezeways, mail kiosks, dumpster enclosures and pool deck
 - o Gutter repairs and downspouts
 - o Replace damaged or missing siding, shutters, fascia, soffits
 - o Roof repairs as needed
 - o Repair/replace mail kiosk as needed
 - o Accessibility repairs as needed to bring property to compliance
- Units
 - o New appliances
 - o New cabinets
 - o New LVP flooring
 - o Free resident Wi-Fi in all units
 - o Install fire sprinkler system in exterior patio closets
 - o Energy saving repairs/improvements
 - Full HVAC replacement
 - Water heater replacement as needed
 - Install water monitoring system for each unit (leak detection system)
 - Replace toilet "guts"
 - Install low flow faucets and shower heads



Mission	Our mission is to build hope and change futures through quality housing and services by partnering with communities, governments, and non-profits.
Creation	The Texas Housing Foundation was created to provide a tool to create, develop, acquire, administer, manage, and provide services to affordable housing projects through related business entities and for the residents and communities in which they are located. Through 2021, over 5,600 units of affordable workforce and senior housing across the state of Texas have been developed/acquired.
Vision	Our vision is to enhance the lives of individuals in every Texas county by establishing housing, services, and employment opportunities.
Values	Respect, Integrity, Serve Others, Exceed Expectations
Brand	<i>Raising the Standard of Living</i>
Leadership	THF is governed by a 6-member Board of Directors appointed by the County Commissioners of each participating county; as well as an appointed Resident Commissioner. Currently Bastrop, Blanco, Burnet, Llano and Williamson Counties participate within the organizational structure of the Texas Housing Foundation.
Goals	<i>CREATE OPPORTUNITIES</i> Single-family and multifamily residences that meet the needs of lower income residents for decent and affordable housing. <i>CREATE VALUE</i> Residential properties that are assets to our residents and our neighborhoods. <i>CREATE QUALITY</i> Residents are customers who have choices. Their satisfaction is our business.
Community Resource Centers of Texas	The Texas Housing Foundation, through a wholly owned subsidiary, currently operates and fully underwrites a one-stop social service outreach serving Blanco, Burnet, Llano and Williamson Counties with participating non-profit and state agencies all housed under one roof.



**Achievements,
Properties**

1995	Developed 24 3BR duplex units in Marble Falls with a commercial bank loan, HOME, and AHP financing.
1997 – 2001	Built 24 3BR homes in an infill subdivision in Marble Falls with a HOME interim construction fund and private mortgages.
1998	Developed 54 townhouses with local bank tax-exempt financing
2000	Co-developed 76-unit seniors' apartments in Kingsland with LIHTC.
2001	Co-developed 48-unit seniors project in Fredericksburg with LIHTC.
2003	Co-developed 76-unit seniors project in Marble Falls with LIHTC.
2004	Co-developed 124-unit family project in Marble Falls with PAB+LIHTC Co-developed 76-unit family project in Kingsland with LIHTC
2005	Co-developed 44-unit seniors project in Fredericksburg with LIHTC
2008	Co-developed 28-unit family project in Johnson City with HOME
2010	Co-developed 76-unit family project in Liberty Hill with LIHTC Co-developed 64-unit family project in Llano with LIHTC/HOME Co-developed 112-unit family project in Waco with LIHTC/HOME Acquired 64-unit family project in San Marcos developed with LIHTC
2011	Co-developed 80-unit family project in Marble Falls with LIHTC/HOME Co-developed 64-unit family project in Canadian with LIHTC/HOME
2012	Co-developed 20-unit Phase II family project in Johnson City w/HOME Co-developed 16-unit Phase III family project in Johnson City w/HOME
2013	Co-developed 48-unit family project in Blanco with 538/HOME Co-developed 180-unit family project in Georgetown with PAB/LIHTC
2014	Co-developed 264-unit family project in Midland with PAB/LIHTC
2016	Co-developed 72-unit family project in Brady with LIHTC
2017	Acquired 60-unit family project in Brady with LIHTC Acquired 372-unit portfolio in Lubbock with LIHTC Acquired 352-unit Catholic Charities portfolio with PAB/LIHTC
2018	Acquired 302-unit family units in Austin with PAB/LIHTC Acquired 556-unit USDA portfolio across Texas with PAB/LIHTC
2019	Co-developed 80-unit family project in Lamesa with LIHTC Co-developed 204-unit family project in Midland with PAB/LIHTC Co-developed 50-unit family project in Rockport with GLO



2020	Co-developing 300-unit family project in Midland with PAB/LITHC Acquiring 420-unit family projects in San Antonio with PAB/LIHTC Acquired 152-unit family project in Leander with PAB/LIHTC
2021	Co-developing 60-unit senior/family project in Marble Falls Acquiring 50-unit senior property in Marble Falls Acquiring 240-unit family development in Houston
2022	Co-developing 132-unit family development in Snyder Co-developing 228-unit family development in Bastrop Acquiring 48-unit senior development in Llano



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

D. 6.

Meeting Date: 03/07/2022

Prepared By: Wayne Lee, Director of Engineering

Approved By: Robby Hefton, City Manager

Caption:

*** RESOLUTION NO. 6857**

Abandoning A Twenty Foot (20') Private Sanitary Sewer Easement Located Across Lots 1-4, Block 1, of Las Casitas to Grayson County, Texas, As Per Plat of Record in Volume 18, Page 122 and 122-A, Plat Records, Grayson County, Texas, and Being More Particularly Shown On The Exhibit "A" Attached Hereto And Made A Part Hereof For All Purposes

Issue:

To consider the abandonment of a 20' private sanitary sewer easement within Lots 1-4, Block 1 of Las Casitas to the City of Sherman, Texas

Background:

Said easement, which is filed of record in Volume 4110, Page 257 of the Official Public Records of Grayson County, Texas, is not being utilized and is no longer deemed necessary.

Origination:

Engineering Department

Financial Consideration:

None

Staff Recommendation:

Staff recommends approval of the 20' private sanitary sewer easement abandonment.

Alternatives:

As may be directed by City Council

Attachments

Resolution No. 6857

Release of Easement - Las Casitas

Las Casitas Filed Plat

Location Map

RESOLUTION NO. 6857

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ABANDONING A TWENTY FOOT (20') PRIVATE SANITARY SEWER EASEMENT LOCATED ACROSS LOTS 1-4, BLOCK 1 OF LAS CASITAS TO GRAYSON COUNTY, TEXAS, AS PER PLAT OF RECORD IN VOLUME 18, PAGES 122 AND 122-A, PLAT RECORDS, GRAYSON COUNTY, TEXAS, AND BEING MORE PARTICULARLY SHOWN ON THE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, the City Council is of the opinion that the abandoning, vacating and closing of said sanitary sewer easement as depicted on the attached map is in the public interest and is approved;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the Twenty foot (20') private sanitary sewer easement lying within the adjoining Lot lines of Lots 1-4, Block 1 of Las Casitas to Grayson County, as per plat of record in Volume 18, Pages 122 and 122-A, Plat Records, Grayson County, Texas, and being more particularly shown on the Exhibit "A" attached hereto and made a part hereof for all purposes, be and are hereby extinguished, vacated, closed, and permanently abandoned as an easement for public use.

SECTION 2. That the City Manager be and is hereby authorized and directed, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute a Release and Abandonment of Easement in the same or substantially same form as the contract document attached hereto and incorporated herein for all purposes.

SECTION 3. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 7th day of March, 2022.

CITY OF SHERMAN, TEXAS

**BY: _____
DAVID PLYLER, MAYOR**

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

Helvey-Wagner Surveying, Inc.

222 West Main Street · Denison, Texas 75020

Ph: (903) 463-6191 · Email: kate@helveywagnersurvey.net

Texas Board of Engineers and Land Surveyors Firm Registration No. 10088100

Billy F. Helvey, RPLS No. 4488 – Kate A. Wagner, RPLS No. 6578 – Adam Stephens, RPLS No. 6363

20 FT. WIDE PRIVATE SANITARY SEWER EASEMENT 0.044 Acres

SITUATED in the City of Sherman, County of Grayson, being a part of the J.B. McAnair Survey, Abstract No. 763, and being the same 20 ft. wide private sanitary sewer easement granted by C&D Properties on September 31, 2006 and recorded in Volume 4110, Page 257, Official Public Records, being over and across a part of Lots 1, 2, 3 and 4, Block 1, of Las Casitas as per plat of record in Volume 18, Page 122, Plat Records, Grayson County, Texas, being more particularly describe by metes and bounds as follows, to-wit:

COMMENCING at a 1/2 inch capped rebar found (RPLS 3694) lying in the East right-of-way line of Broughton Street, a public street, at the Southwest corner of said Lot 3 and the Northwest corner of Lot 5, said Block 1, Las Casitas;

THENCE North 15 deg. 22 min. 08 sec. West, with the East right-of-way line of said Broughton Street and the West line of said Lots 3 and 1, a distance of 120.00 ft. to a 1/2 inch capped rebar found (RPLS 3694) at the intersection of the East line of said Broughton Street with the South right-of-way line of Frisco Road, a generally East-West street, and being the Northwest corner of said Lot 1;

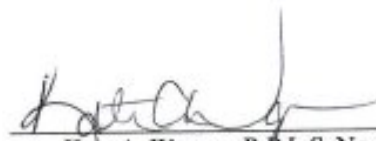
THENCE North 74 deg. 50 min. 13 sec. East, with the South right-of-way line of said Frisco Road and the North line of said Lot 1, a distance of 140.00 ft. to the true **PLACE OF BEGINNING**, being the Northwest corner of said 20 ft. wide private sanitary sewer easement;

THENCE North 74 deg. 50 min. 13 sec. East, continuing with the South line of said Frisco Road and the North line of said Lots 1 and 2, Block 1, of Las Casitas, a distance of 20.00 ft. to the Northeast corner of said 20 ft. wide private sanitary sewer easement;

THENCE in a Southerly, Westerly, and Northerly direction, over and across said Lots 1, 2, 3 and 4, Block 1, of Las Casitas, the following calls and distances:

1. South 15 deg. 22 min. 08 sec. East, a distance of 96.53 ft. to the Southeast corner of said 20 ft. wide private sanitary sewer easement;
2. South 76 deg. 38 min. 20 sec. West, a distance of 20.01 ft. to the Southwest corner of said 20 ft. wide private sanitary sewer easement;
3. North 15 deg. 22 min. 08 sec. West, a distance of 95.91 ft. to the **PLACE OF BEGINNING** and containing **0.044 ACRES** of land.




Kate A. Wagner, R.P.L.S. No. 6578
March 1, 2022

Bearing Base: Grid North,
NAD83 Texas State Plane
Coordinate System, North
Central Zone, as derived
by survey-grade Global
Positioning System.

Frisco Road
= public street - 30 ft. wide concrete curb
= 15 ft. wide asphalt paving
= 15 ft. wide with right-of-way

20 Ft. Private Sanitary Sewer Easement Abandonment

I, Kate A. Wagner, Registered
Professional Land Surveyor, do hereby
certify that a survey was performed
on the ground of the property shown
hereinabove and is a true and
correct to the best of my knowledge
and belief as shown hereon.

City of Sherman, Texas
Vol. 18, Pg. 122, P.R.C.T.

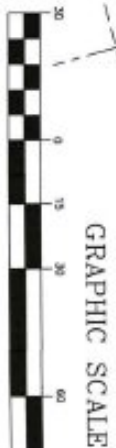
0.044 Acres

20' private sanitary
sewer easement
Per Vol. 4110, Pg. 257

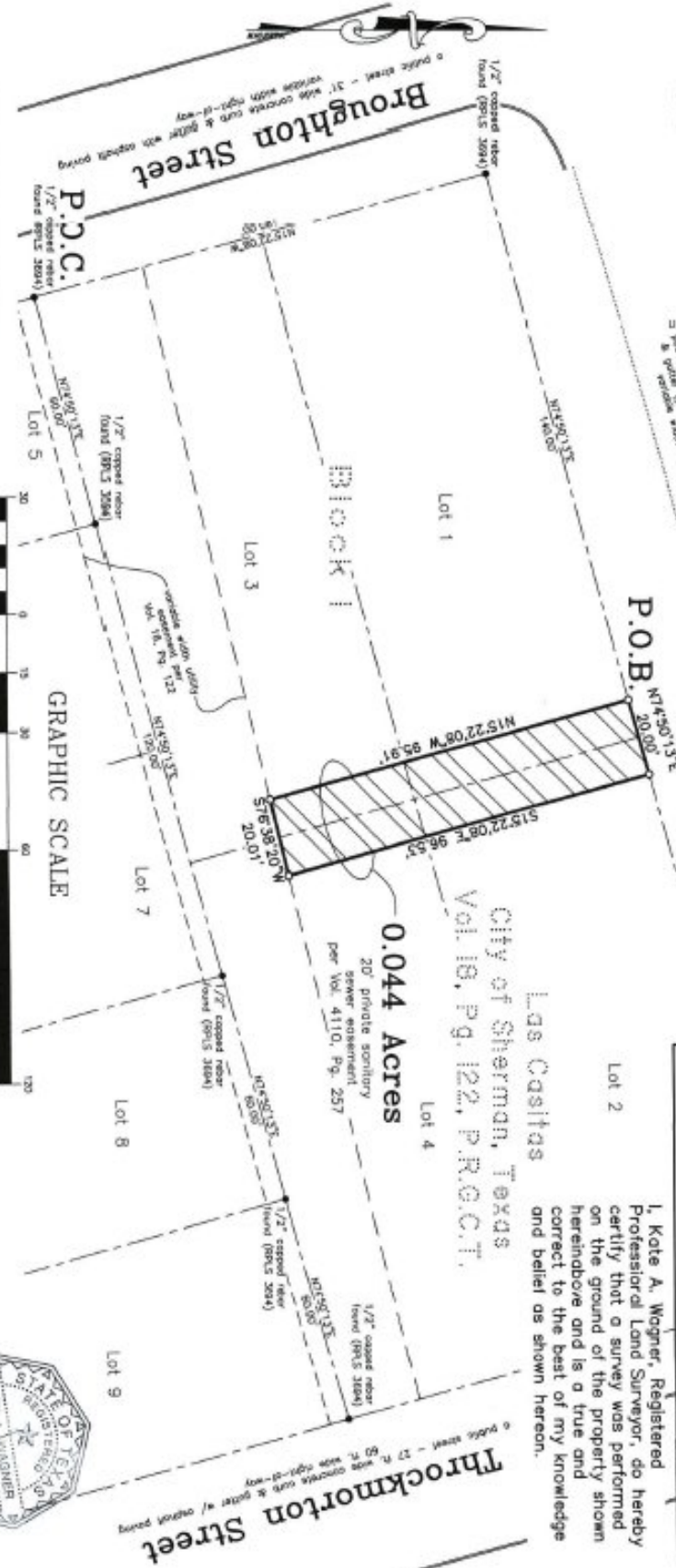
Job No. CGS050322

Helvey-Wagner Surveying, Inc.
222 W. Main St., Denton, Texas 75220
Phone (940) 453-6191
Email: kate@helveywagnersurveying.net
TIFELS Firm Registration No. 10088100

2:\Survey Projects\Land Projects\CGS050322-1-20-1-Block-1-20-Ft-Private-Sewer-Easement-Abandonment.dwg 2/26/2022 5:43 PM



Kate A. Wagner, R. P. L. S. No. 6578
Copyright Date/ March 1, 2022



RELEASE AND ABANDONMENT OF EASEMENT

DATE:

PROPERTY:

BEING A 20-FOOT WIDE PRIVATE SANITARY SEWER EASEMENT LYING WITHIN THE ADJOINING LOT LINES OF LOTS 1-4, BLOCK 1 OF LAS CASITAS TO GRAYSON COUNTY, AS PER PLAT OF RECORD IN VOLUME 18, PAGES 122 AND 122-A, PLAT RECORDS, GRAYSON COUNTY, TEXAS AND BEING MORE PARTICULARLY SHOWN ON THE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES.

WHEREAS, the above described property is a portion of Lots 1-4 of Las Casitas, as filed of record in Volume 18, Pages 122 and 122-A of the Plat Records of Grayson County, Texas.

WHEREAS, said property contains one (1) 20-foot Private Sanitary Sewer Easement as filed of record in Volume 18, Pages 122 and 122-A of the Plat Records of Grayson County, Texas.

WHEREAS, said Private Sanitary Sewer Easement is not being utilized and the City of Sherman no longer deems said 20-Foot Private Sanitary Sewer Easement as a necessary Easement.

WHEREAS, the City of Sherman, Texas, does hereby abandon, relinquish and vacate its interest in and to the easement described above.

THE CITY OF SHERMAN, TEXAS

By: _____
ROBBY HEFTON, City Manager

STATE OF TEXAS }
COUNTY OF GRAYSON }

This instrument was acknowledged before me on the _____ day of _____, 2022, by
ROBBY HEFTON, as City Manager of THE CITY OF SHERMAN, TEXAS.

Notary Public – State of Texas

EXHIBIT "A"

Helvey-Wagner Surveying, Inc.

222 West Main Street · Denison, Texas 75020

Ph: (903) 463-6191 · Email: kate@helveywagnersurvey.net

Texas Board of Engineers and Land Surveyors Firm Registration No. 10088100

Billy F. Helvey, RPLS No. 4488 – Kate A. Wagner, RPLS No. 6578 – Adam Stephens, RPLS No. 6363

20 FT. WIDE PRIVATE SANITARY SEWER EASEMENT 0.044 Acres

SITUATED in the City of Sherman, County of Grayson, being a part of the J.B. McAnair Survey, Abstract No. 763, and being the same 20 ft. wide private sanitary sewer easement granted by C&D Properties on September 31, 2006 and recorded in Volume 4110, Page 257, Official Public Records, being over and across a part of Lots 1, 2, 3 and 4, Block 1, of Las Casitas as per plat of record in Volume 18, Page 122, Plat Records, Grayson County, Texas, being more particularly describe by metes and bounds as follows, to-wit:

COMMENCING at a 1/2 inch capped rebar found (RPLS 3694) lying in the East right-of-way line of Broughton Street, a public street, at the Southwest corner of said Lot 3 and the Northwest corner of Lot 5, said Block 1, Las Casitas;

THENCE North 15 deg. 22 min. 08 sec. West, with the East right-of-way line of said Broughton Street and the West line of said Lots 3 and 1, a distance of 120.00 ft. to a 1/2 inch capped rebar found (RPLS 3694) at the intersection of the East line of said Broughton Street with the South right-of-way line of Frisco Road, a generally East-West street, and being the Northwest corner of said Lot 1;

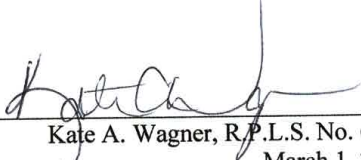
THENCE North 74 deg. 50 min. 13 sec. East, with the South right-of-way line of said Frisco Road and the North line of said Lot 1, a distance of 140.00 ft. to the true **PLACE OF BEGINNING**, being the Northwest corner of said 20 ft. wide private sanitary sewer easement;

THENCE North 74 deg. 50 min. 13 sec. East, continuing with the South line of said Frisco Road and the North line of said Lots 1 and 2, Block 1, of Las Casitas, a distance of 20.00 ft. to the Northeast corner of said 20 ft. wide private sanitary sewer easement;

THENCE in a Southerly, Westerly, and Northerly direction, over and across said Lots 1, 2, 3 and 4, Block 1, of Las Casitas, the following calls and distances:

1. South 15 deg. 22 min. 08 sec. East, a distance of 96.53 ft. to the Southeast corner of said 20 ft. wide private sanitary sewer easement;
2. South 76 deg. 38 min. 20 sec. West, a distance of 20.01 ft. to the Southwest corner of said 20 ft. wide private sanitary sewer easement;
3. North 15 deg. 22 min. 08 sec. West, a distance of 95.91 ft. to the **PLACE OF BEGINNING** and containing **0.044 ACRES** of land.




Kate A. Wagner, R.P.L.S. No. 6578
March 1, 2022

Bearing Base: Grid North,
NAD83 Texas State Plane
Coordinate System, North
Central Zone, as derived
by survey-grade Global
Positioning System.

Frisco Road
a public street - 29 ft. wide concrete curb
& gutter (partially) w/ asphalt paving
variable width right-of-way

20 Ft. Private Sanitary Sewer Easement Abandonment

I, Kate A. Wagner, Registered
Professional Land Surveyor, do hereby
certify that a survey was performed
on the ground of the property shown
hereinabove and is a true and
correct to the best of my knowledge
and belief as shown hereon.

P.O.B. N74°50'13"E
20.00'

Lot 2

Las Casitas
City of Sherman, Texas
Vol. 18, Pg. 122, P.R.G.C.T.

Lot 4

0.044 Acres

20' private sanitary
sewer easement
per Vol. 4110, Pg. 257

Throckmorton Street
a public street - 27 ft. wide concrete curb & gutter w/ asphalt paving
60 ft. wide right-of-way

1/2" capped rebar
found (RPLS 3694)

N74°50'13"E
60.00'

1/2" capped rebar
found (RPLS 3694)

N74°50'13"E
60.00'

1/2" capped rebar
found (RPLS 3694)

Lot 7

N74°50'13"E
120.00'

variable width utility
easement per
Vol. 18, Pg. 122

1/2" capped rebar
found (RPLS 3694)

N74°50'13"E
60.00'

Lot 5

GRAPHIC SCALE



(IN FEET)
1 inch = 30 ft.

Lot 8

Lot 9

P.O.C.
1/2" capped rebar
found (RPLS 3694)

Broughton Street
a public street - 31' wide concrete curb & gutter with asphalt paving
variable width right-of-way

N15°22'08"W
120.00'

Lot 1

Block 1

Lot 3

S76°38'20"W
20.01'

N15°22'08"W 95.91'

S15°22'08"E 96.53'

EXHIBIT "A"

Job No. CGS050322

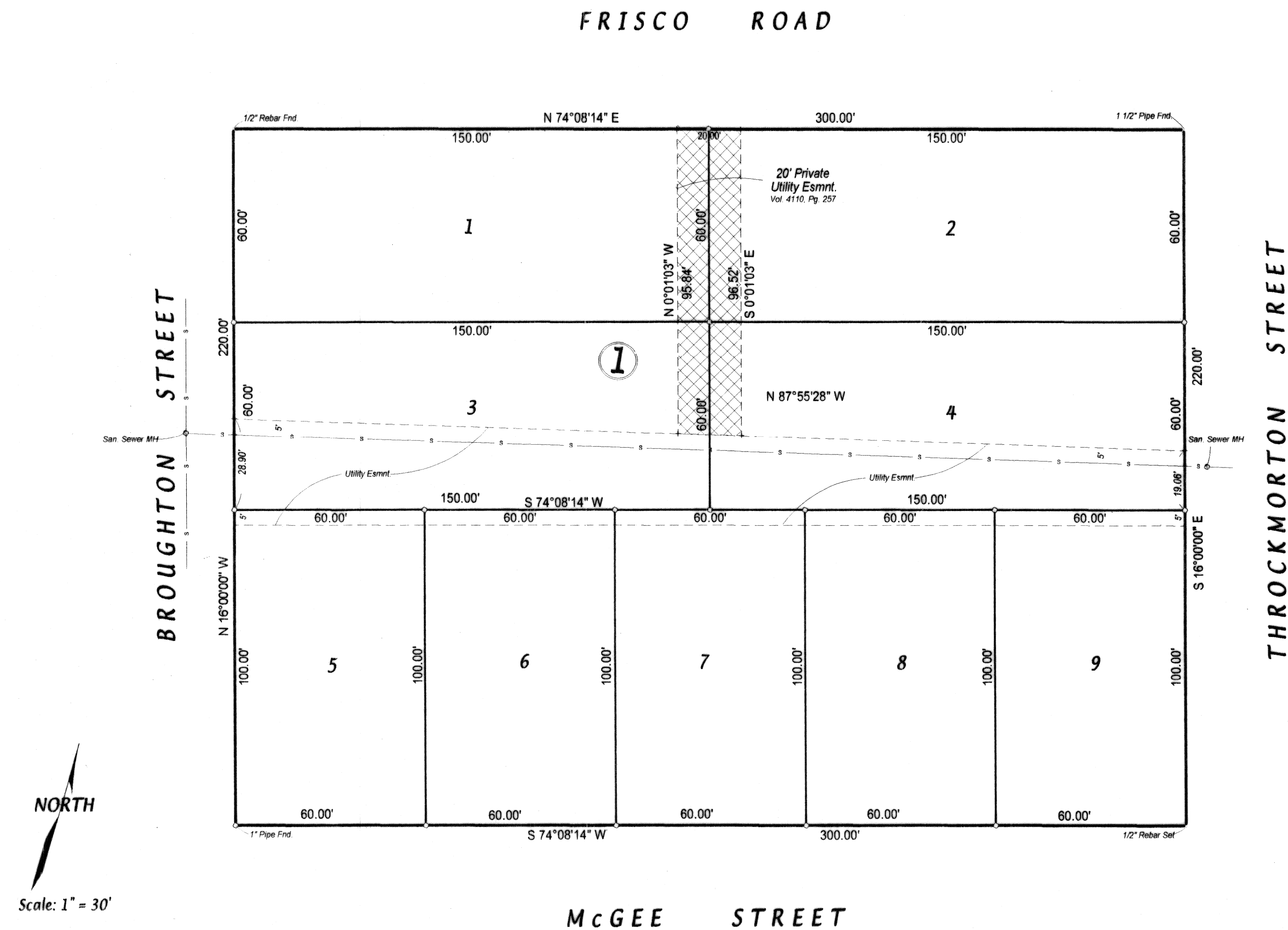
Helvey-Wagner Surveying, Inc.

222 W. Main St., Denison, Texas 75020
Phone (903) 463-6191

Email: kate@helveywagnersurvey.net
TBPELS Firm Registration No. 10088100



Kate A. Wagner, R. P. L. S. No. 6578
Copyright Date: March 1, 2022



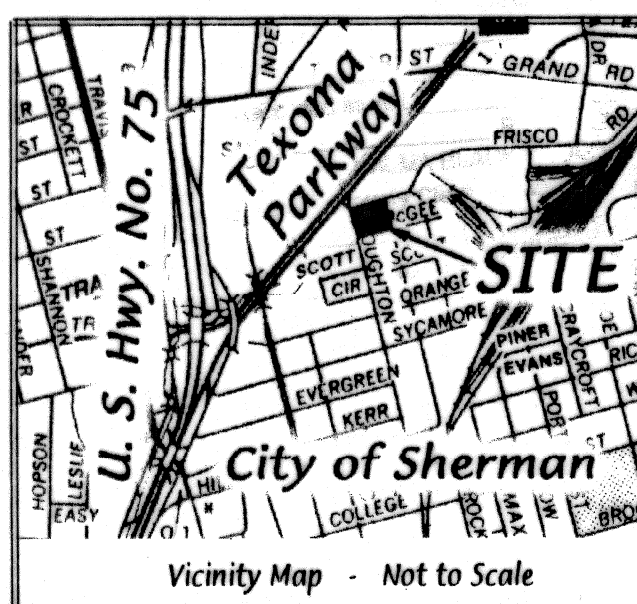
LAS CASITAS an Addition to the **CITY of SHERMAN, TEXAS**

(Being a Replat of Block Three of Jones Summit Addition, Vol. 303, Pg. 87 and Vol. 304, Pg. 3, Deed Records, Grayson County, Texas)

Owner & Developer
C & D Properties
by: **Kenneth Daniel**
801 S. Armstrong Ave.
Denison, Texas 75020

22075
FILED FOR RECORD
at 2:12 o'clock P.M. 9-6-2006
Recorded in Vol. 18 Page 122
Records Grayson County.
WILMA BLACKSHEAR BUSH
County Clerk, Grayson Co., Texas
By *[Signature]*
Deputy

SARTIN & ASSOCIATES, INC.
Registered Professional Land Surveyors
109 S. Travis, P.O. Box 1843 Sherman, Texas 75091-1843
Ph: (903) 892-8003 Fax: (903) 868-2970



16075

SITUATED in the County of Grayson, State of Texas, being all of Block THREE (3) of JONES SUMMIT ADDITION to the City of Sherman, Texas as shown by plat of record in Volume 303, Page 87, and recorded in Volume 304, Page 3, Deed Records, Grayson County, Texas, and being more particularly described by metes and bounds as follows to-wit:

BEGINNING at a found 1 inch pipe maintaining the Southwest corner of said Block Three, at the intersection of the East line of Broughton Street with the North line of McGee Street;

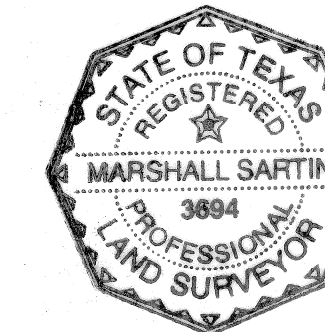
THENCE North 16 deg. 00 min. 00 sec. West, with the East line of said Broughton Street, a distance of 220.00 feet to a found 1/2 inch rebar for the Northwest corner of said Block Three, at the intersection of the East line of said Broughton Street with the South line of Frisco Road;

THENCE North 74 deg. 08 min. 14 sec. East, with the South line of said Frisco Road, a distance of 300.00 feet to a found 1-1/2 inch pipe maintaining the Northeast corner of said Block Three, at the intersection of the South line of said Frisco Road with the West line of Throckmorton Street;

THENCE South 16 deg. 00 min. 00 sec. East, with the West line of said Throckmorton Street, a distance of 220.00 feet to a set 1/2 inch rebar maintaining the Southeast corner of said Block Three, at the intersection of the West line of said Throckmorton Street with the North line of the above mentioned McGee Street;

THENCE South 74 deg. 08 min. 14 sec. West, with the North line of said McGee Street, a distance of 300.00 feet to the PLACE OF BEGINNING, and containing 1.52 ACRES OF LAND more or less.....

I, Marshall Sartin, Registered Professional Land Surveyor, do hereby certify that this plat was prepared from an actual survey made on the ground, and that the corner monuments shown hereon were properly placed under my personal supervision in accordance with the subdivision regulations of the City of Sherman, Texas



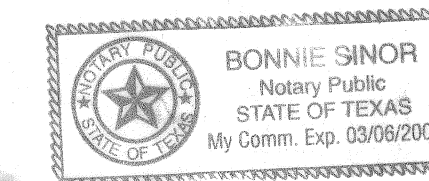
Marshall Sartin, R.P.L.S. # 3694

That I, C & D Properties, by: Kenneth Daniel, owners and developers of the LAS CASITAS, an addition to the City of Sherman, Texas do hereby dedicate the streets and easements shown hereon to the public use forever.

[Signature: Kenneth Daniel]
C & D Properties
By: Kenneth Daniel

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Kenneth Daniel, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this 31 day of August, 2006.



[Signature: Bonnie Sisor]
NOTARY PUBLIC, State of Texas

Approved this 8th day of August, 2006 by the City Planning and Zoning Commission of the City of Sherman, Texas.

[Signature: Scott Shadden]
CHAIRMAN

[Signature: Scott Shadden]
SECRETARY

Accepted by the City Council of the City of Sherman, Texas on this 21st day of August, 2006.

[Signature: Bill Miller]
MAYOR, City of Sherman

The undersigned, the City Clerk of the City of Sherman, Texas, hereby certifies that the foregoing final plat of the LAS CASITAS, an addition to the City of Sherman, was submitted to the City Council on the 21st day of August, 2006 and the City Council by formal action then and there accepted the dedication of streets, alleys, easements and public places as shown and set forth in and upon said plat, and said City Council further authorized the Mayor to note the acceptance thereof by signing his name as herein subscribed.

22075
FILED FOR RECORD
at 2:12 o'clock P.M. 9-6-2006
Recorded in Vol. 18 Page 122
Records Grayson County.
WILMA BLACKSHEAR BUSH
County Clerk, Grayson Co., Texas
By *[Signature]*
Deputy

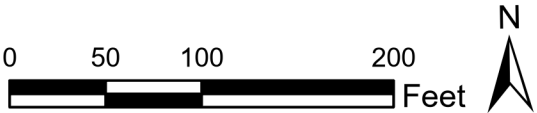


Witness my hand this 5th day of September, 2006.

[Signature: Linda Ashby]
CITY CLERK, City of Sherman, Texas

SARTIN & ASSOCIATES, INC.
Registered Professional Land Surveyors
109 S. Travis, P.O. Box 1843 Sherman, Texas 75091-1843
Ph: (903) 892-8003 Fax: (903) 868-2970

Private Sanitary Sewer Easement Abandon





SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

E. 1.

Meeting Date: 03/07/2022

Prepared By: Theresa Hutchinson, Parks & Recreation Manager

Approved By: Robby Hefton, City Manager

Caption:

*** REQUEST TO ADVERTISE**

Martin Luther King Park Restroom Replacement Project

Issue:

Approval of a request to advertise for proposals for a project to replace the existing restroom facility located at Martin Luther King Park

Background:

City staff is requesting authorization to advertise for public bids for the replacement of the restroom at M.L. King Park. The current restroom is over 60 years old and the concrete block is crumbling even after multiple repairs. This project is consistent with the goal of continued maintenance of existing parks in Sherman.

Origination:

Department of Parks and Recreation

Financial Consideration:

This project for the Martin Luther King Park Restroom Replacement Project, estimated at \$144,800.00, is funded through the Community Development Block Grant and will not require matching funds. Advertising costs are estimated to be about \$200.00.

Staff Recommendation:

Staff recommends the City Council approve advertising related to the public request for proposals for replacement of the restroom facility at Martin Luther King Park.

Alternatives:

As may be directed by the City Council



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

E. 2.

Meeting Date: 03/07/2022

Prepared By: Theresa Hutchinson, Parks & Recreation Manager

Approved By: Robby Hefton, City Manager

Caption:

*** REQUEST TO ADVERTISE**

Purchase of a Crew Cab Truck With Dump Bed for the Cemetery Department

Issue:

Obtaining City Council approval to advertise for the solicitation of public bids for the purchase of a new crew cab truck, with a dump bed, for use within the Cemetery Department.

Background:

The new dump bed truck will be for use within the Cemetery Department. Currently, there is only one dump truck within Parks Maintenance, which the Cemetery staff must borrow as needed. The new unit will provide a dedicated dump truck for the Cemetery Department.

Origination:

Cemetery Department

Financial Consideration:

The cost of advertising will be approximately \$200.00.

Staff Recommendation:

Staff recommends that the City Council approve this request to advertise.

Alternatives:

As may be recommended by the City Council



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

F. 1.

Meeting Date: 03/07/2022

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

OTHER BUSINESS

Receive Semi-Annual Report on the Sherman Cultural District

Issue:

To receive the Sherman Cultural District semi-annual report from Eddie Brown, President/CEO of the Sherman Chamber of Commerce and Heidi Rushing, Sherman Cultural District Advisory Council Chair.

Background:

This update will provide the City Council with an overview of the Cultural District's activities and accomplishments during the September 2021 - February 2022 period as well as upcoming events they have planned.

Origination:

City Council

Financial Consideration:

This presentation is for informational purposes only and has no impact on the City's revenues or expenses.

Staff Recommendation:

No action is required of the City Council.

Alternatives:

None recommended

Attachments

Semi-Annual Report

March 2022 Report

ACTIVITY SUMMARY (Sept - Feb 2022)



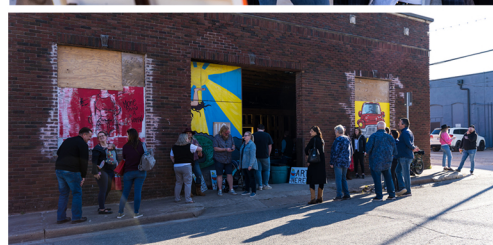
- 6 Advisory Board meetings and 5 committee meetings
- Successful community mural painting day at Arts Fest
- Mural Dedication ceremony held on Dec 7
- 3rd annual Art Dash held on Feb 19
- TCA Grant Application planning for 22-23 cycle underway

And we Celebrated

- The return of live theater and symphony performances
- Annual Hispanic Heritage Festival
- Stroll on the Square with Downtown Sherman NOW
- Veterans Day Parade
- Halloween events

Mural Dedication 2022 Art Dash

- Our Community Collaborative mural was completed in November and dedicated in a special ceremony on December 7. Special thanks to Mayor Plyer and all of the council members who joined us to celebrate.
- The 3rd annual Art Dash was held on Saturday, February 19 and it was a HUGE hit. This year's dash was a traveling exhibit at three different pop-up locations throughout the district. Attendees started at the Ladd-Dannell building at Mulberry and Jones St. where 6 artists had their work on display, then paraded over the Roberts-Sanford-Taylor building on Wall street for more art and pop-up booths by several downtown merchants including Laurel E, Specs and the City, and Art Club Studio. At the third location inside the Modern Building on Travis St. there were more artists with work on display, and a pop-up by Sherman Marketplace. --- All told, nearly 20 different artists exhibited their work across the three locations, and more than 40 donated 5x5" paintings for the dash. The event was completely sold out, we raised some funds that we can put toward this year's TCA grant project, and a good time was had by all.



COMING EVENTS

- March 12** Sherman St. Patrick's Day Parade
*Come join our **award-winning** Umbrella Brigade!*
- March 19 & 20** Sherman Celtic Festival
at Pecan Grove Park
- April 7, 8, & 9** *Joseph & the Amazing Technicolor Dreamcoat*, Theatre for Hope
- April 8-10, 14-7, and 21-24** *Popcorn Falls*
Sherman Community Players
- April 30** Sherman Symphony Orchestra
Spring Concert at Kidd Key



2021-2022 Cultural District Advisory Council:

Heidi Rushing, Chair; Christopher Maniet, Vice Chair; Linda Walker, secretary; Eddie Brown, Holly Doncaster, Veronica Ezell, Sherry Little, Ginger Nye, Janet Richardson, Shelley Shurtleff, Rev. Elias Soriano, Karen Tooley, Leslie Whelan. Ex-officio: Daron Holland, Sarah McRae- Treasurer, Terrence Steele, Cary Wacker.

Program support from **Austin College** and
Texas Commission on the Arts. ▶





SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

F. 2.

Meeting Date: 03/07/2022

Prepared By: Mary Lawrence, Director of Finance

Approved By: Robby Hefton, City Manager

Caption:

OTHER BUSINESS

Accept Annual Audit Report for Year Ended September 30, 2021 from Pattillo, Brown and Hill, LLP

Issue:

To receive a presentation from Pattillo, Brown and Hill, LLP of Sherman, Texas, and accept the audit report for the year ended September 30, 2021

Background:

On February 22, 2022, the Council Audit Committee, City Manager and Director of Finance met with the City's external auditor to discuss the results of the independent audit for the year ended September 30, 2021. The auditors gave an unmodified audit opinion, meaning that, in their opinion, the financial statements are fairly presented in accordance with established accounting standards. The financial statements reflect that the operating results for the year ended September 30, 2021 were generally in line with expected results, and that overall financial performance was on par with the budget. There were no material findings arising out of the audit. After discussion, the Council Audit Committee recommended the report be presented to the entire Council.

Origination:

City Manager Robby Hefton
Finance Director Mary Lawrence

Financial Consideration:

None

Staff Recommendation:

The staff recommends that the Council accept the audit report as recommended by the Council Audit Committee.

Alternatives:

None recommended

Attachments

ACFR 2021

SAS 114 Letter

Single Audit 2021



City of Sherman, Texas
Annual Comprehensive Finance Report
Year Ended September 30, 2021

Prepared by:
Department of Finance
Mary Lawrence, Finance Director
Tammy Davis, Controller



CITY OF SHERMAN, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2021

Prepared by:

Department of Finance
Mary Lawrence, Finance Director
Tammy Davis, Controller

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CITY OF SHERMAN, TEXAS

SEPTEMBER 30, 2021

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INTRODUCTORY SECTION

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March 7, 2022

The Honorable David Plyler, Mayor
Members of the City Council, and
Citizens of the City of Sherman, Texas

The Annual Comprehensive Financial Report of the City of Sherman, Texas, (the City) for the fiscal year ended September 30, 2021, is hereby submitted as mandated by the City Charter. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable to reader to gain the maximum understanding of the City's financial activities have been included.

To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient, reliable information for the preparation of the financial statements in conformity with Generally Acceptable Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. Within this framework, management believes that the City's transactions are properly recorded, and the financial report is complete and reliable in all material respects.

The City of Sherman's financial statements have been audited by Pattillo, Brown & Hill, LLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. As a result of the audit, an unmodified opinion on the City's financial statements for the fiscal year ended September 30, 2021, was issued. An unmodified opinion represents the highest level of audit assurance issuable for financial statements. The independent auditor's report is located at the front of the financial section of this report.

Management 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. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

CITY OF SHERMAN PROFILE

The City of Sherman was founded in 1846 and is located in North Central Texas, 65 miles north of the Dallas/Fort Worth Metroplex. Sherman was named in honor of General Sidney Sherman, a Texas revolutionist, famous for creating the Texas Independence Slogan, "Remember the Alamo." The City's geographic corporate boundaries encompass 47 square miles. The additional municipal extraterritorial jurisdiction included for the purpose of planning and control, covers approximately 63 square miles. Sherman is the county seat of Grayson County. The 2020 Census reported a population of 43,645 individuals in Sherman, a 13.3% increase over 2010. Substantial, steady growth trends are expected to continue. The City of Sherman is included within the Sherman/Denison Standard Metropolitan Statistical Area and is defined as a regional trade zone by the Bureau of Economic Analysis.

Sherman operates as a home-rule city in a Council/Manager form of government. A home-rule city may do anything authorized by its charter that is not specifically prohibited or preempted by the Texas Constitution or state or federal law. Policy making and legislative authority are vested in the City Council, which consists of five Council members, a Deputy Mayor and Mayor. The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and Municipal Judge. The City Manager is the chief administrative officer. The Mayor and two Council seats have no geographic restriction other than the candidates must reside in the City of Sherman. The four remaining Council seats represent specific districts and candidates must reside in those districts. However, voting for all Council seats is at-large and non-partisan. All City officials are elected to staggered three-year terms and are eligible to serve for a maximum of four consecutive terms in any combination of offices. Presiding over all meetings of the City Council, the Mayor is recognized as the head of the City government.

The City provides a full range of services. These include police and fire protection, ambulance service, sanitation service, environmental health, animal shelter and control services, community development, building inspections, traffic control, parks, a library, water and sewer services, drainage, streets, a municipal airport, recreational activities, tourism services and programs for youth and senior citizens.

Sherman Economic Development Corporation (SEDCO) is a discretely presented component unit. SEDCO was established in 1996 for purposes set forth in Section 4A, Article 5190.6, Vernon's Texas Civil Statutes, known as the Development Corporation Act of 1979. SEDCO administers a special 3/8-cent sales tax for economic development. Even though SEDCO is a legally separate entity, the City appoints all SEDCO board members, can remove board members at will, must approve SEDCO's budget and plan of work, and financially benefits the City by promoting, assisting and enhancing economic development in the City.

The City Charter mandates that a proposed budget be presented to the City Council fifty days prior to the end of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. Direction for the budget is given by the City Council five months before year end. A proposed budget is developed by staff and submitted to the City Council in June each year for review.

The City Council is required to hold a public hearing and to adopt a final budget no later than September 25th. The City Manager may move part or all of any unencumbered appropriation balance among the various departments within each fund, provided that total expenditures do not exceed total appropriations for that fund. In the case where additional expenditures are required within a fund, the City Council, by resolution, may increase that fund's appropriations. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The City's major thoroughfares, US Highways 75 and 82, intersect in Sherman and allow access to major metropolitan areas in the southwest. Sherman is the largest city within the tri-county area and a primary city for business, retail, government and professional services for the region. The BNSF industrial rail spur serves the industrial park. Private air service is available at the North Texas Regional Airport with its 9,000-foot runway, and at the Sherman Municipal Airport. Due to Sherman's convenient location, excellent transportation options and abundant water supply, more than 30 manufacturers have selected Sherman as the site for one of their plants. The City's impressive industrial base includes manufacturing facilities of major national firms that produce electronic components, food products, pvc products, lumber, railroad components, precision valves, electricity, and many other products. SEDCO has been successful in attracting new employers to the area and aiding in the expansion of existing employers.

The largest project affecting economic growth was announced in November 2021, as Texas Instruments (TI) selected its current location in the City of Sherman for a 4.7 million square-foot semiconductor fabrication plant to produce state-of-the-art, 300mm wafers for use in consumer electronics and other purposes. The plant, which is slated to begin production by 2025, will employ more than 3,000 high paying positions and contribute billions of dollars to the Grayson County economy. TI plans to complete the project in four phases, with an investment totaling over \$29.4 billion, by 2030. Activity in the first two phases has already begun. At full build out, the fabrication plant will be the largest electronics production facility in Texas.

In addition to direct benefits of property and sales tax revenue, water and sewer revenue, hotel/motel revenue during the construction phases, the addition of high-paying jobs and the community reputation in the US and global technology circles, the City anticipates indirect benefits as well, including the "spillover" effect for complementary primary job creation and TI's complementary effect with other existing high-tech employers in the area which could lead to Sherman becoming known as a "tech-corridor" worldwide.

The City has entered into tax abatement agreements and Chapter 380 economic incentive agreements with TI for each scheduled phase, but the major focus for fiscal year 2022 will involve preparing for TI's significant water and wastewater infrastructure needs. To address the general needs of a growing city, as well as the upcoming TI project, Sherman plans to invest approximately \$150 million in

water and wastewater infrastructure improvements and expansion over the next five to six years.

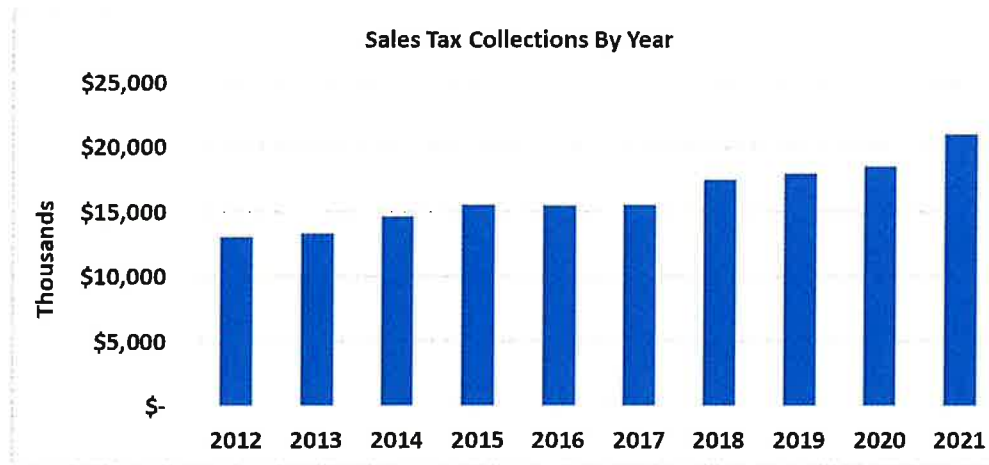
In anticipation of Sherman's future growth, there are currently four active planned developments:

- **Bel-Air Village** – Plans include 280 acres east of US Highway 75 and south of FM 1417 (Vietnam Veterans Parkway) to include 3,000 multi-family units, 1,900 single family homes and 4.5 acres of commercial/retail space.
- **Heritage Ranch** – This development consists of 420 acres along US Highway 82 between FM 1417 and Travis Street with 138 acres zoned for residential, 15 acres zoned for commercial activities and 112 acres zoned for entertainment.
- **Shepherd Place** – Plans for this development include 503 acres located at the southwest corner of Shepherd Drive and US Highway 75. This development includes 1,820 multi-family units, 1,359 single family units and 113 acres of mixed commercial/retail space.
- **The Village** – This area comprises 620 acres south of FM 1417 between Moore Street, West Travis and West OB Groner Road and plans for 1,500 multi-family units, 1,500 single family homes and a mix of commercial, office and retail space.

The City has recently invested more than \$40 million in local infrastructure improvements, most notably the construction of West Travis Street, which includes a new bridge, constructed by the Texas Department of Transportation (TxDOT), connecting east Sherman to the Crossroads medical and retail/commercial development, the new Sherman High School, and the new Sherman Police Headquarters (currently under construction). In addition, TxDOT continues the \$170 million expansion project of US Highway 75 with a completion date expected to be in late 2023.

The City of Sherman is also proceeding with plans for a new 80 bed hospital (with room to expand up to 160 beds) at the Sherman Crossroads development to address the impending healthcare demand created by the City's organic growth and the upcoming TI investment. The state-of-the-art hospital will include emergency facilities and enhanced services focusing on patient comfort and high-quality healthcare. Construction on the new hospital is expected to begin in 2022 with completion in 2024.

In addition to the exciting new projects previously, Sherman enjoys a diverse tax base due to its industrial park and major retail shopping centers with revenues increasing year over year for about the past ten years. By far, retailers are the biggest generators of sales tax at about 57% of sales tax revenue in fiscal year 2021. Approximately half of the retail sales tax comes from non-Sherman residents. The next largest generator of sales tax is food service at 11%.



The City also experienced growth in the property tax base by about 12% from new property added to the tax roll and an increase in the values of existing properties. About half of Sherman's taxable value is from commercial/industrial property. The City expects to see continued growth in both sales and property taxes.

Unemployment in Sherman was 4.1% at the end of the fiscal year, which is lower than the unemployment rate for the State of Texas (4.9%) and the national unemployment rate (4.6%) for the same time period.

Due to the City's sound financial policies and growing economy, the City has a credit rating of AA from Standard and Poor's and A+ for its debt issued through the Greater Texoma Utility Authority. The City also has an abundant supply of water for industrial, commercial and residential use through a combination system of ground wells and surface water from Lake Texoma. Educational opportunities are available at Austin College, Grayson College, and Sherman ISD. Nearby Lake Texoma is also a recreational draw to the area. Despite a fire at Kelly Square in October 2021, Sherman's downtown area continues see a renewed interest for restaurants and retail stores.

LONG-TERM FINANCIAL PLANNING

The City is focused on managing its growth in strategic directions with a long-term vision. Equally important items include maintaining sustainable levels of existing services through funding for staffing and performing sufficient repairs and maintenance for existing infrastructure. Now more than ever, multi-year planning for capital projects is imperative with properly timed infrastructure development. The City has committed to updating its Comprehensive Master Plan in fiscal year 2022 and incorporating information from other plans either completed recently (Parks Master Plan) or are being completed concurrently (Water and Wastewater Master Plan). Staff will be updating the Transportation Master Plan, as well, in fiscal year 2022, for incorporation into the final Comprehensive Master Plan document. As major changes in the local economy or other unforeseen events occur, plans are subject to change. Therefore, these plans are meant to be a planning tool and do not commit the City Council to action in future years.

The City's Charter requires submission of a five-year capital improvement program to the City Council in conjunction with the submission of the annual budget. This plan is used to identify needed capital projects and to coordinate the financing and timing of those projects. Only the first year of the five-year program is funded. The next four years are considered planning years and are subject to appropriation in the following years. The fiscal year 2022 budget includes \$30 million in the General Improvement Fund primarily for street projects and construction of the new police headquarters. The Utility Improvement Fund includes projects totaling \$16.1 million for modifications and repairs for the Ida Road Ground Storage Tank, replacement of the 12' water main along Texoma Parkway, construction of the sewer in northwest Sherman, adding backup generators at the Water Treatment Plant and Texoma Pump Station, and other smaller utility projects. Major utility improvements are funded through debt issued by the Greater Texoma Utility Authority on behalf of and paid by the City through contractual debt payments. The Capital Improvement Plan is available on the City's website.

MAJOR INITIATIVES

The City's primary focus in 2021 was a continued emphasis on infrastructure development related to residential and commercial growth. In 2021, the City completed the construction of West Travis Street, completed the Park Avenue extension and realignment, contributed \$2.0 million to the Texas Department of Transportation for the City's portion to widen FM 1417 to six lanes, purchased land and performed architectural and engineering work in preparation for construction to the new police headquarters.

The City supports growth by building infrastructure and incentivizing the right kind of growth as those opportunities arise. Tax abatements, Chapter 380 Agreements, and SEDCO are all part of attracting builders, retailers and industries to Sherman.

RELEVANT FINANCIAL POLICIES

As part of the budget process, the financial policy of the City is used to support the mission of the City to provide high quality municipal services that meet the citizens' needs in a responsible, efficient and effective manner. Included in the policy is direction on the budget, internal controls, reserves, debt, deposits, and maintenance of equipment and infrastructure. The implementation of these policies in the budget process is part of the published budget document.

The City's financial policy authorizes only the City Council, by resolution, to increase appropriations. One amendment was approved by the City Council in fiscal year 2021, increasing revenues by \$36.1 million and expenditures by \$6.0 million primarily related to debt proceeds from the 2021 Certificates of Obligation issued in May 2021 and related spending, as well as remaining items for the Coronavirus Aid, Relief and Economic Security (CARES) Act grant revenue and expenses through the Texas Department of Emergency Management, increased sales tax revenue, plus expenses related to fleet purchases and operations. The size of the budget amendment was a reflection of the rate of growth and change the City experienced during fiscal year 2021.

The City has also adopted policies on long-term debt, investments, and fund balance. The long-term debt policy calls for specific limitations on amount of debt that may be issued by year and in total. It also requires the City to benchmark its total debt with other cities.

The City's investment policy is adopted annually by the City Council. The Public Funds Investment Act governs the policy, but the City is more restrictive than what is allowed under the Act. The \$60 million portfolio is managed by the Director of Finance who reports quarterly to the City Council. More information on the investments may be found in the notes to the financial statements.

The City's fund balance policy sets the minimum funds balance at 60 days for the General Fund, Utility Fund and the Solid Waste Fund, on a budgetary basis. Only the Solid Waste Fund was below this target. The ongoing challenges in this fund will continue to be evaluated each year during the budget process.

FUTURE ECONOMIC OUTLOOK

The selection of Sherman as Texas Instrument's home to their \$29.4 billion state-of-the-art, 4.7 million square-foot semiconductor fabrication plant is a "game changer" for the City. Sales tax revenues are expected to continue increasing and the City expects to issue a growing number of commercial and residential permits. Four planned developments projects and new hospital in Sherman will help meet upcoming additional needs for housing, commercial/retail, entertainment and healthcare.

Looking forward, the City continues to anticipate a growing tax base with ancillary business interests related to the TI project, new industries, businesses, and people finding Sherman an attractive place to work and live.

AWARDS AND ACKNOWLEDGEMENTS

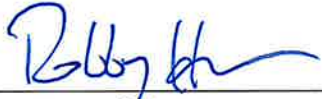
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sherman for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2020. This was the thirty-fifth consecutive year that the City of Sherman earned this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis

requires a great deal of cooperation. In recognition of that, the Finance Department gratefully acknowledges the leadership and support of the City Council and City Manager. Furthermore, for their cooperation, the other departments within the City of Sherman have the Finance Department's appreciation. Also, the efforts of our external audit firm are invaluable.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Robby Hefton", written over a horizontal line.

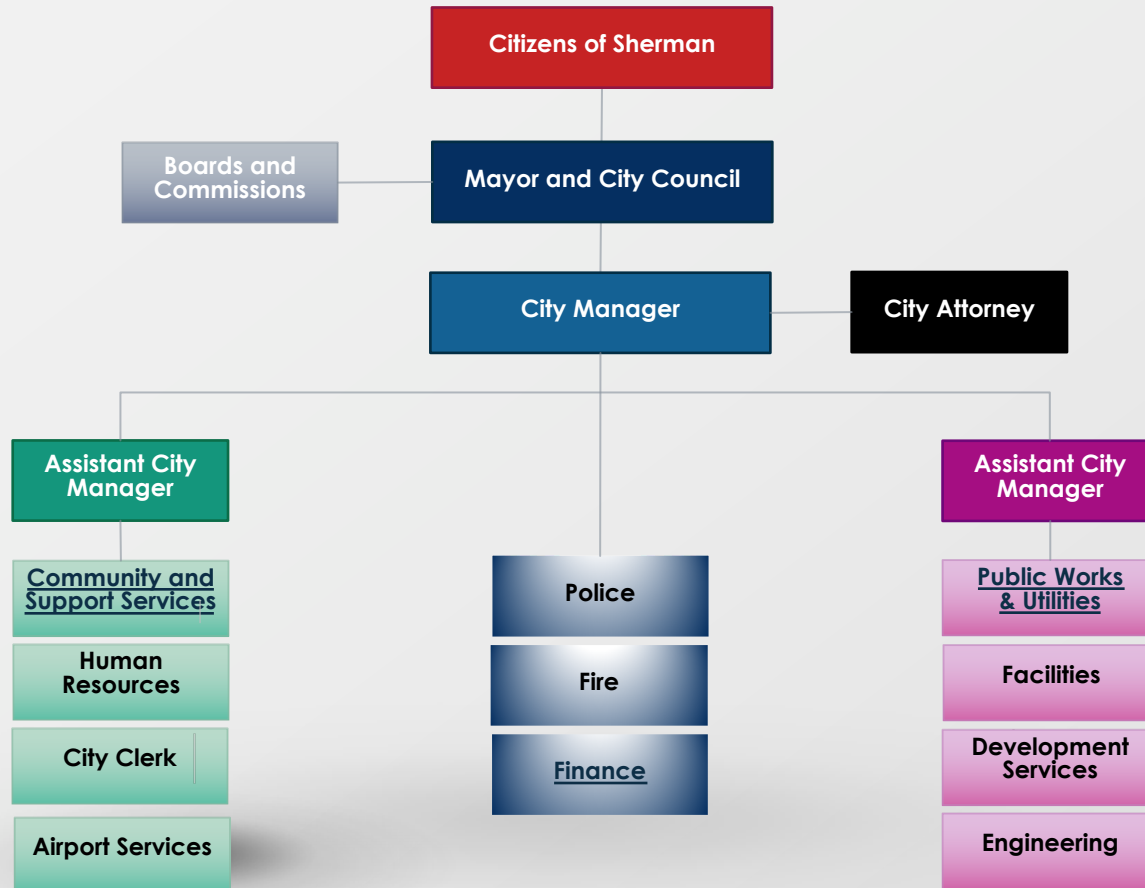
Robby Hefton, City Manager

A handwritten signature in blue ink, appearing to read "Mary Lawrence", written over a horizontal line.

Mary Lawrence, Finance Director

CITY OF SHERMAN, TEXAS

CITY OF SHERMAN ORGANIZATION CHART



CITY OFFICIALS AS OF SEPTEMBER 30, 2021

Elected Officials

Mayor	David Plyler
Deputy Mayor	Daron Holland
Councilmember, At-Large, Place #1	Willie Steele
Councilmember, At-Large, Place #2	Sandra Melton
Councilmember, District #1	Shawn C. Teamann
Councilmember, District #2	Josh Stevenson
Councilmember, District #3	Pamela L. Howeth

Appointed Officials

City Manager	Robby Hefton
City Attorney	The Law Firm of Abernathy, Roeder, Boyd & Hullett, P.C.

Department Directors

Assistant City Manager	Clint Philpott, P.E.
Assistant City Manager	Terrence R. Steele
Director of Finance	Mary Lawrence, C.P.A.
Director of Development Services	Rob Rae, A.I.C.P.
Director of Engineering	Wayne Lee, P.E.
Fire Chief	Danny Jones
Police Chief	Zachary Flores





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Sherman
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
Sherman, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sherman, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Sherman, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sherman, Texas, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sherman, Texas' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2022, on our consideration of the City of Sherman, Texas' 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 solely 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 the effectiveness of the City of Sherman, Texas' 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 City of Sherman, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Sherman, Texas Management's Discussion and Analysis

As management of the City of Sherman, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. The information presented here should be considered in conjunction with the letter of transmittal at the front of this report and the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Sherman exceeded its liabilities and inflows of resources at the close of the most recent fiscal year by \$47.7 million (net position). Of this amount, \$45.2 million represents net investment in capital assets, \$6.5 million is restricted for specific uses with the remainder identified as, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$1.9 million or 4.1% from last fiscal year's net position. The increase was due primarily to the sale of land near the new Sherman High School at FM 1417 and West Travis Street.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$60.6 million, an increase of \$30.5 million in comparison with the prior year. Approximately 26% of this total amount, \$16.1 million, is available for spending at the government's discretion (unassigned fund balance). \$40 million or 66% of fund balance in the City's governmental funds is restricted for general improvements of infrastructure and facilities.
- As of the end of the current fiscal year, the City's proprietary funds, excluding internal service funds, reported combined ending net position of \$25.9 million. Approximately 5.3% of this total amount, \$1.4 million, is in unrestricted net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

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

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees (business-type activities). The governmental activities of the City include general government, public safety, streets, sanitation, community services, and community development. The business-type activities of the City include water, wastewater, and solid waste services.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate entity for which the City is financially accountable, the Sherman Economic Development Corporation (SEDCO). Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Complete financial statements for SEDCO are available upon request from SEDCO or the City's Finance Department.

The government-wide financial statements begin on page 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains three (3) major governmental funds, and seventeen (17) nonmajor governmental funds. Information for the major funds (General Fund, Debt Service Fund, and General Improvement Fund) is presented separately in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements beginning on page 90 of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The City's governmental fund financial statements begin on page 18 of this report.

- **Proprietary Funds.** The City maintains two types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements and account for its water and wastewater, and solid waste operations. Internal Service Funds are used to accumulate and allocate costs internally among the City's various functions. The City uses Internal Service Funds to account for its equipment services, information technology, self-funded health insurance, and fleet replacement. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater operations and for solid waste operations, both of which are considered to be major funds of the City. Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the Internal Service Funds are provided in the form of combining statements beginning on page 115 of this report.

The basic proprietary fund financial statements begin on page 24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 29 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary compliance of the City's general fund and the City's progress in funding its obligation to provide pension benefits and other post-employment benefits (OPEB) to its employees. Required supplementary information begins on page 66 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules begin on page 90 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$47.7 million at the close of the most recent fiscal year.

By far, the largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The overall net position of the City of Sherman increased by \$1.9 million, or 4.1% from the prior fiscal year. The increase was due primarily to the sale of land near the new Sherman High School at FM 1417 and West Travis Street.

During fiscal year 2021, the City continued its plan to fund upcoming capital projects related to current and expected growth with debt issuances of \$30.1 million in certificates of obligation and \$2.2 million in tax notes. Additionally, the City received \$4.2 million in grant funds which represents half of the allocation from the Coronavirus State and Local Fiscal Recovery Fund through the American Rescue Plan Act. The debt issuance and grant funding primarily account for the increase in current assets from the prior year. Correlating increases in total liabilities of \$29.7 million were attributed to the debt issuances during the current fiscal year.

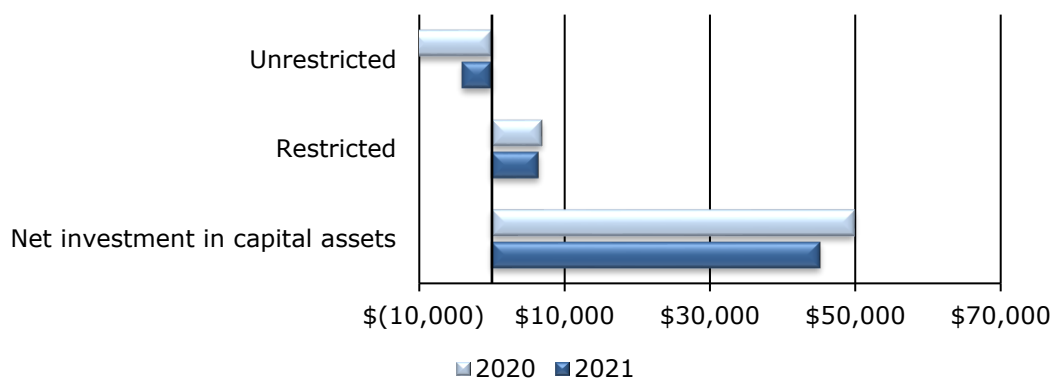
The City's current net position, along with last fiscal year's numbers, are presented for comparison in the following table.

CITY OF SHERMAN'S NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 66,479	\$ 33,424	\$ 12,352	\$ 8,488	\$ 78,831	\$ 41,912
Capital assets	90,741	92,369	26,863	28,774	117,604	121,143
Total assets	157,220	125,793	39,215	37,262	196,435	163,055
Deferred outflows of resources	4,202	4,560	1,105	1,180	5,307	5,740
Long-term liabilities	122,769	98,236	6,701	7,759	129,470	105,995
Other liabilities	11,117	9,083	6,250	2,090	17,367	11,173
Total liabilities	133,886	107,319	12,951	9,849	146,837	117,168
Deferred inflows of resources	5,670	4,588	1,491	1,156	7,161	5,744
Net investment in capital assets	20,738	23,785	24,504	26,167	45,242	49,952
Restricted	6,525	6,942	-	-	6,525	6,942
Unrestricted	(5,397)	(12,281)	1,374	1,270	(4,023)	(11,011)
Total net position	\$ 21,866	\$ 18,446	\$ 25,878	\$ 27,437	\$ 47,744	\$ 45,883

A portion of the City's net position, \$6.5 million, represents resources that are subject to external restrictions on how they may be used. At the end of the current fiscal year, all categories of net position were positive except for Unrestricted Net Position in Governmental Activities.

City of Sherman's Net Position
September 30, 2020 and 2021
(in thousands)



The City's condensed changes in net position, along with last fiscal year's numbers, are presented for comparison in the following table.

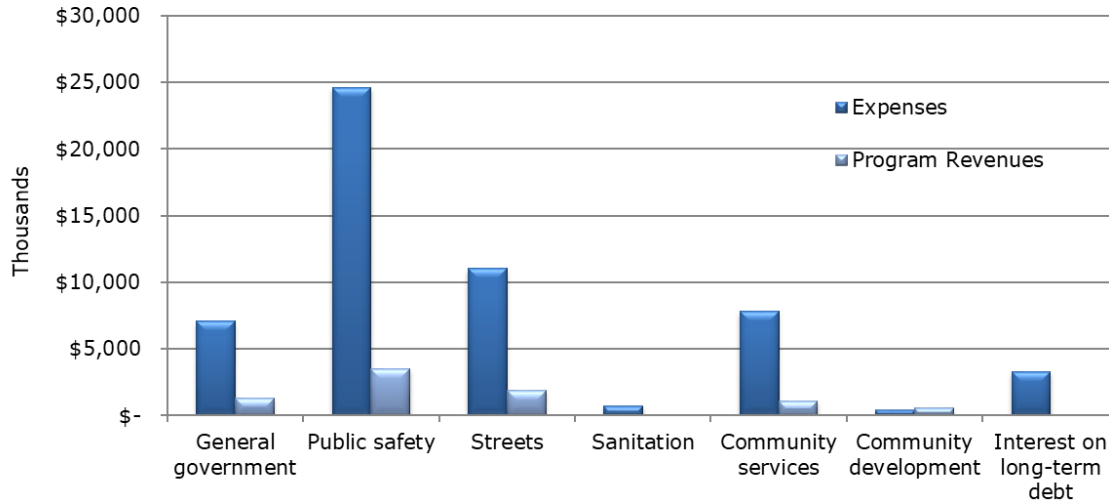
CITY OF SHERMAN'S CHANGES IN NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Changes for services	\$ 5,898	\$ 6,908	\$ 31,343	\$ 30,335	\$ 37,241	\$ 37,243
Operating grants and contributions	2,251	1,254	-	-	2,251	1,254
Capital grants and contributions	348	2,984	600	2,129	948	5,113
General revenues:						
Property taxes	17,627	16,272	-	-	17,627	16,272
Sales taxes	21,564	18,696	-	-	21,564	18,696
Other taxes	3,651	3,446	-	-	3,651	3,446
Other	3,611	874	115	1,255	3,726	2,129
Total revenues	54,950	50,434	32,058	33,719	87,008	84,153
Expenses						
General government	7,089	7,071	-	-	7,089	7,071
Public safety	24,623	25,886	-	-	24,623	25,886
Streets	11,044	10,492	-	-	11,044	10,492
Sanitation	732	959	-	-	732	959
Community services	7,808	7,281	-	-	7,808	7,281
Community development	441	441	-	-	441	441
Interest on long-term debt	3,319	2,678	-	-	3,319	2,678
Water and sewer service	-	-	24,360	24,960	24,360	24,960
Solid waste service	-	-	5,731	6,600	5,731	6,600
Total expenses	55,056	54,808	30,091	31,560	85,147	86,368
Increases (decreases) in net position before transfers	(106)	(4,374)	1,967	2,159	1,861	(2,215)
Transfers	3,526	2,599	(3,526)	(2,599)	-	-
Change in net position	3,420	(1,775)	(1,559)	(440)	1,861	(2,215)
Net position, beginning	18,446	20,221	27,437	27,877	45,883	48,098
Net position, ending	\$ 21,866	\$ 18,446	\$ 25,878	\$ 27,437	\$ 47,744	\$ 45,883

Governmental Activities

Governmental activities increased the City's net position by \$3.4 million. Primary factors attributing to the increase compared to the prior year include sales tax growth of 15.3% or \$2.9 million and general property tax growth of 8.3% or \$1.4 million due to increased valuations and additions to the tax roll. Expenses in governmental activities were overall similar to the prior year, yet charges for services were lower compared to the prior year due to a one-time \$1.7 million reimbursement from the Sherman Economic Development Corporation for participation in infrastructure projects related to industry. Engineering inspection fees were up \$0.5 million in fiscal year 2021 from development growth, and program revenue for community services was up by \$0.3 million due to activities through the Parks and Recreation Department, including the public swimming pool (The Splash) and sports leagues, which were unavailable to the public in fiscal year 2020 due to the coronavirus pandemic.

Expenses and Program Revenues Governmental Activities

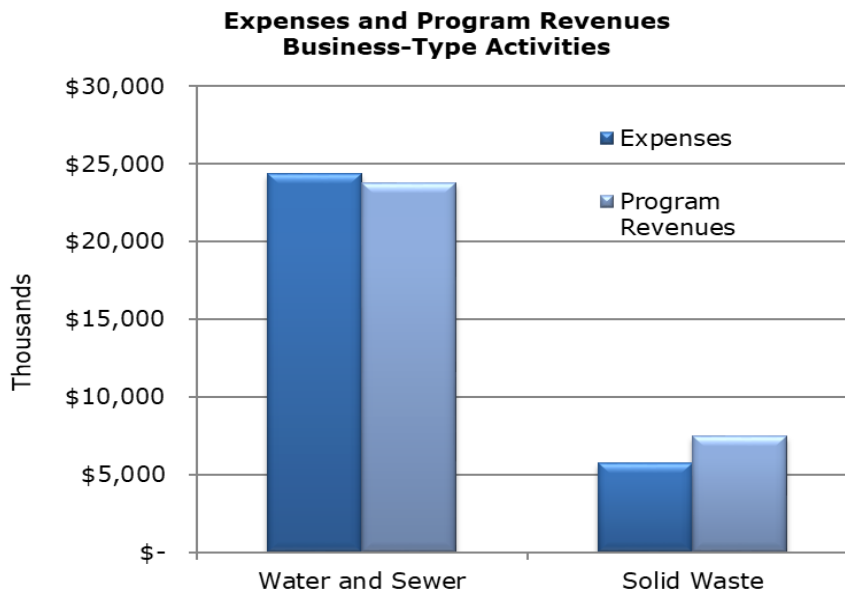


Business-type Activities

Results for the current fiscal year in the City's business-type activities decreased the City's net position by \$1.6 million, with operations similar to the prior year. Net position from Water and Sewer activities for fiscal year 2021 decreased \$2.4 million due in part to effects from the severe winter storm of February 2021 which saw temperatures below freezing for over seven days, resulting in widespread power outages and disruptions in the City's water production and distribution process. Not only did the down time impact service in the water and sewer fund, but costly repairs were necessary once the full effect of the winter storm was realized. Additionally, the Sherman City Council approved a \$30 water credit for residents as part of relief efforts. Prior to the winter storm, a utility rate study was initiated to assess the City's future needs.

Net position related to Solid Waste activities increased \$0.8 million primarily due to a distribution to member cities from the City's landfill joint venture in the Texoma Area Solid Waste Authority.

The City's business-type activities expenses and program revenues are presented in the following chart.



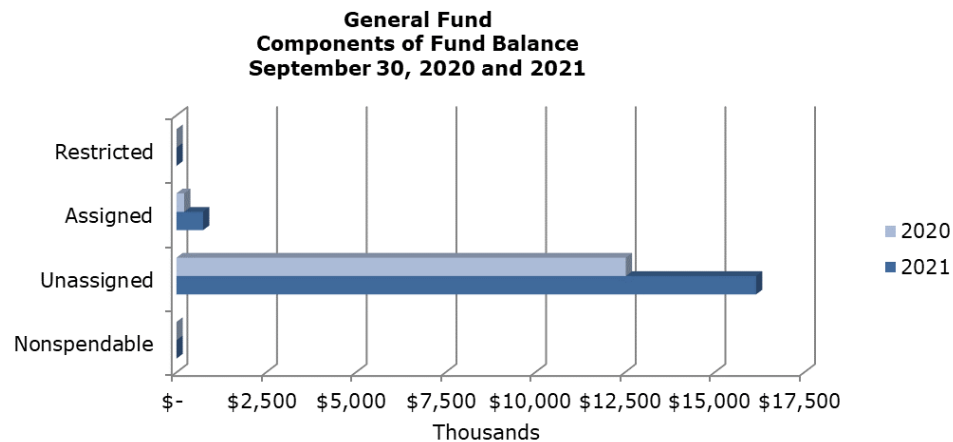
FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Sherman uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

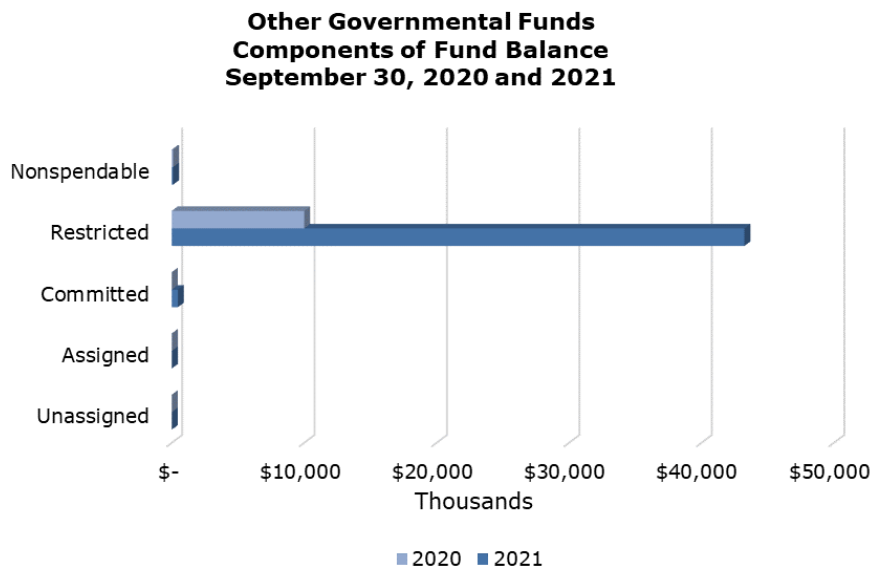
Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Sherman itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At September 30, 2021, the City's governmental funds reported combined fund balances of \$60.6 million, which is \$30.5 million more than the prior year due to proceeds from the issuance of certificates of obligation. Approximately 26.6% of the governmental fund balances, or \$16.1 million, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is: 1) not in spendable form (\$0.1 million), 2) committed for particular purposes (\$0.5 million), 3) restricted for particular purposes (\$43.2 million), or 4) assigned for particular purposes (\$0.7 million).



The General Fund is the chief operating fund of the City of Sherman. At the end of the fiscal year, unassigned fund balance of the general fund was \$16.2 million. Total fund balance increased by \$4.2 million from the prior fiscal year to \$16.9 million, primarily due to better than expected sales tax performance. Unassigned fund balance represents approximately 38% of total general fund expenditures, which is about the same percentage as total fund balance to expenditures.



The General Improvement Fund, a major fund, increased \$26.7 million during the fiscal year, ending the year at a fund balance of \$36.4 million. The increase was due primarily to the issuance of certificates of obligation and the sale of land near the new Sherman High School. Expenditures of \$7.2 million in fiscal year 2021 included \$2.0 million to the Texas Department of Transportation for the City's portion to widen FM 1417 to six lanes, \$1.8 million for the Park Avenue extension and realignment, \$1.3 million related to the new police headquarters and \$0.9 million for West Travis Street.

The Debt Service Fund, also a major fund, ended the year at a fund balance of \$0.4 million. General property taxes of \$4.7 million were allocated to this fund to cover principal and interest payments of approximately \$5.75 million.

The remaining governmental funds ended the year with a fund balance of \$6.9 million, a decrease of \$0.4 million from the prior year, with similar activity in both years.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City has two proprietary funds, the Water and Sewer Fund, and the Solid Waste Fund.

Unrestricted net position of the Water and Sewer Fund at the end of the year was \$1.4 million and had decreased by \$0.6 million or 30% due in part to effects from the severe winter storm of February 2021 which saw temperatures below freezing for over seven days, resulting in widespread power outages and disruptions in the City's water production and distribution process. Not only did the down time impact service in the water and sewer fund, but costly repairs were necessary once the full effect of the winter storm was realized. Additionally, the Sherman City Council approved a \$30 water credit for residents as part of relief efforts. Prior to the winter storm, a utility rate study was initiated to assess the City's future needs.

Unrestricted net position of the Solid Waste Fund increased by \$0.7 million. Operations in the Solid Waste Fund were similar to the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget

The original budget was amended by the City Council during fiscal year 2021, increasing revenues by \$36.1 million and expenditures by \$6.0 million primarily related to debt proceeds from the 2021 Certificates of Obligation issued in May 2021 and related spending, as well as remaining items for the Coronavirus Aid, Relief and Economic Security (CARES) Act grant revenue and expenses through the Texas Department of Emergency Management, increased sales tax revenue, plus expenses related to fleet purchases and operations. The size of the budget amendment was a reflection of the rate of growth and change the City experienced during fiscal year 2021.

Final budget compared to actual results

A review of actual expenditures in the General Fund compared to appropriations in the final budget yielded two significant budget variances. Law Enforcement Services experienced a variance of \$381,090 in personnel costs which were less than budgeted, primarily due to staffing vacancies. Civil service testing was limited during fiscal year 2021 due to the coronavirus pandemic. The Street Department also ended fiscal year 2021 with a savings of \$269,016 in personnel costs due to unfilled positions related to coronavirus challenges.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$118 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery, equipment, vehicles, park facilities, roads, bridges, and the water and wastewater treatment plants. The City's total investments in net capital assets decreased in the current fiscal year by \$3.5 million or approximately 2.9%.

Major capital asset events during fiscal year 2021 included the following:

- New and continuing projects included the Park Avenue extension and realignment, work related to the new police headquarters, and the final phase of the extension of West Travis Street from US Hwy 75 to FM 1417.
- Construction projects in progress at the end of fiscal year 2021 included new street design and construction in developing areas, new police headquarters, ballfields, bridge repairs, wastewater treatment plant and lift station improvements and water system extension and improvements.
- Various machinery and equipment were acquired totaling approximately \$2.1 million. Governmental activities included replacing a fire engine, ambulance, brush truck, and a pickup truck for the fire department, patrol vehicles and equipment for law enforcement, adding four pickup trucks for the development services department, a dump truck, trailer, box blade, bucket truck, chipper truck and two pickup trucks for the street department, a utility vehicle, excavator and dump trailer for cemetery and grounds maintenance departments, a trailer for animal services and an SUV for the neighborhood services department. Business type activities included purchasing a pickup truck and a 15-yard dump truck for water treatment and distribution, as well as a transit van and pickup truck for wastewater pretreatment and water quality departments, and two solid waste collection trucks and trailers.
- Depreciation totaled \$8.7 million for governmental activities, including internal service funds and \$3.1 million for business-type activities.

CITY OF SHERMAN'S CAPITAL ASSETS, NET OF DEPRECIATION
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 7,556	\$ 6,807	\$ 383	\$ 347	\$ 7,939	\$ 7,154
Buildings	9,404	9,364	1,096	1,283	10,500	10,647
Other improvements	49,007	42,396	16,441	18,562	65,448	60,958
Machinery and equipment	13,503	14,446	2,011	2,008	15,514	16,454
Other assets	83	109	6,432	6,459	6,515	6,568
Construction in progress	11,188	19,247	500	115	11,688	19,362
Total Assets	\$ 90,741	\$ 92,369	\$ 26,863	\$ 28,774	\$ 117,604	\$ 121,143

Additional information on the City's capital assets can be found in the notes on pages 41 through 43 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total contractually obligated long-term debt of \$81.9 million. In fiscal year 2021 the City issued \$30.1 million of governmental certificates of obligation to fund general improvements. These obligations are to be repaid from general tax revenues of the General Fund and property taxes. Property taxes and a limited pledge of the net revenues of the water and sewer system secure the certificates of obligation even through repayment is expected to be made solely from general tax revenues. The City also issued \$2.2 in tax notes for the purchase of equipment for departments in the general fund and the solid waste fund which will be repaid from property taxes.

CITY OF SHERMAN'S OUTSTANDING DEBT
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Bonds	\$ 7,386	\$ 8,250	\$ -	\$ -	\$ 7,386	\$ 8,250
Capital leases	2,668	3,331	158	282	2,826	3,613
Certificates of obligation, net of premium	94,549	66,837	-	-	94,549	66,837
Other long-term payables	-	-	2,201	2,326	2,201	2,326
Tax notes	1,795	-	-	-	1,795	-
Total Debt	\$106,398	\$ 78,418	\$ 2,359	\$ 2,608	\$108,757	\$ 81,026

Long-term debt for the City increased by \$27.7 million or 34.2%, due to issuances of \$30.1 million in certificates of obligation and \$2.2 million in tax notes. Principal payments on outstanding debt totaled \$4.6 million in fiscal year 2021.

The City of Sherman maintains a "AA" rating from Standard & Poor's for general obligation debt and a rating of "A+" for its debt issued through the Greater Texoma Utility Authority.

As part of the budget process, City staff compares the debt limit allowed under the City charter to debt outstanding. At the beginning of the 2021 fiscal year, the City had 39.7% of allowable bonded debt outstanding. After the issuance of certificates of obligation in May 2021, the allowable bonded debt outstanding was 70.4%, with 29.6% remaining allowable for certificates of obligation.

Additional information on the City's long-term debt can be found in the notes on pages 43 through 47 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In November 2021, Texas Instruments (TI) selected its current location in the City of Sherman for a 4.7-million-square-foot semiconductor fabrication plant to produce state-of-the-art, 300 mm wafers for use in consumer electronics and other purposes. The plant, which is slated to begin production by 2025, will employ more than 3,000 people and contribute billions of dollars to the Grayson County economy. TI plans to complete the project in four phases, with an investment totaling over \$29.4 billion, by 2030. Activity in the first two phases has already begun.

Although the TI project was unknown during the regular budget process for fiscal year 2022, the City began planning for this significant investment immediately. In addition to direct benefits of property and sales tax revenue, water and sewer revenue, hotel/motel revenue during the construction phases, the addition of high-paying jobs and the community reputation in the US and global technology circles, the City anticipates indirect benefits as well: the "spillover" effect for complementary primary job creation and TI's complementary effect with other existing high-tech employers in the area which could lead to Sherman becoming known as a "tech-corridor" worldwide.

The City has entered into tax abatement agreements and Chapter 380 economic incentive agreements with TI for each scheduled phase, but the major focus for fiscal year 2022 will involve preparing for TI's significant water and wastewater infrastructure needs. The City is confident it will be able to provide such services when they are needed by TI.

Prior to the TI announcement, the following economic factors affecting the City were considered in developing the 2021-2022 fiscal year budget.

- General Fund revenues are expected to be more than fiscal year 2021. Property values and property tax revenue are projected to increase about 8%. The property tax rate is unchanged at .489/\$100. Sales tax revenue is budgeted to increase about 3.6% after considering the one-time events in fiscal year 2021. Tax notes will be used to finance equipment purchases of about \$1.7 million. Fund balance is projected to be \$10.4 million or 83 days of operating expenses at the end of FY2022. New positions consist of a civil engineer, an engineering inspector, a motorcycle officer, two building inspectors and a cemetery maintenance worker.

- Utility Fund revenue is expected to increase in fiscal year 2022 due to a 4.2% utility rate increase as a result of the recommendation from a utility rate study. One new position is budgeted to address inflow and infiltration. Various fleet and equipment critical to operations are budgeted. Fund balance at the end of FY2022 is projected to be about \$4.2 million, or about 60 days of operating expenses.
- Solid Waste Fund revenue from services is not expected to increase in fiscal year 2022. However, another distribution of \$700,000 in fiscal year 2022 from the City's joint venture in the Texoma Area Solid Waste Authority landfill is expected and considered critical to this fund. Fund balance is projected to be \$1.3 million, or 60 days of operating expenditures.
- The \$30.6 million budget of the General Improvement Fund primarily consists of funding for a new police headquarters (\$17.2 million), street projects funded by debt and impact fees, and smaller projects for parks and other departments funded by the General Fund and by the sale of city property in fiscal year 2021. Major projects include Moore Street, Bel Air Boulevard, right-of-way and design of FM 1417 south of Hwy 56, a match for a federal grant for a new bridge on South Travis Street, and a match for a Texas Department of Transportation grant for airport improvements. Reserves of about \$3.0 million are expected at the end of fiscal year 2022 primarily consisting of unspent debt proceeds.
- The Utility Improvement Fund budget includes projects that will be funded by debt issued by the Greater Texoma Utility Authority on behalf of the City, existing reserves and impact fees. Projects totaling \$17.4 million include the continuation of the construction of the northwest sewer lift station near the intersection of Highway 82 and Highway 289, a waterline to service Legacy Village/Bel Air developments, a waterline that will enable the City to sell to Marilee Special Utility District, a wastewater line for concentrate disposal from the water treatment plant, the last phase of a water line replacement on Texoma Parkway, major rehabilitation of the Ida Road ground storage tank, backup generators at the water and wastewater treatment plants, water and sewer line replacements and other system improvements. Utility Improvement Fund reserves are expected be about \$127,000 at the end of fiscal 2022.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Sherman, Finance Department, P.O. Box 1106, Sherman, Texas 75091-1106.

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**BASIC
FINANCIAL STATEMENTS**

CITY OF SHERMAN, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current assets:				
Cash	\$ 19,499,335	\$ 425,365	\$ 19,924,700	\$ 10,892,166
Pooled and temporary investments	41,038,453	7,592,048	48,630,501	2,954,708
Receivables, net	5,293,145	4,344,964	9,638,109	897,534
Inventories, at cost	171,506	451,272	622,778	-
Prepayments and deposits	4,880	10,158	15,038	12,400
Internal balances	<u>471,412</u>	<u>(471,412)</u>	<u>-</u>	<u>-</u>
Total current assets	<u>66,478,731</u>	<u>12,352,395</u>	<u>78,831,126</u>	<u>14,756,808</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable assets	18,743,717	7,283,435	26,027,152	9,101,598
Other capital assets, net	<u>71,997,253</u>	<u>19,579,352</u>	<u>91,576,605</u>	<u>6,646</u>
Total noncurrent assets	<u>90,740,970</u>	<u>26,862,787</u>	<u>117,603,757</u>	<u>9,108,244</u>
Total assets	<u>\$ 157,219,701</u>	<u>\$ 39,215,182</u>	<u>\$ 196,434,883</u>	<u>\$ 23,865,052</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan - TMRS	\$ 3,113,283	\$ 818,616	\$ 3,931,899	\$ 38,112
OPEB - Retiree health plan	663,684	174,512	838,196	8,125
OPEB - TMRS supplemental death benefit	<u>425,160</u>	<u>111,793</u>	<u>536,953</u>	<u>5,205</u>
Total deferred outflows of resources	<u>\$ 4,202,127</u>	<u>\$ 1,104,921</u>	<u>\$ 5,307,048</u>	<u>\$ 51,442</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,028,032	\$ 765,331	\$ 2,793,363	\$ 54,556
Accrued expenses payable	922,926	348,620	1,271,546	3,541
Accrued interest payable	843,840	-	843,840	-
Unearned revenue	9,711	4,218,221	4,227,932	-
Landfill closure costs	-	39,468	39,468	-
Customers' deposits payable	178,872	240,002	418,874	-
Current portion of bonds, capital leases, certificates of obligation, tax notes and other long-term payables	<u>7,133,186</u>	<u>637,885</u>	<u>7,771,071</u>	<u>-</u>
Total current liabilities	<u>11,116,567</u>	<u>6,249,527</u>	<u>17,366,094</u>	<u>58,097</u>

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

	Governmental Activities	Business-type Activities	Total	Component Unit
LIABILITIES (Continued)				
Long-term liabilities:				
Accrued compensated absences	3,775,171	-	3,775,171	-
Capital lease obligations payable	1,984,358	31,930	2,016,288	-
General obligation bonds	6,501,228	-	6,501,228	-
Certificates of obligation	91,562,760	-	91,562,760	-
Tax notes	1,462,126	-	1,462,126	-
Net pension liability	10,106,118	2,657,335	12,763,453	123,717
Total OPEB liability - retiree health plan	5,887,481	1,548,073	7,435,554	72,073
Total OPEB liability - TMRS supplemental death benefit	1,489,776	391,727	1,881,503	18,238
Other long-term payables	-	2,072,143	2,072,143	-
Total long-term liabilities	<u>122,769,018</u>	<u>6,701,208</u>	<u>129,470,226</u>	<u>214,028</u>
Total liabilities	<u>\$ 133,885,585</u>	<u>\$ 12,950,735</u>	<u>\$ 146,836,320</u>	<u>\$ 272,125</u>
DEFERRED INFLOWS OF RESOURCES				
Pension plan - TMRS	\$ 4,048,873	\$ 1,064,623	\$ 5,113,496	\$ 49,565
OPEB - Retiree health plan	1,363,723	358,581	1,722,304	16,694
OPEB - TMRS supplemental death benefit	<u>257,260</u>	<u>67,645</u>	<u>324,905</u>	<u>3,149</u>
Total deferred inflows of resources	<u>\$ 5,669,856</u>	<u>\$ 1,490,849</u>	<u>\$ 7,160,705</u>	<u>\$ 69,408</u>
NET POSITION				
Net investment in capital assets	20,738,117	24,503,817	45,241,934	9,108,244
Restricted for:				
Cemetery maintenance:		-		
Expendable	1,904,329	-	1,904,329	
Nonexpendable	100,000	-	100,000	
Cafeteria plan	11,162	-	11,162	-
Infrastructure and facilities improvements	3,684,445	-	3,684,445	-
Law enforcement support	732,516	-	732,516	-
Airport and tourism	93,283	-	93,283	-
Economic development	-	-	-	14,466,717
Unrestricted	<u>(5,397,465)</u>	<u>1,374,702</u>	<u>(4,022,763)</u>	<u>-</u>
Total net position	<u>\$ 21,866,387</u>	<u>\$ 25,878,519</u>	<u>\$ 47,744,906</u>	<u>\$ 23,574,961</u>

CITY OF SHERMAN, TEXAS

STATEMENT OF ACTIVITIES

YEAR END SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 7,088,978	\$ 1,323,308	\$ 145,589	\$ -
Public safety	24,622,926	3,136,475	1,110,613	839
Streets	11,044,202	278,846	-	347,102
Sanitation	731,701	75,302	-	-
Community services	7,807,883	1,083,710	411,343	-
Community development	441,208	-	583,959	-
Interest on long-term debt	3,318,977	-	-	-
Total governmental activities	<u>55,055,875</u>	<u>5,897,641</u>	<u>2,251,504</u>	<u>347,941</u>
Business-type activities:				
Water and sewer service	24,359,919	23,877,936	-	599,686
Solid waste service	<u>5,730,346</u>	<u>7,465,978</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>30,090,265</u>	<u>31,343,914</u>	<u>-</u>	<u>599,686</u>
Total primary government	<u>\$ 85,146,140</u>	<u>\$ 37,241,555</u>	<u>\$ 2,251,504</u>	<u>\$ 947,627</u>
Component unit:				
Economic development	\$ 272,757	\$ -	\$ -	\$ -
Administration	<u>1,415,628</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component unit	<u>\$ 1,688,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes				
General property				
City sales				
Franchise				
Nonproperty				
Investment income				
Miscellaneous				
Gain on sale of capital assets				
Transfers - internal activity				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

The accompanying notes are in
intergel part of these financial statements.

Net (Expense) Revenue and Change in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$(5,620,081)	\$ -	\$(5,620,081)	\$ -
(20,374,999)	-	(20,374,999)	-
(10,418,254)	-	(10,418,254)	-
(656,399)	-	(656,399)	-
(6,312,830)	-	(6,312,830)	-
142,751	-	142,751	-
(3,318,977)	-	(3,318,977)	-
(46,558,789)	-	(46,558,789)	-
-	117,703	117,703	-
-	1,735,632	1,735,632	-
-	1,853,335	1,853,335	-
\$(46,558,789)	\$ 1,853,335	\$(44,705,454)	\$ -
\$ -	\$ -	\$ -	\$(272,757)
-	-	-	(1,415,628)
\$ -	\$ -	\$ -	\$(1,688,385)
\$ 17,626,781	\$ -	\$ 17,626,781	\$ -
21,563,812	-	21,563,812	4,976,264
2,876,387	-	2,876,387	-
774,963	-	774,963	-
324,976	13,737	338,713	42,753
240,582	100,730	341,312	-
3,045,886	-	3,045,886	647,847
3,525,719	(3,525,719)	-	-
49,979,106	(3,411,252)	46,567,854	5,666,864
3,420,317	(1,557,917)	1,862,400	3,978,479
18,446,070	27,436,436	45,882,506	19,596,482
\$ 21,866,387	\$ 25,878,519	\$ 47,744,906	\$ 23,574,961

CITY OF SHERMAN, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	General	General Improvement	Debt Service
ASSETS			
Cash	\$ 6,630,797	\$ 6,970,926	\$ 432,723
Pooled and temporary investments	6,804,609	29,793,588	-
Receivables (net of allowances for uncollectibles):			
Interest	9,635	2,858	-
Intergovernmental	156,925	-	-
Accounts	441,549	-	-
Taxes	4,104,102	-	73,276
Prepayments and deposits	250	-	-
Due from other funds	940,882	-	-
	<u>19,088,749</u>	<u>36,767,372</u>	<u>505,999</u>
Total assets	\$ 19,088,749	\$ 36,767,372	\$ 505,999
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 1,139,620	\$ 372,238	\$ -
Accrued wages payable	477,148	-	-
Customer deposits	1,824	-	-
Due to other funds	-	-	-
Total liabilities	<u>1,618,592</u>	<u>372,238</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenue	<u>566,058</u>	<u>-</u>	<u>70,083</u>
Total deferred inflows of resources	<u>566,058</u>	<u>-</u>	<u>70,083</u>
Fund balances:			
Nonspendable:			
Prepayments and deposits	250	-	-
Endowment	-	-	-
Restricted for:			
Cafeteria plan	11,162	-	-
Law enforcement support	-	-	-
Airport and tourism	-	-	-
Infrastructure and facilities improvement	-	36,385,666	-
Debt service	-	-	435,916
Cemetery maintenance	-	-	-
Committed to:			
New street development	-	-	-
Assigned for:			
Public charities	44,022	-	-
General improvements	-	9,468	-
Subsequent year's budget	510,669	-	-
Unassigned	<u>16,337,996</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>16,904,099</u>	<u>36,395,134</u>	<u>435,916</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 19,088,749	\$ 36,767,372	\$ 505,999

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

Nonmajor Governmental	Total Governmental
\$ 2,883,833	\$ 16,918,279
4,439,115	41,037,312
-	12,493
269,930	426,855
108,698	550,247
110,444	4,287,822
-	250
-	940,882
<u>\$ 7,812,020</u>	<u>\$ 64,174,140</u>

\$ 224,069	\$ 1,735,927
8,862	486,010
177,048	178,872
<u>469,470</u>	<u>469,470</u>
<u>879,449</u>	<u>2,870,279</u>

<u>50,000</u>	<u>686,141</u>
<u>50,000</u>	<u>686,141</u>

-	250
100,000	100,000

-	11,162
732,516	732,516
93,283	93,283
3,693,913	40,079,579
-	435,916
1,904,329	1,904,329

461,770	461,770
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-	44,022
-	9,468
-	510,669
(103,240)	16,234,756
<u>6,882,571</u>	<u>60,617,720</u>

<u>\$ 7,812,020</u>	<u>\$ 64,174,140</u>
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CITY OF SHERMAN, TEXAS

**RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2021

Total fund balances - governmental funds \$ 60,617,720

Amounts reported for governmental activities in the statement of net position are different because:

Internal Service Funds are used to charge the costs of certain activities such as fleet maintenance, information technology and insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position. 8,341,852

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

Governmental capital assets 162,184,262
Less: accumulated depreciation (83,273,292)

Long-term liabilities that pertain to governmental funds are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Included with amounts related to long-term liabilities is the deferred charge on bond refunding. Included with amounts related to the net pension liability are deferred outflows of resources and deferred inflows of resources that are attributable to the multiple-employer pension plan. Balances at year-end are:

Bonds payable (7,385,756)
Certificates of obligation (94,548,889)
Compensated absences (5,924,939)
Net pension liability (9,591,919)
OPEB - Retiree health plan (5,587,927)
OPEB - TMRS supplemental death benefit (1,413,976)
Deferred outflow of resources - pension plan 2,954,880
Deferred outflow of resources - OPEB retiree health plan 629,916
Deferred outflow of resources - TMRS supplemental death benefit 403,528
Deferred inflow of resources - pension plan (3,842,867)
Deferred inflow of resources - OPEB retiree health plan (1,294,337)
Deferred inflow of resources - TMRS supplemental death benefit (244,170)

Various other items necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting, including:

Accrued interest payable (843,840)
Unavailable revenue - property taxes 284,406
Unavailable revenue - court fines 141,567
Unavailable revenue - ambulance fees 260,168

Net position of governmental activities \$ 21,866,387

CITY OF SHERMAN, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2021

	<u>General</u>	<u>General Improvement</u>	<u>Debt Service</u>
REVENUES			
Taxes:			
General property	\$ 12,445,529	\$ -	\$ 4,663,048
City sales	21,563,812	-	-
Franchise	2,876,387	-	-
Nonproperty	166,708	-	-
Licenses and permits	810,670	-	-
Intergovernmental	1,922,483	-	-
Charges for services	3,062,485	-	-
Fines and forfeitures	336,442	-	-
Investment income (loss)	35,504	7,553	2,119
Donations	8,713	-	-
Miscellaneous	240,406	-	2,576
Total revenues	<u>43,469,139</u>	<u>7,553</u>	<u>4,667,743</u>
EXPENDITURES			
Current:			
General government	7,165,907	-	-
Public safety	24,529,901	-	-
Streets	3,897,857	2,792,323	-
Sanitation	709,899	-	-
Community services	5,729,479	-	-
Community development	-	-	-
Capital outlay	346,465	4,374,166	-
Debt service:			
Principal	-	-	3,125,000
Interest	-	-	2,624,486
Debt issuance costs and agent fees	-	155,273	4,700
Total expenditures	<u>42,379,508</u>	<u>7,321,762</u>	<u>5,754,186</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,089,631</u>	<u>(7,314,209)</u>	<u>(1,086,443)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	29,025,000	-
Premium on issuance of debt	-	1,130,384	-
Sale of general capital assets	-	3,647,497	-
Transfers in	3,927,975	250,000	1,070,491
Transfers out	(860,000)	-	-
Total other financing sources (uses)	<u>3,067,975</u>	<u>34,052,881</u>	<u>1,070,491</u>
NET CHANGE IN FUND BALANCES	4,157,606	26,738,672	(15,952)
FUND BALANCES, BEGINNING	<u>12,746,493</u>	<u>9,656,462</u>	<u>451,868</u>
FUND BALANCES, ENDING	\$ <u>16,904,099</u>	\$ <u>36,395,134</u>	\$ <u>435,916</u>

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

<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
\$ 514,493	\$ 17,623,070
-	21,563,812
-	2,876,387
608,255	774,963
-	810,670
605,669	2,528,152
1,240,548	4,303,033
46,511	382,953
275,611	320,787
43,257	51,970
<u>72,505</u>	<u>315,487</u>
<u>3,406,849</u>	<u>51,551,284</u>
-	7,165,907
220,545	24,750,446
-	6,690,180
-	709,899
1,346,657	7,076,136
446,280	446,280
883,052	5,603,683
-	3,125,000
-	2,624,486
-	<u>159,973</u>
<u>2,896,534</u>	<u>58,351,990</u>
<u>510,315</u>	<u>(6,800,706)</u>
-	29,025,000
-	1,130,384
-	3,647,497
210,000	5,458,466
<u>(1,072,747)</u>	<u>(1,932,747)</u>
<u>(862,747)</u>	<u>37,328,600</u>
<u>(352,432)</u>	<u>30,527,894</u>
<u>7,235,003</u>	<u>30,089,826</u>
<u>\$ 6,882,571</u>	<u>\$ 60,617,720</u>

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CITY OF SHERMAN, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED SEPTEMBER 30, 2021

Total net change in fund balance - governmental funds \$ 30,527,894

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

Internal Service Funds are used to charge the costs of certain activities such as fleet maintenance, information technology and insurance to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities. 225,866

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount of capital assets recorded in the current period. 5,950,785

Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds. (6,264,770)

The issuance of long-term debt (e.g. bonds) 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. Also, governmental funds report the effect of refunding transactions, premiums, discounts, and similar items when debt is issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of debt	(29,025,000)
Premium on debt issuance	(947,407)
Amortization of deferred charge on bond refunding	(178,354)
Principal paid - bonds payable	810,000
Principal paid - certificates of obligation	2,315,000

Certain expenses related to employee compensation and benefits are reported in the statement of activities but do not require the use of financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in compensated balances	(303,857)
Change in net pension liability	1,406,646
Change in OPEB obligation - Retiree health plan	128,362
Change in OPEB obligation - TMRS supplemental death benefit	(94,107)

Various other items necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting, including:

Miscellaneous transactions involving capital assets	(674,898)
Change in accrued interest payable	(457,855)
Change in unavailable revenue - property taxes	3,711
Change in unavailable revenue - court fines	(96,488)
Change in unavailable revenue - ambulance fees	<u>94,789</u>

Change in net position of governmental activities \$ 3,420,317

CITY OF SHERMAN, TEXAS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

SEPTEMBER 30, 2021

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
ASSETS				
Current assets:				
Cash	\$ -	\$ 425,365	\$ 425,365	\$ 2,581,056
Pooled and temporary investments	7,389,575	202,473	7,592,048	1,141
Receivables (net of allowances for uncollectibles):				
Interest	20,306	-	20,306	-
Accounts	2,629,417	809,946	3,439,363	15,728
Unbilled accounts	782,471	102,824	885,295	-
Inventories, at cost	451,272	-	451,272	171,506
Prepaid items	10,158	-	10,158	4,630
Total current assets	<u>11,283,199</u>	<u>1,540,608</u>	<u>12,823,807</u>	<u>2,774,061</u>
Capital assets				
Non-depreciable assets	7,280,435	3,000	7,283,435	55,250
Other capital assets, net	<u>18,962,018</u>	<u>617,334</u>	<u>19,579,352</u>	<u>11,774,750</u>
Total noncurrent assets	<u>26,242,453</u>	<u>620,334</u>	<u>26,862,787</u>	<u>11,830,000</u>
Total assets	<u>37,525,652</u>	<u>2,160,942</u>	<u>39,686,594</u>	<u>14,604,061</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan - TMRS	645,524	173,092	818,616	158,403
OPEB - retiree health plan	137,612	36,900	174,512	33,768
OPEB - supplemental death benefit	<u>88,155</u>	<u>23,638</u>	<u>111,793</u>	<u>21,632</u>
Total deferred outflows of resources	<u>871,291</u>	<u>233,630</u>	<u>1,104,921</u>	<u>213,803</u>

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

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 506,765	\$ 258,566	\$ 765,331	\$ 292,105
Accrued expenses payable:				
Accrued wages payable	273,842	74,778	348,620	62,951
Landfill closure and postclosure care costs	-	39,468	39,468	-
Claims payable	-	-	-	373,965
Due to other funds	471,412	-	471,412	-
Unearned revenue	4,218,221	-	4,218,221	9,711
Customers' deposits payable	190,963	49,039	240,002	-
Current portion of long-term liabilities:				
Capital lease obligations	126,294	-	126,294	683,815
Accrued compensated absences	282,807	100,181	382,988	95,903
Tax notes	-	-	-	333,043
Other long-term payables	<u>128,603</u>	<u>-</u>	<u>128,603</u>	<u>-</u>
Total current liabilities	<u>6,198,907</u>	<u>522,032</u>	<u>6,720,939</u>	<u>1,851,493</u>
Long-term liabilities (net of current portion):				
Capital lease obligations payable	31,930	-	31,930	1,984,358
Net pension liability	2,095,454	561,881	2,657,335	514,199
Tax notes	-	-	-	1,462,126
Total OPEB liability - retiree health plan	1,220,740	327,333	1,548,073	299,554
Total OPEB liability - supplemental death benefit	308,898	82,829	391,727	75,800
Other long-term payables	<u>2,072,143</u>	<u>-</u>	<u>2,072,143</u>	<u>-</u>
Total long-term liabilities	<u>5,729,165</u>	<u>972,043</u>	<u>6,701,208</u>	<u>4,336,037</u>
Total liabilities	<u>11,928,072</u>	<u>1,494,075</u>	<u>13,422,147</u>	<u>6,187,530</u>
DEFERRED INFLOWS OF RESOURCES				
Pension plan - TMRS	839,514	225,109	1,064,623	206,006
OPEB - retiree health plan	282,761	75,820	358,581	69,386
OPEB - supplemental death benefits	<u>53,342</u>	<u>14,303</u>	<u>67,645</u>	<u>13,090</u>
Total deferred outflows of resources	<u>1,175,617</u>	<u>315,232</u>	<u>1,490,849</u>	<u>288,482</u>
NET POSITION				
Net investment in capital assets	23,883,483	620,334	24,503,817	7,366,658
Unrestricted	<u>1,409,771</u>	<u>(35,069)</u>	<u>1,374,702</u>	<u>975,194</u>
Total net position	<u>\$ 25,293,254</u>	<u>\$ 585,265</u>	<u>\$ 25,878,519</u>	<u>\$ 8,341,852</u>

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CITY OF SHERMAN, TEXAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
OPERATING REVENUES				
Water sales	\$ 14,039,893	\$ -	\$ 14,039,893	\$ -
Sewer sales	7,857,841	-	7,857,841	-
Solid waste service	-	7,465,978	7,465,978	-
Laboratory fees	123,444	-	123,444	-
Service connections and penalties	742,594	-	742,594	-
Utility tap fees	90,950	-	90,950	-
Charges for services	318,306	-	318,306	11,614,860
Property taxes	-	-	-	400,950
Miscellaneous	59,163	41,567	100,730	19,238
Total operating revenues	<u>23,232,191</u>	<u>7,507,545</u>	<u>30,739,736</u>	<u>12,035,048</u>
OPERATING EXPENSES				
Personnel services	6,321,196	1,557,586	7,878,782	1,503,012
Contractual services	10,564,687	2,322,760	12,887,447	5,619,588
Supplies	1,069,003	227,387	1,296,390	851,996
Maintenance and repair	2,885,685	44,164	2,929,849	1,436,953
Vehicle usage	464,350	1,504,731	1,969,081	-
Depreciation	2,981,082	73,718	3,054,800	2,393,823
Total operating expenses	<u>24,286,003</u>	<u>5,730,346</u>	<u>30,016,349</u>	<u>11,805,372</u>
OPERATING INCOME (LOSS)	<u>(1,053,812)</u>	<u>1,777,199</u>	<u>723,387</u>	<u>229,676</u>
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on sale of assets	-	-	-	73,287
Investment income	12,936	801	13,737	4,189
Interest expense	(73,916)	-	(73,916)	(81,286)
Intergovernmental	457	704,451	704,908	-
Total nonoperating revenues (expenses)	<u>(60,523)</u>	<u>705,252</u>	<u>644,729</u>	<u>(3,810)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(1,114,335)</u>	<u>2,482,451</u>	<u>1,368,116</u>	<u>225,866</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	599,686	-	599,686	-
Transfers in	438,000	120,000	558,000	-
Transfers out	(2,300,000)	(1,783,719)	(4,083,719)	-
Total contributions and transfers	<u>(1,262,314)</u>	<u>(1,663,719)</u>	<u>(2,926,033)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(2,376,649)</u>	<u>818,732</u>	<u>(1,557,917)</u>	<u>225,866</u>
NET POSITION, BEGINNING	<u>27,669,903</u>	<u>(233,467)</u>	<u>27,436,436</u>	<u>8,115,986</u>
NET POSITION, ENDING	<u>\$ 25,293,254</u>	<u>\$ 585,265</u>	<u>\$ 25,878,519</u>	<u>\$ 8,341,852</u>

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

CITY OF SHERMAN, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 27,646,342	\$ 7,483,437	\$ 35,129,779	\$ -
Cash received for interfund services	-	-	-	11,994,823
Cash paid for supplies and materials	(14,696,848)	(4,101,257)	(18,798,105)	(2,713,317)
Cash paid for premiums, claims and administrative	-	-	-	(4,951,533)
Cash paid for personnel services	(6,486,258)	(1,764,442)	(8,250,700)	(1,588,458)
Net cash provided (used) by operating activities	<u>6,463,236</u>	<u>1,617,738</u>	<u>8,080,974</u>	<u>2,741,515</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from other governments	457	-	457	-
Transfers from other funds	438,000	120,000	558,000	-
Transfers to other funds	(2,300,000)	(1,783,719)	(4,083,719)	-
Net cash provided (used) by noncapital financing activities	<u>(1,861,543)</u>	<u>(1,663,719)</u>	<u>(3,525,262)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of assets	-	-	-	73,287
Acquisition of capital assets	(973,644)	(169,373)	(1,143,017)	(1,404,835)
Proceeds from issuance of long-term debt	-	-	-	1,132,286
Principal retirement of long-term debt	(248,908)	-	(248,908)	(350,000)
Interest paid on long-term debt	(73,916)	-	(73,916)	(81,286)
Capital contributions	<u>599,686</u>	<u>704,451</u>	<u>1,304,137</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(696,782)</u>	<u>535,078</u>	<u>(161,704)</u>	<u>(630,548)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and investment income received	8,961	801	9,762	4,189
Purchases of investments	(8,954,337)	(200,022)	(9,154,359)	-
Proceeds from sale of investments	<u>4,675,910</u>	<u>-</u>	<u>4,675,910</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(4,269,466)</u>	<u>(199,221)</u>	<u>(4,468,687)</u>	<u>4,189</u>
NET INCREASE (DECREASE) IN CASH	<u>(364,555)</u>	<u>289,876</u>	<u>(74,679)</u>	<u>2,115,156</u>
CASH, BEGINNING	<u>364,555</u>	<u>135,489</u>	<u>500,044</u>	<u>465,900</u>
CASH, ENDING	\$ <u>-</u>	\$ <u>425,365</u>	\$ <u>425,365</u>	\$ <u>2,581,056</u>

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

	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer	Solid Waste	Total	Activities Internal Service
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	<u>\$ (1,053,812)</u>	<u>\$ 1,777,199</u>	<u>\$ 723,387</u>	<u>\$ 229,676</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	2,981,082	73,718	3,054,800	2,393,823
(Increase) decrease in:				
Accounts receivable (net)	424,339	(32,420)	391,919	35,662
Unbilled receivables	(229,566)	3,565	(226,001)	-
Inventories	(94,362)	-	(94,362)	(34,619)
Prepaid items	-	-	-	2,308
Deferred outflows of resources	42,678	32,351	75,029	2,424
Increase (decrease) in:				
Accounts payable	(90,173)	(2,215)	(92,388)	135,038
Accrued wages payable	10,064	(13,840)	(3,776)	(2,463)
Estimated liability for claims	-	-	-	140,960
Accrued compensated absences	17,954	(1,631)	16,323	13,795
Due to other funds	471,412	-	471,412	(74,393)
Unearned revenue	4,218,221	-	4,218,221	(1,494)
Customer deposits	1,157	4,747	5,904	-
Net pension liability	(480,222)	(200,866)	(681,088)	(120,085)
Net OPEB	(54,292)	(58,894)	(113,186)	(14,704)
Deferred inflows of resources	<u>298,756</u>	<u>36,024</u>	<u>334,780</u>	<u>35,587</u>
Total adjustments	<u>7,517,048</u>	<u>(159,461)</u>	<u>7,357,587</u>	<u>2,511,839</u>
Net cash provided (used) by operating activities	<u>\$ 6,463,236</u>	<u>\$ 1,617,738</u>	<u>\$ 8,080,974</u>	<u>\$ 2,741,515</u>

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CITY OF SHERMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sherman, Texas (the City) was founded by an act of the First Texas Legislature in 1846 and was incorporated as a general law City on December 7, 1858. In 1915, the City was reorganized as a home rule City with the adoption of a new City Charter. The new charter established a Council-Manager form of government. The general governmental functions include law enforcement, fire and other public safety activities, streets, sanitation, public improvements, public charities, parks and recreation, library services, zoning and general administrative services. Enterprise Funds are used to account for the operations of its water, sewer and solid waste systems.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles (GAAP) generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for the local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled, *Audits of State and Local Governmental Units*.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GAAP, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component unit on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Management's Discussion and Analysis provides an analytical overview of the City's financial activities. In addition, a budgetary comparison statement is presented that compares the original adopted and final amended general fund budgets with actual results. The City does not have any major special revenue funds.

B. Financial Reporting Entity

The City is governed by an elected mayor and a six-member council. As required by GAAP, these financial statements present the City (the primary government) and the entities for which the City is considered to be financially accountable (component units). Discretely presented component units are reported in a separate column in the basic financial statements in order to emphasize that they are legally separate from the City.

The City's financial reporting entity comprises the following:

Primary Government:	City of Sherman
Discrete Component Unit:	Sherman Economic Development Corporation (SEDCO)

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units with the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name);
- The City appoints a voting majority of the organization's board;
- The City is able to impose its will on the organization;
- The organization has the potential to impose a financial benefit / burden on the City; and
- There is fiscal dependency by the organization on the City.

These factors make the organization meet the criteria for being presented as a component unit.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City presents no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The following component unit is discretely presented into the reporting activity type of the City's report.

Sherman Economic Development Corporation – (SEDCO) is a nonprofit industrial development corporation organized for the purpose of promoting, assisting and enhancing economic development activities for the City as provided by the Development Corporation Act of 1979. SEDCO is managed by a board of directors composed entirely of persons appointed by and serving at the pleasure of the Sherman City Council. The City is also financially accountable for SEDCO because the City Council approves SEDCO's budget, levies sales taxes (SEDCO's primary source of revenue), and approves any debt issuances. Sales taxes are collected under Section 4A of the Development Corporation Act of 1979 for these purposes. SEDCO began its operations on April 1, 1996. A copy of SEDCO's audit report can be obtained by contacting their offices at 307 West Washington, Sherman, Texas 75090.

Related Organizations

Related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. Audited financial statements are available from the respective organizations. Related organizations are described as follows:

Housing Authority of the City of Sherman (Authority) – Administers federal programs to provide low-rent housing to qualified City residents. The five-member board of the Authority is appointed by the Mayor. The City Council has no significant influence over the management, budget or policies of the Authority. The Authority reports independently.

Greater Texoma Utility Authority (GTUA) – Assists local governments in the development of water, sewer and solid waste facilities. The City appoints 3 members to GTUA's 9-member Board of Directors. The City financed certain water and sewer facilities through debt issued by GTUA and the City is contractually obligated to make sufficient payments to GTUA for annual debt service requirements of that debt. The City has no significant influence over the operations of GTUA, as its scope benefits other entities beside the City. GTUA reports independently.

Texoma Area Solid Waste Authority (TASWA) – Developed and operates a municipal solid waste landfill for the benefit of the City and other local governments in Grayson and Cooke Counties. The Mayor serves as one of five members of TASWA’s Board of Directors. The City has an ongoing financial responsibility to TASWA and has pledged to pay fees established by TASWA in order for TASWA to pay its operating and debt service obligations. However, the City has no significant influence over TASWA’s administration or operation. TASWA reports independently.

C. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (general government, public safety, streets, sanitation, community services and community development) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise taxes, intergovernmental revenues, and interest income).

Separate funds-based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of applicable fund category and for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a separate column in the applicable fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are franchise fees and administrative charges between the City’s Enterprise Funds and the General Fund and charges of the Internal Service Funds to the City’s other operating funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include charges to customers for services, and operating and capital grants and contributions. General revenues include all taxes and internally generated resources.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

E. Fund Types and Major Funds

Governmental Funds

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The City reports the following major governmental funds:

General Fund – reports the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

General Improvement Fund – accounts for projects planned as part of the City's five-year capital improvement program.

Debt Service Fund – to account for the payment of principal and interest on long-term debt.

Proprietary Funds

The focus of proprietary funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The City reports the following major Enterprise Funds:

Water and Sewer Fund – accounts for the provision of water and sewer services to the residents of the City.

Solid Waste Fund – accounts for the solid waste collection function of the City.

Other Fund Types

Additionally, the City reports the following fund type:

Special Revenue Funds – account for the proceeds of specific revenue sources that are restricted by law or committed by governing authority for specified purposes, other than debt service or capital projects. They are funded through taxes, grants, or donations.

Capital Projects Funds – account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Fund – used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry. The Perpetual Care Fund of the cemetery is the City’s only permanent fund.

Internal Service Funds – used to account for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. These services include fleet management, information technology, self-funded health and dental insurance, and fleet replacement. These are proprietary funds that are reported with governmental activities in the government-wide financial statements.

F. Assets, Liabilities, and Net Position or Equity

Cash and Investments

Cash of all funds is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month-end. An individual fund’s pooled cash and cash investments are available upon demand and are considered to be “cash equivalents” when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of 90 days or less are also considered to be “cash equivalents.”

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60-day period after the close of the City’s fiscal year.

Taxable property includes real property and certain personal property situated in the City. Certain properties of religious, educational and charitable organizations, including the federal government and the State of Texas, are exempt from taxation. Additionally, there are other exemptions as noted below in arriving at the total assessed valuation of taxable property. The valuations are subject to countywide revaluation every five years. The effective tax rate is based upon the previous year’s total assessed valuation.

	2021 Tax Roll	2020 Tax Roll
Total assessed value	\$ 4,972,377,540	\$ 4,442,247,607
Less exemptions for:		
Individuals over 65/disabled	87,472,969	88,147,460
Community housing	3,300,000	3,322,189
Productivity valuations of open land space	108,704,423	88,654,461
Homestead cap exemption	66,573,618	47,090,303
Veterans exemption	32,794,646	28,353,055
Pollution control exemption	22,590,402	16,344,385
Freeport exemptions	116,126,760	94,958,354
Exempt	418,168,156	361,071,806
Abatement	279,182,548	294,237,452
Wind/solar power	315,448	210,926
Net assessed value	\$ 3,837,148,570	\$ 3,419,857,216
Tax rate (per \$100 valuation)	\$ 0.4890	\$ 0.4890

Inventories

Inventories consist of supplies and fuels held for consumption and are valued at cost on a first-in, first-out basis. Expenditures/expenses are recorded when consumed rather than when purchased.

Prepayments and Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recognized as prepayments and deposits in both the government-wide and fund financial statements. The cost of these items is recorded as expenditures / expenses when consumed / provided rather than when paid.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund level balance sheets / statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Transactions between Funds

Transactions between funds, which would have been treated as revenues, expenditures, or expenses if they involved organizations external to the government unit, are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expenses in the fund reimbursed. All other nonreciprocal transactions between funds which are not reimbursements and where the funds do not receive equivalent goods or services for the transaction are classified as transfers.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at acquisition value at the time received. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

During fiscal year 2007, the City completed its inventory of general infrastructure assets (i.e., streets and storm water drains), beginning with assets put in use in 1980. The City was able to estimate the historical cost for the initial reporting of these assets through back-trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each year, including infrastructure assets, they are capitalized and reported at historical cost.

Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 50
Water and sewer system	30 - 50
Machinery and equipment	5 - 10
Improvements	20
Other assets	10

Compensated Absences

The City's policy allows employees to accumulate earned but unused vacation leave up to the number of days equal to a one-year accrual. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. Vacation accrual is considered a current liability since it must be used within a year or paid at separation, whichever is earlier.

The City's policy allows employees to accumulate earned but unused sick leave on an unlimited basis. For non-civil service employees, accumulated sick leave lapses when the employees leaves the City and no monetary obligation exists. Civil service employees are entitled to be paid up to 135 and 90 days for fire and police civil service employees, respectively. An estimated portion of the sick leave liability is included in the current liability for compensated absences based on past experience.

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 Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to / deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for employees, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

TMRS Supplemental Death Benefits Fund

The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF), which is an optional single-employer defined benefit life insurance plan that is administered by TMRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating municipality as a percentage of that City's covered payroll. The death benefit for retirees is considered an other postemployment benefit (OPEB). The OPEB program is an unfunded trust because the SDBF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Retiree Insurance Plan

The City, through its substantive commitment to provide other post-employment benefits (OPEB) provides retiree medical coverage to eligible employees. To be eligible, a City employee retiring at age 62 or over must have at least 5 years of service with the City. City employees retiring before age 62 must have at least 20 years of service with the City. Retirees are required to pay the premium cost for both single and dependent coverage. The City also subsidizes certain retirees and dependents as a result of prior commitments. The plan qualifies as a single-employer defined benefit plan and is accounted for in the City's Insurance Fund and in the fund where the retiree last worked. A separate financial statement is not issued for the plan.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position applying to a future period and will not be recognized as an outflow of resources, either expenses or expenditures, until that time. The City reports the following items qualifying for this category:

- Deferred charges on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.

- Difference in expected and actual pension and OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions related to the pension and OPEB plan – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position applying to a future period and will not be recognized as an inflow of resources, or revenues, until that time. The City reports the following items qualifying for reporting in this category:

- Difference in expected and actual pension and OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Changes in actuarial assumptions related to the OPEB plan – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Deferred unavailable revenues reported on the balance sheet of the governmental funds - A deferred amount is recorded for the billed revenues not yet collected or available. These amounts are deferred and recognized as inflow of resources in the period the amounts become available.

Long-term Obligations

In the government-wide, proprietary and component unit financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, long-term liabilities are not recorded in the governmental funds, as the payment of the obligations will not be made by current financial resources. The governmental fund financial statements recognize the proceeds of debt as other financing sources.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by an ordinance of the City Council – the government's most binding form of commitment. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance. This classification includes amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council authorizes an assignment of fund balance by directing the City Manager to assign the amounts or by delegating the authority to assign the amounts to the City Manager, such as for funds given to the City for a specific charitable purpose. Since no formal City Council action is taken for authorization of an assignment, no additional action is taken for its removal.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

The City uses restricted amounts first when both restricted and unrestricted fund balance are available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when the expenditures are made.

The City's Fund Balance policy is to spend the funds with the most constraints first. Restricted fund balance is spent first, then committed fund balance, then assigned fund balance, and last of all, unassigned fund balance. The policy also sets 60 days of expenditures as the minimum amount of fund balance for the General, Utility and Solid Waste Funds. Furthermore, when fund balance falls below 60 days, the City will implement a replenishment plan. The policy also allows the City Council to use unassigned fund balance for capital needs to offset difficult economic times, to stabilize fluctuations in cash flow requirements, and to provide for emergencies.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates. Actual amounts could differ from those estimates.

G. New Accounting Pronouncements

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

Statement No. 87, *Leases* – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classifies as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the City in fiscal year 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB 96 will become effective for the City for Fiscal Year 2024.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budget Policy and Practice

The City follows the procedures outlined below in establishing budgetary data reflected in the financial statements:

Annual budgets are legally adopted for all funds of the City. Fifty (50) days prior to the end of the fiscal year, the City Manager is required to submit to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures/expenses and the proposed method to finance them.

Dates for public hearings, the purpose of which are to obtain taxpayers' comments, are set by the City Council at the time the budget is submitted to that body. The City Council may add to, subtract from or change appropriations, but may not change the form of the proposed budget. Any changes must be within the revenue and reserves estimated as available by the City Manager. Prior to September 25 of each year, the budget is legally enacted through the passage of an ordinance.

At any time during the fiscal year, the City Manager may move part or all of any unencumbered appropriation balance among the various departments or programs within each fund. In the case where additional appropriations are required within a fund, the City Manager must seek approval of the City Council, who may, by resolution, increase that fund's appropriation.

Budget Basis of Accounting

The City prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis in the General Fund are that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP) and unrealized investment gain (loss) is recognized for GAAP basis only.

B. Deficit Fund Equity

The TIRZ#7 Fund has a deficit fund balance of \$103,240. The deficit will be addressed as part of the development of the Fiscal Year 2021-2022 budget.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

Cash at September 30, 2021, as reported in the Statement of Net Position, consists of the following items:

	Primary Government	Component Unit
Petty Cash	\$ 6,030	\$ 805
Bank Deposits:		
Demand Accounts	18,418,216	7,876,700
Time Accounts	<u>1,500,454</u>	<u>3,014,661</u>
Total Cash and Deposits	<u>\$ 19,924,700</u>	<u>\$ 10,892,166</u>

Custodial Credit Risk is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government Obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. At September 30, 2021, the City's deposit balance of \$19,924,700 and the Sherman Economic Development Corporation, a discretely presented component unit, balance of \$10,892,166 were both collateralized by FDIC insurance and with letters of credit issued by the Federal Home Loan Bank in the name of the respective entity.

Investments

The following schedule summarizes the City's investments as of September 30, 2021:

Investment Type	Fair Value	Credit Rating	Weighted Average Maturity (Days)
Primary government			
U.S. Treasury	\$ 994,219	AA+	99
Texas Subdivisions Municipal Obligations	3,300,662	A3 to AA+	235
U.S. Agencies	6,502,900	AA+	509
TexStar	1,111,176	AAAm	39
TexPool	34,742,184	AAAm	34
Common trust funds (corporate)	<u>1,979,360</u>	NR	6
Total primary government	<u>48,630,501</u>		
Component unit			
TexPool	<u>2,954,708</u>	AAAm	34
Total component unit	<u>2,954,708</u>		
Total Investments	<u>\$ 51,585,209</u>		

The City has investments with two public funds investment pools as of September 30, 2021: the Texas Local Government Investment Pool (TexPool) and the Texas Short-term Asset Reserve Program (TexStar). These pools have been organized in conformity with the Interlocal Cooperation Act and the Public Funds Investment Act of the Texas Government Code. The Comptroller maintains oversight responsibility and has established an advisory board composed of both participants in the pool and other persons who do not have a business relationship with pool. The Advisory Board members review the investment policy and management fee structure.

Both pools state all investments at amortized cost, which generally approximates the fair value of the securities. Both pools submit their information to Standard & Poor's for ratings review. Deposits in this fund are not subject to custodial credit risk. The City does not have any limitations or restrictions on withdrawals from these pools.

In 1956, the City established a trust fund with the purpose to hold investments to provide income for the perpetual upkeep of the City's cemetery. The investments of the trust fund are administered by the trust company affiliated with a non-depository bank. The City's investments in the trust fund at September 30, 2021, are comprised of money market funds, exchange-traded funds and corporate equity and bond mutual funds. The investments are insured and held by the trustee in the City's name. The City has not imposed any restrictions on the investments selected by the trustee. These investments are carried at fair value as determined by market quotes.

Credit Risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. Investing is performed in accordance with the City's investment policy adopted by the City Council complying with state law and the City charter. City funds may be invested in: 1) fully insured time deposits; 2) obligations of the United States Treasury; 3) obligations of Agencies or Instrumentalities of the United States; 4) obligations of the State of Texas, or its political subdivisions, rated no lower than A; 5) investment pools with a continuous rating no lower than AAA; and 6) repurchase agreements. Under the City policy, the City may not invest in collateralized mortgage obligations, mutual funds, commercial paper and investment pools rated lower than AAA or who invest in prohibited investments under the City policy.

Custodial Credit Risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. For direct investments, the City policy provides that investments and investment collateral is held by a third party custodian with whom the City has a current custodial agreement in the City's name.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. However, the City's policy provides that investments to be purchased must have final maturities of five years or less.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investments in a single issuer. The City's policy does not place a limit on the amount that may be invested in any one issuer. This risk does not apply to U. S. Government Securities or investments in an external investment pool.

Foreign Currency Risk is the risk that an investment denominated in the currency of a foreign country could reduce its U. S. dollar value as a result of changes in foreign currency exchange fees. As of September 30, 2021, the City was not exposed to foreign currency risk.

Investments - Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs or quoted prices in markets that are not active; and Level 3 inputs are significant unobservable inputs.

The following schedule summarizes the City's investments that are measured at fair value on a recurring basis as of September 30, 2021:

Investment Type	Fair Value 9/30/2021	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Treasury	\$ 994,219	\$ 994,219	\$ -	\$ -
Texas Subdivisions Obligations	3,300,662	-	3,300,662	-
U.S. Agencies	6,502,900		6,502,900	
Common trust funds	<u>1,979,360</u>	<u>1,979,360</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,777,141</u>	<u>\$ 2,973,579</u>	<u>\$ 3,300,662</u>	<u>\$ -</u>

Each of the City's investments are categorized as Level 2, but the perpetual care cemetery trust is classified as Level 1. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there isn't sufficient activity, and/or where price quotations vary substantially either over time or among market makers (some brokered markets, for example), or in which little information is released publicly. Level 2 inputs other than quoted prices that are observable for the asset(s) may include observable and commonly quoted interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, default rates, inputs that are derived principally from or corroborated by observable market data, and similar information. A Level 2 designation requires that all inputs and/or adjustments are observable and documentable in the marketplace.

B. Receivables

Amounts recorded as receivable as of September 30, 2021, for the City's individual major funds, internal service funds, and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	General Improvement	Debt Service	Water and Sewer	Solid Waste	Internal Service	Nonmajor
Receivables:							
Interest	\$ 9,635	\$ 2,858	\$ -	\$ 20,306	\$ -	\$ -	\$ -
Intergovernmental	156,925	-	-	-	-	-	269,930
Accounts	2,068,218	-	-	3,473,888	961,770	15,728	111,933
Taxes	<u>4,328,750</u>	<u>-</u>	<u>146,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,444</u>
Gross receivables	6,563,528	2,858	146,553	3,494,194	961,770	15,728	492,307
Less: allowance for uncollectibles	<u>(1,851,317)</u>	<u>-</u>	<u>(73,277)</u>	<u>(62,000)</u>	<u>(49,000)</u>	<u>-</u>	<u>(3,235)</u>
Net total receivables	<u>\$ 4,712,211</u>	<u>\$ 2,858</u>	<u>\$ 73,276</u>	<u>\$ 3,432,194</u>	<u>\$ 912,770</u>	<u>\$ 15,728</u>	<u>\$ 489,072</u>

The Water and Sewer Fund and the Solid Waste Fund accounts receivable include unbilled charges for services rendered at September 30, 2021.

Governmental funds report unavailable revenue (a deferred inflow of resources) in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	General	Debt Service	Nonmajor Governmental	Total
Delinquent property taxes receivables	\$ 214,323	\$ 70,083	\$ -	\$ 284,406
Court fines	141,567	-	-	141,567
Ambulance fees	210,168	-	-	210,168
Grants	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total governmental funds	<u>\$ 566,058</u>	<u>\$ 70,083</u>	<u>\$ 50,000</u>	<u>\$ 686,141</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Reclassifications/ Transfers	Ending Balance
Governmental activities, excluding internal service funds:					
Capital assets, not being depreciated:					
Land	\$ 6,751,670	\$ 1,380,286	\$(631,599)	\$ -	\$ 7,500,357
Construction in progress	<u>19,246,682</u>	<u>1,653,035</u>	<u>(9,711,607)</u>	<u>-</u>	<u>11,188,110</u>
Total assets not being depreciated	<u>25,998,352</u>	<u>3,033,321</u>	<u>(10,343,206)</u>	<u>-</u>	<u>18,688,467</u>
Capital assets, being depreciated:					
Buildings	14,765,398	559,758	(16,815)	-	15,308,341
Improvements other than buildings	104,796,226	11,736,666	-	-	116,532,892
Machinery and equipment	10,175,990	319,202	(247,462)	-	10,247,730
Other assets	<u>1,393,387</u>	<u>13,445</u>	<u>-</u>	<u>-</u>	<u>1,406,832</u>
Total capital assets being depreciated	<u>131,131,001</u>	<u>12,629,071</u>	<u>(264,277)</u>	<u>-</u>	<u>143,495,795</u>
Less accumulated depreciation:					
Buildings	(5,465,651)	(509,725)	14,684	-	(5,960,692)
Improvements other than buildings	(62,411,038)	(5,191,504)	-	-	(67,602,542)
Machinery and equipment	(8,045,525)	(535,817)	206,294	-	(8,375,048)
Other assets	<u>(1,307,286)</u>	<u>(27,724)</u>	<u>-</u>	<u>-</u>	<u>(1,335,010)</u>
Total accumulated depreciation	<u>(77,229,500)</u>	<u>(6,264,770)</u>	<u>220,978</u>	<u>-</u>	<u>(83,273,292)</u>
Total capital assets being depreciated, net	<u>53,901,501</u>	<u>6,364,301</u>	<u>(43,299)</u>	<u>-</u>	<u>60,222,503</u>
Governmental activities, excluding internal service funds, capital assets, net	<u>\$ 79,899,853</u>	<u>\$ 9,397,622</u>	<u>\$(10,386,505)</u>	<u>\$ -</u>	<u>\$ 78,910,970</u>

	Beginning Balance	Increases	Decreases	Reclassifications/ Transfers	Ending Balance
Internal service funds:					
Capital assets, not being depreciated:					
Land	\$ 55,250	\$ -	\$ -	\$ -	\$ 55,250
Total Assets not being depreciated:	<u>55,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,250</u>
Capital assets, being depreciated:					
Buildings	201,401	-	-	-	201,401
Improvements other than buildings	12,926	70,023	-	-	82,949
Machinery and equipment	24,004,631	1,776,548	(189,214)	-	25,591,965
Other assets	<u>115,289</u>	<u>7,650</u>	<u>-</u>	<u>-</u>	<u>122,939</u>
Total capital assets being depreciated	<u>24,334,247</u>	<u>1,854,221</u>	<u>(189,214)</u>	<u>-</u>	<u>25,999,254</u>
Less: accumulated depreciation:					
Buildings	(136,294)	(8,198)	-	-	(144,492)
Improvements other than buildings	(2,298)	(3,670)	-	-	(5,968)
Machinery and equipment	(11,690,369)	(2,361,892)	89,828	-	(13,962,433)
Other assets	<u>(91,548)</u>	<u>(20,063)</u>	<u>-</u>	<u>-</u>	<u>(111,611)</u>
Total accumulated depreciation	<u>(11,920,509)</u>	<u>(2,393,823)</u>	<u>89,828</u>	<u>-</u>	<u>(14,224,504)</u>
Total capital assets being depreciated, net	<u>12,413,738</u>	<u>(539,602)</u>	<u>(99,386)</u>	<u>-</u>	<u>11,774,750</u>
Internal service fund capital assets, net	<u>12,468,988</u>	<u>(539,602)</u>	<u>(99,386)</u>	<u>-</u>	<u>11,830,000</u>
Governmental activities capital assets, net	<u>\$ 92,368,841</u>	<u>\$ 8,858,020</u>	<u>\$ (10,485,891)</u>	<u>\$ -</u>	<u>\$ 90,740,970</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 347,242	\$ 35,000	\$ -	\$ 382,242
Water rights	6,400,892	-	-	6,400,892
Construction in progress	<u>115,067</u>	<u>484,116</u>	<u>(98,882)</u>	<u>500,301</u>
Total assets not being depreciated	<u>6,863,201</u>	<u>519,116</u>	<u>(98,882)</u>	<u>7,283,435</u>
Capital assets, being depreciated:				
Buildings	4,159,700	-	-	4,159,700
Improvements other than buildings	58,418,466	342,463	-	58,760,929
Machinery and equipment	8,747,730	380,320	-	9,128,050
Other assets	<u>154,200</u>	<u>-</u>	<u>-</u>	<u>154,200</u>
Total capital assets being depreciated	<u>71,480,096</u>	<u>722,783</u>	<u>-</u>	<u>72,202,879</u>
Less accumulated depreciation:				
Buildings	(2,877,404)	(186,244)	-	(3,063,648)
Improvements other than buildings	(39,855,497)	(2,464,193)	-	(42,319,690)
Machinery and equipment	(6,740,376)	(376,450)	-	(7,116,826)
Other assets	<u>(95,450)</u>	<u>(27,913)</u>	<u>-</u>	<u>(123,363)</u>
Total accumulated depreciation	<u>(49,568,727)</u>	<u>(3,054,800)</u>	<u>-</u>	<u>(52,623,527)</u>
Total capital assets being depreciated, net	<u>21,911,369</u>	<u>(2,332,017)</u>	<u>-</u>	<u>19,579,352</u>
Business-type activities capital assets, net	<u>28,774,570</u>	<u>(1,812,901)</u>	<u>(98,882)</u>	<u>26,862,787</u>
Total primary government	<u>\$ 121,143,411</u>	<u>\$ 7,045,119</u>	<u>\$ (10,584,773)</u>	<u>\$ 117,603,757</u>

Component unit

Capital assets, not being depreciated:				
Land and improvements	\$ 6,979,190	\$ 2,170,171	\$ (47,763)	\$ 9,101,598
Total assets not being depreciated	<u>6,979,190</u>	<u>2,170,171</u>	<u>(47,763)</u>	<u>9,101,598</u>
Capital assets, being depreciated:				
Equipment	39,747	-	(21,257)	18,490
Accumulated depreciation	<u>(29,103)</u>	<u>(3,798)</u>	<u>21,057</u>	<u>(11,844)</u>
Total capital assets being depreciated, net	<u>10,644</u>	<u>(3,798)</u>	<u>(200)</u>	<u>6,646</u>
Total component unit	<u>\$ 6,989,834</u>	<u>\$ 2,166,373</u>	<u>\$ (47,963)</u>	<u>\$ 9,108,244</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 137,925
Public safety	730,885
Streets	4,453,998
Sanitation	40,659
Community services	901,303
Internal service funds	<u>2,393,823</u>
Total depreciation expense - governmental activities	\$ <u>8,658,593</u>
Business-type activities:	
Water and sewer	\$ 2,981,082
Solid waste	<u>73,718</u>
Total depreciation expense - business-type activities	\$ <u>3,054,800</u>

D. Long-term Debt

The following schedule summarizes the changes in long-term debt during the year ended September 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Certificates of obligation	\$ 64,280,000	\$ 29,025,000	\$ 2,315,000	\$ 90,990,000	\$ 2,820,000
Premium	<u>2,556,954</u>	<u>1,130,384</u>	<u>128,449</u>	<u>3,558,889</u>	<u>166,129</u>
Total certificates of obligation	<u>66,836,954</u>	<u>30,155,384</u>	<u>2,443,449</u>	<u>94,548,889</u>	<u>2,986,129</u>
Bonds payable	7,705,000	-	810,000	6,895,000	830,000
Premium	<u>545,284</u>	<u>-</u>	<u>54,528</u>	<u>490,756</u>	<u>54,528</u>
Total bonds payable	<u>8,250,284</u>	<u>-</u>	<u>864,528</u>	<u>7,385,756</u>	<u>884,528</u>
Tax notes	-	1,980,000	350,000	1,630,000	300,000
Tax note premium	-	198,203	33,034	165,169	33,034
Capital leases payable	3,331,056	-	662,883	2,668,173	683,815
Compensated absences	<u>5,703,190</u>	<u>3,278,576</u>	<u>2,960,924</u>	<u>6,020,842</u>	<u>2,245,671</u>
Governmental activities long-term liabilities	\$ <u>84,121,484</u>	\$ <u>35,612,163</u>	\$ <u>7,314,818</u>	\$ <u>112,418,829</u>	\$ <u>7,133,177</u>
Business-type activities					
Capital leases payable	\$ 282,270	\$ -	\$ 124,046	\$ 158,224	\$ 126,294
Other long-term debt	2,325,608	-	124,862	2,200,746	128,603
Compensated absences	<u>366,665</u>	<u>656,567</u>	<u>640,244</u>	<u>382,988</u>	<u>382,988</u>
Business-type activities long-term liabilities	\$ <u>2,974,543</u>	\$ <u>656,567</u>	\$ <u>889,152</u>	\$ <u>2,741,958</u>	\$ <u>637,885</u>

Interest expense totaled \$2,738,805 and \$73,916 for governmental and business-type activities, respectively. No interest was capitalized during the year ended September 30, 2021.

Certificates of Obligation

Certificates of obligation are comprised of the following issues at September 30, 2021:

Governmental activities

\$2,840,000 Combination Tax and Tax Increment Revenue Certificates of Obligation, Series 2004, due in annual installments of \$75,000 to \$240,000 through 2023, interest at 4.44% to pay contractual obligations incurred for public works projects in the Sherman Tax Increment Financing Reinvestment Zone Number One.	\$ 470,000
\$6,970,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2016, due in annual installments of \$290,000 to \$455,000 through 2036, interest at 2.0% to 3.0%, to pay contractual obligations for public works projects.	5,775,000
\$18,110,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2017, due in annual installments of \$625,000 to \$1,295,000 through 2037, interest at 3.0% to 5.0%, to pay contractual obligations for public works projects.	16,135,000
\$3,900,000 Tax and Municipal Drainage Utility System Revenue Certificates of Obligation, Series 2017A, due in annual installments of \$130,000 to \$260,000, interest at 2% to 4% to pay contractual obligations for public works projects.	3,330,000
\$18,980,000 Combination Tax and Revenue Certificates of Obligation, Series 2018 due in annual installments of \$470,000 to \$1,155,000, interest at 3.25% to 5% for public works projects.	18,015,000
\$19,130,000 Combination Tax and Revenue Certificates of Obligation, Series 2019 due in annual installments of \$184,000 to \$1,165,000, interest at 3.00% to 5% for street improvements.	18,240,000
\$29,025,000 Combination Tax and Revenue Certificates of Obligation, Series 2021 due in annual installments of \$390,000 to \$1,330,000, interest at 2.00% to 5.00% for a new police department headquarters.	<u>29,025,000</u>
Total governmental activities	\$ <u>90,990,000</u>

Debt service requirements for the certificates of obligation through maturity are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Totals
2022	\$ 2,820,000	\$ 3,227,960	\$ 6,047,960
2023	3,145,000	2,907,344	6,052,344
2024	3,040,000	2,759,688	5,799,688
2025	3,180,000	2,616,188	5,796,188
2026	3,335,000	2,465,938	5,800,938
2027-2031	18,940,000	10,049,288	28,989,288
2032-2036	22,285,000	6,700,550	28,985,550
2037-2041	16,595,000	3,618,819	20,213,819
2042-2046	11,275,000	1,410,663	12,685,663
2047-2051	<u>6,375,000</u>	<u>435,088</u>	<u>6,810,088</u>
Total	\$ <u>90,990,000</u>	\$ <u>36,191,526</u>	\$ <u>127,181,526</u>

Bonds Payable

Bonds payable is comprised of the following issue at September 30, 2021:

Governmental Activities

\$9,360,000 General Obligation Refunding Bonds, Series 2017,
due in annual installments of \$65,000 to \$955,000 through 2030;
interest at 2% to 4%. \$ 6,895,000

Debt service requirements of bonds payable through maturity are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Totals
2022	\$ 830,000	\$ 245,300	\$ 1,075,300
2023	860,000	224,550	1,084,550
2024	880,000	198,750	1,078,750
2025	905,000	172,350	1,077,350
2026	955,000	136,150	1,091,150
2027-2029	<u>2,465,000</u>	<u>187,600</u>	<u>2,652,600</u>
Total	\$ <u>6,895,000</u>	\$ <u>1,164,700</u>	\$ <u>8,059,700</u>

Tax Notes

The City issued \$1,980,000 of Limited Tax Notes, Series 2021. The note will be used for the purchase of equipment for various City facilities. The interest rates range from 3.125% to 4% and will mature in 2026. In the event of default, an acceleration clause goes into effect and the bonds become immediately due.

Debt service requirements of bonds payable through maturity are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Totals
2022	\$ 300,000	\$ 64,450	\$ 364,450
2023	315,000	53,200	368,200
2024	325,000	40,600	365,600
2025	340,000	27,600	367,600
2026	<u>350,000</u>	<u>14,000</u>	<u>364,000</u>
Total	\$ <u>1,630,000</u>	\$ <u>199,850</u>	\$ <u>1,829,850</u>

Capital Leases Payable

Capital leases payable is comprised of the following issue at September 30, 2021:

Business-type activities

\$842,000 Capital lease for the purchase of an excavator, wheel loader, forklift, haul truck and trailer, due in quarterly installments of \$32,073 through 2023, interest at 1.8%. \$ 158,224

The future minimum lease obligations and the net present value of those minimum lease payments as of September 30, 2021, were as follows:

Year Ending September 30,	Business-Type Activities
2022	128,293
2023	<u>32,073</u>
Total minimum leases payable	<u>160,366</u>
Less: amounts representing interest	<u>2,142</u>
Present value of minimum lease payments	<u>\$ 158,224</u>

The assets acquired through capital leases are as follows:

Asset:	Business-Type Activities
Machinery and equipment	\$ 839,131
Less: accumulated depreciation	<u>(528,028)</u>
Total	<u>\$ 311,103</u>

Governmental activities

\$2,522,822 Capital lease for the purchase of street department equipment (dump truck, mechanical sweeper, milling machine, roller, wheel excavator, wheel loader, concrete paver and trailer) and a tactical rescue truck for the fire department, due in quarterly installments of \$102,739 through 2025, interest at 3.78% \$ 1,340,095

\$1,418,810 Capital lease for the purchase of street department equipment (motor grader, split drum roller, flip screen attachment, pneumatic roller, paver, & skid steer), due in quarterly installments of \$45,391 through 2026, interest at 2.84% 764,439

\$794,090 Capital lease for the purchase of a pumper and police vehicles, due in quarterly installments of \$41,515 through 2025, interest at 1.78% 563,639

Total \$ 2,668,173

The future minimum lease obligations and the net present value of those minimum lease payments as of September 30, 2021, were as follows:

Year Ending September 30,	Governmental Activities
2022	758,985
2023	758,985
2024	758,985
2025	470,274
2026	<u>90,782</u>
	2,838,011
Less: amounts representing interest	<u>(169,838)</u>
Present value of minimum lease payments	<u>\$ 2,668,173</u>

The assets acquired through capital leases are as follows.

	Governmental Activities
Assets:	
Machinery and Equipment	\$ 2,522,822
Less: accumulated depreciation	(329,886)
Total	\$ <u>2,192,936</u>

The City's direct borrowings (capital leases) related to governmental and business-type activities are secured with equipment as collateral.

The Tax Increment Revenues Certificates of Obligation, Series 2004 are private placement, related to governmental activities, and are secured with property tax revenue. In the event of default, an acceleration clause goes into effect and the bonds become immediately due.

Other Long-Term Payable

During the year ended September 30, 2006, the City contracted with the U. S. Army Corp of Engineers for the remaining 11,600 acre-feet of water supply storage allocated to the City of Sherman in Lake Texoma. Annual payments are due with interest rates being adjusted at five-year intervals; the current annual payment is \$194,532. The balance outstanding at September 30, 2021, is \$2,200,746.

Debt service requirements at September 30, 2021, for the long-term payable through maturity are as follows:

Year Ending September 30,	Business-Type Activities Texoma Water Rights Series 2006		
	Principal	Interest	Totals
2022	\$ 128,603	\$ 65,929	\$ 194,532
2023	132,455	62,076	194,531
2024	136,423	58,108	194,531
2025	140,510	54,021	194,531
2026	144,720	49,812	194,532
2027-2031	791,286	181,370	972,656
2032-2036	726,749	55,408	782,157
Total	\$ <u>2,200,746</u>	\$ <u>526,724</u>	\$ <u>2,727,470</u>

Accrued Compensated Absences

Accrued compensated absences (vested sick and vacation leave) are payable from the fund responsible for the employee's compensation. Of the liability attributed to governmental activities at September 30, 2021, significantly all is payable from the General Fund.

Net Pension Liability and Total Other Post Employment Benefit (OPEB) Liabilities

When these liabilities are liquidated for governmental activities, the General Fund will be primarily responsible.

E. Interfund Transfers and Balances

Transfers between funds during the year were as follows:

Transfers Out	Transfers In						Totals
	General	General Improvement	Debt Service	Nonmajor Governmental	Water and Sewer	Solid Waste	
General fund	\$ -	\$ 250,000	\$ -	\$ 210,000	\$ 280,000	\$ 120,000	\$ 860,000
Nonmajor governmental	-	-	1,070,491	-	2,256	-	1,072,747
Water and sewer	2,300,000	-	-	-	-	-	2,300,000
Solid waste	1,627,975	-	-	-	155,744	-	1,783,719
Total	\$ <u>3,927,975</u>	\$ <u>250,000</u>	\$ <u>1,070,491</u>	\$ <u>210,000</u>	\$ <u>438,000</u>	\$ <u>120,000</u>	\$ <u>6,016,466</u>

Transfers were used to 1) allocate funds from the Water and Sewer Fund and Solid Waste Fund for general, administrative and franchise costs; 2) move funds from Construction funds, Stormwater Fund and the Hotel Tax Fund for debt service payments; 3) restore fund balance in the Water and Sewer Fund; 4) transfer funds to the Hotel Tax Fund for various programs; and 5.) fund capital projects in the General Improvement Fund and fleet in the Solid Waste Fund.

Interfund balances at September 30, 2021 consisted of the following receivables and payables:

Due to Other Funds	Due from Other Funds	
	General	Purpose
	Fund	
Nonmajor governmental	\$ 469,470	Pooled cash overdraft
Water and Sewer	471,412	Pooled cash overdraft
Total	\$ 940,882	

All of the above balances are expected to be repaid within one year.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. Except for health insurance, the City carries commercial insurance for all risks of loss. The City has not made any significant reductions in insurance coverage from the prior year and there have been no settlements which exceeded insurance coverage during any of the past three fiscal years.

Workers' Compensation, Liability and Property Insurance

The City participates in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for workers' compensation claims, liability (general, automobile, law enforcement, and errors/omissions), and property insurance. The TMLIRP is a public entity risk pool currently operating as a common risk management and insurance program. The risk pool is self-sustaining through member contributions and reinsures through commercial companies for claims in excess of pre-determined acceptable risk levels. Each department receives an allocation for the premium amount contributed to the pool. This cost is based on the pool's claims cost, which is adjusted to reflect the City's individual claims experience. Automobile claims are paid up to the actual cash value of the covered automobile. All other insured claims are paid at replacement cost.

B. Health Insurance

The City contracts with an insurance carrier to administer a self-insured health and dental insurance plan. This plan is funded by charges to other funds and charges to employees for extended benefits at their option. For the year ended September 30, 2021, total City and employee contributions to the plan were \$5,481,388. Benefit payments, insurance premiums and administrative fees aggregated \$5,094,301. The cumulative net position was \$511,656 at September 30, 2021.

The transactions of the self-insurance plan are reported in the Insurance Internal Service Fund. The City pays a specified monthly amount for each employee and a portion of an employee's dependent coverage which averages approximately \$1,283. The largest portion of this amount is dedicated to the direct payment of claims. The remaining part of the monthly amount is dedicated to the payment of administrative fees and commercial insurance for excess claims. The commercial insurance coverage becomes effective when the claims exceed the maximum amount per employee.

The liability for insurance claims is based on Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Accordingly, the insurance claims liability includes an estimate for incurred but not reported claims. All claims are expected to be settled within one year and have not been discounted due to their short-term nature and the immaterial effect of discounting the liability.

The following presentation shows the changes in claims liabilities for the years ended September 30, 2021 and 2020:

	2021	2020
Amount of claims liability - October 1	\$ 233,005	\$ 293,259
Incurring claims	4,018,305	4,098,917
Payments on claims	(3,877,345)	(4,159,171)
Amount of claims liability - September 30 (due within one year)	\$ 373,965	\$ 233,005

C. Landfill Closure and Postclosure Care Costs

The Cities of Sherman and Denison contracted with the Greater Texoma Utility Authority (GTUA) for use of the Dripping Springs landfill. The City owns the permitted area but GTUA is responsible for the operation and maintenance. This landfill was considered full at September 30, 1993, for financial reporting purposes and a liability was recognized by GTUA based on the future landfill closure and postclosure care cost estimates. The City is financially obligated for a portion of these costs related to gas and ground water monitoring. To date, the City has paid \$1,111,982. These costs are expected to significantly decline in the near future and long-term costs cannot be reasonably estimated.

D. Commitments

Greater Texoma Utility Authority

The City has entered into various contracts with the Greater Texoma Utility Authority (GTUA), whereby GTUA provides water and sewer services to the City. As part of the contractual agreements, GTUA issues debt for the benefit of the City, the proceeds of which are used to finance construction of water and sewer facilities and infrastructure within the City. Although this debt is not that of the City, the City is contractually obligated for the repayment of principal and interest on the debt through a pledging of water and sewer revenues.

During the year ended September 30, 2021, the City paid \$6,218,839 to GTUA in accordance with these contracts. Future payments under these contracts average approximately \$6,000,000 per year for the next 20 years.

A summary of the remaining debt service as of September 30, 2021, is as follows:

Year Ending September 30,	Principal	Interest	Totals
2022	\$ 4,887,600	\$ 1,772,070	\$ 6,659,670
2023	4,988,000	1,392,880	6,380,880
2024	5,444,480	1,672,819	7,117,299
2025	5,310,960	1,538,802	6,849,762
2026	5,447,440	1,399,606	6,847,046
2027-2031	25,797,160	4,889,639	30,686,799
2032-2036	20,275,000	2,042,682	22,317,682
2037-2041	7,370,000	559,272	7,929,272
2042-2046	2,400,000	154,550	2,554,550
Total	\$ 81,920,640	\$ 15,422,320	\$ 97,342,960

Following is an excerpt from the audited financial statements of GTUA, reflecting the balances as of and for the year ended September 30, 2021. These assets, deferred outflows of resources, liabilities, and net position are not that of the City but are the City's allocation of resources held by GTUA.

SCHEDULE OF NET POSITION

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,337,930	\$ 167,323
Due from other funds	458,821	439,705
Restricted assets:		
Cash and cash equivalents	<u>20,356,931</u>	<u>27,299,406</u>
Total restricted assets	<u>20,356,931</u>	<u>27,299,406</u>
Total Current Assets	<u>22,153,682</u>	<u>27,906,434</u>
Noncurrent assets:		
Cash and cash equivalents	89,001	45,177
Temporary investments	16,960,000	5,408,740
Interest receivable	51,681	90,128
Capital assets (net)	<u>60,763,154</u>	<u>62,816,324</u>
Total Noncurrent Assets	<u>77,863,836</u>	<u>68,360,369</u>
Total assets	<u>100,017,518</u>	<u>96,266,803</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	<u>218,020</u>	<u>124,269</u>
LIABILITIES		
Current liabilities:		
Accounts payable	208,588	237,762
Retainage payable	95,427	5,790
Accrued interest payable	855,069	851,446
Revenue bonds payable	<u>4,975,000</u>	<u>4,885,000</u>
Total current liabilities	<u>6,134,084</u>	<u>5,979,998</u>
Long-term liabilities:		
Revenue bonds payable	<u>83,366,928</u>	<u>78,187,843</u>
Total liabilities	<u>89,501,012</u>	<u>84,167,841</u>
NET POSITION		
Net investment in capital assets	(8,141,877)	2,174,939
Restricted - debt service	17,383,667	9,441,264
Unrestricted	<u>1,492,736</u>	<u>607,028</u>
Total net position	<u>\$ 10,734,526</u>	<u>\$ 12,223,231</u>

COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES

	2021	2020
OPERATING REVENUES		
Charges for services	\$ <u>6,128,822</u>	\$ <u>6,752,591</u>
Total operating revenues	<u>6,128,822</u>	<u>6,752,591</u>
OPERATING EXPENSES		
General and administrative	360,081	397,357
Depreciation	<u>5,691,638</u>	<u>4,531,267</u>
Total operating expenses	<u>6,051,719</u>	<u>4,928,624</u>
OPERATING INCOME (LOSS)	<u>77,103</u>	<u>1,823,967</u>
NONOPERATING REVENUE (EXPENSES)	(1,565,808)	(1,720,788)
TRANSFERS IN (OUT)	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>\$(1,488,705)</u>	<u>\$ 103,179</u>

Grant Programs

The City participates in several federal and state assisted grant programs. Under the terms of these grants, the City is subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. If future program compliance audits result in questioned or disallowed costs, reimbursements would be made to the grantor agencies. The amounts of expenditures which might be disallowed by the grantor agencies cannot be determined at this time; however, management believes such amounts, if any, would be immaterial.

Encumbrances

The City employs encumbrance accounting under which obligations in the form of purchase orders, contracts and other commitments for the expenditure of funds are reported as committed fund balances since they do not constitute expenditures or liabilities. Appropriations with outstanding commitments or encumbrances are carried into the following year.

The City had the following encumbrances at September 30, 2021:

	General
General government	\$ 10,673
Public safety	353,477
Streets	8,094
Sanitation	38,667
Community services	101,795
General improvements	9,468
	<u>\$ 522,174</u>

Component Unit

SEDCO entered into incentive agreements with various companies in Sherman to promote economic development. Under these agreements, SEDCO has agreed to pay amounts ranging from \$70,000 to \$1,900,000 to each of the individual companies if the companies meet certain requirements by a specified date. Total payments for the fiscal year 2021 under these agreements were \$205,486. Potential payments for these agreements are estimated at \$1,916,000 for the fiscal year ending September 30, 2022.

SEDCO has contracted with the City of Sherman to fund the City's debt service on the construction of certain infrastructure projects, including water and sewer lines along the west and east sides of Highway 75, sewer lines along Highway 289, sewer lines to Blalock Industrial Park, northbound entrance/exit ramps near Highway 75 and FM 1417, and the Northgate Drive extension. During the year ended September 30, 2021, SEDCO paid \$655,027 to the City of Sherman in accordance with these contracts. Future payments under this contract average \$382,732 over the next 16 years. A summary of the remaining debt service as of September 30, 2021, is as follows:

Year Ending September 30,	Principal	Interest	Total
2022	\$ 386,428	\$ 216,464	\$ 602,892
2023	399,587	166,469	566,056
2024	415,532	152,453	567,985
2025	437,640	138,084	575,724
2026	450,708	122,887	573,595
2027-2031	1,687,143	418,199	2,105,342
2032-2036	948,989	116,518	1,065,507
2037	64,357	2,252	66,609
	<u>\$ 4,790,384</u>	<u>\$ 1,333,326</u>	<u>\$ 6,123,710</u>

Construction Commitments

The City has active construction projects as of September 30, 2021. The projects include new street design and construction in developing areas, Texas Department of Transportation (TxDOT) highway projects within the city limits, new ballfields, bridge repairs, wastewater treatment plant and lift station improvements, water system extension and improvements, and stormwater drainage improvements. At year end, the City's commitments with contractors are as follows:

	Spent-to-Date	Remaining Commitment
Bridge repairs	\$ 144,880	\$ 17,320
Construction of new city building facilities	144,815	16,287,109
Drainage improvements	234,666	1,494,003
New street design and construction	8,791,828	5,088,166
Wastewater treatment plant and system improvements	182,717	271,775
Water system expansion/extension	228,633	36,450
Grand Total	\$ 9,727,539	\$ 23,194,823

Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

E. Tax Abatements

The City of Sherman is authorized by the Texas Local Government Code to enter into property tax abatement agreements and to offer a range of incentives designed to promote local economic development. For the year ended September 30, 2021, the City abated property taxes of \$1,390,535 or 0.26% of the \$535,276,576 market valuation of properties under these agreements. In accordance with these laws, the City has passed resolutions that establish guidelines and criteria for the administration of the following programs:

Industrial and Commercial Tax Reinvestment Incentives Texas Local Government Code Chapter 312

The City enters into property tax abatement agreements for industrial and commercial entities as stimulation for economic development in Sherman. The impact is based directly on the number and type of jobs created or retained, wages paid, value and economic life of real and personal property added to the tax rolls, local purchase of products and services, indirect employment gains and the general benefit of furthering the City's economic development. Once the industrial or commercial property is added to the tax rolls, the agreements generally call for five to ten years of property tax abatement ranging from 25% to 100%. Some agreements require commitments to create and maintain certain levels of full-time employment. Recapture provisions vary based on each agreement. Many of these agreements are granted in conjunction with other local taxing entities; however, each is approved separately by their governing boards. All abatements under this program for fiscal year 2021 are presented in the following table.

Economic Development Agreements Texas Local Government Code Chapter 380

The City enters into economic development agreements authorized under Chapter 380 with qualifying companies to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of Sherman. These agreements are tailored to company needs and offer a range of incentives designed to achieve the goals of the program. Grants based on a percentage of City taxes with terms ranging from 36% to 64% for five to ten years have been executed under the program, with no recapture provisions. No grant payments were made under this program for fiscal year 2021.

Residential Tax Abatement Program Texas Local Government Code Chapter 312

The City's Residential Tax Abatement Program provides property tax abatements for development or redevelopment of single-family residential structures within new or existing subdivisions in low-to-moderate income locations as a stimulus for economic development in Sherman. The abatements equal 100% of the property taxes on the added value above the base year value (as determined by the Grayson Appraisal District) for six years, 80% in year seven, 60% in year eight, 40% in year nine and 20% in year ten. There are no provisions for recapturing taxes abated in prior years. Tax abatements for this program have been aggregated for presentation purposes in the following table.

Central Business District Tax Abatement Program Texas Local Government Code Chapter 312

The City enters into property tax abatement agreements to promote development or redevelopment through modernization or new construction of commercial structures with improvements valued in excess of \$25,000 in the Central Business District of Sherman. Property tax abatement agreements under this program generally call for abatements of 100% for five years with no provision to recapture taxes abated in prior years. No property tax abatements were granted under this program for fiscal year 2021.

Tax Abatement Program	Purpose	Recapture Provisions	Abated Property Tax Revenue for Fiscal Year 2021
Industrial and Commercial Reinvestment Incentives:			
Panda Sherman Power, LLC	Development and construction of electric generation facility	None	\$ 641,293
Texas Instruments	Warehousing equipment	None	190,903
Kaiser Aluminum Fabricated Products, LLC	Building and facility improvements, equipment and machinery	None	51,900
JP Hart Lumber Company	Building, facility improvements, land, equipment and machinery	None	17,128
FinisarSherman RE HOLDCO LLC	Building, facility improvements, land, equipment and machinery	None	423,281
West Moore Solar II LLC	Building, facility improvements, land, equipment and machinery	None	<u>18,973</u>
Total Industrial and Commercial Reinvestment Incentives			<u>1,343,478</u>
Economic Development Agreements Chapter 380 Incentives:			
Riverside(East) Homebuilders, Ltd.	Building, facility improvements, land, equipment and machinery	None	15,017
Highland Homes - Dallas, LLC	Building, facility improvements, land, equipment and machinery	None	<u>10,315</u>
Total Chapter 380 Incentives			<u>25,332</u>
Residential Tax Abatement Program	Residential development and redevelopment in low to moderate income locations	None	<u>21,725</u>
Total Tax Abatements			\$ <u>1,390,535</u>

F. Joint Venture

The City has entered an agreement with the Cities of Denison and Gainesville and the Counties of Grayson and Cooke to form the Texoma Area Solid Waste Authority (TASWA). TASWA was organized in July 2000 for the purpose of aiding, assisting and acting on behalf of the participating entities in the financing, construction, ownership and operation of a Type I Municipal Solid Waste Landfill Facility.

TASWA began operation of the landfill during fiscal year 2006. Under the terms of the agreement, TASWA established fees for the member Cities (Sherman, Denison and Gainesville), who have pledged to deliver a guaranteed annual tonnage to the landfill facility. The fees may be recalculated to include changes in debt service requirements or estimated operational and postclosure expenses. According to its operational plan, there will be no significant accumulation of equity in TASWA by the participating governments.

A copy of TASWA's audited financial statements may be obtained directly from TASWA:

Texoma Area Solid Waste Authority, Inc. 20590 State Highway 56
Whitesboro, Texas 76273-4993 Phone: 903-564-4749

G. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all fulltime employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are the property of the beneficiary.

H. Net Pension and Total OPEB Liabilities and Expenses

Amounts are aggregated into a single net pension liability and total OPEB liabilities, and expenses for certain columns. Below is the detail of the net pension liability and total OPEB liabilities and expenses for governmental and business-type activities.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	<u>Component Unit</u>
Deferred Outflows:				
OPEB - Retiree health plan	\$ 663,684	\$ 174,512	\$ 838,196	\$ 8,125
OPEB - TMRS supplemental death benefit	<u>425,160</u>	<u>111,793</u>	<u>536,953</u>	<u>5,205</u>
Total Deferred Outflows	<u>\$ 1,088,844</u>	<u>\$ 286,305</u>	<u>\$ 1,375,149</u>	<u>\$ 13,330</u>
Net pension liability	<u>\$ 10,106,116</u>	<u>\$ 2,657,335</u>	<u>\$ 12,763,451</u>	<u>\$ 123,717</u>
Total OPEB liability:				
OPEB - Retiree health plan	\$ 5,887,481	\$ 1,548,073	\$ 7,435,554	\$ 72,073
OPEB - TMRS supplemental death benefit	<u>1,489,776</u>	<u>391,727</u>	<u>1,881,503</u>	<u>18,238</u>
Total OPEB liability	<u>\$ 7,377,257</u>	<u>\$ 1,939,800</u>	<u>\$ 9,317,057</u>	<u>\$ 90,311</u>
Deferred Inflows:				
OPEB - Retiree health plan	\$ 1,363,723	\$ 358,581	\$ 1,722,304	\$ 16,694
OPEB - TMRS supplemental death benefit	<u>257,260</u>	<u>67,645</u>	<u>324,905</u>	<u>3,149</u>
Total Deferred Inflows	<u>\$ 1,620,983</u>	<u>\$ 426,226</u>	<u>\$ 2,047,209</u>	<u>\$ 19,843</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	<u>Component Unit</u>
Pension expense	<u>\$ 1,811,267</u>	<u>\$ 439,461</u>	<u>\$ 2,250,728</u>	<u>\$ 15,217</u>
OPEB expense:				
OPEB - TMRS supplemental death benefit	\$ 130,962	\$ 30,845	\$ 161,807	\$ 924
OPEB - Retiree health plan	<u>309,414</u>	<u>63,668</u>	<u>373,082</u>	<u>444</u>
Total OPEB expense	<u>\$ 440,376</u>	<u>\$ 94,513</u>	<u>\$ 534,889</u>	<u>\$ 1,368</u>

I. Defined Benefit Pension Plan

Plan Description

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Comprehensive Annual Financial Report (Annual Report) that can be obtained at *tmrs.com*.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 2000, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employ match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2006, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

Plan provisions for the City were as follows:

	Plan Year 2020	Plan Year 2019
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity increase (to retirees)	30% of CPI repeating	30% of CPI repeating

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	353
Inactive employees entitled to but not yet receiving benefits	186
Active employees	459
Total	998

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.34% and 14.55% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$4,148,565, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate:

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2019	\$ 155,659,666	\$ 139,601,836	\$ 16,057,830
Changes for the year:			
Service cost	4,499,305	-	4,499,305
Interest	10,371,517	-	10,371,517
Difference between expected and actual experience	(1,535,502)	-	(1,535,502)
Changes of assumptions	-	-	-
Contributions - employer	-	4,024,957	(4,024,957)
Contributions - employee	-	1,964,762	(1,964,762)
Net investment income	-	10,587,504	(10,587,504)
Benefit payments, including refunds of employee contributions	(8,514,436)	(8,514,436)	-
Administrative expense	-	(68,568)	68,568
Other changes	-	(2,675)	2,675
Net changes	4,820,884	7,991,544	(3,170,660)
Balance at December 31, 2020	\$ 160,480,550	\$ 147,593,380	\$ 12,887,170

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net Pension Liability (Asset)	\$ 34,184,044	\$ 12,887,170	\$(4,686,941)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows / Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the City recognized pension expense of \$2,250,728 and \$15,217 for the component unit.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 780,440	\$ 1,192,303
Change in actuarial assumptions	146,770	-
Difference between projected and actual investment earnings	-	3,921,193
Contributions subsequent to the measurement date	3,004,689	-
Total	<u>\$ 3,931,899</u>	<u>\$ 5,113,496</u>

At September 30, 2021, the Component Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Component Unit

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 7,565	\$ 11,557
Change in actuarial assumptions	1,423	-
Difference between projected and actual investment earnings	-	38,008
Contributions subsequent to the measurement date	29,124	-
Total	<u>\$ 38,112</u>	<u>\$ 49,565</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$3,004,689 will be recognized as a reduction of the NPL for the year ended September 30, 2022 for the City.

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$29,124 will be recognized as a reduction of the NPL for the year ended September 30, 2022 for the Component Unit.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>City</u>	Pension
<u>Year Ended December 31,</u>	<u>Expense</u>
2022	\$ (1,332,931)
2023	153,479
2024	(2,569,264)
2025	(437,570)
Total	<u>\$ (4,186,286)</u>
<u>Component Unit</u>	Pension
<u>Year Ended December 31,</u>	<u>Expense</u>
2022	\$ (12,920)
2023	1,488
2024	(24,904)
2025	(4,241)
Total	<u>\$ (40,577)</u>

J. Other Postemployment Benefits

Plan Description. The City, through its substantive commitment to provide other post-employment benefits (OPEB) provides retiree medical coverage to eligible employees. To be eligible, a City employee retiring at age 62 or over must have at least 5 years of service with the City. City employees retiring before age 62 must have at least 20 years of service with the City. Retirees are required to pay the premium cost for both single and dependent coverage. The City also subsidizes certain retirees and dependents as a result of prior commitments. The plan qualifies as a single-employer defined benefit plan and is accounted for in the City's Insurance Fund and in the fund where the retiree last worked. A separate financial statement is not issued for the plan and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Contributions. The City's contributions to the OPEB for the year ended September 30, 2021 were \$564,853, which equal benefit payments for retirees.

The number of employees currently covered by the benefit terms is as follows:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	50
Active employees	<u>451</u>
Total	<u>501</u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	2.00% as of December 31, 2020
Inflation Rate	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Health care cost trend rates	For Pre-65, initial rate of 7.0% declining to an ultimate rate of 4.25% after 13 years.
Participation rates	25% for retirement ages between 50 and 65; 0% for employees who retire before age 50; 0% for employees who retire after the age of 65.
Discount rate	The discount rate changed from 2.75% as of December 31, 2019. Additionally, the participation rates were lowered, the dependent coverage assumption for females was lowered, and the health care trend rates were updated to reflect the plan's anticipated experience.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 2% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020.

Changes in the Total OPEB Liability

The City's total OPEB liability of \$7,507,627 was measured as of December 31, 2020 and was determined by an actuarial valuation as of December 31, 2020.

	<u>Total OPEB Liability</u>
Balance at 12/31/2019	\$ 8,216,466
Changes for the year:	
Service cost	353,212
Interest on the total liability	224,515
Difference between expected and actual experience	(548,928)
Changes in assumptions and other inputs	(279,885)
Benefit payments	(457,753)
Net changes	(708,839)
Balance at 12/31/2020	\$ <u>7,507,627</u>

Changes of assumptions reflect a change in the discount rate from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020, lowering the participation rates and the dependent coverage assumption for females, and updates to the health care trend assumption to reflect the plan's anticipated experience.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2%) in measuring the total OPEB liability.

	<u>1% Decrease in Discount Rate (1%)</u>	<u>Discount Rate (2%)</u>	<u>1% Increase in Discount Rate (3%)</u>
Total OPEB Liability	\$ 8,161,669	\$ 7,507,627	\$ 6,917,775

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 6,800,564	\$ 7,507,627	\$ 8,341,187

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of \$373,082 and \$444 for the Component Unit.

At September 30, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,476,704
Changes in actuarial assumptions	423,573	245,600
Contributions subsequent to the measurement date	414,623	-
Total	\$ 838,196	\$ 1,722,304

At September 30, 2021, the Component Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Component Unit

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 14,314
Changes in actuarial assumptions	4,106	2,380
Contributions subsequent to the measurement date	4,019	-
Total	\$ 8,125	\$ 16,694

\$414,623 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the City paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022.

\$4,019 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the Component Unit paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022.

Other amounts of the reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

City

For the Year Ended September 30,	
2022	\$(202,241)
2023	(202,241)
2024	(202,241)
2025	(202,241)
2026	(208,281)
Thereafter	(281,486)
Total	\$(1,298,731)

Component Unit

For the Year Ended September 30,	
2022	\$(1,960)
2023	(1,960)
2024	(1,960)
2025	(1,960)
2026	(2,019)
Thereafter	(2,729)
Total	\$(12,588)

K. Defined Other Post-Employment Benefit Plans

TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	248
Inactive employees entitled to but not yet receiving benefits	36
Active employees	459
Total	743

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.26% for 2021 and 0.20% for 2020, of which 0.17% and 0.06%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2021 and 2020 were \$57,250 and \$54,886, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability

The City's total OPEB liability of \$1,899,741 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The City's total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.5% per annum
Discount rate	2.00%
Actuarial cost method	Entry Age Normal
Projected salary increases	3.50% to 11.50% including inflation

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 2% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (1%)	Discount Rate (2%)	1% Increase in Discount Rate (3%)
Total OPEB Liability	\$ 2,294,966	\$ 1,899,741	\$ 1,591,274

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2019	\$ 1,658,409
Changes for the year:	
Service cost	64,556
Interest	46,262
Difference between expected and actual experience	(90,851)
Changes of assumptions and other inputs	238,206
Benefit payments	(16,841)
Net changes	241,332
Balance at 12/31/2020	\$ 1,899,741

Changes in assumptions and other inputs reflect a change in the discount rate from 2.75% to 2%.

OPEB Expense and Deferred Outflows of Resources Related to OPEB. For the year ended September 30, 2021, the City recognized OPEB expense of \$161,806 and \$924 for the component unit. There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 106,013	\$ 279,227
Changes in assumptions and other inputs	395,833	45,678
Contributions subsequent to the measurement date	35,107	-
Totals	\$ 536,953	\$ 324,905

At September 30, 2021, the Component Unit reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

Component Unit

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,028	\$ 2,706
Changes in assumptions and other inputs	3,837	443
Contributions subsequent to the measurement date	340	-
Totals	\$ 5,205	\$ 3,149

\$35,107 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2022 for the City.

\$340 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2022 for the Component Unit.

Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

City

For the Year	
Ended September 30,	
2022	\$ 51,415
2023	51,070
2024	33,797
2025	13,956
2026	22,913
Thereafter	3,790
Total	\$ 176,941

Component Unit

For the Year	
Ended September 30,	
2022	\$ 498
2023	495
2024	328
2025	135
2026	222
Thereafter	38
Total	\$ 1,716

L. Related Party Transactions

The City had two council members that had transactions with the City through their personal businesses. The two council members had transactions totaling \$5,627 and \$38,706. The City paid invoices of \$28,815 to these vendors and \$15,518 was paid to one of the members through withholding of employee transactions. One of the council members also had a right of way transfer in order to receive water services. Both members disclosed the financial relationship with the City on their conflict of interest questionnaires.

M. Subsequent Event

The City was notified that it has been overpaid in sales tax in the amount of \$896,970, which includes SEDCO's portion of the overpayment. Starting October 2021, the City has entered into an agreement with the Texas Comptroller of Public Accounts to pay this overpayment back. The City's monthly sales tax deposits will be decreased by \$40,771 a month for a 22-month period.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual GAAP Basis
	Original	Final	
REVENUES			
Taxes			
General property	\$ 12,254,100	\$ 12,254,100	\$ 12,445,529
City sales	18,369,000	21,037,000	21,563,812
Franchise	2,834,000	2,834,000	2,876,387
Nonproperty	160,840	160,840	166,708
Licenses and permits	665,200	665,200	810,670
Intergovernmental	968,785	1,991,785	1,922,483
Charges for services	2,312,381	2,893,381	3,062,485
Fines and forfeitures	559,650	559,650	336,442
Investment income	60,000	60,000	35,504
Donations	10,000	10,000	8,713
Miscellaneous	349,220	349,220	240,406
Total revenues	<u>38,543,176</u>	<u>42,815,176</u>	<u>43,469,139</u>
EXPENDITURES			
Current:			
General government	6,612,978	7,308,728	7,165,907
Public safety	24,324,831	24,895,851	24,529,901
Streets	4,179,833	4,247,791	3,897,857
Sanitation	921,145	911,863	709,899
Community services	5,460,930	5,992,652	5,729,479
Capital outlay	421,815	637,544	346,465
Total expenditures	<u>41,921,532</u>	<u>43,994,429</u>	<u>42,379,508</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,378,356)</u>	<u>(1,179,253)</u>	<u>1,089,631</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,881,000	4,881,000	3,927,975
Transfers out	<u>(210,000)</u>	<u>(860,000)</u>	<u>(860,000)</u>
Total other financing sources (uses)	<u>4,671,000</u>	<u>4,021,000</u>	<u>3,067,975</u>
NET CHANGE IN FUND BALANCE	1,292,644	2,841,747	4,157,606
FUND BALANCE, BEGINNING	<u>12,746,493</u>	<u>12,746,493</u>	<u>12,746,493</u>
FUND BALANCE, ENDING	<u>\$ 14,039,137</u>	<u>\$ 15,588,240</u>	<u>\$ 16,904,099</u>

The major differences between the budget basis and GAAP basis are that encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis). The City also records sales tax and on the cash basis for budget purposes. The adjustments necessary to convert from the GAAP basis to the budget basis are as follows:

Reverse accrual for sales tax for budget basis	\$ (526,085)
Encumbrances from prior year not recognized for budget basis	178,559
Encumbrances from this year recognized for budget basis	<u>(370,984)</u>
Total adjustments between GAAP and budget basis	<u>\$ (718,510)</u>

Adjustments Budget Basis	Actual Budget Basis	Final Budget Variance
\$ -	\$ 12,445,529	\$ 191,429
(526,085)	21,037,727	727
-	2,876,387	42,387
-	166,708	5,868
-	810,670	145,470
-	1,922,483	(69,302)
-	3,062,485	169,104
-	336,442	(223,208)
-	35,504	(24,496)
-	8,713	(1,287)
-	240,406	(108,814)
(526,085)	42,943,054	127,878
10,673	7,176,580	132,148
132,763	24,662,664	233,187
(6,521)	3,891,336	356,455
-	709,899	201,964
47,101	5,776,580	216,072
8,409	354,874	282,670
192,425	42,571,933	1,422,496
(718,510)	371,121	1,550,374
-	3,927,975	(953,025)
-	(860,000)	-
-	3,067,975	(953,025)
(718,510)	3,439,096	597,349
-	12,746,493	-
\$(718,510)	\$ 16,185,589	\$ 597,349

CITY OF SHERMAN, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS

	Year Ended December 31, 2020	Year Ended December 31, 2019
Total Pension Liability		
Service Cost	\$ 4,499,305	\$ 4,230,570
Interest (on the Total Pension Liability)	10,371,517	9,912,992
Difference Between Expected and Actual Experience	(1,535,502)	639,165
Changes of Assumptions	-	263,070
Benefit Payments, including Refunds of Employee Contributions	(8,514,436)	(8,259,971)
Net Change in Total Pension Liability	4,820,884	6,785,826
Total Pension Liability - Beginning	155,659,666	148,873,840
Total Pension Liability - Ending (a)	\$ 160,480,550	\$ 155,659,666
Plan Fiduciary Net Position		
Contributions - Employer	\$ 4,024,957	\$ 3,779,847
Contributions - Employee	1,964,762	1,911,958
Net Investment Income	10,587,504	19,038,402
Benefit Payments, including Refunds of Employee Contributions	(8,514,436)	(8,259,971)
Administrative Expense	(68,568)	(107,658)
Other	(2,675)	(3,234)
Net Change in Plan Fiduciary Net Position	7,991,544	16,359,344
Plan Fiduciary Net Position - Beginning	139,601,836	123,242,492
Plan Fiduciary Net Position - Ending (b)	\$ 147,593,380	\$ 139,601,836
Net Pension Liability (Asset) - ending (a) - (b)	\$ 12,887,170	\$ 16,057,830
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.97%	89.68%
Covered Payroll	\$ 28,068,030	\$ 26,929,153
Net Pension Liability (Asset) as a Percentage of Covered Payroll	45.91%	59.63%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. Additional years will be displayed as they become available.

Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
\$ 3,883,639	\$ 3,649,444	\$ 3,486,523	\$ 3,226,817	\$ 2,979,275
9,447,203	9,050,846	8,656,254	8,473,364	8,161,413
1,223,491	96,380	350,688	(618,003)	(628,326)
-	-	-	2,493,834	-
(7,394,476)	(6,689,131)	(6,769,128)	(6,257,098)	(6,102,278)
7,159,857	6,107,539	5,724,337	7,318,914	4,410,084
141,713,983	135,606,444	129,882,107	122,563,193	118,153,109
<u>\$ 148,873,840</u>	<u>\$ 141,713,983</u>	<u>\$ 135,606,444</u>	<u>\$ 129,882,107</u>	<u>\$ 122,563,193</u>
\$ 3,500,405	\$ 3,285,194	\$ 2,940,094	\$ 2,904,162	\$ 2,921,484
1,731,652	1,624,037	1,548,582	1,477,221	1,420,534
(3,872,794)	15,968,315	7,443,517	165,252	6,158,745
(7,394,476)	(6,689,131)	(6,769,128)	(6,257,098)	(6,102,278)
(74,888)	(82,784)	(84,096)	(100,658)	(64,305)
(3,911)	(4,195)	(4,531)	(4,972)	(5,287)
(6,114,012)	14,101,436	5,074,438	(1,816,093)	4,328,893
129,356,504	115,255,068	110,180,630	111,996,723	107,667,830
<u>\$ 123,242,492</u>	<u>\$ 129,356,504</u>	<u>\$ 115,255,068</u>	<u>\$ 110,180,630</u>	<u>\$ 111,996,723</u>
\$ 25,631,348	\$ 12,357,479	\$ 20,351,376	\$ 19,701,477	\$ 10,566,470
82.78%	91.28%	84.99%	84.83%	91.38%
\$ 24,736,553	\$ 23,200,533	\$ 22,122,605	\$ 21,118,153	\$ 20,293,345
103.62%	53.26%	91.99%	93.29%	52.07%

CITY OF SHERMAN, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

Year Ended September 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 4,136,055	\$ 3,905,318	\$ 3,701,373
Contributions in Relation to the Actuarially Determined Contribution	<u>4,136,055</u>	<u>3,905,318</u>	<u>3,701,373</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 28,624,847	\$ 27,443,124	\$ 26,523,239
Contributions as a Percentage of Covered Employee Payroll	14.45%	14.23%	13.96%

Notes to Schedule of Contributions

Valuation Date

Actuarially determined contribution rates are calculated as of December 31 and become effective 13 months later (in January).

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information

There were no benefit changes during the year.

GASB 68 requires 10 fiscal years of data to be provided in this schedule. Additional years will be displayed as they become available.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 3,432,140	\$ 3,198,051	\$ 2,911,816	\$ 2,883,283
<u>3,432,140</u>	<u>3,198,051</u>	<u>2,911,816</u>	<u>2,883,283</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 24,250,983	\$ 22,954,410	\$ 21,711,800	\$ 20,725,423
14.15%	13.93%	13.41%	13.91%

CITY OF SHERMAN, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
RETIREE INSURANCE BENEFITS PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Plan Year ended December 31,	2020	2019	2018	2017
A. Total OPEB liability				
Service Cost	\$ 353,212	\$ 267,401	\$ 322,200	\$ 250,905
Interest (on the Total OPEB Liability)	224,515	289,859	290,538	321,034
Difference between expected and actual experience	(548,928)	(141,126)	(1,183,991)	(265,075)
Changes of assumptions	(279,885)	314,951	14,195	343,497
Benefit payments, including refunds of employee contributions	(457,753)	(387,662)	(372,776)	(296,252)
Net change in Total OPEB liability	(708,839)	343,423	(929,834)	354,109
Total OPEB liability - beginning	<u>8,216,466</u>	<u>7,873,043</u>	<u>8,802,877</u>	<u>8,448,768</u>
Total OPEB liability - ending (a)	<u>7,507,627</u>	<u>8,216,466</u>	<u>7,873,043</u>	<u>8,802,877</u>
B. Covered-employee payroll	\$ 27,729,829	\$ 26,929,139	\$ 24,736,553	\$ 23,200,536
C. Total OPEB liability as a percentage of covered-employee payroll	27.07%	30.51%	31.83%	37.94%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Note: Changes of assumptions reflect a change in the discount rate from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020, lowering the participation rates and the dependent coverage assumption for females, and updates to the health care trend assumption to reflect the plan's anticipated experience.

CITY OF SHERMAN, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Plan Year ended December 31,	2020	2019	2018	2017
A. Total OPEB liability				
Service Cost	\$ 64,556	\$ 48,472	\$ 51,947	\$ 41,761
Interest (on the Total OPEB Liability)	46,262	60,886	47,552	47,400
Difference between expected and actual experience	(90,851)	(306,729)	214,798	-
Changes of assumptions	238,206	246,961	(92,549)	103,930
Benefit payments, including refunds of employee contributions	(16,841)	(16,157)	(14,842)	(16,240)
Net change in Total OPEB liability	241,332	33,433	206,906	176,851
Total OPEB liability - beginning	<u>1,658,409</u>	<u>1,624,976</u>	<u>1,418,070</u>	<u>1,241,219</u>
Total OPEB liability - ending (a)	<u>1,899,741</u>	<u>1,658,409</u>	<u>1,624,976</u>	<u>1,418,070</u>
B. Covered-employee payroll	\$ 28,068,030	\$ 26,929,153	\$ 24,736,553	\$ 23,200,533
C. Total OPEB liability as a percentage of covered-employee payroll	6.77%	6.16%	6.57%	6.11%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

CITY OF SHERMAN, TEXAS

BUDGETARY COMAPRISON SCHEDULE
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual
	Original	Final	GAAP Basis
REVENUES			
Taxes:			
General property taxes:			
Current and delinquent taxes revenue	\$ 12,145,100	\$ 12,145,100	\$ 12,272,468
Penalty and interest	108,000	108,000	167,592
Abatement	1,000	1,000	5,469
Total general property taxes	<u>12,254,100</u>	<u>12,254,100</u>	<u>12,445,529</u>
City sales tax	<u>18,369,000</u>	<u>21,037,000</u>	<u>21,563,812</u>
Franchise taxes:			
Electric	2,012,000	2,012,000	1,997,177
Telephone	80,000	80,000	69,715
Gas franchise	475,000	475,000	577,635
Cable television	<u>267,000</u>	<u>267,000</u>	<u>231,860</u>
Total franchise taxes	<u>2,834,000</u>	<u>2,834,000</u>	<u>2,876,387</u>
Nonproperty taxes	<u>160,840</u>	<u>160,840</u>	<u>166,708</u>
Total taxes	<u>33,617,940</u>	<u>36,285,940</u>	<u>37,052,436</u>
Licenses and permits:			
Building permit fees	310,000	310,000	185,756
Electrical, heating and air permits	45,200	45,200	111,019
Plumbing permits	60,000	60,000	151,727
Residential and sanitation permits	244,500	244,500	358,323
Garage and other permits	<u>5,500</u>	<u>5,500</u>	<u>3,845</u>
Total licenses and permits	<u>665,200</u>	<u>665,200</u>	<u>810,670</u>
Intergovernmental:			
Intergovernmental	<u>968,785</u>	<u>1,991,785</u>	<u>1,922,483</u>
Total intergovernmental	<u>968,785</u>	<u>1,991,785</u>	<u>1,922,483</u>
Charges for services:			
Current services and charges:			
Utility paving cuts	250,000	250,000	277,790
Ambulance service	1,200,000	1,200,000	1,331,286
County fire and ambulance services	235,891	235,891	235,891
Pound fees	90,000	90,000	75,302
Other	<u>93,140</u>	<u>674,140</u>	<u>611,108</u>
Total current services and charges	<u>1,869,031</u>	<u>2,450,031</u>	<u>2,531,377</u>

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
\$ -	\$ 12,272,468	\$ 127,368
-	167,592	59,592
-	5,469	4,469
-	12,445,529	191,429
(526,085)	21,037,727	727
-	1,997,177	(14,823)
-	69,715	(10,285)
-	577,635	102,635
-	231,860	(35,140)
-	2,876,387	42,387
-	166,708	5,868
(526,085)	36,526,351	240,411
-	185,756	(124,244)
-	111,019	65,819
-	151,727	91,727
-	358,323	113,823
-	3,845	(1,655)
-	810,670	145,470
-	1,922,483	(69,302)
-	1,922,483	(69,302)
-	277,790	27,790
-	1,331,286	131,286
-	235,891	-
-	75,302	(14,698)
-	611,108	(63,032)
-	2,531,377	81,346

CITY OF SHERMAN, TEXAS

BUDGETARY COMAPRISON SCHEDULE
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual GAAP Basis
	Original	Final	
REVENUES			
Charges for services: (Continued)			
Recreation:			
Recreation	\$ 16,750	\$ 16,750	\$ 57,868
Swimming pools	140,000	140,000	137,611
Pool concession sales	25,000	25,000	31,126
Special programs	75,000	75,000	57,935
Total recreation	<u>256,750</u>	<u>256,750</u>	<u>284,540</u>
Property use:			
Vending machine lease	800	800	243
Rentals	20,200	20,200	23,215
Total property use	<u>21,000</u>	<u>21,000</u>	<u>23,458</u>
Cemetery sales and services:			
Lot sales	60,100	60,100	106,340
Interments	90,000	90,000	112,015
Other services	15,500	15,500	4,755
Total cemetery sales and services	<u>165,600</u>	<u>165,600</u>	<u>223,110</u>
Total charges for services	<u>2,312,381</u>	<u>2,893,381</u>	<u>3,062,485</u>
Fines and forfeitures:			
Corporation court fines	500,000	500,000	264,945
Library fees	8,500	8,500	1,803
Fees for collection of state fines	6,000	6,000	8,940
Abandoned vehicles	2,000	2,000	3,760
Other	43,150	43,150	56,994
Total fines and forfeitures	<u>559,650</u>	<u>559,650</u>	<u>336,442</u>
Interest and miscellaneous:			
Investment income	60,000	60,000	35,504
Donations	10,000	10,000	8,713
Miscellaneous	349,220	349,220	240,406
Total interest and miscellaneous	<u>419,220</u>	<u>419,220</u>	<u>284,623</u>
Other financing sources:			
Transfers in	4,881,000	4,881,000	3,927,975
Total other financing sources	<u>4,881,000</u>	<u>4,881,000</u>	<u>3,927,975</u>
Total revenues and other financing sources	\$ <u>43,424,176</u>	\$ <u>47,696,176</u>	\$ <u>47,397,114</u>

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
\$ -	\$ 57,868	\$ 41,118
-	137,611	(2,389)
-	31,126	6,126
-	57,935	(17,065)
-	284,540	27,790
-	243	(557)
-	23,215	3,015
-	23,458	2,458
-	106,340	46,240
-	112,015	22,015
-	4,755	(10,745)
-	223,110	57,510
-	3,062,485	169,104
-	264,945	(235,055)
-	1,803	(6,697)
-	8,940	2,940
-	3,760	1,760
-	56,994	13,844
-	336,442	(223,208)
-	35,504	(24,496)
-	8,713	(1,287)
-	240,406	(108,814)
-	284,623	(134,597)
-	3,927,975	(953,025)
-	3,927,975	(953,025)
\$(526,085)	\$ 46,871,029	\$(825,147)

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual
	Original	Final	GAAP Basis
EXPENDITURES			
General government:			
Mayor and City Council:			
Personnel services	\$ 13,112	\$ 13,112	\$ 10,565
Supplies	12,700	12,700	9,772
Other services and charges	133,060	136,524	115,498
Total Mayor and City Council	<u>158,872</u>	<u>162,336</u>	<u>135,835</u>
Management services:			
Personnel services	891,792	891,792	962,334
Supplies	23,000	36,000	30,753
Other services and charges	130,110	121,636	76,252
Total management services	<u>1,044,902</u>	<u>1,049,428</u>	<u>1,069,339</u>
Public records:			
Personnel services	221,089	221,089	188,453
Supplies	15,869	15,869	5,881
Other services and charges	54,008	57,274	46,634
Total public records	<u>290,966</u>	<u>294,232</u>	<u>240,968</u>
Legal services:			
Personnel services	216,421	63,607	60,780
Supplies	3,850	3,850	2,616
Other services and charges	13,925	365,667	341,291
Total legal services	<u>234,196</u>	<u>433,124</u>	<u>404,687</u>
Financial services:			
Personnel services	725,253	725,253	721,930
Supplies	16,150	16,150	13,241
Other services and charges	65,727	71,340	80,539
Total financial services	<u>807,130</u>	<u>812,743</u>	<u>815,710</u>
Human resources:			
Personnel services	386,617	386,617	383,349
Supplies	22,860	22,860	7,814
Other services and charges	205,777	210,151	284,326
Total human resources	<u>615,254</u>	<u>619,628</u>	<u>675,489</u>
Engineering services:			
Personnel services	868,187	868,187	855,745
Supplies	14,800	15,915	12,962
Other services and charges	146,027	151,651	172,376
Total engineering services	<u>1,029,014</u>	<u>1,035,753</u>	<u>1,041,083</u>

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
\$ -	\$ 10,565	\$ 2,547
-	9,772	2,928
-	115,498	21,026
-	135,835	26,501
-	962,334	(70,542)
6,606	37,359	(1,359)
-	76,252	45,384
6,606	1,075,945	(26,517)
-	188,453	32,636
-	5,881	9,988
-	46,634	10,640
-	240,968	53,264
-	60,780	2,827
-	2,616	1,234
-	341,291	24,376
-	404,687	28,437
-	721,930	3,323
-	13,241	2,909
-	80,539	(9,199)
-	815,710	(2,967)
-	383,349	3,268
1,427	9,241	13,619
-	284,326	(74,175)
1,427	676,916	(57,288)
-	855,745	12,442
2,640	15,602	313
-	172,376	(20,725)
2,640	1,043,723	(7,970)

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual
	Original	Final	GAAP Basis
EXPENDITURES (Continued)			
General government: (Continued)			
Public buildings maintenance:			
Personnel services	\$ 647,681	\$ 647,681	\$ 591,778
Supplies	30,183	30,183	27,506
Other services and charges	140,705	146,763	208,943
Capital outlay	<u>105,000</u>	<u>105,000</u>	<u>-</u>
Total public buildings maintenance	<u>923,569</u>	<u>929,627</u>	<u>828,227</u>
Nondepartmental:			
Personnel services	224,248	224,248	215,011
Supplies	24,300	24,300	10,782
Other services and charges	<u>1,365,527</u>	<u>1,828,309</u>	<u>1,728,776</u>
Total nondepartmental	<u>1,614,075</u>	<u>2,076,857</u>	<u>1,954,569</u>
Total general government	<u>6,717,978</u>	<u>7,413,728</u>	<u>7,165,907</u>
Public safety:			
Law enforcement services:			
Personnel services	8,093,977	8,093,977	7,712,887
Supplies	218,271	218,271	217,116
Other services and charges	1,004,497	1,074,951	1,091,472
Capital outlay	<u>-</u>	<u>-</u>	<u>9,755</u>
Total law enforcement services	<u>9,316,745</u>	<u>9,387,199</u>	<u>9,031,230</u>
Fire and ambulance services:			
Personnel services	9,450,322	9,450,322	9,472,007
Supplies	889,403	1,184,707	1,133,251
Other services and charges	1,342,720	1,517,198	1,356,736
Capital outlay	<u>145,500</u>	<u>264,029</u>	<u>172,604</u>
Total fire and ambulance services	<u>11,827,945</u>	<u>12,416,256</u>	<u>12,134,598</u>
Fire administrative support:			
Personnel services	<u>127,814</u>	<u>127,814</u>	<u>120,638</u>
Total fire administrative support	<u>127,814</u>	<u>127,814</u>	<u>120,638</u>
Public safety support:			
Personnel services	1,459,651	1,459,651	1,525,129
Supplies	92,068	91,832	56,848
Other services and charges	425,543	442,983	406,450
Capital outlay	<u>-</u>	<u>799</u>	<u>1,400</u>
Total public safety support	<u>1,977,262</u>	<u>1,995,265</u>	<u>1,989,827</u>

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
\$ -	\$ 591,778	\$ 55,903
-	27,506	2,677
-	208,943	(62,180)
-	-	105,000
-	828,227	101,400
-	215,011	9,237
-	10,782	13,518
-	1,728,776	99,533
-	1,954,569	122,288
10,673	7,176,580	237,148
-	7,712,887	381,090
64,601	281,717	(63,446)
6,825	1,098,297	(23,346)
-	9,755	(9,755)
71,426	9,102,656	284,543
-	9,472,007	(21,685)
(1,268)	1,131,983	52,724
11,026	1,367,762	149,436
(29,859)	142,745	121,284
(20,101)	12,114,497	301,759
-	120,638	7,176
-	120,638	7,176
-	1,525,129	(65,478)
25,058	81,906	9,926
19,143	425,593	17,390
(399)	1,001	(202)
43,802	2,033,629	(38,364)

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual
	Original	Final	GAAP Basis
EXPENDITURES (Continued)			
Public safety: (Continued)			
Building and zoning:			
Personnel services	\$ 679,076	\$ 679,076	\$ 867,821
Supplies	27,640	27,640	17,069
Other services and charges	90,102	97,793	118,634
Total building and zoning	<u>796,818</u>	<u>804,509</u>	<u>1,003,524</u>
Judicial services:			
Personnel services	171,524	171,524	168,529
Supplies	8,800	8,800	6,554
Other services and charges	47,635	50,096	53,534
Total judicial services	<u>227,959</u>	<u>230,420</u>	<u>228,617</u>
Emergency management:			
Personnel services	96,478	96,478	94,700
Supplies	11,700	16,700	29,046
Other services and charges	87,610	86,038	81,480
Total emergency management	<u>195,788</u>	<u>199,216</u>	<u>205,226</u>
Total public safety	<u>24,470,331</u>	<u>25,160,679</u>	<u>24,713,660</u>
Streets:			
Streets maintenance:			
Personnel services	1,628,623	1,628,623	1,359,607
Supplies	62,016	63,759	55,870
Other services and charges	2,058,868	2,119,420	2,063,745
Capital outlay	18,000	18,000	35,358
Total streets maintenance	<u>3,767,507</u>	<u>3,829,802</u>	<u>3,514,580</u>
Stormwater services:			
Other services and charges	<u>6,004</u>	<u>6,004</u>	<u>1,772</u>
Total stormwater services	<u>6,004</u>	<u>6,004</u>	<u>1,772</u>
Environmental code services:			
Personnel services	284,267	284,267	281,373
Supplies	14,450	14,450	7,072
Other services and charges	125,605	131,268	128,418
Total environmental code services	<u>424,322</u>	<u>429,985</u>	<u>416,863</u>
Total streets	<u>4,197,833</u>	<u>4,265,791</u>	<u>3,933,215</u>

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
\$ -	\$ 867,821	\$ (188,745)
329	17,398	10,242
-	118,634	(20,841)
<u>329</u>	<u>1,003,853</u>	<u>(199,344)</u>
-	168,529	2,995
-	6,554	2,246
-	53,534	(3,438)
<u>-</u>	<u>228,617</u>	<u>1,803</u>
-	94,700	1,778
4,489	33,535	(16,835)
2,560	84,040	1,998
<u>7,049</u>	<u>212,275</u>	<u>(13,059)</u>
<u>102,505</u>	<u>24,816,165</u>	<u>344,514</u>
-	1,359,607	269,016
(1,743)	54,127	9,632
(6,411)	2,057,334	62,086
-	35,358	(17,358)
<u>(8,154)</u>	<u>3,506,426</u>	<u>323,376</u>
-	1,772	4,232
<u>-</u>	<u>1,772</u>	<u>4,232</u>
-	281,373	2,894
1,633	8,705	5,745
-	128,418	2,850
<u>1,633</u>	<u>418,496</u>	<u>11,489</u>
<u>(6,521)</u>	<u>3,926,694</u>	<u>339,097</u>

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual
	Original	Final	GAAP Basis
EXPENDITURES (Continued)			
Sanitation:			
Animal control:			
Personnel services	\$ 618,651	\$ 618,651	\$ 391,121
Supplies	134,665	123,586	125,886
Other services and charges	167,829	169,626	192,892
Capital outlay	56,000	82,700	43,717
Total animal control	<u>977,145</u>	<u>994,563</u>	<u>753,616</u>
Total sanitation	<u>977,145</u>	<u>994,563</u>	<u>753,616</u>
Community services:			
Cemetery services:			
Personnel services	424,282	424,282	403,381
Supplies	25,679	25,679	27,774
Other services and charges	141,706	173,528	167,197
Capital outlay	70,825	70,825	-
Total cemetery services	<u>662,492</u>	<u>694,314</u>	<u>598,352</u>
Parks and recreation:			
Personnel services	553,000	553,000	485,828
Supplies	36,357	46,357	42,004
Other services and charges	146,326	167,132	153,986
Capital outlay	-	65,815	76,791
Total parks and recreation	<u>735,683</u>	<u>832,304</u>	<u>758,609</u>
Parks maintenance:			
Personnel services	1,406,368	1,406,368	1,300,006
Supplies	96,095	97,457	113,822
Other services and charges	504,612	538,737	624,441
Capital outlay	19,990	19,990	-
Total parks maintenance	<u>2,027,065</u>	<u>2,062,552</u>	<u>2,038,269</u>
Swimming pools:			
Personnel services	225,142	225,142	164,637
Supplies	88,847	94,155	87,777
Other services and charges	172,380	175,281	94,136
Total swimming pools	<u>486,369</u>	<u>494,578</u>	<u>346,550</u>
Library services:			
Personnel services	603,800	603,800	603,797
Supplies	81,400	77,514	76,623
Other services and charges	172,493	179,236	186,773
Capital outlay	-	3,886	6,840
Total library services	<u>857,693</u>	<u>864,436</u>	<u>874,033</u>

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
\$ -	\$ 391,121	\$ 227,530
-	125,886	(2,300)
-	192,892	(23,266)
<u>38,667</u>	<u>82,384</u>	<u>316</u>
<u>38,667</u>	<u>792,283</u>	<u>202,280</u>
<u>38,667</u>	<u>792,283</u>	<u>202,280</u>
-	403,381	20,901
-	27,774	(2,095)
15,445	182,642	(9,114)
-	-	<u>70,825</u>
<u>15,445</u>	<u>613,797</u>	<u>80,517</u>
-	485,828	67,172
3,655	45,659	698
(14,400)	139,586	27,546
-	<u>76,791</u>	<u>(10,976)</u>
<u>(10,745)</u>	<u>747,864</u>	<u>84,440</u>
-	1,300,006	106,362
(1,362)	112,460	(15,003)
-	624,441	(85,704)
-	-	<u>19,990</u>
<u>(1,362)</u>	<u>2,036,907</u>	<u>25,645</u>
-	164,637	60,505
(3,439)	84,338	9,817
<u>37,834</u>	<u>131,970</u>	<u>43,311</u>
<u>34,395</u>	<u>380,945</u>	<u>113,633</u>
-	603,797	3
8,537	85,160	(7,646)
-	186,773	(7,537)
-	<u>6,840</u>	<u>(2,954)</u>
<u>8,537</u>	<u>882,570</u>	<u>(18,134)</u>

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>
			<u>Basis</u>
EXPENDITURES (Continued)			
Community services: (Continued)			
Neighborhood services:			
Personnel services	\$ 270,604	\$ 270,604	\$ 286,793
Supplies	9,600	9,600	6,782
Other services and charges	199,405	203,009	192,550
Capital outlay	<u>6,500</u>	<u>6,500</u>	<u>-</u>
Total neighborhood services	<u>486,109</u>	<u>489,713</u>	<u>486,125</u>
Senior Citizens Center:			
Personnel services	132,681	132,681	131,336
Supplies	25,688	25,688	20,349
Other services and charges	<u>93,981</u>	<u>98,918</u>	<u>100,737</u>
Total Senior Citizens Center	<u>252,350</u>	<u>257,287</u>	<u>252,422</u>
Main Street Program:			
Personnel services	23,734	23,734	23,878
Supplies	2,000	2,000	2,440
Other services and charges	<u>24,750</u>	<u>438,750</u>	<u>432,432</u>
Total Main Street Program	<u>50,484</u>	<u>464,484</u>	<u>458,750</u>
Total community services	<u>5,558,245</u>	<u>6,159,668</u>	<u>5,813,110</u>
Total expenditures	<u>41,921,532</u>	<u>43,994,429</u>	<u>42,379,508</u>
OTHER FINANCING USES			
Transfers out	<u>210,000</u>	<u>860,000</u>	<u>860,000</u>
Total other financing uses	<u>210,000</u>	<u>860,000</u>	<u>860,000</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ <u>42,131,532</u>	\$ <u>44,854,429</u>	\$ <u>43,239,508</u>

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
\$ -	\$ 286,793	\$ (16,189)
-	6,782	2,818
-	192,550	10,459
-	-	6,500
-	486,125	3,588
-	131,336	1,345
831	21,180	4,508
-	100,737	(1,819)
831	253,253	4,034
-	23,878	(144)
-	2,440	(440)
-	432,432	6,318
-	458,750	5,734
47,101	5,860,211	299,457
192,425	42,571,933	1,422,496
-	860,000	-
-	860,000	-
\$ 192,425	\$ 43,431,933	\$ 1,422,496

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL IMPROVEMENT FUND

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Actual	Final
	Original	Final	GAAP Basis	Budget Basis	Budget Variance
REVENUES					
Investment income	\$ 250,000	\$ 250,000	\$ 7,553	\$ 7,553	\$(242,447)
Intergovernmental	500,000	500,000	-	-	(500,000)
Miscellaneous	4,000,000	4,000,000	-	-	(4,000,000)
Total revenues	4,750,000	4,750,000	7,553	7,553	(4,742,447)
EXPENDITURES					
Current:					
Streets	2,792,323	2,792,323	2,792,323	2,782,855	9,468
Capital outlay:					
Infrastructure and facility improvements	6,987,467	9,395,935	4,374,166	4,383,634	5,012,301
Debt service:					
Debt issuance costs	-	-	155,273	-	-
Total expenditures	9,779,790	12,188,258	7,321,762	7,166,489	5,021,769
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,029,790)	(7,438,258)	(7,314,209)	(7,158,936)	279,322
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	30,000,000	29,025,000	29,025,000	975,000
Premium on debt issuance	-	-	1,130,384	1,130,384	(1,130,384)
Sale of general capital assets	-	-	3,647,497	3,647,497	(3,647,497)
Transfers in	-	250,000	250,000	250,000	-
Total other financing sources (uses)	-	30,250,000	34,052,881	34,052,881	(3,802,881)
NET CHANGE IN FUND BALANCE	(5,029,790)	22,811,742	26,738,672	26,893,945	4,082,203
FUND BALANCE, BEGINNING	9,656,462	9,656,462	9,656,462	9,656,462	-
FUND BALANCE, ENDING	\$ 4,626,672	\$ 32,468,204	\$ 36,395,134	\$ 36,550,407	\$ 4,082,203

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Actual Budget Basis</u>	<u>Final Budget Variance</u>
	<u>Original</u>	<u>Final</u>			
REVENUES					
General property taxes	\$ 5,104,023	\$ 5,104,023	\$ 4,663,048	\$ 4,663,048	\$(440,975)
Investment income	5,500	5,500	2,119	2,119	(3,381)
Miscellaneous	<u>-</u>	<u>-</u>	<u>2,576</u>	<u>2,576</u>	<u>2,576</u>
Total revenues	<u>5,109,523</u>	<u>5,109,523</u>	<u>4,667,743</u>	<u>4,667,743</u>	<u>(441,780)</u>
EXPENDITURES					
Debt service:					
Principal	3,525,000	3,525,000	3,125,000	3,125,000	400,000
Interest	2,632,483	2,632,483	2,624,486	2,624,486	7,997
Agent fees	<u>7,750</u>	<u>7,750</u>	<u>4,700</u>	<u>4,700</u>	<u>3,050</u>
Total expenditures	<u>6,165,233</u>	<u>6,165,233</u>	<u>5,754,186</u>	<u>5,754,186</u>	<u>411,047</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,055,710)</u>	<u>(1,055,710)</u>	<u>(1,086,443)</u>	<u>(1,086,443)</u>	<u>(30,733)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>1,070,490</u>	<u>1,070,490</u>	<u>1,070,491</u>	<u>1,070,491</u>	<u>1</u>
Total other financing sources (uses)	<u>1,070,490</u>	<u>1,070,490</u>	<u>1,070,491</u>	<u>1,070,491</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	14,780	14,780	(15,952)	(15,952)	(30,732)
FUND BALANCE, BEGINNING	<u>451,868</u>	<u>451,868</u>	<u>451,868</u>	<u>451,868</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u>466,648</u>	\$ <u>466,648</u>	\$ <u>435,916</u>	\$ <u>435,916</u>	\$ <u>(30,732)</u>

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COMBINING STATEMENTS

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Hotel-Motel Fund – This fund accounts for revenue from a seven percent tax levied upon the cost of a hotel or motel room in the City, and for the operations of the Municipal Ballroom and Kidd-Key Auditorium which are supported by the tax. According to state civil statutes, this tax revenue can be used to promote tourism, maintain and repair convention facilities, promote the arts and humanities, or any other purpose directly related to those activities. Additionally, in accordance with bond covenants, two percent of the seven percent is to be used to pay debt service on bonds issued for auditorium improvements. These funds are accounted for in a separate Debt Service Fund.

Community Development Fund – This fund accounts for revenues received from the Community Development Block Grant and the expenditures allowed by grant terms.

PRIDE Program Fund – This fund accounts for public donations through a voluntary one dollar charge on utility bills for the parks and recreation improvement program, police drug enforcement program and/or the library.

Drug Enforcement Fund – This fund accounts for forfeitures awarded to the City by the courts and drug enforcement expenditures.

Municipal Airport Fund – This fund accounts for operations of the City's municipal airport and for grant moneys received to make capital improvements at the airport.

Emergency 9-1-1 Fund – This fund accounts for a public safety program that uses the charges to phone lines for enhanced 9-1-1 service for emergency dispatch services.

Court Security and Technology Fund – This fund accounts for two public safety programs that use court security and technology fees charged by the municipal court for expenditures related to the court.

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Street Revolving Fund – This fund accounts for street assessments, escrow deposits for future street improvements and donations by citizens for specific street improvements.

TIF #2 Construction Fund – This fund accounts for payments for infrastructure improvements within the zone that includes downtown on a pay-as-you-go basis.

TIF #3 Construction Fund – This fund accounts for payments for infrastructure improvements within the zone that includes the northeast corner of the intersection of US Hwy 75 and Loy Lake Road on a pay-as-you-go basis.

TIRZ #5 Construction Fund – This fund accounts for payments for infrastructure improvements within the zone that includes the northwest corner of US Hwy 75 and FM 1417 on a pay-as-you-go basis.

TIRZ #6 Construction Fund – This fund accounts for payments for infrastructure improvements within the zone that includes the area south of the intersection of US Hwy 75 and FM 691 on a pay-as-you-go basis.

TIRZ #7 Construction Fund – This fund accounts for payments for infrastructure improvements within the zone that includes the southeast corner of US Hwy 75 and FM 1417 on a pay-as-you-go basis.

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CAPITAL PROJECT FUNDS (Continued)

Roadway Impact Fee Zone #3 – This fund accounts for the assessment imposed against new development in Roadway Service Area 3, defined primarily as the area south of US Hwy 82 and east of US Hwy 75. The City of Sherman began collecting impact fees June 7, 2021, in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development in this service zone.

Regional Detention Construction Fund – This fund accounts for fees collected from real estate developers to be used for the future construction of a regional stormwater detention facility.

Stormwater Fund – This fund accounts for the fee assessed on impervious area in the City collected on utility bills. The revenue from the fee is restricted by law for use on stormwater projects.

PERMANENT FUND

The Permanent Fund is used to account for the resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's program.

Perpetual Care, Cemetery and Mausoleum Fund – This fund is used to account for principal trust amounts received and related interest income. The interest portion of this fund can be used to maintain the community cemetery.

CITY OF SHERMAN, TEXAS

COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	Special Revenue			
	Hotel - Motel	Community Development	PRIDE Program	Drug Enforcement Program
ASSETS				
Cash	\$ -	\$ -	\$ 40,025	\$ 215,820
Pooled and temporary investments	3,130	-	-	-
Receivables (net of allowances for uncollectibles):				
Intergovernmental	-	269,930	-	-
Accounts	-	-	3,151	-
Taxes	<u>110,444</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 113,574</u>	<u>\$ 269,930</u>	<u>\$ 43,176</u>	<u>\$ 215,820</u>
LIABILITIES, DEFERRED INFLOWS OF AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 7,002	\$ 118,432	\$ 745	\$ -
Accrued wages payable	8,862	-	-	-
Customer deposits	5,825	-	-	-
Due to other funds	<u>83,132</u>	<u>151,498</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>104,821</u>	<u>269,930</u>	<u>745</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Restricted for:				
Law enforcement support	-	-	16,648	215,820
Airport and tourism	8,753	-	25,783	-
Infrastructure and facilities improvement	-	-	-	-
Cemetery maintenance	-	-	-	-
Committed to:				
New street development	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>8,753</u>	<u>-</u>	<u>42,431</u>	<u>215,820</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 113,574</u>	<u>\$ 269,930</u>	<u>\$ 43,176</u>	<u>\$ 215,820</u>

Special Revenue			Capital Projects			
Municipal Airport	Emergency 9-1-1	Court Security and Technology	Street Revolving	TIF #2 Construction	TIF #3 Construction	TIRZ #5 Construction
\$ 118,030	\$ 200,626	\$ 62,148	\$ 75,524	\$ 528,688	\$ 15,478	\$ 208,201
-	236,519	-	549,054	-	-	-
-	-	-	-	-	-	-
37,243	1,259	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 155,273</u>	<u>\$ 438,404</u>	<u>\$ 62,148</u>	<u>\$ 624,578</u>	<u>\$ 528,688</u>	<u>\$ 15,478</u>	<u>\$ 208,201</u>
\$ 38,111	\$ 469	\$ 35	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
8,415	-	-	162,808	-	-	-
-	-	-	-	-	-	-
<u>46,526</u>	<u>469</u>	<u>35</u>	<u>162,808</u>	<u>-</u>	<u>-</u>	<u>-</u>
50,000	-	-	-	-	-	-
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	437,935	62,113	-	-	-	-
58,747	-	-	-	-	-	-
-	-	-	-	528,688	15,478	208,201
-	-	-	-	-	-	-
-	-	-	461,770	-	-	-
-	-	-	-	-	-	-
<u>58,747</u>	<u>437,935</u>	<u>62,113</u>	<u>461,770</u>	<u>528,688</u>	<u>15,478</u>	<u>208,201</u>
<u>\$ 155,273</u>	<u>\$ 438,404</u>	<u>\$ 62,148</u>	<u>\$ 624,578</u>	<u>\$ 528,688</u>	<u>\$ 15,478</u>	<u>\$ 208,201</u>

CITY OF SHERMAN, TEXAS

COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	Capital Projects			
	TIRZ #6 Construction	TIRZ #7 Construction	Roadway Impact Fee Zone #3	Regional Detention
ASSETS				
Cash	\$ 1,032,952	\$ -	\$ 1,056	\$ 382,841
Pooled and temporary investments	-	-	-	-
Receivables (net of allowances for uncollectibles):				
Intergovernmental	-	-	-	-
Accounts	-	-	-	-
Taxes	-	-	-	-
 Total assets	 \$ 1,032,952	 \$ -	 \$ 1,056	 \$ 382,841
LIABILITIES, DEFERRED INFLOWS OF AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages payable	-	-	-	-
Customer deposits	-	-	-	-
Due to other funds	-	103,240	-	-
Total liabilities	-	103,240	-	-
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Restricted for:				
Law enforcement support	-	-	-	-
Airport and tourism	-	-	-	-
Infrastructure and facilities improvement	1,032,952	-	1,056	382,841
Cemetery maintenance	-	-	-	-
Committed to:				
New street development	-	-	-	-
Unassigned	-	(103,240)	-	-
Total fund balances	1,032,952	(103,240)	1,056	382,841
 Total liabilities, deferred inflows of resources and fund balances	 \$ 1,032,952	 \$ -	 \$ 1,056	 \$ 382,841

<u>Capital Projects</u>	<u>Permanent</u>	
<u>Stormwater</u>	<u>Perpetual</u>	<u>Total</u>
<u>Fund</u>	<u>Care</u>	<u>Nonmajor</u>
	<u>Cemetery and</u>	<u>Governmental</u>
	<u>Mausoleum</u>	<u>Funds</u>
\$ -	\$ 2,444	\$ 2,883,833
1,671,052	1,979,360	4,439,115
-	-	269,930
44,520	22,525	108,698
-	-	110,444
\$ <u>1,715,572</u>	\$ <u>2,004,329</u>	\$ <u>7,812,020</u>
\$ 59,275	\$ -	\$ 224,069
-	-	8,862
-	-	177,048
<u>131,600</u>	<u>-</u>	<u>469,470</u>
<u>190,875</u>	<u>-</u>	<u>879,449</u>
-	-	50,000
-	-	50,000
-	100,000	100,000
-	-	732,516
-	-	93,283
1,524,697	-	3,693,913
-	1,904,329	1,904,329
-	-	461,770
-	-	(103,240)
<u>1,524,697</u>	<u>2,004,329</u>	<u>6,782,571</u>
\$ <u>1,715,572</u>	\$ <u>2,004,329</u>	\$ <u>7,812,020</u>

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue			
	Hotel - Motel	Community Development	PRIDE Program	Drug Enforcement Program
REVENUES				
General property taxes	\$ -	\$ -	\$ -	\$ -
Nonproperty taxes	608,255	-	-	-
Intergovernmental	2,406	446,280	-	-
Charges for services	25,875	-	-	-
Fines and forfeitures	-	-	-	17,500
Investment income (loss)	2	-	188	545
Donations	-	-	43,257	-
Perpetual care contracts	-	-	-	-
Miscellaneous	59,469	-	-	-
Total revenues	<u>696,007</u>	<u>446,280</u>	<u>43,445</u>	<u>18,045</u>
EXPENDITURES				
Current:				
Public safety	-	-	1,836	7,927
Community services	742,575	-	16,332	-
Community development	-	446,280	-	-
Capital outlay	-	-	16,386	-
Total expenditures	<u>742,575</u>	<u>446,280</u>	<u>34,554</u>	<u>7,927</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(46,568)</u>	<u>-</u>	<u>8,891</u>	<u>10,118</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	210,000	-	-	-
Transfers out	(108,490)	(2,257)	-	-
Total other financing sources (uses)	<u>101,510</u>	<u>(2,257)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	54,942	(2,257)	8,891	10,118
FUND BALANCES, BEGINNING	<u>(46,189)</u>	<u>2,257</u>	<u>33,540</u>	<u>205,702</u>
FUND BALANCES, ENDING	<u>\$ 8,753</u>	<u>\$ -</u>	<u>\$ 42,431</u>	<u>\$ 215,820</u>

Special Revenue			Capital Projects			
Municipal Airport	Emergency 9-1-1	Court Security and Technology	Street Revolving	TIF #2 Construction	TIF #3 Construction	TIRZ #5 Construction
\$ -	\$ -	\$ -	\$ -	\$ 190,475	\$ 181,278	\$ 67,359
-	-	-	-	-	-	-
19,304	-	-	-	-	-	64,970
465,679	299,418	-	-	-	-	-
-	-	29,011	-	-	-	-
524	953	200	1,686	1,754	374	3,715
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>485,507</u>	<u>300,371</u>	<u>29,211</u>	<u>1,686</u>	<u>192,229</u>	<u>181,652</u>	<u>136,044</u>
-	185,420	25,362	-	-	-	-
463,889	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>116,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,199</u>	<u>200,000</u>	<u>250,000</u>
<u>580,141</u>	<u>185,420</u>	<u>25,362</u>	<u>-</u>	<u>34,199</u>	<u>200,000</u>	<u>250,000</u>
(94,634)	<u>114,951</u>	<u>3,849</u>	<u>1,686</u>	<u>158,030</u>	(18,348)	(113,956)
-	-	-	-	-	-	-
-	-	-	-	-	-	(289,000)
-	-	-	-	-	-	(289,000)
(94,634)	114,951	3,849	1,686	158,030	(18,348)	(402,956)
<u>153,381</u>	<u>322,984</u>	<u>58,264</u>	<u>460,084</u>	<u>370,658</u>	<u>33,826</u>	<u>611,157</u>
\$ <u>58,747</u>	\$ <u>437,935</u>	\$ <u>62,113</u>	\$ <u>461,770</u>	\$ <u>528,688</u>	\$ <u>15,478</u>	\$ <u>208,201</u>

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2021

	Capital Projects			
	TIRZ #6 Construction	TIRZ #7 Construction	Roadway Impact Fee Zone #3	Regional Detention
REVENUES				
General property taxes	\$ 26,164	\$ 49,217	\$ -	\$ -
Nonproperty taxes	-	-	-	-
Intergovernmental	25,237	47,472	-	-
Charges for services	-	-	1,056	-
Fines and forfeitures	-	-	-	-
Investment income (loss)	4,645	163	-	1,483
Donations	-	-	-	-
Perpetual care contracts	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>56,046</u>	<u>96,852</u>	<u>1,056</u>	<u>1,483</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Community services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	11,745	-	-
Total expenditures	<u>-</u>	<u>11,745</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>56,046</u>	<u>85,107</u>	<u>1,056</u>	<u>1,483</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(226,000)	(178,000)	-	-
Total other financing sources (uses)	<u>(226,000)</u>	<u>(178,000)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(169,954)	(92,893)	1,056	1,483
FUND BALANCES, BEGINNING	<u>1,202,906</u>	<u>(10,347)</u>	<u>-</u>	<u>381,358</u>
FUND BALANCES, ENDING	<u>\$ 1,032,952</u>	<u>\$ (103,240)</u>	<u>\$ 1,056</u>	<u>\$ 382,841</u>

<u>Capital Projects</u>	<u>Permanent</u>	
<u>Stormwater</u>	<u>Perpetual</u>	<u>Total</u>
<u>Fund</u>	<u>Cemetery and</u>	<u>Nonmajor</u>
	<u>Mausoleum</u>	<u>Governmental</u>
		<u>Funds</u>
\$ -	\$ -	\$ 514,493
-	-	608,255
-	-	605,669
448,520	-	1,240,548
-	-	46,511
919	258,460	275,611
-	-	43,257
-	13,036	13,036
-	-	59,469
<u>449,439</u>	<u>271,496</u>	<u>3,406,849</u>
-	-	220,545
123,861	-	1,346,657
-	-	446,280
<u>254,470</u>	<u>-</u>	<u>883,052</u>
<u>378,331</u>	<u>-</u>	<u>2,896,534</u>
<u>71,108</u>	<u>271,496</u>	<u>510,315</u>
-	-	210,000
(269,000)	-	(1,072,747)
(269,000)	-	(862,747)
(197,892)	271,496	(352,432)
<u>1,722,589</u>	<u>1,732,833</u>	<u>7,235,003</u>
\$ <u>1,524,697</u>	\$ <u>2,004,329</u>	\$ <u>6,882,571</u>

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HOTEL - MOTEL FUND

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustment</u>	<u>Actual</u>	<u>Final</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Variance</u>
REVENUES						
Nonproperty taxes	\$ 528,000	\$ 600,000	\$ 608,255	\$ -	\$ 608,255	\$ 8,255
Intergovernmental	-	-	2,406	-	2,406	2,406
Charges for services	18,000	18,000	25,875	-	25,875	7,875
Investment income	-	-	2	-	2	2
Miscellaneous	<u>35,000</u>	<u>35,000</u>	<u>59,469</u>	<u>-</u>	<u>59,469</u>	<u>24,469</u>
Total revenues	<u>581,000</u>	<u>653,000</u>	<u>696,007</u>	<u>-</u>	<u>696,007</u>	<u>43,007</u>
EXPENDITURES						
Current:						
Community services						
Tourism	599,694	674,694	688,038	-	688,038	(13,344)
Auditorium	19,640	19,640	21,506	-	21,506	(1,866)
Ballroom	<u>67,620</u>	<u>67,620</u>	<u>33,031</u>	<u>27,000</u>	<u>60,031</u>	<u>7,589</u>
Total expenditures	<u>686,954</u>	<u>761,954</u>	<u>742,575</u>	<u>27,000</u>	<u>769,575</u>	<u>(7,621)</u>
EXCESS (DEFICIENCY) OF REVENUES						
OVER (UNDER) EXPENDITURES	<u>(105,954)</u>	<u>(108,954)</u>	<u>(46,568)</u>	<u>(27,000)</u>	<u>(73,568)</u>	<u>35,386</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	210,000	210,000	210,000	-	210,000	-
Transfers out	<u>(108,490)</u>	<u>(108,490)</u>	<u>(108,490)</u>	<u>-</u>	<u>(108,490)</u>	<u>-</u>
Total other financing sources (uses)	<u>101,510</u>	<u>101,510</u>	<u>101,510</u>	<u>-</u>	<u>101,510</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(4,444)</u>	<u>(7,444)</u>	<u>54,942</u>	<u>(27,000)</u>	<u>27,942</u>	<u>35,386</u>
FUND BALANCE, BEGINNING	<u>(46,189)</u>	<u>(46,189)</u>	<u>(46,189)</u>	<u>-</u>	<u>(46,189)</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$(50,633)</u>	<u>\$(53,633)</u>	<u>\$ 8,753</u>	<u>\$(27,000)</u>	<u>\$(18,247)</u>	<u>\$ 35,386</u>

CITY OF SHERMAN, TEXAS

SCHEUDLE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY DEVELOPMENT FUND

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u>	<u>Final</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Budget</u>	<u>Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Variance</u>
REVENUES					
Intergovernmental	\$ 446,280	\$ 446,280	\$ 446,280	\$ 446,280	\$ -
Total revenues	<u>446,280</u>	<u>446,280</u>	<u>446,280</u>	<u>446,280</u>	<u>-</u>
EXPENDITURES					
Current:					
Community development					
Administration	51,327	51,327	51,327	51,327	-
Demolition and clearing	36,078	36,078	36,078	36,078	-
Public service	<u>358,875</u>	<u>358,875</u>	<u>358,875</u>	<u>358,875</u>	<u>-</u>
Total expenditures	<u>446,280</u>	<u>446,280</u>	<u>446,280</u>	<u>446,280</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(2,257)	(2,257)	(2,257)	(2,257)	-
Total other financing sources (uses)	<u>(2,257)</u>	<u>(2,257)</u>	<u>(2,257)</u>	<u>(2,257)</u>	<u>-</u>
FUND BALANCE, BEGINNING	<u>2,257</u>	<u>2,257</u>	<u>2,257</u>	<u>2,257</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PRIDE PROGRAM

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Adjustment	Actual	Final
	Original	Final	GAAP	Budget	Budget	Budget
			Basis	Basis	Basis	Variance
REVENUES						
Investment income	\$ 575	\$ 575	\$ 188	\$ -	\$ 188	\$ (387)
Donations	<u>29,400</u>	<u>50,400</u>	<u>43,257</u>	<u>-</u>	<u>43,257</u>	<u>(7,143)</u>
Total revenues	<u>29,975</u>	<u>50,975</u>	<u>43,445</u>	<u>-</u>	<u>43,445</u>	<u>(7,530)</u>
EXPENDITURES						
Current:						
Public safety						
Drug enforcement	23,000	23,000	1,836	-	1,836	21,164
Community services						
Park maintenance	25,000	33,931	7,397	-	7,397	26,534
Library materials	10,000	10,000	8,935	-	8,935	1,065
Capital Outlay	<u>-</u>	<u>16,000</u>	<u>16,386</u>	<u>25,705</u>	<u>42,091</u>	<u>(26,091)</u>
Total expenditures	<u>58,000</u>	<u>82,931</u>	<u>34,554</u>	<u>25,705</u>	<u>85,964</u>	<u>(3,033)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(28,025)</u>	<u>(31,956)</u>	<u>8,891</u>	<u>(25,705)</u>	<u>(42,519)</u>	<u>(10,563)</u>
FUND BALANCE, BEGINNING	<u>33,540</u>	<u>33,540</u>	<u>33,540</u>	<u>-</u>	<u>33,540</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 5,515</u>	<u>\$ 1,584</u>	<u>\$ 42,431</u>	<u>\$ (25,705)</u>	<u>\$ 16,726</u>	<u>\$ 15,142</u>

CITY OF SHERMAN, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG ENFORCEMENT FUND**

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u>	<u>Final</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Budget</u>	<u>Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Variance</u>
REVENUES					
Fines and forfeitures	\$ 200,000	\$ 200,000	\$ 17,500	\$ 17,500	\$(182,500)
Investment income	<u>4,000</u>	<u>4,000</u>	<u>545</u>	<u>545</u>	<u>(3,455)</u>
Total revenues	<u>204,000</u>	<u>204,000</u>	<u>18,045</u>	<u>18,045</u>	<u>(185,955)</u>
EXPENDITURES					
Current:					
Public safety					
Drug enforcement	<u>268,200</u>	<u>268,200</u>	<u>7,927</u>	<u>7,927</u>	<u>260,273</u>
Total expenditures	<u>268,200</u>	<u>268,200</u>	<u>7,927</u>	<u>7,927</u>	<u>260,273</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(64,200)</u>	<u>(64,200)</u>	<u>10,118</u>	<u>10,118</u>	<u>74,318</u>
FUND BALANCE, BEGINNING	<u>205,702</u>	<u>205,702</u>	<u>205,702</u>	<u>205,702</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 141,502</u>	<u>\$ 141,502</u>	<u>\$ 215,820</u>	<u>\$ 215,820</u>	<u>\$ 74,318</u>

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MUNICIPAL AIRPORT FUND

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Actual Budget Basis</u>	<u>Final Budget Variance</u>
	<u>Original</u>	<u>Final</u>			
REVENUES					
Intergovernmental	\$ 50,000	\$ 50,000	\$ 19,304	\$ 19,304	\$(30,696)
Investment income	2,500	2,500	524	524	(1,976)
Airport rentals	68,200	68,200	90,376	90,376	22,176
Fuel sales	<u>300,000</u>	<u>360,000</u>	<u>375,303</u>	<u>375,303</u>	<u>15,303</u>
Total revenues	<u>420,700</u>	<u>480,700</u>	<u>485,507</u>	<u>466,203</u>	<u>(14,497)</u>
EXPENDITURES					
Current:					
Community services					
Airport operation	440,243	485,243	463,889	463,889	21,354
Capital outlay	<u>100,000</u>	<u>138,000</u>	<u>116,252</u>	<u>116,252</u>	<u>21,748</u>
Total expenditures	<u>540,243</u>	<u>623,243</u>	<u>580,141</u>	<u>580,141</u>	<u>43,102</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(119,543)</u>	<u>(142,543)</u>	<u>(94,634)</u>	<u>(113,938)</u>	<u>28,605</u>
FUND BALANCE, BEGINNING	<u>153,381</u>	<u>153,381</u>	<u>153,381</u>	<u>153,381</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u>33,838</u>	\$ <u>10,838</u>	\$ <u>58,747</u>	\$ <u>39,443</u>	\$ <u>28,605</u>

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMERGENCY 9-1-1 FUND

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Adjustment	Actual	Final
	Original	Final	GAAP	Budget	Budget	Budget
			Basis	Basis	Basis	Variance
REVENUES						
Charges for services	\$ 300,000	\$ 300,000	\$ 299,418	\$ -	\$ 299,418	\$ (582)
Investment income	<u>6,000</u>	<u>6,000</u>	<u>953</u>	<u>-</u>	<u>953</u>	<u>(5,047)</u>
Total revenues	<u>306,000</u>	<u>306,000</u>	<u>300,371</u>	<u>-</u>	<u>300,371</u>	<u>(5,629)</u>
EXPENDITURES						
Current:						
Public safety						
Emergency 9-1-1 services	289,134	280,926	185,420	-	185,420	95,506
Capital outlay	<u>107,809</u>	<u>128,666</u>	<u>-</u>	<u>103,366</u>	<u>103,366</u>	<u>25,300</u>
Total expenditures	<u>396,943</u>	<u>409,592</u>	<u>185,420</u>	<u>103,366</u>	<u>288,786</u>	<u>120,806</u>
EXCESS (DEFICIENCY) OF REVENUES						
OVER (UNDER) EXPENDITURES	<u>(90,943)</u>	<u>(103,592)</u>	<u>114,951</u>	<u>(103,366)</u>	<u>11,585</u>	<u>115,177</u>
FUND BALANCE, BEGINNING	<u>322,984</u>	<u>322,984</u>	<u>322,984</u>	<u>-</u>	<u>322,984</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 232,041</u>	<u>\$ 219,392</u>	<u>\$ 437,935</u>	<u>\$ (103,366)</u>	<u>\$ 334,569</u>	<u>\$ 115,177</u>

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COURT SECURITY AND TECHNOLOGY FUND

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustment Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Final Budget Variance</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
Fines and forfeitures	\$ 27,120	\$ 27,120	\$ 29,011	\$ -	\$ 29,011	\$ 1,891
Investment income	<u>750</u>	<u>750</u>	<u>200</u>	<u>-</u>	<u>200</u>	<u>(550)</u>
Total revenues	<u>27,870</u>	<u>27,870</u>	<u>29,211</u>	<u>-</u>	<u>29,211</u>	<u>1,341</u>
EXPENDITURES						
Current:						
Public safety						
Security	10,000	10,000	279	-	279	9,721
Technology	<u>38,230</u>	<u>38,506</u>	<u>25,083</u>	<u>(276)</u>	<u>24,807</u>	<u>13,699</u>
Total expenditures	<u>48,230</u>	<u>48,506</u>	<u>25,362</u>	<u>(276)</u>	<u>25,086</u>	<u>23,420</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(20,360)</u>	<u>(20,636)</u>	<u>3,849</u>	<u>276</u>	<u>4,125</u>	<u>24,761</u>
FUND BALANCE, BEGINNING	<u>58,264</u>	<u>58,264</u>	<u>58,264</u>	<u>-</u>	<u>58,264</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 37,904</u>	<u>\$ 37,628</u>	<u>\$ 62,113</u>	<u>\$ 276</u>	<u>\$ 62,389</u>	<u>\$ 24,761</u>

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET REVOLVING FUND

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Actual Budget Basis</u>	<u>Final Budget Variance</u>
	<u>Original</u>	<u>Final</u>			
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	<u>8,000</u>	<u>8,000</u>	<u>1,686</u>	<u>1,686</u>	<u>(6,314)</u>
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>1,686</u>	<u>1,686</u>	<u>(6,314)</u>
EXPENDITURES					
Streets	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(42,000)</u>	<u>(42,000)</u>	<u>1,686</u>	<u>1,686</u>	<u>43,686</u>
FUND BALANCE, BEGINNING	<u>460,084</u>	<u>460,084</u>	<u>460,084</u>	<u>460,084</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 418,084</u>	<u>\$ 418,084</u>	<u>\$ 461,770</u>	<u>\$ 461,770</u>	<u>\$ 43,686</u>

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIF #2 CONSTRUCTION FUND

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual GAAP	Actual	Final
	Original	Final	Basis	Budget Basis	Budget Variance
REVENUES					
Property taxes	\$ 192,771	\$ 192,771	\$ 190,475	\$ 190,475	\$(2,296)
Investment income	4,000	4,000	1,754	1,754	(2,246)
Total revenues	<u>196,771</u>	<u>196,771</u>	<u>192,229</u>	<u>192,229</u>	<u>(4,542)</u>
EXPENDITURES					
Capital outlay	<u>510,000</u>	<u>510,000</u>	<u>34,199</u>	<u>34,199</u>	<u>475,801</u>
Total expenditures	<u>510,000</u>	<u>510,000</u>	<u>34,199</u>	<u>34,199</u>	<u>475,801</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(313,229)</u>	<u>(313,229)</u>	<u>158,030</u>	<u>158,030</u>	<u>471,259</u>
FUND BALANCE, BEGINNING	<u>370,658</u>	<u>370,658</u>	<u>370,658</u>	<u>370,658</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 57,429</u>	<u>\$ 57,429</u>	<u>\$ 528,688</u>	<u>\$ 528,688</u>	<u>\$ 471,259</u>

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIF #3 CONSTRUCTION FUND

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual GAAP	Actual	Final
	Original	Final	Basis	Budget Basis	Budget Variance
REVENUES					
Property taxes	\$ 181,278	\$ 181,278	\$ 181,278	\$ 181,278	\$ -
Investment income	500	500	374	374	(126)
Total revenues	<u>181,778</u>	<u>181,778</u>	<u>181,652</u>	<u>181,652</u>	<u>(126)</u>
EXPENDITURES					
Capital outlay	<u>250,000</u>	<u>250,000</u>	<u>200,000</u>	<u>200,000</u>	<u>50,000</u>
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>200,000</u>	<u>200,000</u>	<u>50,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(68,222)</u>	<u>(68,222)</u>	<u>(18,348)</u>	<u>(18,348)</u>	<u>(50,126)</u>
FUND BALANCE, BEGINNING	<u>33,826</u>	<u>33,826</u>	<u>33,826</u>	<u>33,826</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$(34,396)</u>	<u>\$(34,396)</u>	<u>\$ 15,478</u>	<u>\$ 15,478</u>	<u>\$ 49,874</u>

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIRZ #5 CONSTRUCTION FUND

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Actual	Final
	Original	Final	GAAP Basis	Budget Basis	Budget Variance
REVENUES					
Property taxes	\$ 67,533	\$ 67,533	\$ 67,359	\$ 67,359	\$(174)
Intergovernmental	72,938	72,938	64,970	64,970	(7,968)
Investment income	<u>20,000</u>	<u>20,000</u>	<u>3,715</u>	<u>3,715</u>	<u>(16,285)</u>
Total revenues	<u>160,471</u>	<u>160,471</u>	<u>136,044</u>	<u>136,044</u>	<u>(24,427)</u>
EXPENDITURES					
Capital outlay	<u>300,000</u>	<u>300,000</u>	<u>250,000</u>	<u>250,000</u>	<u>50,000</u>
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>250,000</u>	<u>250,000</u>	<u>50,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(139,529)</u>	<u>(139,529)</u>	<u>(113,956)</u>	<u>(113,956)</u>	<u>25,573</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(289,000)</u>	<u>(289,000)</u>	<u>(289,000)</u>	<u>(289,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(289,000)</u>	<u>(289,000)</u>	<u>(289,000)</u>	<u>(289,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(428,529)</u>	<u>(428,529)</u>	<u>(402,956)</u>	<u>(402,956)</u>	<u>25,573</u>
FUND BALANCE, BEGINNING	<u>611,157</u>	<u>611,157</u>	<u>611,157</u>	<u>611,157</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 182,628</u>	<u>\$ 182,628</u>	<u>\$ 208,201</u>	<u>\$ 208,201</u>	<u>\$ 25,573</u>

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIRZ #6 CONSTRUCTION FUND

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Property taxes	\$ 26,232	\$ 26,232	\$ 26,164	\$ 26,164	\$(68)
Intergovernmental	30,131	30,131	25,237	25,237	(4,894)
Investment income	<u>20,000</u>	<u>20,000</u>	<u>4,645</u>	<u>4,645</u>	<u>(15,355)</u>
Total revenues	<u>76,363</u>	<u>76,363</u>	<u>56,046</u>	<u>56,046</u>	<u>(20,317)</u>
EXPENDITURES					
Capital outlay	<u>900,000</u>	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>900,000</u>
Total expenditures	<u>900,000</u>	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>900,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(823,637)</u>	<u>(823,637)</u>	<u>56,046</u>	<u>56,046</u>	<u>879,683</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(226,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(226,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(1,049,637)</u>	<u>(1,049,637)</u>	<u>(169,954)</u>	<u>(169,954)</u>	<u>879,683</u>
FUND BALANCE, BEGINNING	<u>1,202,906</u>	<u>1,202,906</u>	<u>1,202,906</u>	<u>1,202,906</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 153,269</u>	<u>\$ 153,269</u>	<u>\$ 1,032,952</u>	<u>\$ 1,032,952</u>	<u>\$ 879,683</u>

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIRZ #7 CONSTRUCTION FUND

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Actual	Final
	Original	Final	GAAP	Budget	Budget
			Basis	Basis	Variance
REVENUES					
Property taxes	\$ 50,643	\$ 50,643	\$ 49,217	\$ 49,217	\$(1,426)
Intergovernmental	54,587	54,587	47,472	47,472	(7,115)
Investment income	1,500	1,500	163	163	(1,337)
Total revenues	<u>106,730</u>	<u>106,730</u>	<u>96,852</u>	<u>96,852</u>	<u>(9,878)</u>
EXPENDITURES					
Capital outlay	<u>2,500,000</u>	<u>2,500,000</u>	<u>11,745</u>	<u>11,745</u>	<u>2,488,255</u>
Total expenditures	<u>2,500,000</u>	<u>2,500,000</u>	<u>11,745</u>	<u>11,745</u>	<u>2,488,255</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,393,270)</u>	<u>(2,393,270)</u>	<u>85,107</u>	<u>85,107</u>	<u>2,478,377</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	6,000,000	6,000,000	-	-	6,000,000
Transfers out	<u>(178,000)</u>	<u>(178,000)</u>	<u>(178,000)</u>	<u>(178,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,822,000</u>	<u>5,822,000</u>	<u>(178,000)</u>	<u>(178,000)</u>	<u>(6,000,000)</u>
NET CHANGE IN FUND BALANCE	3,428,730	3,428,730	(92,893)	(92,893)	(3,521,623)
FUND BALANCE, BEGINNING	<u>(10,347)</u>	<u>(10,347)</u>	<u>(10,347)</u>	<u>(10,347)</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 3,418,383</u>	<u>\$ 3,418,383</u>	<u>\$(103,240)</u>	<u>\$(103,240)</u>	<u>\$(3,521,623)</u>

CITY OF SHERMAN, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ROADWAY IMPACT FEE #3 FUND**

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Actual	Final
	Original	Final	GAAP	Budget	Budget
			Basis	Basis	Variance
REVENUES					
Charges for services	\$ -	\$ -	\$ 1,056	\$ 1,056	\$ 1,056
Total revenues	-	-	1,056	1,056	1,056
EXPENDITURES					
Total expenditures	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,056	1,056	1,056
FUND BALANCE, BEGINNING	-	-	-	-	-
FUND BALANCE, ENDING	\$ -	\$ -	\$ 1,056	\$ 1,056	\$ 1,056

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
REGIONAL DETENTION FUND

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Charges for services	\$ 20,000	\$ 20,000	\$ -	\$ -	\$(20,000)
Investment income	<u>4,000</u>	<u>4,000</u>	<u>1,483</u>	<u>1,483</u>	<u>(2,517)</u>
Total revenues	<u>24,000</u>	<u>24,000</u>	<u>1,483</u>	<u>1,483</u>	<u>(22,517)</u>
EXPENDITURES					
Capital outlay	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(176,000)</u>	<u>(176,000)</u>	<u>1,483</u>	<u>1,483</u>	<u>177,483</u>
FUND BALANCE, BEGINNING	<u>381,358</u>	<u>381,358</u>	<u>381,358</u>	<u>381,358</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u>205,358</u>	\$ <u>205,358</u>	\$ <u>382,841</u>	\$ <u>382,841</u>	\$ <u>177,483</u>

CITY OF SHERMAN, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORMWATER FUND**

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Actual	Final
	Original	Final	GAAP Basis	Budget Basis	Budget Variance
REVENUES					
Charges for services	\$ 444,000	\$ 444,000	\$ 448,520	\$ 448,520	\$ 4,520
Investment income	<u>30,000</u>	<u>30,000</u>	<u>919</u>	<u>919</u>	<u>(29,081)</u>
Total revenues	<u>474,000</u>	<u>474,000</u>	<u>449,439</u>	<u>449,439</u>	<u>(24,561)</u>
EXPENDITURES					
Current:					
Community services	163,825	163,825	123,861	123,861	39,964
Capital outlay	<u>1,000,000</u>	<u>1,000,000</u>	<u>254,470</u>	<u>254,470</u>	<u>745,530</u>
Total expenditures	<u>1,163,825</u>	<u>1,163,825</u>	<u>378,331</u>	<u>378,331</u>	<u>785,494</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(689,825)</u>	<u>(689,825)</u>	<u>71,108</u>	<u>71,108</u>	<u>760,933</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(269,000)</u>	<u>(269,000)</u>	<u>(269,000)</u>	<u>(269,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(269,000)</u>	<u>(269,000)</u>	<u>(269,000)</u>	<u>(269,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(958,825)</u>	<u>(958,825)</u>	<u>(197,892)</u>	<u>(197,892)</u>	<u>760,933</u>
FUND BALANCE, BEGINNING	<u>1,722,589</u>	<u>1,722,589</u>	<u>1,722,589</u>	<u>1,722,589</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 763,764</u>	<u>\$ 763,764</u>	<u>\$ 1,524,697</u>	<u>\$ 1,524,697</u>	<u>\$ 760,933</u>

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERPETUAL CARE CEMETERY AND MAUSOLEUM FUND

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Actual Budget Basis</u>	<u>Final Budget Variance</u>
	<u>Original</u>	<u>Final</u>			
REVENUES					
Investment income (loss)	\$ 100	\$ 100	\$ 258,460	\$ 258,460	\$ 258,360
Perpetual care contracts	<u>10,000</u>	<u>10,000</u>	<u>13,036</u>	<u>13,036</u>	<u>3,036</u>
Total revenues	<u>10,100</u>	<u>10,100</u>	<u>271,496</u>	<u>271,496</u>	<u>261,396</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,100</u>	<u>10,100</u>	<u>271,496</u>	<u>271,496</u>	<u>261,396</u>
FUND BALANCE, BEGINNING	<u>1,732,833</u>	<u>1,732,833</u>	<u>1,732,833</u>	<u>1,732,833</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u>1,742,933</u>	\$ <u>1,742,933</u>	\$ <u>2,004,329</u>	\$ <u>2,004,329</u>	\$ <u>261,396</u>

CITY OF SHERMAN, TEXAS

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

SEPTEMBER 30, 2021

ASSETS	Equipment Services	Information Technology	Insurance	Fleet Replacement	Total Governmental
Current:					
Cash	\$ 11,979	\$ 154,125	\$ 889,957	\$ 1,524,995	\$ 2,581,056
Pooled and temporary investments	-	1,141	-	-	1,141
Receivables (net of allowances for uncollectibles):					
Accounts	-	-	15,728	-	15,728
Inventories	171,506	-	-	-	171,506
Prepaid items	-	4,630	-	-	4,630
Total current assets	<u>183,485</u>	<u>159,896</u>	<u>905,685</u>	<u>1,524,995</u>	<u>2,774,061</u>
Capital assets:					
Land	55,250	-	-	-	55,250
Buildings	171,916	29,485	-	-	201,401
Improvements other than buildings	21,903	61,046	-	-	82,949
Machinery and equipment	598,862	724,014	-	24,269,089	25,591,965
Other assets	-	122,939	-	-	122,939
Total capital assets	<u>847,931</u>	<u>937,484</u>	<u>-</u>	<u>24,269,089</u>	<u>26,054,504</u>
Accumulated depreciation	(431,189)	(756,118)	-	(13,037,197)	(14,224,504)
Capital assets, net	<u>416,742</u>	<u>181,366</u>	<u>-</u>	<u>11,231,892</u>	<u>11,830,000</u>
Total assets	<u>600,227</u>	<u>341,262</u>	<u>905,685</u>	<u>12,756,887</u>	<u>14,604,061</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan - TMRS	98,853	59,550	-	-	158,403
OPEB - retiree health plan	21,073	12,695	-	-	33,768
OPEB - supplemental death benefit	13,500	8,132	-	-	21,632
Total deferred outflows of resources	<u>133,426</u>	<u>80,377</u>	<u>-</u>	<u>-</u>	<u>213,803</u>
LIABILITIES					
Current liabilities:					
Accounts payable	161,746	16,690	10,353	103,316	292,105
Accrued wages	37,872	25,079	-	-	62,951
Claims payable	-	-	373,965	-	373,965
Unearned revenue	-	-	9,711	-	9,711
Current portion of long-term liabilities:					
Capital lease obligations	-	-	-	683,815	683,815
Accrued compensated absences	47,673	48,230	-	-	95,903
Tax notes	-	-	-	333,043	333,043
Long-term liabilities (net of current portion):					
Capital lease obligations	-	-	-	1,984,358	1,984,358
Tax notes	-	-	-	1,462,126	1,462,126
Net pension liability	320,891	193,308	-	-	514,199
Total OPEB liability - retiree health plan	186,940	112,614	-	-	299,554
Total OPEB liability - supplemental death benefit	<u>47,304</u>	<u>28,496</u>	<u>-</u>	<u>-</u>	<u>75,800</u>
Total liabilities	<u>802,426</u>	<u>424,417</u>	<u>394,029</u>	<u>4,566,658</u>	<u>6,187,530</u>
DEFERRED INFLOWS OF RESOURCES					
Pension plan - TMRS	128,560	77,446	-	-	206,006
OPEB - retiree health plan	43,301	26,085	-	-	69,386
OPEB - supplemental death benefits	8,169	4,921	-	-	13,090
Total deferred inflows of resources	<u>180,030</u>	<u>108,452</u>	<u>-</u>	<u>-</u>	<u>288,482</u>
NET POSITION					
Net investment in capital assets	416,742	181,366	-	6,768,550	7,366,658
Unrestricted	(665,545)	(292,596)	511,656	1,421,679	975,194
Total net position	<u>\$ (248,803)</u>	<u>\$ (111,230)</u>	<u>\$ 511,656</u>	<u>\$ 8,190,229</u>	<u>\$ 8,341,852</u>

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CITY OF SHERMAN, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS**

YEAR ENDED SEPTEMBER 30, 2021

	<u>Equipment Services</u>	<u>Information Technology</u>	<u>Insurance</u>	<u>Fleet Replacement</u>	<u>Total Governmental</u>
OPERATING REVENUES					
Charges for services	\$ 3,506,626	\$ 1,014,808	\$ 5,481,390	\$ 1,612,036	\$ 11,614,860
Property taxes	-	-	-	400,950	400,950
Miscellaneous revenue	-	4,324	-	14,914	19,238
Total operating revenues	<u>3,506,626</u>	<u>1,019,132</u>	<u>5,481,390</u>	<u>2,027,900</u>	<u>12,035,048</u>
OPERATING EXPENSES					
Personnel services	936,201	566,811	-	-	1,503,012
Contractual services	385,811	106,744	5,094,302	32,731	5,619,588
Supplies	798,928	53,068	-	-	851,996
Maintenance and repair	1,304,490	132,463	-	-	1,436,953
Depreciation and amortization	52,505	81,838	-	2,259,480	2,393,823
Total operating expenses	<u>3,477,935</u>	<u>940,924</u>	<u>5,094,302</u>	<u>2,292,211</u>	<u>11,805,372</u>
OPERATING INCOME (LOSS)	<u>28,691</u>	<u>78,208</u>	<u>387,088</u>	<u>(264,311)</u>	<u>229,676</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on sale of assets	-	-	-	73,287	73,287
Investment income	-	231	2,406	1,552	4,189
Interest expense	-	-	-	(81,286)	(81,286)
Total nonoperating revenues (expenses)	<u>-</u>	<u>231</u>	<u>2,406</u>	<u>(6,447)</u>	<u>(3,810)</u>
CHANGE IN NET POSITION	<u>28,691</u>	<u>78,439</u>	<u>389,494</u>	<u>(270,758)</u>	<u>225,866</u>
NET POSITION, BEGINNING	<u>(277,494)</u>	<u>(189,669)</u>	<u>122,162</u>	<u>8,460,987</u>	<u>8,115,986</u>
NET POSITION, ENDING	<u>\$(248,803)</u>	<u>\$(111,230)</u>	<u>\$ 511,656</u>	<u>\$ 8,190,229</u>	<u>\$ 8,341,852</u>

CITY OF SHERMAN, TEXAS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

YEAR ENDED SEPTEMBER 30, 2021

	<u>Equipment Services</u>	<u>Information Technology</u>	<u>Insurance</u>	<u>Fleet Replacement</u>	<u>Total Governmental</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from interfund services	\$ 3,506,626	\$ 1,019,132	\$ 5,515,558	\$ 1,953,507	\$ 11,994,823
Cash paid for supplies and materials	(2,497,600)	(286,302)	-	70,585	(2,713,317)
Cash paid for premiums, claims and administrative costs	-	-	(4,951,533)	-	(4,951,533)
Cash paid for personnel services	(998,119)	(590,339)	-	-	(1,588,458)
Net cash provided (used) by operating activities	<u>10,907</u>	<u>142,491</u>	<u>564,025</u>	<u>2,024,092</u>	<u>2,741,515</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of assets	-	-	-	73,287	73,287
Acquisition of capital assets	(27,416)	(102,483)	-	(1,274,936)	(1,404,835)
Proceeds from issuance of long-term debt	-	-	-	1,132,286	1,132,286
Principal retirement of long-term debt	-	-	-	(350,000)	(350,000)
Interest paid on long-term debt	-	-	-	(81,286)	(81,286)
Net cash provided (used) by capital and related financing activities	<u>(27,416)</u>	<u>(102,483)</u>	<u>-</u>	<u>(500,649)</u>	<u>(630,548)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	-	231	2,406	1,552	4,189
Net cash provided by investing activities	<u>-</u>	<u>231</u>	<u>2,406</u>	<u>1,552</u>	<u>4,189</u>
NET INCREASE (DECREASE) IN CASH	(16,509)	40,239	566,431	1,524,995	2,115,156
CASH, BEGINNING	<u>28,488</u>	<u>113,886</u>	<u>323,526</u>	<u>-</u>	<u>465,900</u>
CASH, ENDING	<u>\$ 11,979</u>	<u>\$ 154,125</u>	<u>\$ 889,957</u>	<u>\$ 1,524,995</u>	<u>\$ 2,581,056</u>

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

YEAR ENDED SEPTEMBER 30, 2021

	Equipment Services	Information Technology	Insurance	Fleet Replacement	Total Governmental
RECONCILIATION OF OPERATING INCOME					
(LOSS) TO NET CASH PROVIDED (USED) BY					
OPERATING ACTIVITIES					
Operating income (loss)	\$ 28,691	\$ 78,208	\$ 387,088	\$ (264,311)	\$ 229,676
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	52,505	81,838	-	2,259,480	2,393,823
(Increase) decrease in:					
Accounts receivable (net)	-	-	35,662	-	35,662
Inventories	(34,619)	-	-	-	(34,619)
Prepaid items	-	2,308	-	-	2,308
Deferred outflows of resources	(1,682)	4,106	-	-	2,424
Increase (decrease) in :					
Accounts payable	26,248	3,665	1,809	103,316	135,038
Accrued wages payable	(2,517)	54	-	-	(2,463)
Unearned revenue	-	-	(1,494)	-	(1,494)
Due to other funds	-	-	-	(74,393)	(74,393)
Estimated liability for claims	-	-	140,960	-	140,960
Accrued compensated absences	3,715	10,080	-	-	13,795
Net pension liability	(70,920)	(49,165)	-	-	(120,085)
Net OPEB obligation	(6,703)	(8,001)	-	-	(14,704)
Deferred inflows of resources	<u>16,189</u>	<u>19,398</u>	<u>-</u>	<u>-</u>	<u>35,587</u>
Total adjustments	<u>(17,784)</u>	<u>64,283</u>	<u>176,937</u>	<u>2,288,403</u>	<u>2,511,839</u>
Net cash provided (used)					
by operating activities	\$ <u>10,907</u>	\$ <u>142,491</u>	\$ <u>564,025</u>	\$ <u>2,024,092</u>	\$ <u>2,741,515</u>

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STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Sherman's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	119
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property taxes.	129
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	146
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	153
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	154

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive the relevant year.

CITY OF SHERMAN, TEXAS**NET POSITION BY COMPONENT**
(Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities:				
Net investment in capital assets	\$ 48,963	\$ 46,356	\$ 43,828	\$ 42,771
Restricted	3,157	3,076	3,409	3,366
Unrestricted	<u>6,426</u>	<u>6,543</u>	<u>8,763</u>	<u>4,513</u>
Total governmental activities net position	<u>\$ 58,546</u>	<u>\$ 55,975</u>	<u>\$ 56,000</u>	<u>\$ 50,650</u>
Business-type activities:				
Net investment in capital assets	\$ 34,442	\$ 32,807	\$ 31,588	\$ 30,296
Restricted	-	-	-	-
Unrestricted	<u>10,938</u>	<u>9,887</u>	<u>8,750</u>	<u>7,052</u>
Total business-type activities net position	<u>\$ 45,380</u>	<u>\$ 42,694</u>	<u>\$ 40,338</u>	<u>\$ 37,348</u>
Primary government:				
Net investment in capital assets	\$ 83,405	\$ 79,163	\$ 75,416	\$ 73,067
Restricted	3,157	3,076	3,409	3,366
Unrestricted	<u>17,364</u>	<u>16,430</u>	<u>17,513</u>	<u>11,565</u>
Total primary government net position	<u>\$ 103,926</u>	<u>\$ 98,669</u>	<u>\$ 96,338</u>	<u>\$ 87,998</u>

TABLE 1

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 42,119	\$ 42,277	\$ 35,591	\$ 26,556	\$ 23,785	\$ 20,738
2,676	2,703	7,914	6,008	6,942	6,525
646	(3,683)	(8,443)	(12,343)	(12,280)	(5,397)
<u>\$ 45,441</u>	<u>\$ 41,297</u>	<u>\$ 35,062</u>	<u>\$ 20,221</u>	<u>\$ 18,447</u>	<u>\$ 21,866</u>
\$ 29,071	\$ 28,114	\$ 27,192	\$ 25,987	\$ 26,167	\$ 24,504
-	-	-	-	-	-
6,257	4,959	3,175	1,890	1,270	1,375
<u>\$ 35,328</u>	<u>\$ 33,073</u>	<u>\$ 30,367</u>	<u>\$ 27,877</u>	<u>\$ 27,437</u>	<u>\$ 25,879</u>
\$ 71,190	\$ 70,391	\$ 62,783	\$ 52,543	\$ 49,952	\$ 45,242
2,676	2,703	7,914	6,008	6,942	6,525
6,903	1,276	(5,268)	(10,453)	(11,010)	(4,022)
<u>\$ 80,769</u>	<u>\$ 74,370</u>	<u>\$ 65,429</u>	<u>\$ 48,098</u>	<u>\$ 45,884</u>	<u>\$ 47,745</u>

CITY OF SHERMAN, TEXAS

CHANGES IN NET POSITION
(Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
EXPENSES				
Governmental activities:				
General government	\$ 6,347	\$ 6,548	\$ 6,662	\$ 6,303
Public safety	17,285	17,972	17,871	18,221
Streets	5,669	7,081	6,011	7,024
Sanitation	627	715	703	716
Community services	5,183	5,488	5,268	5,398
Community development	306	279	290	277
Interest on long-term debt	676	629	594	560
Total governmental activities expenses	<u>36,093</u>	<u>38,712</u>	<u>37,399</u>	<u>38,499</u>
Business-type activities:				
Water and sewer services	19,822	18,388	18,853	18,760
Solid waste services	4,228	4,354	4,540	4,423
Total business-type activities expenses	<u>24,050</u>	<u>22,742</u>	<u>23,393</u>	<u>23,183</u>
Total primary government program expenses	<u>\$ 60,143</u>	<u>\$ 61,454</u>	<u>\$ 60,792</u>	<u>\$ 61,682</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 116	\$ 114	\$ 99	\$ 97
Public safety	3,094	3,133	2,707	2,635
Streets	103	101	118	102
Sanitation	133	150	171	139
Community services	957	1,323	1,194	1,194
Community development	-	-	-	-
Operating grants and contributions	132	565	156	1,504
Capital grants and contributions	618	541	250	247
Total governmental activities program revenues	<u>5,153</u>	<u>5,927</u>	<u>4,695</u>	<u>5,918</u>
Business-type activities:				
Charges for services:				
Water and sewer service	19,584	19,720	19,870	20,548
Solid waste service	5,599	5,474	5,815	5,763
Capital grants and contributions	-	-	1,191	546
Total business-type activities program revenues	<u>25,183</u>	<u>25,194</u>	<u>26,876</u>	<u>26,857</u>
Total primary government program revenues	<u>\$ 30,336</u>	<u>\$ 31,121</u>	<u>\$ 31,571</u>	<u>\$ 32,775</u>

TABLE 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 9,178	\$ 7,061	\$ 6,411	\$ 6,592	\$ 7,070	\$ 7,089
19,655	21,582	21,056	24,076	25,886	24,623
6,481	7,053	9,156	19,873	10,492	11,044
748	778	734	858	959	732
5,760	5,874	6,054	6,595	7,281	7,808
339	321	231	351	441	441
665	1,491	1,672	2,461	2,678	3,319
<u>42,826</u>	<u>44,160</u>	<u>45,314</u>	<u>60,806</u>	<u>54,807</u>	<u>55,056</u>
20,569	21,591	23,098	24,346	24,961	24,360
<u>4,692</u>	<u>4,876</u>	<u>6,321</u>	<u>6,584</u>	<u>6,600</u>	<u>5,730</u>
<u>25,261</u>	<u>26,467</u>	<u>29,419</u>	<u>30,930</u>	<u>31,561</u>	<u>30,090</u>
\$ <u>68,087</u>	\$ <u>70,627</u>	\$ <u>74,733</u>	\$ <u>91,736</u>	\$ <u>86,368</u>	\$ <u>85,146</u>
\$ 88	\$ 78	\$ 446	\$ 842	\$ 780	\$ 1,323
2,512	3,383	3,784	3,518	3,165	3,137
99	137	153	213	359	279
125	106	109	94	77	75
868	965	903	1,083	811	1,084
-	-	-	-	1,716	-
183	402	331	1,030	1,254	2,252
546	407	685	156	2,984	347
<u>4,421</u>	<u>5,478</u>	<u>6,411</u>	<u>6,936</u>	<u>11,146</u>	<u>8,497</u>
20,674	20,760	22,481	22,229	23,213	23,877
6,218	6,264	6,690	6,943	7,122	7,466
289	389	1,322	1,391	2,129	600
<u>27,181</u>	<u>27,413</u>	<u>30,493</u>	<u>30,563</u>	<u>32,464</u>	<u>31,943</u>
\$ <u>31,602</u>	\$ <u>32,891</u>	\$ <u>36,904</u>	\$ <u>37,499</u>	\$ <u>43,610</u>	\$ <u>40,440</u>

CITY OF SHERMAN, TEXAS

CHANGES IN NET POSITION
(Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
NET (EXPENSE) REVENUES				
Governmental activities	\$(30,941)	\$(32,785)	\$(32,704)	\$(32,581)
Business-type activities	<u>1,133</u>	<u>2,452</u>	<u>3,484</u>	<u>3,674</u>
Total primary government net expense	<u>(29,808)</u>	<u>(30,333)</u>	<u>(29,220)</u>	<u>(28,907)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	7,072	7,291	7,793	8,811
Sales	13,203	13,872	14,806	15,058
Franchise and nonproperty	3,449	3,462	3,841	3,618
Investment earnings	190	78	120	20
Grants, donations, and special items	150	280	279	136
Gain/(loss) on sale of fixed assets	-	-	-	-
Transfers	<u>4,969</u>	<u>5,231</u>	<u>5,973</u>	<u>5,202</u>
Total governmental activities	<u>29,033</u>	<u>30,214</u>	<u>32,812</u>	<u>32,845</u>
Business-type activities:				
Investment earnings	48	35	13	57
Grants, donations, and special items	49	58	121	65
Transfers	<u>(4,969)</u>	<u>(5,231)</u>	<u>(5,973)</u>	<u>(5,202)</u>
Total business-type activities	<u>(4,872)</u>	<u>(5,138)</u>	<u>(5,839)</u>	<u>(5,080)</u>
Total primary government	<u>24,161</u>	<u>25,076</u>	<u>26,973</u>	<u>27,765</u>
CHANGE IN NET POSITION				
Governmental activities	(1,908)	(2,571)	108	264
Business-type activities	<u>(3,739)</u>	<u>(2,686)</u>	<u>(2,355)</u>	<u>(1,406)</u>
Total primary government	<u>\$(5,647)</u>	<u>\$(5,257)</u>	<u>\$(2,247)</u>	<u>\$(1,142)</u>

TABLE 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$(38,405)	\$(38,682)	\$(38,903)	\$(53,870)	\$(43,661)	\$(46,559)
<u>1,920</u>	<u>946</u>	<u>1,074</u>	<u>(367)</u>	<u>903</u>	<u>1,853</u>
<u>(36,485)</u>	<u>(37,736)</u>	<u>(37,829)</u>	<u>(54,237)</u>	<u>(42,758)</u>	<u>(44,706)</u>
9,341	10,808	12,127	13,057	16,271	17,627
15,636	15,563	17,839	18,024	18,696	21,564
3,425	3,490	3,655	3,568	3,447	3,651
154	353	489	1,054	483	325
222	303	226	496	359	240
9	(35)	2,035	(47)	31	3,046
<u>4,409</u>	<u>4,056</u>	<u>2,515</u>	<u>2,878</u>	<u>2,599</u>	<u>3,526</u>
<u>33,196</u>	<u>34,538</u>	<u>38,886</u>	<u>39,030</u>	<u>41,886</u>	<u>49,979</u>
66	45	40	173	94	14
402	810	516	581	1,161	101
<u>(4,408)</u>	<u>(4,056)</u>	<u>(2,515)</u>	<u>(2,878)</u>	<u>(2,599)</u>	<u>(3,526)</u>
<u>(3,940)</u>	<u>(3,201)</u>	<u>(1,959)</u>	<u>(2,124)</u>	<u>(1,344)</u>	<u>(3,411)</u>
<u>29,256</u>	<u>31,337</u>	<u>36,927</u>	<u>36,906</u>	<u>40,542</u>	<u>46,568</u>
(5,209)	(4,144)	(17)	(14,840)	(1,775)	3,420
<u>(2,020)</u>	<u>(2,255)</u>	<u>(885)</u>	<u>(2,491)</u>	<u>(441)</u>	<u>(1,558)</u>
<u>\$(7,229)</u>	<u>\$(6,399)</u>	<u>\$(902)</u>	<u>\$(17,331)</u>	<u>\$(2,216)</u>	<u>\$ 1,862</u>

CITY OF SHERMAN, TEXAS

FUND BALANCE
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund				
Nonspendable	\$ 13	\$ -	\$ -	\$ -
Reserved	-	-	-	-
Unreserved	-	-	-	-
Restricted	8	6	30	6
Assigned	119	119	139	141
Unassigned	<u>9,138</u>	<u>9,760</u>	<u>11,358</u>	<u>10,949</u>
Total general fund	\$ <u>9,278</u>	\$ <u>9,885</u>	\$ <u>11,527</u>	\$ <u>11,096</u>
All other governmental funds				
Nonspendable	\$ -	\$ 1,300	\$ 1,300	\$ -
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Committed	450	451	418	419
Restricted	3,226	3,145	3,446	3,420
Assigned	457	-	-	1,758
Unassigned	<u>-</u>	<u>(1,077)</u>	<u>(658)</u>	<u>-</u>
Total all other governmental funds	\$ <u>4,133</u>	\$ <u>3,819</u>	\$ <u>4,506</u>	\$ <u>5,597</u>

Note: Beginning in 2011, fund balances are reported based on GASB 54. Prior years have not been restated.

TABLE 3

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 87	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
8	11	1	3	3	11
69	38	52	58	216	554
<u>10,056</u>	<u>9,344</u>	<u>11,504</u>	<u>11,297</u>	<u>12,527</u>	<u>16,339</u>
\$ <u>10,220</u>	\$ <u>9,393</u>	\$ <u>11,557</u>	\$ <u>11,358</u>	\$ <u>12,746</u>	\$ <u>16,904</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
422	426	437	450	460	462
2,761	24,536	29,835	28,019	16,918	43,246
9,832	460	528	-	-	9
<u>-</u>	<u>-</u>	<u>(20)</u>	<u>(1,029)</u>	<u>(44)</u>	<u>(103)</u>
\$ <u>13,015</u>	\$ <u>25,422</u>	\$ <u>30,780</u>	\$ <u>27,440</u>	\$ <u>17,334</u>	\$ <u>43,714</u>

CITY OF SHERMAN, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2012	2013	2014	2015
REVENUES				
Taxes	\$ 23,529	\$ 24,421	\$ 26,300	\$ 27,269
Licenses and permits	171	254	401	371
Intergovernmental	700	1,330	577	572
Charges for services	3,124	3,316	3,079	2,977
Fines	942	1,106	731	571
Investment earnings	189	78	120	20
Donations	27	48	42	39
Miscellaneous	175	276	208	1,579
Total revenues	<u>28,857</u>	<u>30,829</u>	<u>31,458</u>	<u>33,398</u>
EXPENDITURES				
General government	4,401	4,618	4,839	5,209
Public safety	16,494	17,510	17,509	17,669
Highways and streets	2,343	2,395	2,565	2,557
Sanitation	601	690	682	701
Community services	4,188	4,509	4,377	4,496
Community development	306	279	290	278
Capital outlay	1,197	1,853	751	2,678
Debt service:				
Principal	1,539	816	770	795
Interest and debt service fees	643	602	574	547
Total expenditures	<u>31,712</u>	<u>33,272</u>	<u>32,357</u>	<u>34,930</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,855)</u>	<u>(2,443)</u>	<u>(899)</u>	<u>(1,532)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term debt	\$ -	\$ -	\$ -	\$ -
Premium on bond issuance	-	-	-	-
Proceeds from refunding debt	-	-	-	-
Proceeds from sale of assets	5	25	56	39
Insurance recoveries	-	-	-	-
Paid to refunding bond agent	-	-	-	-
Transfers in	4,220	3,986	5,098	5,500
Transfers out	(1,520)	(1,276)	(1,926)	(3,348)
Total other financing sources (uses)	<u>2,705</u>	<u>2,735</u>	<u>3,228</u>	<u>2,191</u>
NET CHANGE IN FUND BALANCES	<u>\$ (150)</u>	<u>\$ 292</u>	<u>\$ 2,329</u>	<u>\$ 659</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>7.2%</u>	<u>4.3%</u>	<u>4.3%</u>	<u>4.0%</u>

Note: Capital Outlay does not include contributed capital assets.

TABLE 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 28,327	\$ 29,934	\$ 33,585	\$ 34,562	\$ 38,390	\$ 42,838
404	503	824	691	609	811
714	762	957	1,392	3,568	2,528
2,927	3,502	3,929	3,759	3,744	4,303
527	726	562	693	391	383
154	350	461	1,013	463	321
43	53	86	60	157	52
220	330	276	705	327	315
<u>33,316</u>	<u>36,160</u>	<u>40,680</u>	<u>42,875</u>	<u>47,649</u>	<u>51,551</u>
5,337	5,408	6,396	6,157	6,634	7,166
18,400	19,409	21,346	22,235	23,151	24,750
2,997	3,374	6,190	15,389	6,123	6,690
704	714	730	793	913	710
4,727	4,954	5,367	5,719	6,328	7,076
335	316	244	348	447	446
2,955	9,332	17,218	13,921	10,682	5,604
830	1,300	1,810	2,490	3,475	3,125
619	1,180	1,826	2,370	2,753	2,785
<u>36,904</u>	<u>45,987</u>	<u>61,127</u>	<u>69,422</u>	<u>60,506</u>	<u>58,352</u>
(3,588)	(9,827)	(20,447)	(26,547)	(12,857)	(6,801)
\$ 8,800	\$ 18,110	\$ 22,880	\$ 19,130	\$ -	\$ 29,025
304	1,701	501	1,001	-	1,130
-	9,360	-	-	-	-
438	51	2,030	-	-	3,648
-	-	42	-	-	-
-	(9,887)	-	-	-	-
3,985	3,926	5,220	4,784	5,547	5,459
(3,398)	(1,854)	(2,705)	1,906	(1,398)	(1,933)
<u>10,129</u>	<u>21,407</u>	<u>27,968</u>	<u>23,009</u>	<u>4,149</u>	<u>37,329</u>
\$ <u>6,541</u>	\$ <u>11,580</u>	\$ <u>7,521</u>	\$ <u>(3,538)</u>	\$ <u>(8,708)</u>	\$ <u>30,528</u>
<u>4.3%</u>	<u>6.8%</u>	<u>9.7%</u>	<u>9.9%</u>	<u>13.6%</u>	<u>10.1%</u>

CITY OF SHERMAN, TEXAS**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Real Property		Nonreal Property		Less Exemptions and Deductions	Total Taxable Assessed Value
	Residential	Commercial	Personal	Other		
2012	848,847	1,258,179	624,820	29,851	561,268	2,200,429
2013	852,464	1,264,118	632,063	32,626	531,385	2,249,886
2014	855,330	1,313,960	612,320	31,885	575,443	2,238,052
2015	872,907	1,724,365	643,252	27,226	893,233	2,374,517
2016	1,024,035	1,856,599	584,425	18,012	962,223	2,520,848
2017	1,091,578	1,865,518	643,397	12,743	831,983	2,781,253
2018	1,193,741	1,945,413	664,170	15,020	931,450	2,886,894
2019	1,352,065	1,956,251	678,475	13,927	886,541	3,114,177
2020	1,479,006	2,124,113	824,371	14,758	1,022,390	3,419,858
2021	1,637,409	2,393,564	930,870	10,535	1,135,229	3,837,149

Source: Grayson Central Appraisal District

Certified values are subject to change throughout the year as contested values are resolved.

Note: Assessed values are determined as of January 1, and relate to taxes levied on the first day of the following fiscal year. Assessed value is equal to 100% of estimated value. All property is assessed the same regardless of real or personal property, commercial, residential, or industrial.

TABLE 5

Total Direct Tax Rate	Assessed Value of Taxable Property	Per Capita Assessed Value
0.3200	2,200,429	57,582
0.3200	2,249,886	58,440
0.3480	2,238,052	57,674
0.3720	2,374,517	60,700
0.3720	2,520,848	63,708
0.3943	2,781,253	69,337
0.4273	2,886,894	71,206
0.4273	3,114,177	75,681
0.4890	3,419,858	80,596
0.4890	3,837,149	87,917

CITY OF SHERMAN, TEXAS

CLASSIFICATION OF ASSESSED VALUATION

LAST TEN YEARS

Category	Tax Year 2011	% of Total	Tax Year 2012	% of Total
Real, Residential, Single-Family	\$ 938,389,678	33.98%	\$ 932,233,384	33.52%
Real, Residential, Multi-Family	122,892,528	4.45%	127,665,860	4.59%
Real, Vacant Lots/Tracts	44,129,528	1.60%	45,963,438	1.65%
Real, Acreage	98,127,969	3.55%	105,196,706	3.78%
Real, Farm & Ranch Improvements	4,282,539	0.16%	6,176,571	0.22%
Real, Commercial	567,342,314	20.54%	569,833,509	20.49%
Real, Industrial	131,107,924	4.75%	121,858,243	4.38%
Oil & Gas	25,982,199	0.94%	29,519,662	1.06%
Utilities	49,362,566	1.79%	48,473,773	1.74%
Tangible Personal, Commercial	252,458,659	9.14%	263,403,980	9.47%
Tangible Personal, Industrial	311,741,599	11.29%	307,696,682	11.06%
Mobile Homes	2,816,658	0.10%	2,706,729	0.10%
Exempt	194,707,507	7.05%	201,721,730	7.26%
Real Property, Inventory	18,355,463	0.66%	18,820,936	0.68%
Total Appraised Value	<u>2,761,697,131</u>	<u>100.00%</u>	<u>2,781,271,203</u>	<u>100.00%</u>
Less:				
Local Over-65/Disabled	77,141,620		77,995,191	
Community Housing	2,000,000		2,325,000	
Freeport Exemption Loss	73,268,006		75,445,160	
Productivity	77,609,339		84,348,657	
Abatement	119,450,516		74,495,029	
Homestead Cap Loss	6,692,767		3,361,263	
Pollution Control Exemption Loss	3,044,290		1,747,547	
Veterans Exemption Loss	9,056,368		11,180,906	
Exempt	<u>193,005,057</u>		<u>200,486,685</u>	
Total Exemptions/Deductions	<u>561,267,963</u>		<u>531,385,438</u>	
Net Taxable Assessed Valuation	\$ <u>2,200,429,168</u>		\$ <u>2,249,885,765</u>	

TABLE 6

Tax Year 2013		% of Total	Tax Year 2014		% of Total	Tax Year 2015		% of Total
\$	933,817,827	33.19%	\$	950,035,956	29.07%	\$	996,337,134	28.61%
	130,211,958	4.63%		133,771,157	4.09%		137,353,565	3.94%
	36,329,354	1.29%		36,858,532	1.13%		37,093,687	1.06%
	79,919,006	2.84%		76,112,901	2.32%		75,791,961	2.18%
	22,561,954	0.80%		25,326,663	0.78%		25,543,317	0.73%
	584,441,092	20.77%		611,588,356	18.71%		656,344,646	18.84%
	148,052,374	5.26%		443,154,265	13.56%		534,042,357	15.33%
	26,524,198	0.94%		23,122,330	0.71%		14,370,088	0.41%
	50,457,550	1.79%		54,838,785	1.68%		60,125,951	1.73%
	236,760,135	8.42%		228,665,101	7.00%		227,394,003	6.53%
	311,710,732	11.08%		343,301,158	10.51%		377,369,508	10.83%
	2,686,298	0.10%		2,529,051	0.08%		2,373,920	0.07%
	229,503,519	8.16%		316,851,742	9.70%		315,067,825	9.05%
	20,519,083	0.73%		21,594,872	0.66%		23,863,035	0.69%
	<u>2,813,495,080</u>	<u>100.00%</u>		<u>3,267,750,869</u>	<u>100.00%</u>		<u>3,483,070,997</u>	<u>100.00%</u>
	78,722,850			79,182,065			79,273,899	
	2,521,084			2,721,914			2,669,627	
	75,961,885			97,512,827			118,381,149	
	78,407,381			74,612,662			74,265,056	
	95,869,742			287,767,443			326,424,014	
	2,622,922			1,993,490			5,756,978	
	2,117,525			21,818,194			28,342,360	
	12,237,464			13,422,653			14,711,729	
	<u>226,982,434</u>			<u>314,202,143</u>			<u>312,398,198</u>	
	<u>575,443,287</u>			<u>893,233,391</u>			<u>962,223,010</u>	
\$	<u>2,238,051,793</u>		\$	<u>2,374,517,478</u>		\$	<u>2,520,847,987</u>	

CITY OF SHERMAN, TEXAS

CLASSIFICATION OF ASSESSED VALUATION

LAST TEN YEARS

Category	Tax Year 2016	% of Total	Tax Year 2017	% of Total
Real, Residential, Single-Family	\$ 1,172,256,310	32.44%	\$ 1,271,730,740	33.31%
Real, Residential, Multi-Family	145,169,098	4.02%	171,592,703	4.49%
Real, Vacant Lots/Tracts	36,562,019	1.01%	37,089,674	0.97%
Real, Acreage	79,268,497	2.19%	85,560,844	2.24%
Real, Farm & Ranch Improvements	27,381,695	0.76%	26,368,480	0.69%
Real, Commercial	727,043,765	20.12%	741,982,423	19.43%
Real, Industrial	452,398,809	12.53%	419,523,237	10.99%
Oil & Gas	7,583,006	0.21%	10,325,892	0.27%
Utilities	62,764,999	1.74%	62,022,277	1.62%
Tangible Personal, Commercial	225,091,030	6.23%	232,822,211	6.10%
Tangible Personal, Industrial	336,018,163	9.30%	351,338,418	9.20%
Mobile Homes	2,288,864	0.06%	2,311,951	0.06%
Exempt	313,988,437	8.69%	374,133,097	9.80%
Real Property, Inventory	25,420,914	0.70%	31,541,579	0.83%
Total Appraised Value	<u>3,613,235,606</u>	<u>100.00%</u>	<u>3,818,343,526</u>	<u>100.00%</u>
Less:				
Local Over-65/Disabled	80,301,080		83,649,627	
Community Housing	2,724,952		2,754,411	
Freeport Exemption Loss	84,319,146		81,811,147	
Productivity	77,756,203		83,945,484	
Abatement	184,485,769		221,084,611	
Homestead Cap Loss	51,609,559		45,332,278	
Pollution Control				
Exemption Loss	22,957,482		20,737,245	
Veterans Exemption Loss	16,565,434		20,586,320	
Exempt	<u>311,263,484</u>		<u>371,548,465</u>	
Total Exemptions/Deductions	<u>831,983,109</u>		<u>931,449,588</u>	
Net Taxable Assessed Valuation	\$ <u>2,781,252,497</u>		\$ <u>2,886,893,938</u>	

Source: Grayson Central Appraisal District

Certified values are subject to change throughout the year as contested values are resolved.

TABLE 6

Tax Year 2018	% of Total	Tax Year 2019	% of Total	Tax Year 2020	% of Total
\$ 1,440,633,426	36.01%	\$ 1,571,990,435	35.39%	\$ 1,758,924,147	35.37%
186,727,671	4.67%	209,348,951	4.71%	235,389,545	4.73%
43,976,830	1.10%	56,163,717	1.26%	63,210,347	1.27%
87,769,981	2.19%	90,225,890	2.03%	110,137,273	2.21%
29,536,003	0.74%	35,064,698	0.79%	41,976,783	0.84%
755,143,573	18.88%	788,778,665	17.76%	865,871,126	17.41%
399,775,501	9.99%	472,104,302	10.63%	512,166,415	10.30%
9,970,358	0.25%	11,682,888	0.26%	8,263,130	0.17%
65,490,107	1.64%	75,543,469	1.70%	81,865,542	1.65%
242,497,504	6.06%	283,328,263	6.38%	294,808,501	5.93%
351,613,421	8.79%	439,320,769	9.89%	526,294,089	10.58%
2,414,806	0.06%	2,836,953	0.06%	3,132,688	0.06%
351,968,446	8.80%	364,255,932	8.20%	421,318,648	8.47%
33,200,075	0.83%	41,602,675	0.94%	49,019,306	0.99%
<u>4,000,717,702</u>	<u>100.00%</u>	<u>4,442,247,607</u>	<u>100.00%</u>	<u>4,972,377,540</u>	<u>100.00%</u>
83,095,775		88,147,460		87,472,969	
2,972,484		3,322,189		3,300,000	
82,495,763		94,958,354		116,126,760	
86,188,622		88,654,461		108,704,423	
189,930,489		294,237,452		279,182,548	
51,629,355		47,090,303		66,573,618	
17,856,105		16,344,385		22,590,402	
23,058,013		28,353,055		32,794,646	
<u>349,314,140</u>		<u>361,282,732</u>		<u>418,483,604</u>	
<u>886,540,746</u>		<u>1,022,390,391</u>		<u>1,135,228,970</u>	
\$ <u>3,114,176,956</u>		\$ <u>3,419,857,216</u>		\$ <u>3,837,148,570</u>	

CITY OF SHERMAN, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES *

LAST TEN FISCAL YEARS

Fiscal Year	City of Sherman Rates			Overlapping Rates					
				Grayson County			Sherman Independent School District		
	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total
2012	\$ 0.29000	\$ 0.03000	\$ 0.32000	\$ 0.48414	-	\$ 0.48414	\$ 1.04000	\$ 0.40000	\$ 1.44000
2013	0.28000	0.04000	0.32000	0.49090	-	0.49090	1.04000	0.40000	1.44000
2014	0.30030	0.04770	0.34800	0.49090	-	0.49090	1.04000	0.40000	1.44000
2015	0.33000	0.04220	0.37220	0.49090	-	0.49090	1.04000	0.40000	1.44000
2016	0.33244	0.03956	0.37200	0.49090	-	0.49090	1.17000	0.27000	1.44000
2017	0.34789	0.04641	0.39430	0.47372	-	0.47372	1.17000	0.27000	1.44000
2018	0.34759	0.07971	0.42730	0.46037	-	0.46037	1.17000	0.27000	1.44000
2019	0.31956	0.10774	0.42730	0.42791	0.01390	0.44181	1.17000	0.47900	1.64900
2020	0.33844	0.15056	0.48900	0.40397	0.01246	0.41643	1.06830	0.47900	1.54730
2021	0.33757	0.15143	0.48900	0.36446	0.01225	0.37670	0.99070	0.47900	1.46970

Source: Grayson Central Appraisal District

Notes: Overlapping rates are those of local and county governments that apply to property owners within the City of Sherman. Not all overlapping rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the City of Sherman.

*Property tax rates for the three entities with the largest amount of overlapping properties in the City of Sherman are shown above. Other entities with overlapping properties include Consolidated ISD, Denison ISD and Howe ISD. See Table 17 for all overlapping debt.

TABLE 7

Overlapping Rates			Total
Grayson College			Direct and
	Debt		Overlapping
Operating	Service	Total	Rates*
\$ 0.13617	\$ 0.04563	\$ 0.18180	\$ 2.42594
0.13060	0.05120	0.18180	2.43270
0.12925	0.05236	0.18161	2.46051
0.13059	0.05091	0.18150	2.48460
0.13384	0.04756	0.18140	2.48430
0.13612	0.04518	0.18130	2.48932
0.14034	0.04086	0.18120	2.50887
0.14239	0.03494	0.17733	2.69544
0.14068	0.03107	0.17175	2.62448
0.14150	0.02957	0.17107	2.50647

es apply to all City of Sherman property owners (e.g., the rates
e special district).

with a smaller percentage of overlapping properties include S&S

TABLE 8**CITY OF SHERMAN, TEXAS****PRINCIPAL PROPERTY TAXPAYERS**

CURRENT YEAR AND NINE YEARS AGO
 (amounts expressed in thousands)

Taxpayer	Tax Year 2020			Tax Year 2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Panda Sherman Power LLC	\$ 131,144	1	3.42%	\$ -		-
Tyson Fresh Meats Inc	87,153	2	2.27%	-		-
Finisar Corp & Finisar Sherman RE Holdco LLC	86,560	3	2.26%	-		-
JMCR Sherman LLC	64,771	4	1.69%	-		-
Texas Instruments	51,199	5	1.33%	27,332	3	1.31%
Globitech Inc	46,523	6	1.21%	-		-
Oncor Electric Delivery Co LLC	40,877	7	1.07%	20,442	4	0.98%
Sherman Commons LP	31,258	8	0.81%	17,492	8	0.84%
HCII-Heritage Park LLC	21,592	9	0.56%	-		-
Broadstone HHH Texas LLC	21,007	10	0.55%	-		-
Town North Center	-		-	44,295	1	2.13%
Sherman Grayson Hospital	-		-	59,125	2 & 7	2.85%
MEMC Southwest Inc	-		-	20,108	5	0.97%
First Union Trust Co.	-		-	17,893	6	0.86%
Inland American Sherman Town Center	-		-	14,896	9	0.72%
Progress Rail Service	-		-	14,551	10	0.70%
Total	\$ 582,084		15.17%	\$ 236,134		11.36%

Source: Grayson Central Appraisal District

TABLE 9**CITY OF SHERMAN, TEXAS****PROPERTY TAX LEVIES AND COLLECTIONS**

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 7,080	\$ 6,924	97.80%	\$ 86	\$ 7,010	99.01%
2013	7,290	7,132	97.83%	37	7,169	98.34%
2014	7,803	7,669	98.28%	63	7,732	99.05%
2015	8,796	8,665	98.51%	76	8,741	99.37%
2016	9,324	9,125	97.87%	175	9,300	99.74%
2017	10,779	10,592	98.27%	103	10,695	99.22%
2018	12,056	11,918	98.86%	81	11,999	99.53%
2019	12,905	12,699	98.40%	91	12,790	99.11%
2020	16,225	15,961	98.38%	106	16,067	99.03%
2021	17,891	17,653	98.67%	-	17,653	98.67%

Source: Grayson County Tax Assessor Collector. Certified values are subject to change throughout the year as contested values are resolved.

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TABLE 10**CITY OF SHERMAN, TEXAS****SALES TAX COLLECTIONS****LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Sales Tax Collections</u>	<u>Property Tax Levy</u>	<u>Local Sales Tax Rate</u>	<u>State Sales Tax Rate</u>	<u>Percent of Property Tax Levy</u>	<u>Equivalent Property Tax Rate</u>
2012	\$ 13,065,880	\$ 7,080,000	2.000%	6.250%	184.55%	0.5938
2013	13,337,682	7,290,000	2.000%	6.250%	182.96%	0.5928
2014	14,675,996	7,803,000	2.000%	6.250%	188.08%	0.6557
2015	14,699,706	8,796,000	2.000%	6.250%	167.12%	0.6191
2016	15,487,150	9,324,000	2.000%	6.250%	166.10%	0.6144
2017	15,572,318	10,779,000	2.000%	6.250%	144.47%	0.5599
2018	17,454,767	12,056,000	2.000%	6.250%	144.78%	0.6046
2019	17,969,235	12,904,653	2.000%	6.250%	139.25%	0.5770
2020	18,494,327	16,224,684	2.000%	6.250%	113.99%	0.5408
2021	21,037,726	17,890,744	2.000%	6.250%	117.59%	0.5483

CITY OF SHERMAN, TEXAS

SALES TAX COLLECTION BY INDUSTRY

LAST TEN FISCAL YEARS*

Industry	2012	Percent of Total Collection	2013	Percent of Total Collection	2014	Percent of Total Collection
Retail Trade	\$ 7,464,057	57.1%	\$ 7,682,844	57.6%	\$ 7,928,871	54.0%
Accommodation and Food Service	1,448,355	11.1%	1,492,014	11.2%	1,597,945	10.9%
Manufacturing	859,296	6.6%	751,862	5.6%	1,088,028	7.4%
Wholesale Trade	655,378	5.0%	548,919	4.1%	687,130	4.7%
Information	571,685	4.4%	614,604	4.6%	735,636	5.0%
Utilities	492,906	3.8%	489,801	3.7%	634,736	4.3%
Construction	236,748	1.8%	499,088	3.7%	779,630	5.3%
Admin Support	499,887	3.8%	334,040	2.5%	336,868	2.3%
Real Estate/Rental/Leasing	392,817	3.0%	314,572	2.4%	315,644	2.2%
Other	444,751	3.4%	609,938	4.6%	571,509	3.9%
	<u>\$ 13,065,880</u>	<u>100.0%</u>	<u>\$ 13,337,682</u>	<u>100.0%</u>	<u>\$ 14,675,997</u>	<u>100.0%</u>

Industry	2017	Percent of Total Collection	2018	Percent of Total Collection	2019	Percent of Total Collection
Retail Trade	\$ 8,929,151	51.2%	\$ 9,120,215	52.3%	\$ 9,407,653	52.4%
Accommodation and Food Service	1,874,712	12.0%	1,986,397	11.4%	2,126,404	11.8%
Manufacturing	856,743	5.5%	934,049	5.4%	935,340	5.2%
Wholesale Trade	986,180	6.3%	1,029,163	5.9%	1,261,981	7.0%
Information	883,113	5.7%	991,374	5.7%	1,088,823	6.1%
Utilities	765,113	4.9%	960,450	5.5%	977,013	5.4%
Construction	103,946	0.7%	1,188,939	6.8%	665,426	3.7%
Admin Support	151,075	1.0%	184,320	1.1%	255,778	1.4%
Real Estate/Rental/Leasing	391,789	2.5%	432,428	2.5%	434,542	2.4%
Other	630,297	4.0%	627,431	3.6%	816,275	4.5%
	<u>\$ 15,572,119</u>	<u>93.8%</u>	<u>\$ 17,454,766</u>	<u>100.0%</u>	<u>\$ 17,969,235</u>	<u>100.0%</u>

No other entity's sales tax overlaps the City of Sherman's sales tax.

TABLE 11

<u>2015</u>	<u>Percent of Total Collection</u>	<u>2016</u>	<u>Percent of Total Collection</u>
\$ 8,030,977	54.6%	\$ 8,619,109	55.7%
1,631,949	11.1%	1,761,217	11.4%
1,008,652	6.9%	1,175,919	7.6%
861,791	5.9%	897,047	5.8%
789,066	5.4%	863,364	5.6%
579,040	3.9%	790,238	5.1%
382,718	2.6%	447,532	2.9%
313,191	2.1%	103,427	0.7%
319,813	2.2%	331,629	2.1%
<u>782,509</u>	<u>5.3%</u>	<u>497,667</u>	<u>3.1%</u>
<u>\$ 14,699,706</u>	<u>100.0%</u>	<u>\$ 15,487,149</u>	<u>100.0%</u>

<u>2020</u>	<u>Percent of Total Collection</u>	<u>2021</u>	<u>Percent of Total Collection</u>
\$ 9,510,633	51.4%	\$ 11,959,706	56.8%
1,992,860	10.8%	2,242,472	10.7%
1,093,158	5.9%	1,098,243	5.2%
1,233,768	6.7%	1,739,812	8.3%
1,001,891	5.4%	791,597	3.8%
1,037,478	5.6%	975,229	4.6%
577,987	3.1%	544,988	2.6%
328,378	1.8%	324,274	1.5%
486,146	2.6%	549,176	2.6%
<u>1,232,029</u>	<u>6.7%</u>	<u>812,229</u>	<u>3.9%</u>
<u>\$ 18,494,327</u>	<u>100.0%</u>	<u>\$ 21,037,726</u>	<u>100.0%</u>

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TABLE 12**CITY OF SHERMAN, TEXAS****WATER AND SEWER RATES****LAST TEN FISCAL YEARS**

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
2012	\$ 20.37	\$ 3.24	\$ 7.31	\$ 3.12
2013	21.18	3.03	7.60	3.24
2014	21.39	3.06	7.68	3.27
2015	21.39	3.06	7.68	3.27
2016	21.39	3.06	7.68	3.27
2017	22.14	3.17	7.95	3.38
2018	22.80	3.27	8.19	3.48
2019	22.80	3.27	8.19	3.48
2020	22.80	3.27	8.19	3.48
2021	23.48	3.37	8.68	3.69

CITY OF SHERMAN, TEXAS

WATER SOLD BY TYPE OF CUSTOMER

LAST TEN FISCAL YEARS
(revenue amounts expressed in thousands)

Type of Customer	2012**		2013		2014	
	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues
Residential	1,318,846.2	\$ 7,257	1,128,631.8	\$ 6,739	1,058,513.3	\$ 6,649
Commercial	1,278,044.6	5,064	1,051,694.3	4,470	1,059,245.9	4,499
Other Water Providers	73,346.5	164	69,150.0	166	421,709.0	705
Outside City Limits	24,171.2	174	23,339.6	172	13,582.9	75
Government	50,059.4	*	45,345.0	*	47,443.6	*
Fire Hydrants	5,387.7	45	10,961.3	51	8,861.3	47
Totals	<u>2,749,855.6</u>	<u>\$ 12,704</u>	<u>2,329,121.9</u>	<u>\$ 11,598</u>	<u>2,609,355.9</u>	<u>\$ 11,975</u>

Type of Customer	2017		2018		2019	
	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues
Residential	1,081,291.8	\$ 6,967	1,197,155.7	\$ 7,737	1,045,238.3	\$ 7,354
Commercial	1,131,942.7	4,900	1,165,800.1	5,182	1,122,412.6	5,077
Other Water Providers	752,723.7	943	826,897.6	980	613,248.5	992
Outside City Limits	6,852.5	92	7,811.1	105	7,389.3	107
Government	54,197.6	*	54,277.7	*	42,280.2	*
Fire Hydrants	4,443.5	48	10,810.5	86	8,690.0	108
Total	<u>3,031,451.9</u>	<u>\$ 12,950</u>	<u>3,262,752.7</u>	<u>\$ 14,090</u>	<u>2,839,258.9</u>	<u>\$ 13,638</u>

* Revenues breakdown not available.

** Due to a change in billing schedule, 2012 contains 13 months of consumption and 13 billings.

TABLE 13

2015		2016	
Thousands of Gallons	Revenues	Thousands of Gallons	Revenues
		9.50%	
1,064,108.6	\$ 6,725	7,168.0	\$ 6,885
1,145,259.4	4,801	1,189,118.6	4,916
730,105.0	1,012	817,598.7	1,062
6,116.5	79	6,204.7	83
41,052.6	*	45,735.6	*
4,450.9	45	7,951.1	57
<u>2,991,093.0</u>	<u>\$ 12,662</u>	<u>2,073,776.7</u>	<u>\$ 13,003</u>

2020		2021	
Thousands of Gallons	Revenues	Thousands of Gallons	Revenues
1,181,406.4	\$ 7,909	1,158,597.1	\$ 7,925
1,146,574.8	5,181	1,083,822.1	4,995
623,761.9	968	686,330.9	1,071
11,325.3	157	12,741.4	187
38,108.6	*	51,972.8	*
13,475.6	136	24,027.1	171
<u>3,014,652.6</u>	<u>\$ 14,351</u>	<u>3,017,491.4</u>	<u>\$ 14,349</u>

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TABLE 14

CITY OF SHERMAN, TEXAS

TOP TEN WATER CUSTOMERS

AS OF SEPTEMBER 30, 2021

Customer	Consumption (In Millions of Gallons)	Revenues (In Thousands)	Rank	% of Total Water Revenues
Panda Sherman	568.2	\$ 885.9	1	6.17%
Texas Instruments	214.2	800.2	2	5.58%
Globitech, Inc	193.5	676.5	3	4.71%
IBP, Inc. - Tyson	148.9	514.8	4	3.59%
Marilee Special Water District	61.6	215.0	5	1.50%
Finisar	44.8	153.4	6	1.07%
Sunny Delight Beverages	42.0	154.9	7	1.08%
Dorchester Water Supply	39.1	59.8	8	0.42%
Austin College	39.0	248.0	9	1.73%
PF Hilltop Village, LLC	34.8	167.0	10	1.16%
Total	1,386.1	\$ 3,875.5		27.01%

Note: Total billed water from October 1, 2020 through September 30, 2021, was \$14,349,055.

CITY OF SHERMAN, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Governmental Activities				Business-Type Activities		
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Capital Lease	Water and Sewer Bonds	Capital Leases	Other
2012	\$ 1,445	\$ 14,135	\$ -	\$ 1,029	\$ -	\$ 510	\$ 3,099
2013	1,385	13,445	-	772	-	161	3,019
2014	1,330	127,730	-	575	-	-	2,932
2015	1,270	11,995	-	373	-	-	2,842
2016	1,210	18,499	1,830	162	-	757	2,746
2017	10,669	28,291	1,395	-	-	641	2,647
2018	9,914	50,399	935	2,366	-	524	2,544
2019	8,495	69,180	470	3,103	-	434	2,437
2020	8,250	66,837	-	3,331	-	282	2,326
2021	7,386	94,549	1,795	2,668	-	158	2,201

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Personal income and population data can be found in the Schedule of Demographic and Economic Statistics (Table 20).

TABLE 15

Total Primary Government		Percentage of Personal Income	Per Capita	
\$	20,218	2.43%	\$	528
	18,782	2.25%		490
	132,568	2.16%		458
	16,480	1.97%		430
	25,204	3.01%		658
	43,643	4.87%		1,073
	66,682	7.42%		1,645
	84,119	8.81%		2,044
	81,026	8.03%		1,909
	108,757	10.47%		2,492

CITY OF SHERMAN, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2012	\$ 1,445	\$ 14,135	\$ 15,580	0.71%	\$ 407
2013	1,385	13,445	14,830	0.66%	387
2014	1,330	12,730	14,060	0.63%	367
2015	1,270	11,995	13,265	0.56%	346
2016	1,210	18,499	19,709	0.81%	514
2017	10,069	28,291	38,360	1.38%	956
2018	9,914	50,399	60,313	2.09%	1,488
2019	8,495	69,180	77,675	2.49%	1,888
2020	8,250	66,837	75,087	1.96%	1,770
2021	7,386	94,549	101,935	2.66%	2,336

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data (Table 5). Population data can be found in the Schedule of Demographic and Economic Statistics (Table 20).

TABLE 17

CITY OF SHERMAN, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2021
(amounts expressed in thousands)

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
City of Sherman direct debt	\$ 106,398	100.000%	106,398
Debt repaid with property taxes:			
Sherman ISD	198,045	90.96%	180,142
Grayson County	31,300	32.30%	10,110
Grayson College	21,175	32.30%	6,840
S & S Consolidated ISD	25,060	24.53%	6,147
Denison ISD	88,763	4.01%	3,559
Howe ISD	21,431	1.78%	381
Subtotal, overlapping debt			<u>207,179</u>
Total direct and overlapping debt			\$ <u>313,577</u>
Ratio of direct and overlapping debt to assessed valuation			8.2%
Per capita direct and overlapping debt			\$ 7,185

Sources: Estimated applicable percentages and debt outstanding for overlapping entities were obtained from the Texas Municipal Advisory Council.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Sherman. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF SHERMAN, TEXAS

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 27,517	\$ 27,857	\$ 28,284	\$ 32,680	\$ 34,797
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,100</u>
Legal debt margin	\$ <u>27,517</u>	\$ <u>27,857</u>	\$ <u>28,284</u>	\$ <u>32,680</u>	\$ <u>25,697</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	26.15%

Note: The City of Sherman's outstanding general obligation debt is not limited in relation to total assessed property value, but other debt is not to exceed 1% of valuation. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Value	\$ 3,837,149
Add back: exemptions & deductions	<u>1,135,229</u>
Total Assessed Value	4,972,378

Debt limit (1% of total assessed value) 49,724

Debt applicable to limit:

Non-voting debt issued (certificates of obligation, 1	<u>30,155</u>
Legal Debt Margin	\$ <u>19,569</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 36,132	\$ 38,183	\$ 40,007	\$ 44,422	\$ 49,724
<u>19,102</u>	<u>23,381</u>	<u>20,131</u>	<u>-</u>	<u>30,155</u>
\$ <u>17,030</u>	\$ <u>14,802</u>	\$ <u>19,876</u>	\$ <u>44,422</u>	\$ <u>19,569</u>
52.87%	61.23%	50.32%	0.00%	60.64%

TABLE 19

CITY OF SHERMAN, TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Water Revenue Bonds					
	Water and Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 19,201	\$ 17,218	\$ 1,983	\$ -	\$ -	\$ -
2013	19,038	15,848	3,190	-	-	-
2014	19,924	16,233	3,691	-	-	-
2015	20,612	15,834	4,778	-	-	-
2016	20,987	18,255	2,732	-	-	-
2017	21,493	19,254	2,239	-	-	-
2018	22,819	20,731	2,088	-	-	-
2019	23,182	21,917	1,265	-	-	-
2020	23,832	21,842	1,991	-	-	-
2021	23,154	21,305	1,849	-	-	-

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Water, sewer and other charges includes investment earnings, but not tap fees. Operating expenses do not include interest or depreciation.

TABLE 20**CITY OF SHERMAN, TEXAS****DEMOGRAPHIC AND ECONOMIC STATISTICS****LAST TEN FISCAL YEARS**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income**</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Percent High School Graduate or Higher</u>	<u>School Enrollment</u>	<u>Average Unemployment Rate *</u>
2012	38,315	\$ 830,696	\$ 21,738	33.7	83.6%	6,178	7.1%
2013	38,315	838,431	21,778	33.4	84.2%	6,478	6.2%
2014	38,315	823,364	21,218	33.5	84.6%	6,795	5.1%
2015	38,315	854,868	21,853	32.7	83.7%	7,280	4.0%
2016	38,315	865,691	21,878	33.5	84.7%	7,262	3.9%
2017	40,112	883,627	22,029	33.5	85.1%	7,738	3.8%
2018	40,543	898,190	22,154	33.4	85.6%	7,755	3.3%
2019	41,149	954,616	23,199	34.0	84.8%	7,784	3.1%
2020	42,432	1,009,669	23,795	34.8	85.6%	7,938	7.0%
2021	43,645	1,038,533	23,795	34.8	85.6%	8,010	5.3%

Sources: US Census; Bureau of Labor Statistics; Sherman Independent School District.

* Not seasonally adjusted

**Amounts expressed in thousands.

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TABLE 21

CITY OF SHERMAN, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Tyson Fresh Meats	1,750	1	8.39%	1,450	1	7.94%
Sherman ISD	1,137	2	5.45%	985	3	5.40%
Texas Instruments	700	3	3.36%	900	7	4.93%
Grayson County	560	4	2.69%	475	6	2.60%
Wilson N. Jones Regional Medical Center	489	5	2.35%	1,000	2	5.48%
City of Sherman	470	6	2.25%	480	5	2.63%
Alorica	452	7	2.17%	-		-
Finisar	385	8	1.85%	-		-
Wal-Mart/Sam's	375	9	1.80%	450	7	2.47%
Emerson	350	10	1.68%	400	8	2.19%
Community Medical Center	-		-	390	9	2.14%
Austin College	322		1.54%	310	10	1.70%
Total	6,990		33.53%	6,840		37.47%

Source: Sherman Economic Development Corporation and U.S. Census Bureau

CITY OF SHERMAN, TEXAS

**FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM**

LAST TEN FISCAL YEARS

Function/Program	2012	2013	2014	2015	2016
General government					
Management services	3	3	3	3	5
Public records	2	2	2	2	2
Legal services	2	2	2	2	2
Financial services	6	5	6	6	7
Human resources	3	3	3	3	3
Engineering	8	7	7	8	8
Law enforcement	68	68	68	68	68
Fire and ambulance	78	78	78	78	78
Municipal court	-	-	-	-	-
Emergency management	-	-	-	-	-
Animal services	7	7	7	7	7
Public safety support	25	25	25	25	25
Building and zoning	6	6	6	6	6
Street maintenance	25	24	24	23	23
Environmental code	2	2	2	2	2
Building maintenance	9	9	9	9	8
Cemetery services	6	7	6	6	7
Parks and recreation	5	6	6	5	6
Grounds maintenance	11	15	16	16	16
Glennie O. Ham Center	2	-	-	-	-
Library services	11	11	11	11	11
Neighborhood services	1	1	1	1	1
Senior citizens center	1	2	2	2	2
Fire safety support	-	2	2	2	-
Utility Fund					
Utility administration	1	1	1	1	1
Utility billing/customer service	11	11	11	12	12
Production services	18	18	18	18	18
Pump maintenance	4	4	4	4	4
Collection and distribution	16	16	16	16	16
Infiltration and inflow	1	1	1	1	1
Treatment services	12	12	12	12	12
Laboratory	6	6	6	6	7
Industrial pretreatment	4	4	4	4	4
Water quality	-	-	-	1	1
Solid waste fund					
Residential	15	15	15	15	15
Commercial	12	12	12	12	12
Recycling	3	3	3	3	3
Solid waste administration	-	-	-	-	-
Other					
Information technology	4	5	5	5	6
Equipment services	14	14	13	13	12
Tourism	1	1	1	2	2
Stormwater services	-	-	-	-	-
Total	<u>403</u>	<u>408</u>	<u>408</u>	<u>410</u>	<u>413</u>

Source: City of Sherman Annual Operating Budget Report

TABLE 22

2017	2018	2019	2020	2021
5	5	5	5	5
2	3	3	3	3
1	1	1	1	1
7	7	7	8	8
4	4	4	4	4
9	8	8	9	9
72	72	73	74	74
81	81	86	86	86
2	2	3	3	3
-	-	1	1	1
7	7	8	8	8
23	23	23	24	24
6	6	7	7	7
23	25	25	25	25
2	3	4	4	4
9	9	10	10	10
7	7	7	7	7
6	6	6	6	6
16	16	18	21	21
-	-	-	-	-
11	11	12	10	10
2	2	1	4	4
2	2	2	2	2
-	-	1	2	2
1	1	1	1	1
12	12	12	12	12
22	22	22	22	23
4	4	4	4	4
20	20	20	20	20
1	1	1	1	1
14	14	14	14	14
6	6	6	6	6
4	4	4	4	4
1	1	2	2	4
14	13	14	19	19
12	12	13	8	8
2	2	2	1	1
2	2	2	4	4
6	6	7	7	7
11	13	12	13	13
2	2	3	3	3
-	-	2	2	2
<u>431</u>	<u>435</u>	<u>456</u>	<u>467</u>	<u>470</u>

CITY OF SHERMAN, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2012	2013	2014	2015
Police				
Physical arrests	2,366	2,525	1,677	1,767
Calls for service	19,756	18,766	18,437	20,555
Traffic violations	5,882	6,880	3,759	4,451
Fire				
Number of calls answered	6,190	6,219	6,013	6,469
Inspections	1,956	1,959	2,074	3,233
Planning and Zoning				
Number of residential units	402	444	596	426
Value of residential units	\$ 11,906,411	\$ 27,687,480	\$ 22,730,051	\$ 22,440,786
Number of commercial units	126	125	134	85
Value of commercial units	\$ 6,116,021	\$ 132,543,698	\$ 24,715,785	\$ 15,076,638
Highways and streets				
Street resurfacing (miles)	23	17	18	13
Potholes repaired	2,245	1,983	299	1,183
Sanitation				
Refuse collected (tons/day)	148	146	161	160
Recyclables collected (tons/day)	11	11	16	12
Culture and recreation				
Athletic field permits issued	3,429	2,538	3,851	2,962
Community center admissions	4,832	4,988	8,644	5,168
Water				
New connections	2,572	2,683	2,693	2,846
Water mains breaks	165	192	190*	187
Average daily consumption (thousands of gallons)	8	8	8	5
Wastewater				
Average daily sewage treatment (thousands of gallons)	6,740	6,610	6,440	9,630

Source: Various City departments

Estimates used if actual number not available

* Data unavailable in accordance with Texas House Bill 852

TABLE 23

2016	2017	2018	2019	2020	2021
1,586	1,501	1,654	1,550	1,283	1,565
38,123	37,131	37,673	39,405	32,282	32,102
4,314	5,184	5,893	9,741	5,872	7,327
6,769	7,614	7,246	7,392	7,750	7,262
797	920	587	1,225	1,272	1,376
456	537	530	594	867	857
\$ 21,059,304	\$ 30,613,815	\$ 50,276,674	\$ 38,735,406	*	*
81	94	126	111	80	89
\$ 17,757,185	\$ 34,571,628	\$ 46,020,156	\$ 170,534,915	\$ 18,986,845	\$ 45,456,608
15	15	15	5	10	11
433	285	609	463	567	770
177	179	213	254	310	266
12	10	9	7	1	-
2,788	3,047	2,946	3,004	1,079	2,026
4,890	4,123	3,989	3,997	761	966
2,948	2,963	3,035	3,140	3,350	3,182
120	219	213	231	174	349
8	8	8	8	8	8
8,280	6,860	7,780	8,730	8,590	8,250

CITY OF SHERMAN, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2012	2013	2014	2015	2016	2017	2018
Public safety							
Police:							
Stations	1	1	1	1	1	1	1
Patrol units	17	17	17	17	21	17	20
Fire stations	5	5	5	5	5	5	5
Sanitation							
Collection trucks	37	37	38	40	43	38	43
Highways and streets							
Streets(miles)	212	212	212	242	231	260	265
Streetlights	3,049	3,049	3,049	3,049	3,049	3,049	3,049
Traffic signals	84	84	84	84	84	84	85
Culture and recreation							
Parks and acreage	414	414	414	414	440	440	452
Swimming pools	1	1	1	1	1	1	1
Tennis courts	4	4	4	4	4	4	4
Community centers	1	1	2	2	2	2	2
Water							
Water mains (miles)	270	282	280*	239	294	300	302
Fire hydrants	1,766	1,782	1782*	1,806	1,844	1,889	1,908
Maximum daily capacity (thousands of gallons)	23,157	22,809	23,319	23,419	24,151	21,864	23,032
Sewer							
Sanitary sewers (miles)	240	240	240	240	246	250	250
Storm sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maximum daily capacity (thousands of gallons)	16,000	16,000	16,000	16,000	16,000	16,000	16,000

Source: Various City departments

*Estimates used if actual number not available

TABLE 24

2019	2020	2021
1	1	1
18	21	19
5	5	5
46	47	49
265	265	265
3,049	3,049	3,067
85	85	85
452	452	452
1	1	1
4	4	4
2	2	2
308	311	314
1,962	1,977	2,000
23,000	33,419	33,250
253	255	256
N/A	N/A	N/A
16,000	16,000	16,000

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Honorable Mayor and
Members of the City Council
Sherman, Texas

We have audited the financial statements of the City of Sherman, Texas as of and for the year ended September 30, 2021, and have issued our report thereon dated March 7, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 10, 2021, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Sherman, Texas solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and, as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

As a part of the engagement we assisted in preparing the financial statements, schedule of expenditures of federal awards, and related notes to the financial statements of the City of Sherman, Texas in conformity with U.S. generally accepted accounting principles and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services were not conducted in accordance with *Government Auditing Services*.

OFFICE LOCATIONS

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In order to ensure we maintain our independence for performing these nonaudit services certain safeguards were applied to this engagement. Management assumed responsibility for the financial statements, related notes to the financial statements and the schedule of expenditures of federal awards and any other nonaudit services we provided. Management acknowledged in the management representation letter our assistance with the preparation of the financial statements, related notes to the financial statements and the schedule of expenditures of federal awards that these items were reviewed and approved prior to their issuance and accepted responsibility for them. Further, the nonaudit services were overseen by an individual within management that has the suitable skill, knowledge, or experience; evaluated the adequacy and results of the services; and accepted responsibility for them.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Sherman, Texas is included in Note I to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ending September 30, 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the useful lives of capital assets is based on the expected lifespan of the asset in accordance with standard guidelines. We evaluated the key factors and assumptions used to develop the estimate of useful lives in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the allowance for uncollectible property taxes is based on historical collections. We evaluated the key factors and assumptions used to develop the allowance for uncollectible property taxes in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the allowance for uncollectible court fines is based on historical collections. We evaluated the key factors and assumptions used to develop the allowance for uncollectible court fines in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the allowance for uncollectible EMS receivable is based on historical collections. We evaluated the key factors and assumptions used to develop the allowance for EMS revenues in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimates of the net pension liability and other post-employment benefit liabilities is based on actuarial assumptions which are determined by the demographics of the plan and future projections that the actuarial makes based on historical information of the plan and the investment market. We evaluated the key factors and assumptions used to develop the net pension liability and OPEB liabilities determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City of Sherman, Texas' financial statements relate to the net pension and OPEB liabilities. The disclosures in the financial statements are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Sherman, Texas' financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated March 7, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City of Sherman, Texas, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City of Sherman, Texas' auditors.

Upcoming Accounting Pronouncements

The following statements for the GASB are effective for future fiscal years ending as listed below. The City of Sherman, Texas is in the process of reviewing and evaluating these statements and their potential impact on the City of Sherman, Texas' financial statements.

Statement No. 87 "Leases" – This Statement is to improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the city in fiscal year 2022.

Statement No. 96, Subscription-Based Information Technology Arrangements – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This Statement will become effective for the city in fiscal year 2024.

Restriction on Use

This report is intended solely for the information and use of the City Council and management of the City of Sherman, Texas and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 7, 2022

CITY OF SHERMAN, TEXAS

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2021**

CITY OF SHERMAN, TEXAS

SEPTEMBER 30, 2021

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**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**

Honorable Mayor and
Members of the City Council
Sherman, Texas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sherman, Texas as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Sherman, Texas' basic financial statements, and have issued our report thereon dated March 7, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Sherman, Texas' 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 City of Sherman, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sherman, Texas' 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 weakness. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sherman, Texas' 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 financial statements. 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 7, 2022



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

Honorable Mayor and
Members of the City Council
Sherman, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Sherman, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Sherman, Texas' major federal programs for the year ended September 30, 2021. The City of Sherman, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Sherman, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Sherman, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Sherman, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Sherman, Texas 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 ended September 30, 2021.

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Report on Internal Control over Compliance

Management of the City of Sherman, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Sherman, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Sherman, Texas' 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 the 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 may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sherman, Texas as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Sherman, Texas' basic financial statements. We issued our report thereon dated March 7, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 7, 2022

CITY OF SHERMAN, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Grantor or Pass-Through Grantor's Number	Program Award Expenditures	Passed Through Subrecipients
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grant/Entitlement Grants	14.218	B-18-MC-48-0027	\$ 485	\$ 485
Community Development Block Grant/Entitlement Grants	14.218	B-19-MC-48-0027	197,320	6,748
Community Development Block Grant/Entitlement Grants Cares Act - COVID - 19	14.218	B-20-MC-48-0027	67,192	48,387
Community Development Block Grant/Entitlement Grants Cares Act - COVID - 19	14.218	B-20-MW-48-0027	<u>196,182</u>	<u>172,777</u>
Total Community Development Block Grant - CDBG - Entitlement Grants Cluster			<u>461,179</u>	<u>228,397</u>
Total U.S. Department of Housing and Urban Development			<u>461,179</u>	<u>228,397</u>
U.S. Department of Justice				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0406	10,936	5,063
Equitable Sharing Program	16.922	TX0910400	<u>6,927</u>	<u>-</u>
Total U.S. Department of Justice			<u>17,863</u>	<u>5,063</u>
U.S. Department of Treasury				
Passed through the Texas Department of Emergency Management:				
COVID - 19 - Coronavirus Relief Fund	21.019		1,245,691	415,000
Direct Program:				
COVID - 19 - Coronavirus State and Local Fiscal Relief Funds	21.027		<u>457</u>	<u>-</u>
Total U.S. Department of Treasury			<u>1,246,148</u>	<u>415,000</u>
National Endowment for the Humanities				
Passed through the Texas Commission on the Arts				
Texas Rescue Plan	45.025	1863312-61-20	<u>2,406</u>	<u>-</u>
Total Passed through the Texas Commission on the Arts			<u>2,406</u>	<u>-</u>
Passed through the Texas State Library and Archives Commission:				
Interlibrary Loan Lending Reimbursement Program	45.310	LS-00-19-044-19	<u>1,454</u>	<u>-</u>
Total Passed through the Institute of Museum and Library Services			<u>1,454</u>	<u>-</u>
Total National Endowment for the Humanities			<u>3,860</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed through Texas Health and Human Services Commission				
Medical Assistance Program	93.778	86350801	<u>96,966</u>	<u>-</u>
Total Medicaid Cluster			<u>96,966</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>96,966</u>	<u>-</u>
U.S. Department of Homeland Security				
Direct Programs:				
Staffing for Adequate Fire and Emergency Response Grant (SAFER Grant)	97.083	EMW-2017-FH-00330	<u>172,811</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>172,811</u>	<u>-</u>
Total Federal Expenditures			\$ <u>1,998,827</u>	\$ <u>648,460</u>

CITY OF SHERMAN, TEXAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SEPTEMBER 30, 2021

Note 1 – General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Sherman, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The City of Sherman, Texas' reporting entity is defined in Note I to the City of Sherman, Texas' basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Note 2 – Subrecipients

Program Title/ Subrecipient	Assistance Listing Number	Amount
Child and Family Guidance Center of Texoma	14.218	\$ 15,720
Housing Authority of the City of Sherman, Texas	14.218	8,000
Grayson County Shelter, Inc.	14.218	46,000
Grayson County Crisis Center	14.218	9,000
Boys & Girls Club of Sherman	14.218	35,000
CASA of Grayson County	14.218	3,500
Sherman Youth Sports Association	14.218	16,177
Grand Central Station	14.218	15,000
Multicultural Family Center	14.218	7,000
House of Eli	14.218	10,000
Court Appointed Special Advocates	14.218	45,000
Four Rivers Outreach	14.218	<u>18,000</u>
Total for 14.218		<u>\$ 228,397</u>

Program Title/ Subrecipient	Assistance Listing Number	Amount
Sherman ISD	21.019	\$ 410,000
Sherman Chamber of Commerce	21.019	<u>5,000</u>
Total for 21.019		<u>\$ 415,000</u>

Program Title/ Subrecipient	Assistance Listing Number	Amount
Grayson County Sheriff's Office	16.738	\$ 2,220
City of Denison	16.738	<u>2,843</u>
Total for 16.738		<u>\$ 5,063</u>

Note 3 – Indirect Cost Rate

The City of Sherman, Texas has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF SHERMAN, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance?	None
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Identification of major programs:

ALN Number: 21.019	Name of Federal Program: COVID-19 - Coronavirus Relief Fund
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Dollar threshold used to distinguish between type A and type B programs for federal single audit:	\$750,000
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Auditee qualified as low-risk auditee for federal single audit?	Yes
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**Findings Relating to the Financial Statements Which are
Required to be Reported in Accordance With Generally
Accepted Government Auditing Standards**

None

Findings and Questioned Costs for Federal Awards

None

CITY OF SHERMAN, TEXAS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NONE



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

F. 3.

Meeting Date: 03/07/2022

Approved By: Robby Hefton, City Manager

Caption:

OTHER BUSINESS

Receive an Update on the City of Sherman's Ongoing Projects

Issue:

Staff seeks to provide periodic aerial updates to keep the Council abreast of the newest developments in City projects.

Background:

Using the City of Sherman's drone, City staff has cataloged several projects underway or contemplated around town, including:

Infrastructure:

- GAP
- 1417
- 75/82
- Moore St
- Lamberth Rd
- Hilre Dr

Housing:

- Bel Air
- The Grove
- Western Heights/ Parkhaven
- Sherman St/ Shooting range
- McGee St

Other:

- Police Station
- Woodman Circle

Origination:

Community and Support Services Manager Nate Strauch

Financial Consideration:

None

Staff Recommendation:

Information purposes only

Alternatives:

NA



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

Meeting Date: 03/07/2022

Approved By: Robby Hefton, City Manager

Caption:

COUNCIL CALENDAR

Attachments

2022 Council Calendar

2022 Council Calendar

January						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

February						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

March						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

April						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

May						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

June						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

July						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

August						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

September						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

October						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

November						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

December						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

	Holiday
	Holiday for Firefighters/Police Only
	City Council Regular Meeting
	City Council Called Meeting
	Special Called Meeting
	Budget Workshop
	Cancelled City Council Meeting

CALLED MEETINGS	
1/18/2022	Rescheduled - Martin Luther King, Jr. Day
2/9/2022	CIP-Public Works Planning Session
2/23/2022	Joint Meeting - Legal Training (Canceled-Bad Weather)
4/19/2022	Budget Planning Meeting
5/26/2022	Capital Improvement Program Work Session
6/16/2022	Budget Workshop - Day 1
6/17/2022	Budget Workshop - Day 2
7/5/2022	Rescheduled - Independence Day
9/6/2022	Rescheduled - Labor Day