CITY OF SHERMAN
CITY COUNCIL REGULAR MEETING AGENDA
COUNCIL CHAMBERS OF THE CITY HALL
220 WEST MULBERRY STREET
SHERMAN, TEXAS
MONDAY, MARCH 2, 2020
5:00 P.M.

A. 1. CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

A. 2. PLEDGE OF ALLEGIANCE LED BY DEPUTY MAYOR WILLIE STEELE

A. 3. INVOCATION BY DEPUTY MAYOR WILLIE STEELE

A. 4. APPROVE MINUTES OF THE CALLED CITY COUNCIL MEETING (COUNCIL TRAINING WORKSHOP) OF FEBRUARY 12, 2020 AND THE REGULAR CITY COUNCIL MEETING OF FEBRUARY 17, 2020

Citizen Requests

B. 1. CITIZEN REQUESTS

Special Presentations

C. 1. SPECIAL PRESENTATION
Recognition of City of Sherman Award: "2019 Texas Achievement in Library Excellence Award"

Consent Agenda

D. 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

E. 1. RESOLUTION NO. 6604
Authorizing Submission of an Application for a Grant Awarded under the U.S. Department of Homeland Security - Federal Emergency Management Agency (FEMA) to Fund the Purchase of approximately One Hundred Five (105) Sets of Personal Protective Equipment (Bunker Gear) for the City of Sherman Fire Department; Designating the City Manager as the Authorized Official to Accept, Reject, Alter or Terminate the Grant on Behalf of the City

E. 2. * ***RESOLUTION NO. 6605***
Awarding Bids to and Authorizing Execution of Contracts with Multiple Vendors for the Purchase and Installation of Various Site Amenities and Improvements for the Cherry Street Park Project

Other Business

F. 1. **OTHER BUSINESS**
Accept Annual Audit Report for Year Ended September 30, 2019 from Pattillo, Brown and Hill, LLP

F. 2. **OTHER BUSINESS**
Receive Update on the Sherman Cultural District

G. **MEDIA QUESTIONS**

H. **COUNCIL COMMENTS**

Executive Session

I. 1. **EXECUTIVE SESSION**
In Accordance with Chapter 551, Government Code, V.T.C.S. (Open Meetings Law), "The City Council Will Now Hold a Closed Executive Meeting Pursuant to the Provisions of the Open Meetings Law, Chapter 551, Government Code, Vernon's Texas Codes Annotated, in Accordance with the Authority Contained in the Following Sections:

Section 551.071 — Consultation with City Attorney concerning Pending or Contemplated Litigation

Section 551.071 — Consult with the City Attorney on a Matter in which the Duty of the Attorney to the Governmental Body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this Chapter

Section 551.087 — Deliberation Regarding Economic Development Negotiations:
(a) Deliberate Regarding Commercial or Financial Information that the City has Received from a Business Prospect and Deliberate any Offers or Incentives to the Business Prospect

The Council reconvenes into General Session

J. 1. **OPEN MEETING**
Reconvene into Open Meeting and Consider Action, if any, on items discussed in Executive Session

K. **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 February 28, 2020 at 2:00 p.m., and said time of posting was 72 hours before said meeting was convened or called to order.

Dated this 28th day of February, 2020.
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	Deputy Mayor	Council Members	
David Plyler	Willie Steele	Willie Steele, Council-At-Large, PL #1	Josh Stevenson, Council – District #2
		Sandra Melton, Council-At-Large, PL #2	Pamela L. Howeth, Council – District #3
		Shawn C. Teamann, Council – District #1	Daron Holland, Council – District #4

SHERMAN CITY COUNCIL
Agenda Communication Form

Sherman
CLASSIC TOWN. BROAD HORIZON.

City Council Regular Meeting **A. 4.**

Meeting Date: 03/02/2020

Prepared By: Linda Ashby, City Clerk

Approved By: Robby Hefton, City Manager

Caption:

APPROVE MINUTES OF THE CALLED CITY COUNCIL MEETING (COUNCIL TRAINING WORKSHOP) OF FEBRUARY 12, 2020 AND THE REGULAR CITY COUNCIL MEETING OF FEBRUARY 17, 2020

Attachments

February 12, 2020 - Called Meeting - Training Session

February 17, 2020

STATE OF TEXAS §

February 12, 2020

COUNTY OF GRAYSON §

BE IT REMEMBERED THAT A Called Meeting of the Sherman City Council was begun and held in the City Council Chambers on February 12, 2020.

COUNCIL MEMBERS PRESENT:	Mayor David Plyler; Deputy Mayor Willie Steele. Council Members Holland, Howeth, Melton, Stevenson, Teamann.
COUNCIL MEMBERS ABSENT:	None.
CITY STAFF PRESENT:	Robby Hefton, City Manager; Terrence Steele, Assistant City Manager; Clint Philpott, Assistant City Manager; Brandon Shelby, City Attorney; Scott Shadden, Director of Development Services; Nate Strauch, Community and Support Services Manager; Ty Coleman, Animal Services Manager; Pam Cloer, Assistant to the City Manager; Linda Ashby, City Clerk.

PURPOSE: **Call to Order, Quorum Determined, Meeting Declared Open**

Invocation by Council Member Josh Stevenson

Council Member Training Workshop Conducted by E. Allen Taylor, Jr., Founding Partner of Taylor, Olson, Adkins, Srala and Elam, LLP

Resolution No. 6592
Authorizing Execution of a Professional Services Agreement with Kimley-Horn and Associates, Inc. for Impact Fee Studies

Resolution No. 6593
Creating an Animal Control Advisory Committee; Providing for its Membership and Terms of Office; Allowing its Organization and Structure

Council Comments

Adjournment

CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

Mayor Plyler called the meeting to order at 11:08 a.m., declared a quorum present, and opened the Called City Council Meeting.

INVOCATION BY COUNCIL MEMBER DARON HOLLAND

RESOLUTION NO. 6592 – AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH KIMLEY-HORN AND ASSOCIATES, INC. FOR IMPACT FEE STUDIES

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH KIMLEY-HORN AND ASSOCIATES, INC. FOR IMPACT FEE STUDIES.

Robby Hefton, City Manager, said this is the agreement with Kimley-Horn that the Council previously discussed, about doing an Impact Fee Study for the City. A presentation was given at the last Council Meeting outlining the process for enacting impact fees. The Council voiced their support for the Impact Fee Study, so a contract was presented for their consideration.

ACTION TAKEN.

Motion by Council Member Melton to adopt Resolution No. 6592, as presented. Second by Council Member Holland.

VOTING AYE: Holland, Howeth, Melton, Steele, Teamann.
VOTING NAY: None.
MOTION CARRIED.

Council Member Stevenson entered the meeting at 11:11 a.m.

RESOLUTION NO. 6593 – CREATING AN ANIMAL CONTROL ADVISORY COMMITTEE; PROVIDING FOR ITS MEMBERSHIP AND TERMS OF OFFICE; ALLOWING ITS ORGANIZATION AND STRUCTURE

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, CREATING AN ANIMAL CONTROL ADVISORY COMMITTEE; PROVIDING FOR ITS MEMBERSHIP AND TERMS OF OFFICE; ALLOWING ITS ORGANIZATION AND STRUCTURE.

Terrence Steele, Assistant City Manager, said that the Texas Health and Safety Code requires that the City establish an Animal Control Advisory Committee, and this resolution establishes that committee. Applications will be accepted for membership on the committee and will be presented to the City Council for appointment at a future Council Meeting.

Deputy Mayor Steele verified that the makeup of the Advisory Committee is dictated by the State. He asked if it would be a problem to fill those positions. Mr. Steele said it would not be a problem.

Ty Coleman, Animal Services Manager, felt that they would have applications for the Council to review for the Advisory Committee at one of the Council Meetings in March 2020. Council Member Melton asked if this type of Advisory Committee existed in the City where Mr. Coleman previously worked. He said it did and he found the Committee helpful.

ACTION TAKEN.

Motion by Council Member Howeth to adopt Resolution No. 6593, as presented. Second by Council Member Melton.

VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

City Council Members took a break from 11:13 a.m. to 11:23 a.m.

COUNCIL MEMBER TRAINING WORKSHOP CONDUCTED BY E. ALLEN TAYLOR, JR., FOUNDING PARTNER OF TAYLOR, OLSON, ADKINS, SRALA AND ELAM, LLP

Allen Taylor, Jr., Founding Partner, Taylor, Olson, Adkins, Srala and Elam, LLP, presented issues that emerged from the most recent Texas Legislative Session, and what that means for those in a planning and development role.

He added that there is a major political issue, in that there is leadership at the State level, that has publically stated on numerous occasions, that they do not trust local elected officials to

make decisions regulating local development. He said the Governor has said it, the Lieutenant Governor has said it, the soon to be late Speaker of the House has said it, and they have made it very clear that they want to remove the ability of local government to make local based decisions. They want Austin to develop the rules and leave it to the local governments to carry out Austin's decisions.

However, he said, there needs to be local control of local decision making. If local citizens do not feel that these decisions are in their best interest, they are in a position to make a change. Apparently the State leadership is not of that mind.

He said bill filing for the new Legislative Session will open soon, and many of these development issues will be revisited. Mr. Taylor said it is very important that local elected officials be active, involved, and vocal in letting the elected officials at the State level know what their positions are. Some of the decisions previously made by the Legislature created major problems at the local level.

Apparently 6,700 bills were filed and there were too many to analyze the consequences. Texas Municipal League has a limited staff to analyze all the bills that are put before the Legislature for decisions. He questioned the education materials that are being prepared to educate the Legislators about the problems at the local level.

He urged the staff to have a plan in place locally, where someone is paying attention to the bills that are filed and can analyze their effect at the local level. Staff needs to talk about the issues and ask questions, and contact their State Representative with their concerns and recommendations early enough to influence their thinking.

Robby Hefton, City Manager, said on the tax cap legislature (SB 2), there was no advance knowledge and no lobbying. The Speaker of the House and the Lieutenant Governor went through the public hearings, but there was no amount of lobbying, no amount of public hearings, no reaching out to the Representatives, that would have helped.

Mr. Taylor said the organizations that led those attacks developed a long game plan. SB 2 was a 3.5% funding cap that was approved. They had tried to get an earlier version of the bill passed, but TML was able to defeat it the first two sessions. But they didn't continue to oppose it and lobby against the cap. He said officials at the local level are "too busy doing our job" to deal with future legislative issues.

He urged the City to schedule regular meetings with their State Representatives in order to voice their concerns at a local level. This will arm the Representatives with information when they are approached by lobbyists. He said they must be educated throughout the process. He discussed the public hearings that were held and how the Legislators insulted and degraded the City officials that were speaking. Their mind was already made up. He said local officials must start educating them early in the process because the data is compelling.

He said TML Legislative Affairs Division has a very small staff and did not "see it coming." They try to determine what issues will be most dangerous to cities, but they need help from the cities. Lobbyists are working against the cities. He urged the staff and Council to develop a "Legislative Agenda" every year prior to the Legislative Session to try to determine what needs to be addressed. He said cities need to have a "lobbying plan" to address issues that the City is concerned with.

Mr. Taylor said the biggest issue that the City is dealing with is HB 2439, or the construction materials bill. At the time, no one knew what the implications were from that bill, and it appeared to be a minor amendment. The bill says a local government may not adopt or enforce a rule, regulation, or ordinance, Charter provision, or anything that prevents a builder or property owner from using a building material approved in the last three code cycles.

For some of the codes, their cycles are two or three years apart. If a builder wants to use a material that was approved nationwide in a code issued within the last three cycles, a City cannot enforce a rule that prohibits its use.

The measure also prevented cities from enforcing aesthetic requirements that drive up the cost of construction of houses. The example used before the legislators was the use of Hardi Board, which is a good, durable, useful exterior surface. Proponents said limiting Hardi Board unnecessarily drove up the cost of construction on homes and businesses.

However, the bill also included the prohibition of a requirement for any aesthetic elements to construction, such as roof pitch. There are other "aesthetic" elements that have been adopted as local code amendments for things that work locally. Different construction techniques and materials are required based on the area in which they are used. These local code amendments are not allowed under HB 2439.

Mr. Taylor recommended that the City not alter their current code regulations. Because of the problems caused from this bill, he expected that the upcoming Legislature would make some changes.

Council Member Howeth expressed concern about the fact that the City could not regulate the size of a structure that is built on a lot. HB 2439 deals with materials or construction techniques. He said they are taking the position that the requirements do not extend to Chapter 211, which is the Zoning Act in Texas. If the minimum square footage is contained within that structure, they are maintaining that it has not been altered. They maintain that it is still enforceable, until a District Court says otherwise.

Mr. Hefton said there was a neighborhood that started developing using brick masonry as an exterior and a few doors away, the developer started using Hardi Board. The neighbors were concerned that the requirements were not the same and the look of the homes didn't match. The City can't regulate whether there is Hardi Board siding next to masonry siding.

Scott Shadden, Director of Development Services, said the smaller homes still have to meet the Building Code. Mr. Taylor said the Building Code, establishes a minimum, acceptable requirement. HB 2439 regulates the construction materials and techniques, but location and size limitations within different locations, are still under the Zoning Act, so the City should still be able to control the minimum sizes.

The City is the first authority on land use. Mr. Taylor said if an area has unusual artistic, cultural, or historic requirements, and restrictions have been adopted to protect those, then a City can enforce those restrictions.

If there are overlay districts or planned developments, where there is an evidentiary record before the Planning and Zoning Commission or the City Council, and there are restrictions such as aesthetic elements or architectural items, then those are enforceable. These are

enforceable because it was done with the intent to create an integrated community, and the aesthetics were part of it.

However, if there was no conversation about architecture, or the cultural impact, or the history, it may not be a defensible position. Most overlay districts frequently involve travel corridors or downtowns, preserving the old, historic appearance. The ordinance that adopted it and the plan on which it is based should state that they are preserving the historic character of the community, and that they want to preserve a part of history and culture to pass on to new generations. This type of documentation would make restrictions exempt from the limitations of HB 2439.

Mr. Taylor urged the Council to consider this in the future, as they move forward with planned developments. But according to HB 2439, if a City is on the National Historic Register for some of these issues, they are exempt from everything. If it's not on the Register, if these things existed as part of the planned development, prior to April 2019, it's part of it. Mr. Taylor said they believe the next Legislative Session will expand that to say there is no time limit on it, as long as it acknowledges that the aesthetic elements or architectural restrictions are part of the agreement to produce the planned development.

Nate Strauch, Community and Support Services Manager, verified that it applies to all cities, not just those that have already ceded their control to the International Building Code. Mr. Taylor said it applies to any governing body. He did feel that a consortium of cities, probably led by the City of Austin, would initiate litigation to defeat the measure.

Deputy Mayor Steele verified that Mr. Taylor's recommendation is for Sherman to "stay where they are" and leave their regulations in place. Their stance can be that it doesn't comply with the code, but because of the State statue, it won't be enforced right now. However, don't actually change the rules and "get caught in the moving target issue." He said it's too early to change the regulations.

Mr. Taylor addressed HB 3167, which is the "development shock clock" bill. It is a subdivision regulation rewrite about how the system works. It says if a developer or subdivider submits a subdivision plat, there is a 30-day window in which the City can disapprove the plat or approve it by operation of law. However, HB 3167 says you can approve it, disapprove it, or conditionally approve it. If they disapprove it or conditionally approve it, they are required to give the applicant a written report, explaining the basis upon which it was disapproved or conditionally approved. This means the reason for disapproval or conditional approval needs to be stated in the actual motion.

They are then given an unlimited window of time to review the comments. They can come back and submit a letter and documentation showing how they have addressed the issue and fixed the problem with the plat. The City must then act on that within 15 days. Within 15 days it must be on an agenda and must be acted upon. They can reject it again, approve, conditionally approve, or disapprove.

If it's disapproved or conditionally approved again, they must give written notice. The developer has as long as they want to review it, but when they send it back to the City, the City must react within 15 days. He added that, in providing your written information for the denial, when you tell them why the plat was not approved, you are "locked into" the list you give them. You cannot add any additional deficiencies, so the staff must be very vigilant in finding all problems.

Mr. Taylor also addressed HB 852, which is the building permit change. For many years, building departments based their fees upon the value of a house. The Legislature said that could not be the basis for the fees anymore, and said cities are "gouging" expensive properties. They said a City should base their permit fee on the time it takes the City to do the elements of the permit itself. They said a City needs to develop a system, either based on square footage or on some method of calculating a uniform time it takes to provide the staff's inspection. The City of Sherman is already complying with this requirement.

Mr. Taylor said HB 2497 changed the structure of the Zoning Board of Adjustments, and made it clear that the Board can adopt its own rules. It also limited the individuals that can file appeals from Zoning Board of Adjustment cases. The Zoning Board of Adjustments grants variances to the performance standards of the ordinance where an applicant can show a hardship, they grant special exceptions where authorized by the Council within the text of the Zoning Ordinance, and they rule on appeals of interpretations made by the Zoning Administrator.

The change limited the appeals for the Zoning Board that were used to create zoning delays that could kill a project for developers. Many times neighborhood groups would file these appeals in order to delay the project. Even though the Zoning Administrator and the Zoning Board would make a perfectly good ruling, the delays could cause the developer to walk away from the project. This HB limits the people that can appeal the decision to the property owner, someone that lives within the 200-foot radius, or the local government. It removed the neighborhood associations.

Another development issue is HB 2840, which changed the meeting structure. In the past, the Council agenda had items listed for consideration. Certain items required public hearings, but most items only required that the Council take action in an open, public forum. Many Councils had an item on the agenda allowing citizen's comments.

The Legislature adopted HB 2840 which specifically says, any citizen has the right to address a governmental body, on an item to be considered by that body, before or during the consideration of that item. In most cities this isn't a problem and the Council makes time for the citizens because it's important. But in other cities, these comments start out and degenerate into three hundred people screaming about items that aren't on the agenda.

So with HB 2840, it says any citizen has the right to speak to the Council on any item on the agenda that the Council is going to consider. The Council still holds the public hearing, in which everyone has a right to speak. However, on non-public hearing items, the question is, does the Council have to let them speak during the individual item. Mr. Taylor said the answer is no.

At the beginning of the meeting, there would be a designated citizen's comment section where a citizen can address the Council on any item on the agenda, other than the public hearing. On the public hearing items, the Mayor will ask for citizen's comments. He said this is the most efficient way to make it work.

Mr. Taylor said there are two items that he is concerned about becoming an issue in North Texas. One is low-income housing and the other is short-term rentals. He said these issues are coming up in every City.

Under low-income housing, he said cities are seeing "tax subsidy units" being located in many areas throughout Texas, and it is a very lucrative endeavor for multi-family developers. They can get valuable tax credits to help with securing their financing, developing the project, and marketing it correctly. In order to do this, they must qualify for the credits. In order to get these tax credits, they must score points on a scorecard for certain things, such as accessibility to grocery shopping, accessibility to public transportation, accessibility to health care facilities, and points for how they are structured.

They also get points if they have a resolution from the local government announcing its support for the development of this type of housing at this site. They can still get funded without it, if they have enough points. They will tell the City they can't make it work without the City's support, but the local government is not required to do this.

The approval of the City's support for a project like this is strictly a policy decision for the Council to make, and there are no negative consequences. Adopting a resolution of support is a voluntary choice that the Council makes.

There is another check-off on the project where the developer might want the local government to contribute money to the project. They don't actually want money for the housing project, they want money "to support" the housing project by building a sewer line or a road in front of the project, or some other type of public works project that is attributable to the project. Mr. Taylor said it is lawful to do this, but not good to do it. The City is not required to provide this support, but it is not a violation of the Federal Fair Housing Act to do so.

He added that it is prudent, that a City address their housing situation and need on a regular basis, as part of the ongoing planning process. The City needs to have an inventory of their housing units, so they actually know what is needed.

Mr. Taylor said the other big issue is short-term rentals, which are owners listing homes for vacation rentals, for weekends, for parties, or similar things. Most of the time it is done reasonably and responsibly. But it could be rented for a "frat party" with alcohol, loud music, and vehicles parked everywhere. The neighbors aren't happy and the police have been called.

Some cities have prohibited short-term rentals completely, while other cities have not enacted any regulations. Then there are "owner-occupied" homes where the owner actually lives there but might go away for "Super Bowl" weekend and rent their home out for a short-term rental. This is an owner occupied, short-term rental versus rental property that has never been lived in by the owner and is actually a business operation for short-term rentals.

The City of Austin adopted a very complex set of regulations related to short-term rentals. They have been sued, and the lawsuit is focused on non-owner occupied, short-term rentals. The decision rendered by the court is that Austin's regulations prohibiting requiring the amortization and closure of non-owner occupied, short-term rentals was unconstitutional. They said with the ownership of a single-family home, you buy it as a single-family home in a residential area and it's not a business.

But when the court considered the history of Texas law, which said when you buy a single-family home, it comes with inherent ownership elements and rights, one of which is the right to rent that property. A property owner has a "fundamental right to rent their property," and a government can't interfere with a property owner's right to use their property, except to the

extent that they can show that they are substantially advancing a legitimate State interest and they are doing it in the minimum method necessary to achieve the public purpose. He discussed the merits of the Austin lawsuit, and the court's question about why they were trying to take away the inherent rights of property owners. Ultimately, there was no indication that adopting the regulations they were adopting would achieve the things they said they wanted to achieve.

Mr. Taylor said on low-income housing, when you talk about any kind of multi-family housing, take the time to listen carefully to what the audience is saying, what the applicant is saying, what the people in support of the issue are saying, what the people in opposition are saying, what their positions are, and what they're laying out. The Council should make sure their comments are consistent with the Master Plan. What does the Master Plan say about that area and the planned use? Don't let the audience control the conversation. He said to listen, but to be careful not to adopt the things they say.

He said the Council must make sure that they are not basing any decision they make on the identity of the people that will live there or their income. Base the decision on the land use impacts. Can the utility system support it, is it an area where the density will not overwhelm anything, is it an appropriate place according to the Master Plan?

Council Member Teamann asked if it would be an appropriate place for staff to address their comments on the agenda items with talking points to be considered. Mr. Taylor addressed his concerns about doing that. He said they can list factors of concern, but need to be careful how it is worded. Mr. Shadden said in Sherman, that is currently addressed in the Staff Review Letter for each item.

Deputy Mayor Steele added that every agenda item has a staff recommendation to approve or deny the request. Mr. Taylor said he would not recommend that the staff ever make a recommendation to approve or deny an issue. He said it is wiser to allow the Planning and Zoning Commission and then the City Council to make a decision.

Deputy Mayor Steele said if something comes to the City Council that has been denied by the Planning and Zoning Commission, is it okay to ask what their reasoning was behind the denial? Mr. Taylor said that is perfectly legitimate. He urged them to be situationally aware of where they are and what works where they are.

COUNCIL COMMENTS
There were no Council comments.

ADJOURNMENT
There being no further business to come before the City Council, motion was duly made and approved to adjourn the Called Meeting at 12:50 p.m.

MAYOR

ATTEST

CITY CLERK

STATE OF TEXAS §

February 17, 2020

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 17, 2020.

MEMBERS PRESENT: **MAYOR DAVID PLYLER; DEPUTY MAYOR WILLIE STEELE. COUNCIL MEMBERS HOLLAND, HOWETH, MELTON, STEVENSON, TEAMANN.**

MEMBERS ABSENT: **NONE.**

CALL TO ORDER

CALL TO ORDER

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

APPROVE MINUTES

APPROVE MINUTES

The Council reviewed the Minutes of the Regular City Council Meeting of February 3, 2020. Council Member Melton moved to approve the Minutes, as presented; Second by Council Member Howeth; All present voted AYE.
MOTION CARRIED.

CITIZEN'S REQUESTS

CITIZEN'S REQUEST

CITIZEN'S REQUEST

Ronald Aycock, 220 E. Houston, turned in a card to speak before the City Council.

Mayor Plyler said, due to changes in State law, Mr. Aycock could address the City Council only on items listed on the agenda. Brandon Shelby, City Attorney, confirmed that Mr. Aycock could address anything on the agenda.

Mr. Aycock asked when they would discuss anything that the citizen wants to address. Mayor Plyler said he could meet with the City staff after hours. He wanted to speak during the City Council Meeting and said the Council was trying to keep transparency from the people.

Mayor Plyler said he is complying with State law. Mr. Aycock said "then you don't mind if I contact the Attorney General's Office and discuss this with them." Mayor Plyler replied that was fine.

ORD 6283
SPEED LIMIT
ON FM 1417

Mayor Plyler introduced Ordinance No. 6283 and called for a public hearing:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ESTABLISHING MAXIMUM, REASONABLE AND PRUDENT RATES OF SPEED ON CERTAIN PORTIONS OF F.M. 1417 IN THE CORPORATE LIMITS OF SHERMAN, GRAYSON COUNTY, TEXAS; FIXING PENALTIES FOR VIOLATION THEREOF; DECLARING AN EMERGENCY;

PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

Clint Philpott, Assistant City Manager, said this ordinance will reduce the speed limit on F.M. 1417 to 45 miles per hour, from just north of U.S. Hwy 82 to just south of S.H. 56. The Texas Department of Transportation is about to start construction in this area.

This reduction in speed will allow for increased safety and awareness as the project moves forward. Once construction is complete, the City will reevaluate the speed and post new speed limits.

No citizens appeared before the City Council to discuss Ordinance No. 6283.

The Public Hearing was closed.

ADOPTION OF ORDINANCES

Ordinance 6283

ORD 6283 SPEED LIMIT ON FM 1417

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ESTABLISHING MAXIMUM, REASONABLE AND PRUDENT RATES OF SPEED ON CERTAIN PORTIONS OF F.M. 1417 IN THE CORPORATE LIMITS OF SHERMAN, GRAYSON COUNTY, TEXAS; FIXING PENALTIES FOR VIOLATION THEREOF; DECLARING AN EMERGENCY; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

Deputy Mayor Steele asked who pays for the new signage. Mr. Philpott said TxDOT pays for the sign changes.

ACTION TAKEN.

Motion by Deputy Mayor Steele to adopt Ordinance No. 6283, as presented. Second by Council Member Teamann.

VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

CONSENT AGENDA

CONSENT AGENDA

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

RES 6594 FM 1417 WIDENING PROJECT, PHASE II

RESOLUTION NO. 6594 – FINDING AND DETERMING A PUBLIC PURPOSE AND PUBLIC NECESSITY EXISTS FOR CONSTRUCTION OF TEXAS DEPARTMENT OF TRANSPORTATION (TXDOT) AND CITY PROJECT FM 1417 WIDENING PROJECT, PHASE II FROM S.H. 56 TO WEST TRAVIS STREET; APPOINTING AN APPRAISER AND NEGOTIATOR AS NECESSARY; AUTHORIZING THE CITY MANAGER TO ESTABLISH JUST COMPENSATION FOR THE PROPERTY RIGHTS TO BE ACQUIRED; AUTHORIZING THE CITY MANAGER TO TAKE ALL STEPS NECESSARY TO

ACQUIRE THE NEEDED PROPERTY RIGHTS IN COMPLIANCE WITH ALL APPLICABLE LAWS AND REGULATIONS

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, FINDING AND DETERMING A PUBLIC PURPOSE AND PUBLIC NECESSITY EXISTS FOR CONSTRUCTION OF TEXAS DEPARTMENT OF TRANSPORTATION (TXDOT) AND CITY PROJECT FM 1417 WIDENING PROJECT, PHASE II FROM S.H. 56 TO WEST TRAVIS STREET; APPOINTING AN APPRAISER AND NEGOTIATOR AS NECESSARY; AUTHORIZING THE CITY MANAGER TO ESTABLISH JUST COMPENSATION FOR THE PROPERTY RIGHTS TO BE ACQUIRED; AUTHORIZING THE CITY MANAGER TO TAKE ALL STEPS NECESSARY TO ACQUIRE THE NEEDED PROPERTY RIGHTS IN COMPLIANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

Mr. Philpott said construction will begin soon on the north phase of F.M. 1417. The City will begin looking at the next phase of the project, which is from S.H. 56 south to the new high school.

This resolution will allow City staff to begin the right-of-way acquisition process for the parcels of additional right-of-way that are needed.

Council Member Melton asked if, prior to this resolution, the staff talked to all property owners to purchase the right-of-way. Robby Hefton, City Manager, said the staff tried to work out issues with property owners first, and this is a last resort if something can't be worked out.

ACTION TAKEN.

Motion by Council Member Melton to adopt Resolution No. 6594, as presented. Second by Deputy Mayor Steele.

VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

RES 6595 CENTER ST. & HWY 75 UTILITY RELOCATION PROJECT

RESOLUTION NO. 6595 – AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH VESSELS CONSTRUCTION, A DIVISION OF VESCOR, INC., ON AN INVITATION TO BID FOR CONSTRUCTION OF THE CENTER STREET & U.S. 75 UTILITY RELOCATION PROJECT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH VESSELS CONSTRUCTION, A DIVISION OF VESCOR, INC., BASED ON AND AN INVITATION TO BID FOR CONSTRUCTION OF THE CENTER STREET & U.S. 75 UTILITY RELOCATION PROJECT.

Tom Pruitt, Utility Engineer, said this project is to relocate one of the sewer lines under U.S. Hwy 75 and Center Street for the upcoming Hwy 75 GAP project. The project was designed

in-house, and two bids were received. Vessels Construction was the low bid at $398,180. The staff did recommend acceptance of the low bid.

Deputy Mayor Steele confirmed that this was the City's portion of the GAP project. Mr. Pruitt said the piers for the proposed new bridge would go right through the sewer lines.

Mr. Philpott said the project was not budgeted and was part of a relocation that is required by TxDOT. He said there was about 50 different utility conflicts on the project, and these are the only two that require relocation. TxDOT was able to design around other issues.

Mr. Hefton said this was the only issue that could not be designed around. The City will move their own utility so TxDOT can do the work.

Mr. Hefton said no debt will be issued for the project. The City will fund it with existing City funds or leftover Greater Texoma Utility Authority funds from projects that came in under budget.

ACTION TAKEN.

Motion by Council Member Melton to adopt Resolution No. 6595, as presented. Second by Council Member Stevenson.

VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

RES 6596
AIRPORT HANGAR CONSTRUCTION

<u>RESOLUTION NO. 6596 – AWARDING A PROPOSAL TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH SKYTRUST, LLC OF FRISCO, TEXAS ("SKYTRUST"), BASED ON A REQUEST FOR PROPOSAL FOR HANGAR CONSTRUCTION</u>
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING A PROPOSAL TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH SKYTRUST, LLC OF FRISCO, TEXAS ("SKYTRUST"), BASED ON A REQUEST FOR PROPOSAL FOR HANGAR CONSTRUCTION.

Mary Lawrence, Director of Finance, said the City issued a request for proposal for a hangar at the Airport. According to the Master Plan, additional hangars were the number one requested improvement for the Airport.

Several responses were received, but the number one response was a "very interesting" proposal. Skytrust, LLC is proposing to build all three hangar buildings as depicted in the Master Plan.

One hangar will belong to the City and the other two will belong to the developer, with a ground lease from the City. The

ground lease will be for up to 40 years. The developer will collect the rent on his two buildings. At the end of 40 years, the two hangars will revert to the City.

Council Member Melton verified that the proposal is for a 30 year ground lease with two, five year renewals. Ms. Lawrence said there's also an escalator clause in the ground lease.

The City would own and operate the initial hangar and would be paying the developer back for the cost of the hangar, over eight to nine years. The developer is also not charging the City any interest, they are just paying for the cost of the hangar.

This developer is the same developer of the hangar community going in west of the Airport.

ACTION TAKEN.

Motion by Council Member Stevenson to adopt Resolution No. 6596, as presented. Second by Council Member Howeth.

VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

RES 6597 POLICE & FIRE EMERGENCY VEHICLES

<u>RESOLUTION NO. 6597 – AWARDING A BID TO AND AUTHORIZING EXECUTION OF AN AGREEMENT WITH U.S. BANCORP GOVERNMENT LEASING & FINANCE, INC. FOR THE LEASE-PURCHASE FINANCING OF CAPITAL EQUIPMENT</u>

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING A BID TO AND AUTHORIZING EXECUTION OF AN AGREEMENT WITH U.S. BANCORP GOVERNMENT LEASING & FINANCE, INC. FOR THE LEASE-PURCHASE FINANCING OF CAPITAL EQUIPMENT.

Ms. Lawrence said in November 2019, the Council approved the emergency purchase of three Tahoes for the Police Department, and a Pumper Truck for the Fire Department. The request was for lease of the vehicles. U.S. Bancorp submitted the lowest proposed rate of 1.78% for five years.

Two of the three Tahoes will be used to provide traffic safety for the TxDOT project. TxDOT will be paying the City for their use, which will provide funding for these two vehicles. Council Member Melton verified that the "total funding" will be paid by TxDOT.

ACTION TAKEN.

Motion by Council Member Holland to adopt Resolution No. 6597, as presented. Second by Council Member Stevenson.

VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

RES 6598 REIMBURSEMENT FOR LEASE-PURCHASE OF CAPITAL EQUIPT.

RESOLUTION NO. 6598 – DECLARING THE CITY'S INTENTION TO REIMBURSE ITSELF FROM THE PROCEEDS OF CAPITAL LEASE FINANCING FROM U.S. BANCORP GOVERNMENT LEASING & FINANCE, INC. FOR THE LEASE-PURCHASE FINANCING OF CAPITAL EQUIPMENT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, DECLARING THE CITY'S INTENTION TO REIMBURSE ITSELF FROM THE PROCEEDS OF CAPITAL LEASE FINANCING FROM U.S. BANCORP GOVERNMENT LEASING & FINANCE, INC. FOR THE LEASE-PURCHASE FINANCING OF CAPITAL EQUIPMENT.

Ms. Lawrence said this resolution allows the bank to reimburse the City for the lease of the three Tahoes and the Pumper Truck. The City prefers to pay for the purchase before the lien is taken.

ACTION TAKEN.

Motion by Council Member Teamann to adopt Resolution No. 6598, as presented. Second by Council Member Stevenson.

VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

RES 6599 SHEPHERD DR. & FARMINGTON RD. WATERLINE PROJECT

RESOLUTION NO. 6599 – AUTHORIZING EXECUTION OF A PROFESSIONAL ENGINEERING SERVICES AGREEMENT WITH DANIEL & BROWN INC. FOR THE DESIGN OF A WATERLINE ALONG SHEPHERD DRIVE AND FARMINGTON ROAD PROJECT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A PROFESSIONAL ENGINEERING SERVICES AGREEMENT WITH DANIEL & BROWN INC. FOR THE DESIGN OF A WATERLINE ALONG SHEPHERD DRIVE AND FARMINGTON ROAD PROJECT.

Mr. Pruitt said this is for the engineering design of a new surface waterline extending to Marilee Special Utility District. Marilee SUD will utilize their Lake Texoma surface water allocation and the City of Sherman will treat their water. The City will pay the cost to "upsize" this waterline for future growth south of Sherman.

Mr. Hefton added that this agreement is only for the engineering design services for the project. There will be other approvals by the Council to actually construct the waterline. A water services agreement will also need to be considered with Marilee SUD for a long term water purchase contract. He said this is the second of many steps, but is necessary to keep the project on track.

Cost of the engineering services will be $65,000, and will be paid for by Marilee SUD.

ACTION TAKEN.
Motion by Council Member Melton to adopt Resolution No. 6599, as presented. Second by Council Member Howeth.
VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

RES 6600
ANNUAL SUPPLY OF CHEMICALS

RESOLUTION NO. 6600 – AWARDING BIDS TO AND AUTHORIZING EXECUTION OF CONTRACTS WITH MULTIPLE VENDORS FOR AN ANNUAL SUPPLY OF CHEMICALS FOR THE SHERMAN WATER TREATMENT PLANT
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING BIDS TO AND AUTHORIZING EXECUTION OF CONTRACTS WITH MULTIPLE VENDORS FOR AN ANNUAL SUPPLY OF CHEMICALS FOR THE SHERMAN WATER TREATMENT PLANT.
CONSENT AGENDA.

RES 6601
ABANDON SANITARY SEWER EASEMENTS (INDEPENDENCE SQUARE ADDITION)

RESOLUTION NO. 6601 – ABANDONING A PORTION OF THREE (3) TWENTY FOOT (20') SANITARY SEWER EASEMENTS LOCATED IN LOT 1, BLOCK 1, OF BLOCK ONE, INDEPENDENCE SQUARE ADDITION, SECTION THREE, VOLUME 10, PAGE 11, PLAT RECORDS, GRAYSON COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED AS PARCEL 1 AND PARCEL 2 ON THE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES, WHICH SANITARY SEWER EASEMENTS ARE RECORDED IN VOLUME 10, PAGE 11 OF THE PLAT RECORDS, VOLUME 865, PAGE 640 AND VOLUME 1440, PAGE 710 OF THE DEED RECORDS OF GRAYSON COUNTY, TEXAS
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ABANDONING A PORTION OF THREE (3) TWENTY FOOT (20') SANITARY SEWER EASEMENTS LOCATED IN LOT 1, BLOCK 1 OF BLOCK ONE, INDEPENDENCE SQUARE ADDITION, SECTION THREE, VOLUME 10, PAGE 11, PLAT RECORDS, GRAYSON COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED AS PARCEL 1 AND PARCEL 2 ON THE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES, WHICH SANITARY SEWER EASEMENTS ARE RECORDED IN VOLUME 10, PAGE 11 OF THE PLAT RECORDS, VOLUME 865, PAGE 640 AND VOLUME 1440, PAGE 710 OF THE DEED RECORDS OF GRAYSON COUNTY, TEXAS.
CONSENT AGENDA.

RES 6602
ENCROACHMENT EASEMENT FOR RESIDENCE (709 W. LAMBERTH RD)

RESOLUTION NO. 6602 – AUTHORIZING EXECUTION OF AN ENCROACHMENT EASEMENT TO PHILLIP A. TILLET AND DEVERA L. TILLETT FOR THE ENCROACHMENT OF A SINGLE FAMILY RESIDENTIAL STRUCTURE WITHIN THE PLATTED PUBLIC UTILITY EASEMENT RUNNING ALONG THE WEST SIDE OF LOT 3, BLOCK 3 OF THE REPLAT OF LOT 1 THRU 5, BLOCK 2 INCLUSIVE AND ALL OF BLOCK 3, BRIGHT STAR ADDITION, LOCALLY KNOWN AS 709 WEST LAMBERTH ROAD IN THE CITY OF SHERMAN, TEXAS

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN ENCROACHMENT EASEMENT TO PHILLIP A. TILLETT AND DEVERA L. TILLETT FOR THE ENCROACHMENT OF A SINGLE FAMILY RESIDENTIAL STRUCTURE WITHIN THE PLATTED PUBLIC UTILITY EASEMENT RUNNING ALONG THE WEST SIDE OF LOT 3, BLOCK 3 OF THE REPLAT OF LOT 1 THRU 5, BLOCK 2 INCLUSIVE AND ALL OF BLOCK 3, BRIGHT STAR ADDITION, LOCALLY KNOWN AS 709 WEST LAMBERTH ROAD IN THE CITY OF SHERMAN, TEXAS.
CONSENT AGENDA.

RES 6603
RESIDENTIAL TAX ABATEMENT
(1808 E. ALMA)

RESOLUTION NO. 6603 – AUTHORIZING EXECUTION OF AN AGREEMENT WITH JOSE TOBAR AND JOVANI MENJIVAR FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR THE CONSTRUCTION OF A NEW SINGLE-FAMILY RESIDENCE AT 1808 EAST ALMA AVENUE WITHIN CITY OF SHERMAN REINVESTMENT ZONE, NUMBER TEN (#10)
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH JOSE TOBAR AND JOVANI MENJIVAR FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR THE CONSTRUCTION OF A NEW SINGLE-FAMILY RESIDENCE AT 1808 EAST ALMA AVENUE WITHIN CITY OF SHERMAN REINVESTMENT ZONE, NUMBER TEN (#10).
CONSENT AGENDA.

REQUEST TO ADV
BNSF WATERLINE
UTILITY RELOCATION

REQUEST TO ADVERTISE
UTILITY RELOCATION OF BNSF WATERLINE
The City Council approved the request to advertise for bids for the construction of the BNSF waterline relocation. BNSF Railroad Company has improvements planned for the South Sherman Realignment and utilities will need to be relocated.

The project consists of approximately 1,200 linear feet of water line that will be relocated by open cut and bore under railroad tracks, which is required to avoid conflicts with the railroad realignment project.

The project will cost approximately $200,000, and funding is available in the Utility Fund.
CONSENT AGENDA.

OTHER BUSINESS

CITY PROJECT UPDATE

RECEIVE UPDATE FROM COMMUNITY AND SUPPORT SERVICES MANAGER NATE STRAUCH REGARDING ONGOING PROJECTS IN THE CITY
Nate Strauch, Community and Support Services Manager, presented an update on ongoing projects in the City of Sherman.

Projects covered in the PowerPoint included:
- **Pecan Grove Park Athletic Complex**
- **Sherman Municipal Airport**
- **TxDOT Staging Area for Highway Projects**
- **Highway 75 GAP Project**

- **Sherman Crossroads**
- **West Travis Street**
- **Sherman High School**
- **Progress Drive**
- **Munson Sewer Line**
- **Moore Road**
- **Quail Run Housing Development**
- **The Preserve Housing Development**
- **Country Ridge Housing Development**
- **Brookstone Housing Development**

Council Member Holland asked about the road expansion along F.M. 691. That is a TxDOT project and Mr. Philpott did not know when it would start.

DISCUSS AND CONSIDER APPROVAL OF THE BUDGET CALENDAR FOR FISCAL YEAR (FY) 2020-2021

BUDGET CALENDAR

Ms. Lawrence said the budget calendar is a little different this year due to a major change in property tax. One change is that there is only one required public hearing on the tax rate instead of two.

This will allow the City to move up the tax rate adoption to August 17, 2020. There is also no requirement between the last public hearing and the adoption, so they can be approved at the same meeting.

The reason for this is, if the proposed tax rate is higher than the voter approval rate, the Election would be on the November 2020 Uniform Election Date. If two public hearings were required, it would be too late to call the Election. It would need to be adopted by August 25, 2020.

Council Member Teamann asked if the tax rate failed, what would happen on the August 17, 2020 Meeting. Ms. Lawrence said the tax rate would go back to the voter approval rate, or what was previously called the rollback rate.

ACTION TAKEN.

Motion by Council Member Melton to approve the Budget Calendar, as presented. Second by Council Member Stevenson.

VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

APPROVE QUARTERLY INVESTMENT REPORT FOR QUARTER ENDED DECEMBER 31, 2019

QUARTERLY INVESTMENT REPORT

The City Council approved the Quarterly Investment Report for the quarter ended December 31, 2019. As of December 31, 2019, the portfolios were in compliance with applicable State laws and the Investment Policy.

The operating investment portfolio had a book value of about $9.9 million, a decrease of about $2.8 million from the prior quarter of $12.6 million, due to the maturity of a certificate of deposit and a call on an agency security.

The underlying investments were adequately diversified among four different types of securities. This portfolio is appropriately liquid, and its weighted-average maturity was about 415 days, up from 332 days from last quarter. The portfolio value on the City's books is approximately market value.

The debt proceeds portfolio balance of $22.7 million was invested in a Local Government Investment Pool and an FDIC insured investment account. Transactions in this portfolio include payments for capital projects and the receipt of interested income. The yield of 1.74% was above the benchmark yield of 1.48% for this portfolio. Book value and market value were about the same.
CONSENT AGENDA.

CLOSE STREETS "BEAT THE HEAT" 5K

CONSIDER REQUEST OF GRAYSON HONORS COLLEGE AND THE GRAYSON COUNTY LAW ENFORCEMENT ASSOCIATION TO TEMPORARILY CLOSE CERTAIN STREETS FOR THE 7TH ANNUAL "BEAT THE HEAT 5K" RUN ON SATURDAY, APRIL 25, 2020 WITH AN ALTERNATE RAIN DATE OF SATURDAY, MAY 2, 2020
The City Council approved the request of Grayson Honors College and the Grayson County Law Enforcement Association to temporarily close certain streets for the 7th Annual "Beat the Heat 5K" run on April 25, 2020. An alternate rain date of May 2, 2020, has also been set.

They have requested assistance with street closures and traffic control, as well as the closure of Rusk Street, in front of Piner Middle School. The event will require traffic control, barricades, and cones from the City, as well as labor for placement.
CONSENT AGENDA.

MEDIA QUESTIONS

MEDIA QUESTIONS
There were no media questions.

APPOINT/REMOVE OR CONSIDER QUALIFICATIONS TO BOARDS AND COMMISSIONS
KEEP SHERMAN BEAUTIFUL COMMISSION (4)

KEEP SHERMAN BEAUTIFUL COMMISSION

ACTION TAKEN.
> **Motion by Council Member Teamann to reappoint Trace Rossi and Jessica Peters to the Keep Sherman Beautiful Commission, for a term from January 1, 2020 to January 1, 2022, as presented. Second by Council Member Howeth.**

VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

Council Member Howeth reminded citizens that there are still vacancies on the Keep Sherman Beautiful Commission. Applications are available in the City Clerk's Office.

COUNCIL COMMENTS
TONIGHT'S COUNCIL MEETING

TONIGHT'S COUNCIL MTG.

Council Member Teamann said at tonight's City Council Meeting, they voted on the F.M. 1417 Project, which is primarily paid for by TxDOT; the purchase of some vehicles, which will be paid for by someone else; the construction of airport hangars, which will be paid for by someone else; and on waterline engineering, which will be paid for by someone else. The City also received a 1.78% interest rate on vehicle purchases.

TEMPTATIONS REVUE

TEMPTATIONS REVUE

Council Member Howeth said she attended the recent Temptations Revue Concert, as part of the "Black History Month" celebration in Sherman. She said it was a great concert.

LEADERSHIP SHERMAN FUNDRAISER

LEADERSHIP SHERMAN FUNDRAISER (WAGS & WHISKERS)

Council Member Melton said the Leadership Sherman Class will hold one last fundraiser for the "Wags & Whiskers" project for the Animal Shelter. The event will be held at Stone Creek Golf Club on February 22 and 23, 2020. For those that don't play golf, proceeds from the food and drink will also be donated to the Animal Shelter.

ANNOUNCEMENTS

ANNOUNCEMENTS

Mayor Plyler announced the following:

- **The Grayson County Census is still 700 people short of their 1,400 necessary enumerators. The pay is $20.50 per hour and applications are taken online.**
- **Sherman Main Street Committee will host their annual Mardi Gras celebration on February 22, 2020, in downtown Sherman.**
- **Sherman's second annual St. Patrick's Day Parade will be held March 14, 2020, in downtown Sherman.**
- **The Hot Summer Nights lineup for 2020 will be announced on April 3, 2020 at the Finley Theater.**

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.

SECTION 551.071 -- **CONSULTATION WITH CITY ATTORNEY CONCERNING**

	PENDING OR CONTEMPLATED LITIGATION
SECTION 551.071 --	**CONSULT WITH THE CITY ATTORNEY ON A MATTER IN WHICH THE DUTY OF THE ATTORNEY TO THE GOVERNMENTAL BODY UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT OF THE STATE BAR OF TEXAS CLEARLY CONFLICTS WITH THIS CHAPTER**
SECTION 551.074 --	**PERSONNEL MATTERS:** **CONSIDER THE QUALIFICATIONS, APPOINTMENT AND REMOVAL OF MEMBERS TO BOARDS AND COMMISSIONS:** **SHERMAN HOUSING AUTHORITY (1)**
SECTION 551.087 --	**DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS:** **DELIBERATE REGARDING COMMERCIAL OR FINANCIAL INFORMATION THAT THE CITY HAS RECEIVED FROM A BUSINESS PROSPECT AND DELIBERATE ANY OFFERS OR INCENTIVES TO THE BUSINESS PROSPECT**

On Motion duly made and carried, the Open Meeting recessed and reconvened in Executive Session at 5:39 p.m.

On Motion duly made and carried, the Executive Session recessed at 6:13 p.m. and reconvened in Open Meeting.

OPEN MEETING

<u>OPEN MEETING</u>
Reconvene into Open Meeting and take action, if any, on items discussed in Executive Session.

SHERMAN HOUSING AUTHORITY

<u>APPOINT/REMOVE OR CONSIDER QUALIFICATIONS TO BOARDS AND COMMISSIONS</u>
<u>SHERMAN HOUSING AUTHORITY (1)</u>
ACTION TAKEN.

> **Motion by Council Member Holland to appoint Thurman Jackson to the Sherman Housing Authority Board to fill an unexpired term from February 18, 2020 to June 1, 2020, as presented. Second by Council Member Stevenson.**

VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

ADJOURNMENT

ADJOURNMENT

On Motion duly made and carried, the meeting adjourned at 6:14 p.m.

MAYOR

CITY CLERK

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **C. 1.**

Meeting Date: 03/02/2020

Prepared By: Pamela Cloer, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

SPECIAL PRESENTATION

Recognition of City of Sherman Award: "2019 Texas Achievement in Library Excellence Award"

Issue:

The Sherman Public Library has received the ***2019 Texas Achievement in Library Excellence Award*** from the Texas Municipal Library Directors Association.

Background:

In a letter dated February 7, 2020, the Texas Municipal Library Directors Association provided the following notification to Mayor David Plyler:

> "Congratulations go to the City of Sherman. The Sherman Public Library has been awarded the ***2019 Texas Achievement in Library Excellence Award***. Libraries awarded this honor were required to meet a high level of excellence in their programming and services. To be considered, recipients were required to demonstrate quality services across ten criteria. This year, only 53 Libraries out of 571 Texas public library systems were awarded this honor. This means your Library is in the top 10% of public libraries in the entire State of Texas. Please accept our sincere congratulations to a city which values and provides quality Library services and programs for the continued education and personal enrichment of its residents."

A similar letter was mailed on the same date to Library Services Administrator Melissa Eason.

Origination:

Shelley Holley, Frisco Public Library
Chair, Achievement of Library Excellence Award
Texas Municipal Library Directors Association
An Affiliate Organization of the Texas Municipal League

Financial Consideration:

There is no financial impact to be considered.

Staff Recommendation:

It is recommended that the Mayor present the award to the City of Sherman's Library Services Administrator, Melissa Eason.

Alternatives:

None

Attachments

Notification of Award - Mayor's Letter

Notification of Award - Melissa Eason's Letter

Texas Municipal Library Directors Association

February 7, 2020

David Plyler
Mayor
City of Sherman
PO Box 1106
Sherman, TX 75090

Dear David Plyler:

Congratulations go to the City of Sherman. The Sherman Public Library has been awarded the 2019 Texas Achievement in Library Excellence Award.

Libraries awarded this honor were required to meet a high level of excellence in their programming and services. To be considered, recipients were required to demonstrate quality services across ten criteria.

This year, only 53 Libraries out of 571 Texas public library systems were awarded this honor. This means your Library is in the top 10% of public libraries in the entire State of Texas.

Please accept our sincere congratulations to a city which values and provides quality Library services and programs for the continued education and personal enrichment of its residents.

Sincerely,

Shelley Holley

Shelley Holley, Frisco Public Library
Chair, Achievement of Library Excellence Award
Texas Municipal Library Directors Association
An Affiliate Organization of the Texas Municipal League
www.tmlda.org

Texas Municipal Library Directors Association

February 7, 2020

MeLissa Eason
Sherman Public Library
421 N. Travis St.
ShermanTX75090

Dear MeLissa Eason

Congratulations go to Sherman Public Library. On behalf of the Texas Municipal Library Directors Association, I am pleased to inform you've earned the *2019 Achievement of Excellence in Libraries Award*. Your application clearly demonstrated your commitment to provide exceptional service.

Of the 571 public library systems in Texas, your library is one of only 53 who have earned this year's award. With this honor, your library is now in the top 10% of all public libraries in the State.

We know you will want to proudly display your accolades, which include an award plaque, congratulatory letter, and a digital medal. The digital medal is an image file that can be used (but not altered) on websites, email signatures, stationary, and other official library promotional materials. The digital image can be made to be clickable to the TMLDA award site, or if you prefer, to a page you create showing your accomplishments and/or completed application.

If you would like a local TMLDA representative to present your award publicly, please contact Shelley Holley, Achievement of Excellence in Libraries Award committee chair at 972-292-5610, or sholley@friscotexas.gov.
421 N. Travis St.
Sherman, TX 75090

Again, congratulations on this accomplishment, and thank you for providing your community with outstanding and innovative services to enrich the lives of your residents.

Warmly,

Shelley Holley, Frisco Public Library
Chair, Achievement of Library Excellence Award
Texas Municipal Library Directors Association

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **D. 1.**

Meeting Date: 03/02/2020

Prepared By: Pamela Cloer, Assistant to the City Manager

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:

E. 2. **** RESOLUTION NO. 6605***

Awarding Bids to and Authorizing Execution of Contracts with Multiple Vendors for the Purchase and Installation of Various Site Amenities and Improvements for the Cherry Street Park Project

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SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **E. 1.**

Meeting Date: 03/02/2020
Prepared By: Danny Jones, Fire Chief
Approved By: Robby Hefton, City Manager

Caption:
RESOLUTION NO. 6604
Authorizing Submission of an Application for a Grant Awarded under the U.S. Department of Homeland Security - Federal Emergency Management Agency (FEMA) to Fund the Purchase of approximately One Hundred Five (105) Sets of Personal Protective Equipment (Bunker Gear) for the City of Sherman Fire Department; Designating the City Manager as the Authorized Official to Accept, Reject, Alter or Terminate the Grant on Behalf of the City

Issue:
Seeking approval to apply for a grant from the U.S. Department of Homeland Security - FEMA to purchase approximately one hundred five (105) sets of personal protective equipment (bunker gear) for the City of Sherman Fire Department and designating the City Manager as the authorized official to accept, reject, alter or terminate the grant on behalf of the City

Background:
The U.S. Department of Homeland Security - FEMA is accepting grant applications for projects that enhance the safety of the public and firefighters from fire and related hazards during the Federal fiscal year (FY) 2019-2020 grant cycle. If awarded, the Fire Department plans to use this grant to purchase approximately one hundred five (105) sets of personal protective equipment (bunker gear), totaling approximately $292,616.10, to replace older sets of gear that have reached, or will reach, end of life very soon. The purchase will also allow Sherman Fire-Rescue the ability to have clean sets of gear for personnel to change into following fires and contamination with hazardous materials. It is believed that mandates are soon to come that will require these sets to be available to protect firefighters from ever increasing cancer risks. This purchase will allow us to get ahead of the game.

Origination:
Sherman Fire-Rescue Department

Financial Consideration:
There is a ten percent (10%) matching requirement for this grant. The City's ten percent (10%) match of approximately $26,601.46 would be covered by funds from the current budget.

Staff Recommendation:

The staff recommends submitting the grant application to the U.S. Department of Homeland Security - FEMA.

Alternatives:

The Council could decline this grant opportunity.

Attachments

Resolution No. 6604

FY 2019 Assistance to Firefighters Grant Solicitation

Casco Industries Quote for Bunker Gear

RESOLUTION NO. 6604

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING SUBMISSION OF AN APPLICATION FOR A GRANT AWARDED UNDER THE U.S. DEPARTMENT OF HOMELAND SECURITY - FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) TO FUND THE PURCHASE OF APPROXIMATELY ONE HUNDRED FIVE (105) SETS OF PERSONAL PROTECTIVE EQUIPMENT (BUNKER GEAR) FOR THE CITY OF SHERMAN FIRE DEPARTMENT; DESIGNATING THE CITY MANAGER AS THE AUTHORIZED OFFICIAL TO ACCEPT, REJECT, ALTER OR TERMINATE THE GRANT ON BEHALF OF THE CITY; 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 it to be in the best interest of the citizens of Sherman, Texas, to seek grant funds to purchase approximately one hundred five (105) sets of personal protective equipment (bunker gear) for use within the City of Sherman Fire Department; and

WHEREAS, the City Council understands that there is a ten percent (10%) matching requirement for said project as required by the U.S. Department of Homeland Security - Federal Emergency Management Agency (FEMA) grant application; and

WHEREAS, the City Council agrees that, in the event of loss or misuse of the U.S. Department of Homeland Security - Federal Emergency Management Agency (FEMA) funds, the City of Sherman assures that said funds will be returned to the U.S. Department of Homeland Security - Federal Emergency Management Agency (FEMA) in full; and

WHEREAS, the City Council designates the City Manager as the grantee's authorized official, who is given the power to accept, reject, alter or terminate the grant on behalf of the City;

NOW, THEREFORE, 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 documents being properly completed and approved as to form and content by the City Attorney, to submit a grant application with the U.S. Department of Homeland Security - Federal Emergency Management Agency (FEMA) to fund the purchase of approximately one hundred five (105) sets of personal protective equipment (bunker gear) for use within the City of Sherman Fire Department.

SECTION 2. That the City Manager be and is hereby designated as the City of Sherman's authorized official to accept, reject, alter or terminate the grant on behalf of the City.

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.

PASSED AND APPROVED on this the _____ day of __________________, 2020.

CITY OF SHERMAN, TEXAS

BY: ______________________________
DAVID PLYLER, MAYOR

ATTEST:

BY: ______________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM AND CONTENT:

BY: ______________________________
BRANDON S. SHELBY,
CITY ATTORNEY

The Department of Homeland Security (DHS)
Notice of Funding Opportunity (NOFO)
Fiscal Year 2019 Assistance to Firefighters Grant Program (AFG)

NOTE: If you are going to apply for this funding opportunity and have not obtained a Data Universal Numbering System (DUNS) number and/or are not currently registered in the System for Award Management (SAM), please take immediate action to obtain a DUNS Number, if applicable, and then to register immediately in SAM. It may take four weeks or more after you submit your SAM registration before your registration is active in SAM, then an additional 24 hours for Grants.gov to recognize your information. Information on obtaining a DUNS number and registering in SAM is available from Grants.gov at: http://www.grants.gov/web/grants/register.html. Detailed information regarding DUNS and SAM is also provided in Section D – Application and Submission Information of this NOFO, subsection, Content and Form of Application Submission. An active registration is required in order to apply for funding.

A. Program Description

Issued By
Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA), Grant Programs Directorate (GPD)

Assistance Listings Number (formerly Catalog of Federal Domestic Assistance Number)
97.044

Assistance Listings Title (formerly CFDA Title)
Assistance to Firefighters Grants (AFG)

Notice of Funding Opportunity Title
FY 2019 Assistance to Firefighters Grants

Notice of Funding Opportunity Number
DHS-19-GPD-044-00-99

Authorizing Authority for Program
Section 33 of the *Federal Fire Prevention and Control Act of 1974*, Pub. L. No. 93-498, as amended (15 U.S.C § 2229)
https://www.govinfo.gov/content/pkg/USCODE-2018-title15/pdf/USCODE-2018-title15-chap49-sec2229.pdf

Appropriation Authority for Program
Department of Homeland Security Appropriations Act, 2019 (Pub. L. No. 116-6)
https://www.govinfo.gov/content/pkg/PLAW-116publ6/pdf/PLAW-116publ6.pdf
Program Type
New

Program Overview, Objectives, and Priorities

Overview

The Fiscal Year (FY) 2019 Assistance to Firefighters Grant (AFG) Program is one of three grant programs that constitute the Department of Homeland Security (DHS), Federal Emergency Management Agency's (FEMA) focus on enhancing the safety of the public and firefighters with respect to fire and fire-related hazards. The AFG Program accomplishes this by providing financial assistance directly to eligible fire departments, nonaffiliated emergency medical service (EMS) organizations, and State Fire Training Academies (SFTA) for critical training and equipment. The AFG Program represents one part of a comprehensive set of measures authorized by Congress and implemented by DHS. Among the five basic homeland security missions noted in the DHS Quadrennial Homeland Security Review, the AFG Program supports the goal to Strengthen National Preparedness and Resilience. In awarding grants, the Administrator of FEMA is required to consider the following:

- The findings and recommendations of the Technical Evaluation Panel (TEP);
- The degree to which an award will reduce deaths, injuries, and property damage by reducing the risks associated with fire related and other hazards;
- The extent of an applicant's need for an AFG grant and the need to protect the United States as a whole; and
- The number of calls requesting or requiring a firefighting or emergency medical response received by an applicant.

The 2018-2022 FEMA Strategic Plan creates a shared vision for the field of emergency management and sets an ambitious, yet achievable, path forward to unify and further professionalize emergency management across the country. The AFG Program supports the goal of Readying the Nation for Catastrophic Disasters. We invite all of our stakeholders and partners to also adopt these priorities and join us in building a stronger Agency and a more prepared and resilient Nation.

Objectives

The objectives of the AFG program are to provide critically needed resources that equip and train emergency personnel to recognized standards, enhance operational efficiencies, foster interoperability, and support community resilience.

Priorities

Information on program priorities and objectives for the FY 2019 AFG can be found in Appendix B, FY 2019 AFG Programmatic Information and Priorities.

Performance Metrics

Performance metrics for this program are as follows:

- Percentage of AFG PPE recipients who equipped 100 percent of on-duty active members with PPE in compliance with applicable NFPA and OSHA standards
- Percentage of AFG equipment recipients who reported that the AFG grant brought them into compliance with either state, local, NFPA, or OSHA standards
- Percentage of AFG award recipients who reported having successfully replaced their fire vehicles 25 years old or older in accordance with industry standards

B. Federal Award Information

Award Amounts, Important Dates, and Extensions

Available Funding for the NOFO: $315,000,000[1]

Projected number of Awards: *2,500*

Period of Performance: Twelve months from the date of award. For additional information on period of performance extensions, refer to Section H.

Projected Period of Performance Start Date(s): May 1, 2020

Projected Period of Performance End Date(s): April 30, 2021

Funding Instrument: Grant

C. Eligibility Information

Eligible Applicants

Fire Departments: Fire departments operating in any of the 50 states, as well as fire departments in the District of Columbia, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico,[2] or any federally recognized Indian tribe or tribal organization. A fire department is an agency or organization having a formally recognized arrangement with a state, local, tribal or territorial authority (city, county, parish, fire district, township, town or other governing body) to provide fire suppression to a population within a

[1] Note that this figure differs from the total amount appropriated under the *Department of Homeland Security Appropriations Act*, 2019, Pub. L. No. 116-6. In this FY 2019 AFG NOFO, percentages of "*available grant funds*" refers to the total amount appropriated—$350,000,000—by Pub. L. No. 116-6 to meet the statutory requirements of § 33 of the *Federal Fire Prevention and Control Act of 1974*, as amended (codified at 15 U.S.C. § 2229). A portion of these "available grant funds" will be allocated to the Fire Prevention & Safety (FP&S) program, which will have a separate NOFO and application period. $35,000,000 will be allocated to FP&S for FY 2019.

[2] The District of Columbia, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico are all defined as "States" in the Federal Fire Prevention and Control Act of 1974. *See* 15 U.S.C. § 2203(10).

geographically fixed primary first due response area.

Nonaffiliated EMS organizations: Nonaffiliated EMS organizations operating in any of the 50 states, as well as, the District of Columbia, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico,[2] or any federally recognized Indian tribe or tribal organization. A nonaffiliated EMS organization is an agency or organization that is a public or private nonprofit emergency medical service entity providing medical transport that is not affiliated with a hospital and does not serve a geographic area in which emergency medical services are adequately provided by a fire department. FEMA considers the following as hospitals under the AFG Program:

- Clinics
- Medical centers
- Medical college or university
- Infirmary
- Surgery centers
- Any other institution, association, or foundation providing medical, surgical, or psychiatric care and/or treatment for the sick or injured.

State Fire Training Academies: A State Fire Training Academy (SFTA) operates in any of the 50 states, as well as the District of Columbia, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, Guam, American Samoa and the Commonwealth of Puerto Rico.[2] Applicants must be designated either by legislation or by a Governor's declaration as the sole fire service training agency within a state, territory, or the District of Columbia. The designated SFTA shall be the only agency/bureau/division, or entity within that state, territory or the District of Columbia, to be an eligible AFG SFTA applicant.

Eligible Activities

AFG has three activities:

- Operations and Safety
- Vehicle Acquisition
- Regional Projects

Each activity has its own eligibility requirements. These requirements are outlined in Appendix B: Programmatic Information and Priorities.

Other Eligibility Criteria

National Fire Incident Reporting System (NFIRS)
NFIRS reporting is not a requirement to apply for any AFG Program; however, fire departments that receive funding under this program must agree to provide information to the NFIRS for the period covered by the assistance. If a recipient does not currently

participate in the incident reporting system and does not have the capacity to report at the time of the award, that recipient must agree to provide information to the system for a twelve-month period commencing as soon as possible after they develop the capacity to report. Capacity to report to the NFIRS must be established prior to the termination of the one-year performance period. The recipient may be asked by FEMA to provide proof of compliance in reporting to NFIRS. Any recipient that stops reporting to NFIRS during their grant's period of performance may be subject to the remedies for noncompliance at 2 C.F.R. § 200.338, unless it has yet to develop the capacity to report to NFIRS, as described above. There is no NFIRS reporting requirement for nonaffiliated EMS organizations or SFTAs.

Note: Although data collection is an important tool for understanding and justifying assistance, participation in other data sources, (e.g., National Fire Operations Reporting System [NFORS] does not satisfy the requirement for reporting to NFIRS).

National Incident Management System (NIMS) Implementation
AFG applicants are not required to be in compliance with NIMS to apply for AFG funding or to receive an AFG award. Any applicant who receives an FY 2019 AFG award must achieve the level of NIMS compliance required by the Authority Having Jurisdiction (AHJ) over the applicant's emergency service operations (e.g., a local government), prior to the end of the grant's period of performance.

Maintenance of Effort

Pursuant to 15 U.S.C. § 2229(k)(3), an applicant seeking an AFG grant shall agree to maintain, during the term of the grant, the applicant's aggregate expenditures relating to activities allowable under this NOFO, at not less than 80 percent of the average amount of such expenditures in the two fiscal years prior to the fiscal year an AFG grant is awarded.

In other words, an applicant agrees that, if it receives a grant award, the applicant agrees to keep its overall expenditures during the award's period of performance (including those funded with non-Federal funding) for activities that could be allowable costs under this AFG NOFO at a level that is at least 80 percent or more of the average of what the applicant spent on such costs for those activities in fiscal years 17 and 18.

Cost Share or Match

Recipient cost sharing is generally required as described below and pursuant to 15 U.S.C. § 2229(k)(1). In general, eligible applicants shall agree to make available non-federal funds to carry out an AFG award in an amount equal to and not less than 15 percent of the grant awarded. Exceptions to this general requirement apply to entities serving smaller communities as follows:

- When serving a jurisdiction of 20,000 residents or fewer, the applicant shall agree to make available non-federal funds in an amount equal to not less than 5 percent of the grant awarded;

- When serving a jurisdiction of more than 20,000 residents, but not more than 1 million residents, the applicant shall agree to make available non-federal funds in an amount equal to not less than 10 percent of the grant awarded;
- When serving a jurisdiction of more than 1 million residents, the applicant shall agree to make available non-federal funds in an amount equal to not less than 15 percent of the grant awarded.

The cost share for SFTAs will apply the requirements above based on the total population of the state. The cost share for a Regional application will apply the requirements above based on the aggregate population of the primary first due response areas of the Host and participating partner organizations that execute a Memorandum of Understanding (MOU) as described in Appendix B, Section J, Regional projects.

FEMA has developed a cost share calculator tool in order to assist applicants with determining their cost share. The cost share tool is available at: https://www.fema.gov/media-library/assets/documents/153366

Types of Cost Share

i. ***Cash (Hard Match):*** Cost share of non-federal cash is the only allowable recipient contribution for AFG activity (Vehicle Acquisition, Operations and Safety, and Regional).

ii. ***Trade-In Allowance/Credit:*** On a case-by-case basis, FEMA may allow recipients already owning assets acquired with non-federal cash, to use the trade-in allowance/credit value of those assets as cash for the purpose of meeting their cost share obligation. For FEMA to consider a trade-in allowance/credit value as cash, the allowance amount must be reasonable, and the allowance amount must be a separate entry clearly identified in the acquisition documents.

iii. ***In-kind (Soft Match):*** In-kind cost share is not allowable for AFG.

The award budget will not account for any voluntary committed cost sharing or overmatch. The use of an overmatch is not given additional consideration when scoring applications.

Economic Hardship Waivers

The Administrator of FEMA may waive or reduce recipient cost share or maintenance of effort requirements in cases of demonstrated economic hardship. Please see Appendix C: Award Administration Information for additional information.

D. Application and Submission Information

Key Dates and Times

Date Posted to Grants.gov:	January 27, 2020
Application Start Date:	February 3, 2020 at 8:00 AM ET

Application Submission Deadline:	March 13, 2020 at 5:00 PM ET
Anticipated Funding Selection Date:	April 30, 2020
Anticipated Award Date:	April 30, 2020

In general, DHS/FEMA will not review applications received after the deadline or consider them for funding. DHS/FEMA may, however, extend the application deadline on request for any applicant who can demonstrate that good cause exists to justify extending the deadline. Good cause for an extension may include technical problems outside of the applicant's control that prevent submission of the application by the deadline, or other exigent or emergency circumstances. If applicants experience technical issues, they must notify the AFG Help Desk as soon as possible. The AFG Help Desk can be reached at 1-866-274-0960 or by e-mail: firegrants@fema.dhs.gov. The AFG Help Desk is open Monday – Friday, 8:00am – 4:00pm Eastern Time.

Other Key Dates

Event	Suggested Deadline for Completion
Obtaining DUNS Number	Four weeks before actual submission deadline
Obtaining a valid EIN	Eight weeks before actual submission deadline
Updating SAM registration	Four weeks before actual submission deadline
Register Organization in FEMA GO	Prior to beginning application
Submitting complete application in FEMA GO	One week before actual submission deadline

Agreeing to Terms and Conditions of the Award

By submitting an application, the applicant agrees to comply with the requirements of this NOFO and the terms and conditions of its award, should the applicant receive an award.

Address to Request Application Package

The online FY 2019 AFG application is only available via the Assistance to Firefighters Grant Program's FEMA GO (FEMA Grants Outcomes) application portal, at https://go.fema.gov.

Note: Hard copies of the application are not available. However, the Telephone Device for the Deaf (TDD) and/or Federal Information Relay Service (FIRS) number available for this Notice is: (800) 462-7585.

FEMA will process applications through FEMA GO. Application tutorials and Frequently Asked Questions (FAQs) explain the current AFG grant program, assist with the online grant application, and highlight lessons learned and changes for FY 2019. For more details, please visit the AFGP website at http://www.fema.gov/firegrants.

Content and Form of Application Submission

DHS makes all funding opportunities available on the internet, accessible at http://www.grants.gov. If applicants experience difficulties accessing information or have any questions, please call the Grants.gov Contact Center at (800) 518-4726.

The Grants.gov website will direct applicants to FEMA GO, at https://go.fema.gov, which contains the online AFG application. The online AFG application incorporates all required forms.

FEMA GO will allow the applicant's authorized representative(s) to log in and create their own account. This account is specific to the authorized user and must not be shared with other personnel. The FEMA GO account is separate from any previous accounts created in the eGrants system. Applicants can save, retrieve, update and revise their work through the end of the application period. The automated system does not allow applicants to submit incomplete applications. The system alerts applicants when required information has not been entered. Prior to final submission, an online application may be saved, retrieved, or edited up to the application deadline.

Technological Note: FEMA GO is compatible with Internet Explorer (version 11 or higher), Firefox (version 63 or higher), or Chrome (version 70 or higher). Users who attempt to use tablet type devices or other browsers may encounter issues with using FEMA GO.

NO APPLICATIONS WILL BE RELEASED BACK TO THE APPLICANT AFTER FINAL SUBMISSION

After an application has been completed and submitted, no changes can be made. There is no appeal process for inaccurate or incomplete information retained by the system due to improper or multiple browser usage by applicants.

Unique Entity Identifier and System for Award Management (SAM)

All applicants for this award must:

1. ***Be registered and active in SAM in order to apply;***
2. ***Provide a valid DUNS number in its application; and***
3. ***Continue to maintain an active SAM registration with current information at all times during which it has an active federal award or an application or plan under consideration by a DHS FAO.***

DHS/FEMA may not make a federal award to an applicant until the applicant has complied with all applicable DUNS and SAM requirements and, if an applicant has not fully complied with the requirements by the time DHS/FEMA is ready to make a federal award, DHS/FEMA may determine that the applicant is not qualified to receive a federal award and use that determination as a basis for making the federal award to another applicant.

Electronic Delivery
DHS is participating in the Grants.gov initiative that provides the grant communities a single site to find grant funding opportunities. Before applying for a DHS Grant, applicants must have a Data Universal Number System, or DUNS number, and must be registered and active in SAM.

DUNS Number
All entities applying for funding, including renewal funding, must have a Data Universal Numbering System (DUNS) number from Dun & Bradstreet (D&B). Applicants must enter the DUNS number in the data entry field labeled "Organizational DUNS" on the SF-424 form. Instructions for obtaining a DUNS number can be found at the following website: http://www.grants.gov/web/grants/applicants/organization-registration/step-1-obtain-duns- number.html.

System for Award Management (SAM)
Applicant registration in SAM is free. All applicants must be registered and active in order to apply online. Step-by-step instructions for registering with SAM can be found here: SAM Registration Home Page. Please remember that SAM registration is only active for one year and must be renewed annually.

Existing SAM.gov account holders should check their account to make sure it is **"ACTIVE."** SAM registration should be completed at the very beginning of the application period and renewed annually to avoid becoming **"INACTIVE."**

Please allow plenty of time before the grant application submission deadline to obtain a DUNS number and then to register in SAM. It may take four weeks or more after the applicant submits the SAM registration before the registration is active in SAM, then an additional 24 hours for Grants.gov to recognize the information.

FEMA may not make a federal award to an applicant until the applicant has complied with all applicable DUNS and SAM requirements and, if an applicant has not fully complied with the requirements by the time DHS is ready to make a federal award. DHS may determine that the applicant is not qualified to receive a federal award and use that determination as a basis for making a federal award to another applicant.

IMPORTANT: The SAM registration process must be completed by the applicant. It is imperative that the information provided by the applicant is correct and current. Please ensure that your organization's name, address, DUNS number, and Employer Identification Number, or EIN, are up to date in SAM and that the DUNS number used in SAM is the same one used to apply for all other FEMA awards. The organization's name on the SF 1199A Direct Deposit Form must be entered as it appears in SAM. Payment under any FEMA award is contingent on the recipient's having a current SAM registration.

Help with SAM
The SAM quick start guide for new recipient registration and SAM video tutorial for new applicants are tools created by the General Services Administration (GSA) to assist those registering with SAM. If applicants have questions or concerns about a SAM registration, please contact the Federal Support Desk at https://www.fsd.gov/fsd-gov/home.do or call toll free (866) 606-8220.

How to Get a Commercial and Government Entity (CAGE) Code
To get a CAGE code, applicants must first be registered in SAM, which is a requirement for doing business with the Federal Government. Applicants will be assigned a CAGE code as part of the SAM validation process, and as soon as the registration is active, applicants may view the CAGE code online by logging in to the SAM account.

Timely Receipt Requirements and Proof of Timely Submission
All applications must be received by March 13, 2020 at 5 p.m. Eastern Time. FEMA GO automatically records proof of timely submission and the system generates an electronic date/time stamp when FEMA GO successfully receives the application. The individual with the Authorized Organization Representative (AOR) role that submitted the application will also receive the official date/time stamp and a FEMA GO tracking number in an email serving as proof of their timely submission on the date and time that FEMA GO received the application. Applications received by FEMA GO after the established due date for applications will be considered late and will not be considered for funding.

Applicants using slow internet connections, such as dial-up connections, should be aware that transmission can take some time before FEMA GO receives your application. FEMA GO will provide either an error message or a successfully received transmission in the form of an email sent to the AOR that submitted the application. The FEMA GO Support Center reports that some applicants end the transmission because they think that nothing is occurring during the transmission process. Do not do this – it may cause your application to fail to be submitted and consequently not be considered for funding. Please be patient and give the system time to process the application.

Intergovernmental Review
An intergovernmental review may be required. Applicants must contact their State's Single Point of Contact (SPOC) to comply with the State's process under Executive Order 12372 (see https://www.archives.gov/federal-register/codification/executive-order/12372.html; https://www.whitehouse.gov/wp-content/uploads/2019/02/SPOC-February-2019.pdf).

Funding Restrictions
Federal funds made available through this award may only be used for the purposes set forth in this award and must be consistent with the statutory authority for the award. Award funds may not be used for matching funds for any other federal grants/cooperative agreements, lobbying, or intervention in federal regulatory or

adjudicatory proceedings. In addition, federal funds may not be used to sue the Federal Government or any other government entity. Failure to adhere to the award conditions will cause the recipient to be considered in default of the grant agreement and may require the return of all federal funds disbursed under the grant.

Federal employees are prohibited from serving in any capacity (paid or unpaid) on the development of any proposal submitted under this program.

Construction

Construction costs are *not eligible* under the AFG grants. Construction includes major alterations to a building that changes the profile or footprint of the structure. Modifications to facilities activities described in Appendix A *Funding Priorities*, are not considered construction costs and may be eligible.

Pre-award Costs

Generally, grant funds cannot be used to pay for products and services contracted for or obligated prior to the effective date of the award. Fees for grant writers are considered an exception and may be included as a pre-award expenditure. Further, other costs incurred after the application deadline, but prior to an offer of award, may be eligible for reimbursement only if the following conditions are met:

- The recipient must submit a written request to FEMA to incur such pre-award costs by providing notification (containing the application number and a justification narrative) to FEMA via email to the AFG Help Desk at FireGrants@fema.dhs.gov. The notification to FEMA should be concurrent with the recipient's acquisition activity and must be submitted prior to the effective date of the award.
- The recipient must receive confirmation from FEMA that the expenses have been reviewed and that FEMA has determined the costs to be justified, unavoidable, and consistent with the grant's scope of work.

Fire Departments and Nonaffiliated EMS organizations

The total amount of funding a fire department or nonaffiliated EMS organization recipient may receive under an AFG award is limited to maximum amounts set by §33(c)(2) of the Federal Fire Prevention and Control Act of 1974, as amended (15 U.S.C. § 2229(c)(2)). These award limits are based on two factors: population served and a one percent aggregate amount of available grant funds.

The population of the jurisdiction served by the recipient will determine the maximum amount of AFG funding a recipient is eligible to receive but no recipient may receive an award that exceeds one (1) percent of available grant funds in FY 2019, or $3,500,000. FEMA may waive this aggregate cap of $3.5 million in individual cases where FEMA determines that a recipient has an extraordinary need for a grant that exceeds the aggregate cap. FEMA may not waive the statutory funding caps based on population se

The following table explains the maximum funding that a recipient may receive in FY

2019:

Population of jurisdiction served by the recipient	Maximum award in FY 2019	Statutory waiver available subject to extraordinary need?
100,000 or fewer people	No more than $1 million	None available
100,001 – 500,000 people	No more than $2 million	None available
500,001 – 1,000,000 people	No more than $3 million	None available
1,000,001 – 2,500,000 people	No more than $3.5 million	Yes, but no more than $6 million
More than 2,500,000 people	No more than $3.5 million	Yes, but no more than $9 million

Regional applicants will be subject to the funding limitations based on the total population served by the host and participating partners. Additionally, Regional grants awarded are included in the host organization's funding limitations. For example: if a recipient serves a population of 100,000 or fewer and is the recipient of a Regional award for $1 million, they have met their cap and are no longer eligible for additional funds through the Operations & Safety or Vehicle activity.

Allocations and Restrictions of Available Grant Funds by Organization Type

- **Nonaffiliated EMS Organizations:** Not more than 2 percent of available grant funds shall be collectively awarded to all nonaffiliated EMS organization recipients.
- **Emergency Medical Services Providers:** Not less than 3.5 percent of available grant funds shall fund emergency medical services provided by fire departments and nonaffiliated EMS organizations.
- **State Fire Training Academy:** Not more than 3 percent of available grant funds shall be collectively awarded to all State Fire Training Academy recipients. Further, not more than $500,000 of available grant funds are eligible per applicant.
- **Vehicles:** Not more than 25 percent of available grant funds may be used by recipients for the purchase of vehicles. Of that amount, based on stakeholder recommendations, FEMA intends to allocate 10 percent of the total vehicle funds for ambulances.
- **Micro Grants:** The selection of the voluntary Micro Grant option (cumulative federal funding of $50,000) for eligible Operations and Safety activities does not impact an applicant's request or federal participation under the Vehicle Acquisition or Regional projects. Applicants who select Micro Grants under Operations and Safety as a funding opportunity choice may still apply for a Vehicle(s) Acquisition or Regional project.

Management and Administration (M&A) Costs
Management and administrative expenses should be based only on actual expenses or known contractual costs; requests that are simple percentages of the award, without supporting justification, will not be allowed or considered for reimbursement. No more than 3 percent of the federal share of AFG funds awarded may be expended by the recipient for management and administration (M&A) for purposes associated with the AFG award.

Indirect Facilities & Administrative (F&A) Costs
Indirect costs are allowable under this program as described in 2 C.F.R. pt. 200, including 2 C.F.R. § 200.414. Applicants with a negotiated indirect cost rate agreement that desire to charge indirect costs to an award must provide a copy of their negotiated indirect cost rate agreement at the time of application. Applicants that are not required by 2 C.F.R. pt. 200 to have a negotiated indirect cost rate agreement but are required by 2 C.F.R. pt. 200 to develop an indirect cost rate proposal must provide a copy of their proposal at the time of application. Copies of the indirect cost rate agreements or proposals, along with the AFG application number, must be submitted electronically to FireGrants@fema.dhs.gov. Post-award requests to charge indirect costs will be considered on a case-by-case basis and based upon the submission of an agreement or proposal as discussed above.

Environmental and Historical Preservation (EHP)
As a federal agency, DHS/FEMA is required to consider the effects of its actions on the environment and historic properties to ensure that all activities and programs funded by the agency, including grant-funded projects, comply with Federal EHP regulations, laws, and Executive Orders as applicable.

Recipients proposing projects that have the potential to impact the environment, including but not limited to modification or renovation of existing buildings, structures, and facilities, must participate in the DHS/FEMA EHP review process. The EHP review process involves the submission of a screening form that includes a detailed project description that explains the goals and objectives of the proposed project along with supporting documentation, so that DHS/FEMA may determine whether the proposed project has the potential to impact environmental resources and/or historic properties. In some cases, DHS/FEMA may also be required to consult with other regulatory agencies and the public in order to complete the review process. The EHP review process must be completed before funds are released to carry out the proposed project. DHS/FEMA will not fund projects that are initiated without the required EHP Review.

Applicants will be notified via email if EHP review is required and will be provided instructions on how to comply.

Additionally, all recipients are required to comply with FEMA EHP Policy Guidance. EHP Policy Guidance can be found in FP 108-023-1, [Environmental Planning and Historic Preservation Policy Guidance].

All modifications to Facility activities, and any renovation to facilities that would qualify as a modification to facilities supporting activities under Training, Equipment, PPE, or Wellness and Fitness, will require an EHP review. Some Equipment activities will require an EHP review as well. Such activities include but are not limited to the installation of:

- Air compressor/fill station/cascade system (fixed) for filling SCBA
- Air quality systems
- Fire/smoke/carbon monoxide alarm systems for the facility (life safety)
- Generators (fixed)
- Sprinklers
- Vehicle exhaust systems (fixed)
- Washer/dryer/extractor

The following activities would not require the submission of the FEMA EHP Screening Form:

- Planning and development of policies or processes
- Management, administrative or personnel actions
- Classroom-based training
- Acquisition of mobile and portable equipment (not involving installation) on or in a building

E. Application Review Information

Funding priorities and criteria for evaluating AFG applications are established by FEMA based on the recommendations from the Criteria Development Panel (CDP). Each year, FEMA convenes a panel of fire service professionals to develop funding priorities for the AFG grant program. The panel makes recommendations about funding priorities as well as developing criteria for awarding grants.

The **nine major fire service organizations** represented on the panel are:

- International Association of Fire Chiefs
- International Association of Fire Fighters
- National Volunteer Fire Council
- National Fire Protection Association
- National Association of State Fire Marshals
- International Association of Arson Investigators
- International Society of Fire Service Instructors
- North American Fire Training Directors

- Congressional Fire Service Institute

The CDP is charged with making recommendations to FEMA regarding the creation or modification of previously established funding priorities as well as developing criteria for awarding grants. The content of this NOFO reflects implementation of the CDP's recommendations with respect to the priorities, direction, and criteria for awards.

FEMA will rank all complete and submitted applications based on how well they match the program priorities for the type of jurisdiction(s) served. Answers to the application's activity specific questions provide information used to determine each application's ranking relative to the stated program priorities.

Application Evaluation Criteria

Prior to making a federal award, the federal-awarding agency is required by 31 U.S.C. § 3321 note, 41 U.S.C. § 2313, and 2 C.F.R. § 200.205 to review information available through any OMB- designated repositories of government-wide eligibility qualification or financial integrity information. Therefore, application evaluation criteria may include the following risk based considerations of the applicant: (1) financial stability; (2) quality of management systems and ability to meet management standards; (3) history of performance in managing federal award (s); (4) reports and findings from audits; and (5) ability to effectively implement statutory, regulatory, or other requirements.

All investments selected for recommendation will also undergo an additional risk review conducted by the DHS/FEMA Grants Management Specialist to evaluate the risk for noncompliance in carrying out the federal award. Using their subject matter expertise, the questions the DHS/FEMA Grants Management Specialist may assess include, but are not limited to:

- Is the applicant on any exclusion lists as identified in the System for Award Management (SAM.gov)?
- If the applicant has received federal funding in the past, has the applicant performed all audits required by the Single Audit requirements under 2 C.F.R. Part 200, Subpart F?
- Has the applicant provided sufficient budget information and justification as required by the NOFO?
- Are the costs proposed by the applicant in the budget information and justification allowable and reasonable based on the criteria set forth in this Manual and the applicable appendix, NOFO, and regulations?
- Is the budget representative of the total cost of performance of the projects?
- If indirect costs are included, has the applicant provided an approved Indirect Cost Rate agreement?
- Is the applicant delinquent on any federal debt?
- Has the applicant had substandard performance in a prior award?
- Is the applicant on the Do Not Pay List?

Based on the outcome of this review, DHS/FEMA may determine that it will not make an award to an applicant that poses a risk of noncompliance. DHS/FEMA may also determine that it will make an award to an at-risk applicant, subject to additional terms and conditions as described in 2 C.F.R. § 200.207.

Supplemental Financial Integrity Review

Prior to making a federal award where the anticipated federal share of a federal award will be greater than the simplified acquisition threshold, currently $250,000 (see Section 805 of the National Defense Authorization Act for Fiscal Year 2018, Pub. L. No. 115-91, OMB Memorandum M-18-18 at https://www.whitehouse.gov/wp-content/uploads/2018/06/M-18-18.pdf; see also FEMA Information Bulletin No. 434, *Increases and Changes to the Micro-Purchase and Simplified Acquisition Thresholds*):

- DHS/FEMA is required to review and consider any information about the applicant in the designated integrity and performance system accessible through the System for Award Management (SAM), which is currently the Federal Awardee Performance and Integrity Information System (FAPIIS) and is also accessible through the SAM website.
- An applicant, at its option, may review information in FAPIIS and comment on any information about itself that a federal awarding agency previously entered.
- DHS/FEMA will consider any comments by the applicant, in addition to the other information in FAPIIS, in making a judgment about the applicant's integrity, business ethics, and record of performance under federal awards when completing the review of risk posed by applicants, as described in 2 C.F.R. § 200.205.

Review and Selection Process
AFG applications are reviewed through a multi-phase process. All applications are electronically pre-scored and ranked based on how well they align with the funding priorities outlined in this NOFO.

Applications with the highest pre-score rankings are then scored competitively by (no less than three) members of a Peer Reviewer Panel. Applications will also be evaluated through a series of internal FEMA review processes for completeness, adherence to programmatic guidelines, technical feasibility, and anticipated effectiveness of the proposed project(s). Below is the process by which applications will be reviewed:

i. **Pre-Scoring Process**
The application undergoes an electronic pre-scoring process based on established program priorities listed in Appendix B and answers to activity specific questions within the online application. Application Narratives are not reviewed during pre-score process. "Request Details" and "Budget" information

should comply with program guidance and statutory funding limitations. The pre-score is 50 percent of the total application score.

ii. **Peer Review Panel Process**

Applications with the highest rankings from the pre-score process will undergo a peer review process. A panel of peer reviewers is comprised of fire service representatives recommended by the national organizations from the CDP. Peer reviewers will assess each application's merits based on the narrative statement on the requested activity. The evaluation elements listed in the "Narrative Evaluation Criteria" below will be used to calculate the narrative's score for each activity requested. Panelists will independently score each requested activity within the application, discuss the merits and/or shortcomings of the application with his or her peers, and document the findings. A consensus is not required. The panel score is 50 percent of the total application score.

iii. **Technical Evaluation Process (TEP)**

The highest ranked applications will be considered within the fundable range. Applications that are in the fundable range will undergo both a Technical Review by a Subject-Matter Expert (SME) as well as a FEMA Program Office review prior to being recommended for award. The FEMA Program Office will assess the request with respect to costs, quantities, feasibility, eligibility, and recipient responsibility prior to recommending any application for award.

Once the TEP is complete, each application's cumulative score will be determined and a final ranking of applications will be created. FEMA will award grants based on this final ranking and the ability to meet statutorily required funding limitations outlined in Appendix B, V. Restrictions on Use of Award Funds.

Narrative Evaluation Criteria

1. **Financial Need (25 percent)**
   Applicants should describe their financial need and how consistent it is with the intent of the AFG Program. The Financial Need statement should include details describing the applicant's financial distress such as summarizing budget constraints, unsuccessful attempts to secure other funding, and proving the financial distress is out of their control.

2. **Project Description and Budget (25 percent)**
   The Project Description and Budget statement should clearly explain the applicant's project objectives and its relationship to the applicant's budget and risk analysis. The applicant should describe various activities, including program priorities or facility modifications, ensuring consistency with project objectives, the applicant's mission and national, state, and/or local requirements. Applicants should link the proposed expenses to operations and safety, as well as to the completion of the project's goals.

3. **Cost Benefit (25 percent)**
   Applicants should describe how they plan to address the operations and personal safety needs of their organization, including cost effectiveness and sharing assets. The Operations and Safety/Cost Benefit statement should also include details about gaining the maximum benefits from grant funding by citing reasonable or required costs, such as specific overhead and administrative costs. The applicant's request should also be consistent with their mission and identify how funding will benefit their organization and affected personnel.

4. **Statement of Effect on Operations (25 percent)**
   The Statement of Effect on Operations statement should explain how this funding request will enhance an organization's overall effectiveness. It should address how an award will improve daily operations and reduce an organization's risk(s). Applicants should include how frequently the requested item(s) will be used and in what capacity. Applicants should also indicate how the requested item(s) will help the community and increase an organization's ability to save additional lives and property. Jurisdictions that demonstrate their commitment and proactive posture to reducing fire risk, by explaining their code enforcement (to include Wildland Urban Interface code enforcement) and mitigation strategies (including whether or not the jurisdiction has a FEMA-approved mitigation strategy) may receive stronger consideration under this criterion.

F. Federal Award Administration Information

Notice of Award

Once FEMA has approved and recorded an award in the system, FEMA GO sends an award package to the grant official authorized by the recipient. FEMA GO will provide the award package and email notification. The authorized grant official should follow the directions in the notification to accept the award documents. The authorized grant official should read the award package carefully for instructions on administering the grant, to determine whether there has been an adjustment to the award, and to become familiar with the terms, conditions and responsibilities of federal award recipients.

The offered award will remain on hold and be available for a maximum of 30 days until the recipient either accepts or declines the award via FEMA GO online or unless FEMA grants additional time to accept the award. The recipient should follow the directions in the notification to confirm acceptance of the award. Failure to accept the grant award within 30 days of an offer of award may result in a loss of funds. Recipients may request additional time to accept the award if needed.

Differences Between Application Request and Award

During the review process for an AFG award, FEMA may have modified the application request(s). These modifications will be identified in the award package provided upon the offer of an award. If the awarded activities, scope of work, or requested dollar amount(s) do not match the application as submitted, the recipient shall only be responsible for completing the activities actually funded by FEMA. The recipient is under no obligation to start, modify, or complete any activities requested by but not funded by the award. The award package will identify any differences under the Approved scope of work section.

Turndown Notifications
FEMA GO will provide all applicants who do not receive an FY 2019 AFG award with a turndown notification.

Administrative and National Policy Requirements
All successful applicants for all DHS grant and cooperative agreements are required to comply with DHS Standard Terms and Conditions, which are available online at: [DHS Standard Terms and Conditions]. The applicable DHS Standard Terms and Conditions will be those in effect at the time in which the award was made.

Before accepting the award, the Authorized Organizational Representative (AOR) should carefully read the award package for instructions on administering the grant award and the terms and conditions associated with responsibilities under Federal Awards. Recipients must accept all conditions in this NOFO as well as any special terms and conditions in the Notice of Award to receive an award under this program. By submitting an application, applicants are deemed to have accepted all of the conditions in this NOFO as well.

Reporting
Recipients are required to submit various financial and programmatic reports as a condition of their award acceptance. Future awards and funds drawdown may be withheld if these reports are delinquent. Recipients should keep detailed records of all transactions involving the grant. FEMA may at any time request copies of purchasing documentation along with copies of cancelled checks or other proof of payment documentation for verification.

Record Retention
Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for at least three years from the date the final FFR is submitted or longer if the award or entity is under audit or other circumstances necessitate longer retention of records. See, e.g., 2 C.F.R. § 200.333. If the recipient does not submit a final FFR and the award is administratively closed, FEMA uses the date of administrative closeout as the start of the three-year retention period.

FEMA requires that recipients maintain the following documentation for federally funded purchases:

- Specifications
- Solicitations

- Competitive quotes or proposals
- Basis for selection decisions
- Purchase orders
- Contracts
- Invoices
- Cancelled checks

Recipients should keep detailed records of all transactions involving the grant. FEMA may at any time request copies of purchasing documentation along with copies of cancelled checks for verification. See, e.g., 2 C.F.R. §§ 200.318(i), 200.333, 200.336.

Recipients who fail to fully document all purchases may find their expenditures questioned and subsequently disallowed.

Federal Financial Reporting Requirements

Federal Financial Reports (FFR)

Recipients of AFG grants are required to submit a Federal Financial Report (SF-425) on a semi-annual basis. The FFR is to be submitted using the online FEMA GO based on the calendar year beginning with the period after the award is made. Grant recipients are required to submit an FFR throughout the entire period of performance of the grant. Reports are due:

- No later than July 30 (for the period January 1 – June 30)
- No later than January 30 (for the period July 1 – December 31)
- Within 90 days after the end of the Period of Performance

The Federal Financial Report Form (SF-425) and instructions are available at the following sites: SF-425 *OMB #4040-0014*.

Financial and Compliance Audit Report

For audits of fiscal years beginning on or after December 26, 2014, recipients that expend $750,000 or more from all federal funding sources during their fiscal year are required to submit an organization-wide financial and compliance audit report. The audit must be performed in accordance with the requirements of GAO's Government Auditing Standards, located at http://www.gao.gov/govaud/ybk01.htm, and the requirements of Subpart F of 2 C.F.R. Part 200, located at: https://www.ecfr.gov/cgi-bin/text-idx?SID=6f12725a5b5811eb8f2ed19f6dde0417&mc=true&node=pt2.1.200&rgn=div5.

Program Performance Reporting Requirements

The recipient is responsible for completing and submitting a Programmatic Performance Report (PPR) using FEMA GO. The programmatic Performance Report is due every six months after the grant's award date, and thereafter until the period of performance ends.

The PPR should include the following:

- A brief narrative of overall project(s) status
- A summary of project expenditures
- A description of any potential issues that may affect project completion

Program Performance Reporting Periods and Due Dates

The following reporting periods and due dates apply for the PPR:

- **No later than July 30** (for the period January 1 – June 30)
- **No later than January 30** (for the period July 1 – December 31)

Monitoring

Grant recipients will be monitored periodically by FEMA staff, both programmatically and financially, to ensure that the project goals, objectives, performance requirements, timelines, milestones, budgets, and other related program criteria are being met. Monitoring may be accomplished through either a desk-based review or on-site monitoring visits, or both. Monitoring will involve the review and analysis of the financial, programmatic, performance, compliance, and administrative processes and policies, activities, and other attributes of each federal assistance award and will identify areas where technical assistance, corrective actions, and other support may be needed. Recipients should keep detailed records of all transactions involving the grant. FEMA may at any time request copies of purchasing documentation along with copies of cancelled checks or other adequate payment documentation for verification. Recipients have the opportunity to participate in a Post Award Orientation (PAO) offered by the FEMA Regional Fire Program Specialist (FPS) to have their questions answered, receive technical assistance, or to review the terms and conditions of the grant. The PAO is optional.

Closeout

Within 90 days after the end of the period of performance, recipients must submit a final Federal Financial Report Form (SF-425) and a final performance report (within the closeout module in FEMA GO) detailing all accomplishments and a qualitative summary of the impact of those accomplishments throughout the period of performance. The closeout tutorial may be found at: https://www.fema.gov/closeout-report-tutorial-introduction.

In addition, any recipient that issues subawards to any subrecipient is responsible for closing out those subawards as described in 2 C.F.R. § 200.343. Recipients must ensure that they complete the closeout of their subawards in time to submit all necessary documentation and information to DHS/FEMA during the closeout of their prime grant award.

After the final SF-425 and final performance reports have been reviewed and approved by FEMA, a Closeout Notice will be completed to close out the grant. The notice will indicate the period of performance as closed, list any remaining funds that will be

deobligated, and address the requirement of maintaining the grant records for a minimum of three years from the date of the final Federal Financial Report Form (SF-425). The recipient is responsible for returning any federal funds that they have liquidated but remain unobligated by the recipient. Information on how to return funds to FEMA is available at:
http://www.fema.gov/media-library/assets/documents/31261?id=7080.

Administrative Closeout
Administrative closeout is a unilateral mechanism for FEMA to move forward with closeout of a grant award using available grant award information in lieu of final reports from the recipient. It is a last resort and recipients should always submit their final reports instead of relying on this mechanism. This mechanism can also require FEMA to make cash or cost adjustments and ineligible cost determinations based on the information it has, which may result in identifying a debt owed to FEMA by the recipient.

FEMA may use the administrative closeout process when a recipient is not responsive to FEMA's reasonable efforts to collect required reports needed to complete the standard closeout process. FEMA will make three written attempts to collect required reports before initiating administrative closeout.

If FEMA administratively closes an award where no final FFR has been submitted, FEMA uses that administrative closeout date in lieu of the final FFR submission date as the start of the three-year record retention period under 2 C.F.R. § 200.333.

In addition, if an award is administratively closed, FEMA may decide to impose remedies for noncompliance per 2 C.F.R. § 200.338, consider this information in reviewing future award applications, or apply special conditions to existing or future awards.

Disclosing Information per 2 C.F.R. § 180.335
This reporting requirement pertains to disclosing information related to government-wide suspension and debarment requirements. Before a recipient enters into a grant award with FEMA, the recipient must notify FEMA if it knows if it or any of the recipient's principals under the award fall under one or more of the four criteria listed at 2 C.F.R. § 180.335:

- Are presently excluded or disqualified;
- Have been convicted within the preceding three years of any of the offenses listed in 2 C.F.R. § 180.800(a) or had a civil judgment rendered against it or any of the recipient's principals for one of those offenses within that time period;
- Are presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses listed in 2 C.F.R. § 180.800(a); or

- Have had one or more public transactions (federal, state, or local) terminated within the preceding three years for cause or default.

At any time after accepting the award, if the recipient learns that it or any of its principals falls under one or more of the criteria listed at 2 C.F.R. § 180.335, the recipient must provide immediate written notice to FEMA in accordance with 2 C.F.R. § 180.350.

G. DHS Awarding Agency Contact Information Contact and Resource Information

AFG Help Desk
The AFG Help Desk provides technical assistance to applicants for the online completion and submission of applications into FEMA GO, answers questions concerning applicant eligibility and recipient responsibilities, and helps in the programmatic administration of awards. The AFG Help Desk can be contacted at (866) 274-0960 or by email at FireGrants@fema.dhs.gov. Normal hours of operation are from 8:00 a.m. to 4:30 p.m., Monday through Friday. All times listed are Eastern Time.

FEMA Regional Fire Program Specialists
Each FEMA region has Fire Program Specialists who can assist applicants with application information, award administration, and technical assistance. Contact information for a Regional Fire Program Specialist can be located on the AFG website at https://www.fema.gov/fire-grant-contact-information.

FEMA GO System Information
For technical assistance with FEMA GO, please contact the Enterprise Service Desk at (877) 611-4700. Regular hours of operation are also from 8:00 a.m. to 4:30 p.m. ET, Monday through Friday.

H. Additional Information

Extensions to the Grant Period of Performance
Extensions to the period of performance under this grant program are allowed. An award's period of performance must be active for a recipient to submit a proposed extension request to FEMA. Recipients should request extensions sparingly and only under exceptional circumstances***. Approval is not guaranteed.***

Extensions to the initial period of performance identified in the award will only be considered through formal amendment requests, via FEMA GO, and must contain specific and compelling justifications as to why an extension is required.

All extension requests must contain:

- Grant Program, fiscal year, and award number
- Reason for delay—this must include details of the legal, policy, or operational challenges being experienced that prevent the final outlay of awarded funds by the

applicable deadline

- Current status of the activity/activities
- Approved period of performance termination date and new project completion date
- Amount of funds drawn down to date
- Remaining available funds, both federal and non-federal
- Budget outlining how remaining federal and non-federal funds will be expended
- Plan for completion, including milestones and timeframes for achieving each milestone and the position/person responsible for implementing the plan for completion
- Certification that the activity/activities will be completed within the extended period of performance without any modification to the original Statement of Work approved by FEMA

Requirements for Extension Consideration

To be eligible for consideration, recipients must submit extension requests via FEMA GO. Recipients generally can submit requests no later than 60 days prior to the end of the award's period of performance. In accordance with FEMA policy, FEMA reviews extensions on a case-by-case basis and typically grants them for no more than a six-month period. FEMA will grant extension requests only due to compelling legal, policy, or operational challenges. The review process can take up to 30 days or longer. Applicants should factor this review period in to the timing of when to submit a request for an extension.

Example: Recipients may request an extension, for example, when an equipment order was placed during the period of performance but factors beyond the recipients' control have resulted in a delay in the expected delivery and receipt of the equipment outside of the existing period of performance; or where a specific statute or regulation mandates an environmental review that cannot be completed within this timeframe or where other extenuating circumstances warrant a brief extension.

Appendix A – FY 2019 AFG Program Updates

Appendix A contains a brief list of changes between FY 2018 and FY 2019 to the AFG Program.

<u>New for FY 2019</u>

The FY 2019 AFG NOFO contains some changes to definitions, descriptions and priority categories. Changes to the FY 2019 AFG NOFO include:

- Under Micro Grants:
    - Wellness and Fitness is now eligible as a micro and regional grant.
    - Modifications to Facilities activities are now eligible as a micro grant.
- Under Equipment category:
    - Training 'props' are limited to $50,000 except for a State Fire Training Academy request.
    - Learning Management Systems (LMS) to include software and computer programs for local departments and states to track training and certifications were added as high priority.
- Under Operation and Safety and Regional category:
    - Immediately Dangerous to Life or Health (IDLH), Protection for Fire Investigators (single-use respiratory protection) is added as high priority.
    - Definition of Primary First Due Response Area is updated to be consistent with NFPA 1710 Current Edition. The geographic area surrounding a fire station in which a company from that station is projected to be the first to arrive on the scene of an incident.
    - Application will include data/statistics on fire departments implementation of National Fire Protection Association (NFPA) 1582 physicals. This information is not included in the peer review determination.
- Under Vehicle Acquisition
    - Brush vehicles are now a high priority for urban, suburban and rural communities. The only exception is for urban communities, a brush truck may not exceed Type III in specifications. This does not preclude a department from applying for a Type I urban interface pumper. Type I pumpers should be requested as a pumper and specified in the request as Type I.

Appendix B –Programmatic Information and Priorities

Appendix B contains details on AFG Program information and priorities. Reviewing this information may help applicants make their application(s) more competitive.

A. Ineligible Applications and/or Organizations

FEMA considers two or more separate fire departments or nonaffiliated EMS organizations with different funding streams, personnel rosters, and EINs but sharing the same facilities as being separate organizations for the purposes of AFG eligibility. If two or more organizations share facilities and each submits an application in the same program area (i.e., Equipment, Modify Facilities, Personal Protective Equipment, Training, and Wellness and Fitness Programs), FEMA reserves the right to review all of those program area applications for eligibility. This determination is designed to avoid the duplication of benefits.

Examples of ineligible applications and/or organizations include:

- Although fire departments and nonaffiliated EMS organizations may share some common program priorities, there are some restricted activities for nonaffiliated EMS organizations; nonaffiliated EMS organizations are not eligible to request any activity that is specific or unique to structural/proximity/wildland firefighting gear.
- Fire departments that are a Federal Government entity, or contracted by the Federal Government, and are solely responsible under a formally recognized agreement for suppression of fires on federal installations or land.
- Fire departments or nonaffiliated EMS organizations that are not independent entities but are part of, controlled by, or under the day-to-day operational command and control of a larger department, agency or Authority Having Jurisdiction (AHJ).
- Fire-based EMS organizations are not eligible to apply as a nonaffiliated EMS organization.
- Auxiliaries, hospitals or fire service associations or interest organizations that are not the AHJ over the applicant.
- State or local agencies, or subsets of any governmental entity, or any authority that do not meet the requirements as defined by 15 U.S.C. § 2229(a), (c).
- If an applicant submits two or more applications for the same equipment or other eligible activity (for example, if an applicant submits two or more applications, one under the Regional activity, and one under the Operations and Safety activity for SCBA), both applications may be disqualified. If an applicant submits two separate applications for the same activity (i.e., two separate vehicle applications for exactly the same type of vehicle) during the same application period, both applications may be disqualified.
- Eligible applicants may submit only one application for each activity (Operations and Safety or Regional) but may submit for multiple projects within each activity. Under the Vehicle Activity, applicants may submit one application for vehicles for their department and one separate application for a

Regional vehicle (the same vehicle may not be requested for both purposes). All submissions of duplicate applications may be disqualified.

- Dive teams, search and rescue squads, or similar organizations that do not provide medical transport.
- Fire departments, regional, or nonaffiliated EMS organizations that are for profit.

B. Supporting Definitions for this NOFO

Authority Having Jurisdiction (AHJ) is that person or office charged with enforcing the NFPA codes (Per NFPA101-2015 Edition: Life Safety Code).

Automatic Aid is a plan developed between two or more fire departments for immediate joint response on first alarms, (Per NFPA 1710 – 2016 edition and NFPA 1720 – 2014).

Career Fire Department, as defined in 15 U.S.C. §2229, means a fire department that has an all-paid force of firefighting personnel other than paid-on-call firefighters.

Combination Fire Department, as defined in 15 U.S.C. §2229, means a fire department that has paid firefighting personnel and volunteer firefighting personnel

Mutual Aid is a written intergovernmental agreement between agencies and/or jurisdictions stating that they will assist one another on request by furnishing personnel, equipment, and/or expertise in a specified manner (NFPA 1710 Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations, and Special Operations to the Public by Career Fire Departments, 2016 edition and NFPA 1720 Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations, and Special Operations to the Public by Volunteer Fire Departments, 2014 Edition).

Metro Department is a metropolitan fire department that has minimum staffing of 350 career firefighters as defined by the International Association of Fire Chiefs (IAFC). AFG collects information on metro departments for statistical purposes only. Status as a metro department is not a factor in scoring or funding.

Primary First Due is a geographic area surrounding a fire station in which a company from that station is projected to be first to arrive on the scene of an incident. NFPA 1710; 3.3.28. https://www.nfpa.org/Codes-and-Standards/All-Codes-and-Standards/Free-access

Volunteer fire department, as defined in 15 U.S.C. § 2229, means a fire department that has an all-volunteer force of firefighting personnel.

C. Community Classifications

The information the applicant organization supplies in Department Characteristics I and II of the AFG application determines whether the jurisdiction is identified by FEMA as urban, suburban, or rural. The community classification will determine the funding priority.

The US Census Bureau's urban-rural classifications are fundamentally a delineation of geographical areas. For more information, please visit: http://www.census.gov/geo/www/ua/urbanruralclass.html.

FY 2019 demographics for determining urban, suburban, or rural include:

Community	Urban	Suburban	Rural
Population of primary first due response area	>3,000 sq. mi. or 50,000 + population	1,000-2,999/sq. mi. or 25,000-50,000 population	0-999/sq. mi. or <25,000 population
Water Supply (percentage of primary first due response area covered by hydrant service)	75-100% hydrants (municipal water)	50-74% hydrants	<50% hydrant
Land Use within Primary first due response area	<25% for agriculture (based on zoning) industrial and commercial combined >50%	25-49% used for agriculture (based on zoning) industrial and commercial combined >25%-49%	50% used for agriculture (based on zoning) industrial and commercial combined <25%
Square miles within primary first due response area per station	<3 sq. mi. per station	3-9 sq. mi. per station	>10 sq. mi. per station

D. Application Tips

The following information may be useful when preparing a competitive application:

- National Fire Protection Association (NFPA) – "FREE ACCESS" - As part of its commitment to enhancing public safety and supporting the emergency responder, the NFPA makes its codes and standards available online for free. Please visit: http://www.nfpa.org/freeaccess
- Regional Applicants are eligible to only apply for Training, Equipment, and/or PPE within Operations and Safety, and Vehicle Acquisition, and Wellness & Fitness.
- SFTA Applicants are only eligible to apply for Equipment, and/or PPE within

Operations and Safety, and Vehicle Acquisition.

- Successful Regional applicants will be subject to the funding limitations based on the total population served by the host and participating partners. Any Regional award made will not impact or be included in the host organization's funding limitations.
- Applications differ based on the applicant type. For example, the SFTA application for a vehicle will be different from the fire department application for a vehicle. Be sure to select the appropriate applicant type when applying.
-

E. <u>Restrictions on Use of Award Funds</u>

- No AFG funds may be used to support hiring (part-time or full-time), salaries, benefits, or fringe benefits (including but not limited to contributions for social security, insurance, workman's compensation, pension, or retirement plans) for any personnel.
- Documented back fill and/or overtime/lost wages costs to support awarded training activities are allowable personnel expenses.
- Instructor's rates/base rates should be provided as part of the application narrative, as well as the market researched competitive rate for delivering the requested training.
- If the instruction provided for an awarded training activity is delivered by an existing member(s) of the recipient's organization, only the established base rate of compensation, without benefits or overtime, may be eligible for reimbursement.
- Recipients are encouraged to allow other organizations to benefit from an awarded activity; e.g., filling another organization's SCBA cylinders using a grant funded compressor, or cleaning another organization's turnout gear, or offering excess capacity training opportunities (if recipients choose to include costs associated with shared benefit [e.g., backfill, overtime, tuition] for members outside of their department, they must apply as a Regional application).
- Under the Operations and Safety Activity, when requesting additional funding in the request detail section of an application, items being requested may only be from that same Activity's area. Furthermore, improperly requesting a grant award for an activity that is not an Operations and Safety Activity may disqualify the request, for example:
    - Do not request cascade system under Personal Protective Equipment, or PPE (cascade systems are classified as equipment)
    - Do not request Rapid Intervention Team (RIT) packs under PPE (RIT packs are classified as equipment)
    - Do not request a Personal Safety/Rescue Bailout System under equipment (a Personal Safety/Rescue Bailout System is classified as PPE)

F. **<u>Funding Priorities</u>**

I. **<u>Operations and Safety – Training Overview</u>**

FEMA has determined that hands on, instructor-led training that meets a national, state, or DHS adopted standard and results in a national or state certification provides the greatest training benefit.

All of the following are considerations in pre-scoring and peer review determinations: (HIGH (H), MEDIUM (M), LOW (L))

Fire Department, Regional, and State Fire Training Academy Training Priorities by Purpose	
H	• Training evaluated using national or state standards
H	• Training that brings a department into compliance with recommended NFPA or other national standards
H	• Instructor led training that requires student testing to demonstrate academic competence or practical proficiency
H	• Training that benefits the highest percentage of applicable personnel, such as the hazardous materials training within a fire department or training that will be open to other eligible organizations
M	• Training that does not result in certification
M	• Training that is self-directed/validated
L	• Training that will address an identified risk however it is not associated with compliance to any standards

Fire Department and Regional Training Priorities by Course Type				
Training	**NFPA #**	**Urban**	**Suburban**	**Rural**
NFPA 1001 (firefighter I, II)	1001	H	H	H
NFPA (instructor)	1041	H	H	H
NFPA 472 (Hazmat operations)	472/1072	H	H	H
NFPA 1581(infection control)	1581	H	H	H
Confined space (awareness)	1670	H	H	H
Wildland firefighting (basic)	1143	H	H	H
Wildland firefighting certification (red card)	1051/1143	H	H	H
Wildland Fire Officer	1051	H	H	H
Rapid intervention training	1407	H	H	H
NFPA (officer)	1021	H	H	H
Emergency Medical Responder		H	H	H
Firefighter safety and survival	1407	H	H	H
Safety officer	1521	H	H	H
Driver/operator	1002	H	H	H

Fire Department and Regional Training Priorities				
Training	**NFPA #**	**Urban**	**Suburban**	**Rural**
Fire prevention	1037/1730	H	H	H
Fire inspector	1031	H	H	H
Fire investigator	1033	H	H	H
Fire educator	1035	H	H	H
NIMS/ICS	1561	H	H	H
Emergency scene rehab	1584	H	H	H
Critical Incident debriefing/Crisis Intervention	1500/1583	H	H	H
Any training to a National/State or NFPA standards		H	H	H

Fire Department and Regional Training Priorities by Course Type				
Compliance with federal/state-mandated program		H	H	H
Rescue Technician	1006/1670	H	H	H
Emergency Medical Technician		H	H	H
Advanced Emergency Medical to Paramedic		H	H	H
Paramedic to Community Paramedic		H	H	H
Vehicle rescue	1670	H	H	H
Another officer	1021	H	H	M
NFPA (ARFF)	1003/402	H	H	M
Weapons of Mass Destruction	472/1072	H	H	H
Mass casualty		H	H	H
Hazmat (technician)	472/1072	H	H	H
Training to address a local risk not elevated to a national or state		M	M	M
Specialized Training		M	M	M
Maritime Firefighting	1405/1925/1005	L	L	L
Instructor-led training that does not lead to certification		L	L	L
Self-taught courses		L	L	L
Training not elevated to a national or state standard		L	L	L

Funding Priorities for Fire Departments and Nonaffiliated EMS Organizations Training

AFG provides training grants to meet the educational and performance requirements of fire departments and nonaffiliated EMS personnel. Training should align with the U.S. National Highway Traffic Safety Administration (NHTSA), which designs and specifies a National Standard Curriculum for EMT training and the National Registry of Emergency Medical Technicians (NREMT), a private, central certifying entity whose primary purpose is to maintain a national standard (NREMT also provides certification information for paramedics who relocate to another state).

A higher priority is assigned to the following due to time and cost of upgrading an organization's response level:

- Organizations seeking to elevate the response level from Emergency Medical Responder (EMR) to Emergency Medical Technician (EMT).
- Organizations seeking to elevate the response level from Advanced EMT (AEMT) to Paramedic.
- Organizations seeking to train Community Paramedics: Organizations seeking to train a high percentage of the active EMRs will receive additional consideration when applying under the Training activity.

Eligible Training Activities for Fire Departments and Regional Applications include but are not limited to:	
• Train-the-trainer courses • Alternative fuel firefighting • Response to natural disasters • Minor interior alterations (requested under Additional Funding and limited to $10,000 total expenditure) to support the awarded Training activities (e.g., removal/construction of a non-weight bearing wall) • Overtime expenses paid to career firefighters to attend training or to backfill positions for colleagues who are in training • Rental of facilities to conduct training	• Tuition, exam/course fees, and certifications/certification expenses • Purchase of training curricula and training services (instructors) • Chemical Biological Radiological Nuclear and Explosive (CBRNE) awareness, performance, planning, and management • Travel expenses associated with Type 3 Incident Management Teams (IMT) attending position development/mentoring assignment with national Type 2 or Type 1 IMTs
• Travel expenses associated with attendance at a formal training course or conference (mileage, hotel, and lodging expenses). • Compensation to volunteers (Fire and nonaffiliated EMS) for wages lost to attend training; there is no overtime or backfill for volunteers	• Those supplies or expendables for one time-use items essential for an award's scope of work, such as foam, breaching materials (e.g., wood or sheetrock) for ventilation or rescue props, or the amount of fuel required to sustain an awarded live fire training activity, or per NFPA1403 Standard on Live Fire Training Evolutions, reasonable safety mitigations to a structure acquired for training • Props (single-use or permanent) for training programs cannot exceed $50,000 for Operation and Safety requests. This does not apply to State Fire Training Academy requests.

Ineligible Training Activities for Fire Departments and Regional Applications include but are not limited to:	
• Construction of facilities (buildings, towers, sheds, etc.) • Firefighting equipment or PPE, such as SCBA, used exclusively for training • Remodeling not directly related to grant activities • Any costs associated with planning and/or participating in formal or planned special event exercises to identify user needs, evaluate an organization's performance capabilities, validate existing capabilities, or to facilitate coordination and asset sharing	• Site preparation to accommodate or modify any training activity, facility, or prop that is a permanent or semi-permanent improvement, including but not limited to: landscaping, cutting or grading an access road, trenching, paving a training area, exterior stairs or sidewalks, or the installation of utilities is an ineligible and non-reimbursable Training activity • Purchase or lease of real estate (this does not preclude departments from securing necessary training facilities such as classrooms, use of towers, training props, etc.) • Purchase of Unmanned Aerial Vehicles (UAVs) and Drones • Food and beverages

Eligible Nonaffiliated EMS Training Activities include but are not limited to:	
• Emergency Medical Responder (EMR) • Emergency Medical Technician (EMT) • Advanced EMT (AEMT) • AEMT to Paramedic • Paramedic (Applicant must clearly demonstrate plan to accomplish paramedic training within the period of performance). • Community Paramedics (Paramedics with Primary Care certification) • Travel expenses associated with attendance at a formal training course or conference (air/rail transportation, mileage, hotel/lodging expenses), Note: Food and beverages are ineligible travel expenses.	• Attendance at formal training forums or conferences providing continuing education credits, etc. • Overtime expenses paid to career nonaffiliated EMS responders to attend training or to backfill positions for colleagues who are in training • Compensation to volunteers (Fire and nonaffiliated EMS) for wages lost to attend training; there is no overtime or backfill for volunteers • Supplies or expendables or one-time use items essential to complete the training activity of a nonaffiliated EMS award's scope of work. Examples include bandages, splints, expendable respiratory supplies,etc.

II. Operations and Safety - Equipment Overview

AFG grants fund equipment for effective response, firefighting, rescue, and emergency medical operations to enhance the public safety.

Requests to replace obsolete or damaged equipment should enable the applicant to meet a consensus standard (e.g., a personal SCBA face piece for every operational member of an organization).

Reminder: When requesting training for any items in this section, enter the request under “Other” within “Additional Funding” in the “Request Details” section of the application. Make sure to identify the type and scope of training, time frame, etc. in the explanation section of additional funds. Training must be specific to the use of the equipment (i.e., vendor training) and not duplicative of courses listed under the Training activity.

NOTE:
- Accountability systems are located under equipment activity.
- All simulators, tow vehicles, and all mobile or fixed fire/evolution props (e.g., burn trailers, forcible entry, or rescue/smoke mazes) are located under the equipment activity.

All of the following are considerations in pre-scoring and peer review determinations:

NOTE: Equipment product lifecycles are assigned an age category of Short (5- 7 years), Intermediate (8-14 years), or Long (15-20 years). These age categories are used to compare like types of equipment of a similar age category. Under this system, an item that should have a useful life of 10 years is only compared against other items that have a similar lifecycle. An application does not score higher or lower based on the product lifecycle of an item. It only serves to ensure a more even scoring of equipment based on type.

Priority	Age Category	Fire and Fire Regional	SFTA
BASIC EQUIPMENT			
H	Intermediate	Air Compressor/Fill Station/Cascade System (Fixed or Mobile) for filling SCBA	Air Compressor/Fill Station/Cascade System (Fixed or Mobile) for filling SCBA
H	Long	Appliance(s)/Nozzle(s)/ Foam Eductors	Appliance(s)/Nozzle(s)/ Foam Eductors
H	Long	Basic Hand Tools (Structural/Wildland)	Basic Hand Tools (Structural/Wildland)
H	Intermediate	Electric/Gas Powered Saws/Tools	Electric/Gas Powered Saws/Tools
H	Short	Fit Tester	Fit Tester

Priority	Age Category	Fire and Fire Regional	SFTA
H	Intermediate	Hose (Attack/Supply)	Hose (Attack/Supply)
H	Short	IDLH Monitoring Equipment	IDLH Monitoring Equipment
H	Immediate	IDLH Protection for Investigators (This is single-use respiratory protection)	
H	Long	Ladders	Ladders
H	Short	Personal Accountability Systems	Personal Accountability Systems
H	Intermediate	PPE Washer/Extractor/Dryer	PPE Washer/Extractor/Dryer
H M	Intermediate	Props – For Fire Department applicants: M For Regional Applicants: H	Props - H
H	Intermediate	RIT Pack/Cylinder	RIT Pack/Cylinder
M	Intermediate	Generator – Portable	Generator – Portable
H	Intermediate	Ropes, Harnesses, Carabiners, Pulleys, etc.	Ropes, Harnesses, Carabiners, Pulleys, etc.
H M	Short	Simulators - M	Simulators - H
H	Short	Thermal Imaging Camera (Must be NFPA 1801 compliant)	Thermal Imaging Camera (Must be NFPA 1801 compliant)
H	Short	Software and LMS to support training	Software and LMS to support training
M	Short	Computers used in support of training	Computers used in support of training
M	Short	Vehicle Mounted Exhaust Systems	Vehicle Mounted Exhaust Systems
M	Short	Mobile computing devices intended to be used on scene (Tablets)	Mobile computing devices intended to be used on scene (Tablets)
		COMMUNICATIONS	
H	Intermediate	Base Station (must be P-25 Compliant)	Base Station (must be P-25 Compliant)
H	Intermediate	Headsets	Headsets
H	Intermediate	Mobile Radios (must be P-25 Compliant)	Mobile Radios (must be P-25 Compliant)
H	Intermediate	Mobile Repeaters (must be P- 25 compliant)	Mobile Repeaters (must be P-25 compliant)
H Rural	Intermediate	Pagers (limited to number of active members)	Pagers (limited to number of active members)

Priority	Age Category	Fire and Fire Regional	SFTA
H	Intermediate	Portable Radios (must be P-25 compliant, limited to number of AFG approved seated positions)	Portable Radios (must be P-25 compliant, limited to number of AFG approved seated positions)
M	Intermediate	Mobile Data Terminal (MDT)	Mobile Data Terminal (MDT)
M Urban/Sub-urban	Intermediate	Pagers (limited to number of active members)	Pagers (limited to number of active members)
EMS EQUIPMENT			
H	Short	Airway Equipment (Non-Disposable)	Airway Equipment (Non-Disposable)
H	Short	Automated External Defibrillators (AEDs) BLS Level	Automated External Defibrillators (AEDs) BLS Level
H	Short	Automatic Chest Compression Device (CPR)	Automatic Chest Compression Device (CPR)
H	Short	EMS Training Aids	EMS Training Aids
H	Short	EMS/Rescue Equipment	EMS/Rescue Equipment
H	Short	Monitor/Defibrillator – 15 leads	Monitor/Defibrillator – 15 leads
H	Intermediate	Power Lift Cot	Power Lift Cot
H	Intermediate	Power Lift System	Power Lift System
H	Short	Pulse Oximeters	Pulse Oximeters
H	Short	Responder Rehab Equipment	Responder Rehab Equipment
L	Short	Portable Lift System (i.e., devices, hydraulic or electrical, used to assist with the lifting of patients that are not associated with cots)	Portable Lift System (i.e., devices, hydraulic or electrical, used to assist with the lifting of patients that are not associated with cots)
EXTRICATION			
H	Intermediate	Cutter/Spreader	Cutter/Spreader
H	Intermediate	Vehicle Extrication Equipment	Vehicle Extrication Equipment
HAZ-MAT			
M	Intermediate	Basic Haz-Mat Response Equipment	Basic Haz-Mat Response Equipment
M	Intermediate	Decon, Clean-Up, Containment and Packaging Equipment	Decon, Clean-Up, Containment and Packaging Equipment
M	Short	Sampling Devices (Haz-Mat)	Sampling Devices (Haz-Mat)
SPECIALIZED			
H	Intermediate	Skid Unit	Skid Unit
M	Intermediate	Air Quality Device	Air Quality Device
M	Intermediate	Boats	Boats

Priority	Age Category	Fire and Fire Regional	SFTA
M	Short	Marine equipment (NFPA 1925: Standard on Marine Fire-Fighting Vessels)	Marine equipment (NFPA 1925: Standard on Marine Fire-Fighting Vessels)
M	Intermediate	Mobile Generator	Mobile Generator
M	Intermediate	Portable Pump	Portable Pump
L	Short	Specialized Equipment (Other)	Specialized Equipment (Other)
CBRNE EQUIPMENT			
L	Short	CBRNE-related Equipment	CBRNE-related Equipment
L	Short	Non-Disposable Biological Detection	Non-Disposable Biological Detection

Priority	Age Category	Tow Vehicles	Applicant Type
Note: Tow vehicles may be applied for under different application types with differing priority levels. Please reference the chart below when applying for tow vehicles.			
H	Long	Tow Vehicle	SFTA
H	Long	Tow Vehicle	Regional
L	Long	Tow Vehicle	Fire Department

Priority	Age Category	EMS	EMS Regional
COMMUNICATIONS			
H	Intermediate	Base Station (must be P-25 Compliant)	Base Station (must be P-25 Compliant)
H	Intermediate	Mobile Radios (must be P-25 Compliant)	Mobile Radios (must be P-25 Compliant)
H	Intermediate	Mobile Repeaters (must be P-25 Compliant)	Mobile Repeaters (must be P-25 Compliant)
H	Intermediate	Pagers (limited to number of active members)	Pagers (limited to number of active members)
H	Intermediate	Portable Radios (must be P-25 Compliant, limited to number of AFG approved seated positions)	Portable Radios (must be P-25 Compliant, limited to number of AFG approved seated positions)
M	Intermediate	Mobile Data Terminal (MDT)	Mobile Data Terminal (MDT)
M	Intermediate	Headsets	Headsets
EMS EQUIPMENT			
H	Short	ALS/BLS Equipment	ALS/BLS Equipment
H	Short	Airway Equipment (Non- Disposable)	Airway Equipment (Non-Disposable)
H	Short	Automated External Defibrillators (AEDs) BLS Level	Automated External Defibrillators (AEDs) BLS Level
H	Short	Automatic Chest Compression Device (CPR)	Automatic Chest Compression Device (CPR)
H	Short	EMS Training Aids	EMS Training Aids
H	Short	Monitor/Defibrillator - 15 leads	Monitor/Defibrillator - 15 leads
H	Intermediate	Power Lift Cot	Power Lift Cot
H	Intermediate	Power Lift System	Power Lift System
H	Short	Responder Rehab Equipment	Responder Rehab Equipment
H	Short	Suction	Suction
M	Short	Computers used in support of training	Computers used in support of training
M	Short	Mobile computing devices intended to be used on scene (tablets)	Mobile computing devices intended to be used on scene (tablets)

Priority	Age Category	EMS	EMS Regional
L	Short	Portable Lift System (i.e., devices, hydraulic or electrical, used to assist with the lifting of patients that are not associated with cots)	Portable Lift System (i.e., devices, hydraulic or electrical, used to assist with the lifting of patients that are not associated with cots)
HAZ-MAT			
M	Intermediate	Basic Haz-mat Response Equipment	Basic Haz-mat Response Equipment
M	Intermediate	Decon, Clean-Up, Containment and Packaging Equipment	Decon, Clean-Up, Containment and Packaging Equipment
M	Short	Sampling Devices (Haz-Mat)	Sampling Devices (Haz-Mat)

Fire Department, Nonaffiliated EMS, Regional, and State Fire Training Academy Equipment Priorities		
Priority		**Definition**
H	Obtain equipment to achieve minimum operational and deployment standards for existing missions	Applies to requests for equipment needed, and not currently owned, to achieve minimum operational and deployment standard for a department's existing mission requirements. AFG will only fund basic equipment not listed in NFPA 1901/1906 chapters 1 to 28.
H	Replace unusable/unrepairable equipment to meet current standard	Applies to equipment that is no longer usable because it is broken and/or damaged beyond repair. Replacement equipment requested under a grant must meet the most current and appropriate standards for that type of equipment.
H	Replace non-compliant equipment to current standard	Applies to equipment that is deemed obsolete and/or is out of compliance with current standards for that type of equipment. Equipment requested under this reason for purchase has not been deemed inoperable, and while it may not be in compliance with current standards it is not broken, damaged, or otherwise unusable.

Fire Department, Nonaffiliated EMS, Regional, and State Fire Training Academy Equipment Priorities		
M	Obtain equipment for new mission	Applies to requests for equipment supplies or inventories that are intended to fulfill minimum services requirements associated with new missions that a department is taking on and building the capability for but has not been previously fulfilled. For example, this may include, but is not limited to, establishing a new Hazardous Materials (HazMat) capability or Swift Water Rescue capability.
L	Upgrade technology to current standard	Applies to requests for equipment that may or may not be owned, but newer technology is available.

Additional Considerations for Fire Department, Nonaffiliated EMS, Regional, and State Fire Training Academy Equipment Priorities
• Equipment that has a direct effect on firefighters' health and safety • Age of equipment considered for replacement • Equipment that operationally benefits other jurisdictions • Equipment that brings the department into compliance with a national recommended standard, (e.g., NFPA or statutory compliance like Occupational Safety and Health Administration [OSHA])

Eligible Fire Department, Nonaffiliated EMS, Regional, and State Fire Training Academy Equipment Activities include but are not limited to:	
• Shipping, taxes, assembly and installation of the requested equipment • Extended warranties and service agreements if acquired concurrent with initial acquisition • Minor interior alterations (requested under Additional Funding and limited to $10,000 total expenditure) to support the awarded Equipment activities (e.g., removal /construction of a non-weight bearing wall)	• Equipment for response to incidents involving CBRNE/WMD • Training specific to the requested equipment • Requested support activities for Equipment requiring supplies or expendables or "onetime" use items essential for an award's scope of work, such as foam, breaching materials (e.g., wood or sheetrock) for ventilation or rescue props, or the amount of fuel required to sustain an awarded live fire training activity, or per NFPA1403 Standard on Live Fire Training Evolutions, reasonable safety mitigations to a structure acquired for training

Ineligible Fire Department, Nonaffiliated EMS, Regional, and State Fire Training Academy Equipment Activities include but are not limited to:	
• Construction of facilities, such as buildings, towers, sheds to house communications, or • All fixed non-mobile repeaters or fixed site amplifiers • Sirens or other outdoor warning devices • Signage of any kind • Phones (telephone/satellite/cell) • Investments in emergency communications systems and equipment must meet applicable SAFECOM Guidance. • Personal Safety/Rescue Bailout System (PPE) • Computer assisted dispatch (CAD) systems and software, geographic information systems (GIS), dispatch consoles, workstations and office furniture	• Nonaffiliated EMS expendable supplies (including, but not limited to medications) • Utility Vehicles and All-Terrain Vehicles (UTV/ATV) • Unmanned Aerial Vehicles (UAVs) and Drones • Bomb disposal equipment and robots • Mobile radios for personally owned vehicles (except Chief Fire Officer's personal vehicle if justified) • Those supplies or expendables or common one-time use items such as foam, soaps, disinfectant wipes, medical gowns/gloves, bandages, any drug, intravenous bags/fluids, defibrillator pads/electrodes, syringes, cervical collars, batteries, exhaust system filters and splints • Flashover or other simulators/props that do not meet NFPA 1402 or 1403 standard (homemade or aftermarket simulators) • Subscriptions, memberships, equipment rental or lease to purchase

IMPORTANT: The only eligible AFG activity for interoperable communications equipment is the acquisition of P-25 compliant equipment.

- P-25 compliant interoperable communications equipment has a digital platform that is programmable, scalable, and can communicate in analog mode with legacy radios, and in both analog and digital mode with other P-25 equipment. P-25 compliance enhances interoperability, allowing first responders to communicate with each other to coordinate their response to and mitigate all hazards.
- The procurement of interoperable communications equipment that does not meet P-25 compliance is unallowable.
- There are no waivers for P-25 waivers compliance. All recipients awarded activities with emergency communication equipment and its related activities must comply with the SAFECOM Guidance for Emergency Communication Grants, including provisions on technical standards that ensure and enhance interoperable communications.
- The technical specifications for FY 2018 SAFECOM Guidance on Emergency Communications Grants is available at: https://www.dhs.gov/safecom/blog/2018/05/16/release-fy-2018-safecom-guidance-emergency-communications-grants
  It is the recipient's responsibility to obtain documented evidence that the equipment to be acquired has been tested and passed all the applicable P- 25

requirements and the recipient shall be able to produce such documentation to FEMA upon request.

- AFG applicants are not required to identify a specific P-25-compliant product in their application narrative, but they must affirm that the interoperable communications equipment requested or acquired will be P-25 compliant.

Note: Recipients using FY2019 AFG funds to support emergency communications activities should review and comply with the SAFECOM Guidance for Emergency Communication Grants, including provisions on technical standards that ensure and enhance interoperable communications. Communication equipment (e.g., portable radios) would be included in this standard. Recipients investing in emergency communications must ensure their projects support the Statewide Communications Interoperability Plan (SCIP) for their state.

III. Operations and Safety - Personal Protective Equipment (PPE) Overview

AFG funds used to acquire PPE may only be used to acquire compliant PPE for firefighting and nonaffiliated EMS personnel. Only the acquisition of PPE compliant with the most current edition of NFPA 1971, 1976, 1977, 1981, and 1999, are eligible activities. The acquisition of used, refurbished or updated PPE will be ineligible for reimbursement.

PPE requested should have the goal of increasing firefighter safety. When requesting to replace noncompliant or inoperable/unusable/unrepairable PPE (e.g., Turnout Gear and SCBA), applicants will be asked to provide the age of the items being replaced. All PPE items in the current inventory must be accurately described and accounted for in the application narrative.

Based in part on NFPA 1851, Standard on Selection, Care, and Maintenance of Protective Ensembles for Structural Fire Fighting and Proximity Fire Fighting, in order for PPE (to include SCBA) to be considered noncompliant, the items must be a minimum of 2 NFPA cycles and 10 years of age or older from the date they were manufactured.

Training for requested PPE
• Applicants must certify that all grant-funded PPE will only be used by sufficiently trained personnel (failure to meet this requirement will result in the request for funding deemed ineligible). • If applicants are requesting training to support a PPE activity, it must be entered in the “Additional Funding” section within the “Request Details” section of the application.

- Acquiring or replacing an individual SCBA face piece for each operational member of an organization is High H Priority. To the extent a request for additional face pieces exceeds any face pieces requested as part of an SCBA unit, that request should be entered as a separate request line item, and will not be considered a request "to increase supplies" (e.g., the applicant has the need for 35 Face Pieces, and requested 25 SCBA Units, applicants should separately request 10 additional Face Pieces).

- FEMA considers a complete set of Structural/Proximity PPE Turnout Gear to be comprised of these NFPA 1971 or 1976 compliant components: one pair pants, one coat, one helmet, two hoods, one pair boots, two pairs gloves, and one pair suspenders, one pair goggles. In the AHJ where additional PPE such as a Personal Safety/Rescue Bailout System is statutorily required, FEMA will consider all statutorily required items to be part of a complete PPE set.
- FEMA considers a complete set of EMS PPE Turnout Gear to be comprised of these NFPA 1999 compliant components: one pair pants, one coat, one helmet, one pair boots, one pair gloves, one pair suspenders and one pair goggles.
- FEMA considers a complete set of Wildland PPE Turnout Gear to be comprised of these NFPA 1977 compliant components: one pair pants, one coat, one jumpsuit, one helmet, one pair boots, one pair gloves, one pair suspenders, one pair goggles, one fire shelter, web gear, backpack and canteen/hydration system. (**Note: funding is limited to (1) set of PPE Turnout Gear per person.**)
- FEMA considers a complete SCBA unit to be comprised of a harness/backpack, one face piece and two cylinders. The following are considerations in pre-scoring and peer review determinations:

Fire Department, Nonaffiliated EMS, Joint/Regional, and State Fire Training Academy Personal Protective Equipment (PPE) Priorities		
Priority	**Activity**	**Definitions**
H	Replace unusable/unrepairable PPE to meet current standard	Applies to PPE-Turnout Gear that is no longer usable because it is broken and/or damaged beyond repair. (This turnout gear is out-of-service and not being worn by emergency responders). All PPE-Turnout gear requested under a grant must meet the appropriate standards for PPE-Turnout Gear. Departments requesting entire inventory replacement under this purpose will be required to provide documentation to validate inventory condition.
H	Increase supply for new hires and/or existing firefighters that do not have one set of turnout gear (PPE) or allocated seated positions (SCBA)	Applies to PPE-Turnout Gear for new firefighters (i.e. new hires or volunteer recruits) and/or existing firefighters that do not currently have one set of PPE-Turnout Gear.

Fire Department, Nonaffiliated EMS, Joint/Regional, and State Fire Training Academy Personal Protective Equipment (PPE) Priorities		
M	Replace noncompliant PPE to current standard	Applies to PPE-Turnout Gear that is deemed obsolete and/or is out of compliance with current standards for PPE-Turnout Gear. PPE-Turnout Gear to be replaced, it has not been deemed inoperable, and while it may not be in compliance with current standards it is not broken, damaged, or otherwise unusable.

Fire Department, Nonaffiliated EMS, Regional, and State Fire Training Academy Self-Contained Breathing Apparatus (SCBA) Priorities	
H	**Note:** FEMA considers SCBA (PPE) noncompliant if it is a minimum of two NFPA cycles and 10 years of age or older, from the date of manufacture. • Replace unusable or unrepairable equipment to current standard, NFPA 1981, 2002 Edition or prior. (These SCBA(S) are out-of-service and not being used by emergency responders). • Increase supply for new hires and/or existing firefighters that do not have one set of SCBA for allocated seated positions. • Funding every operational member with their own individual face piece.
M	• Replace noncompliant PPE to upgrade technology.

Additional Considerations for Fire Department, Nonaffiliated EMS, Regional, and State Fire Training Academy Self-Contained Breathing Apparatus (SCBA) Priorities
• Applicants will be required to provide the age of the PPE being replaced. • Priority of the requested PPE is a factor. • Call volume can contribute to the justification for new risk. • Applicants with the oldest PPE and/or trying to bring the department into 100 percent NFPA compliance or the number of active members who will have compliant gear.

Personal Protective Equipment List	
Structural/Proximity	
• ANSI Traffic Vests • Boots • Coats • Complete Set of Turnout Gear • Gloves • Goggles	• Helmets • Hoods • Pants • Pass Devices • Personal Safety/Rescue Bailout System • Suspenders

Personal Protective Equipment List	
Respiratory - H	
• Air-Line Unit • Face Pieces • Respirators	• SCBA Spare Cylinders • SCBA (SCBA Unit includes: Harness/Backpack, Face Piece, and 2 cylinders)
Wildland - H	
• Jumpsuits/Coveralls • Boots • Coats • Pants • Suspenders	• Goggles • Shelters • Web Gear/Backpacks • Canteens/Hydration Systems • Helmets
Specialized PPE - M	
• Ballistic Protective Equipment (BPE), which includes one vest, one helmet, one triage bag, one pair of goggles • Chemical/Biological Suits (Must conform to NFPA 2012 edition) • Encapsulated Suites	• Extrication Clothing/Rescue Clothing • Proximity Suits • Splash Suits • Wet and Dry Suits

Eligible Fire Department, Nonaffiliated EMS, Joint/Regional and State Fire Training Academy PPE Activities include but are not limited to:	
• American National Standards Institute (ANSI) approved retro-reflective highway apparel • Training for requested PPE	• Customized helmet shields • Level C suits • Personal Safety/Rescue Bailout System

Ineligible Fire Department, Nonaffiliated EMS, Regional and State Fire Training Academy PPE Activities include but are not limited to:	
• Three-quarter length rubber boots • Uniforms (formal/parade or station/duty) and uniform items (hats, badges, etc.) • Rapid Intervention Packs • Gear Bags • Personal Safety/Rescue Bailout System for nonaffiliated EMS organizations. • Food and beverages **Note:** Where bailout system is statutorily required, FEMA will consider all statutorily required items to be part of a complete PPE set.	• Bomb disposal suits • Any communications equipment (e.g., radios and pagers) in the PPE section • Structural, proximity, wildland firefighting gear, or rescue and extrication gear for nonaffiliated EMS organizations • Any decals, embroidery, engraving, flags, graphics, logos, vehicles, and PPE Turnout lettering that customizes awarded items beyond the normal expectation (except customized helmet shields). • Funding is limited to (1) set of PPE Turnout Gear per person. • Equipment rental or lease to purchase

IV. Operations and Safety - Wellness and Fitness Overview

Wellness and Fitness activities are intended to strengthen emergency responders so that their mental, physical, and emotional capabilities are resilient enough to withstand the demands of all hazardous operations. In order to be eligible for funding, applicants must offer, or plan to offer, all five of the following Priority 1 activities as discussed in the table below.

Note: AFG has added cancer screening programs as an eligible item.

Fire Department and Nonaffiliated EMS Wellness and Fitness Priorities
Priority 1 - Below are the five activities required for a complete Wellness and Fitness program. • Initial medical exams • Job-related immunization • Annual medical and fitness evaluation • Behavioral health • Cancer Screening Program to meet NFPA 1582 NOTE: Applicants are encouraged to review NFPA 1583 for guidance on the minimum requirements for the development, implementation and management of a health-related fitness program. **Priority 2 -** Applicants may only apply for Priority 2 Items if the applicant offers or is requesting a combination of the five activities required under Priority 1.

Fire Department and Nonaffiliated EMS Wellness and Fitness Priorities

- Candidate physical ability evaluation.
- Injury/illness rehab.
- Formal fitness, injury prevention.
- IAFF or IAFC peer fitness trainer program, (including transportation, travel, overtime/backfill, and reasonable expenses associated with member participation in Train-the-Trainer for IAFC/IAFF and implementation of a peer fitness trainer programs). Core components included in a firefighter fitness assessment include:
  - Aerobic Capacity
  - Body Composition
  - Muscular Strength
  - Muscular Endurance, and
  - Flexibility

Departments that have some of the Priority 1 programs in place must apply for funds to implement the missing Priority 1 programs before applying for funds for any additional program or equipment within this activity. In addition, for all AFG Programs, all grant-funded physicals (except those for explorers) must meet NFPA 1582 standards (Chapter 6, Medical Evaluations of Candidates 6.1 and Chapter 9, Essential Job Tasks — Specific Evaluation of Medical Conditions in Members). The cost of physicals should be based on local physician or health center prices. Detailed information on implementing NFPA 1582 physicals can be found at https://www.fstaresearch.org/roadmap.

NOTE: Simultaneous requests for Priority 1 and Priority 2 activities will receive a lower funding consideration than requests that complete the bundle of the five Priority 1 activities. Applicants should review Health Related Fitness Programs as outlined in NFPA 1583 which is summarized below.

NFPA 1583 Standards on Health-Related Fitness Programs for Fire Department Members

Scope. This standard establishes the minimum requirements for the development, implementation, and management of a health-related fitness program (HRFP) for members of the fire department involved in emergency operations.

Purpose.

The purpose of this standard is to provide the minimum requirements for a health-related fitness program for fire department members that enhances the members' ability to perform occupational activities efficiently and safely and reduces the risk of injury, disease, and premature death.

This document is intended to help fire departments develop a health-related fitness program for fire department members that requires mandatory participation but is not punitive.

This document is not intended to establish physical performance criteria.

<table>
<tr><th colspan="2">Eligible Fire Department and Nonaffiliated EMS Wellness and Fitness activities include but are not limited to:</th></tr>
<tr><td>• The five Priority 1 items, initial medical exams, job-related immunization, annual medical and fitness evaluation, behavioral health and cancer screening.
• Behavioral health programs to include, but not limited to: Critical Incident Stress Management Programs or Employee Assistance Programs.
• Transportation expenses related to a member’s participation in offered Wellness and Fitness activities.</td><td>• Contractual costs (non-hiring) for personnel (such as nutritional counseling), physical fitness equipment (including shipping charges and sales tax, as applicable), and supplies directly related to physical fitness activities.
• Minor interior alterations (requested under Additional Funding and limited to $10,000 total expenditure) to support the awarded Wellness and Fitness activities (e.g., removal/ construction of a non-weight bearing wall), will require EHP review.</td></tr>
</table>

<table>
<tr><th colspan="2">Ineligible Fre Department and Nonaffiliated EMS Wellness and Fitness activities include but are not limited to:</th></tr>
<tr><td>• Fitness club memberships for participants or their families.
• Non-cash incentives, (e.g., t-shirts or hats of nominal value and vouchers to local businesses or time-off).
• Purchase of real estate.
• Cash incentives.
• Food and beverages</td><td>• Purchase of medical equipment that is not used as part of the Wellness and Fitness program.
• Contractual services with anyone other than medical professionals (e.g., health care consultants, trainers, and nutritionists) for programs such as smoking cessation.
• Subscriptions and memberships.</td></tr>
</table>

V. Operations and Safety - Modifications to Facilities Overview

AFG grant funds may be used to modify fire stations and other facilities. New fire station construction is not eligible.

Eligible activities include source capturing exhaust, sprinkler, carbon monoxide alarms or smoke/fire detection systems.

The benchmark for eligibility does not apply to minor interior alterations (requested under Additional Funding and limited to $10,000 total expenditure) to support Training, or Wellness and Fitness activities (e.g., removal/construction of a non-weight bearing wall). However, the eligibility of certain minor interior alterations does not release the recipient from their EHP responsibilities resulting from those alterations.

In recognition of the risks posed by exposure to diesel fumes, Source Capture Exhaust Extraction Systems (SCES) are an AFG High H Priority item for vehicle exhaust mitigation under Modification to Facilities.

An SCES is a system where exhaust gases from a vehicle are captured directly, via a conduit that attaches to/over the end of the vehicle's exhaust system at the tailpipe. The captured exhaust gases are expelled through the attached conduit via mechanical/pneumatic means to the exterior of the building.

No modification may change the structure's footprint or profile. If requesting multiple items, such as a sprinkler system and exhaust system, the funding for any projects or activities cannot cumulatively exceed $100,000 (Total Project Cost(s)) for any individual station. Eligible projects under this activity must have a direct effect on the health and safety of firefighters.

Note: Vehicle Mounted Exhaust Systems are now listed as a "medium" priority in the equipment activity.

All of the following are considerations in pre-scoring and peer review determinations:

Eligible Fire Department and Nonaffiliated EMS Modifications to Facilities Priorities include but are not limited to:	
H	• Departments requesting source capture exhaust systems, sprinkler systems, carbon monoxide, or smoke/fire detection systems
M	• Emergency generators, Air Quality Systems (AQSs) **Note:** AQSs are fixed equipment that are air purifying, scrubbing, and/or air exchange systems

Ineligible Fire Department and Nonaffiliated EMS Modifications to Facilities activities include but are not limited to:	
• Station maintenance • Resurfacing bay floors	• Interior remodeling not pertaining to the requested project(s) • Food and beverages

Facility Considerations
H Staffed
H Facilities with sleeping quarters
M Facilities without sleeping quarters M Part-time or selected coverage
L Not on a regular basis
L Training facilities and marine fire facilities

G. Regional Applications

Overview

A Regional application is an opportunity for a Fire Department or a Non-Affiliated EMS (NAEMS) organization to act as a host and apply for funding on behalf of itself and any number of other participating AFG eligible organizations (a NAEMS organization who is a host regional applicant can only host other NAEMS organizations). Fire Department that serve as host regional applicants can apply on behalf of other eligible fire departments and NAEMS organizations within the same application. SFTAs are not eligible to apply under the Regional activity. Eligible Regional activities are Vehicle Acquisition and Operations and Safety (but only for Training, Equipment, Wellness and Fitness, and PPE activities). Regional activities should achieve cost effectiveness, support regional efficiency and resilience, and benefit more than one local jurisdiction (county, parish, town, township, city or village) directly from the activities implemented with the grant funds.

The community identification characteristic (e.g., Rural, Urban, or Suburban) and the organizational status of the host applicant (e.g., Career, Combination, or Volunteer) will be entered and used for the regional application, regardless of the composition of the participating partners.

Regional populations served are the aggregate of the geographically fixed primary first due response areas of the host and participating partner organizations.

Neither the regional host nor any participating partner is prevented from also applying on behalf of their own organization for any AFG activity (Vehicle Acquisition or Operations and Safety) however, it cannot be for the same item. For example, a department cannot apply for PPE under its own organization and participate in a regional PPE application.

In the application narrative, a Regional host must include a list of all the AFG eligible participating organizations benefitting from a proposed Regional project, including validated points of contact, each organization's Employee Identification Number (EIN), and clear and detailed information on the regional activities requested.

Host organizations should provide specific details, fully explaining the distribution of any grant-funded acquisitions or grant-funded contracted services, as well as the responsibilities between the host and the partner organizations.

In order to apply for a regional project, the host organization must agree, if awarded, to be responsible for all aspects of the grant. This includes, but is not limited to, cost share, accountability for the assets, and all reporting requirements in the regional application.

The host will be required to enter information that captures the macro demographics (e.g., total square miles) and master listings of information (e.g., combined SCBA inventories) of the partners that serve the region.

All participants of a Regional applicant must be compliant with AFG requirements, including being current with past grants, closeouts, and other reporting requirements. Upon notification by the AFG Program Office, the host agency shall not distribute grant funded assets or provide grant-funded contractual services to non-compliant partner organizations. The host and the delinquent partners will be notified by the AFG Program Office of their specific deficiency.

Regional host applicants and participating partner agencies must execute a Memorandum of Understanding (MOU) or equivalent document signed by the host and all participating organizations. The agreement should specify the individual and mutual responsibilities of the participating partners, the participant's level of involvement in the project(s), and the proposed distribution of all grant funded assets and/or contracted services. Copies of the MOU will be requested during the technical evaluation of the application.

The MOU must specify the individual and mutual responsibilities of the host and participating partners, the host's and participant's level of involvement in the project(s), the participating partner's EIN numbers, and the proposed distribution of all grant funded assets or contracted services. Any entity named in the application as benefiting from the award must be an eligible AFG organization and must be a party to the MOU or equivalent document.

H. Vehicle Acquisition

Overview

Vehicles purchased with AFG funds must be compliant with NFPA 1901 (Standard for Automotive Fire Apparatus), NFPA 1906 (Standard for Wildland Fire Apparatus), or NFPA 1917 or equivalent (Standard for Automotive Ambulances). Leases, loan payments, or installment plans to obtain a vehicle are not eligible acquisition activities under the AFG Program and will not be reimbursed.

Community Paramedic vehicles are non-transport vehicles and are not intended to have a dual role (e.g., as utility or support vehicles). There is nothing inherent in the delivery of community paramedic services that requires any emergency response packages (e.g., lights, sirens) or operational equipment (e.g., rescue tools, structural/wildland firefighting equipment); consequently, such activities are ineligible.

Applicants may apply for more than one vehicle. Requests cannot exceed the financial cap based on population listed in the application. If a department submits multiple types of applications, and more than one of those requests are approved, the department will be held to the same financial cap based on the population listed in the application.

When requesting more than one vehicle, applicants will be asked to fill out a separate line item and answer all the questions including a separate narrative for each vehicle. For example, if applicants are requesting to replace three ambulances, the applicant must fill out the age and vehicle identification number (VIN) of each vehicle being replaced. Applicants cannot use the same VIN in each line item.

In the case(s) when an applicant is not replacing a vehicle but only changing the service status of a vehicle(s), such as from first due to reserve, a VIN number is still required for the narrative and for the vehicle being reassigned.

Applicants requesting fire vehicles that do not have drivers or operators trained to NFPA 1002 or equivalent and are not planning to have a training program in place by the time the awarded vehicle(s) is delivered, will not receive a vehicle award.

Applicants requesting nonaffiliated EMS vehicles that do not have drivers or operators trained to the National Standard Emergency Vehicle Operator Curriculum (EVOC) developed by the United States Department of Transportation (DOT), or equivalent, and are not planning to have a training program in place by the time the awarded vehicle(s) is delivered, will not receive a vehicle award.

All applicants may request funding for a driver training program within the "Vehicle Acquisition" section but must add the request in the "Additional Funding" area in the "Request Details" section of the Vehicle Application.

All driver training program(s) must be in place prior to the delivery of the awarded vehicle(s) or the recipient will be considered to be in violation of the grant agreement.

The pre-score evaluation criteria consider the department's need for the vehicle based on the age/condition of current vehicles and/or the demands on the organization. ***All of the following are considerations in pre-scoring and peer review determinations:***

Eligible Fire Department, and State Fire Training Academy Vehicle activities include but are not limited to the following Vehicle Priorities:			
Priority	**Urban Communities**	**Suburban Communities**	**Rural Communities**
H	• Aerial • Ambulance • Pumper • Rescue Vehicle Light, Medium, or Heavy • Non-Transport EMS (Community Paramedic/Healthcare) • Quint • Brush Type III or larger	• Aerial • Ambulance • Pumper • Tanker/Tender • Rescue Vehicle Light, Medium or Heavy • Non-Transport EMS (Community Paramedic/Healthcare) • Quint • Brush	• Aerial • Ambulance • Brush/Attack • Pumper • Tanker/Tender • Non-Transport EMS (Community Paramedic/Healthcare) • Quint

Eligible Fire Department, and State Fire Training Academy Vehicle activities include but are not limited to the following Vehicle Priorities:			
M	• Command/Mobile Communications Vehicle • Hazardous Materials Unit • Air/Light Unit • Rehab Unit	• Command/Mobile Communications Vehicle • Hazardous Materials Unit • Air/Light Unit • Rehab Unit	• Command/Mobile Communications Vehicle • Hazardous Materials Unit • Air/Light Unit • Rescue Vehicle Light, Medium, or Heavy
L	• ARFF (Aircraft Rescue Firefighting) • Foam Truck • Fire Rescue/Boat • Highway Safety Unit • Hybrid (i.e. Transport Engine) • Tanker/Tender	• ARFF • Foam Truck • Highway Safety Unit • Hybrid (i.e. Transport Engine) • Fire Rescue/Boat	• ARFF • Foam Truck • Highway Safety Unit • Hybrid (i.e. Transport Engine) • Fire Rescue/Boat • Rehab Unit

Eligible Regional Vehicle activities for Fire Departments (ALL Community Types)	
H	• Aerial • Air/Light Unit • Bariatric Ambulance • Command/Mobile Communications Vehicle • Non-Transport EMS (Community Paramedic/Healthcare) • Rehab Unit • Rescue Vehicle Light, Medium or Heavy • Tow Vehicle (Applied for under equipment)
M	• Highway Safety Unit
L	• Hazardous Materials Unit • Foam Truck

Eligible Nonaffiliated EMS and Nonaffiliated Regional Vehicle activities	
	• Ambulances • Bariatric Ambulance • Non-Transport EMS (Community Paramedic/Healthcare)

Compliance with Standards

- Ambulances must comply with NFPA 1917, Edition 2016, or GSA Federal Standard KKK-A-1822F
- Applicants must certify that unsafe vehicles will be permanently removed from service if awarded a grant. Acceptable uses of unsafe vehicles include farm, nursery, scrap metal, salvage, construction, or donation to a foreign entity
- Applicants should consider adopting the principles of Traffic Incident Management Systems. The USFA report on TIMS can be found at: https://www.usfa.fema.gov/downloads/pdf/publications/fa_330.pdf
- New fire apparatus must be compliant with NFPA 1901 or 1906 for the year ordered/manufactured

Additional Considerations (to include, but not limited to)

- Age and mileage of the vehicle being replaced; older equipment receives higher consideration
- Age of the newest vehicle in the department's fleet that is like the vehicle to be replaced
- Average age of the fleet; older equipment within the same class
- Call volume of primary first due response area or region
- Converted vehicles (with an emphasis on tanker/brush trucks) not designed or intended for use in the fire service departments that have automatic aid agreements, mutual aid agreements, or both. A converted vehicle is any vehicle that is not engineered to an NFPA standard, or not being used for its original design, or over its gross vehicle weight (GVW)
- Vehicles on loan to the organization in the application narrative but not in the organization's inventory
- Damaged vehicles and out of service vehicles in the organization's inventory
- Replacement of open cab/jump seat configurations

IMPORTANT

Upon accepting an offer of an award for Vehicle Acquisition under AFG activity, grant recipients must submit a copy of their vehicle purchase contract to the designated Regional Fire Program Specialist. To locate Regional Fire Program Specialists, please visit: https://www.fema.gov/fire-grant-contact-information

Applicants will be asked to scan document(s) into a PDF format and email them to the Regional Fire Programs Specialist for inclusion in the grant file. Submitting a vehicle purchase contract will assist in the programmatic monitoring of an award and help ensure programmatic compliance with the Improper Payments Eliminations and Recovery Act of 2012 (Pub. L. No. 112-248). If recipients do not submit a vehicle purchase contract, they will be unable to:

- Submit for an advance of federal funds for partial vehicle payment or chassis payment.
- Submit an amendment requesting a Period of Performance extension for the project.

Performance Bond Strongly Recommended: Performance bonds are strongly recommended but not required by the AFG Program. This is for any organization that is going to advance its own funds to their vendor prior to receipt of the vehicle. The bond may be obtained through the vendor or bank. The concept behind this is to ensure the applicant's funds are not lost in the event of a vendor's failure to perform, e.g., not finishing or delivering the vehicle or going out of business.

Prepayment Bond Required: AFG vehicle awardees are required to obtain a prepayment bond if the recipient plans to advance federal funds to their vendor for a down payment. This is to safeguard the federal funds against loss if the vendor goes out of business or fails to deliver the vehicle. Prepayment bonds may be obtained through the vendor or bank. The cost of a Prepayment Bond is a reimbursable activity under a vehicle acquisition award.

Penalty Clause Required: All contracts for any AFG-funded vehicle must contain a penalty clause. Non-delivery by the contract's specified date, or other vendor nonperformance, will require a penalty that is no less than $100 per day until such time that the vehicle, compliant with the terms of the contract, has been accepted by the recipient.

Down Payment: A down payment for the purchase of a vehicle is allowable if required in the vehicle purchase contract, but FEMA will only allow up to 25 percent of the federal share to be drawn for this purpose.

Any costs over-and-above the 25 percent limit, such as the cost of a chassis or any other fees or services, must be borne by the recipient or deferred until final payment is drawn.

Federal funds may not be requested for any other payments to include, but not limited to: periodic or progress vehicle payments, loan payments, or the acquisition of NFPA 1901 compliant equipment for the awarded vehicle if they are being supplied under the vehicle contract. Purchases outside of the vehicle contract can be requested for payment, i.e. driver/operator training, physical exams for driver/operator, and NFPA 1901/1906 compliant equipment specific to the type of apparatus awarded.

Final Payment: To expedite the acquisition process, and prior to the vehicle being received, inspected, and accepted, the recipient may request the final vehicle payment as an advance payment request.
However, the recipient shall not disburse or satisfy the vehicle obligation until after the

vehicle is received, inspected, and accepted by the recipient.

Vehicle Loans: Pursuant to 2 C.F.R. § 200.313 (a)(2), recipients may not encumber AFG-funded equipment unless approved by FEMA. For example, recipients may not use a vehicle funded with AFG funds as collateral for any type of financial loan unless approved by FEMA.

Eligible Fire Department, Nonaffiliated EMS Organizations, Regional, and State Fire Training Academy Vehicle activities include but are not limited to:	
• Cost of vehicle • Physicals to meet current NFPA 1582/US Department of Transportation 649 F • Cost of associated equipment that is eligible under current NFPA 1901/1906	• Driver/operator training programs that meet applicable standards, current NFPA 1002 or Emergency Vehicle Operator Curriculum (EVOC), or equivalent • Travel expenses (air/rail transportation, mileage, hotel/lodging) to inspect a requested vehicle during production (if justified in the Vehicles narrative) **Note: Food and beverages are ineligible travel expenses.**

Ineligible Fire Department, Nonaffiliated EMS Organizations, Joint/Regional, and State Fire Training Academy Vehicle activities include but are not limited to:	
• Leasing, rental, or installment purchase of any grant funded vehicle • Aircraft, bulldozers, and construction-related equipment • Using the vehicle being awarded as collateral for any financial loan • Food and beverages.	• Utility Vehicles (UTVs) and All-Terrain Vehicles (ATVs) are not eligible • Unmanned Aerial Vehicles (UAVs) and Drones • Used or refurbished apparatus are ineligible activities under Vehicle Acquisition. • Converted vehicles not originally designed for firefighting are not eligible for refurbishment.

Example of vehicles types

- Pumper (an apparatus that carries a minimum of 300 gallons of water and has a pump with the capacity to pump a minimum of 750 gallons per minute)
- Urban interface vehicles (Type I) pumper (300 gallons of water and 750 GPM)
- Ambulance (vehicle used for transporting patients)

- Tanker/Tender (an apparatus that has water capacity in excess of 1,000 gallons of water
- Quint Aerial (an aerial ladder, elevating platform, or water tower that is designed to position personnel, handle materials, provide continuous egress, or discharge water)
- Quint (Fire apparatus with a permanently mounted fire pump, a water tank, a hose storage area, an aerial ladder or elevating platform with a permanently mounted waterway, and a complement of ground ladders)
- Aerial Ladder: Elevating platform, or water tower that is designed to position personnel, handle materials, provide continuous egress, or discharge water.

Unsafe Vehicles

If applicants specify the vehicle(s) to be replaced are unsafe, they must certify that if awarded, the unsafe vehicle to be replaced will be permanently removed from emergency service response. Permanently removed from emergency service response means the recipient cannot use the vehicle being replaced for any emergency service response, nor can the recipient sell or otherwise transfer title to any individual or emergency service response organization that will use the unsafe vehicle for emergency service response.

A recipient who certifies it will remove an unsafe vehicle from service but then sells/transfers the unsafe vehicle to another emergency service response organization, or otherwise does not remove the unsafe vehicle from emergency service response, is considered to be in violation of the grant agreement.

Acceptable dispositions (donation or sale) of unsafe vehicles include but are not limited to: a training facility (NO emergency response off the training grounds), farm use, construction or nursery use, sale to a non-emergency service response entity for refurbishment, scrap metal, salvage or foreign donation.

Appendix C: Award Administration Information

Appendix C contains detailed information on AFG Award Administration. Reviewing this information may help recipients in the programmatic and financial administration of their award(s).

Help FEMA Prevent Fraud, Waste, and Abuse

If applicants or recipients have information about instances of fraud, waste, abuse, or mismanagement involving FEMA programs or operations, they should contact the DHS OIG Hotline at (800) 323-8603, by fax at (202) 254-4297, or email DHSOIGHOTLINE@dhs.gov.

I. Economic Hardship Waivers of Cost Share and Maintenance of Effort

In cases of demonstrated economic hardship, and upon the request of the recipient, the Administrator may waive or reduce an AFG cost share or maintenance of effort requirement for certain recipients. (15 U.S.C. § 2229(k)(4)(A)) As required by statute, the Administrator of FEMA established guidelines for determining what constitutes economic hardship and published these guidelines at FEMA's website https://www.fema.gov/.../Eco_Hardship_Waiver_FPS_SAFER_AFG_IB_FINAL.pdf. An award must be accepted before a hardship waiver for cost share or maintenance of effort can be submitted as an amendment request via the online FEMA GO.

II. Grant Writer/Preparation Fees

Fees for grant writers may be included as a pre-award expenditure. Fees payable on a contingency basis are not an eligible expense. For grant writer fees to be eligible as a pre-award expenditure, the fees must be specifically identified and listed within the "Request Details" section of the application. FEMA will only consider reimbursements for application preparation, not administration, up to, but not more than $1,500. Pursuant to 2 C.F.R. Part 180, recipients may not use federal grant funds to reimburse any entity, including a grant writer or preparer, if that entity is presently suspended or debarred by the Federal Government from receiving funding under federally-funded grants or contracts. Recipients must verify that the contractor is not suspended or debarred from participating in specified federal procurement or non-procurement transactions pursuant to 2 C.F.R. § 180.300.

By submitting the application, applicants are certifying all of the information contained therein is true and an accurate reflection of the organization, and that regardless of the applicant's intent, the submission of information that is false or misleading may result in actions by FEMA. These actions include but are not limited to the submitted application not being considered for award, temporary withholding of funding under the existing award pending investigation, or referral to the DHS Office of the Inspector General (OIG).

Prior to submission of the application, please review all work produced by grant writers or other third parties for accuracy. In addition, in order to charge grant writer fees to the grant award, the fees must have been paid no later than 30 days after the end of the application period. The following documentation shall be provided to FEMA upon request:

i. A copy of the grant writer's contract for services
ii. A copy of the invoice or purchase order
iii. A copy of the canceled check (front and back)

Failure to provide the requested documentation may result in the grant writer fee being deemed ineligible and the grant reduced accordingly.

NOTE: FEMA requires that all applicants identify any individual or organization that assisted with the development, preparation, or review of the application to include drafting or writing the narrative and budget, whether that person, entity, or agent is compensated or not and whether the assistance took place prior to submitting the application.

III. Maintenance and Sustainment for AFG Programs

The use of FEMA preparedness grant funds for the costs of repairs or replacement, as well as maintenance contracts, warranties, and user fees may be allowable.

The intent of eligible Maintenance and Sustainment activities is to provide direct support to the critical capabilities developed using FEMA and other DHS Grants and support activities. Routine upkeep and the supplies, expendables, or one-time use items that support routine upkeep (e.g., gasoline, tire replacement, routine oil changes, monthly inspections or grounds and facility maintenance) are the responsibility of the recipient and may not be funded with AFG funding.

Generally, when purchasing a maintenance agreement, service contract, or extended warranty for systems or equipment, the period of coverage provided under such a plan may not extend beyond the period of performance of the grant with which the agreement, warranty or contract is purchased.

The duration of an extended warranty purchased incidental to the original purchase of the equipment may exceed the period of performance as long as the coverage purchased is consistent with that which is typically provided for, or available through, these types of agreements, warranties, or contracts. When purchasing a stand-alone warranty or extending an existing maintenance contract on an already-owned piece of equipment or system, coverage purchased may not exceed the period of performance of the award used to purchase the maintenance agreement or warranty. As with warranties and maintenance agreements, this policy extends to licenses and user fees as well.

Even if purchased incidental to the original purchase of the equipment, the duration of an extended maintenance agreement or warranty must also be reasonable for the type of equipment or system being purchased. For example, if a vendor offers a 10-year extended warranty incidental to the purchase of a piece of equipment, but the useful life of that equipment being purchased is five years, the purchase of a 10-year extended warranty would not be a reasonable cost and may not be charged to the grant.

IV. Taxes, Fees, Levies, and Assessments

Taxes, fees, levies, or assessments that the recipient is legally required to pay and is directly related to any eligible AFG Program acquisition activity may be charged to an AFG award pursuant to 2 C.F.R. §200.470. These charges shall be identified and enumerated in the AFG application narrative, as well as the "Request Details" section of the acquisition activity.

Any avoidable and unreasonable costs that result from the action or inaction of a recipient (or recipient's agent) or that prevent that recipient from enjoying any lawful exemption, waiver, or reduction of any tax, fee, levy, or assessment directly related to any eligible AFG Program acquisition activity, are not chargeable to any AFG award.

Example: Governmental entities and Public Safety Agencies are exempt from some Federal Communications Commission (FCC) fees*, but only if the eligible organization submits an exemption or waiver request to the FCC.

**Government entities are not required to pay FCC regulatory fees. Non-profit entities (exempt under Section 501 of the Internal Revenue Code) may also be exempt. The FCC requires that any entity claiming exempt status submit, or have on file with the FCC, a valid IRS Determination Letter documenting its nonprofit status or certification from a governmental authority attesting to its exempt status. For more information, please visit http://www.fcc.gov.*

V. Excess Funds

After completing the initial projects proposed in the recipient's application, some recipients may have unexpended funds remaining in their budget. These excess funds may result from any combination of under-budget acquisition activities or competitive procurement processes.

These cost-shared excess funds may be utilized to address an organization's local needs or to mitigate identified capability gaps. FEMA expects excess funds to be obligated concurrent with an award's period of performance to address a known or critical need.

Excess Funds Restrictions

In general, excess funds are limited to no more than $10,000 for any award. If you have any questions, contact our help desk at 866-274-0960 or e-mail us at firegrants@dhs.gov.

The $10,000 maximum is cumulative for any grant, regardless of the number of activities within the award, and will require no amendment except when the use of excess funds is for any eligible activity that would normally require an EHP review.

- Excess funds cannot be used to support Fire Prevention and Safety activities.
- The opportunity for excess funds is limited when the original uncompleted Scope of Work is changed via an Amendment.

Example: An award has a single activity (i.e., the acquisition of 50 SCBAs) that is reduced via Amendment. The federal participation and the recipient cost obligation are both reduced and any remaining unliquidated federal funds resulting from the reduction in quantity is *not allowable* as excess funds.

- Excess funds cannot be used for grant writer/preparer fees.
- Excess funds may only be used for allowable activities identified in the program guidance for that fiscal year's grant cycle.

Exceptions to the $10,000 use may be considered by FEMA if urgent and compelling need that can be directly related to a demonstrated event impacting the health and safety of the firefighters within the department can be identified. This request must be submitted in writing via an amendment.

VI. Procurement Integrity

Through audits conducted by DHS Office of Inspector General (OIG) and FEMA grant monitoring, findings have shown that some FEMA recipients have not fully adhered to the proper procurement requirements when spending grant funds. Anything less than full compliance with Federal procurement policies jeopardizes the integrity of the grant as well as the grant program. Noncompliance with the Federal procurement rules may result in FEMA imposing specific conditions as described in 2 C.F.R. § 200.207 or other remedies for noncompliance under 2 C.F.R. § 200.338.

The below highlights the Federal procurement requirements for FEMA recipients when procuring goods and services with Federal grant funds. DHS will include a review of recipients' procurement practices as part of the normal monitoring activities. ***All procurement activity must be conducted in accordance with Federal Procurement Standards at 2 C.F.R. §§ 200.317 – 200.326.*** Select requirements under these standards are listed below. The recipient must comply with all requirements, even if they are not listed below.

Under 2 C.F.R. § 200.317, when procuring property and services under a Federal award, states must follow the same policies and procedures they use for procurements from their non-Federal funds; additionally, states must follow 2 C.F.R. § 200.322 regarding procurement of recovered materials, and 2 C.F.R. § 200.326 regarding required contract provisions.

All other non-Federal entities, such as tribes, must use their own documented procurement procedures which reflect applicable state, local, territorial and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in 2 C.F.R. Part 200. These standards include, but are not limited to, providing for full and open competition consistent with the standards of 2 C.F.R. § 200.319.

Competition and Conflicts of Interest

Among the requirements of 2 C.F.R. § 200.319(a) applicable to all non-Federal entities other than States, in order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. ***FEMA considers this an organizational conflict of interest and interprets this restriction as applying to contractors that help a recipient develop its grant application, project plans, or project budget. This prohibition also applies to the use of former employees to manage the grant or carry out a contract when such former employees worked on such activities while they were employees of the non-Federal entity.***

Under this prohibition, unless the non-Federal entity solicits for and awards a contract covering both development and execution of specifications (or similar elements as described above), and this contract was procured in compliance with 2 C.F.R. §§ 200.317 – 200.326, Federal funds cannot be used to pay a contractor to carry out the work if that contractor also worked on the development of such specifications. This rule applies to all contracts funded with Federal grant funds, including pre-award costs, such as grant writer fees, as well as post-award costs, such as grant management fees. For more information on grant writer and grant management costs, see Section D.

Additionally, some of the situations considered to be restrictive of competition include, but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business.
- Requiring unnecessary experience and excessive bonding.
- Noncompetitive pricing practices between firms or between affiliated companies.
- Noncompetitive contracts to consultants that are on retainer contracts.
- Organizational conflicts of interest.
- Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement.
- Any arbitrary action in the procurement process.

Pursuant to 2 C.F.R. § 200.319(b), non-Federal entities other than states must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, territorial or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

Pursuant to 2 C.F.R. § 200.318(c)(1), non-Federal entities other than states are required to maintain written standards of conduct covering conflicts of interest and governing the actions of their employees engaged in the selection, award, and administration of contracts. ***No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest.*** Such conflicts of interest would arise when the employee, officer or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees or agents of the non-Federal entity.

If the recipient or subrecipient (other than states) has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. In this context, organizational conflict of interest means that because of a relationship with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. The non-Federal entity must disclose in writing any potential conflicts of interest to FEMA or the pass-through entity in accordance with applicable FEMA policy.

Supply Schedules

Generally, a non-Federal entity may seek to procure goods or services from a Federal supply schedule, state supply schedule, or group purchasing agreement. State and local governments may procure goods and services from a General Services Administration (GSA) schedule. Information about GSA programs for state and local governments can be found at https://www.gsa.gov/resources-for/programs-for-state-and-local-governments. For local governments that purchase off a GSA schedule, this will satisfy the Federal requirements for full and open competition provided that the recipient follows the GSA ordering procedures; however, local governments will still need to follow the other rules under 2 C.F.R. §§ 200.317 – 200.326, such as contract cost and price (§ 200.323) and solicitation of minority, women-owned, or small businesses (§ 200.321).

For non-Federal entities other than states, such as tribes, that want to procure goods or services from a state supply schedule, cooperative purchasing program, or other similar program, in order for such procurements by to be permissible, the following must be true:

- The procurement of the original contract or purchasing schedule and its use by the recipient complies with state and local law, regulations, and written procurement procedures.
- The state or other entity that originally procured the original contract or purchasing schedule entered into the contract or schedule with the express purpose of making it available to the recipient and other similar types of entities.
- The contract or purchasing schedule specifically allows for such use, and the work to be performed for the non-Federal entity falls within the scope of work under the contract as to type, amount, and geography.
- The procurement of the original contract or purchasing schedule complied with all of the procurement standards applicable to a non-Federal entity other than states under at 2 C.F.R. §§ 200.317 – 200.326.
- With respect to the use of a purchasing schedule, the recipient must follow ordering procedures that adhere to state and local laws and regulations and the minimum requirements of full and open competition under 2 C.F.R. Part 200.

If a non-Federal entity other than a state seeks to use such a state supply schedule, cooperative purchasing program, or other similar type of arrangement, it is recommended that recipients discuss their procurement plans with the FEMA Grant Programs Directorate.

Documentation
Non-Federal entities are required to maintain and retain the following:

- Backup documentation, such as bids and quotes.
- Cost/price analyses on file for review by Federal personnel, if applicable.
- Other documents required by Federal regulations applicable at the time a grant is awarded to a recipient.

FEMA requires that non-Federal entities maintain the following documentation for Federally funded purchases:

- Specifications
- Solicitations

- Competitive quotes or proposals
- Basis for selection decisions
- Purchase orders
- Contracts
- Invoices
- Canceled checks

Non-Federal entities should keep detailed records of all transactions involving the grant. FEMA may at any time request copies of purchasing documentation along with copies of cancelled checks for verification. *See, e.g.,* 2 C.F.R. §§ 200.318(i), 200.333, 200.336.

Non-Federal entities who fail to fully document all purchases will find their expenditures questioned and subsequently disallowed.

VII. Payments and Amendments

AFG payment/drawdown Requests are generated using FEMA GO. AFG payment/drawdown requests from state or local government entities will be governed by applicable federal regulations in effect at the time a grant is awarded to the recipient and may be either advances or reimbursements. Recipients should not expend funds until all special conditions listed on the grant award document have been met and the request for payment in FEMA GO has been approved. Recipients should draw down funds based upon immediate disbursement requirements, however, FEMA strongly encourages recipients to draw down funds as close to disbursement or expenditure as possible to avoid accruing interest.

Advances
Recipients shall be paid in advance, provided they maintain, or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of funds and its disbursement by the recipient (not to exceed 30 days), and the financial management systems that meet the standards for fund control and accountability as established in 2 C.F.R. Part 200.

Although advance drawdown requests are permissible, recipients remain subject to applicable federal laws in effect at the time a grant is awarded to the recipient. Governing interest requirements include the *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* at 2 C.F.R. Part 200 and the *Cash Management Improvement Act* (CMIA) and its implementing regulations at 31 C.F.R. Part 205. Interest under CMIA will accrue from the time federal funds are credited to a recipient's account until the time the recipient pays out the funds for program purposes. For the rate to use in calculating interest, please visit Treasury Current Value rate at https://www.fiscal.treasury.gov/fsreports/rpt/cvfr/cvfr_home.htm.

Reimbursement
Payment by reimbursement is the preferred method when the requirements to be paid in advance, pursuant to 2 C.F.R. § 200.305, cannot be met. In accordance with US Department of Treasury regulations at 31 C.F.R. Part 205, if applicable, the recipient shall maintain procedures to minimize the time elapsing between the transfer of funds and the disbursement of said funds.

Rebates
Recipients shall disburse program income, rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments, in accordance with 2 C.F.R. § 200.305. The reduction of federal financial participation via rebates/refunds *may* generate excess funds for the recipient if the recipient previously obligated their Cost Share match based upon the original award figures. If the recipient previously obligated their original Cost Share *prior* to the rebate, then the recipient *may* have minimum excess funds equal to the difference between the original Cost Share less the rebate adjusted Cost Share.

Payment Requests During Closeout
A recipient may only submit reimbursement payment requests up to 90 days after the expiration of the period of performance, during an award's closeout reconciliation. Reimbursement payments are the only eligible type of requests to be submitted after a grant's period of performance has expired. The expenditure must have been obligated and received during the period of performance of the award. The recipient's request should contain clear and specific information certifying that the liquidation of federal funds is reimbursement for an obligation properly incurred during the active period of performance; FEMA may request documentation supporting the reimbursement for review at any time.

Amendments
FEMA may approve AFG award amendments on a case-by-case basis, for the following reasons:

- Extension of the period of performance in order to complete the scope of work.
- Changes to the activity, mission, retroactive approval [pre-award], closeout issues, some excess funds requests, requests for economic hardship Cost Share waiver, and requests for maintenance of expenditure waivers.
- Budget changes (adding funds to award/non-closeout deobligation of funds)
- Economic Hardship Waiver.

FEMA will only consider amendments submitted via FEMA GO. These requests must contain specific and compelling justifications for the requested change. FEMA strongly encourages recipients to expend grant funds in a timely manner, to be consistent with AFG Grant Program's goals and objectives.

NOTE: A recipient may deobligate (i.e., return) unused funds (i.e., those remaining funds previously drawn down via payment request and/or remaining award funding

that was never requested) to DHS/FEMA prior to the end of an award's period of performance. To exercise this option, a recipient must submit an amendment via FEMA GO and state in the amendment that the unliquidated funds (i.e., the funds to be returned) are not necessary for the fulfillment or success of the grant's obligations or mission. The recipient must also indicate in the amendment that it understands that the returned funds will be deobligated and unavailable for any future award expenses. Deobligation of funds will decrease the federal portion of the grant and the amount of the recipient's Cost Share obligation. FEMA will confirm deobligation amendments with all points of contact; after confirmation of the recipient's intent to deobligate, FEMA will hold the approved deobligation request for 14 calendar days as a period for recipient reconsideration before FEMA processes the deobligation request.

VIII. Disposition of Grant Funded Equipment

A recipient must use, manage, and dispose of AFG-funded equipment in accordance with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 C.F.R. § 200.313. With the exception of state governments, when original or replacement equipment acquired under an AFG award is no longer needed for the original project, program, or other activities currently or previously supported by a federal awarding agency, the recipient must request disposition instructions from FEMA. FEMA strongly recommends contacting a Regional Fire Program Specialist or the AFG Help Desk prior to the disposition of AFG-funded equipment, to include vehicles.

607 W. 62nd Street | (318) 865-5107 | P.O. Box 8007

CASCO INDUSTRIES, INC.

HEADQUARTERS: SHREVEPORT, LA 71148-8007

SERVING NORTH TEXAS

SOLD TO: SHERMAN FD	SHIP TO: CASCO 1517 W CARRIER PKWY GP TX 75150
ATTN: CHIEF BROWN	ATTN: JEFF
PHONE:	PHONE:
EMAIL:	EMAIL:

CREDIT CARD:		DIST	CUST PO NUMBER		SALES REP ID	SALES REP #
NAME/EXP DATE					230	
NUMBER/CODE/ZIP			TERMS	FREIGHT	DATE	FORM TYPE
TRANSACTION ID#	BUY BOARD 524-17		30	ADD	2/14/2020	QUOTE

ITEM	LOC	DESCRIPTION		QTY	SHIPPED	PRICE	AMOUNT
1		GLOBE G-XTREME 3.0		105		$ 2,786.82	$ 292,616.10
		COAT/PANT	$ -			$ -	$ -
			$ -			$ -	$ -
2		LETTERING	NC			$ -	NC
			$ -			$ -	$ -
			$ -			$ -	$ -
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ADDITIONAL COMMENTS BELOW	DIST TOTAL: $ 292,511.10	Subtotal	$ 292,616.10
		Tax	$ -
	ADD	Freight	$ -
		TOTAL	$ 292,616.10

"PROVIDING PROTECTION FOR THOSE WHO PROTECT US"

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **E. 2.**

Meeting Date: 03/02/2020

Prepared By: Theresa Hutchinson, Parks & Recreation Manager

Approved By: Robby Hefton, City Manager

Caption:

**** RESOLUTION NO. 6605***

Awarding Bids to and Authorizing Execution of Contracts with Multiple Vendors for the Purchase and Installation of Various Site Amenities and Improvements for the Cherry Street Park Project

Issue:

Awarding of bids to multiple vendors for the purchase and installation of various site amenities and improvements for the Cherry Street Park Project

Background:

At the May 15, 2017 meeting, the City Council approved and adopted the 2017 Parks Master Plan. Included among the priority initiatives arising from the Plan were updates to existing parks, such as the Cherry Street Park.

At the November 18, 2019 meeting, the City Council approved a request to advertise for public bids for the Cherry Street Park Project. A request for bids was publicly advertised; and three (3) bids were received and opened on January 10, 2020. In order to gain maximum benefit for the City, bids were evaluated by specific scoring criteria set forth in the bid document, resulting in the recommendation to split awarding to all three (3) vendors. Attached is the staff scoring evaluation.

Origination:

Department of Parks and Recreation

Financial Consideration:

The project will be funded through the Community Development Block Grant for $145,000.00, with an additional $6,206.00 in local funds.

Staff Recommendation:

It is recommended that the City Council award the contract for the Cherry Street Park Project to the vendors identified in the attached scoring evaluation.

Alternatives:
As may be directed by the City Council

Attachments

Resolution No. 6605
City of Sherman Standard Contract
Bid Evaluation
Aerial Location Map

RESOLUTION NO. 6605

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 PURCHASE AND INSTALLATION OF VARIOUS SITE AMENITIES AND IMPROVEMENTS FOR THE CHERRY STREET PARK PROJECT; 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 Elite Welding and Construction, LLC, LEA Park and Play, Inc., and Kraftsman Commercial Playground & Waterpark Equipment are hereby awarded the City of Sherman's contract for the purchase and installation of various site amenities and improvements for the Cherry Street Park Project, in accordance with all bid documentation attached hereto and incorporated herein for all purposes.

SECTION 2. That the City Manager is hereby authorized and directed, subject to all contract documents being completed and approved as to form and content by the City Attorney, to execute contracts with Elite Welding and Construction, LLC, LEA Park and Play, Inc., and Kraftsman Commercial Playground & Waterpark Equipment for the purchase and installation of various site amenities and improvements for the Cherry Street Park Project, in the same or substantially same form as the contract documents to be 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.

PASSED AND APPROVED on this the _____ day of ________________, 2020.

CITY OF SHERMAN, TEXAS

BY: ________________________________
DAVID PLYLER, MAYOR

ATTEST:

BY: ________________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM
AND CONTENT:

BY: ________________________________
BRANDON S. SHELBY,
CITY ATTORNEY

Sherman
CLASSIC TOWN. BROAD HORIZON.

CITY OF SHERMAN
STANDARD CONTRACT

This Agreement is made by and between the City of Sherman, Texas, a home-rule municipality, hereinafter referred to as "Buyer", and the hereinafter named SELLER, referred to as the "Seller," for the sale of goods, materials and items specified hereinafter, and the Buyer and Seller hereby agree as follows:

Seller:

____
Name

____
Address

____
City, State, Zip

____
Telephone

____
Email

DESCRIPTION OF GOODS

This Contract is for the purchase by the City of Sherman, Texas, of the goods, materials and items described hereinafter as the "goods" or the subject of this Contract, and such parts, attachments, accessories, devices, and apparatus as may be considered an integral part of the Goods or necessary for the proper use or application of the Goods, whether or not specified herein. The Goods are more specifically described as follows:

____
____
____
____

[CHECK ONE:]

___X___ This contract is a "fixed price – fixed quantity" Contract for the purchase of the specified quantity at the specified price. The full quantity of the Goods shall be delivered to and received at the designated point or points of delivery no later than the date specified herein below. This date is a material term and condition of the Contract and, in connection with the delivery date, time is and shall be of the essence.

____
Estimated Date of Delivery

OR

_______ This Contract is for a specific duration wherein the Seller will supply, furnish and deliver at the designated point or points of delivery the specified Goods in the quantities requested by Buyer at the time of Buyer's order. The delivery date(s) shall be set forth in Buyer's order. This Contract is not intended to be and shall not be construed as an exclusive requirements contract. This Contract is non-exclusive and Buyer may acquire any or all of its requirements for the specified Goods from Seller or any other source deemed appropriate by Buyer.

DURATION: NOT APPLICABLE TO THIS BID

PAYMENT TERMS

The purchase price of the Goods shall be that contained in the Seller's bid and specifically accepted in writing by Buyer. Seller shall submit separate invoices on each purchase order after each delivery. Invoices shall indicate the purchase order number, and shall be itemized. A copy of the packing slip should be attached to the invoice. Mail to the City of Sherman, Finance Department, PO Box 1106, Sherman, TX 75091-1106. Payment shall not be due until the above instruments are submitted, until the Goods have been received by Buyer, and until Buyer has had sufficient opportunity to inspect and exercise its right to accept or reject. Seller shall keep the Finance Department advised of any changes in their remittance addressees. In no event shall Buyer be responsible for interest of any kind on any funds due to Seller, and no term or provision contained in any Seller's invoice shall in any way modify, vary or alter the provisions hereof.

Buyer's obligation is payable solely from funds available for the purpose of the purchase. Lack of funds shall render this contract null and void and to the extent funds are not available, any delivered but unpaid for goods will be returned to Seller by Buyer.

CONTRACT TERMS AND CONDITIONS

This Contract is made and entered into between the parties hereto in accordance with and subject to the following additional terms and conditions:

1. **SELLER TO PACKAGE GOODS:** Seller will package Goods in accordance with good commercial practice. Each shipping container shall be clearly marked and permanently packed as follows: (a) Seller's name and address; (b) Consignee's name, address, and purchase order number; (c) Container number and total number of containers, e.g. box 1 of 4 boxes; and (d) the number of the container bearing the packing slip. Seller shall bear cost of packing unless otherwise provided. Goods shall be suitably packed to secure lowest transportation costs and to conform to requirement of common carriers and any applicable specifications. Buyer's count or weight shall be final and conclusive on shipment not accompanied by packing lists.

2. **SHIPMENT UNDER RESERVATION PROHIBITED:** Seller is not authorized to ship the Goods under reservation and no tender of a bill of lading will operate as a tender of goods.

3. **TITLE AND RISK OF LOSS:** The title and risk of loss of the Goods shall not pass to the Buyer until the Buyer actually receives and takes possession of the Goods at the point or points of delivery.

4. **DELIVERY TERMS AND TRANSPORTATION CHARGES:** F.O.B. Destination Freight Prepaid unless delivery terms are specified otherwise in the bid; Seller shall pay for the transportation costs.

5. **NO PLACEMENT OF DEFECTIVE TENDER:** Every tender or delivery of Goods must fully comply with all provisions of this contract as to time of delivery, quality and the like. If a tender is made which does not fully conform, this shall constitute a breach and Seller shall not have the right to substitute a conforming tender, provided, where the time for performance has not yet expired, the Seller may reasonably notify Buyer of his intention to cure and may then make a conforming tender within the contract time but not afterward.

6. **PLACE OF DELIVERY:** The place of delivery shall be that set forth on the purchase order or in any other written designation by Buyer. The terms of this agreement are "no arrival, no sale."

7. **RIGHT OF INSPECTION:** Buyer shall have the right to inspect the goods at delivery before accepting them.

8. **REJECTION OF GOODS:** It is agreed that if Buyer rejects any of the goods sold pursuant to this agreement, Buyer's only duty shall be to reasonably notify Seller of the rejection and hold the goods for the disposition of Seller, and it is agreed that under no circumstances shall Buyer be required to resell the rejected goods or incur the cost to deliver same to Seller.

9. **GRATUITIES:** The Buyer may, by written notice to the Seller, cancel this contract without liability to the Seller if it be determined by the Buyer that gratuities, in the form of entertainment, gifts, or otherwise were offered or given by the Seller, or any agent or representative of the Seller, to any officer or employee of City of Sherman with view toward securing the contract or securing favorable treatment with respect to awarding or amending, or the making of any determination with respect to the performing of such a Contract. In the event this Contract is canceled by Buyer pursuant to this provision, Buyer shall be entitled in addition to any other rights and remedies, to recover and withhold the amount of the cost incurred by the Seller in providing such gratuities.

10. **SPECIAL TOOLS AND TEST EQUIPMENT:** If the price stated on the face hereof includes the cost of any special tooling or any special test equipment fabricated or required by Seller for the purpose of filling this order, such special tooling equipment and any process sheets related thereto shall become the property of the Buyer and to the extent feasible shall be identified by the Seller as such.

11. **WARRANTY – PRICE:**

a. The price to be paid by the Buyer shall be that contained in the Seller's bid which Seller warrants to be no higher than Seller's current prices on orders for products of the kind and specification covered by the agreement for similar quantities under similar or like conditions and methods of purchase. In the event Seller breaches this warranty, the prices of the items shall be reduced to the Seller's current prices on orders by others, or in the alternative, Buyer may cancel this contract without liability for breach or Seller's actual expense.

b. The Seller warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for commission, percentage, brokerage, or contingent fee excepting bona fide established commercial or selling agencies maintained by the Seller for the purpose of securing business. For breach of violation of this warranty, the Buyer shall have the right in addition to any other right or rights to cancel this contract without liability and to deduct from the contract price, or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

12. **WARRANTY-PRODUCTS:** Seller shall not limit or exclude any implied warranties and any attempt to do so shall render this contract voidable at the option of the Buyer. No such attempts to limit, disclaim or exclude any warranties, whether of fitness, merchantability or otherwise, by Seller shall be binding or effective. Seller warranties that the Goods furnished will conform to the specifications, drawings, and descriptions listed in the bid invitation and to the sample(s) furnished by Seller, if any. In the event of a conflict between the specifications, drawings, and descriptions, the specifications shall govern.

13. **SAFETY WARRANTY:** Seller warrants the product sold to the Buyer shall conform to the standards promulgated by the U.S. Department of Labor under the Occupational Safety and Health Act of 1970. In the event that the products do not conform to OSHA standards, Buyer may return the product for correction or replacement at the Seller's expense. In the event that Seller fails to make the appropriate correction within a reasonable time, any correction made by Buyer will be at Seller's expense.

14. **NO WARRANTY BY BUYER AGAINST INFRINGEMENTS:** As part of this contract for sale, Seller agrees to ascertain whether goods manufactured in accordance with the specifications attached to this agreement will give rise to the rightful claim of any third person by way of infringement or the like. Buyer makes no warranty that the production of goods according to the specifications will not give rise to such claim, and in no event shall Buyer be liable to Seller in the event that Seller issued on the grounds of infringement or the like. If Seller is of the opinion that an infringement or the like will result, he will notify Buyer to this effect in writing or the like, within two weeks after the signing of this agreement. If Buyer does not receive notice and a claim is asserted or Buyer is subsequently held liable for the infringement or the like, Seller will indemnify, defend and save Buyer harmless. If Seller in good faith ascertains that production of the goods in accordance with the specifications will result in infringement or the like, this contract shall

be null and void except that Buyer will pay Seller the reasonable cost of his search as to infringements.

15. **CANCELLATION:** Buyer shall have the right to cancel for default on all or any part of the undelivered portion of this order if Seller breaches any of the terms hereof including warranties of Seller or the Seller becomes insolvent or commits acts of bankruptcy. Such right of cancellation is in addition to and not in lieu of any remedies which Buyer may have at law or equity. The Buyer may for any reason whatsoever terminate performance under this Contract by the Seller for convenience at any time. The Buyer shall give notice of such termination to the Seller specifying when termination becomes effective. Goods received but unopened or unused shall be made available to Seller for delivery. Buyer will, in the event of termination, remit such sums to Seller as may be due only for those Goods retained by Buyer.

16. **FORCE MAJEURE:** If by reason of Force Majeure, either party hereto shall be rendered unable wholly or in part to carry out its obligation under the Agreement, then such party shall give notice and full particulars of Force Majeure in writing to the other party within a reasonable time after the occurrence of the event or cause relied upon, and the obligation of the party giving such notice, so far as is effected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, except as hereafter provided, but for no longer periods and such party shall endeavor to remove or overcome such inability with all reasonable dispatch.

    The term "Force Majeure" as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbance, act of public enemy, orders of any kind of government of the United States or State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines, or canals, or other causes not reasonably within control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirements that any Force majeure shall be remedied with all reasonable dispatch shall not require the settlements of strikes and lockouts by exceeding to the demands of the opposing party or parties when such settlement is unfavorable in the judgment of the party having the difficulty.

17. **ASSIGNMENT – DELEGATION:** No right or interest in this contract shall be assigned or delegation of any obligation made by Seller without the written permission of the Buyer. An attempted assignment or delegation of Seller shall be wholly void and totally ineffective for all purposes unless made in conformity with this paragraph.

18. **MODIFICATIONS:** This contract can be modified or rescinded only in writing signed by both parties and their duly authorized agents.

19. **WAIVER:** No claim or right arising out of a breach in contract can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved party.

20. **INTERPRETATION-PAROL EVIDENCE:** This writing is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of their agreement. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this agreement. Acceptance or acquiescence in a course of performance rendered under this agreement shall not be relevant to determine the meaning of this agreement even though the accepting or acquiescing party has knowledge of the performance and opportunity for objection. Whenever a term defined by the Uniform Commercial Code is used in this agreement, the definition contained in the Code is to control.

21. **APPLICABLE LAW:** This agreement shall be governed by the Uniform Commercial Code. Wherever the term "Uniform Commercial Code" is used, it shall be construed as meaning the Uniform Commercial Code as adopted in the State of Texas as effective and in force on the date of this agreement.

22. **ADVERTISING:** Seller shall not advertise or publish, without Buyer's prior written consent, the fact that Buyer has entered into this contract, except to the extent necessary to comply with prior requests for information from an authorized representative of federal, state or local government.

23. **RIGHT TO ASSURANCE:** Whenever one party to this contract in good faith has reason to question the other party's intent to perform he may demand that the other party give written assurance of his intent to perform. In the event that a demand is made and no assurance is given within five (5) days, the demanding party may treat this failure as an anticipatory repudiation of the contract.

24. **PROHIBITION AGAINST PERSONAL INTEREST IN CONTRACTS:** No officer or employee shall have a financial interest, direct or indirect, in any contract with the City, or be financially interested, directly or indirectly, in the sale to the City of any land, materials, supplies, or services, except on behalf of the City as an officer or employee. Any knowing and willful violation of this section shall constitute malfeasance in office, and any officer or employee guilty thereof shall forfeit his office or position. Any violation of this section with the knowledge, express or implied, of the person or corporation contracting with the governing body of the City shall render the contract involved voidable by the City Manager or the City Council.

25. **ENTIRE AGREEMENT:** This Contract, and all Specifications and Addenda attached thereto, constitute the entire and exclusive agreement between the Buyer and Seller with reference to the Goods. Specifically, but without limitation, this Contract supersedes any bid documents and all prior written or oral communications, representations and negotiations, if any, between the Buyer and Seller not expressly made a part hereof.
26. **INDEMNITY AND DISCLAIMER:** BUYER SHALL NOT BE LIABLE OR RESPONSIBLE FOR, AND SHALL BE INDEMNIFIED, HELD HARMLESS AND RELEASED BY SELLER FROM AND AGAINST ANY AND ALL SUITS, ACTIONS, LOSSES, DAMAGES, CLAIMS, OR LIABILITY OF ANY CHARACTER, TYPE, OR DESCRIPTION, INCLUDING ALL

EXPENSES OF LITIGATION, COURT COSTS, AND ATTORNEY'S FEES FOR INJURY OR DEATH TO ANY PERSON, OR INJURY OR LOSS TO ANY PROPERTY, RECEIVED OR SUSTAINED BY ANY PERSON OR PERSONS, INCLUDING THE SELLER, OR PROPERTY, ARISING OUT OF, OR OCCASIONED BY, DIRECTLY OR INDIRECTLY, THE PERFORMANCE OF SELLER UNDER THIS CONTRACT, INCLUDING CLAIMS AND DAMAGES ARISING IN WHOLE OR IN PART FROM THE NEGLIGENCE OF BUYER, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE BUYER UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. IT IS THE EXPRESSED INTENT OF THE PARTIES TO THIS AGREEMENT THAT THE INDEMNITY PROVIDED FOR IN THIS CONTRACT IS AN INDEMNITY EXTENDED BY SELLER TO INDEMNIFY AND PROTECT BUYER FROM THE CONSEQUENCES OF THE SELLER'S AS WELL AS THE BUYER'S NEGLIGENCE, WHETHER SUCH NEGLIGENCE IS THE SOLE OR PARTIAL CAUSE OF ANY SUCH INJURY, DEATH, OR DAMAGE. IN ADDITION, CONTRACTOR SHALL OBTAIN AND FILE WITH OWNER CITY OF SHERMAN A STANDARD CERTIFICATE OF INSURANCE AND APPLICABLE POLICY ENDORSEMENT EVIDENCING THE REQUIRED COVERAGE AND NAMING THE OWNER CITY OF SHERMAN AS AN ADDITIONAL INSURED ON THE REQUIRED COVERAGE.

27. **GOVERNING LAW:** The Contract shall be governed by the laws of the State of Texas. Venue for any causes of action arising under the terms or provisions of this Contract or the Goods to be delivered hereunder shall be in the courts of Grayson County, Texas.

28. **SUCCESSORS AND ASSIGNS:** The Buyer and Seller bind themselves, their successors, assigns and legal representatives to the other party hereto and to successors, assigns and legal representatives of such other party in respect to covenants, agreements and obligations contained in this Contract. The Seller shall not assign this Contract without written consent of the Buyer.

29. **SEVERABILITY:** The provisions of this Contract are herein declared to be severable; in the event that any term, provision or part hereof is determined to be invalid, void or unenforceable, such determination shall not affect the validity or enforceability of the remaining terms, provisions and parts, and this Contract shall be read as if the invalid, void or unenforceable portion had not been included herein.

30. **NOTICES:** All notices required by this Contract shall be presumed received when deposited in the mail properly addressed to the other party at the address set forth herein or set forth in a written designation of change of address delivered to all parties.

FEDERAL RULES AND REGULATIONS

1. This Project is financed in whole or in part with assistance from the U.S. Department of Housing and Urban Development (HUD) and is subject to all applicable Federal laws and regulations. Contractor and its subcontractors must comply with all applicable HUD rules and regulations governing construction projects funded with Community Development Block Grant (CDBG) funds.

2. Prohibition of Use of Lead-Based Paint: Contractor agrees to comply with 24 CFR Part 35 adopted pursuant to the Lead-Based Paint Poisoning Prevention Act (42.U.S.C. 4831 et seq.) and all applicable rules and orders issued by HUD thereunder which prohibit the use of lead-based paint in residential structures undergoing federally assisted construction or rehabilitation and require the elimination of lead-based paint hazards. Every contract or subcontract, including painting, pursuant to which such federally assisted construction or rehabilitation is performed, shall include appropriate provisions prohibiting the use of lead-based paint.

3. Compliance with Environmental Laws: Contractor agrees to comply with 24 CFR 570.604 (environmental standards), including compliance with the Clean Air Act, as amended (42, U.S.C. 1857 et. seq.); the Federal Water Pollution Control Act, as amended (33 U.S.C. 1318 et seq.), including inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 and Section 308; and the regulations and guidelines of the Environmental Protection Agency (EPA) governing the work provided under this Contract. Contractor stipulates that any facility to be utilized in the performance of this contract or subcontract is not identified on the List of Violating Facilities issued by the EPA. Contractor shall give prompt notice of any notification received from the EPA, indicating that a facility utilized or to be utilized for the Contract is under consideration to be listed on the EPA List of Violating Facilities.

Contractor will include or cause to be included the criteria and requirements of this section (Compliance with Environmental Laws) in every subcontract and will take such action as the City may direct as a means of enforcing such provisions.

In no event shall any amount of the assistance provided under this contract be utilized with respect to a facility which has given rise to a conviction under the Clean Air Act or the Federal Water Pollution Control Act.

4. Architectural Barriers Act and the Americans with Disabilities Act: Contractor shall comply with the following requirements as applicable to the Work performed under the Contract:

(a) The Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157), which requires certain Federal and Federally funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that insure accessibility to, and use by, physically handicapped people. A building or facility designed, constructed, or altered with funds allocated or reallocated under this part after December 11, 1995, and that meets the definition of "residential structure" as defined in 24 CFR 40.2 or the definition of "building" as defined in 41 CFR 101-19.602(a) is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) and shall comply with the Uniform Federal Accessibility Standards (appendix A to 24 CFR part 40 for residential structures, and appendix A to 41 CFR part 101-19, subpart 101-19.6, for general type buildings).

(b) The Americans with Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218 and 225) (ADA), which provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, State and local government services, and telecommunications. It further provides that discrimination includes a failure to design and construct facilities for first occupancy no later than January 26, 1993, that are readily accessible to and usable by individuals with disabilities. Further, the ADA requires the removal of architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable—that is, easily accomplishable and able to be carried out without much difficulty or expense.

5. Inspections and Audits: At any time during normal business hours and as often as the City, HUD and/or the Comptroller General of the United States may deem necessary, Contractor shall make available to the City, HUD and/or representatives of the Comptroller General for examination all of its records with respect to all matters covered by this Contract and will permit the City, HUD and/or representatives of the Comptroller General to inspect all work, audit, examine and make excerpts of 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 Contract.

5.1 Reports, Records, and Data:

a. The Contractor shall submit to the Owner such schedule of quantities and costs, progress schedules, reports, estimates, records and other data as the Owner may request concerning work performed or the be performed under this contract.

b. All costs shall be supported by properly executed payrolls, time records, invoices, contracts, or vouchers, or other official documentation evidencing the nature of the charges in proper detail. All checks, payrolls, invoices, contracts, vouchers, orders, or other accounting documents pertaining in whole or in part to this contract shall be clearly identified and readily accessible to the City.

c. The contractor shall retain all reports, records, and data related to this Project for a period of at least four years in accordance with federal retention laws.

5.2 Subcontracting:

a. The Contractor shall be fully responsible to the City for the acts and omissions of its subcontractors concerning compliance with federal laws and HUD rules and regulations governing this Contract.

b. The Contractor shall cause appropriate provisions to be inserted in all subcontracts relative to the work to bind subcontractors to the Contractor for compliance with federal laws and HUD rules and regulations.

c. Nothing contained in this contract shall create any contractual relations or privity of contract between any subcontractor and the City. Contractor agrees that subcontracts shall not contain pass-through provisions and any attempt to assign a pass-through right to a subcontractor shall be void and unenforceable.

d. The Contractor will insert all provisions and forms required by HUD in all subcontracts, including a clause requiring subcontractors to include said provisions and forms in any lower tier subcontracts, as applicable.

6. Davis-Bacon Act & Copeland "Anti-Kickback" Act and Regulations: The Contractor and its subcontractors shall comply with the Davis-Bacon Act, the Copeland "Anti-Kickback" Act, and the regulations of the Secretary of Labor (29 CFR, Part 3), including all reporting, posting, recordkeeping, payroll, and prevailing wage rate requirements for federally assisted construction projects, all of which are incorporated herein by reference.

7. Contract Work Hours and Safety Standards Act: Contractor and its subcontractors shall comply with the Contract Work Hours and Safety Standards Act (40 USC, Chapter 5, Sections 326-332; and 29 CFR Part 4, 5, 6 and 8; 29 CFR Part 70 to 240), which applies to contracts over $100,000 and requires that workers receive overtime compensation (time and one-half pay) for hours they have worked in excess of 40 hours in one week. When applicable, the City may enforce violations under this Act, which include liquidated damages of at least $10.00 per day per violation.

8. Employment and contracting opportunities: To the extent that they are otherwise applicable, Contractor and its subcontractors shall comply with:

(a) Executive Order 11246, as amended by Executive Orders 11375, 11478, *12086,* and 12107 (3 CFR 1964-1965 Comp. p. 339; 3 CFR, 1966-1970 Comp., p. 684; 3 CFR, 1966-1970., p. 803; 3 CFR, 1978 Comp., p. 230; 3 CFR, 1978 Comp., p. 264 (Equal Employment Opportunity), and Executive Order 13279 (Equal Protection of the Laws for Faith-Based and Community Organizations), 67 FR 77141, 3 CFR, 2002 Comp., p. 258; and the implementing regulations at 41 CFR chapter 60; and

(b) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the project.

(i) The Contractor will send to each labor organization, or representative of workers with which he has a collective bargaining agreement, or other worker's representative of its commitments under Section 3, and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

(ii) The Contractor will include the Section 3 clause in every subcontract for work in connection with the project and will, at the direction of the City, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the HUD.

(iii) For the purpose of Section 3, the Section 3 area is defined as the corporate limits of the City of Sherman, Texas. The Contractor or any subcontractor shall attempt to recruit from the Section 3 area and the Section 3 project area, the maximum number of lower income residents through: local advertising media, signs placed at proposed site for the project, and community organizations and public or private institutions operating within or serving the project area.

(iv) When lower income resident workers apply, either on their own initiative or on referral from any source, the contractor and subcontractors shall determine the qualifications of such persons and shall employ such persons if their qualifications are satisfactory and the contractor or subcontractor has openings. If the contractor or subcontractor is unable to employ the workers, such persons shall be listed for the first available opening.

(v) The Contractor will not discriminate against any employee or applicant for employment because of race, religion, sex, age, color or national origin. The Contractor will take affirmative action to ensure that applicants are employed (and that employees are treated during employment) without regard to their race, religion, sex, age, color, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

(vi) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor; state that all qualified applicants will receive consideration for employment without regard to race, religion, sex, age, color, or national origin.

(vii) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts or Federally-assisted construction contracts, in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965 and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(viii) The Contractor will include the provisions of paragraphs (i) through (vii) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontract or vendor.

(ix) Noncompliance with HUD's regulation in 24 CFR Part 135 may result in sanction, terminations of this contract for default, and debarment or suspension from future HUD assisted contracts.

(x) With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. section 450e) also applies to the work to be performed under this Contract. Section 7(b) required that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contract and subcontracts shall be given to

Indian organizations and Indian-owned Economic Enterprises, Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

9. Project Signs: If required under federal law or upon recommendation by HUD, the Contractor shall erect a sign at the project site identifying the project and indicating that the project is funded with Community Development Block Grant funding. The project sign shall be substantially in accordance with instructions provided by HUD, made from 3/4 inch plywood, placed in a prominent location, and maintained in good condition until completion of the project.

10. Debarment; Conflicts of Interest: Contractor represents and warrants that it will notify the City immediately if Contractor or any of its subcontractors are debarred or threatened with debarment by a federal department or agency in relation to any federally funded projects. Contractor shall ensure compliance with all federal, state, and local laws, rules, and regulations governing conflicts of interest.

EXECUTED this ____________ day of _________________________, ____________.

SELLER:

____

(Signature)

____

(Type/Print Name and Title/Position)

____

(Address)

____

(City,State,Zip)

CITY OF SHERMAN:

By: ____

Robby Hefton,
City Manager
220 W. Mulberry
Sherman, TX 75090

ATTEST:

By: ______________________________________
Linda Ashby,
City Clerk

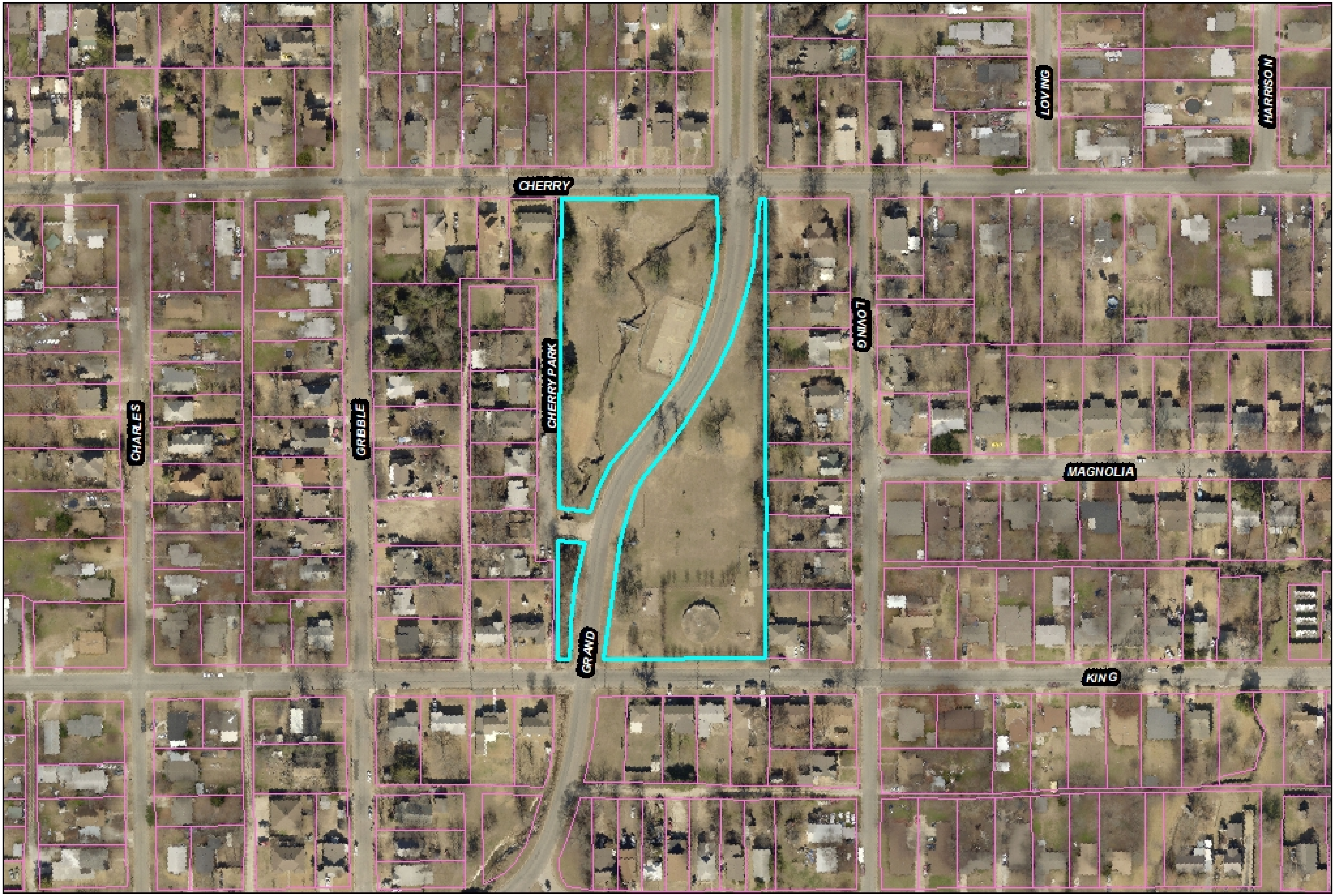
APPROVED:

____
Brandon Shelby
City Attorney

RFP Evaluation - Cherry Street Park Project

Evaluation Criteria		Elite Welding & Construction, LLC	LEA Park and Play, Inc.	Kraftsman Commercial Playground & Waterpark Equipment
Cost of the project (40%)				
	Item #1 - Concrete Walking Trail	40	No Bid	21
	Item #2 - Pavilion	No Bid	No Bid	40
	Item #3 - Partial Fencing	40	No Bid	19
	Item #4 - Pedestrian Bridge	40	No Bid	11
	Item #5 - Swing Set	No Bid	40	31
Not awarding items #6 & #7, due to limited grant fund availability.	Item #6 - Water Fountain w/ Dog Bowl	~~No Bid~~	~~No Bid~~	~~40~~
	Item #7 - Additional Site Amenities	~~No Bid~~	~~40~~	~~21~~
	Average Score of Cost of Project	40	40	26
Experience, particularly w/ similar projects (40%)		40	40	40
References, particularly w/ similar projects (20%)		20	20	20
Evaluation Score *(Total of Avg. of Cost of Project, Experience, & References)*		100	100	86

NOTES: **Due to limitations in funding available, City Staff will not recommend any awarding of Items #6 and #7.**



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

1 inch = 200 feet

Cherry Street Park Project

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **F. 1.**

Meeting Date: 03/02/2020

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, 2019 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, 2019

Background:

On February 13, 2020, the Council Audit Committee, City Manager and Director of Finance met with the City's external auditors to discuss the results of the independent audit for the year ended September 30, 2019. The auditors gave a "clean" 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, 2019 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

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

CAFR FY2019

Single Audit Report FY2019

Sherman

CLASSIC TOWN. BROAD HORIZON.

City of Sherman, Texas

Comprehensive Annual Financial Report

Year Ended September 30, 2019

Prepared by:

Department of Finance

Mary Lawrence, Finance Director

Tammy Davis, Controller

CITY OF SHERMAN, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2019

Prepared by:

Department of Finance
Mary Lawrence, Finance Director
Tammy Davis, Controller

CITY OF SHERMAN, TEXAS

SEPTEMBER 30, 2019

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STATISTICAL SECTION

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STATISTICAL SECTION (Continued)		

INTRODUCTORY SECTION

February 25, 2020

The Honorable David Plyler, Mayor
Members of the City Council, and
Citizens of the City of Sherman, Texas

The Comprehensive Annual Financial Report of the City of Sherman for the fiscal year ended September 30, 2019, 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, 2019 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.

PO Box 1106 | Sherman, TX 75091-1106 | 903-892-7201 | www.ci.sherman.tx.us

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 46 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 2010 Census was 38,521 persons, a 10% increase over 2000. The current year population estimate is 41,149, with moderate, steady growth trends 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. 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 only two consecutive terms in the same office. 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.

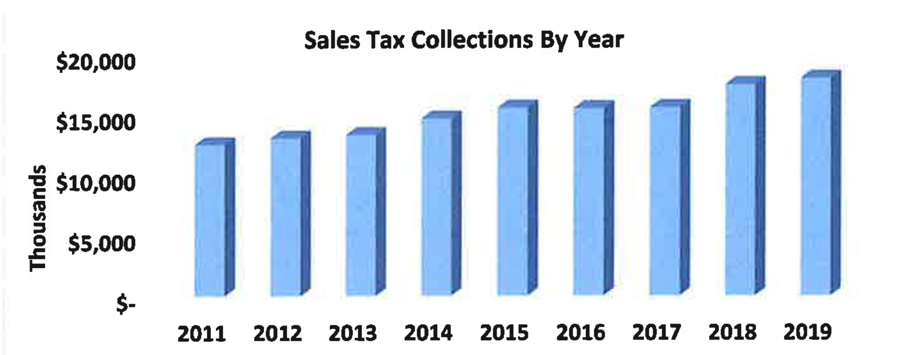
Sherman Economic Development Corporation (SEDCO) is a discretely presented component unit. SEDCO was established in 1996 for purposes set forth in Section 4A, Article 5190.6, Vernon's Texas Civil Statues, known as the Development Corporation Act of 1979. SEDCO administers a special 3/8-cent sales tax 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.

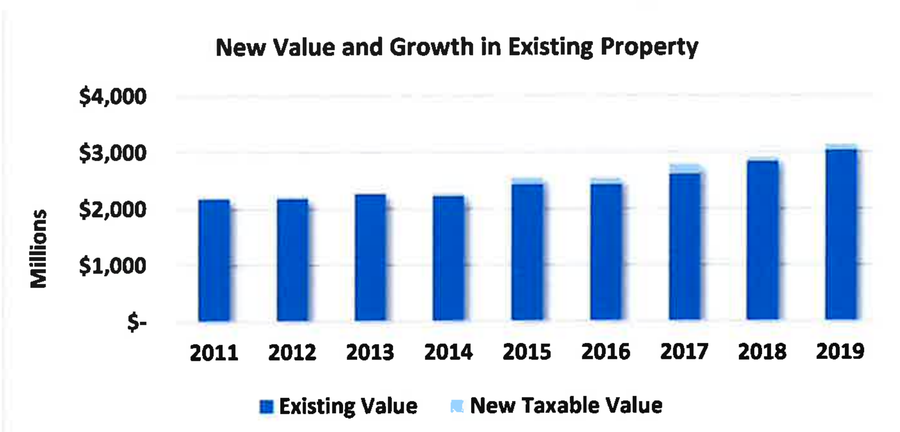
The City Charter mandates that a proposed budget be presented to the City Council fifty days prior to the end of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. Direction for the budget is given by the City Council five (5) months before year end. A proposed budget is developed by staff and submitted to the City Council in June 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.

LOCAL ECONOMY

The City's major thoroughfares, US Highways 75 and 82, intersect in the City 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.

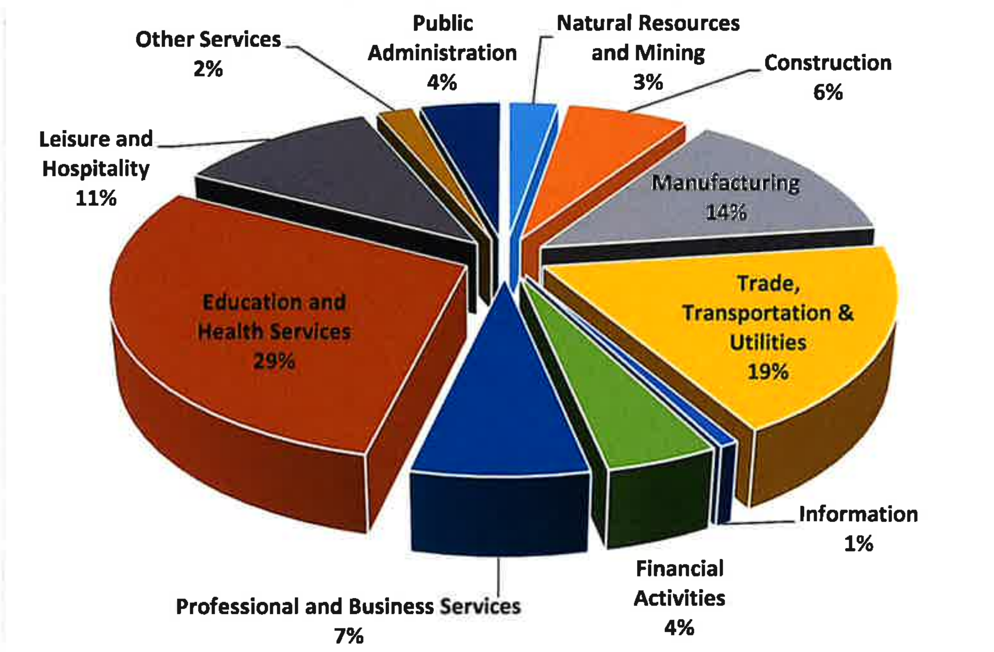
Sherman has a diverse tax base due to its industrial park and major retail shopping centers with revenues increasing year over year for about the past ten years. By far, retailers are the biggest generators of sales tax at about 50% of sales tax revenue. Approximately half of the retail sales tax comes 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 11% 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.





Sherman also has several new areas of economic growth. The Sherman Economic Development Corporation (SEDCO) has been successful in attracting new employers to the area and aiding in the expansion of existing employers. With annual funding of approximately $4 million, SEDCO's projects added about $28.5 million in capital investment with 267 new and retained jobs in fiscal year 2019.

Unemployment in Sherman averaged 3.1% in fiscal year 2019, which is lower than the average unemployment rate for the State of Texas (3.6%) and the national average unemployment rate (3.7%) for the same time period. The largest industry, by wage, in the Sherman-Denison Metropolitan Statistical Area (MSA) is education and health services followed by trade, transportation and utilities, manufacturing, leisure and hospitality, and others. The chart below shows employment by industry for the Sherman-Denison MSA.



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 and Grayson College. Sherman ISD broke ground on construction of a new high school in August 2018, with plans to begin the 2020-2021 school year in the new facility. Nearby Lake Texoma is also a recreational draw to the area. Downtown has seen a resurgence with new businesses opening including restaurants and retail stores. A new retail and entertainment complex opened in the spring of 2019 at the City's south gateway which has spurred the development at that intersection. Plans continue moving forward at the City's north gateway with the addition of a major convenience/gasoline retailer, a bank and medical/retail development.

Looking forward, the City anticipates a growing tax base with new industries, businesses, and people finding Sherman an attractive place to work and live.

LONG-TERM FINANCIAL PLANNING

The City is focused on managing its growth and maintaining a sustainable level of service through funding for staffing and multi-year capital projects with properly timed infrastructure development. Utilizing the Comprehensive Master Plan, the Master Parks Plan and the Master Thoroughfare Plan, the City is ensuring development occurs in strategic directions with a long-term vision. 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 2020 budget includes $15 million in the General Improvement Fund primarily for street projects. The Utility Improvement Fund includes construction of the northwest sewer lift station to service new development, sewer lines to service the new Sherman High School, improvements at the wastewater treatment plant, and other 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 completed an expansion of its water treatment plant in fiscal year 2019. This expansion doubles the previous capacity and is expected to attract primary employers and ensure adequate water to Sherman residents and businesses for the foreseeable future. In fiscal year 2019 the City issued $20 million in certificates of obligation and issued $7.5 million through the Greater Texoma Utility Authority for thoroughfares and utility infrastructure for new commercial and residential development.

The City's primary focus in 2019 was on infrastructure development related to residential and commercial growth. A new sewer lift station is being constructed in northwest Sherman. New sewer lines were constructed to service the new Sherman High School which sits on the corner of a state highway and a new major thoroughfare. The Texas Department of Transportation has started major projects totaling $182 million on US Hwy 75 and State Hwy 1417. The City contributed over $20 million to these projects funded by Certificates of Obligation and debt issued by the Greater Texoma Utility Authority.

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 2019 to increase total expenditures by $14.2 million, and to increase total revenue by $11.1 million. The size of this needed budget amendment is an indicator of the rate of growth and change the City experienced during fiscal year 2019.

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 $33 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.

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, 2018. This was the thirty-third 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.

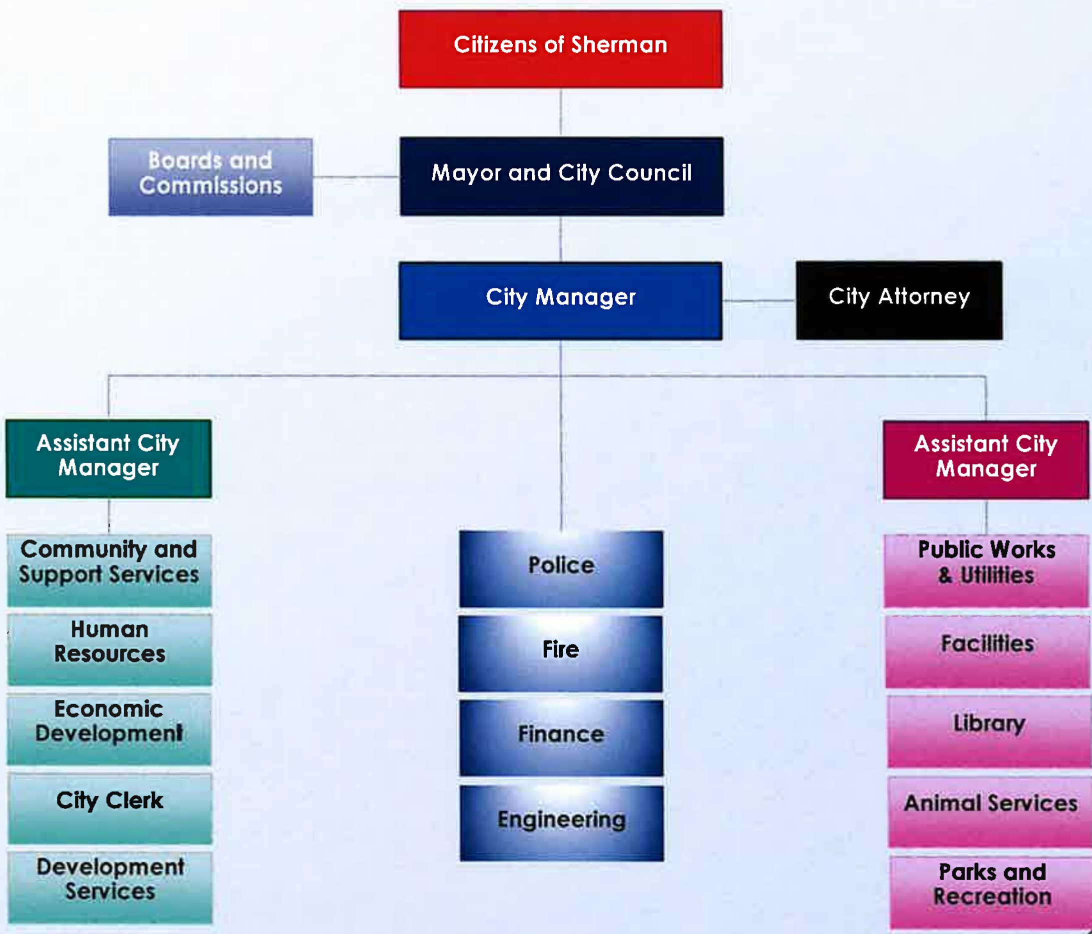
Respectfully submitted,

Robby Hefton, City Manager

Mary Lawrence, Finance Director

CITY OF SHERMAN, TEXAS

CITY OF SHERMAN ORGANIZATION CHART



Sherman
CLASSIC TOWN. BROAD HORIZON.

CITY OF SHERMAN, TEXAS

OFFICIALS AS OF SEPTEMBER 30, 2019

Elected Officials

Mayor	David Plyler
Deputy Mayor	Shawn C. Teamann
Councilmember, At-Large, Place #1	Willie Steele
Councilmember, At-Large, Place #2	Sandra Melton
Councilmember, District #2	Josh Stevenson
Councilmember, District #3	Pamela L. Howeth
Councilmember, District #4	Daron Holland

Appointed Officials

City Manager	Robby Hefton
City Attorney	Brandon Shelby

Department Directors

Assistant City Manager	Steve Ayers
Assistant City Manager	Terrence R. Steele
Director of Finance	Mary Lawrence, C.P.A.
Director of Utilities	Mark Gibson, P.E.
Director of Development Services	Scott Shadden
Director of Engineering	Clint A. Philpott, P.E.
Fire Chief	Danny Jones
Police Chief	Zachary Flores


Tulsa
Santa Fe
Oklahoma City
OKLAHOMA
Amarillo
NEW MEXICO
LLANO ESTACADO (STAKED PLAIN)
SHERMAN
Lubbock
Dallas
Fort Worth
Ciudad Juárez
Midland
Odessa
TEXAS
Austin
Houston
San Antonio
Chihuahua
COAHUILA
Brownsville
Monterrey

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sherman

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

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 units, each major fund, and the aggregate remaining fund information of the City of Sherman, Texas, as of and for the year ended September 30, 2019, 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.

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 units, each major fund, and the aggregate remaining fund information of the City of Sherman, Texas, as of September 30, 2019, 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 February 25, 2020, 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 City of Sherman, Texas' internal control over financial reporting and compliance.

Pattillo, Brown + Hill, L.L.P.

Waco, Texas
February 25, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Sherman, Texas (the "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, 2019. 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 $48.1 million (net position). Of this amount, $52.5 million represents net investment in capital assets, $6.0 million is restricted for specific uses with the remainder identified as unrestricted, which may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position decreased $17.3 million or 26% from last fiscal year's net position primarily due to an increase in pension and other post-employment benefit liabilities ($17.2 million). Additionally, the City issued certificates of obligation and entered into long-term capital leases in fiscal year 2019 totaling $21 million. A majority of this new long-term debt funded the $7.8 million increase in capital assets (net of depreciation), however, $8.2 million funded the City's participation in the Texas Department of Transportation (TxDOT) reconstruction and improvement project of US Highway 75. The remaining increases in long-term liabilities which had not been expended for capital assets or TxDOT road projects were maintained as current assets.

- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of $38.8 million, a decrease of $3.5 million in comparison with the prior year. Approximately 26% of this total amount, $10.3 million, is available for spending at the government's discretion (unassigned fund balance).

- As of the end of the current fiscal year, the City's proprietary funds, excluding internal service funds, reported combined ending net position of $27.9 million. Approximately 6.8% of this total amount, $1.9 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) the 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 two (2) major governmental funds and thirty-one (31) nonmajor governmental funds. Information for the major funds (General 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 83 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 126 of this report.

  The basic proprietary fund financial statements begin on page 22 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 27 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 64 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 80 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 $48.1 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.

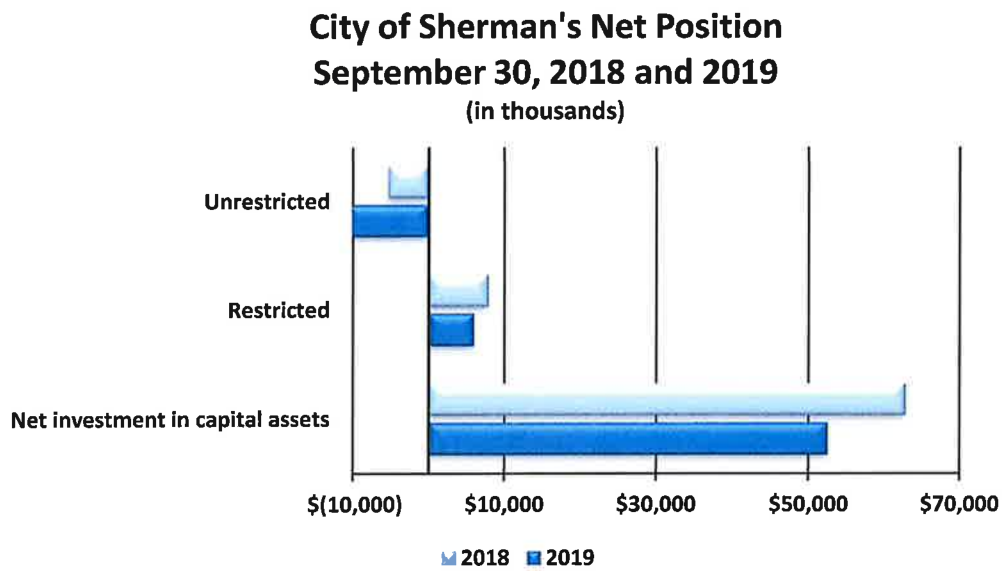
The overall net position of the City of Sherman decreased by $17.3 million, or 26% from the prior fiscal year. Net position decreased primarily due to an increase in pension and other post-employment liabilities ($17.2 million). Additionally, the City issued certificates of obligation and entered into long-term capital leases in fiscal year 2019 totaling $21 million. A majority of this new long-term debt funded the $7.8 million increase in capital assets, however, $8.2 million funded the City's participation in the Texas Department of Transportation (TxDOT) reconstruction and improvement project of US Highway 75. The remaining increases in long-term liabilities which had not been expended for capital assets or TxDOT road projects were maintained as current assets.

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	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Current and other assets	$ 43,939	$ 49,525	$ 9,156	$ 9,798	$ 53,095	$ 59,323
Capital assets	84,837	75,620	28,858	30,260	113,695	105,880
Total assets	**128,776**	**125,145**	**38,014**	**40,058**	**166,790**	**165,203**
Deferred outflows of resources	**9,344**	**6,291**	**2,536**	**1,677**	**11,880**	**7,968**
Long-term liabilities	107,389	81,591	10,187	7,809	117,576	89,400
Other liabilities	9,414	9,264	2,182	1,962	11,596	11,226
Total liabilities	**116,803**	**90,855**	**12,369**	**9,771**	**129,172**	**100,626**
Deferred inflows of resources	**1,096**	**5,519**	**304**	**1,596**	**1,400**	**7,115**
Net investment in capital assets	26,556	35,591	25,987	27,192	52,543	62,783
Restricted	6,008	7,914	-	-	6,008	7,914
Unrestricted	(12,343)	(8,443)	1,890	3,175	(10,453)	(5,268)
Total net position	**$ 20,221**	**$ 35,062**	**$ 27,877**	**$ 30,367**	**$ 48,098**	**$ 65,429**

A portion of the City's net position, $6.0 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 for reasons mentioned above.



The City's condensed changes in net position, along with last fiscal year's numbers, are presented for comparison in the following table.

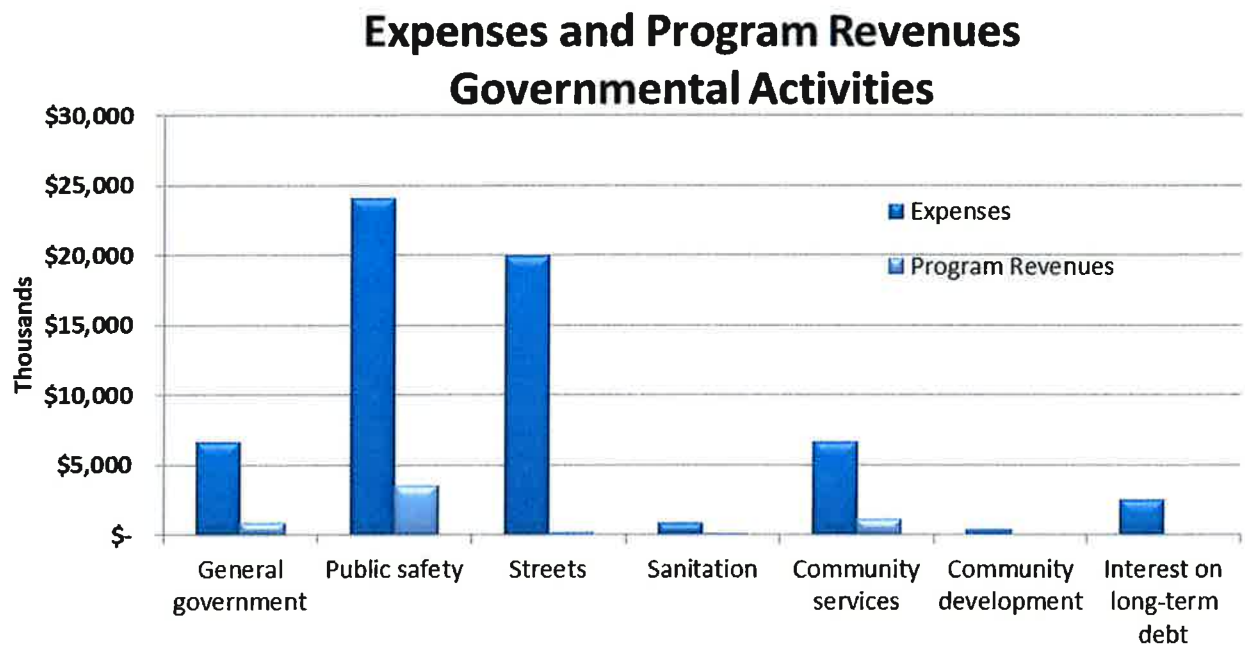
CITY OF SHERMAN'S CHANGES IN NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Revenues						
Program revenues:						
Charges for services	$ 5,749	$ 5,395	$ 29,173	$ 29,171	$ 34,922	$ 34,566
Operating grants and contributions	1,030	331	-	-	1,030	331
Capital grants and contributions	156	685	1,391	1,322	1,547	2,007
General revenues:						
Property taxes	13,057	12,127	-	-	13,057	12,127
Sales taxes	18,024	17,839	-	-	18,024	17,839
Other taxes	3,567	3,655	-	-	3,567	3,655
Other	1,503	2,750	754	556	2,257	3,306
Total revenues	**43,086**	**42,782**	**31,318**	**31,049**	**74,404**	**73,831**
Expenses						
General government	6,592	6,410	-	-	6,592	6,410
Public safety	24,076	21,056	-	-	24,076	21,056
Streets	19,873	9,156	-	-	19,873	9,156
Sanitation	858	734	-	-	858	734
Community services	6,594	6,054	-	-	6,594	6,054
Community development	351	230	-	-	351	230
Interest on long-term debt	2,461	1,672	-	-	2,461	1,672
Water and sewer service	-	-	24,346	23,098	24,346	23,098
Solid waste service	-	-	6,584	6,321	6,584	6,321
Total expenses	**60,805**	**45,312**	**30,930**	**29,419**	**91,735**	**74,731**
Increases (decreases) in net position before transfers	(17,719)	(2,530)	388	1,630	(17,331)	(900)
Transfers	2,878	2,515	(2,878)	(2,515)	-	-
Change in net position	**(14,841)**	**(15)**	**(2,490)**	**(885)**	**(17,331)**	**(900)**
Net position, beginning	35,062	41,297	30,367	33,073	65,429	74,370
Restatement for implementation of GASB 75	-	(6,220)	-	(1,821)	-	(8,041)
Net position, beginning (restated)	35,062	35,077	30,367	31,252	65,429	66,329
Net position, ending	**$ 20,221**	**$ 35,062**	**$ 27,877**	**$ 30,367**	**$ 48,098**	**$ 65,429**

Governmental Activities

Governmental activities decreased the City's net position by $14.8 million primarily due to an increase in pension and other post-employment benefit liabilities ($9.6 million). Additionally, the City issued certificates of obligation and entered into long-term capital leases in fiscal year 2019 totaling $21 million. A majority of this new long-term debt funded the $9.2 million increase in capital assets (net of depreciation), however, $8.2 million funded the City's participation in the Texas Department of Transportation (TxDOT) reconstruction and improvement project of US Highway 75. The remaining increases in long-term liabilities which had not been expended for capital assets or TxDOT road projects were maintained as current assets.

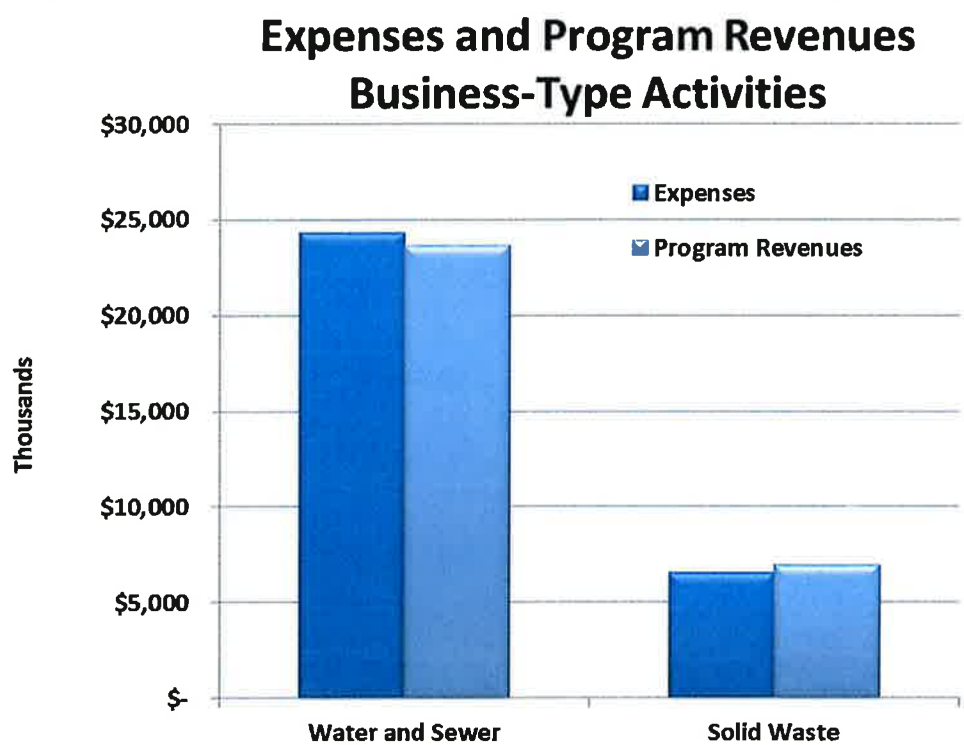
The City's governmental activities expenses and program revenues are presented below.



Business-type Activities

Results for the current fiscal year in the City's business-type activities decreased the City's net position by $2.5 million, primarily due to an increase in pension and other post-employment benefit liabilities.

The City's business-type activities expenses and program revenues are presented in the following table.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

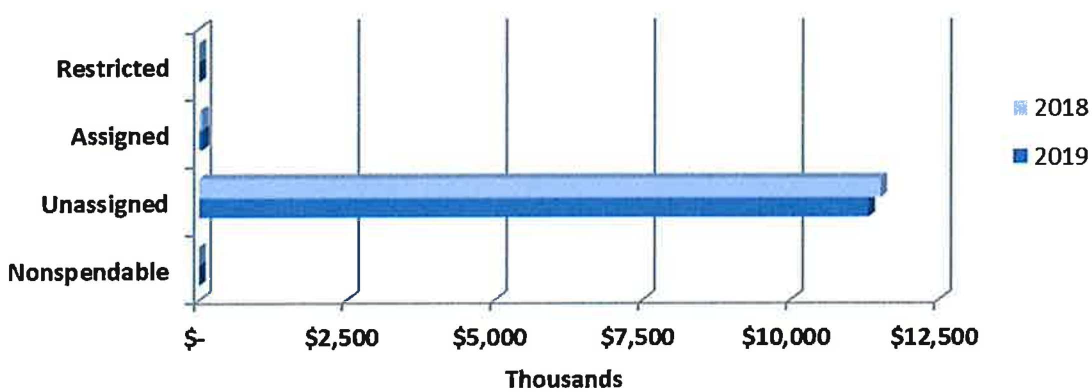
As noted earlier, the City of Sherman uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

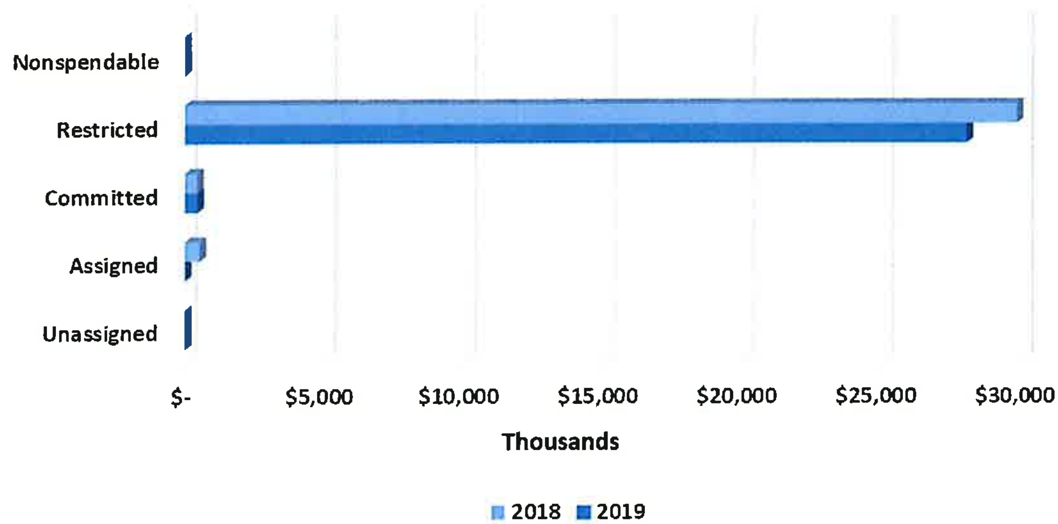
At September 30, 2019, the City's governmental funds reported combined fund balances of $38.8 million, which is $3.5 million less than the prior year due to spending down the proceeds from certificates of obligation. The largest were street expenditures of $8.2 million to fund the City's participation in the Texas Department of Transportation (TxDOT) reconstruction and improvement project of US Highway 75. Approximately 26.4% of the governmental fund balances, or $10.3 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, 2) committed for particular purposes ($0.4 million), 3) restricted for particular purposes ($28 million), or 4) assigned for particular purposes ($0.1 million).

General Fund
Components of Fund Balance
September 30, 2018 and 2019



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 $11.3 million, while total fund balance decreased by less than $200,000 to $11.6 million, primarily due to better than expected sales tax performance. Unassigned fund balance represents approximately 30% of total general fund expenditures, which is about the same percentage as total fund balance to expenditures.

Other Governmental Funds
Components of Fund Balance
September 30, 2018 and 2019



The General Improvement Fund, a major fund, decreased $1.1 million during the fiscal year, ending the year at a fund balance of $19.3 million. The decrease was due primarily to spending down proceeds from certificates of obligation for capital projects and to fund the City's participation in the Texas Department of Transportation (TxDOT) reconstruction and improvement project of US Highway 75.

The remaining governmental funds ended the year with a fund balance of $8.9 million, a decrease of $1.6 million from the prior year primarily due to capital outlays for Tax Increment Reinvestment Zone #6 and the Stormwater Fund. In the prior year the Tax Increment Reinvestment Zone #5 Construction Fund was considered a major fund, however in fiscal year 2019, it is included as a nonmajor governmental fund.

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 $2.4 million and had decreased by $0.9 million or 27%. These changes were primarily related to higher than expected costs for maintenance and repairs compared to the prior year.

Unrestricted net position of the Solid Waste Fund decreased by $0.4 million, primarily due to higher than expected costs from vendors to accept the City's recycled items. The City successfully revised its residential recycling program in an effort to produce a cleaner stream of recyclables. Supplies related to this effort increased compared 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 2019. Revenue exceeded the budget by about $11.1 million for all funds due in large part to a debt issuance and sales tax revenue greater than expected. Expenses increased by about $14.2 million as a result of this increased activity. Budget amendments specifically for the General Fund included an increase in sales tax revenue by $735,000 and increases in expenditures by $1.8 million for public safety, equipment rental, vehicle usage, land and building improvements and interfund transfers to the fleet replacement. The size of the budget amendment was a reflection of the rate of growth and change the City experienced during fiscal year 2019.

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. The Street Maintenance Department ended fiscal year 2019 with a variance of $490,102 related to street materials budgeted above actual. A variance in the Community Services Department of $702,395 was due to a budgeted interfund transfer from the General Fund to the Fleet Replacement Fund that will not be made until fiscal year 2020.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to $114 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 increased in the current fiscal year by $7.8 million or approximately 7.4%.

Major capital asset events during fiscal year 2019 included the following:

- Construction projects in progress at the end of fiscal year 2019 included new street design and construction in developing areas, new ballfields, park improvements, bridge repairs, remodeling of fire station facilities and portions of the municipal building, improvements at the police firing range, water and wastewater treatment improvements and a new wastewater lift station.
- Buildings and infrastructure projects in fiscal year 2019 included construction of a new fire station, downtown sidewalk improvements, water and sewer line extensions, and street improvement construction projects.
- Various machinery and equipment were acquired totaling approximately $4.4 million. Governmental activities included purchasing equipment for new and existing street construction, dump trucks and trailers, pickups, and patrol vehicles. Business type activities included purchasing an excavator, telehandler, loader and pickups for water and sewer departments, as well as solid waste trucks and trailers.
- Depreciation totaled $5.6 million for governmental activities and $2.5 million for business-type activities.

CITY OF SHERMAN'S CAPITAL ASSETS, NET OF DEPRECIATION

(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Land	$ 6,770	$ 6,348	$ 367	$ 367	$ 7,137	$ 6,715
Buildings	8,903	5,140	1,428	1,514	10,331	6,654
Other improvements	42,871	41,191	18,124	19,313	60,995	60,504
Machinery and equipment	13,537	12,286	1,782	1,895	15,319	14,181
Other assets	212	371	6,484	6,501	6,696	6,872
Construction in progress	12,544	10,284	673	670	13,217	10,954
Total Assets	**$ 84,837**	**$ 75,620**	**$ 28,858**	**$ 30,260**	**$113,695**	**$105,880**

Additional information on the City's capital assets can be found in the notes on pages 40 through 41 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total contractually obligated long-term debt of $84.7 million. In fiscal year 2019 the City issued $20 million of governmental certificates of obligation to fund general improvements, as well as the City's participation in the Texas Department of Transportation (TxDOT) reconstruction and improvement project of US Highway 75. 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 though repayment is expected to be made solely from general tax revenues. The City also entered into a capital leases of $1.15 million for the purchase of equipment for the street department which will be repaid from general tax revenues of the General Fund.

CITY OF SHERMAN'S OUTSTANDING DEBT

(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Bonds	$ 9,095	$ 9,914	$ -	$ -	$ 9,095	$ 9,914
Capital leases	3,103	2,366	434	524	3,537	2,890
Certificates of obligation, net of premium	69,180	50,399	-	-	69,180	50,399
Other long-term payables	-	-	2,437	2,544	2,437	2,544
Tax notes	470	935	-	-	470	935
Total Debt	**$ 81,848**	**$ 63,614**	**$ 2,871**	**$ 3,068**	**$ 84,719**	**$ 66,682**

Long-term debt for the City increased by $18 million or 27%, due to issuance of $20 million in certificates of obligation and capital leases of $1.15 million, with principal payments on outstanding debt of $3.2 million.

The City of Sherman maintains a "AA" rating from Standard & Poor's for general obligation debt and a rating of "AA-" for its debt issued under the Greater Texoma Utility Authority.

As a part of the budget process, City staff compares the debt limit allowed under the City charter to debt outstanding. At the beginning of the 2019 fiscal year, the City had 43.2% of allowable bonded debt outstanding, and 60.7% of allowable certificates of obligation outstanding.

Additional information on the City's long-term debt can be found in the notes on pages 42 through 46 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The primary economic factor influencing the City of Sherman budget is growth in commercial and residential development. Twenty million dollars of new debt issued in fiscal year 2019 funded only street projects. Capital projects from the last five years have generated additional sales and property taxes and have spurred desirable economic activity. The challenge for the City is to fund projects as development demand occurs even though the revenue that results from the projects is not realized for at least two years.

The following economic factors currently affect the City and were considered in developing the 2019-2020 fiscal year budget.

- General Fund revenues are expected to be more than fiscal year 2019. The property tax rate increased from $.4273/$100 to $.4890/$100 to fund debt service and the growth in demand for City services. Sales tax is expected to increase about 3.5% plus additional amounts for new retail activity. The City will receive grant funding to help with the costs of six additional firefighters and Sherman Economic Development Corporation is reimbursing the City for debt service on projects in their industrial park.

- Utility Fund revenues are expected to slightly increase, before transfers, from population growth. Mild weather for the past three years plus increasing debt service due to development demands and the expansion of the Water Treatment Plan have made the fund unbalanced ongoing.

- Solid Waste Fund revenue is budgeted to increase over fiscal year 2019 due to an increase in commercial solid waste rate and volume. The residential solid waste rate decreased to help offset the effects of the property tax rate increase.

- To address compensation, a 2.5% across-the-board pay increase for all employees was implemented, as well as 4% across-the-board increases for public safety employees to keep compensation in line with peer cities.

- The budget of the General Improvement Fund includes funding for the continuation of Travis St West construction, Pecan Grove Ball Fields, construction of Swan Ridge road and Park Avenue, bridge repairs, and construction of streets around the new Sherman High School.

- The Utility Improvement Fund budget includes funding for Northwest sewer lift station near the intersection of US Highway 82 and State Highway 289, sewer for the new Sherman High School, sewer replacement between Rosedale and First Street, and major upgrades at the wastewater treatment plant.

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, 2019

	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current assets:				
Cash	$ 8,922,631	$ 1,247,712	$ 10,170,343	$ 8,780,677
Pooled and temporary investments	30,068,277	3,282,658	33,350,935	2,926,573
Receivables, net	4,899,783	4,213,532	9,113,315	730,156
Inventories, at cost	32,863	401,785	434,648	-
Prepayments and deposits	15,584	10,158	25,742	12,481
Total current assets	43,939,138	9,155,845	53,094,983	12,449,887
Noncurrent assets:				
Capital assets:				
Non-depreciable assets	19,313,813	7,440,497	26,754,310	6,964,190
Other capital assets, net	65,523,301	21,417,787	86,941,088	6,627
Total noncurrent assets	84,837,114	28,858,284	113,695,398	6,970,817
Total assets	$ 128,776,252	$ 38,014,129	$ 166,790,381	$ 19,420,704
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on bond refunding	$ 196,190	$ -	$ 196,190	$ -
Pension plan - TMRS	8,500,212	2,356,722	10,856,934	109,666
OPEB - Retiree health plan	446,544	123,806	570,350	5,761
OPEB - TMRS supplemental death benefit	201,462	55,856	257,318	2,599
Total deferred outflows of resources	$ 9,344,408	$ 2,536,384	$ 11,880,792	$ 118,026
LIABILITIES				
Current liabilities:				
Accounts payable	$ 2,550,013	$ 1,016,687	$ 3,566,700	$ 291,390
Accrued expenses payable	660,454	265,890	926,344	2,064
Accrued interest payable	405,219	-	405,219	-
Unearned revenue	15,687	-	15,687	-
Landfill closure costs	-	39,468	39,468	-
Customers' deposits payable	171,532	250,018	421,550	-
Current portion of bonds, capital leases, certificates of obligation, tax notes and other long-term payables	5,611,365	609,841	6,221,206	-
Total current liabilities	9,414,270	2,181,904	11,596,174	293,454

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

CITY OF SHERMAN, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Governmental Activities	Business-type Activities	Total	Component Unit
LIABILITIES (Continued)				
Long-term liabilities:				
Accrued compensated absences	2,460,735	-	2,460,735	-
Capital lease obligations payable	2,612,710	312,397	2,925,107	-
General obligation bonds	8,250,284	-	8,250,284	-
Certificates of obligation	66,836,953	-	66,836,953	-
Net pension liability	19,866,857	5,508,178	25,375,035	256,313
Total OPEB liability - retiree health plan	6,102,396	1,691,917	7,794,313	78,730
Total OPEB liability - TMRS supplemental death benefit	1,259,519	349,207	1,608,726	16,250
Other long-term payables	-	2,325,627	2,325,627	-
Total long-term liabilities	107,389,454	10,187,326	117,576,780	351,293
Total liabilities	$ 116,803,724	$ 12,369,230	$ 129,172,954	$ 644,747
DEFERRED INFLOWS OF RESOURCES				
Pension plan - TMRS	$ 72,208	$ 20,019	$ 92,227	$ 932
OPEB - Retiree health plan	964,209	267,331	1,231,540	12,440
OPEB - TMRS supplemental death benefit	59,740	16,562	76,302	771
Total deferred inflows of resources	$ 1,096,157	$ 303,912	$ 1,400,069	$ 14,143
NET POSITION				
Net investment in capital assets	26,555,718	25,986,930	52,542,648	6,970,817
Restricted for:				
General obligation debt service	195,048	-	195,048	-
Cemetery maintenance (nonexpendable)	1,638,831	-	1,638,831	-
Cafeteria plan	3,191	-	3,191	-
Infrastructure and facilities improvements	3,372,388	-	3,372,388	-
Law enforcement support	544,672	-	544,672	-
Airport and tourism	251,109	-	251,109	-
Community development block grant	2,465	-	2,465	-
Economic development	-	-	-	11,909,023
Unrestricted	(12,342,643)	1,890,441	(10,452,202)	-
Total net position	$ 20,220,779	$ 27,877,371	$ 48,098,150	$ 18,879,840

CITY OF SHERMAN, TEXAS

STATEMENT OF ACTIVITIES

YEAR END SEPTEMBER 30, 2019

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ 6,592,236	$ 841,910	$ -	$ 47,870
Public safety	24,075,569	3,517,657	553,827	34,549
Streets	19,873,288	212,623	100,000	-
Sanitation	858,036	93,949	-	-
Community services	6,594,556	1,082,531	-	-
Community development	350,566	-	376,025	73,237
Interest on long-term debt	2,461,119	-	-	-
Total governmental activities	60,805,370	5,748,670	1,029,852	155,656
Business-type activities:				
Water and sewer service	24,345,939	22,229,265	-	1,391,083
Solid waste service	6,583,603	6,943,481	-	-
Total business-type activities	30,929,542	29,172,746	-	1,391,083
Total primary government	$ 91,734,912	$ 34,921,416	$ 1,029,852	$ 1,546,739
Component unit:				
Economic development	$ 1,980,481	$ -	$ -	$ -
Administration	1,650,621	-	-	-
Total component unit	$ 3,631,102	$ -	$ -	$ -

General revenues:
- Taxes
  - General property
  - City sales
  - Franchise
  - Nonproperty
- Investment income
- Miscellaneous
- Gain/ (Loss) 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
$(5,702,456)	$ -	$(5,702,456)	$ -
(19,969,536)	-	(19,969,536)	-
(19,560,665)	-	(19,560,665)	-
(764,087)	-	(764,087)	-
(5,512,025)	-	(5,512,025)	-
98,696	-	98,696	-
(2,461,119)	-	(2,461,119)	-
(53,871,192)	-	(53,871,192)	-
-	(725,591)	(725,591)	-
-	359,878	359,878	-
-	(365,713)	(365,713)	-
$(53,871,192)	$(365,713)	$(54,236,905)	$ -
$ -	$ -	$ -	$(1,980,481)
-	-	-	(1,650,621)
$ -	$ -	$ -	$(3,631,102)
$ 13,056,723	$ -	$ 13,056,723	$ -
18,024,319	-	18,024,319	4,159,459
2,883,662	-	2,883,662	-
683,791	-	683,791	-
1,054,341	173,173	1,227,514	253,909
495,629	868,625	1,364,254	88,477
(46,567)	(287,577)	(334,144)	(311,948)
2,878,000	(2,878,000)	-	-
39,029,898	(2,123,779)	36,906,119	4,189,897
(14,841,294)	(2,489,492)	(17,330,786)	558,795
35,062,073	30,366,863	65,428,936	18,321,045
$ 20,220,779	$ 27,877,371	$ 48,098,150	$ 18,879,840

CITY OF SHERMAN, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	General	General Improvement	Nonmajor Governmental	Total Governmental
ASSETS				
Cash	$ 2,789,482	$ -	$ 4,815,808	$ 7,605,290
Pooled and temporary investments	4,743,317	21,663,581	3,660,440	30,067,338
Receivables (net of allowances for uncollectibles):				
Interest	56,702	-	-	56,702
Intergovernmental	335,654	-	92,872	428,526
Accounts	415,146	-	67,634	482,780
Taxes	3,359,010	-	149,269	3,508,279
Prepayments and deposits	90	-	-	90
Due from other funds	1,256,997	-	-	1,256,997
Total assets	$ 12,956,398	$ 21,663,581	$ 8,786,023	$ 43,406,002
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities:				
Accounts payable	$ 753,436	$ 1,382,099	$ 139,400	$ 2,274,935
Accrued wages payable	316,224	-	7,550	323,774
Customer deposits	374	-	171,158	171,532
Due to other funds	-	1,000,755	256,242	1,256,997
Total liabilities	1,070,034	2,382,854	574,350	4,027,238
Deferred inflows of resources:				
Unavailable revenue	528,262	-	52,441	580,703
Total deferred inflows of resources	528,262	-	52,441	580,703
Fund balances:				
Nonspendable:				
Prepayments and deposits	90	-	-	90
Restricted for:				
Cafeteria plan	3,191	-	-	3,191
Law enforcement support	-	-	544,672	544,672
Community development	-	-	2,465	2,465
Airport and tourism	-	-	251,109	251,109
Infrastructure and facilities improvement	-	20,281,482	4,752,968	25,034,450
Debt service	-	-	547,826	547,826
Cemetery maintenance	-	-	1,638,831	1,638,831
Committed to:				
New street development	-	-	450,004	450,004
Assigned for:				
Infrastructure and facilities improvement	-	-	-	-
Public charities	58,174	-	-	58,174
Unassigned	11,296,647	(1,000,755)	(28,643)	10,267,249
Total fund balance	11,358,102	19,280,727	8,159,232	38,798,061
Total liabilities, deferred inflows of resources and fund balances	$ 12,956,398	$ 21,663,581	$ 8,786,023	$ 43,406,002

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

CITY OF SHERMAN, TEXAS

RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

Total fund balances - governmental funds	$ 38,798,061
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.	8,915,630
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	
Governmental capital assets	145,231,316
Less: accumulated depreciation	(72,216,076)
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	(9,094,812)
Certificates of obligation	(69,180,403)
Tax notes	(470,000)
Compensated balances	(3,853,522)
Net pension liability	(18,939,002)
OPEB - Retiree health plan	(5,817,392)
OPEB - TMRS supplemntal death benefit	(1,200,695)
Deferred outflow of resources - bond refunding	196,190
Deferred outflow of resources - pension plan	8,103,221
Deferred outflow of resources - OPEB retiree health plan	425,689
Deferred outflow of resources - TMRS supplemental death benefit	192,053
Deferred inflow of resources - pension plan	(68,836)
Deferred inflow of resources - OPEB retiree health plan	(919,177)
Deferred inflow of resources - TMRS supplemental death benefit	(56,950)
Various other items necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting, including:	
Accrued interest payable	(405,219)
Unavailable revenue - property taxes	256,732
Unavailable revenue - court fines	109,841
Unavailable revenue - ambulance fees	214,130
Net position of governmental activities	$ 20,220,779

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

CITY OF SHERMAN, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2019

	General	General Improvement	Nonmajor Governmental	Total Governmental
REVENUES				
Taxes:				
General property	$ 9,484,956	$ -	$ 3,485,321	$ 12,970,277
City sales	17,734,319	-	290,000	18,024,319
Franchise	2,883,662	-	-	2,883,662
Nonproperty	151,485	-	532,306	683,791
Licenses and permits	691,323	-	-	691,323
Intergovernmental	942,785	73,237	376,025	1,392,047
Charges for services	2,490,359	-	1,269,039	3,759,398
Fines and forfeitures	578,638	-	114,130	692,768
Investment income (loss)	232,376	535,659	244,768	1,012,803
Donations	10,193	-	49,647	59,840
Miscellaneous	355,335	100,000	249,218	704,553
Total revenues	35,555,431	708,896	6,610,454	42,874,781
EXPENDITURES				
Current:				
General government	6,157,454	-	-	6,157,454
Public safety	21,921,180	-	314,279	22,235,459
Streets	4,173,527	11,215,606	-	15,389,133
Sanitation	792,838	-	-	792,838
Community services	4,554,697	-	1,164,074	5,718,771
Community development	-	-	347,812	347,812
Capital outlay	331,965	11,271,978	2,316,787	13,920,730
Debt service:				
Principal	-	-	2,490,000	2,490,000
Interest	-	-	2,235,004	2,235,004
Debt issuance costs and agent fees	-	130,980	4,150	135,130
Total expenditures	37,931,661	22,618,564	8,872,106	69,422,331
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,376,230)	(21,909,668)	(2,261,652)	(26,547,550)
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	19,130,000	-	19,130,000
Premium on issuance of debt	-	1,000,980	-	1,000,980
Transfers in	2,878,000	700,000	1,206,180	4,784,180
Transfers out	(700,000)	-	(1,206,180)	(1,906,180)
Total other financing sources (uses)	2,178,000	20,830,980	-	23,008,980
NET CHANGE IN FUND BALANCES	(198,230)	(1,078,688)	(2,261,652)	(3,538,570)
FUND BALANCES, BEGINNING	11,556,332	20,359,415	10,420,884	42,336,631
FUND BALANCES, ENDING	$ 11,358,102	$ 19,280,727	$ 8,159,232	$ 38,798,061

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

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, 2019

Total net change in fund balance - governmental funds	$(3,538,570)
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.	364,621
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.	20,343,123
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.	(5,612,726)
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	(19,130,000)
Premium on debt issuance	(856,501)
Amortization of deferred charge on bond refunding	(17,836)
Principal paid - bonds payable	765,000
Principal paid - certificates of obligation	1,260,000
Principal paid - tax notes	465,000
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	(125,571)
Change in net pension liability	(1,810,497)
Change in OPEB obligation - Retiree health plan	(97,021)
Change in OPEB obligation - TMRS supplemental death benefit	(85,173)
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	(6,806,264)
Change in accrued interest payable	(127,333)
Change in unavailable revenue - property taxes	86,446
Change in unavailable revenue - court fines	31,737
Change in unavailable revenue - ambulance fees	50,271
Change in net position of governmental activities	$(14,841,294)

CITY OF SHERMAN, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2019

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
ASSETS				
Current assets:				
Cash	$ 1,021,036	$ 226,676	$ 1,247,712	$ 1,317,341
Pooled and temporary investments	3,280,420	2,238	3,282,658	939
Receivables (net of allowances for uncollectibles):				
Interest	17,033	-	17,033	-
Accounts	2,687,282	759,557	3,446,839	423,496
Unbilled accounts	654,010	95,650	749,660	-
Inventories, at cost	401,785	-	401,785	32,863
Prepaid items	10,158	-	10,158	15,494
Total current assets	8,071,724	1,084,121	9,155,845	1,790,133
Capital assets				
Non-depreciable assets	7,437,497	3,000	7,440,497	55,250
Other capital assets, net	20,812,063	605,724	21,417,787	11,766,624
Total noncurrent assets	28,249,560	608,724	28,858,284	11,821,874
Total assets	36,321,284	1,692,845	38,014,129	13,612,007
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan - TMRS	1,841,292	515,430	2,356,722	396,991
OPEB - retiree health plan	96,729	27,077	123,806	20,855
OPEB - supplemental death benefit	43,640	12,216	55,856	9,409
Total deferred outflows of resources	1,981,661	554,723	2,536,384	427,255

CITY OF SHERMAN, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2019

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
LIABILITIES				
Current liabilities:				
Accounts payable	$ 848,078	$ 168,609	$ 1,016,687	$ 275,078
Accrued expenses payable:				
Accrued wages payable	206,944	58,946	265,890	43,421
Landfill closure and postclosure care costs	-	39,468	39,468	-
Claims payable	-	-	-	293,259
Unearned revenue	-	-	-	15,687
Customers' deposits payable	202,946	47,072	250,018	-
Current portion of long-term liabilities:				
Capital lease obligations	121,831	-	121,831	490,462
Accrued compensated absences	275,754	100,757	376,511	70,138
Other long-term payables	111,499	-	111,499	-
Total current liabilities	1,767,052	414,852	2,181,904	1,188,045
Long-term liabilities (net of current portion):				
Capital lease obligations payable	312,397	-	312,397	2,612,710
Net pension liability	4,303,504	1,204,674	5,508,178	927,855
Total OPEB liability - retiree health plan	1,321,884	370,033	1,691,917	285,004
Total OPEB liability - supplemental death benefit	272,833	76,374	349,207	58,824
Other long-term payables	2,325,627	-	2,325,627	-
Total long-term liabilities	8,536,245	1,651,081	10,187,326	3,884,393
Total liabilities	10,303,297	2,065,933	12,369,230	5,072,438
DEFERRED INFLOWS OF RESOURCES				
Pension plan - TMRS	15,641	4,378	20,019	3,372
OPEB - retiree health plan	208,864	58,467	267,331	45,032
OPEB - supplemental death benefits	12,940	3,622	16,562	2,790
Total deferred outflows of resources	237,445	66,467	303,912	51,194
NET POSITION				
Net investment in capital assets	25,378,206	608,724	25,986,930	8,718,702
Unrestricted	2,383,997	(493,556)	1,890,441	196,928
Total net position	$ 27,762,203	$ 115,168	$ 27,877,371	$ 8,915,630

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

CITY OF SHERMAN, TEXAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
OPERATING REVENUES				
Water sales	$ 13,663,016	$ -	$ 13,663,016	$ -
Sewer sales	7,538,820	-	7,538,820	-
Solid waste service	-	6,943,481	6,943,481	-
Laboratory fees	148,388	-	148,388	-
Service connections and penalties	682,946	-	682,946	-
Utility tap fees	72,850	-	72,850	-
Charges for services	123,245	-	123,245	12,182,600
Miscellaneous	859,231	9,394	868,625	24,182
Total operating revenues	23,088,496	6,952,875	30,041,371	12,206,782
OPERATING EXPENSES				
Personnel services	6,601,777	1,873,051	8,474,828	1,482,420
Contractual services	9,687,728	2,245,241	11,932,969	5,516,053
Supplies	1,526,250	248,604	1,774,854	889,412
Maintenance and repair	3,630,859	53,681	3,684,540	1,503,942
Vehicle usage	469,944	1,995,251	2,465,195	-
Depreciation	2,321,069	167,775	2,488,844	2,355,009
Total operating expenses	24,237,627	6,583,603	30,821,230	11,746,836
OPERATING INCOME (LOSS)	(1,149,131)	369,272	(779,859)	459,946
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on sale of assets	(282,933)	(4,644)	(287,577)	(46,567)
Investment income	165,921	7,252	173,173	41,538
Interest expense	(108,312)	-	(108,312)	(90,296)
Total nonoperating revenues (expenses)	(225,324)	2,608	(222,716)	(95,325)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,374,455)	371,880	(1,002,575)	364,621
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	1,391,083	-	1,391,083	-
Transfers in	161,000	-	161,000	-
Transfers out	(2,122,000)	(917,000)	(3,039,000)	-
Total contributions and transfers	(569,917)	(917,000)	(1,486,917)	-
CHANGE IN NET POSITION	(1,944,372)	(545,120)	(2,489,492)	364,621
NET POSITION, BEGINNING	29,706,575	660,288	30,366,863	8,551,009
NET POSITION, ENDING	$ 27,762,203	$ 115,168	$ 27,877,371	$ 8,915,630

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, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 22,743,674	$ 6,928,561	$ 29,672,235	$ -
Cash received for interfund services	-	-	-	11,793,419
Cash paid for supplies and materials	(15,143,578)	(4,537,428)	(19,681,006)	(3,068,443)
Cash paid for premiums, claims and administrative	-	-	-	(5,196,163)
Cash paid for personnel services	(6,220,375)	(1,797,675)	(8,018,050)	(1,338,912)
Net cash provided (used) by operating activities	1,379,721	593,458	1,973,179	2,189,901
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from other funds	161,000	-	161,000	-
Cash paid to other funds	(2,122,000)	(917,000)	(3,039,000)	-
Net cash provided (used) by noncapital financing activities	(1,961,000)	(917,000)	(2,878,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of assets	(282,933)	(4,644)	(287,577)	(46,567)
Acquisition of capital assets	(1,065,387)	(22,004)	(1,087,391)	(2,910,076)
Principal retirement of long-term debt	(196,778)	-	(196,778)	-
Interest paid on long-term debt	(108,312)	-	(108,312)	(90,296)
Capital contributions	1,391,083	-	1,391,083	-
Net cash provided (used) by capital and related financing activities	(262,327)	(26,648)	(288,975)	(3,046,939)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and investment income received	171,861	7,252	179,113	41,538
Purchases of investments	(3,018,572)	-	(3,018,572)	24,396
Proceeds from sale of investments	4,675,910	131,803	4,807,713	-
Net cash provided (used) by investing activities	1,829,199	139,055	1,968,254	65,934
NET INCREASE (DECREASE) IN CASH	985,593	(211,135)	774,458	(791,104)
CASH, BEGINNING	35,443	437,811	473,254	2,108,445
CASH, ENDING	$ 1,021,036	$ 226,676	$ 1,247,712	$ 1,317,341

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, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	$(1,149,131)	$ 369,272	$(779,859)	$ 459,946
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	2,321,069	167,775	2,488,844	2,355,009
(Increase) decrease in:				
Intergovernmental receivable	182,358	-	182,358	-
Accounts receivable (net)	(490,188)	(40,259)	(530,447)	(413,363)
Unbilled receivables	(26,480)	17,608	(8,872)	-
Inventories	(21,419)	-	(21,419)	(361)
Prepaid items	-	-	-	(910)
Deferred outflows of resources	(675,399)	(184,224)	(859,623)	(150,327)
Increase (decrease) in:				
Accounts payable	192,622	5,349	197,971	(258,732)
Accrued wages payable	23,962	4,704	28,666	7,102
Estimated liability for claims	-	-	-	(95,196)
Accrued compensated absences	4,339	(5,572)	(1,233)	5,217
Customer deposits	(10,512)	(1,663)	(12,175)	-
Net pension liability	2,254,588	602,453	2,857,041	529,419
Net OPEB	(209,280)	(66,683)	(275,963)	(35,370)
Deferred inflows of resources	(1,016,808)	(275,302)	(1,292,110)	(212,533)
Total adjustments	2,528,852	224,186	2,753,038	1,729,955
Net cash provided (used) by operating activities	$ 1,379,721	$ 593,458	$ 1,973,179	$ 2,189,901
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions of capital assets	$ 1,391,083	$ -	$ -	$ -
Proceeds from issuance of capital leases	-	-	-	1,148,810

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

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-member 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.

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.

Debt Service Funds – to account for the payment of principal and interest on long-term debt.

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 extend 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.

	2018 Tax Roll	2017 Tax Roll
Total assessed value	$ 4,000,717,702	$ 3,818,343,526
Less exemptions for:		
Individuals over 65/disabled	83,095,775	83,649,627
Community housing	2,972,484	2,754,411
Productivity valuations of open land space	86,188,622	83,945,484
Homestead cap exemption	51,629,355	45,332,278
Veterans exemption	23,058,013	20,586,320
Pollution control exemption	17,856,105	20,737,245
Freeport exemptions	82,495,763	81,811,147
Exempt	349,314,140	371,548,465
Abatement	189,930,489	221,084,611
Net assessed value	$ 3,114,176,956	$ 2,886,893,938
Tax rate (per $100 valuation)	$ 0.4273	$ 0.4273

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:

Assets	Years
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.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- 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
- 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

The GASB has issued the following statements, which will be effective in future years as described below:

GASB No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. This statement is effective for financial statement periods beginning after December 15, 2019.

GASB No. 90, Majority Equity Interests improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. This statement is effective for financial statement periods beginning after December 18, 2018.

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 Hotel-Motel Fund, Equipment Services and the Information Technology Fund have deficit fund balances of $28,643, $114,838 and $90,863, respectively. The deficits in the Equipment Services Fund and the Information Technology Fund are due to implementation of GASB 68. The deficit in the Hotel-Motel Fund will be addressed as part of the development of the Fiscal Year 2020-2021 budget.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

Cash at September 30, 2019, as reported in the Statement of Net Position, consists of the following items:

	Primary Government	Component Unit
Petty Cash	$ 5,740	$ -
Bank Deposits:		
Demand Accounts	5,625,275	5,729,176
Time Accounts	4,539,328	3,051,501
Total Cash and Deposits	$ 10,170,343	$ 8,780,677

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, 2019, the City's deposit balance of $10,170,343 and the Sherman Economic Development Corporation, a discretely presented component unit, balance of $8,780,677 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, 2019:

Investment Type	Fair Value	Credit Rating	Weighted Average Maturity (Days)
Primary government			
U.S. Government Agency Securities	$ 4,218,616	AA+ to Aaa	558
Texas Subdivisions Municipal Obligations	3,186,814	A3 to AAA	455
TexStar	10,279,981	AAAm	20
TexPool	14,048,892	AAAm	32
Common trust funds (corporate)	1,616,632	NR	5
Total primary government	33,350,935		
Component unit			
TexPool	2,926,573	AAAm	32
Total component unit	2,926,573		
Total Investments	$ 36,277,508		

The City has investments with two public funds investment pools as of September 30, 2019: 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, 2019, 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, 2019, 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, 2019:

		Fair Value Measurements Using		
Investment Type	Fair Value 9/30/2019	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Government Agency Securities	$ 4,218,616	$ -	$ 4,218,616	$ -
Texas Subdivisions Municipal Obligations	3,186,814	-	3,186,814	-
Common trust funds (corporate)	1,616,632	1,616,632	-	-
Total	$ 9,022,062	$ 1,616,632	$ 7,405,430	$ -

Each of the City's investments are categorized as Level 2, but the perpetual care cemetery trust as classified as Level. 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, 2019, 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	Water and Sewer	Solid Waste	Internal Service	Nonmajor	Total
Receivables:						
Interest	$ 56,702	$ 17,033	$ -	$ -	$ -	$ 73,735
Intergovernmental	335,654	-	-	-	92,872	428,526
Accounts	2,376,972	3,436,178	885,207	423,923	199,849	7,322,129
Taxes	3,566,481	-	-	-	98,975	3,665,456
Gross receivables	6,335,809	3,453,211	885,207	423,923	391,696	11,489,846
Less: allowance for uncollectibles	(2,169,297)	(94,886)	(30,000)	(427)	(81,921)	(2,376,531)
Net total receivables	$ 4,166,512	$ 3,358,325	$ 855,207	$ 423,496	$ 309,775	$ 9,113,315

The Water and Sewer Fund and the Solid Waste Fund accounts receivable include unbilled charges for services rendered at September 30, 2019.

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 Fund	Nonmajor Governmental	Total
Delinquent property taxes receivables	$ 204,291	$ 52,441	$ 256,732
Court fines	109,841	-	109,841
Ambulance fees	214,130	-	214,130
Total governmental funds	$ 528,262	$ 52,441	$ 580,703

C. Capital Assets

Capital asset activity for the year ended September 30, 2019, 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	$ 6,293,019	$ 431,245	$(9,579)	$ -	$ 6,714,685
Construction in progress	10,260,157	8,944,392	(6,660,671)	-	12,543,878
Total assets not being depreciated	16,553,176	9,375,637	(6,670,250)	-	19,258,563
Capital assets, being depreciated:					
Buildings	9,579,943	4,077,875	(17,420)	-	13,640,398
Improvements other than buildings	93,943,476	6,455,928	(175,653)	-	100,223,751
Machinery and equipment	10,484,003	428,783	(612,362)	407,722	10,708,146
Other assets	1,395,558	4,900	-	-	1,400,458
Total capital assets being depreciated	115,402,980	10,967,486	(805,435)	407,722	125,972,753
Less accumulated depreciation:					
Buildings	(4,477,055)	(351,249)	17,420	-	(4,810,884)
Improvements other than buildings	(52,752,493)	(4,655,852)	43,855	-	(57,364,490)
Machinery and equipment	(8,545,016)	(464,839)	608,146	(407,722)	(8,809,431)
Other assets	(1,090,485)	(140,786)	-	-	(1,231,271)
Total accumulated depreciation	(66,865,049)	(5,612,726)	669,421	(407,722)	(72,216,076)
Total capital assets being depreciated, net	48,537,931	5,354,760	(136,014)	-	53,756,677
Governmental activities, excluding internal service funds, capital assets, net	$ 65,091,107	$ 14,730,397	$(6,806,264)	$ -	$ 73,015,240

	Beginning Balance	Increases	Decreases	Reclassifications/ Transfers	Ending Balance
Internal service funds:					
Capital assets, not being depreciated:					
Land	$ 55,250	$ -	$ -	$ -	$ 55,250
Construction in progress	23,859	-	(23,859)	-	-
Total Assets not being depreciated:	55,250	-	-	-	55,250
Capital assets, being depreciated:					
Buildings	161,421	39,980	-	-	201,401
Improvements other than buildings	-	12,926	-	-	12,926
Machinery and equipment	17,853,045	3,663,591	(298,126)	28,505	21,247,015
Other assets	114,589	700	-	-	115,289
Total capital assets being deprecated	18,129,055	3,717,197	(298,126)	28,505	21,576,631
Less: accumulated depreciation:					
Buildings	(124,265)	(3,831)	-	-	(128,096)
Improvements other than buildings	-	(1,501)	-	-	(1,501)
Machinery and equipment	(7,505,710)	(2,326,436)	252,253	(28,505)	(9,608,398)
Other assets	(48,771)	(23,241)	-	-	(72,012)
Total accumulated depreciation	(7,678,746)	(2,355,009)	252,253	(28,505)	(9,810,007)
Total capital assets being depreciated, net	10,450,309	1,362,188	(45,873)	-	11,766,624
Internal service fund capital assets, net	10,505,559	1,362,188	(45,873)	-	11,821,874
Governmental activities capital assets, net	$ 75,596,666	$ 16,092,585	$(6,852,137)	$ -	$ 84,837,114

	Beginning Balance	Increases	Decreases	Reclassifications/ Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 366,683	$ -	$ -	$ -	$ 366,683
Water rights	6,400,892	-	-	-	6,400,892
Construction in progress	669,652	469,010	(465,740)	-	672,922
Total assets not being depreciated	7,437,227	469,010	(465,740)	-	7,440,497
Capital assets, being depreciated:					
Buildings	4,089,368	13,776	(81,869)	-	4,021,275
Improvements other than buildings	55,903,911	1,026,809	(1,379,481)	-	55,551,239
Machinery and equipment	9,437,902	318,196	(491,332)	(436,227)	8,828,539
Other assets	141,092	9,977	-	-	151,069
Total capital assets being depreciated	69,572,273	1,368,758	(1,952,682)	(436,227)	68,552,122
Less accumulated depreciation:					
Buildings	(2,575,429)	(97,031)	79,378	-	(2,593,082)
Improvements other than buildings	(36,591,098)	(1,944,062)	1,107,806	-	(37,427,354)
Machinery and equipment	(7,542,351)	(420,630)	480,861	436,227	(7,045,893)
Other assets	(40,885)	(27,121)	-	-	(68,006)
Total accumulated depreciation	(46,749,763)	(2,488,844)	1,668,045	436,227	(47,134,335)
Total capital assets being depreciated, net	22,822,510	(1,120,086)	(284,637)	-	21,417,787
Business-type activities capital assets, net	30,259,737	(651,076)	(750,377)	-	28,858,284
Total primary government	$ 105,856,403	$ 15,441,509	$(7,602,514)	$ -	$ 113,695,398
Component unit					
Capital assets, not being depreciated:					
Land and improvements	$ 6,610,170	$ 665,968	$(311,948)	$ -	$ 6,964,190
Total assets not being depreciated	6,610,170	665,968	(311,948)	-	6,964,190
Capital assets, being depreciated:					
Equipment	31,932	-	-	-	31,932
Accumulated depreciation	(22,678)	(2,627)	-	-	(25,305)
Total capital assets being depreciated, net	9,254	(2,627)	-	-	6,627
Total component unit	$ 6,619,424	$ 663,341	$(311,948)	$ -	$ 6,970,817

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 207,395
Public safety	599,280
Streets	4,055,751
Sanitation	29,406
Community services	720,894
Internal service funds	2,355,009
Total depreciation expense - governmental activities	$ 7,967,735
Business-type activities:	
Water and sewer	$ 2,321,069
Solid waste	167,775
Total depreciation expense - business-type activities	$ 2,488,844

D. Long-term Debt

The following schedule summarizes the changes in long-term debt during the year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Certificates of obligation	$ 48,625,000	$ 19,130,000	$ 1,260,000	$ 66,495,000	$ 2,215,000
Premium	1,774,373	1,000,980	89,950	2,685,403	128,450
Total certificates of obligation	50,399,373	20,130,980	1,349,950	69,180,403	2,343,450
Bonds payable	9,260,000	-	765,000	8,495,000	790,000
Premium	654,341	-	54,529	599,812	54,528
Total bonds payable	9,914,341	-	819,529	9,094,812	844,528
Tax notes	935,000	-	465,000	470,000	470,000
Capital leases payable	2,365,783	1,148,810	411,421	3,103,172	490,462
Compensated absences	3,792,872	1,433,375	1,302,587	3,923,660	1,462,925
Governmental activities long-term liabilities	$ 67,407,369	$ 22,713,165	$ 4,348,487	$ 85,772,047	$ 5,611,365
Business-type activities					
Capital leases payable	$ 523,777	$ -	$ 89,549	$ 434,228	$ 121,831
Other long-term debt	2,544,355	-	107,229	2,437,126	111,499
Compensated absences	377,744	305,195	306,428	376,511	376,511
Business-type activities long-term liabilities	$ 3,445,876	$ 305,195	$ 503,206	$ 3,247,865	$ 609,841

Interest expense totaled $2,461,120 and $108,312 for governmental and business-type activities, respectively. No interest was capitalized during the year ended September 30, 2019.

Debt Issuance

On April 15, 2019, the City issued $19,130,000 of Combination Tax and Revenue Certificates of Obligation, Series 2019. The debt will be used for street improvements and payment of professional services.

Certificates of Obligation

Certificates of obligation are comprised of the following issues at September 30, 2019:

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.	$	890,000
$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.		6,385,000
$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.		17,485,000
$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.		3,625,000
$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.		18,980,000
$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.		19,130,000
Total governmental activities	$	66,495,000

Debt service requirements for the certificates of obligation through maturity are as follows:

Year Ending September 30,	Governmental Activities Principal	Interest	Totals
2020	$ 2,215,000	$ 2,463,685	$ 4,678,685
2021	2,315,000	2,362,983	4,677,983
2022	2,430,000	2,257,637	4,687,637
2023	2,545,000	2,145,375	4,690,375
2024	2,410,000	2,027,719	4,437,719
2025-2029	13,790,000	8,398,506	22,188,506
2030-2034	16,485,000	5,680,469	22,165,469
2035-2039	14,635,000	2,918,213	17,553,213
2040-2044	9,670,000	926,556	10,596,556
Total	$ 66,495,000	$ 29,181,143	$ 95,676,143

Bonds Payable

Bonds payable is comprised of the following issue at September 30, 2019:

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%.	$	8,495,000

Debt service requirements of bonds payable through maturity are as follows:

Year Ending September 30,	Governmental Activities Principal	Interest	Totals
2020	$ 790,000	$ 277,300	$ 1,067,300
2021	810,000	261,500	1,071,500
2022	830,000	245,300	1,075,300
2023	860,000	224,550	1,084,550
2024	880,000	198,750	1,078,750
2025-2029	4,260,000	494,150	4,754,150
2030	65,000	1,950	66,950
Total	$ 8,495,000	$ 1,703,500	$ 10,198,500

Tax Notes

Tax notes is comprised of the following issue at September 30, 2019:

Governmental activities

$1,830,000 Limited Tax Notes, Series 2016, due in annual installments of $435,000 to $470,000 through 2020, interest at 1.59% to pay for street improvements.	$ 470,000

Debt service requirements of tax notes through maturity are as follows:

Year Ending September 30,	Governmental Activities Principal	Interest	Totals
2020	$ 470,000	$ 7,473	$ 477,473
Total	$ 470,000	$ 7,473	$ 477,473

Capital Leases Payable

Capital leases payable is comprised of the following issue at September 30, 2019:

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%.	$ 434,228

The future minimum lease obligations and the net present value of those minimum lease payments as of September 30, 2019, were as follows:

Year Ending September 30,	Business-Type Activities
2020	$ 128,293
2021	128,293
2022	128,293
2023	64,146
Total minimum leases payable	449,025
Less: amounts representing interest	14,797
Present value of minimum lease payments	$ 434,228

The assets acquired through capital leases are as follows:

		Business-Type Activities
Asset:		
Machinery and equipment	$	839,131
Less: accumulated depreciation	(	344,534)
Total	$	494,597

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%	$ 2,029,004
$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%	1,074,168
Total	$ 3,103,172

The future minimum lease obligations and the net present value of those minimum lease payments as of September 30, 2019, were as follows:

Year Ending September 30,		Governmental Activities
2020	$	547,128
2021		592,519
2022		592,519
2023		592,519
2024		592,519
2025-2026		523,408
		3,440,612
Less: amounts representing interest		337,440
Present value of minimum lease payments	$	3,103,172

The assets acquired through capital leases are as follows.

		Governmental Activities
Assets:		
Machinery and Equipment	$	3,529,306
Less: accumulated depreciation	(	170,998)
Total	$	3,358,308

The City's direct borrowings (capital leases) related to governmental and business-type activities are secured with equipment as collateral.

The Tax Notes and the $2,840,000 Combination Tax and 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 $208,870. The balance outstanding at September 30, 2019, is $2,437,126.

Debt service requirements at September 30, 2019, 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
2020	$ 111,499	$ 97,372	$ 208,871
2021	115,954	92,917	208,871
2022	150,586	88,284	238,870
2023	125,404	83,466	208,870
2024	130,415	78,456	208,871
2025-2029	734,521	309,831	1,044,352
2030-2034	893,457	150,895	1,044,352
2035	175,290	8,202	183,492
Total	$ 2,437,126	$ 909,423	$ 3,346,549

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, 2019, 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: General	General Improvement	Nonmajor Governmental	Water and Sewer	Totals
General fund	$ -	$ 700,000	$ -	$ -	$ 700,000
Nonmajor governmental	1,206,180	-	-	-	1,206,180
Water and sewer	1,671,820	-	450,180	-	2,122,000
Solid waste	-	-	756,000	161,000	917,000
Total	$ 2,878,000	$ 700,000	$ 1,206,180	$ 161,000	$ 4,945,180

Transfers were used to 1) allocate funds from the Water and Sewer Fund and Solid Waste Fund for general, administrative and franchise costs; 2) fund general capital improvements with transfers to the General Improvement Fund; and 3) move funds from Construction and Stormwater Funds for debt service payments.

Interfund balances at September 30, 2019 consisted of the following receivables and payables:

	Due from Other Funds	
Due to Other Funds	General Fund	Purpose
General Improvement	$ 1,000,755	Pooled cash overdraft
Nonmajor governmental	256,242	Pooled cash overdraft
Total	$ 1,256,997	

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, 2019, total City and employee contributions to the plan were $5,182,368. Benefit payments, insurance premiums and administrative fees aggregated $5,116,026. The cumulative net position was $691,864 at September 30, 2019.

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 $870. 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, 2019 and 2018:

	2019	2018
Amount of claims liability - October 1	$ 388,455	$ 353,714
Incurred claims	4,167,272	3,780,442
Payments on claims	(4,262,468)	(3,745,701)
Amount of claims liability - September 30 (due within one year)	$ 293,259	$ 388,455

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. The actual postclosure care costs to date have amounted to $1,606,366 in total. To date, the City has paid $1,089,403. 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, 2019, the City paid $6,581,877 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, 2019, is as follows:

Year Ending September 30,	Principal	Interest	Totals
2020	5,100,720	1,654,893	6,755,613
2021	4,422,200	1,548,905	5,971,105
2022	4,282,600	1,474,319	5,756,919
2023	4,363,000	1,399,063	5,762,063
2024	4,469,480	1,316,265	5,785,745
2025-2029	21,514,600	4,828,453	26,343,053
2030-2034	17,760,960	2,104,984	19,865,944
2035-2039	5,950,000	373,746	6,323,746
Total	$ 67,863,560	$ 14,700,628	$ 82,564,188

Following is an excerpt from the audited financial statements of GTUA, reflecting the balances as of and for the year ended September 30, 2019. 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

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 171,743	$ 20,958
Temporary investments	-	250,000
Interest receivable	-	46,718
Due from other funds	441,634	406,394
Restricted assets:		
Cash and cash equivalents	17,458,482	12,753,494
Temporary investments	-	7,800,000
Total restricted assets	17,458,482	20,553,494
Total Current Assets	18,071,859	21,277,564
Noncurrent assets:		
Cash and cash equivalents	20,182	40,348
Temporary investments	4,346,000	4,346,000
Interest receivable	90,584	72,268
Capital assets (net)	63,174,796	59,692,375
Total Noncurrent Assets	67,631,562	64,150,991
Total assets	85,703,421	85,428,555
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	148,992	111,827
LIABILITIES		
Current liabilities:		
Accounts payable	243,475	2,676,455
Retainage payable	1,389,822	1,291,121
Accrued interest payable	713,745	782,761
Revenue bonds payable	4,620,000	4,735,000
Total current liabilities	6,967,042	9,485,337
Long-term liabilities:		
Revenue bonds payable	66,765,319	66,067,170
Total liabilities	73,732,361	75,552,507
NET POSITION		
Net investment in capital assets	2,367,152	13,597
Restricted - debt service	9,139,523	9,692,928
Unrestricted	613,377	281,350
Total net position	$ 12,120,052	$ 9,987,875

COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES

	2019	2018
OPERATING REVENUES		
Charges for services	$ 6,557,305	$ 6,603,886
Total operating revenues	6,557,305	6,603,886
OPERATING EXPENSES		
General and administrative	469,531	479,872
Depreciation	2,908,909	2,237,709
Total operating expenses	3,378,440	2,717,581
OPERATING INCOME (LOSS)	3,178,865	3,886,305
NONOPERATING REVENUE (EXPENSES)	(1,046,688)	(878,597)
TRANSFERS IN (OUT)	-	-
CHANGE IN NET POSITION	$ 2,132,177	$ 3,007,708

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, 2019:

	General
General government	$ 19,586
Public safety	227,077
Streets	18,069
Sanitation	2,670
Community services	42,309
	$ 309,711

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 $32,500 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 2019 under these agreements were $1,980,481. Potential payments for these agreements are estimated at $2,661,500 for the fiscal year ending September 30, 2020.

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, 2019, SEDCO paid $890,198 to the City of Sherman in accordance with these contracts. Future payments under this contract average $412,772 over the next 18 years.

A summary of the remaining debt service as of September 30, 2019, is as follows:

Year Ending September 30,	Principal	Interest	Total
2020	$ 396,464	$ 254,687	$ 651,151
2021	418,710	236,318	655,028
2022	386,428	216,464	602,892
2023	399,587	166,469	566,056
2024	415,532	152,453	567,985
2025-2029	1,944,742	542,645	2,487,387
2030-2034	1,457,485	242,086	1,699,571
2035-2037	186,610	13,211	199,821
	$ 5,605,558	$ 1,824,333	$ 7,429,891

Construction Commitments

The City has active construction projects as of September 30, 2019. 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 improvements, a new wastewater lift stations, sewer a water system extensions, elevated water storage tanks repairs and repainting, and design for a new facilities and improvements. At year end, The City's commitments with contractors are as follows:

	Spent-to-Date	Remaining Commitment
Ballfields	$ 3,051,615	$ 1,315,190
Bridge repairs	58,559	282,617
Facilities	-	17,400
New street design and construction	3,890,882	5,632,518
Sewer extension	-	40,600
TxDOT highway projects	887,541	4,102,282
Wastewater treatment plant improvement	537,459	44,287
Water system extension	-	741,254
Wastewater lift station (1)	176,052	102,178
Elevated water storage tank repair & repainting	-	943,442
Sewer extension (1)	-	645,217
Grand Total	$ 8,602,108	$ 13,866,985

(1) Project will be reimbursed by Greater Texoma Utility Authority

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, 2019, the City abated property taxes of $811,573 or 0.23% of the $345,564,466 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 2019 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% ranging from 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 2019.

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 2019.

Tax Abatement Program	Purpose	Recapture Provisions	Abated Property Tax Revenue for Fiscal Year 2019
Industrial and Commercial Reinvestment Incentives:			
Globitech Incorporated	Building improvements and equipment	None	$ 13,695
Panda Sherman Power, LLC	Development and construction of electric generation facility	None	641,321
Texas Instruments	Warehousing equipment	None	17,042
Kaiser Aluminum Fabricated Products, LLC	Building and facility improvements, equipment and machinery	None	102,555
JP Hart Lumber Company	Building, facility improvements, land, equipment and machinery	None	15,999
Total Industrial and Commercial Reinvestment Incentives			790,612
Residential Tax Abatement Program	Residential development and redevelopment in low to moderate income locations	None	20,961
Total Tax Abatements			$ 811,573

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. Defined Benefit Pension Plan

Plan Description

The City participates as one of 934 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency 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 municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.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 2017	Plan Year 2018
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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	334
Inactive employees entitled to but not yet receiving benefits	161
Active employees	439
Total	934

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, 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 actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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 14.15% and 13.92% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were $3,701,373, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	2.9% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, 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 become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2018 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period of December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. 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). At its meeting on July 30, 2016, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	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, 2017	$ 141,713,983	$ 129,356,504	$ 12,357,479
Changes for the year:			
Service cost	3,883,639	-	3,883,639
Interest	9,447,203	-	9,447,203
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,223,491	-	1,223,491
Changes of assumptions	-	-	-
Contributions - employer	-	3,500,405	(3,500,405)
Contributions - employee	-	1,731,652	(1,731,652)
Net investment income	-	(3,872,794)	3,872,794
Benefit payments, including refunds of employee contributions	(7,394,476)	(7,394,476)	-
Administrative expense	-	(74,888)	74,888
Other changes	-	(3,911)	3,911
Net changes	7,159,857	(6,114,012)	13,273,869
Balance at December 31, 2018	$ 148,873,840	$ 123,242,492	$ 25,631,348

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)	$ 45,072,616	$ 25,631,348	$ 9,567,379

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, 2019, the City recognized pension expense of $6,299,297.

At September 30, 2019, 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	$ 1,123,200	$ 92,227
Change in actuarial assumptions	372,169	-
Difference between projected and actual investment earnings	6,635,675	-
Contributions subsequent to the measurement date	2,725,890	-
Total	$ 10,856,934	$ 92,227

At September 30, 2019, 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	$ 11,345	$ 932
Change in actuarial assumptions	3,760	-
Difference between projected and actual investment earnings	67,027	-
Contributions subsequent to the measurement date	27,534	-
Total	$ 109,666	$ 932

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of $2,725,890 will be recognized as a reduction of the NPL for the year ended September 30, 2020 for the City.

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of $27,534 will be recognized as a reduction of the NPL for the year ended September 30, 2020 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:

City

Year Ended December 31,	
2019	$ 3,034,198
2020	1,210,963
2021	1,153,922
2022	2,639,734
Total	$ 8,038,817

Component Unit

Year Ended December 31,	
2019	$ 30,648
2020	12,232
2021	11,656
2022	26,664
Total	$ 81,200

I. 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, 2019 were $486,017, 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	58
Active employees	433
Total	491

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	3.71% as of December 31, 2018
Inflation Rate	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, 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%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health care cost trend rates	For Pre-65, initial rate of 7.2% declining to an ultimate rate of 4.25% after 15 years; For post-65, initial rate of 6.50% declining to an ultimate rate of 4.25% after 15 years.
Participation rates	30% for retirement ages between 50 and 64; 5% for retirement ages less than 50; 0% for employees who retire after the age of 65.
Discount rate	The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2017. Additionally, 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 3.71% 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, 2018.

Changes in the Total OPEB Liability

The City's total OPEB liability of $7,873,043 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2018.

	Total OPEB Liability
Balance at 12/31/2017	$ 8,802,877
Changes for the year:	
Service cost	322,200
Interest on the total liability	290,538
Difference between expected and actual experience	(1,183,991)
Changes in assumptions and other inputs	14,195
Benefit payments	(372,776)
Net changes	(929,834)
Balance at 12/31/2018	$ 7,873,043

Changes in assumptions and other inputs reflect a change in the discount rate from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018, and minor updates to the health care trend assumption.

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 (3.71%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB Liability	$ 8,556,996	$ 7,873,043	$ 7,259,347

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.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	$ 7,168,130	$ 7,873,043	$ 8,697,785

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of $482,227.
At September 30, 2019, 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	$ -	$ 1,231,540
Changes in actuarial assumptions	270,989	-
Contributions subsequent to the measurement date	299,361	-
Total	$ 570,350	$ 1,231,540

At September 30, 2019, 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	$ -	$ 12,440
Changes in actuarial assumptions	2,737	-
Contributions subsequent to the measurement date	3,024	-
Total	$ 5,761	$ 12,440

$299,361 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, 2020.

$3,024 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, 2020.

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,	
2020	$(129,206)
2021	(129,206)
2022	(129,206)
2023	(129,206)
2024	(129,207)
Thereafter	(314,520)
Total	$(960,551)

Component Unit

For the Year Ended September 30,	
2020	$(1,305)
2021	(1,305)
2022	(1,305)
2023	(1,305)
2024	(1,305)
Thereafter	(3,178)
Total	$(9,703)

J. 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	237
Inactive employees entitled to but not yet receiving benefits	28
Active employees	439
Total	704

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.20% for 2019 and 0.20% for 2018, of which 0.06% 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, 2019 and 2018 were $53,046 and $48,502, 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 $1,624,976 was measured as of December 31, 2018 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.5% per annum
Discount rate	3.71%
Actuarial cost method	Entry Age Normal
Projected salary increases	3.50% to 10.5% including inflation

Salary increases were based on a service-related table. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of 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, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

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 3.71% 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, 2018.

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 (3.71%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB Liability	$ 1,873,429	$ 1,624,976	$ 1,428,783

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2017	$ 1,418,070
Changes for the year:	
Service cost	51,947
Interest	47,552
Difference between expected and actual experience	214,798
Changes of assumptions and other inputs	(92,549)
Benefit payments	(14,842)
Net changes	206,906
Balance at 12/31/2018	$ 1,624,976

Changes in assumptions and other inputs reflect a chance in the discount rate from 3.31% to 3.71%.

OPEB Expense and Deferred Outflows of Resources Related to OPEB. For the year ended September 30, 2019, the City recognized OPEB expense of $137,322. There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

At September 30, 2019, 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	$ 177,090	$ -
Changes in assumptions and other inputs	68,479	76,302
Contributions subsequent to the measurement date	11,749	-
Totals	$ 257,318	$ 76,302

At September 30, 2019, 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	$ 1,789	$ -
Changes in assumptions and other inputs	691	771
Contributions subsequent to the measurement date	119	-
Totals	$ 2,599	$ 771

$11,749 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, 2020 for the City.

$119 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, 2020 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,	
2020	$ 37,444
2021	37,444
2022	37,444
2023	37,100
2024	19,835
Total	$ 169,267

Component Unit

For the Year Ended September 30,	
2020	$ 378
2021	378
2022	378
2023	375
2024	200
Total	$ 1,709

K. 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 $7,292 and $39,852. The City paid invoices of $30,480 to these vendors and $16,664 was paid to one of the members through withholding of employee transactions. Both members disclosed the financial relationship with the City on their conflict of interest questionnaires.

This City also entered into related party transactions with an employee for services. The City paid $11,380 for these services in fiscal year 2019.

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, 2019

	Budgeted Amounts		Actual
	Original	Final	GAAP Basis
REVENUES			
Taxes			
General property	$ 9,818,000	$ 9,818,000	$ 9,484,956
City sales	17,065,000	17,800,000	17,734,319
Franchise	2,908,000	2,908,000	2,883,662
Nonproperty	138,400	138,400	151,485
Licenses and permits	868,400	868,400	691,323
Intergovernmental	1,054,657	1,054,657	942,785
Charges for services	2,303,420	2,303,420	2,490,359
Fines and forfeitures	598,150	598,150	578,638
Investment income	120,000	120,000	232,376
Donations	10,000	10,000	10,193
Miscellaneous	271,400	271,400	355,335
Total revenues	35,155,427	35,890,427	35,555,431
EXPENDITURES			
Current:			
General government	6,066,925	6,229,305	6,157,454
Public safety	20,593,581	22,215,360	21,921,180
Streets	3,812,604	4,654,276	4,173,527
Sanitation	803,717	803,717	792,838
Community services	4,414,491	5,201,213	4,554,697
Capital outlay	665,815	600,170	331,965
Total expenditures	36,357,133	39,704,041	37,931,661
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,201,706)	(3,813,614)	(2,376,230)
OTHER FINANCING SOURCES (USES)			
Transfers in	2,878,000	2,878,000	2,878,000
Transfers out	(1,966,258)	(700,000)	(700,000)
Total other financing sources (uses)	911,742	2,178,000	2,178,000
NET CHANGE IN FUND BALANCE	(289,964)	(1,635,614)	(198,230)
FUND BALANCE, BEGINNING	11,556,332	11,556,332	11,556,332
FUND BALANCE, ENDING	$ 11,266,368	$ 9,920,718	$ 11,358,102

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	$(55,084)
Encumbrances from prior year not recognized for budget basis	266,175
Encumbrances from this year recognized for budget basis	(316,012)
Total adjustments between GAAP and budget basis	$(104,921)

Adjustments Budget Basis	Actual Budget Basis	Final Budget Variance
$ -	$ 9,484,956	$(333,044)
(55,084)	17,679,235	(120,765)
-	2,883,662	(24,338)
-	151,485	13,085
-	691,323	(177,077)
-	942,785	(111,872)
-	2,490,359	186,939
-	578,638	(19,512)
-	232,376	112,376
-	10,193	193
-	355,335	83,935
(55,084)	35,500,347	(390,080)
(2,143)	6,155,311	73,994
(10,150)	21,911,030	304,330
(117,169)	4,056,358	597,918
2,670	795,508	8,209
1,733	4,556,430	644,783
174,896	506,861	93,309
49,837	37,981,498	1,722,543
(104,921)	(2,481,151)	1,332,463
-	2,878,000	-
-	(700,000)	-
-	2,178,000	-
(104,921)	(303,151)	1,332,463
-	11,556,332	-
$(104,921)	$ 11,253,181	$ 1,332,463

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, 2018	Year Ended December 31, 2017
Total Pension Liability		
Service Cost	$ 3,883,639	$ 3,649,444
Interest (on the Total Pension Liability)	9,447,203	9,050,846
Difference Between Expected and Actual Experience	1,223,491	96,380
Changes of Assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	(7,394,476)	(6,689,131)
Net Change in Total Pension Liability	7,159,857	6,107,539
Total Pension Liability - Beginning	141,713,983	135,606,444
Total Pension Liability - Ending (a)	$ 148,873,840	$ 141,713,983
Plan Fiduciary Net Position		
Contributions - Employer	$ 3,500,405	$ 3,285,194
Contributions - Employee	1,731,652	1,624,037
Net Investment Income	(3,872,794)	15,968,315
Benefit Payments, including Refunds of Employee Contributions	(7,394,476)	(6,689,131)
Administrative Expense	(74,888)	(82,784)
Other	(3,911)	(4,195)
Net Change in Plan Fiduciary Net Positon	(6,114,012)	14,101,436
Plan Fiduciary Net Position - Beginning	129,356,504	115,255,068
Plan Fiduciary Net Position - Ending (b)	$ 123,242,492	$ 129,356,504
Net Pension Liability (Asset) - ending (a) - (b)	$ 25,631,348	$ 12,357,479
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.78%	91.28%
Covered Payroll	$ 24,736,553	$ 23,200,533
Net Pension Liability (Asset) as a Percentage of Covered Payroll	103.62%	53.26%

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, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
$ 3,486,523	$ 3,226,817	$ 2,979,275
8,656,254	8,473,364	8,161,413
350,688	(618,003)	(628,326)
-	2,493,834	-
(6,769,128)	(6,257,098)	(6,102,278)
5,724,337	7,318,914	4,410,084
129,882,107	122,563,193	118,153,109
$ 135,606,444	$ 129,882,107	$ 122,563,193
$ 2,940,094	$ 2,904,162	$ 2,921,484
1,548,582	1,477,221	1,420,534
7,443,517	165,252	6,158,745
(6,769,128)	(6,257,098)	(6,102,278)
(84,096)	(100,658)	(64,305)
(4,531)	(4,972)	(5,287)
5,074,438	(1,816,093)	4,328,893
110,180,630	111,996,723	107,667,830
$ 115,255,068	$ 110,180,630	$ 111,996,723
$ 20,351,376	$ 19,701,477	$ 10,566,470
84.99%	84.83%	91.38%
$ 22,122,605	$ 21,118,153	$ 20,293,345
91.99%	93.29%	52.07%

CITY OF SHERMAN, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS

Year Ended September 30,	2019	2018
Actuarially Determined Contribution	$ 3,701,373	$ 3,432,140
Contributions in Relation to the Actuarially Determined Contribution	3,701,373	3,432,140
Contribution Deficiency (Excess)	$ -	$ -
Covered Payroll	$ 26,523,239	$ 24,250,983
Contributions as a Percentage of Covered Employee Payroll	13.96%	14.15%

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	27 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5%, 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 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

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.

2017	2016	2015
$ 3,198,051	$ 2,911,816	$ 2,883,283
3,198,051	2,911,816	2,883,283
$ -	$ -	$ -
$ 22,954,410	$ 21,711,800	$ 20,725,423
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, 2019

Plan Year ended December 31,	**2018**	**2017**
A. Total OPEB liability		
Service Cost	$ 322,200	$ 250,905
Interest (on the Total OPEB Liability)	290,538	321,034
Difference between expected and actual experience	(1,183,991)	(265,075)
Changes of assumptions	14,195	343,497
Benefit payments, including refunds of employee contributions	(372,776)	(296,252)
Net change in Total OPEB liability	(929,834)	354,109
Total OPEB liability - beginning	8,802,877	8,448,768
Total OPEB liability - ending (a)	7,873,043	8,802,877
B. Covered payroll	$ 24,736,553	$ 23,200,536
C. Total OPEB liability as a percentage of covered payroll	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: Included in the changes of assumptions was a reduction of the discount rate from 3.31% to 3.71%.

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, 2019

Plan Year ended December 31,	**2018**	**2017**
A. Total OPEB liability		
Service Cost	$ 51,947	$ 41,761
Interest (on the Total OPEB Liability)	47,552	47,400
Difference between expected and actual experience	214,798	-
Changes of assumptions	(92,549)	103,930
Benefit payments, including refunds of employee contributions	(14,842)	(16,240)
Net change in Total OPEB liability	206,906	176,851
Total OPEB liability - beginning	1,418,070	1,241,219
Total OPEB liability - ending (a)	1,624,976	1,418,070
B. Covered payroll	$ 24,736,553	$ 23,200,533
C. Total OPEB liability as a percentage of covered payroll	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, 2019

	Budgeted Amounts		Actual GAAP	Adjustment Budget	Actual Budget	Final Budget
	Original	Final	Basis	Basis	Basis	Variance
REVENUES						
Taxes:						
General property taxes:						
Current and delinquent taxes revenue	$ 9,728,300	$ 9,728,300	$ 9,381,826	$ -	$ 9,381,826	$(346,474)
Penalty and interest	88,700	88,700	102,555	-	102,555	13,855
Abatement	1,000	1,000	575	-	575	(425)
Total general property taxes	9,818,000	9,818,000	9,484,956	-	9,484,956	(333,044)
City sales tax	17,065,000	17,800,000	17,734,319	(55,084)	17,679,235	(120,765)
Franchise taxes:						
Electric	1,940,000	1,940,000	1,999,274	-	1,999,274	59,274
Telephone	98,000	98,000	87,418	-	87,418	(10,582)
Gas franchise	589,000	589,000	519,641	-	519,641	(69,359)
Cable television	281,000	281,000	277,329	-	277,329	(3,671)
Total franchise taxes	2,908,000	2,908,000	2,883,662	-	2,883,662	(24,338)
Nonproperty taxes	138,400	138,400	151,485	-	151,485	13,085
Total taxes	29,929,400	30,664,400	30,254,422	(55,084)	30,199,338	(465,062)
Licenses and permits:						
Building permit fees	450,000	450,000	322,630	-	322,630	(127,370)
Electrical, heating and air permits	106,000	106,000	49,453	-	49,453	(56,547)
Plumbing permits	90,000	90,000	94,326	-	94,326	4,326
Residential and sanitation permits	216,900	216,900	219,819	-	219,819	2,919
Garage and other permits	5,500	5,500	5,095	-	5,095	(405)
Total licenses and permits	868,400	868,400	691,323	-	691,323	(177,077)
Intergovernmental:						
Intergovernmental	1,054,657	1,054,657	942,785	-	942,785	(111,872)
Total intergovernmental	1,054,657	1,054,657	942,785	-	942,785	(111,872)
Charges for services:						
Current services and charges:						
Utility paving cuts	146,000	146,000	212,623	-	212,623	66,623
Ambulance service	1,252,800	1,252,800	1,333,075	-	1,333,075	80,275
County fire and ambulance services	229,020	229,020	235,891	-	235,891	6,871
Pound fees	109,000	109,000	93,949	-	93,949	(15,051)
Other	44,500	44,500	69,180	-	69,180	24,680
Total current services and charges	1,781,320	1,781,320	1,944,718	-	1,944,718	163,398

CITY OF SHERMAN, TEXAS

BUDGETARY COMAPRISON SCHEDULE
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Charges for services: (Continued)						
Recreation:						
Recreation	$ 22,000	$ 22,000	$ 22,342	$ -	$ 22,342	$ 342
Swimming pools	166,000	166,000	147,675	-	147,675	(18,325)
Pool concession sales	32,000	32,000	31,207	-	31,207	(793)
Special programs	110,000	110,000	77,195	-	77,195	(32,805)
Total recreation	330,000	330,000	278,419	-	278,419	(51,581)
Property use:						
Vending machine lease	1,000	1,000	808	-	808	(192)
Rentals	25,000	25,000	22,226	-	22,226	(2,774)
Total property use	26,000	26,000	23,034	-	23,034	(2,966)
Cemetery sales and services:						
Lot sales	50,100	50,100	109,620	-	109,620	59,520
Interments	90,000	90,000	103,985	-	103,985	13,985
Other services	26,000	26,000	30,583	-	30,583	4,583
Total cemetery sales and services	166,100	166,100	244,188	-	244,188	78,088
Total charges for services	2,303,420	2,303,420	2,490,359	-	2,490,359	186,939
Fines and forfeitures:						
Corporation court fines	540,000	540,000	508,826	-	508,826	(31,174)
Library fees	4,000	4,000	9,518	-	9,518	5,518
Fees for collection of state fines	14,000	14,000	17,718	-	17,718	3,718
Abandoned vehicles	5,000	5,000	3,740	-	3,740	(1,260)
Other	35,150	35,150	38,836	-	38,836	3,686
Total fines and forfeitures	598,150	598,150	578,638	-	578,638	(19,512)
Interest and miscellaneous:						
Investment income	120,000	120,000	232,376	-	232,376	112,376
Donations	10,000	10,000	10,193	-	10,193	193
Miscellaneous	271,400	271,400	355,335	-	355,335	83,935
Total interest and miscellaneous	401,400	401,400	597,904	-	597,904	196,504
Other financing sources:						
Transfers in	2,878,000	2,878,000	2,878,000	-	2,878,000	-
Total other financing sources	2,878,000	2,878,000	2,878,000	-	2,878,000	-
Total revenues and other financing sources	$ 38,033,427	$ 38,768,427	$ 38,433,431	$(55,084)	$ 38,378,347	$(390,080)

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISION SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
EXPENDITURES						
General government:						
Mayor and City Council:						
Personnel services	$ 13,611	$ 13,611	$ 10,929	$ -	$ 10,929	$ 2,682
Supplies	16,100	16,100	15,309	-	15,309	791
Other services and charges	125,290	120,290	121,426	14,180	135,606	(15,316)
Total Mayor and City Council	155,001	150,001	147,664	14,180	161,844	(11,843)
Management services:						
Personnel services	757,154	757,154	786,206	-	786,206	(29,052)
Supplies	30,200	30,200	18,616	-	18,616	11,584
Other services and charges	76,131	76,131	103,770	-	103,770	(27,639)
Total management services	863,485	863,485	908,592	-	908,592	(45,107)
Public records:						
Personnel services	196,029	196,029	166,040	-	166,040	29,989
Supplies	16,045	17,182	14,510	(1,137)	13,373	3,809
Other services and charges	66,570	66,570	44,719	1,000	45,719	20,851
Total public records	278,644	279,781	225,269	(137)	225,132	54,649
Legal services:						
Personnel services	209,967	209,967	208,665	-	208,665	1,302
Supplies	7,450	7,450	4,154	-	4,154	3,296
Other services and charges	25,425	25,425	65,782	-	65,782	(40,357)
Total legal services	242,842	242,842	278,601	-	278,601	(35,759)
Financial services:						
Personnel services	638,308	638,308	665,824	-	665,824	(27,516)
Supplies	19,375	19,375	18,715	-	18,715	660
Other services and charges	73,357	74,457	63,577	-	63,577	10,880
Total financial services	731,040	732,140	748,116	-	748,116	(15,976)
Human resources:						
Personnel services	361,768	361,768	355,784	-	355,784	5,984
Supplies	33,118	33,118	11,562	-	11,562	21,556
Other services and charges	162,026	183,603	271,860	(21,577)	250,283	(66,680)
Total human resources	556,912	578,489	639,206	(21,577)	617,629	(39,140)
Engineering services:						
Personnel services	786,214	786,214	802,822	-	802,822	(16,608)
Supplies	11,250	11,250	6,683	-	6,683	4,567
Other services and charges	128,023	128,023	124,900	-	124,900	3,123
Total engineering services	925,487	925,487	934,405	-	934,405	(8,918)

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISION SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
EXPENDITURES (Continued)						
General government: (Continued)						
Public buildings maintenance:						
Personnel services	$ 604,954	$ 604,954	$ 588,715	$ -	$ 588,715	$ 16,239
Supplies	27,643	27,643	30,078	-	30,078	(2,435)
Other services and charges	179,959	313,209	309,659	-	309,659	3,550
Capital outlay	-	28,000	34,540	-	34,540	(6,540)
Total public buildings maintenance	812,556	973,806	962,992	-	962,992	10,814
Nondepartmental:						
Personnel services	367,620	367,620	265,167	-	265,167	102,453
Supplies	28,650	38,966	26,605	(910)	25,695	13,271
Other services and charges	1,104,688	1,104,688	1,055,377	6,301	1,061,678	43,010
Capital outlay	-	36,000	36,639	-	36,639	(639)
Total nondepartmental	1,500,958	1,547,274	1,383,788	5,391	1,389,179	158,095
Total general government	6,066,925	6,293,305	6,228,633	(2,143)	6,226,490	66,815
Public safety:						
Law enforcement services:						
Personnel services	6,959,329	7,315,329	7,286,145	-	7,286,145	29,184
Supplies	214,360	242,165	225,389	(20,752)	204,637	37,528
Other services and charges	763,786	1,059,518	1,028,532	-	1,028,532	30,986
Total law enforcement services	7,937,475	8,617,012	8,540,066	(20,752)	8,519,314	97,698
Fire and ambulance services:						
Personnel services	8,174,225	8,413,225	8,379,698	-	8,379,698	33,527
Supplies	475,762	689,241	655,826	4,453	660,279	28,962
Other services and charges	1,050,521	1,286,452	1,329,188	2,780	1,331,968	(45,516)
Capital outlay	456,815	298,314	132,537	156,298	288,835	9,479
Total fire and ambulance services	10,157,323	10,687,232	10,497,249	163,531	10,660,780	26,452
Fire administrative support:						
Personnel services	70,884	130,884	103,479	-	103,479	27,405
Total fire administrative support	70,884	130,884	103,479	-	103,479	27,405
Public safety support:						
Personnel services	1,318,126	1,423,126	1,353,087	-	1,353,087	70,039
Supplies	90,737	93,245	110,942	(1,444)	109,498	(16,253)
Other services and charges	328,876	356,360	312,046	933	312,979	43,381
Capital outlay	25,000	25,000	-	-	-	25,000
Total public safety support	1,762,739	1,897,731	1,776,075	(511)	1,775,564	122,167

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISION SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Adjustment	Actual	Final
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	Budget Variance
EXPENDITURES (Continued)						
Public safety: (Continued)						
Building and zoning:						
Personnel services	$ 594,707	$ 659,707	$ 630,567	$ -	$ 630,567	$ 29,140
Supplies	16,758	16,758	11,918	-	11,918	4,840
Other services and charges	104,196	124,196	81,649	1,000	82,649	41,547
Total building and zoning	715,661	800,661	724,134	1,000	725,134	75,527
Judicial services:						
Personnel services	161,077	161,077	167,809	-	167,809	(6,732)
Supplies	6,700	6,700	8,758	-	8,758	(2,058)
Other services and charges	66,276	66,276	69,750	-	69,750	(3,474)
Total judicial services	234,053	234,053	246,317	-	246,317	(12,264)
Emergency management:						
Personnel services	82,236	82,236	88,338	-	88,338	(6,102)
Supplies	50,929	18,569	12,625	2,880	15,505	3,064
Other services and charges	64,096	70,296	65,434	-	65,434	4,862
Capital outlay	10,000	43,582	7,422	28,738	36,160	7,422
Total emergency management	207,261	214,683	173,819	31,618	205,437	9,246
Red River Law Enforcement:						
Personnel services						
Supplies	10,500	6,500	-	-	-	6,500
Other services and charges	7,500	4,980	-	-	-	4,980
Total red river law enforcement	18,000	11,480	-	-	-	11,480
Total public safety	21,103,396	22,593,736	22,061,139	174,886	22,236,025	357,711
Streets:						
Streets maintenance:						
Personnel services	1,501,921	1,501,921	1,405,382	-	1,405,382	96,539
Supplies	48,764	54,764	53,446	1,743	55,189	(425)
Other services and charges	1,793,731	2,602,903	2,232,713	(119,912)	2,112,801	490,102
Capital outlay	-	10,140	10,888	(10,140)	748	9,392
Total streets maintenance	3,344,416	4,169,728	3,702,429	(128,309)	3,574,120	595,608
Stormwater services:						
Other services and charges	6,004	6,004	1,772	-	1,772	4,232
Total stormwater services	6,004	6,004	1,772	-	1,772	4,232
Environmental code services:						
Personnel services	269,455	269,455	305,580	-	305,580	(36,125)
Supplies	12,600	12,600	10,658	-	10,658	1,942
Other services and charges	180,129	206,629	163,976	1,000	164,976	41,653
Total environmental code services	462,184	488,684	480,214	1,000	481,214	7,470
Total streets	3,812,604	4,664,416	4,184,415	(127,309)	4,057,106	607,310

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISION SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Adjustment	Actual	Final
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	Budget Variance
EXPENDITURES (Continued)						
Sanitation:						
Animal control:						
Personnel services	$ 565,809	$ 565,809	$ 549,941	$ -	$ 549,941	$ 15,868
Supplies	49,108	50,608	51,203	2,670	53,873	(3,265)
Other services and charges	188,800	187,300	191,694	-	191,694	(4,394)
Capital outlay	35,000	35,000	-	-	-	35,000
Total animal control	838,717	838,717	792,838	2,670	795,508	43,209
Total sanitation	838,717	838,717	792,838	2,670	795,508	43,209
Community services:						
Cemetery services:						
Personnel services	371,114	371,114	394,551	-	394,551	(23,437)
Supplies	23,559	23,559	25,818	-	25,818	(2,259)
Other services and charges	141,571	140,624	145,995	-	145,995	(5,371)
Total cemetery services	536,244	535,297	566,364	-	566,364	(31,067)
Parks and recreation:						
Personnel services	482,221	482,221	473,602	-	473,602	8,619
Supplies	50,173	53,173	42,526	60	42,586	10,587
Other services and charges	156,185	153,185	132,586	-	132,586	20,599
Capital outlay	101,000	112,654	109,939	-	109,939	2,715
Total parks and recreation	789,579	801,233	758,653	60	758,713	42,520
Parks maintenance:						
Personnel services	1,086,725	1,096,725	1,123,177	-	1,123,177	(26,452)
Supplies	77,693	114,786	120,578	-	120,578	(5,792)
Other services and charges	488,586	488,586	534,329	-	534,329	(45,743)
Total parks maintenance	1,653,004	1,700,097	1,778,084	-	1,778,084	(77,987)
Swimming pools:						
Personnel services	192,798	192,798	184,960	-	184,960	7,838
Supplies	76,147	76,714	70,531	648	71,179	5,535
Other services and charges	42,770	42,770	52,469	200	52,669	(9,899)
Total swimming pools	311,715	312,282	307,960	848	308,808	3,474
Library services:						
Personnel services	554,944	554,944	563,119	-	563,119	(8,175)
Supplies	74,950	74,950	83,028	-	83,028	(8,078)
Other services and charges	181,219	181,219	152,759	-	152,759	28,460
Total library services	811,113	811,113	798,906	-	798,906	12,207

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISION SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
EXPENDITURES (Continued)						
Community services: (Continued)						
Neighborhood services:						
Personnel services	$ 62,412	$ 62,412	$ 87,972	$ -	$ 87,972	$(25,560)
Supplies	6,700	6,700	5,928	-	5,928	772
Other services and charges	83,330	803,339	125,944	(25,000)	100,944	702,395
Total neighborhood services	152,442	872,451	219,844	(25,000)	194,844	677,607
Senior Citizens Center:						
Personnel services	137,505	137,505	129,251	-	129,251	8,254
Supplies	16,360	16,360	16,956	-	16,956	(596)
Other services and charges	60,934	80,934	45,977	25,825	71,802	9,132
Capital outlay	20,000	-	-	-	-	-
Total Senior Citizens Center	234,799	234,799	192,184	25,825	218,009	16,790
Day care services:						
Personnel services	23,310	23,310	23,319	$ -	$ 23,319	$(9)
Supplies	250	250	780	-	780	(530)
Other services and charges	23,035	23,035	18,542	-	18,542	4,493
Total day care services	46,595	46,595	42,641	-	42,641	3,954
Total community services	4,535,491	5,313,867	4,664,636	1,733	4,666,369	647,498
Total expenditures	36,357,133	39,704,041	37,931,661	49,837	37,981,498	1,722,543
OTHER FINANCING USES						
Transfers out	1,966,258	700,000	700,000	-	700,000	-
Total other financing uses	1,966,258	700,000	700,000	-	700,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 38,323,391	$ 40,404,041	$ 38,631,661	$ 49,837	$ 38,681,498	$ 1,722,543

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, 2019

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Investment income	$ 250,000	$ 250,000	$ 535,659	$ -	$ 535,659	$ 285,659
Intergovernmental	-	-	73,237	-	73,237	73,237
Miscellaneous	2,600,000	2,600,000	100,000	-	100,000	(2,500,000)
Total revenues	2,850,000	2,850,000	708,896	-	708,896	(2,141,104)
EXPENDITURES						
Current:						
Streets	11,215,606	11,215,606	11,215,606	-	11,215,606	-
Capital outlay:						
Infrastructure and facility improvements	11,716,244	20,099,619	11,271,978	(208,175)	11,063,803	9,035,816
Debt service:						
Debt issuance costs	-	-	130,980	-	-	-
Total expenditures	22,931,850	31,315,225	22,618,564	(208,175)	22,279,409	9,035,816
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,081,850)	(28,465,225)	(21,909,668)	208,175	(21,570,513)	6,894,712
OTHER FINANCING SOURCES (USES)						
Issuance of bonds	11,100,000	20,000,000	19,130,000	-	19,130,000	870,000
Premium on debt issuance	-	-	1,000,980	-	1,000,980	(1,000,980)
Transfers in	700,000	700,000	700,000	-	700,000	-
Total other financing sources (uses)	11,800,000	20,700,000	20,830,980	-	20,830,980	(130,980)
NET CHANGE IN FUND BALANCE	(8,281,850)	(7,765,225)	(1,078,688)	208,175	(739,533)	7,025,692
FUND BALANCE, BEGINNING	20,359,415	20,359,415	20,359,415	-	20,359,415	-
FUND BALANCE, ENDING	$ 12,077,565	$ 12,594,190	$ 19,280,727	$ 208,175	$ 19,619,882	$ 7,025,692

COMBINING STATEMENTS

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 – 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.

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.

CAPITAL PROJECT FUNDS (Continued)

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.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for accumulation of resources and payment of general long-term debt of the City.

Auditorium Bonds Sinking Fund – This fund accounts for the accumulation of resources for and the payment of Combination Tax and Hotel Occupancy Tax Revenue Bonds.

TIF #1 Debt Service Fund – This fund accumulates funds for payment of debt service associated with infrastructure improvements made in the TIF Zone #1, generally located on the northwest corner of US Hwy 75 and US Hwy 82 intersections, using taxes generated by the zone.

2008 Certificates of Obligation Debt Service Fund – This fund accumulates funds for the payment of the 2008 Certificates of Obligation, originally issued at $5 million, for park and street improvements.

2009 Certificates of Obligation Debt Service Fund – This fund accumulates funds for the payment of the 2009 Certificates of Obligation, originally issued at $5 million. $3,650,000 of the proceeds were used for street improvements and the remainder of the proceeds were used for improvements in TIF Zone #1.

2009A Certificates of Obligation Debt Service Fund – This fund accumulates funds for the payment of the 2009A Certificates of Obligation, originally issued at $3,500,000 to fund street and park improvements.

2016 Certificates of Obligation Debt Service Fund – This fund accumulates funds for the payment of the 2016 Certificates of Obligation, originally issued at $6,970,000 to fund public works projects.

2016 Limited Tax Notes Debt Service Fund – This fund accumulates funds for the payment of the 2016 Limited Tax Notes, originally issued at $1,830,000 to fund street improvements.

2017 Certificates of Obligation Debt Service Fund – This fund accumulates funds for the payment of the 2017 Certificates of Obligation, originally issued to finance street improvements including Travis Street West Phase I and II, a new fire station, and Lamberth Road engineering and right-of-way.

2017 Refunding Debt Service Fund – This fund accumulates funds for the repayment of the bonds that refunded the 2006, 2008, 2009, and 2009A Certificates of Obligation.

2017A Stormwater Bonds Debt Service Fund – This fund accumulates funds for the payment of the 2017A Certificates of Obligations, originally issued to finance stormwater projects including acquisition and demolition of property in flood zones, drainage improvements and flood plain mapping updates.

2018 Certificates of Obligation Debt Service Fund – This fund accumulates funds for the payment of the 2018 Certificates of Obligation, originally issued to finance new street construction in growth areas and construction of Pecan Grove Park Phase II, including ballfields.

2019 Certificates of Obligation Debt Service Fund – This fund accumulates funds for the payment of the 2019 Certificates of Obligation, originally issued to finance street improvements including the final phases of Travis Street West, the intersection of FM 1417 and Travis Street West, the US Hwy 75 "Gap" project, engineering and right-of-way acquisition for FM 1417 from US Hwy 82 to SH 56, Legacy Boulevard, Moore Street, Park Avenue realignment, Progress Drive and the extension of McGee Street west of FM 1417.

TIRZ #5 Debt Service Fund – This fund accumulates funds for the payment of an allocation of the 2017 Certificates of Obligation used to make improvements in the zone at the northwest corner of US Hwy 75 and FM 1417.

DEBT SERVICE FUNDS (Continued)

TIRZ #6 Debt Service Fund – This fund accumulates funds for the payment of an allocation of the 2017 Certificate of Obligation used to make improvements in the zone on the south side of FM 691 and US Hwy 75.

TIRZ #7 Debt Service Fund – This fund accumulates funds for the payment of an allocation of the 2017 Certificates of Obligation used to make improvements in the zone at the southeast corner of US Hwy 75 and FM 1417.

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 GOVERMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue			
	Hotel - Motel	Community Development	PRIDE Program	Drug Enforcement Program
ASSETS				
Cash	$ 2,533	$ -	$ 36,754	$ 206,135
Pooled and temporary investments	3,102	-	-	-
Receivables (net of allowances for uncollectibles):				
Intergovernmental	-	92,872	-	-
Accounts	-	-	3,162	-
Taxes	108,652	-	-	-
Total assets	$ 114,287	$ 92,872	$ 39,916	$ 206,135
LIABILITIES, DEFERRED INFLOWS OF AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 9,413	$ 3,875	$ 844	$ -
Accrued wages payable	5,587	-	-	-
Customer deposits	8,350	-	-	-
Due to other funds	119,580	86,532	-	-
Total liabilities	142,930	90,407	844	-
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Law enforcement support	-	-	15,115	206,135
CDBG grant	-	2,465	-	-
Airport and tourism	-	-	23,957	-
Infrastructure and facilities improvement	-	-	-	-
Debt service	-	-	-	-
Cemetery maintenance	-	-	-	-
Committed to:				
New street development	-	-	-	-
Unassigned	(28,643)	-	-	-
Total fund balances	(28,643)	2,465	39,072	206,135
Total liabilities, deferred inflows of resources and fund balances	$ 114,287	$ 92,872	$ 39,916	$ 206,135

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
$ 226,691	$ 275,227	$ 66,655	$ 529,568	$ 217,259	$ 57,327	$ 846,248
-	896	-	83,244	-	-	-
-	-	-	-	-	-	-
5,220	504	-	-	-	-	-
-	-	-	-	-	-	-
$ 231,911	$ 276,627	$ 66,655	$ 612,812	$ 217,259	$ 57,327	$ 846,248
$ 4,759	$ 4,168	$ 15,692	$ -	$ -	$ -	$ 67,646
-	-	-	-	-	-	-
-	-	-	162,808	-	-	-
-	-	-	-	-	-	-
4,759	4,168	15,692	162,808	-	-	67,646
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	272,459	50,963	-	-	-	-
-	-	-	-	-	-	-
227,152	-	-	-	-	-	-
-	-	-	-	217,259	57,327	778,602
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	450,004	-	-	-
-	-	-	-	-	-	-
227,152	272,459	50,963	450,004	217,259	57,327	778,602
$ 231,911	$ 276,627	$ 66,655	$ 612,812	$ 217,259	$ 57,327	$ 846,248

CITY OF SHERMAN, TEXAS

COMBINING BALANCE SHEETS
NONMAJOR GOVERMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2019

	Capital Projects			
	TIRZ #6 Construction	TIRZ #7 Construction	Regional Detention	Stormwater Fund
ASSETS				
Cash	$ 1,363,454	$ 104,613	$ 319,236	$ -
Pooled and temporary investments	-	-	-	1,956,565
Receivables (net of allowances for uncollectibles):				
Intergovernmental	-	-	-	-
Accounts	-	-	-	41,008
Taxes	-	-	-	-
Total assets	$ 1,363,454	$ 104,613	$ 319,236	$ 1,997,573
LIABILITIES, DEFERRED INFLOWS OF AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 33,003
Accrued wages payable	-	-	-	1,963
Customer deposits	-	-	-	-
Due to other funds	-	-	-	50,130
Total liabilities	-	-	-	85,096
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Law enforcement support	-	-	-	-
CDBG grant	-	-	-	-
Airport and tourism	-	-	-	-
Infrastructure and facilities improvement	1,363,454	104,613	319,236	1,912,477
Debt service	-	-	-	-
Cemetery maintenance	-	-	-	-
Committed to:				
New street development	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	1,363,454	104,613	319,236	1,912,477
Total liabilities, deferred inflows of resources and fund balances	$ 1,363,454	$ 104,613	$ 319,236	$ 1,997,573

Debt Service						
Auditorium Bonds Sinking	TIF #1 Debt Service	2008 Certificates of Obligation	2009 Certificates of Obligation	2009A Certificates of Obligation	2016 Certificates of Obligation	2016 Tax Notes
$ 68,590	$ 354,944	$ -	$ -	$ -	$ 10,643	$ 12,884
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
611	-	-	-	-	4,012	-
$ 69,201	$ 354,944	$ -	$ -	$ -	$ 14,655	$ 12,884
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
602	-	-	-	-	3,947	-
602	-	-	-	-	3,947	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
68,599	354,944	-	-	-	10,708	12,884
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
68,599	354,944	-	-	-	10,708	12,884
$ 69,201	$ 354,944	$ -	$ -	$ -	$ 14,655	$ 12,884

CITY OF SHERMAN, TEXAS

COMBINING BALANCE SHEETS
NONMAJOR GOVERMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2019

	Debt Services			
	2017 Certificates of Obligation	2017 Refunding Bonds	2017A Stormwater Certificates of Obligation	2018 Certificates of Obligation
ASSETS				
Cash	$ 9,648	$ 59,193	$ 7,712	$ 21,663
Pooled and temporary investments	-	-	-	-
Receivables (net of allowances for uncollectibles):				
Intergovernmental	-	-	-	-
Accounts	-	-	-	-
Taxes	5,313	4,460	2,278	11,924
Total assets	$ 14,961	$ 63,653	$ 9,990	$ 33,587
LIABILITIES, DEFERRED INFLOWS OF AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Accrued wages payable	-	-	-	-
Customer deposits	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources:				
Unavailable revenue	5,228	4,388	2,241	24,211
Total deferred inflows of resources	5,228	4,388	2,241	24,211
Fund balances:				
Restricted for:				
Law enforcement support	-	-	-	-
CDBG grant	-	-	-	-
Airport and tourism	-	-	-	-
Infrastructure and facilities improvement	-	-	-	-
Debt service	9,733	59,265	7,749	9,376
Cemetery maintenance	-	-	-	-
Committed to:				
New street development	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	9,733	59,265	7,749	9,376
Total liabilities, deferred inflows of resources and fund balances	$ 14,961	$ 63,653	$ 9,990	$ 33,587

Debt Services				Permanent	
2019 Certificates of Obligation	TIRZ #5 Debt Service	TIRZ #6 Debt Service	TIRZ #7 Debt Service	Perpetual Care Cemetery and Mausoleum	Total Nonmajor Governmental Funds
$ 3,557	$ 4,210	$ 3,711	$ 2,895	$ 4,458	$ 4,815,808
-	-	-	-	1,616,633	3,660,440
-	-	-	-	-	92,872
-	-	-	-	17,740	67,634
12,019	-	-	-	-	149,269
$ 15,576	$ 4,210	$ 3,711	$ 2,895	$ 1,638,831	$ 8,786,023
$ -	$ -	$ -	$ -	$ -	$ 139,400
-	-	-	-	-	7,550
-	-	-	-	-	171,158
-	-	-	-	-	256,242
-	-	-	-	-	574,350
11,824	-	-	-	-	52,441
11,824	-	-	-	-	52,441
-	-	-	-	-	544,672
-	-	-	-	-	2,465
-	-	-	-	-	251,109
-	-	-	-	-	4,752,968
3,752	4,210	3,711	2,895	-	547,826
-	-	-	-	1,638,831	1,638,831
-	-	-	-	-	450,004
-	-	-	-	-	(28,643)
3,752	4,210	3,711	2,895	1,638,831	8,159,232
$ 15,576	$ 4,210	$ 3,711	$ 2,895	$ 1,638,831	$ 8,786,023

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue			
	Hotel - Motel	Community Development	PRIDE Program	Drug Enforcement Program
REVENUES				
General property taxes	$ -	$ -	$ -	$ -
Nonproperty taxes	532,306	-	-	-
Intergovernmental	-	348,331	-	-
Charges for services	27,240	-	-	-
Fines and forfeitures	-	-	-	83,857
Investment income (loss)	777	-	1,125	3,758
Donations	-	-	49,647	-
Perpetual care contracts	-	-	-	-
Miscellaneous	127,907	-	-	-
Total revenues	688,230	348,331	50,772	87,615
EXPENDITURES				
Current:				
Public safety	-	-	21,141	19,889
Community services	697,270	-	48,549	-
Community development	-	347,812	-	-
Capital outlay	-	-	-	12,395
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Debt issuance costs and agent fees	-	-	-	-
Total expenditures	697,270	347,812	69,690	32,284
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,040)	519	(18,918)	55,331
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(9,040)	519	(18,918)	55,331
FUND BALANCES, BEGINNING	(19,603)	1,946	57,990	150,804
FUND BALANCES, ENDING	$(28,643)	$ 2,465	$ 39,072	$ 206,135

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
$ -	$ -	$ -	$ -	$ 119,076	$ 189,234	$ 15,134
-	-	-	-	-	-	-
-	-	-	-	-	-	17,441
389,256	297,438	-	-	-	-	-
-	-	30,273	-	-	-	-
3,642	7,021	1,266	12,900	4,942	1,870	26,818
-	-	-	-	-	-	-
-	-	-	-	-	-	-
106,920	-	-	-	-	-	-
499,818	304,459	31,539	12,900	124,018	191,104	59,393
-	254,091	19,158	-	-	-	-
371,422	-	-	-	-	-	-
-	-	-	-	-	-	-
35,795	-	-	-	54,814	-	67,646
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
407,217	254,091	19,158	-	54,814	-	67,646
92,601	50,368	12,381	12,900	69,204	191,104	(8,253)
-	-	-	-	-	-	-
-	-	-	-	-	(190,000)	(290,000)
-	-	-	-	-	(190,000)	(290,000)
92,601	50,368	12,381	12,900	69,204	1,104	(298,253)
134,551	222,091	38,582	437,104	148,055	56,223	1,076,855
$ 227,152	$ 272,459	$ 50,963	$ 450,004	$ 217,259	$ 57,327	$ 778,602

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2019

	Capital Projects			
	TIRZ #6 Construction	TIRZ #7 Construction	Regional Detention	Stormwater Fund
REVENUES				
General property taxes	$ 8,896	$ -	$ -	$ -
Nonproperty taxes	-	-	-	-
Intergovernmental	10,253	-	-	-
Charges for services	-	-	119,000	436,105
Fines and forfeitures	-	-	-	-
Investment income (loss)	46,897	7,123	5,780	58,418
Donations	-	-	-	-
Perpetual care contracts	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	66,046	7,123	124,780	494,523
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Community services	-	-	-	46,833
Community development	-	-	-	-
Capital outlay	1,150,879	214,025	-	781,233
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Debt issuance costs and agent fees	-	-	-	-
Total expenditures	1,150,879	214,025	-	828,066
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,084,833)	(206,902)	124,780	(333,543)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(227,000)	(179,851)	-	(274,000)
Total other financing sources (uses)	(227,000)	(179,851)	-	(274,000)
NET CHANGE IN FUND BALANCES	(1,311,833)	(386,753)	124,780	(607,543)
FUND BALANCES, BEGINNING	2,675,287	491,366	194,456	2,520,020
FUND BALANCES, ENDING	$ 1,363,454	$ 104,613	$ 319,236	$ 1,912,477

Debt Service						
Auditorium Bonds Sinking	TIF #1 Debt Service	2008 Certificates of Obligation	2009 Certificates of Obligation	2009A Certificates of Obligation	2016 Certificates of Obligation	2016 Tax Notes
$ -	$ 276,324	$ -	$ -	$ -	$ 470,000	$ -
-	-	-	-	-	-	290,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,216	12,267	-	-	-	3,982	7,468
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,216	288,591	-	-	-	473,982	297,468
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
67,794	246,652	-	-	-	295,000	465,000
34,665	63,009	-	-	-	173,213	14,684
-	200	-	-	-	-	750
102,459	309,861	-	-	-	468,213	480,434
(98,243)	(21,270)	-	-	-	5,769	(182,966)
-	-	-	-	-	-	190,000
-	-	(20,033)	(18,610)	(6,686)	-	-
-	-	(20,033)	(18,610)	(6,686)	-	190,000
(98,243)	(21,270)	(20,033)	(18,610)	(6,686)	5,769	7,034
166,842	376,214	20,033	18,610	6,686	4,939	5,850
$ 68,599	$ 354,944	$ -	$ -	$ -	$ 10,708	$ 12,884

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2019

	Debt Service			
	2017 Certificates of Obligation	2017 Refunding Bonds	2017A Stormwater Certificates of Obligation	2018 Certificates of Obligation
REVENUES				
General property taxes	$ 648,649	$ 890,000	$ -	$ 684,008
Nonproperty taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income (loss)	6,566	8,925	1,656	2,384
Donations	-	-	-	-
Perpetual care contracts	-	-	-	-
Miscellaneous	-	-	-	852
Total revenues	655,215	898,925	1,656	687,244
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Community services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	302,319	645,554	145,000	-
Interest	345,013	243,100	127,075	682,009
Debt issuance costs and agent fees	800	800	800	800
Total expenditures	648,132	889,454	272,875	682,809
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,083	9,471	(271,219)	4,435
OTHER FINANCING SOURCES (USES)				
Transfers in	-	45,329	274,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	45,329	274,000	-
NET CHANGE IN FUND BALANCES	7,083	54,800	2,781	4,435
FUND BALANCES, BEGINNING	2,650	4,465	4,968	4,941
FUND BALANCES, ENDING	$ 9,733	$ 59,265	$ 7,749	$ 9,376

Debt Service				Permanent	
2019 Certificates of Obligation	TIRZ #5 Debt Service	TIRZ #6 Debt Service	TIRZ #7 Debt Service	Perpetual Care Cemetery and Mausoleum	Total Nonmajor Governmental Funds
$ 184,000	$ -	$ -	$ -	$ -	$ 3,485,321
-	-	-	-	-	822,306
-	-	-	-	-	376,025
-	-	-	-	-	1,269,039
-	-	-	-	-	114,130
-	1,541	1,212	395	11,819	244,768
-	-	-	-	-	49,647
-	-	-	-	9,800	9,800
3,739	-	-	-	-	239,418
187,739	1,541	1,212	395	21,619	6,610,454
-	-	-	-	-	314,279
-	-	-	-	-	1,164,074
-	-	-	-	-	347,812
-	-	-	-	-	2,316,787
-	134,594	105,260	82,827	-	2,490,000
183,987	153,602	120,123	94,524	-	2,235,004
-	-	-	-	-	4,150
183,987	288,196	225,383	177,351	-	8,872,106
3,752	(286,655)	(224,171)	(176,956)	21,619	(2,261,652)
-	290,000	227,000	179,851	-	1,206,180
-	-	-	-	-	(1,206,180)
-	290,000	227,000	179,851	-	-
3,752	3,345	2,829	2,895	21,619	(2,261,652)
-	865	882	-	1,617,212	10,420,884
$ 3,752	$ 4,210	$ 3,711	$ 2,895	$ 1,638,831	$ 8,159,232

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, 2019

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Nonproperty taxes	$ 524,000	$ 524,000	$ 532,306	$ -	$ 532,306	$ 8,306
Charges for services	34,000	34,000	27,240	-	27,240	(6,760)
Investment income	-	-	777	-	777	777
Miscellaneous	66,200	66,200	127,907	-	127,907	61,707
Total revenues	624,200	624,200	688,230	-	688,230	64,030
EXPENDITURES						
Current:						
Community services						
Tourism	464,762	465,764	656,007	(1,002)	655,005	(189,241)
Auditorium	26,390	26,390	13,012	-	13,012	13,378
Ballroom	34,880	64,880	28,251	27,000	55,251	9,629
Capital outlay	30,000	-	-	-	-	-
Total expenditures	556,032	557,034	697,270	25,998	723,268	(166,234)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	68,168	67,166	(9,040)	(25,998)	(35,038)	(102,204)
OTHER FINANCING SOURCES (USES)						
Transfers out	(113,000)	(113,000)	-	-	-	113,000
Total other financing sources (uses)	(113,000)	(113,000)	-	-	-	113,000
NET CHANGE IN FUND BALANCE	(44,832)	(45,834)	(9,040)	(25,998)	(35,038)	10,796
FUND BALANCE, BEGINNING	(19,603)	(19,603)	(19,603)	-	(19,603)	-
FUND BALANCE, ENDING	$(64,435)	$(65,437)	$(28,643)	$(25,998)	$(54,641)	$ 10,796

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, 2019

	Budgeted Amounts		Actual GAAP	Actual Budget	Final Budget
	Original	Final	Basis	Basis	Variance
REVENUES					
Intergovernmental	$ 348,331	$ 348,331	$ 348,331	$ 348,331	$ -
Total revenues	348,331	348,331	348,331	348,331	-
EXPENDITURES					
Current:					
Community development					
Administration	80,781	80,781	80,262	80,262	519
Housing rehabilitation	71,943	71,943	71,943	71,943	-
Demolition and clearing	101,710	101,710	101,710	101,710	-
Park improvement	62,783	62,783	62,783	62,783	
Public service	31,114	31,114	31,114	31,114	-
Total expenditures	348,331	348,331	347,812	347,812	519
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	519	519	519
FUND BALANCE, BEGINNING	1,946	1,946	1,946	1,946	-
FUND BALANCE, ENDING	$ 1,946	$ 1,946	$ 2,465	$ 2,465	$ 519

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, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Investment income	$ 550	$ 550	$ 1,125	$ 1,125	$ 575
Donations	26,600	45,100	49,647	49,647	4,547
Total revenues	27,150	45,650	50,772	50,772	5,122
EXPENDITURES					
Current:					
Public safety					
Drug enforcement	7,834	21,134	21,141	21,141	(7)
Community services					
Park maintenance	35,000	45,000	39,270	39,270	5,730
Library materials	10,000	10,000	9,279	9,279	721
Total expenditures	52,834	76,134	69,690	69,690	6,444
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(25,684)	(30,484)	(18,918)	(18,918)	11,566
FUND BALANCE, BEGINNING	57,990	57,990	57,990	57,990	-
FUND BALANCE, ENDING	$ 32,306	$ 27,506	$ 39,072	$ 39,072	$ 11,566

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, 2019

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Fines and forfeitures	$ 125,000	$ 125,000	$ 83,857	$ -	$ 83,857	$(41,143)
Investment income	2,500	2,500	3,758	-	3,758	1,258
Total revenues	127,500	127,500	87,615	-	87,615	(39,885)
EXPENDITURES						
Current:						
Public safety						
Drug enforcement	276,300	271,125	19,889	2,820	22,709	248,416
Capital outlay	-	15,695	12,395	(7,720)	4,675	11,020
Total expenditures	276,300	286,820	32,284	(4,900)	27,384	259,436
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(148,800)	(159,320)	55,331	4,900	60,231	219,551
FUND BALANCE, BEGINNING	150,804	150,804	150,804	-	150,804	-
FUND BALANCE, ENDING	$ 2,004	$(8,516)	$ 206,135	$ 4,900	$ 211,035	$ 219,551

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, 2019

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Investment income	$ 2,500	$ 2,500	$ 3,642	$ -	$ 3,642	$ 1,142
Airport rentals	50,000	50,000	50,002	-	50,002	2
Fuel sales	323,000	323,000	339,254	-	339,254	16,254
Miscellaneous	-	-	106,920	-	106,920	106,920
Total revenues	375,500	375,500	499,818	-	499,818	124,318
EXPENDITURES						
Current:						
Community services						
Airport operation	398,077	399,507	371,422	(1,430)	369,992	29,515
Capital outlay	50,000	62,795	35,795	(9,020)	26,775	36,020
Total expenditures	448,077	462,302	407,217	(1,430)	396,767	65,535
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(72,577)	(86,802)	92,601	1,430	103,051	189,853
FUND BALANCE, BEGINNING	134,551	134,551	134,551	-	134,551	-
FUND BALANCE, ENDING	$ 61,974	$ 47,749	$ 227,152	$ 1,430	$ 237,602	$ 189,853

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, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Charges for services	$ 310,000	$ 310,000	$ 297,438	$ 297,438	$(12,562)
Investment income	3,500	3,500	7,021	7,021	3,521
Total revenues	313,500	313,500	304,459	304,459	(9,041)
EXPENDITURES					
Current:					
Public safety					
Emergency 9-1-1 services	297,808	297,808	254,091	254,091	43,717
Total expenditures	297,808	297,808	254,091	254,091	43,717
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,692	15,692	50,368	50,368	34,676
FUND BALANCE, BEGINNING	222,091	222,091	222,091	222,091	-
FUND BALANCE, ENDING	$ 237,783	$ 237,783	$ 272,459	$ 272,459	$ 34,676

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, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Fines and forfeitures	$ 20,500	$ 20,500	$ 30,273	$ 30,273	$ 9,773
Investment income	-	-	1,266	1,266	1,266
Total revenues	20,500	20,500	31,539	31,539	11,039
EXPENDITURES					
Current:					
Public safety					
Security	20,500	20,500	15,692	15,692	4,808
Technology	7,500	7,500	3,466	3,466	4,034
Total expenditures	28,000	28,000	19,158	19,158	8,842
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,500)	(7,500)	12,381	12,381	19,881
FUND BALANCE, BEGINNING	38,582	38,582	38,582	38,582	-
FUND BALANCE, ENDING	$ 31,082	$ 31,082	$ 50,963	$ 50,963	$ 19,881

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, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Charges for services	$ 100,000	$ 100,000	$ -	$ -	$(100,000)
Investment income	7,500	7,500	12,900	12,900	5,400
Total revenues	107,500	107,500	12,900	12,900	(94,600)
EXPENDITURES					
Streets	50,000	50,000	-	-	50,000
Total expenditures	50,000	50,000	-	-	50,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	57,500	57,500	12,900	12,900	(44,600)
FUND BALANCE, BEGINNING	437,104	437,104	437,104	437,104	-
FUND BALANCE, ENDING	$ 494,604	$ 494,604	$ 450,004	$ 450,004	$(44,600)

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, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Property taxes	$ 119,076	$ 119,076	$ 119,076	$ 119,076	$ -
Investment income	-	-	4,942	4,942	4,942
Total revenues	119,076	119,076	124,018	124,018	4,942
EXPENDITURES					
Capital outlay	50,000	55,000	54,814	54,814	186
Total expenditures	50,000	55,000	54,814	54,814	186
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	69,076	64,076	69,204	69,204	5,128
FUND BALANCE, BEGINNING	148,055	148,055	148,055	148,055	-
FUND BALANCE, ENDING	$ 217,131	$ 212,131	$ 217,259	$ 217,259	$ 5,128

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, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Property taxes	$ 189,234	$ 189,234	$ 189,234	$ 189,234	$ -
Investment income	-	-	1,870	1,870	1,870
Total revenues	189,234	189,234	191,104	191,104	1,870
EXPENDITURES	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	189,234	189,234	191,104	191,104	1,870
OTHER FINANCING SOURCES (USES)					
Transfers out	(190,000)	(190,000)	(190,000)	(190,000)	-
Total other financing sources (uses)	(190,000)	(190,000)	(190,000)	(190,000)	-
NET CHANGE IN FUND BALANCE	(766)	(766)	1,104	1,104	1,870
FUND BALANCE, BEGINNING	56,223	56,223	56,223	56,223	-
FUND BALANCE, ENDING	$ 55,457	$ 55,457	$ 57,327	$ 57,327	$ 1,870

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, 2019

	Budgeted Amounts		Actual GAAP	Actual Budget	Final Budget
	Original	Final	Basis	Basis	Variance
REVENUES					
Property taxes	$ 15,945	$ 15,945	$ 15,134	$ 15,134	$(811)
Intergovernmental	18,948	18,948	17,441	17,441	(1,507)
Investment income	30,000	30,000	26,818	26,818	(3,182)
Total revenues	64,893	64,893	59,393	59,393	(5,500)
EXPENDITURES					
Capital outlay	-	-	67,646	67,646	(67,646)
Total expenditures	-	-	67,646	67,646	(67,646)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	64,893	64,893	(8,253)	(8,253)	(73,146)
OTHER FINANCING SOURCES (USES)					
Transfers out	(290,000)	(290,000)	(290,000)	(290,000)	-
Total other financing sources (uses)	(290,000)	(290,000)	(290,000)	(290,000)	-
NET CHANGE IN FUND BALANCE	(225,107)	(225,107)	(298,253)	(298,253)	(73,146)
FUND BALANCE, BEGINNING	1,076,855	1,076,855	1,076,855	1,076,855	-
FUND BALANCE, ENDING	$ 851,748	$ 851,748	$ 778,602	$ 778,602	$(73,146)

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, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Property taxes	$ 11,030	$ 11,030	$ 8,896	$ 8,896	$(2,134)
Intergovernmental	13,711	13,711	10,253	10,253	(3,458)
Investment income	25,000	25,000	46,897	46,897	21,897
Total revenues	49,741	49,741	66,046	66,046	16,305
EXPENDITURES					
Capital outlay	-	1,200,000	1,150,879	1,150,879	49,121
Total expenditures	-	1,200,000	1,150,879	1,150,879	49,121
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	49,741	(1,150,259)	(1,084,833)	(1,084,833)	65,426
OTHER FINANCING SOURCES (USES)					
Transfers out	(227,000)	(227,000)	(227,000)	(227,000)	-
Total other financing sources (uses)	(227,000)	(227,000)	(227,000)	(227,000)	-
NET CHANGE IN FUND BALANCE	(177,259)	(1,377,259)	(1,311,833)	(1,311,833)	65,426
FUND BALANCE, BEGINNING	2,675,287	2,675,287	2,675,287	2,675,287	-
FUND BALANCE, ENDING	$ 2,498,028	$ 1,298,028	$ 1,363,454	$ 1,363,454	$ 65,426

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, 2019

	Budgeted Amounts		Actual GAAP	Actual Budget	Final Budget
	Original	Final	Basis	Basis	Variance
REVENUES					
Investment income	$ 20,000	$ 20,000	$ 7,123	$ 7,123	$(12,877)
Total revenues	20,000	20,000	7,123	7,123	(12,877)
EXPENDITURES					
Capital outlay	-	310,000	214,025	214,025	95,975
Total expenditures	-	310,000	214,025	214,025	95,975
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20,000	(290,000)	(206,902)	(206,902)	83,098
OTHER FINANCING SOURCES (USES)					
Transfers out	(93,000)	(179,000)	(179,851)	(179,851)	851
Total other financing sources (uses)	(93,000)	(179,000)	(179,851)	(179,851)	(851)
NET CHANGE IN FUND BALANCE	(73,000)	(469,000)	(386,753)	(386,753)	82,247
FUND BALANCE, BEGINNING	491,366	491,366	491,366	491,366	-
FUND BALANCE, ENDING	$ 418,366	$ 22,366	$ 104,613	$ 104,613	$ 82,247

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, 2019

	Budgeted Amounts		Actual GAAP	Actual Budget	Final Budget
	Original	Final	Basis	Basis	Variance
REVENUES					
Charges for services	$ 144,000	$ 144,000	$ 119,000	$ 119,000	$(25,000)
Investment income	-	-	5,780	5,780	5,780
Total revenues	144,000	144,000	124,780	124,780	(19,220)
EXPENDITURES					
Capital outlay	250,000	250,000	-	-	250,000
Total expenditures	250,000	250,000	-	-	250,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(106,000)	(106,000)	124,780	124,780	230,780
FUND BALANCE, BEGINNING	194,456	194,456	194,456	194,456	-
FUND BALANCE, ENDING	$ 88,456	$ 88,456	$ 319,236	$ 319,236	$ 230,780

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, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Charges for services	$ 600,000	$ 600,000	$ 436,105	$ 436,105	$(163,895)
Investment income	15,000	15,000	58,418	58,418	43,418
Total revenues	615,000	615,000	494,523	494,523	(120,477)
EXPENDITURES					
Current:					
Community services	87,177	87,177	46,833	46,833	40,344
Capital outlay	2,300,000	2,432,500	781,233	781,233	1,651,267
Total expenditures	2,387,177	2,519,677	828,066	828,066	1,691,611
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,772,177)	(1,904,677)	(333,543)	(333,543)	1,571,134
OTHER FINANCING SOURCES (USES)					
Issuance of debt	3,000,000	3,000,000	-	-	(3,000,000)
Transfers out	(406,500)	(274,000)	(274,000)	(274,000)	-
Total other financing sources (uses)	2,593,500	2,726,000	(274,000)	(274,000)	(3,000,000)
NET CHANGE IN FUND BALANCE	821,323	821,323	(607,543)	(607,543)	(1,428,866)
FUND BALANCE, BEGINNING	2,520,020	2,520,020	2,520,020	2,520,020	-
FUND BALANCE, ENDING	$ 3,341,343	$ 3,341,343	$ 1,912,477	$ 1,912,477	$(1,428,866)

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AUDITORIUM BONDS SINKING FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP	Actual Budget	Final Budget
	Original	Final	Basis	Basis	Variance
REVENUES					
Investment income	$ 2,500	$ 2,500	$ 4,216	$ 4,216	$ 1,716
Total revenues	2,500	2,500	4,216	4,216	1,716
EXPENDITURES					
Debt service:					
Principal	67,794	67,794	67,794	67,794	-
Interest	34,665	34,665	34,665	34,665	-
Agent fees	750	750	-	-	750
Total expenditures	103,209	103,209	102,459	102,459	750
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(100,709)	(100,709)	(98,243)	(98,243)	2,466
OTHER FINANCING SOURCES (USES)					
Transfers in	113,000	113,000	-	-	(113,000)
Total other financing sources (uses)	113,000	113,000	-	-	(113,000)
NET CHANGE IN FUND BALANCE	12,291	12,291	(98,243)	(98,243)	(110,534)
FUND BALANCE, BEGINNING	166,842	166,842	166,842	166,842	-
FUND BALANCE, ENDING	$ 179,133	$ 179,133	$ 68,599	$ 68,599	$(110,534)

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIF #1 DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Property taxes	$ 276,324	$ 276,324	$ 276,324	$ 276,324	$ -
Investment income	1,000	1,000	12,267	12,267	11,267
Total revenues	277,324	277,324	288,591	288,591	11,267
EXPENDITURES					
Debt service:					
Principal	246,652	246,652	246,652	246,652	-
Interest	63,009	63,009	63,009	63,009	-
Agent fees	750	750	200	200	550
Total expenditures	310,411	310,411	309,861	309,861	550
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(33,087)	(33,087)	(21,270)	(21,270)	11,817
FUND BALANCE, BEGINNING	376,214	376,214	376,214	376,214	-
FUND BALANCE, ENDING	$ 343,127	$ 343,127	$ 354,944	$ 354,944	$ 11,817

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
2008 CERTIFICATES OF OBLIGATION DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES	$ -	$ -	$ -	$ -	$ -
EXPENDITURES	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(20,033)	(20,033)	(20,033)	-
Total other financing sources (uses)	-	(20,033)	(20,033)	(20,033)	-
NET CHANGE IN FUND BALANCE	-	(20,033)	(20,033)	(20,033)	-
FUND BALANCE, BEGINNING	20,033	20,033	20,033	20,033	-
FUND BALANCE, ENDING	$ 20,033	$ -	$ -	$ -	$ -

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
2009 CERTIFICATES OF OBLIGATION DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES	$ -	$ -	$ -	$ -	$ -
EXPENDITURES	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(18,610)	(18,610)	(18,610)
Total other financing sources (uses)	-	-	(18,610)	(18,610)	(18,610)
NET CHANGE IN FUND BALANCE	-	-	(18,610)	(18,610)	(18,610)
FUND BALANCE, BEGINNING	18,610	18,610	18,610	18,610	-
FUND BALANCE, ENDING	$ 18,610	$ 18,610	$ -	$ -	$(18,610)

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
2009A CERTIFICATES OF OBLIGATION DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES	$ -	$ -	$ -	$ -	$ -
EXPENDITURES	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(6,686)	(6,686)	(6,686)	-
Total other financing sources (uses)	-	(6,686)	(6,686)	(6,686)	-
NET CHANGE IN FUND BALANCE	-	(6,686)	(6,686)	(6,686)	-
FUND BALANCE, BEGINNING	6,686	6,686	6,686	6,686	-
FUND BALANCE, ENDING	$ 6,686	$ -	$ -	$ -	$ -

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) 2016 CERTIFICATES OF OBLIGATION DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Property taxes	$ 470,000	$ 470,000	$ 470,000	$ 470,000	$ -
Investment income	-	-	3,982	3,982	3,982
Total revenues	470,000	470,000	473,982	473,982	3,982
EXPENDITURES					
Debt service:					
Principal	295,000	295,000	295,000	295,000	-
Interest	173,213	173,213	173,213	173,213	-
Agent fees	750	750	-	-	750
Total expenditures	468,963	468,963	468,213	468,213	750
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,037	1,037	5,769	5,769	4,732
FUND BALANCE, BEGINNING	4,939	4,939	4,939	4,939	-
FUND BALANCE, ENDING	$ 5,976	$ 5,976	$ 10,708	$ 10,708	$ 4,732

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
2016 TAX NOTES DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Sales taxes	$ 290,000	$ 290,000	$ 290,000	$ 290,000	$ -
Investment income	-	-	7,468	7,468	7,468
Total revenues	290,000	290,000	297,468	297,468	7,468
EXPENDITURES					
Debt service:					
Principal	465,000	465,000	465,000	465,000	-
Interest	14,866	14,866	14,684	14,684	182
Agent fees	750	750	750	750	-
Total expenditures	480,616	480,616	480,434	480,434	182
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(190,616)	(190,616)	(182,966)	(182,966)	7,650
OTHER FINANCING SOURCES (USES)					
Transfers in	190,000	190,000	190,000	190,000	-
Total other financing sources (uses)	190,000	190,000	190,000	190,000	-
NET CHANGE IN FUND BALANCE	(616)	(616)	7,034	7,034	7,650
FUND BALANCE, BEGINNING	5,850	5,850	5,850	5,850	-
FUND BALANCE, ENDING	$ 5,234	$ 5,234	$ 12,884	$ 12,884	$ 7,650

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
2017 CERTIFICATES OF OBLIGATION DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Property taxes	$ 826,000	$ 826,000	$ 648,649	$ 648,649	$(177,351)
Investment income	-	-	6,566	6,566	6,566
Total revenues	826,000	826,000	655,215	655,215	(170,785)
EXPENDITURES					
Debt service:					
Principal	385,146	385,146	302,319	302,319	82,827
Interest	439,537	439,537	345,013	345,013	94,524
Agent fees	750	750	800	800	(50)
Total expenditures	825,433	825,433	648,132	648,132	177,301
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	567	567	7,083	7,083	6,516
FUND BALANCE, BEGINNING	2,650	2,650	2,650	2,650	-
FUND BALANCE, ENDING	$ 3,217	$ 3,217	$ 9,733	$ 9,733	$ 6,516

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
2017 REFUNDING BONDS DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Property taxes	$ 890,000	$ 890,000	$ 890,000	$ 890,000	$ -
Investment income	-	-	8,925	8,925	8,925
Total revenues	890,000	890,000	898,925	898,925	8,925
EXPENDITURES					
Debt service:					
Principal	645,554	645,554	645,554	645,554	-
Interest	243,050	243,050	243,100	243,100	(50)
Bond issuance costs	750	750	800	800	(50)
Total expenditures	889,354	889,354	889,454	889,454	(100)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	646	646	9,471	9,471	8,825
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	45,329	45,329	45,329
Total other financing sources (uses)	-	-	45,329	45,329	45,329
NET CHANGE IN FUND BALANCE	646	646	54,800	54,800	54,154
FUND BALANCE, BEGINNING	4,465	4,465	4,465	4,465	-
FUND BALANCE, ENDING	$ 5,111	$ 5,111	$ 59,265	$ 59,265	$ 54,154

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
2017A STORM WATER BOND DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Actual	Final
	Original	Final	GAAP Basis	Budget Basis	Budget Variance
REVENUES					
Investment income	$ -	$ -	$ 1,656	$ 1,656	$ 1,656
Total revenues	-	-	1,656	1,656	1,656
EXPENDITURES					
Debt service:					
Principal	145,000	145,000	145,000	145,000	-
Interest	127,075	127,075	127,075	127,075	-
Bond issuance costs	750	750	800	800	(50)
Total expenditures	272,825	272,825	272,875	272,875	(50)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(272,825)	(272,825)	(271,219)	(271,219)	1,606
OTHER FINANCING SOURCES (USES)					
Transfers in	274,000	274,000	274,000	274,000	-
Total other financing sources (uses)	274,000	274,000	274,000	274,000	-
NET CHANGE IN FUND BALANCE	1,175	1,175	2,781	2,781	1,606
FUND BALANCE, BEGINNING	4,968	4,968	4,968	4,968	-
FUND BALANCE, ENDING	$ 6,143	$ 6,143	$ 7,749	$ 7,749	$ 1,606

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
2018 CERTIFICATES OF OBLIGATION DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Actual	Final
	Original	Final	GAAP Basis	Budget Basis	Budget Variance
REVENUES					
Property taxes	$ 667,000	$ 684,000	$ 684,008	$ 684,008	$ 8
Investment income	-	-	2,384	2,384	2,384
Miscellaneous	-	-	852	852	852
Total revenues	667,000	684,000	687,244	687,244	3,244
EXPENDITURES					
Debt service:					
Interest	665,000	682,000	682,009	682,009	(9)
Agent fees	1,050	1,050	800	800	250
Total expenditures	666,050	683,050	682,809	682,809	241
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	950	950	4,435	4,435	3,485
FUND BALANCE, BEGINNING	4,941	4,941	4,941	4,941	-
FUND BALANCE, ENDING	$ 5,891	$ 5,891	$ 9,376	$ 9,376	$ 3,485

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) 2019 CERTIFICATES OF OBLIGATION DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Property taxes	$ -	$ 184,000	$ 184,000	$ 184,000	$ -
Miscellaneous	-	-	3,739	3,739	3,739
Total revenues	-	184,000	187,739	187,739	3,739
EXPENDITURES					
Debt service:					
Interest	-	184,000	183,987	183,987	13
Total expenditures	-	184,000	183,987	183,987	13
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	3,752	3,752	3,752
FUND BALANCE, BEGINNING	-	-	-	-	-
FUND BALANCE, ENDING	$ -	$ -	$ 3,752	$ 3,752	$ 3,752

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIRZ #5 DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP	Actual Budget	Final Budget
	Original	Final	Basis	Basis	Variance
REVENUES					
Investment income	$ -	$ -	$ 1,541	1,541	1,541
Total revenues	-	-	1,541	1,541	1,541
EXPENDITURES					
Debt service:					
Principal	134,594	134,594	134,594	134,594	-
Interest	153,602	153,602	153,602	153,602	-
Total expenditures	288,196	288,196	288,196	288,196	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(288,196)	(288,196)	(286,655)	(286,655)	1,541
OTHER FINANCING SOURCES (USES)					
Transfers in	290,000	290,000	290,000	290,000	-
Total other financing sources (uses)	290,000	290,000	290,000	290,000	-
NET CHANGE IN FUND BALANCE	1,804	1,804	3,345	3,345	1,541
FUND BALANCE, BEGINNING	865	865	865	865	-
FUND BALANCE, ENDING	$ 2,669	$ 2,669	$ 4,210	$ 4,210	$ 1,541

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIRZ #6 DEBT SERVICE FUND FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Investment income	$ -	$ -	$ 1,212	$ 1,212	$ 1,212
Total revenues	-	-	1,212	1,212	1,212
EXPENDITURES					
Debt service:					
Principal	105,260	105,260	105,260	105,260	-
Interest	120,124	120,124	120,123	120,123	1
Total expenditures	225,384	225,384	225,383	225,383	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(225,384)	(225,384)	(224,171)	(224,171)	1,213
OTHER FINANCING SOURCES (USES)					
Transfers in	227,000	227,000	227,000	227,000	-
Total other financing sources (uses)	227,000	227,000	227,000	227,000	-
NET CHANGE IN FUND BALANCE	1,616	1,616	2,829	2,829	1,213
FUND BALANCE, BEGINNING	882	882	882	882	-
FUND BALANCE, ENDING	$ 2,498	$ 2,498	$ 3,711	$ 3,711	$ 1,213

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIRZ #7 DEBT SERVICE FUND FUND

YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Investment income	$ -	$ -	$ 395	$ 395	$ 395
Total revenues	-	-	395	395	395
EXPENDITURES					
Debt service:					
Principal	-	82,827	82,827	82,827	-
Interest	90,500	94,524	94,524	94,524	-
Agent fees	1,000	1,000	-	-	1,000
Total expenditures	91,500	178,351	177,351	177,351	1,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(91,500)	(178,351)	(176,956)	(176,956)	1,395
OTHER FINANCING SOURCES (USES)					
Transfers in	93,000	179,000	179,851	179,851	851
Total other financing sources (uses)	93,000	179,000	179,851	179,851	851
NET CHANGE IN FUND BALANCE	1,500	649	2,895	2,895	2,246
FUND BALANCE, BEGINNING	-	-	-	-	-
FUND BALANCE, ENDING	$ 1,500	$ 649	$ 2,895	$ 2,895	$ 2,246

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, 2019

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Final Budget Variance
	Original	Final			
REVENUES					
Investment income (loss)	$ -	$ -	$ 11,819	$ 11,819	$ 11,819
Perpetual care contracts	10,000	10,000	9,800	9,800	(200)
Total revenues	10,000	10,000	21,619	21,619	11,619
EXPENDITURES	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,000	10,000	21,619	21,619	11,619
FUND BALANCE, BEGINNING	1,617,212	1,617,212	1,617,212	1,617,212	-
FUND BALANCE, ENDING	$ 1,627,212	$ 1,627,212	$ 1,638,831	$ 1,638,831	$ 11,619

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2019

	Equipment Services	Information Technology	Insurance	Fleet Replacement	Total Governmental
ASSETS					
Current:					
Cash	$ 262,636	$ 151,184	$ 593,248	$ 310,273	$ 1,317,341
Pooled and temporary investments	-	939	-	-	939
Receivables (net of allowances for uncollectibles):					
Accounts	-	-	423,496	-	423,496
Inventories	32,863	-	-	-	32,863
Prepaid items	-	15,494	-	-	15,494
Total current assets	295,499	167,617	1,016,744	310,273	1,790,133
Capital assets:					
Land	55,250	-	-	-	55,250
Buildings	171,916	29,485	-	-	201,401
Improvements other than buildings	12,926	-	-	-	12,926
Machinery and equipment	654,768	651,491	-	19,940,756	21,247,015
Other assets	-	115,289	-	-	115,289
Total capital assets	894,860	796,265	-	19,940,756	21,631,881
Accumulated depreciation	(499,978)	(594,084)	-	(8,715,945)	(9,810,007)
Capital assets, net	394,882	202,181	-	11,224,811	11,821,874
Total assets	690,381	369,798	1,016,744	11,535,084	13,612,007
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan - TMRS	233,589	163,402	-	-	396,991
OPEB - retiree health plan	12,271	8,584	-	-	20,855
OPEB - supplemental death benefit	5,536	3,873	-	-	9,409
Total deferred outflows of resources	251,396	175,859	-	-	427,255
LIABILITIES					
Current liabilities:					
Accounts payable	216,293	40,406	15,934	2,445	275,078
Accrued wages	26,158	17,263	-	-	43,421
Claims payable	-	-	293,259	-	293,259
Unearned revenue	-	-	15,687	-	15,687
Current portion of long-term liabilities:					
Capital lease obligations	-	-	-	490,462	490,462
Accrued compensated absences	35,785	34,353	-	-	70,138
Long-term liabilities (net of current portion):					
Capital lease obligations	-	-	-	2,612,710	2,612,710
Net pension liability	545,948	381,907	-	-	927,855
Total OPEB liability - retiree health plan	167,696	117,308	-	-	285,004
Total OPEB liability - supplemental death benefit	34,612	24,212	-	-	58,824
Total liabilities	1,026,492	615,449	324,880	3,105,617	5,072,438
DEFERRED INFLOWS OF RESOURCES					
Pension plan - TMRS	1,984	1,388	-	-	3,372
OPEB - retiree health plan	26,497	18,535	-	-	45,032
OPEB - supplemental death benefits	1,642	1,148	-	-	2,790
Total deferred inflows of resources	30,123	21,071	-	-	51,194
NET POSITION					
Net investment in capital assets	394,882	202,181	-	8,121,639	8,718,702
Unrestricted	(509,720)	(293,044)	691,864	307,828	196,928
Total net position	$(114,838)	$(90,863)	$ 691,864	$ 8,429,467	$ 8,915,630

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS

YEAR ENDED SEPTEMBER 30, 2019

	Equipment Services	Information Technology	Insurance	Fleet Replacement	Total Governmental
OPERATING REVENUES					
Charges for services	$ 3,403,227	$ 864,506	$ 5,182,368	$ 2,732,499	$ 12,182,600
Miscellaneous revenue	2,761	668	-	20,753	24,182
Total operating revenues	3,405,988	865,174	5,182,368	2,753,252	12,206,782
OPERATING EXPENSES					
Personnel services	861,486	620,934	-	-	1,482,420
Contractual services	328,172	71,855	5,116,026	-	5,516,053
Supplies	834,514	54,898	-	-	889,412
Maintenance and repair	1,349,074	154,868	-	-	1,503,942
Depreciation	35,490	65,379	-	2,254,140	2,355,009
Total operating expenses	3,408,736	967,934	5,116,026	2,254,140	11,746,836
OPERATING INCOME (LOSS)	(2,748)	(102,760)	66,342	499,112	459,946
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on sale of assets	-	-	-	(46,567)	(46,567)
Investment income	2,378	2,286	21,146	15,728	41,538
Interest expense	-	-	-	(90,296)	(90,296)
Total nonoperating revenues (expenses)	2,378	2,286	21,146	(121,135)	(95,325)
CHANGE IN NET POSITION	(370)	(100,474)	87,488	377,977	364,621
NET POSITION, BEGINNING	(114,468)	9,611	604,376	8,051,490	8,551,009
NET POSITION, ENDING	$(114,838)	$(90,863)	$ 691,864	$ 8,429,467	$ 8,915,630

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	Equipment Services	Information Technology	Insurance	Fleet Replacement	Total Governmental
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from interfund services	$ 3,405,988	$ 865,174	$ 4,769,005	$ 2,753,252	$ 11,793,419
Cash paid for supplies and materials	(2,434,296)	(289,042)	-	(345,105)	(3,068,443)
Cash paid for premiums, claims and administrative	-	-	(5,196,163)	-	(5,196,163)
Cash paid for personnel services	(799,566)	(539,346)	-	-	(1,338,912)
Net cash provided (used) by operating activities	172,126	36,786	(427,158)	2,408,147	2,189,901
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of assets	-	-	-	(46,567)	(46,567)
Acquisition of capital assets	(143,508)	(46,557)	-	(2,720,011)	(2,910,076)
Interest paid on long-term debt	-	-	-	(90,296)	(90,296)
Net cash provided (used) by capital and related financing activities	(143,508)	(46,557)	-	(2,856,874)	(3,046,939)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	2,378	2,286	21,146	15,728	41,538
Purchase of investments	-	24,396	-	-	24,396
Net cash provided by investing activities	2,378	26,682	21,146	15,728	65,934
NET INCREASE (DECREASE) IN CASH	30,996	16,911	(406,012)	(432,999)	(791,104)
CASH, BEGINNING	231,640	134,273	999,260	743,272	2,108,445
CASH, ENDING	$ 262,636	$ 151,184	$ 593,248	$ 310,273	$ 1,317,341

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2019

	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)	$(2,748)	$(102,760)	$ 66,342	$ 499,112	$ 459,946
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	35,490	65,379	-	2,254,140	2,355,009
(Increase) decrease in:					
Accounts receivable (net)	-	-	(413,363)	-	(413,363)
Inventories	(361)	-	-	-	(361)
Prepaid items	-	(910)	-	-	(910)
Deferred outflows of resources	(77,502)	(72,825)	-	-	(150,327)
Increase (decrease) in :					
Accounts payable	77,825	(6,511)	15,059	(345,105)	(258,732)
Accrued wages payable	4,902	2,200	-	-	7,102
Estimated liability for claims	-	-	(95,196)	-	(95,196)
Accrued compensated absences	3,114	2,103	-	-	5,217
Net pension liability	275,663	253,756	-	-	529,419
Net OPEB obligation	(20,509)	(14,861)	-	-	(35,370)
Deferred inflows of resources	(123,748)	(88,785)	-	-	(212,533)
Total adjustments	174,874	139,546	(493,500)	1,909,035	1,729,955
Net cash provided (used) by operating activities	$ 172,126	$ 36,786	$(427,158)	$ 2,408,147	$ 2,189,901
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from issuance of capital leases	$ -	$ -	$ -	$ 1,148,810	$ 1,148,810

STATISTICAL SECTION

CITY OF SHERMAN, TEXAS

NET POSITION BY COMPONENT
(Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities:				
Net investment in capital assets	$ 55,807	$ 51,954	$ 48,963	$ 46,356
Restricted	2,358	2,392	3,157	3,076
Unrestricted	5,583	6,108	6,426	6,543
Total governmental activities net position	$ 63,748	$ 60,454	$ 58,546	$ 55,975
Business-type activities:				
Net investment in capital assets	$ 38,347	$ 36,727	$ 34,442	$ 32,807
Restricted	-	-	-	-
Unrestricted	10,678	12,392	10,938	9,887
Total business-type activities net position	$ 49,025	$ 49,119	$ 45,380	$ 42,694
Primary government:				
Net investment in capital assets	$ 94,154	$ 88,681	$ 83,405	$ 79,163
Restricted	2,358	2,392	3,157	3,076
Unrestricted	16,261	18,500	17,364	16,430
Total primary government net position	$ 112,773	$ 109,573	$ 103,926	$ 98,669

TABLE 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 43,828	$ 42,771	$ 42,119	$ 42,277	$ 35,591	$ 26,556
3,409	3,366	2,676	2,703	7,914	6,008
8,763	4,513	646	(3,683)	(8,443)	(12,343)
$ 56,000	$ 50,650	$ 45,441	$ 41,297	$ 35,062	$ 20,221
$ 31,588	$ 30,296	$ 29,071	$ 28,114	$ 27,192	$ 25,987
-	-	-	-	-	-
8,750	7,052	6,257	4,959	3,175	1,890
$ 40,338	$ 37,348	$ 35,328	$ 33,073	$ 30,367	$ 27,877
$ 75,416	$ 73,067	$ 71,190	$ 70,391	$ 62,783	$ 52,543
3,409	3,366	2,676	2,703	7,914	6,008
17,513	11,565	6,903	1,276	(5,268)	(10,453)
$ 96,338	$ 87,998	$ 80,769	$ 74,370	$ 65,429	$ 48,098

CITY OF SHERMAN, TEXAS

CHANGES IN NET POSITION
(Accrual Basis of Accounting)

	Fiscal Year			
	2010	2011	2012	2013
EXPENSES				
Governmental activities:				
General government	$ 6,309	$ 5,932	$ 6,347	$ 6,548
Public safety	17,958	18,072	17,285	17,972
Streets	4,935	6,916	5,669	7,081
Sanitation	615	631	627	715
Community services	4,965	5,228	5,183	5,488
Community development	353	348	306	279
Interest on long-term debt	760	720	676	629
Total governmental activities expenses	35,895	37,847	36,093	38,712
Business-type activities:				
Water and sewer services	18,366	19,364	19,822	18,388
Solid waste services	4,253	4,331	4,228	4,354
Total business-type activities expenses	22,619	23,695	24,050	22,742
Total primary government program expenses	$ 58,514	$ 61,542	$ 60,143	$ 61,454
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	$ 122	$ 205	$ 116	$ 114
Public safety	2,915	3,560	3,094	3,133
Streets	97	103	103	101
Sanitation	138	127	133	150
Community services	866	916	957	1,323
Operating grants and contributions	254	1,661	132	565
Capital grants and contributions	450	1,202	618	541
Total governmental activities program revenues	4,842	7,774	5,153	5,927
Business-type activities:				
Charges for services:				
Water and sewer service	18,720	20,494	19,584	19,720
Solid waste service	5,583	5,697	5,599	5,474
Capital grants and contributions	3	-	-	-
Total business-type activities program revenues	24,306	26,191	25,183	25,194
Total primary government program revenues	$ 29,148	$ 33,965	$ 30,336	$ 31,121

TABLE 2

Fiscal Year 2014	2015	2016	2017	2018	2019
$ 6,662	$ 6,303	$ 9,178	$ 7,061	$ 6,411	6,592
17,871	18,221	19,655	21,582	21,056	24,076
6,011	7,024	6,481	7,053	9,156	19,873
703	716	748	778	734	858
5,268	5,398	5,760	5,874	6,054	6,595
290	277	339	321	231	351
594	560	665	1,491	1,672	2,461
37,399	38,499	42,826	44,160	45,314	60,806
18,853	18,760	20,569	21,591	23,098	24,346
4,540	4,423	4,692	4,876	6,321	6,584
23,393	23,183	25,261	26,467	29,419	30,930
$ 60,792	$ 61,682	$ 68,087	$ 70,627	$ 74,733	$ 91,736
$ 99	$ 97	$ 88	$ 78	$ 446	$ 842
2,707	2,635	2,512	3,383	3,784	3,518
118	102	99	137	153	213
171	139	125	106	109	94
1,194	1,194	868	965	903	1,083
156	1,504	183	402	331	1,030
250	247	546	407	685	156
4,695	5,918	4,421	5,478	6,411	6,936
19,870	20,548	20,674	20,760	22,481	22,229
5,815	5,763	6,218	6,264	6,690	6,943
1,191	546	289	389	1,322	1,391
26,876	26,857	27,181	27,413	30,493	30,563
$ 31,571	$ 32,775	$ 31,602	$ 32,891	$ 36,904	$ 37,499

CITY OF SHERMAN, TEXAS

CHANGES IN NET POSITION
(Accrual Basis of Accounting)

	Fiscal Year			
	2010	2011	2012	2013
NET (EXPENSE) REVENUES				
Governmental activities	$(31,053)	$(30,074)	$(30,941)	$(32,785)
Business-type activities	1,687	2,497	1,133	2,452
Total primary government net expense	(29,366)	(27,577)	(29,808)	(30,333)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	7,050	7,110	7,072	7,291
Sales	12,264	12,868	13,203	13,872
Franchise and nonproperty	3,928	4,017	3,449	3,462
Investment earnings	186	102	190	78
Grants, donations, and special items	557	148	150	280
Gain/(loss) on sale of fixed assets	-	-	-	-
Transfers	3,244	2,535	4,969	5,231
Total governmental activities	27,229	26,780	29,033	30,214
Business-type activities:				
Investment earnings	49	50	48	35
Grants, donations, and special items	31	82	49	58
Transfers	(3,244)	(2,535)	(4,969)	(5,231)
Total business-type activities	(3,164)	(2,403)	(4,872)	(5,138)
Total primary government	24,065	24,377	24,161	25,076
CHANGE IN NET POSITION				
Governmental activities	(3,824)	(3,294)	(1,908)	(2,571)
Business-type activities	(1,477)	94	(3,739)	(2,686)
Total primary government	$(5,301)	$(3,200)	$(5,647)	$(5,257)

TABLE 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
$(32,704)	$(32,581)	$(38,405)	$(38,682)	$(38,903)	$(53,870)
3,484	3,674	1,920	946	1,074	(367)
(29,220)	(28,907)	(36,485)	(37,736)	(37,829)	(54,237)
7,793	8,811	9,341	10,808	12,127	13,057
14,806	15,058	15,636	15,563	17,839	18,024
3,841	3,618	3,425	3,490	3,655	3,568
120	20	154	353	489	1,054
279	136	222	303	226	496
-	-	9	(35)	2,035	(47)
5,973	5,202	4,409	4,056	2,515	2,878
32,812	32,845	33,196	34,538	38,886	39,030
13	57	66	45	40	173
121	65	402	810	516	581
(5,973)	(5,202)	(4,408)	(4,056)	(2,515)	(2,878)
(5,839)	(5,080)	(3,940)	(3,201)	(1,959)	(2,124)
26,973	27,765	29,256	31,337	36,927	36,906
108	264	(5,209)	(4,144)	(17)	(14,840)
(2,355)	(1,406)	(2,020)	(2,255)	(885)	(2,491)
$(2,247)	$(1,142)	$(7,229)	$(6,399)	$(902)	$(17,331)

CITY OF SHERMAN, TEXAS

FUND BALANCE
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2010	2011	2012	2013
General fund				
Nonspendable	$ -	$ -	$ 13	$ -
Reserved	39	-	-	-
Unreserved	6,949	-	-	-
Restricted	-	52	8	6
Assigned	-	-	119	119
Unassigned	-	8,271	9,138	9,760
Total general fund	$ 6,988	$ 8,323	$ 9,278	$ 9,885
All other governmental funds				
Nonspendable	$ -	$ -	$ -	$ 1,300
Reserved	3,027	-	-	-
Unreserved, reported in:				
Special revenue funds	1,134	-	-	-
Capital projects funds	5,132	-	-	-
Committed	-	483	450	451
Restricted	-	3,718	3,226	3,145
Assigned	-	1,037	457	-
Unassigned	-	-	-	(1,077)
Total all other governmental funds	$ 9,293	$ 5,238	$ 4,133	$ 3,819

Note: Beginning in 2011, fund balances are reported based on GASB 54. Prior years have not been restated.

TABLE 3

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ -	$ -	$ 87	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
30	6	8	11	1	3
139	141	69	38	52	58
11,358	10,949	10,056	9,344	11,504	11,297
$ 11,527	$ 11,096	$ 10,220	$ 9,393	$ 11,557	$ 11,358
$ 1,300	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
				-	-
-	-	-	-	-	-
-	-	-	-	-	-
418	419	422	426	437	450
3,446	3,420	2,761	24,536	29,835	28,019
-	1,758	9,832	460	528	-
(658)	-	-	-	(20)	(1,029)
$ 4,506	$ 5,597	$ 13,015	$ 25,422	$ 30,780	$ 27,440

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			
	2010	2011	2012	2013
REVENUES				
Taxes	$ 23,016	$ 23,795	$ 23,529	$ 24,421
Licenses and permits	294	349	171	254
Intergovernmental	683	2,323	700	1,330
Charges for services	2,909	2,991	3,124	3,316
Fines	835	1,158	942	1,106
Investment earnings	186	91	189	78
Donations	50	61	27	48
Miscellaneous	567	169	175	276
Total revenues	28,540	30,937	28,857	30,829
EXPENDITURES				
General government	4,567	4,588	4,401	4,618
Public safety	16,948	17,253	16,494	17,510
Highways and streets	2,201	3,750	2,343	2,395
Sanitation	578	600	601	690
Community services	4,063	4,224	4,188	4,509
Community development	353	348	306	279
Capital outlay	4,466	3,035	1,197	1,853
Debt service:				
Principal	1,581	1,501	1,539	816
Interest	798	678	643	602
Total expenditures	35,555	35,977	31,712	33,272
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,015)	(5,040)	(2,855)	(2,443)
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term debt	$ -	$ -	$ -	$ -
Premium on bond issuance	-	-	-	-
Proceeds from refunding debt	-	-	-	-
Proceeds from sale of assets	45	-	5	25
Insurance recoveries	-	-	-	-
Paid to refunding bond agent	-	-	-	-
Transfers in	3,942	4,794	4,220	3,986
Transfers out	(1,764)	(2,474)	(1,520)	(1,276)
Total other financing sources (uses)	2,223	2,320	2,705	2,735
NET CHANGE IN FUND BALANCES	$(4,792)	$(2,720)	$(150)	$ 292
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	7.7%	6.6%	7.2%	4.3%

Note: Capital Outlay does not include contributed capital assets.

TABLE 4

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 26,300	$ 27,269	$ 28,327	$ 29,934	$ 33,585	$ 34,562
401	371	404	503	824	691
577	572	714	762	957	1,392
3,079	2,977	2,927	3,502	3,929	3,759
731	571	527	726	562	693
120	20	154	350	461	1,013
42	39	43	53	86	60
208	1,579	220	330	276	705
31,458	33,398	33,316	36,160	40,680	42,875
4,839	5,209	5,337	5,408	6,396	6,157
17,509	17,669	18,400	19,409	21,346	22,235
2,565	2,557	2,997	3,374	6,190	15,389
682	701	704	714	730	793
4,377	4,496	4,727	4,954	5,367	5,719
290	278	335	316	244	348
751	2,678	2,955	9,332	17,218	13,921
770	795	830	1,300	1,810	2,490
574	547	619	1,180	1,826	2,370
32,357	34,930	36,904	45,987	61,127	69,422
(899)	(1,532)	(3,588)	(9,827)	(20,447)	(26,547)
$ -	$ -	$ 8,800	$ 18,110	$ 22,880	$ 19,130
-	-	304	1,701	501	1,001
-	-	-	9,360	-	-
56	39	438	51	2,030	-
-	-	-	-	42	-
-	-	-	(9,887)	-	-
5,098	5,500	3,985	3,926	5,220	4,784
(1,926)	(3,348)	(3,398)	(1,854)	(2,705)	(1,906)
3,228	2,191	10,129	21,407	27,968	23,009
$ 2,329	$ 659	$ 6,541	$ 11,580	$ 7,521	$(3,538)
4.3%	4.0%	4.3%	6.8%	9.7%	9.9%

TABLE 5

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	Total Direct Tax Rate	Assessd Value of Taxable Property	Per Capita Assessed Value
	Residential	Commercial	Personal	Other					
2010	$ 865,771	$ 1,221,147	$ 659,497	$ 24,880	$ 583,701	$ 2,187,594	$ 0.3200	$ 2,187,594	$ 58,457
2011	863,028	1,251,827	599,166	30,369	548,722	2,195,668	0.3200	2,195,668	56,999
2012	848,847	1,258,179	624,820	29,851	561,268	2,200,429	0.3200	2,200,429	57,582
2013	852,464	1,264,118	632,063	32,636	531,385	2,249,896	0.3200	2,249,896	58,440
2014	855,330	1,313,960	612,320	31,885	575,443	2,238,052	0.3480	2,238,052	57,674
2015	872,907	1,724,365	643,252	27,226	893,233	2,374,517	0.3720	2,374,517	60,700
2016	924,035	1,856,599	584,425	18,012	962,223	2,420,848	0.3720	2,420,848	63,708
2017	1,091,578	1,865,518	643,397	12,743	831,983	2,781,253	0.3943	2,781,253	69,337
2018	1,193,741	1,945,413	664,170	15,020	931,450	2,886,894	0.4273	2,886,894	71,206
2019	1,352,065	1,956,251	678,475	13,927	886,541	3,114,177	0.4273	3,114,177	75,681

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 6

CITY OF SHERMAN, TEXAS

CLASSIFICATION OF ASSESSED VALUATION

LAST TEN YEARS

Category	Tax Year 2009	% of Total	Tax Year 2010	% of Total	Tax Year 2011	% of Total	Tax Year 2012	% of Total	Tax Year 2013	% of Total
Real, Residential, Single-Family	$ 939,107,337	33.89%	$ 940,459,569	34.27%	$ 938,389,678	33.98%	$ 932,233,384	33.52%	$ 933,817,827	33.19%
Real, Residential, Multi-Family	128,928,930	4.65%	132,942,721	4.84%	122,892,528	4.45%	127,665,860	4.59%	130,211,958	4.63%
Real, Vacant Lots/Tracts	43,788,295	1.58%	43,677,257	1.59%	44,129,528	1.60%	45,963,438	1.65%	36,329,354	1.29%
Real, Acreage	97,956,790	3.53%	100,371,411	3.66%	98,127,969	3.55%	105,196,706	3.78%	79,919,006	2.84%
Real, Farm & Ranch Improvements	4,432,506	0.16%	4,468,072	0.16%	4,282,539	0.16%	6,176,571	0.22%	22,561,954	0.80%
Real, Commercial	512,819,844	18.50%	555,793,155	20.25%	567,342,314	20.54%	569,833,509	20.49%	584,441,092	20.77%
Real, Industrial	144,924,929	5.23%	141,823,597	5.17%	131,107,924	4.75%	121,858,243	4.38%	148,052,374	5.26%
Oil & Gas	20,676,799	0.75%	26,895,084	0.98%	25,982,199	0.94%	29,519,662	1.06%	26,524,198	0.94%
Utilities	46,431,590	1.68%	47,302,715	1.72%	49,362,566	1.79%	48,473,773	1.74%	50,457,550	1.79%
Tangible Personal, Commercial	250,724,820	9.05%	244,533,899	8.91%	252,458,659	9.14%	263,403,980	9.47%	236,760,135	8.42%
Tangible Personal, Industrial	349,228,404	12.60%	297,117,303	10.83%	311,741,599	11.29%	307,696,682	11.06%	311,710,732	11.08%
Mobile Homes	3,062,807	0.11%	2,697,012	0.10%	2,816,658	0.10%	2,706,729	0.10%	2,686,298	0.10%
Exempt	208,990,004	7.54%	17,248,675	0.63%	194,707,507	7.05%	201,721,730	7.26%	229,503,519	8.16%
Real Property, Inventory	20,221,954	0.73%	189,058,948	6.89%	18,355,463	0.66%	18,820,936	0.68%	20,519,083	0.73%
Total Appraised Value	2,771,295,009	100.00%	2,744,389,418	100.00%	2,761,697,131	100.00%	2,781,271,203	100.00%	2,813,495,080	100.00%
Less:										
Local Over-65/Disabled	75,961,550		76,319,366		77,141,620		77,995,191		78,722,850	
Community Housing	2,210,313		2,844,917		2,000,000		2,325,000		2,521,084	
Freeport Exemption Loss	85,155,079		72,369,663		73,268,006		75,445,160		75,961,885	
Productivity	76,908,557		79,455,664		77,609,339		84,348,657		78,407,381	
Abatement	108,653,199		99,592,353		119,450,516		74,495,029		95,869,742	
Homestead Cap Loss	13,525,841		8,606,649		6,692,767		3,361,263		2,622,922	
Pollution Control Exemption Loss	4,018,675		3,483,182		3,044,290		1,747,547		2,117,525	
Veterans Exemption Loss	7,495,941		8,671,914		9,056,368		11,180,906		12,237,464	
Exempt	209,771,738		197,377,833		193,005,057		200,486,685		226,982,434	
Total Exemptions/Deductions	583,700,893		548,721,541		561,267,963		531,385,438		575,443,287	
Net Taxable Assessed Valuation	$ 2,187,594,116		$ 2,195,667,877		$ 2,200,429,168		$ 2,249,885,765		$ 2,238,051,793	

CITY OF SHERMAN, TEXAS

CLASSIFICATION OF ASSESSED VALUATION

LAST TEN YEARS

Category	Tax Year 2014	% of Total	Tax Year 2015	% of Total	Tax Year 2016	% of Total	Tax Year 2017	% of Total	Tax Year 2018	% of Total
Real, Residential, Single-Family	$ 950,035,956	29.07%	$ 996,337,134	28.61%	$ 1,172,256,310	32.44%	$ 1,271,730,740	33.31%	$ 1,440,633,426	36.01%
Real, Residential, Multi-Family	133,771,157	4.09%	137,353,565	3.94%	145,169,098	4.02%	171,592,703	4.49%	186,727,671	4.67%
Real, Vacant Lots/Tracts	36,858,532	1.13%	37,093,687	1.06%	36,562,019	1.01%	37,089,674	0.97%	43,976,830	1.10%
Real, Acreage	76,112,901	2.32%	75,791,961	2.18%	79,268,497	2.19%	85,560,844	2.24%	87,769,981	2.19%
Real, Farm & Ranch Improvements	25,326,663	0.78%	25,543,317	0.73%	27,381,695	0.76%	26,368,480	0.69%	29,536,003	0.74%
Real, Commercial	611,588,356	18.71%	656,344,646	18.84%	727,043,765	20.12%	741,982,423	19.43%	755,143,573	18.88%
Real, Industrial	443,154,265	13.56%	534,042,357	15.33%	452,398,809	12.53%	419,523,237	10.99%	399,775,501	9.99%
Oil & Gas	23,122,330	0.71%	14,370,088	0.41%	7,583,006	0.21%	10,325,892	0.27%	9,970,358	0.25%
Utilities	54,838,785	1.68%	60,125,951	1.73%	62,764,999	1.74%	62,022,277	1.62%	65,490,107	1.64%
Tangible Personal, Commercial	228,665,101	7.00%	227,394,003	6.53%	225,091,030	6.23%	232,822,211	6.10%	242,497,504	6.06%
Tangible Personal, Industrial	343,301,158	10.51%	377,369,508	10.83%	336,018,163	9.30%	351,338,418	9.20%	351,613,421	8.79%
Mobile Homes	2,529,051	0.08%	2,373,920	0.07%	2,288,864	0.06%	2,311,951	0.06%	2,414,806	0.06%
Exempt	316,851,742	9.70%	315,067,825	9.05%	313,988,437	8.69%	374,133,097	9.80%	351,968,446	8.80%
Real Property, Inventory	21,594,872	0.66%	23,863,035	0.69%	25,420,914	0.70%	31,541,579	0.83%	33,200,075	0.83%
Total Appraised Value	3,267,750,869	100.00%	3,483,070,997	100.00%	3,613,235,606	100.00%	3,818,343,526	100.00%	4,000,717,702	100.00%
Less:										
Local Over-65/Disabled	79,182,065		79,273,899		80,301,080		83,649,627		83,095,775	
Community Housing	2,721,914		2,669,627		2,724,952		2,754,411		2,972,484	
Freeport Exemption Loss	97,512,827		118,381,149		84,319,146		81,811,147		82,495,763	
Productivity	74,612,662		74,265,056		77,756,203		83,945,484		86,188,622	
Abatement	287,767,443		326,424,014		184,485,769		221,084,611		189,930,489	
Homestead Cap Loss	1,993,490		5,756,978		51,609,559		45,332,278		51,629,355	
Pollution Control Exemption Loss	21,818,194		28,342,360		22,957,482		20,737,245		17,856,105	
Veterans Exemption Loss	13,422,653		14,711,729		16,565,434		20,586,320		23,058,013	
Exempt	314,202,143		312,398,198		311,263,484		371,548,465		349,314,140	
Total Exemptions/Deductions	893,233,391		962,223,010		831,983,109		931,449,588		886,540,746	
Net Taxable Assessed Valuation	$ 2,374,517,478		$ 2,520,847,987		$ 2,781,252,497		$ 2,886,893,938		$ 3,114,176,956	

Source: Grayson Central Appraisal District

Certified values are subject to change throughout the year as contested values are resolved.

CITY OF SHERMAN, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES *

LAST TEN FISCAL YEARS

	City of Sherman Rates			Overlapping Rates Grayson County			Overlapping Rates Sherman Independent School District			Overlapping Rates Grayson College			Total Direct and Overlapping Rates*
Fiscal Year	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total	
2010	$ 0.30100	$ 0.01900	$ 0.32000	$ 0.48398	$ 0.00692	$ 0.49090	$ 1.04000	$ 0.40000	$ 1.44000	$ 0.13278	$ 0.05094	$ 0.18372	$ 2.43462
2011	0.32000	-	0.32000	0.48827	0.00263	0.49090	1.04000	0.40000	1.44000	0.13300	0.04880	0.18180	2.43270
2012	0.29000	0.03000	0.32000	0.48414	-	0.48414	1.04000	0.40000	1.44000	0.13617	0.04563	0.18180	2.42594
2013	0.28000	0.04000	0.32000	0.49090	-	0.49090	1.04000	0.40000	1.44000	0.13060	0.05120	0.18180	2.43270
2014	0.30030	0.04770	0.34800	0.49090	-	0.49090	1.04000	0.40000	1.44000	0.12925	0.05236	0.18161	2.46051
2015	0.33000	0.04220	0.37220	0.49090	-	0.49090	1.04000	0.40000	1.44000	0.13059	0.05091	0.18150	2.48460
2016	0.33244	0.03956	0.37200	0.49090	-	0.49090	1.17000	0.27000	1.44000	0.13384	0.04756	0.18140	2.48430
2017	0.34789	0.04641	0.39430	0.47372	-	0.47372	1.17000	0.27000	1.44000	0.13612	0.04518	0.18130	2.48932
2018	0.34759	0.07971	0.42730	0.46037	-	0.46037	1.17000	0.27000	1.44000	0.14034	0.04086	0.18120	2.50887
2019	0.31956	0.10774	0.42730	0.42791	0.01390	0.44181	1.17000	0.47900	1.64900	0.14239	0.03494	0.17733	2.69544

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 apply to all City of Sherman property owners (e.g., the 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 special district).

*Property tax rates for the three entities with the largerst amount of overlapping properties in the City of sherman are shown above. Other entities with a smaller percentage of overlapping properties include S&S Consolidated ISD, Denison ISD and Howe ISD. See Table 17 for all overlapping debt.

CITY OF SHERMAN, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO
(amounts expressed in thousands)

	Tax Year 2018			Tax Year 2009		
Taxpayer	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	$ 115,750	1	3.72%	$ -		-
Tyson Fresh Meats Inc	66,773	2	2.14%	-		-
JMCR Sherman LLC	63,000	3	2.02%	43,125	1	2.07%
Globitech Inc	55,635	4	1.79%	19,361	7	0.93%
Texas Instruments	35,277	5	1.13%	27,981	3	1.35%
Sherman Commons	31,363	6	1.01%	18,776	8	0.90%
Oncor Electric Delivery Co LLC	26,261	7	0.84%	20,797	4	1.00%
HCII-Heritage Park LLC	22,564	8	0.72%	-		-
MPT of Sherman Alecto LLC	22,457	9	0.72%	-		-
Finisar Sherman RE Holdco LLC	20,174	10	0.65%	-		-
Sherman Grayson Hospital	-		-	32,882	2	1.58%
MEMC Southwest Inc	-		-	21,556	5	1.04%
First Union Trust Co.	-		-	19,384	6	0.93%
Progress Rail Service	-		-	14,546	9	0.70%
A-S 71 Sherman Phase III	-		-	14,368	10	0.69%
Total	$ 459,254		14.75%	$ 232,776		11.19%

Source: Grayson Central Appraisal District

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
2010	$ 7,162	$ 6,874	95.98%	$ 97	$ 6,971	97.33%
2011	7,146	7,055	98.73%	84	7,139	99.90%
2012	7,080	6,924	97.80%	84	7,008	98.98%
2013	7,290	7,132	97.83%	34	7,166	98.30%
2014	7,803	7,669	98.28%	60	7,729	99.05%
2015	8,796	8,665	98.51%	73	8,738	99.34%
2016	9,324	9,125	97.87%	170	9,295	99.69%
2017	10,779	10,592	98.27%	97	10,689	99.17%
2018	12,056	11,918	98.86%	70	11,988	99.44%
2019	12,905	12,699	98.40%	-	12,699	98.40%

Source: Grayson County Tax Assessor Collector. Certified values are subject to change throughout the year as contested values are resolved.

TABLE 10

CITY OF SHERMAN, TEXAS

SALES TAX COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year		Sales Tax Collections		Property Tax Levy	Local Sales Tax Rate	State Sales Tax Rate	Percent of Property Tax Levy	Equivalent Property Tax Rate
2010	$	12,185,797	$	7,162,000	2.000%	6.250%	170.15%	0.5570
2011		12,531,572		7,146,000	2.000%	6.250%	175.36%	0.5707
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

TABLE 11

CITY OF SHERMAN, TEXAS

SALES TAX COLLECTION BY INDUSTRY

LAST EIGHT FISCAL YEARS*

Industry	2012	Percent of Total Collection	2013	Percent of Total Collection	2014	Percent of Total Collection	2015	Percent of Total Collection	2016	Percent of Total Collection
Retail Trade	$ 7,464,057	57.1%	$ 7,682,844	57.6%	$ 7,928,871	54.0%	$ 8,030,977	54.6%	$ 8,619,109	55.7%
Accommodation and Food Service	1,448,355	11.1%	1,492,014	11.2%	1,597,945	10.9%	1,631,949	11.1%	1,761,217	11.4%
Manufacturing	859,296	6.6%	751,862	5.6%	1,088,028	7.4%	1,008,652	6.9%	1,175,919	7.6%
Wholesale Trade	655,378	5.0%	548,919	4.1%	687,130	4.7%	861,791	5.9%	897,047	5.8%
Information	571,685	4.4%	614,604	4.6%	735,636	5.0%	789,066	5.4%	863,364	5.6%
Utilities	492,906	3.8%	489,801	3.7%	634,736	4.3%	579,040	3.9%	790,238	5.1%
Construction	236,748	1.8%	499,088	3.7%	779,630	5.3%	382,718	2.6%	447,532	2.9%
Admin Support	499,887	3.8%	334,040	2.5%	336,868	2.3%	313,191	2.1%	103,427	0.7%
Real Estate/Rental/Leasing	392,817	3.0%	314,572	2.4%	315,644	2.2%	319,813	2.2%	331,629	2.1%
Other	444,751	3.4%	609,938	4.6%	571,509	3.9%	782,509	5.3%	497,667	3.1%
	$ 13,065,880	100.0%	$ 13,337,682	100.0%	$ 14,675,997	100.0%	$ 14,699,706	100.0%	$ 15,487,149	100.0%

Industry	2017	Percent of Total Collection	2018	Percent of Total Collection	2019	Percent of Total Collection
Retail Trade	$ 8,929,151	57.3%	$ 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%
	$ 15,572,119	100.0%	$ 17,454,766	100.0%	$ 17,969,235	100.0%

* 2012 is the first year the City began compiling this data.
No other entity's sales tax overlaps the City of Sherman's sales tax.

TABLE 12

CITY OF SHERMAN, TEXAS

WATER AND SEWER RATES

LAST TEN FISCAL YEARS

	Water		Sewer	
Fiscal Year	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
2010	$ 19.59	$ 2.80	$ 7.03	$ 3.00
2011	19.59	2.80	7.03	3.00
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

TABLE 13

CITY OF SHERMAN, TEXAS

WATER SOLD BY TYPE OF CUSTOMER

LAST TEN FISCAL YEARS
(revenue amounts expressed in thousands)

	2010		2011		2012**		2013		2014	
Type of Customer	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues
Residential	1,081,379.8	$ 5,813	1,234,509.7	$ 6,460	1,318,846.2	$ 7,257	1,128,631.8	$ 6,739	1,058,513.3	$ 6,649
Commercial	1,382,630.4	4,810	1,405,031.4	5,112	1,278,044.6	5,064	1,051,694.3	4,470	1,059,245.9	4,499
Other Water Providers	71,495.7	149	70,518.6	149	73,346.5	164	69,150.0	166	421,709.0	705
Outside City Limits	20,583.5	141	22,776.2	159	24,171.2	174	23,339.6	172	13,582.9	75
Government	24,566.6	*	38,179.4	*	50,059.4	*	45,345.0	*	47,443.6	*
Fire Hydrants	13,100.2	63	7,055.2	49	5,387.7	45	10,961.3	51	8,861.3	47
Totals	2,593,756.2	$ 10,976	2,778,070.5	$ 11,929	2,749,855.6	$ 12,704	2,329,121.9	$ 11,598	2,609,355.9	$ 11,975

	2015		2016		2017		2018		2019	
Type of Customer	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues	Thousands of Gallons	Value of Revenues	Thousands of Gallons	Revenues
			9.50%							
Residential	1,064,108.6	$ 6,725	7,168.0	$ 6,885	1,081,291.8	$ 6,967	1,197,155.7	$ 7,737	1,045,238.3	$ 7,354
Commercial	1,145,259.4	4,801	1,189,118.6	4,916	1,131,942.7	4,900	1,165,800.1	5,182	1,122,412.6	5,077
Other Water Providers	730,105.0	1,012	817,598.7	1,062	752,723.7	943	826,897.6	980	613,248.5	992
Outside City Limits	6,116.5	79	6,204.7	83	6,852.5	92	7,811.1	105	7,389.3	107
Government	41,052.6	*	45,735.6	*	54,197.6	*	54,277.7	*	42,280.2	*
Fire Hydrants	4,450.9	45	7,951.1	57	4,443.5	48	10,810.5	86	8,690.0	108
Total	2,991,093.0	$ 12,662	2,073,776.7	$ 13,003	3,031,451.9	$ 12,950	3,262,752.7	$ 14,090	2,839,258.9	$ 13,638

* Revenues breakdown not available.

** Due to a change in billing schedule, 2012 contains 13 months of consumption and 13 billings.

TABLE 14

CITY OF SHERMAN, TEXAS

TOP TEN WATER CUSTOMERS

AS OF SEPTEMBER 30, 2019

Customer	Consumption *(In Millions of Gallons)*	Revenues *(In Thousands)*	Rank	% of Total Water Revenues
Panda Sherman	698.4	$ 1,060.6	1	7.53%
Texas Instruments	193.3	731.9	2	5.19%
Globitech	186.5	653.4	3	4.64%
IBP, Inc. - Tyson	145.6	504.2	4	3.58%
Marilee Special Water District	50.9	179.6	5	1.27%
Finisar	41.6	142.9	6	1.01%
Austin College	36.4	223.0	7	1.58%
Sunny Delight Beverages	35.1	132.3	8	0.94%
WNJ Regional Hospital	34.8	148.0	9	1.05%
Dorchester Water Supply	29.7	38.7	10	0.27%
Total	1,452.3	$ 3,814.6		27.06%

Note: Total billed water from October 1, 2018 through September 30, 2019 was $13,638,504.

TABLE 15

CITY OF SHERMAN, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	Governmental Activities				Business-Type Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Capital Lease	Water and Sewer Bonds	Capital Leases	Other	Total Primary Government	Percentage of Personal Income	Per Capita
2010	$ 1,555	$ 15,435	$ 1,505	$ 1,653	$ -	$ 1,225	$ 3,256	$ 26,134	3.20%	$ 658
2011	1,500	14,795	760	1,323	-	871	3,179	22,428	2.79%	582
2012	1,445	14,135	-	1,029	-	510	3,099	20,218	2.43%	528
2013	1,385	13,445	-	772	-	161	3,019	18,782	2.25%	490
2014	1,330	127,730	-	575	-	-	2,932	132,568	2.16%	458
2015	1,270	11,995	-	373	-	-	2,842	16,480	1.97%	430
2016	1,210	18,499	1,830	162	-	757	2,746	25,204	3.01%	658
2017	10,669	28,291	1,395	-	-	641	2,647	43,643	4.87%	1,073
2018	9,914	50,399	935	2,366	-	524	2,544	66,682	7.42%	1,645
2019	8,495	69,180	470	3,103	-	434	2,437	84,119	8.81%	2,044

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).

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
2010	$ 1,555	$ 15,435	$ 16,990	0.78%	$ 454
2011	1,500	14,795	16,295	0.74%	423
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

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).

CITY OF SHERMAN, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2019
(amounts expressed in thousands)

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
City of Sherman direct debt	$ 81,848	100.000%	81,848
Debt repaid with property taxes:			
Sherman ISD	214,515	87.230%	187,121
Grayson County	41,185	31.590%	13,010
Grayson College	25,385	31.590%	8,019
S & S Consolidated ISD	25,060	23.950%	6,002
Denison ISD	75,940	3.550%	2,696
Howe ISD	22,778	1.950%	444
Subtotal, overlapping debt			217,293
Total direct and overlapping debt			$ 299,141
Ratio of direct and overlapping debt to assessed valuation			9.6%
Per capita direct and overlapping debt			$ 7,270

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.

TABLE 18

CITY OF SHERMAN, TEXAS

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	$ 3,114,177
Add back: exemptions & deductions	886,541
Total Assessed Value	4,000,718
Debt limit (1% of total assessed value)	40,007
Debt applicable to limit:	
Non-voting debt issued (certificates of obligation, tax notes)	20,131
Legal Debt Margin	$ 19,876

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	$ 27,834	$ 27,627	$ 27,517	$ 27,857	$ 28,284	$ 32,680	$ 34,797	$ 36,132	$ 38,183	$ 40,007
Total net debt applicable to limit	-	-	-	-	-	-	9,100	19,102	23,381	20,131
Legal debt margin	$ 27,834	$ 27,627	$ 27,517	$ 27,857	$ 28,284	$ 32,680	$ 25,697	$ 17,030	$ 14,802	$ 19,876
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	26.15%	52.87%	61.23%	50.32%

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.

CITY OF SHERMAN, TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	Water Revenue Bonds					
Fiscal Year	Water and Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2010	$ 18,544	$ 15,425	$ 3,119	$ -	$ -	$ -
2011	20,361	16,732	3,629	-	-	-
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	23,446	21,917	1,529	-	-	-

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.

CITY OF SHERMAN, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Calendar Year	Population	Personal Income**	Per Capita Personal Income	Median Age	Percent High School Graduate or Higher	School Enrollment	Average Unemployment Rate *
2010	37,422	$ 768,461	$ 20,535	33.6	82.3%	6,233	8.1%
2011	38,521	803,163	20,850	33.4	82.6%	6,512	7.7%
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%

Sources: U.S. Census; Bureau of Labor Statistics; Sherman Independent School District.

* Not seasonally adjusted

**Amounts expressed in thousands.

TABLE 21

CITY OF SHERMAN, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO

	2019			2010		
Taxpayer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Tyson Fresh Meats	1,745	1	8.66%	1,200	1	6.57%
Sherman ISD	1,091	2	5.41%	940	3	5.15%
Wilson N. Jones Regional Medical Center	792	3	3.93%	1,000	2	5.48%
Texas Instruments	600	4	2.98%	750	4	4.11%
Grayson County	560	5	2.78%	450	5	2.47%
Finisar	450	6	2.23%	-		-
Wal-Mart/Sam's	450	7	2.23%	-		-
City of Sherman	457	8	2.27%	450	6	2.47%
Alorica	415	9	2.06%	-		-
Emerson	395	10	1.96%	300	9	1.64%
MEMC Southwest	-		-	-		-
Cooper B Line	-		-	350	7	1.92%
Progressive Rail Services	-		-	300	8	1.64%
West Asset Mgmt Call Center	-		-	300	10	1.64%
Total	6,955		34.51%	6,040		33.09%

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	2010	2011	2012	2013	2014
General government					
Management services	4	3	3	3	3
Public records	2	2	2	2	2
Legal services	2	2	2	2	2
Financial services	6	6	6	5	6
Human resources	3	3	3	3	3
Development/engineering	8	8	8	7	7
Law enforcement	68	68	68	68	68
Fire and ambulance	78	78	78	78	78
Judicial servicies	-	-	-	-	-
Emergency management	-	-	-	-	-
Animal services	7	7	7	7	7
Public safety support	25	25	25	25	25
Building and zoning/code	8	6	6	6	6
Street maintenance	25	25	25	24	24
Environmental code	-	2	2	2	2
Building maintenance	9	9	9	9	9
Cemetery services	4	4	6	7	6
Parks and recreation	5	5	5	6	6
Grounds maintenance	15	15	11	15	16
Glennie O. Ham Center	2	2	2	-	-
Library services	11	11	11	11	11
Neighborhood services	1	1	1	1	1
Senior citizens center	2	1	1	2	2
Administrative services	-	-	-	2	2
Utility Fund					
Utility administration	1	1	1	1	1
Utility billing/customer service	11	11	11	11	11
Production services	18	18	18	18	18
Pump maintenance	4	4	4	4	4
Collection and distribution	16	16	16	16	16
Infiltration	1	1	1	1	1
Treatment services	12	12	12	12	12
Laboratory	6	6	6	6	6
Industrial pretreatment	4	4	4	4	4
Water quality	-	-	-	-	-
Solid waste fund					
Residential	14	15	15	15	15
Commercial	13	12	12	12	12
Recycling	3	3	3	3	3
Administration	-	-	-	-	-
Other					
Information technology	4	4	4	5	5
Equipment services	14	14	14	14	13
Tourism	1	1	1	1	1
Stormwater	-	-	-	-	-
Total	407	405	403	408	408

2015	2016	2017	2018	2019
3	5	5	5	5
2	2	2	3	3
2	2	1	1	1
6	7	7	7	7
3	3	4	4	4
8	8	9	8	8
68	68	72	72	73
78	78	81	81	87
-	-	2	2	3
-	-	-	-	1
7	7	7	7	8
25	25	23	23	23
6	6	6	6	7
23	23	23	25	25
2	2	2	3	4
9	8	9	9	10
6	7	7	7	7
5	6	6	6	6
16	16	16	16	18
-	-	-	-	-
11	11	11	11	12
1	1	2	2	1
2	2	2	2	2
2	-	-	-	-
1	1	1	1	1
12	12	12	12	12
18	18	22	22	22
4	4	4	4	4
16	16	20	20	20
1	1	1	1	1
12	12	14	14	14
6	7	6	6	6
4	4	4	4	4
1	1	1	1	2
15	15	14	13	14
12	12	12	12	13
3	3	2	2	2
-	-	2	2	2
5	6	6	6	7
13	12	11	13	13
2	2	2	2	3
-	-	-	-	2
410	413	431	435	457

CITY OF SHERMAN, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2010	2011	2012	2013
Police				
Physical arrests	1,946	2,864	2,366	2,525
Calls for service	19,126	19,040	19,756	18,766
Traffic violations	8,677	6,253	5,882	6,880
Fire				
Number of calls answered	6,582	6,063	6,190	6,219
Inspections	1,844	3,027	1,956	1,959
Planning and Zoning				
Number of residentail units	405	439	402	444
Value of resdiential units	$ 14,302,030	$ 17,604,858	$ 11,906,411	$ 27,687,480
Number of commercial units	84	93	126	125
Value of commercial units	$ 31,792,334	$ 51,088,071	$ 6,116,021	$ 132,543,698
Highways and streets				
Street resurfacing (miles)	18	25	23	17
Potholes repaired	2,420	1,400	2,245	1,983
Sanitation				
Refuse collected (tons/day)	159	112	148	146
Recyclables collected (tons/day)	10	8	11	11
Culture and recreation				
Athletic field permits issued	3,845	3,503	3,429	2,538
Community center admissions	9,592	5,932	4,832	4,988
Water				
New connections	2,514	2,572	2,572	2,683
Water mains breaks	161	280	165	192
Average daily consumption (thousands of gallons)	8	10	8	8
Wastewater				
Average daily sewage treatment (thousands of gallons)	8,530	7,200	6,740	6,610

Source: Various City departments
Estimates used if actual number not available

TABLE 23

2014	2015	2016	2017	2018	2019
1,677	1,767	1,586	1,501	1,654	1,550
18,437	20,555	38,123	37,131	37,673	39,405
3,759	4,451	4,314	5,184	5,893	9,741
6,013	6,469	6,769	7,614	7,246	7,392
2,074	3,233	797	920	587	1,225
596	426	456	537	530	594
$ 22,730,051	$ 22,440,786	$ 21,059,304	$ 30,613,815	$ 50,276,674	$ 38,735,406
134	85	81	94	126	111
$ 24,715,785	$ 15,076,638	$ 17,757,185	$ 34,571,628	$ 46,020,156	$ 170,534,915
18	13	15	15	15	5
299	1,183	433	285	609	463
161	160	177	179	213	254
16	12	12	10	9	7
3,851	2,962	2,788	3,047	2,946	3,004
8,644	5,168	4,890	4,123	3,989	3,997
2,693	2,846	2,948	2,963	3,035	3,140
190*	187	120	219	213	231
8	5	8	8	8	8
6,440	9,630	8,280	6,860	7,780	8,730

TABLE 24

CITY OF SHERMAN, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	17	17	17	17	17	21	17	20	18
Fire stations	5	5	5	5	5	5	5	5	5	5
Sanitation										
Collection trucks	40	37	37	37	38	40	43	38	43	46
Highways and streets										
Streets(miles)	212	212	212	212	212	242	231	260	265	265
Streetlights	3,049	3,049	3,049	3,049	3,049	3,049	3,049	3,049	3,049	3,049
Traffic signals	84	84	84	84	84	84	84	84	85	85
Culture and recreation										
Parks and acreage	414	457	414	414	414	414	440	440	452	452
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	4	4	4	4	4	4	4	4	4	4
Community centers	1	1	1	1	2	2	2	2	2	2
Water										
Water mains (miles)	269	270	270	282	280*	239	294	300	302	308
Fire hydrants	2,208	1,774	1,766	1,782	1782*	1,806	1,844	1,889	1,908	1,962
Maximum daily capacity (thousands of gallons)	23,000	23,000	23,157	22,809	23,319	23,419	24,151	21,864	23,032	23,000
Sewer										
Sanitary sewers (miles)	269	238	240	240	240	240	246	250	250	253
Storm sewers (miles)	N/A	N/A	N/A	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	16,000	16,000	16,000

Source: Various City departments
*Estimates used if actual number not available

CITY OF SHERMAN, TEXAS

SINGLE AUDIT REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2019

CITY OF SHERMAN, TEXAS

SEPTEMBER 30, 2019

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PATTILLO, BROWN & HILL, L.L.P.
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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 (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 25, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of the 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.

Compliance and Other Matters

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

Purpose of this Report

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

Pattillo, Brown + Hill, L.L.P.

Waco, Texas
February 25, 2020

PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
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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' (the "City") 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's major federal programs for the year ended September 30, 2019. The City's 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's 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's 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's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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, 2019.

Report on Internal Control over Compliance

Management of the City 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's 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's internal control over compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, 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 City as of and for the year ended September 30, 2019. We issued our report thereon dated February 25, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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
February 25, 2020

CITY OF SHERMAN, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA 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-17-MC-48-0027	$ 136,413	$ 2,308
Community Development Block Grant/Entitlement Grants	14.218	B-18-MC-48-0027	180,125	29,484
Total Community Development Block Grant/Entitlement Grants			316,538	31,792
Total U.S. Department of Housing and Urban Development			316,538	31,792
U.S. Department of Justice				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0302	5,070	2,351
Edward Byrne Memorial Justice Assistance Grant	16.738	2018-DJ-BX-0304	5,827	5,564
Bullet Proof Vest Partnership	16.607	-	9,349	-
Equitable Sharing Program	16.922	TX0910400	27,423	-
Total U.S. Department of Justice			47,669	7,915
U.S. Department of Transportation				
Passed through the Texas Department of Transportation:				
Federal Highway Administration - Highway Planning and Construction/ Transportation Alternative Project	20.205	CSJ: 0045-04-066	176,182	-
Total U.S. Department of Transportation			176,182	-
U.S. Department of Health and Human Services				
Passed through Texas Health and Human Services Commission				
Ambulance Services - Uncompensated Care Cost	93.778	86350801	222,083	-
Total U.S. Department of Health and Human Services			222,083	-
U.S. Department of Homeland Security				
Direct Programs:				
Federal Emergency Management - Staffing for Adequate Fire and Emergency Response Grant	97.083	EMW-2017-FH-00330	240,874	-
Total U.S. Department of Housing and Urban Development			240,874	-
Total Federal Expenditures			$ 1,003,346	$ 39,707

CITY OF SHERMAN, TEXAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SEPTEMBER 30, 2019

Note 1 – General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City 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 basis financial statements.

The City's reporting entity is defined in Note I to the City's 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	Federal CFDA #	Amount
Child and Family Guidance Center of Texoma	14.218	$ 4,507
Boys and Girls Club of Sherman	14.218	4,800
Housing Authority of the City of Sherman, Texas	14.218	10,000
Grayson County Shelter, Inc.	14.218	6,500
Grayson County Crisis Center	14.218	5,985
Justice Assistance Grant:		
City of Denison	16.738	3,220
Grayson County	16.738	4,695

Note 3 – Indirect Cost Rate

The City has elected not to used 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, 2019

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
Identification of major programs:	
CFDA Number:	Name of Federal Program:
14.218	Community Development Block Grant/Entitlement Grants
Dollar threshold used to distinguish between type A and type B programs for federal single audit:	$750,000
Auditee qualified as low-risk auditee for federal single audit?	Yes

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

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SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **F. 2.**

Meeting Date: 03/02/2020

Prepared By: Pamela Cloer, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

OTHER BUSINESS
Receive Update on the Sherman Cultural District

Issue:

To receive an update on the Sherman Cultural District from Mrs. Cary Wacker, Associate Vice President for Institutional Advancement & Director of the Center for Community & Regional Development at Austin College

Background:

This update will provide the City Council with an overview of the Cultural District's activities and accomplishments during the September 2019 - February 2020 period as well as the 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.

Attachments

Quarterly Report of March 2020

SCD Report | March 2020

SHERMAN CULTURAL DISTRICT

Activity Summary (September '19-February '20)

- 5 Cultural District Advisory Council meetings
- Bylaws updated; working on 501(c)(3)nonprofit status
- ArtsFest 2019: Photography Workshop and first Focalpoint(!) exhibit
- Photography displays shared in 8 Downtown businesses & banner on E. Houston
- Advisory Council presentation of Grantwriting Seminar for Nonprofits—
- City of Sherman/Focalpoint photography competition in January
- Participated in Main Street Economic Development Town Hall
- 2nd Annual Sherman Art Dash+Artist Exhibits—February
- 4 Articles in Herald Democrat

Texas Commission on the Arts

COMING EVENTS

- **March 7-May 2, 2020**—Co-curated photography exhibit with Ghost Town Arts Collective
  - Exhibit Opening and Artist Reception on March 7
- **March 14**—St. Patrick's Day Parade participation (Umbrella Troupe)
- **Spring**—Community Photography Workshop TBD
- **April**—Town Hall meetings with Public Art Consultant
- **May**—Cultural District Project Grant submission to TCA
- **June**—Creation of Parklet #1 in Cultural District [public art]
- **June** —Call for artists: Public Art concepts
- **July**—Summer student workshops & launch of Youth Art Council
- **July**—Cultural District Foodie Tour (Taco spotlight!)
- **August**—Installation of youth photo exhibit

ART DASH 2020

2nd annual event on February 15: 42 participants!

SNAPSHOT: ARTS- & CULTURE-BASED BUSINESSES IN SCD

Sherman's Cultural District is thriving! Check out the District's economic activity by the numbers:

24	Design-based businesses located in the District
10	Arts & Cultural Nonprofits in the District
65	Employees of these businesses and nonprofits
17	Restaurants in the District (15 locally owned)
24	Annual events in the District

Cultural District Advisory Council: Eddie Brown, Chair; Leigh-Ellen Romm, Vice Chair; Ginger Nye, secretary; Odee Ayala; Dan Dominick, Daron Holland, Christopher Maniet, Sarah McRae, Heidi Rushing, Terrence Steele, Karen Tooley, Jared Tredway, Cary Wacker. With support from **Austin College.**

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting
Meeting Date: 03/02/2020
Prepared By: Pamela Cloer, Assistant to the City Manager
Approved By: Robby Hefton, City Manager

Caption:
COUNCIL CALENDAR

Attachments

2020 Council Calendar

2020

JANUARY

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
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FEBRUARY

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MARCH

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29	30	31				

APRIL

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MAY

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JUNE

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JULY

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AUGUST

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SEPTEMBER

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OCTOBER

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NOVEMBER

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29	30					

DECEMBER

S	M	T	W	T	F	S
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

1/20/2020	Martin Luther King, Jr. Day/Called City Council Meeting on 1/21/2020
2/12/2020	Called Council Meeting - Training Session for Council Members
4/24/2020	Called Budget Planning Meeting in Council Chambers
6/11/2020	Called Budget Workshop in the Council Chambers
6/12/2020	Called Budget Workshop in the Council Chambers
9/7/2020	Labor Day/Called City Council Meeting on 9/8/2020