

SUPERIOR RATING!!!



*Sherman
Independent School District*

Financial Integrity Rating System of Texas 2017-18 Ratings

Based on data from the 2016-17 school year.

PUBLIC HEARING AND REPORT PROVIDED TO SISD BOARD ON NOVEMBER 12, 2018

DR. TYSON BENNETT, ASSISTANT SUPERINTENDENT FOR FINANCE & OPERATIONS



Financial Integrity Rating System of Texas

Sherman ISD Received “SUPERIOR” Rating

The state's school financial accountability rating system, known as the School Financial Integrity Rating System of Texas (FIRST), ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices. The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes.



Financial Integrity Rating System of Texas

Sherman ISD Received “SUPERIOR” Rating

First 6 questions must be answered with a YES:

1. Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district’s fiscal year end date of June 30 or August 31, respectively? **11/15/2017**
2. Was there an unmodified opinion in the AFR on the financial statements as a whole? **YES** – The auditor expressed an opinion that financial statements were presented, in all material respects, in accordance with applicable financial reporting framework.



Financial Integrity Rating System of Texas

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First 6 questions must be answered with a YES:

2. Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?
YES – There was no Material Weakness in SISD’s Internal Controls.
3. Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? **YES**
4. Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? **YES**



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First 6 questions must be answered with a YES:

5. Was the total unrestricted net asset balance in the governmental activities column in the Statement of Net Assets greater than zero?

YES – SISD passed on the following formula:

Total Unrestricted Net Asset Balance = \$-714,811

+ Accrual of Interest for Capital Appreciation Bonds of \$9,224,521

+ Pension Expense of \$0 (SISD paid to TRS)

+ Net Pension Liability of \$15,782,292 (Retirement \$ - SISD does not pay)

Sum all figures to equal a number greater than 0 to pass (\$24,292,002).



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6. Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)?

Yes at 86 days = 8 out of 10 points

- This indicator measures how long in days after the end of the fiscal year the District could have disbursed funds for its operating expenditures without receiving any new revenues.

Formula: (Cash and Equivalents of \$3,437,012 Plus Current Investments of \$10,880,204) Divided by (Total Expenditures of \$63,385,527 Minus Facilities Acquisition and Construction of \$2,735,101) Multiplied by 365 Equals ~86 (8 out of 10 Points)



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7. Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?

YES with a 2.6937 ratio = 8 out of 10 points

- This indicator measures whether the school district had sufficient short-term assets to pay off its short-term liabilities.

Formula:

Current Assets of \$32,319,121

Divided by Current Liabilities of \$11,997,938

Equals 2.6937 (8 out of 10 points)



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8. Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?

.582 ratio = 10 out of 10 points

- This indicator measures whether the school district had sufficient assets to cover its long-term liabilities.

Formula:

Long Term Liabilities of \$76,111,486

Divided by Total Assets of \$130,776,048

Equals 0.582 (10 out of 10 points)



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9. Did the school district’s general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)?

YES (10 out of 10 Points)

- This indicator simply asks “did you earn more than you spent?”
- Acceptable days cash on hand equaled 60, which also meets standard.



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10. Was the debt service coverage ratio sufficient to meet the required debt service?

YES (10 out of 10 Points)

Formula: Sum Total Revenues of \$71,609,453 Minus Total Expenditures of \$71,194,303, Plus Debt Service of \$7,808,776, Plus Debt Service Fund Balance of \$6,487,641, Plus Facilities Improvement of \$2,735,101 and then Divide by Debt Service of \$7,808,776 to equal 2.2342 (10 out of 10 points)

- This indicator measures whether the school district has the ability to make debt principal and interest payments that will come due during the year. Does the district have sufficient short-term assets to pay off its short-term liabilities?



Financial Integrity Rating System of Texas

Sherman ISD Received "SUPERIOR" Rating

11. Was the school district's administrative cost ratio equal to or less than the threshold ratio?

YES with a .0815 ratio = 10 out of 10 points

- This indicator measures the percentage of the budget the District spent on administration versus State ranges.



Financial Integrity Rating System of Texas

Sherman ISD Received "SUPERIOR" Rating

12. Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)

YES – Student Enrollment did not decrease. (10 out of 10 points)

Formula:

2014-15 Total Enrollment 7,163

2016-17 Total Enrollment 7,380 (increase)



Financial Integrity Rating System of Texas

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13. Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's Annual Financial Report (AFR) result in a total variance of less than 3 percent of all expenditures by function?

PEIMS varied from AFR by .03% (Much Less Than 3%)

Formula:

Sum of Differences \$108

Divided by Denominator \$63,385,557

Equals .03%



Financial Integrity Rating System of Texas

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14. Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)

YES (10 out of 10 Points)

15. Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?

YES – No Adjusted Repayment Schedule (10 out of 10 Points)



Financial Integrity Rating System of Texas

Additional Items: Superintendent Contract

Superintendent Term Contract

This Contract is entered into between the Board of Trustees (the "Board") of SHERMAN INDEPENDENT SCHOOL DISTRICT (the "District") and Dr. David Hicks (the "Superintendent").

The Board and the Superintendent, for and in consideration for the terms stated in this Contract, hereby agree as follows:

1. **Term.** The Board agrees to employ the Superintendent on a twelve-month basis per school year for three (3) years, beginning January 4, 2016 and ending December 31, 2018. The Board and the Superintendent (the "Parties") may extend the term of this Contract by agreement.
2. **Certification.** The Superintendent agrees to maintain the required certification throughout the term of employment with the District. If the Superintendent's certification expires, is canceled, or is revoked, this Contract is void.
3. **Representations.** The Superintendent makes the following representations:
 - 3.1 **Beginning of Contract:** At the beginning of this Contract, and at any time during this Contract, the Superintendent specifically agrees to submit to a review of his or her national criminal history record information (NCHRI) if required by the District, TEA, or SBEC. The Superintendent understands that a criminal history record acceptable to the Board, at its sole discretion, is a condition precedent to this Contract.
 - 3.2 **During Contract:** The Superintendent also agrees that, during the term of this Contract, the Superintendent will notify the Board in writing of any arrest or of any indictment, conviction, no contest or guilty plea, or other adjudication of the Superintendent. The Superintendent agrees to provide such notification in writing within seven calendar days of the event or any shorter period specified in Board policy.
 - 3.3 **False Statements and Misrepresentations:** The Superintendent represents that any records or information provided in connection with his or her employment application are true and correct. Any false statements, misrepresentations, omissions of requested information, or fraud by the Superintendent in or concerning any required records or in the employment application may be grounds for termination or nonrenewal, as applicable.
 - 3.4 **Reside in District:** The Superintendent agrees that his principal residence shall be established within the boundaries of the District on or before June 1, 2016, and shall continue within the boundaries of the District during the term or any extension of the Contract.
4. **Duties.** The Superintendent shall be the educational leader and chief executive officer of the District. The Superintendent cannot be reassigned from the position of Superintendent to

another position without the Superintendent's written consent. The Superintendent agrees to perform his or her duties as follows:

- 4.1 **Authority:** The Superintendent shall perform such duties and have such powers as may be prescribed by the law and the Board. The Board shall have the right to assign additional duties to the Superintendent and to make changes in responsibilities or work at any time during the contract term. All duties assigned by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent.
- 4.2 **Standard:** Except as otherwise permitted by this Contract, the Superintendent agrees to devote his or her full time and energy to the performance of his or her duties. The Superintendent shall perform his or her duties with reasonable care, skill, and diligence. The Superintendent shall comply with all Board directives, state and federal laws and rules, Board policy, and regulations as they exist or may hereafter be amended.
5. **Compensation.** The District shall pay the Superintendent an annual salary as follows:
 - 5.1 **Salary:**

One Hundred Seventy Thousand Dollars (\$170,000.00) for the first one-year period, and a salary to be fixed by the Board for each of the remaining years of this Contract. The salary for each remaining year shall not be less than the salary for the first year. No increase is guaranteed.

 - (a) **Widespread Salary Reduction.** If the Board implements a widespread salary reduction under Texas Education Code section 21.4023, the Superintendent's annual salary shall be reduced by the percent or fraction of a percent that is equal to the average percent or fraction of a percent by which teacher salaries have been reduced.
 - (b) **Furlough.** If the Board implements a furlough under Texas Education Code section 21.4021, the Superintendent shall be furloughed for the same number of days as other contract personnel and the Superintendent's salary shall be reduced in proportion to the number of furlough days.
 - 5.2 **Benefits:** The District shall provide benefits to the Superintendent as provided by state law and Board policies. The Board reserves the right to amend its policies at any time during the term of this Contract to reduce or increase these benefits, at the Board's sole discretion. During the 2015-2016 school year only, an additional six (6) days of leave will be provided.
 - 5.3 **Transportation:** The District shall provide the Superintendent with a transportation allowance in the sum of Four Hundred Dollars (\$400.00) per month. This payment is in lieu of mileage expense reimbursement, fuel, insurance or other charges or expenses associated with travel on District business. Out of District travel shall be reimbursed according to the District policy.
6. **Indemnification.** To the extent it may be permitted to do by applicable law, including, but not limited to Texas Civil Practice & Remedies Code, the District does hereby agree to



Financial Integrity Rating System of Texas

Additional Items: Superintendent Contract

defend, hold harmless, and indemnify Superintendent from any and all demands, claims, suits, actions, judgments, expenses and attorneys' fees incurred in any legal proceedings brought against the Superintendent in the Superintendent's individual or official capacity as Superintendent of the District, acting within the course and scope of the Superintendent's employment excluding, however, any such demand, defense, claim, suits, actions, judgments, expenses and attorneys' fees for those claims or any causes of action where it is determined that the Superintendent failed to follow Board instruction(s) or directive(s), committed official misconduct, or committed a willful or wrongful act or omission, or an act or omission constituting gross negligence, or acted in bad faith; and excluding any costs, fees, expenses or damages that would be recoverable or payable under an insurance contract, held either by the District or by the Superintendent. The selection of Superintendent's legal counsel shall be with the mutual agreement of Superintendent and the District if such legal counsel is not also District's legal counsel. A legal defense may be provided through insurance coverage, in which case Superintendent's right to agree to legal counsel provided for him will depend on the terms of the applicable insurance contract. This indemnity provision shall survive the termination of this Contract.

7. Immediate Relocation and Moving Expenses. In consideration of the immediate relocation of the Superintendent and his need to potentially maintain two households during an extended period of time, the District shall reimburse the Superintendent for temporary housing and living expenses within Sherman ISD for up to five (5) months, up to \$1,000.00 per month, for a total of \$5,000.00. Additionally, the District shall reimburse the Superintendent for necessary and reasonable expenses incurred in moving the Superintendent's family and personal possessions, up to a maximum of Ten Thousand Dollars (\$10,000). The Superintendent shall document all expenses claimed under this paragraph with receipts, canceled checks, or credit card statements. Expenses under this paragraph shall not include meals, entertainment or other customary expenses.

8. Suspension. In accordance with Texas Education Code chapter 21, the Board may suspend the Superintendent without pay during the term of this Contract for good cause as determined by the Board.

9. Termination and Nonrenewal of Contract. Termination or nonrenewal of this Contract, or resignation under this Contract, will be pursuant to Texas Education Code chapter 21.

10. General Provisions.

10.1 Amendment: This Contract may not be amended except by written agreement of the Parties.

10.2 Severability: If any provision in this Contract is, for any reason, held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision of the Contract. This Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been a part of the Contract.

10.3 Entire Agreement: All existing agreements and contracts, both verbal and written, between the Parties regarding the employment of the Superintendent are superseded by this Contract. This Contract constitutes the entire agreement between the Parties.

10.4 Applicable Law and Venue: Texas law shall govern construction of this Contract. The Parties agree that venue for any litigation relating to the Superintendent's employment with the District, including this Contract, shall be the county in which the District's administration building is located. If litigation is brought in federal court, the Parties agree that venue shall be the federal district and division in which the District's administration building is located.

10.5 Paragraph Headings: The headings used at the beginning of each numbered paragraph in this Contract are not intended to have any legal effect; the headings do not limit or expand the meaning of the paragraphs that follow them.

10.6 Legal Representation: Both Parties have been represented by legal counsel of their choice, or have had the opportunity to consult with legal counsel, in the negotiation and execution of this Contract.

11. Notices.

11.1 To Superintendent: The Superintendent agrees to keep a current address on file with the District's human resources office and the Board President. The Superintendent agrees that the Board may meet any legal obligation it has to give the Superintendent written notice regarding this Contract or the Superintendent's employment by hand delivery, or by certified mail, regular mail, and/or express delivery service to the Superintendent's address of record.

11.2 To Board: The Board agrees that the Superintendent may meet any legal obligation to give the Board written notice regarding this Contract or the Superintendent's employment by providing one copy of the notice to the President of the Board and one copy to the Vice President of the Board. The Superintendent may provide such notices by hand delivery, or by certified mail, regular mail, and/or express delivery service to the Board President and Vice President's addresses of record, as provided to the District.

I have read this Contract and agree to abide by its terms and conditions:

Superintendent: David Hill
Date signed: 12-11-15

Sherman Independent School District
By: [Signature]
President, Board of Trustees
Date signed: 12/11/15



Financial Integrity Rating System of Texas

Additional Items: Superintendent Contract

Addendum to Superintendent Term Contract

A Contract was entered into between the Board of Trustees (the "Board") of SHERMAN INDEPENDENT SCHOOL DISTRICT (the "District") and Dr. David Hicks (the "Superintendent") and was signed 12-11-15. The Board and Superintendent agree to amend said contract as follows:

- Term.** The term shall be extended to five (5) years, ending December 31, 2021. The Board and the Superintendent (the "Parties") may further extend the term of this Contract by future written agreement.
- Texas Teacher Retirement System.** The District shall supplement the Superintendent's annual salary by an amount equal to the Superintendent's portion of the monthly member contribution (8.35%) to the Texas Teacher Retirement System ("TRS") beginning on February 1, 2017 and continuing for the term of this Contract, with any extensions made by the Board for performance of Superintendent duties. This supplement shall include both the retirement and TRS-Care parts of the TRS member contribution, as applicable. This additional salary supplement shall be paid to the Superintendent in regular monthly payroll installments and shall be reported as "creditable compensation" by the District for purposes of TRS, to the extent permitted by TRS.
- Retention Incentive/Supplemental Retirement Plan.** To facilitate a mutually beneficial, long-term relationship and to facilitate administrative stability in the District, and as an incentive for the Superintendent to remain in the employment of the District, a retention incentive is created. For each of the next five (5) years, the District shall contribute to a Supplemental Retirement Plan for the benefit of the Superintendent in an amount equal to Ten Thousand and No/100 Dollars (\$10,000.00) per year, subject to the terms of this paragraph. The District shall contribute to the Supplemental Retirement Plan on or before December 31 of each year of the five (5) years, beginning December 31, 2017. The contributions to the Supplemental Retirement Plan and earnings thereon shall become vested according to the schedule listed below.

Date	Vested Percentage
Prior to December 31, 2021	0%
December 31, 2021	100%

This is not salary and any right of the Superintendent to the money or funds referenced in this paragraph shall not vest, and there is no monetary value in this paragraph, prior to December 31, 2021, and is contingent upon the Superintendent being continuously employed by the District as Superintendent through December 31, 2021. Otherwise, the funds shall be forfeited and remain the property of the District.

The Supplemental Retirement Plan shall be a plan established under Section 403(b) of the Internal Revenue Code (the "Code"). The 403(b) plan shall be established as employer-paid with non-discretionary contributions by the District and the Superintendent shall have no

right to receive such contributions in cash. The 403(b) plan shall each be established under a written plan document that meets the requirements of the Code. The funds for the 403(b) plan shall each be invested as determined solely by the Superintendent in such investment vehicles as are allowable under the Code for the applicable type of plan.

- Salary Increases.** Subject to a satisfactory evaluation as determined by the Board, Superintendent will be entitled to an annual base salary raise at least equal to the annual percentage raise for professional staff in the District for that budget year during the years of this Addendum. The Superintendent's salary is to be fixed by the Board for each of the remaining years. The salary for each remaining year shall not be less than the salary for the first year. No increase is guaranteed.

The Board and the Superintendent agree that there have been no oral modifications to the Superintendent's Contract. All other terms and conditions of the Contract, as amended, shall remain in full force and effect.

I have read this Contract and agree to abide by its terms and conditions:

Superintendent: David Hicks

Date signed: 1/23/17

Sherman Independent School District

By: [Signature]
President, Board of Trustees

Date signed: 1/23/17



Financial Integrity Rating System of Texas

Additional Items: Superintendent Contract

Second Addendum to Superintendent Term Contract

A contract was entered into between the Board of Trustees (the "Board") of SHERMAN INDEPENDENT SCHOOL DISTRICT (the "District") and Dr. David Hicks (the "Superintendent") and was signed 12-11-15. An Addendum to Superintendent Term Contract was signed on 10/22/18. Said documents constitute the contract.

The Board and Superintendent agree to amend said contract as follows:

Salary. Board and Superintendent agree that the base salary is changed to 197,000.

Salary review. The Board and Superintendent agree to conduct an annual base salary review as part of the Superintendent's summative appraisal in January of each year. The base salary review is for information purposes only and no salary increase is guaranteed.

The Board and the Superintendent agree that there have been no oral modifications to the Superintendent's contract. All other terms and conditions of the contract, as amended, shall remain in full force and effect.

I have read this contract and agree to abide by its terms and conditions:

Superintendent: David Hicks

Date signed: 10/22/18

Sherman Independent School District

By: [Signature]
President, Board of Trustees

Date signed: 10/22/18

Required Supplemental Disclosures

For the Twelve-Month Period Ended June 30, 2017

Description	David Hicks Superintendent	Tim Millerick Board	Brad Morgan Board	Juston Dobbs Board	Rob Wilson Board	Lynn Mitchusson Board	Britton Brooks Board	Hillary Clark Board	Chanel Stiggers Board
Meals	\$406.75	\$64.00	\$64.00						
Lodging	\$2,902.62	\$444.72	\$1,246.00						
Transportation	\$951.57	\$195.96	\$195.96						
Motor Fuel									
Other	\$2,798.06	\$710.00	\$710.00	\$385.00	\$385.00		\$760.00	\$385.00	\$385.00
Total	\$7,059.00	\$1,414.68	\$2,215.96	\$385.00	\$385.00	\$0.00	\$760.00	\$385.00	\$385.00

Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2017

Note – The spirit of the rule is to capture all “reimbursements” for fiscal year 2017, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Reimbursements to be reported per category include:

- Meals – Meals consumed off of the school district’s premises, and in-district meals at area restaurants (excludes catered meals for board meetings).
- Lodging - Hotel charges.
- Transportation - Airfare, car rental (can include fuel on rental), taxis, mileage reimbursements, leased cars, parking and tolls.
- Motor fuel – Gasoline.
- Other - Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.



Required Supplemental Disclosures

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services

For the Twelve-Month Period

Ended June 30, 2017

Name(s) of Entity(ies)	Amount Received
	\$0
Total	\$0.00

Note – Compensation does not include business revenues generated from a family business (farming, ranching, etc.) that has no relation to school district business.

Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any) (gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)

For the Twelve-Month Period

Ended June 30, 2017

	Superintendent	Britton Brooks	Board Hillary Clark	Board Juston Dobbs	Board Tim Millerick	Board Brad Morgan	Board Chanel Stiggers	Board Rob Wilson	Board Lynn Mitchusson
Totals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.

Business Transactions Between School District and Board Members

For the Twelve-Month Period

Ended June 30, 2017

	Board Britton Brooks	Board Hillary Clark	Board Juston Dobbs	Board Tim Millerick	Board Brad Morgan	Board Chanel Stiggers	Board Rob Wilson	Board Lynn Mitchusson
Totals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note – The summary amounts reported under this disclosure are not to duplicate the items disclosed in the summary schedule of reimbursements received by board members.

2017-2018 RATINGS BASED ON SCHOOL YEAR 2016-2017 DATA - DISTRICT STATUS DETAIL

Name: SHERMAN ISD(091906)	Publication Level 1: 8/6/2018 2:48:24 PM
Status: Passed	Publication Level 2: 8/8/2018 12:11:29 PM
Rating: A = Superior	Last Updated: 8/8/2018 12:11:29 PM
District Score: 96	Passing Score: 60

#	Indicator Description	Updated	Score
1	<u>Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</u>	4/20/2018 8:44:29 AM	Yes
2	Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.		
2.A	<u>Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</u>	4/20/2018 8:44:29 AM	Yes
2.B	<u>Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)</u>	4/20/2018 8:44:29 AM	Yes
3	<u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u>	4/20/2018 8:44:29 AM	Yes
4	<u>Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?</u>	4/20/2018 8:44:30 AM	Yes
5	<u>Was the total unrestricted net position balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Position greater than zero? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.)</u>	4/20/2018 8:44:30 AM	Yes
			1 Multiplier Sum
6	<u>Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)</u>	4/20/2018 8:44:30 AM	8
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	4/20/2018 8:44:30 AM	8
8	<u>Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.) (See ranges below.)</u>	4/20/2018 8:44:31 AM	10

Financial Integrity Rating System of Texas

9	<u>Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?</u>	4/20/2018 8:44:31 AM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	4/20/2018 8:44:31 AM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	4/20/2018 8:44:31 AM	10
12	<u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)</u>	6/19/2018 11:11:36 AM	10
13	<u>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?</u>	4/20/2018 8:44:32 AM	10
14	<u>Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)</u>	4/20/2018 8:44:32 AM	10
15	<u>Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?</u>	4/20/2018 8:44:32 AM	10
			96 Weighted Sum
			1 Multiplier Sum
			96 Score

DETERMINATION OF RATING

A.	Did the district answer 'No' to Indicators 1, 3, 4, 5, or 2.A? If so, the school district's rating is F for Substandard Achievement regardless of points earned.	
B.	Determine the rating by the applicable number of points. (Indicators 6-15)	
	A = Superior	90-100
	B = Above Standard	80-89
	C = Meets Standard	60-79
	F = Substandard Achievement	<60

No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.



Financial Integrity Rating System of Texas

Sherman ISD Received “SUPERIOR” Rating

QUESTIONS/COMMENTS

about

***Sherman ISD Receiving “SUPERIOR” Rating
by TEA for the Schools FIRST program?***