

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

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OFFICIALS
CITY OF SHELBYVILLE, TENNESSEE
JUNE 30, 2023

MAYOR Randy Carroll

VICE-MAYOR William Christie

COUNCILMEMBERS Ward 1 - Henry Feldhaus III

Ward 2 - Marilyn Ewing

Ward 3 - Gary Haile

Ward 4 - William Christie

Ward 5 - Stephanie Isaacs

Ward 6 - Bobby Turnbow

OTHER OFFICIALS City Manager - Scott Collins

City Recorder - Lisa Smith

City Treasurer - Kay Parker, CMFO

City Judge - John T. Bobo

City Attorney - Ginger Shofner

Shelbyville Power, Water, and Sewerage Systems:

General Manager – Jason Reese

Administrative Manager – John Branscum

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Councilmembers
City of Shelbyville, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shelbyville, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Shelbyville, Tennessee's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shelbyville, Tennessee, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Shelbyville Power, Water and Sewerage Systems, which are major funds and represent 100 percent of the assets, net position, and revenues of the business-type activities as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Shelbyville Power, Water and Sewerage Systems, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Shelbyville, Tennessee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Shelbyville, Tennessee's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 15, and the schedules of pension and other postemployment benefit information on pages 67 through 73, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Shelbyville, Tennessee's, basic financial statements. The accompanying combining and individual nonmajor fund financial statements and budgetary schedules and the schedule of expenditures of federal awards and state financial assistance, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual nonmajor fund financial statements and budgetary schedules and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024, on our consideration of the City of Shelbyville, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Shelbyville, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the City of Shelbyville, Tennessee's internal control over financial reporting and compliance.

Winnett Associates, PLLC

Shelbyville, Tennessee
March 19, 2024

CITY OF SHELBYVILLE, TENNESSEE
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year ended June 30, 2023

As management of the City of Shelbyville, Tennessee (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 June 30, 2023. Management’s Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

This report consists of management’s presentations concerning the finances of the City of Shelbyville. Consequently, management assumes full responsibility for the completeness and reliability for all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Shelbyville has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Shelbyville’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Shelbyville’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

Using this Annual Report

This Annual Report (the “Report”) consists of a series of financial statements. The Statement of Net Position and Statement of Activities (pages 16-17) provide information about the City as a whole and provide a long-term view of the City’s finances. Fund financial statements begin on page 18, and tell how government activities were financed in the short term, as well as what remains for future spending. The Report deals with three types of funds, governmental, proprietary, and fiduciary. The only proprietary funds are those maintained by the separately chartered Shelbyville Power, Water and Sewerage System. The governmental funds record the City’s activities in providing basic municipal services.

Governmental Funds

The Report refers to the General Fund (the basic operating fund for all city departments), the Capital Fund (used to account for the acquisition and construction of both major and routine capital purchases), and Other Governmental Funds (Special Revenue Funds). The funds are maintained and reported using the modified accrual method of accounting. For reporting purposes, the City consolidates the General Fund and the Budget Reserve Fund which was established to enable the City to improve its financial position by developing and managing cash reserves for budget shortfalls, equipment, and capital expenditures.

The Shelbyville Power, Water & Sewerage Systems (the Systems) is composed of three separate divisions that are financially accounted for on a separate basis. All divisions are reportable to the General Manager of the Systems. The General Manager reports to a seven-member board that is appointed by the Mayor and the City Council of the City of Shelbyville, TN. Financial information for the Systems is included in the report as “Enterprise Funds.”

Financial Highlights

- The City’s governmental activities’ deferred inflows of resources decreased by \$813,447 which consisted of decreases of \$36,354 in OPEB, \$821,189 in deferred current property taxes, and \$44,117 in pension; and an increase of \$88,213 related to leases.
- The assets and deferred outflows of resources of the governmental activities of the City of Shelbyville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended 2023 by \$75,801,785 which is an increase of \$8,920,589 from the prior year.

- Governmental activities total expenses increased by \$2,878,339 in 2023. Contributing factors included the hiring of additional personnel for Public Safety, city-wide salary and related benefit increases, expenses related to grant awards, and an increase in depreciation costs.
- The assets and deferred outflows of resources of the City's business-type activities exceeded their liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$98,977,710. Of this amount, \$34,322,613 may be used to meet the City's business-type activities' ongoing obligations to suppliers and creditors.
- The City's business-type activities' total net position increased by \$3,434,591.

Management of the Shelbyville Power, Water and Sewerage Systems' believe the statement of net position of the Systems is very solid. The plant is being well maintained and improved based on needs forecast well into the future. Debt is being conservatively managed with debt service coverage leverage ratios that are considered adequate. Cash reserves are adequate for all systems.

Power System

Total assets of the power system increased from \$52,191,812 to \$55,752,415, an increase of 6.82%. Current assets increased from \$27,696,162 to \$30,985,536. Plant, net of accumulated depreciation, increased from \$24,480,251 to \$24,760,712. Other assets decreased from \$15,399 to \$6,167. Total power system liabilities increased from \$5,572,651 to \$10,845,877. Current liabilities increased from \$4,843,307 to \$7,054,975, while long-term liabilities increased from \$729,334 to \$3,790,902. Deferred outflows of resources increased from \$1,010,768 to \$2,728,863 while deferred inflows of resources decreased from \$1,111,069 to \$97,427.

Income before capital contributions decreased from \$3,297,576 in fiscal year ending 2022 to \$1,874,032 in fiscal year ending 2023, a 43.17% decrease. Total operating revenue increased from \$35,624,843 to \$37,805,684. This is a function of weather and unbilled revenue. Operational and maintenance expenses increased from \$4,061,536 in 2022 to \$4,962,367 in 2023 and other expenses decreased from \$18,820 to \$6,338. Interest expense on customer deposits increased from \$4,652 to \$6,794.

Water System

Total water system assets increased from \$26,580,630 to \$27,614,101, a 3.89% increase. Current assets decreased from \$9,700,039 to \$9,314,895. Plant, net of accumulated depreciation, increased from \$16,540,478 to \$17,871,049. Deferred outflow of resources increased from \$407,728 to \$1,072,660. Total liabilities increased from \$3,579,831 to \$5,036,563. Long-term liabilities increased from \$2,793,080 to \$3,690,813. Deferred inflows of resources decreased from \$541,310 to \$134,809.

Income before capital contributions increased from \$295,999 in fiscal year ending 2022 to \$310,937 in fiscal year ending 2023, a 4.81% increase. Total operating revenue showed an increase from \$5,416,236 in 2022 to \$5,997,361 in 2023. Operational and maintenance expenses increased from \$3,992,999 to \$4,405,091. Interest expense decreased from \$46,607 to \$39,004.

Sewerage System

Total sewerage system assets increased from \$42,847,111 to \$43,277,794, a 1.01% increase. Current assets increased from \$3,747,647 to \$4,176,974. Plant, net of accumulated depreciation, increased from \$38,339,829 to \$38,380,185. Deferred outflows of resources increased from \$480,824 to \$1,273,411 while deferred inflows of resources decreased from \$2,648,259 to \$1,928,808. Total liabilities increased from \$14,522,633 to \$14,698,050. Long-term liabilities increased from \$13,107,032 to \$13,445,318.

Income before capital contributions increased from \$1,002,980 in fiscal year ending 2022 to \$1,111,033 in fiscal year ending 2023, a 10.77% increase. Sewer rates are based on water usage and bill at approximately 135% of the water rate. Operational and maintenance expenses showed an increase from \$2,932,255 in 2022 to \$3,262,074 in 2023. Interest expense decreased from \$312,395 to \$262,853.

Condensed Statement of Activities
June 30, 2023

	Governmental activities		Business-type activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,144,496	\$ 1,974,206	\$ 49,912,294	\$ 46,586,728	\$ 52,056,790	\$ 48,560,934
Operating grants	7,958,340	1,305,327	-	-	7,958,340	1,305,327
Capital grants	970,961	2,366,145	973,510	646,274	1,944,471	3,012,419
General revenues:						
Property taxes	9,619,843	9,224,775	-	-	9,619,843	9,224,775
Other taxes	9,425,687	8,411,054	-	-	9,425,687	8,411,054
Other	<u>2,937,327</u>	<u>3,753,094</u>	<u>667,181</u>	<u>66,963</u>	<u>3,604,508</u>	<u>3,820,057</u>
Total revenues	<u>33,056,654</u>	<u>27,034,601</u>	<u>51,552,985</u>	<u>47,299,965</u>	<u>84,609,639</u>	<u>74,334,566</u>
Expenses:						
General government	4,037,978	3,055,486	-	-	4,037,978	3,055,486
Public recreation	2,792,458	2,457,281	-	-	2,792,458	2,457,281
Public safety	10,656,917	9,573,777	-	-	10,656,917	9,573,777
Public works	4,626,347	4,519,772	-	-	4,626,347	4,519,772
Airport	2,336,609	1,878,978	-	-	2,336,609	1,878,978
Welfare	416,793	406,768	-	-	416,793	406,768
Industrial development	139,879	227,802	-	-	139,879	227,802
Interest on debt	36,005	44,783	-	-	36,005	44,783
Power	-	-	36,372,331	32,354,862	36,372,331	32,354,862
Water	-	-	5,820,618	5,119,381	5,820,618	5,119,381
Sewerage	-	-	<u>5,018,524</u>	<u>4,510,891</u>	<u>5,018,524</u>	<u>4,510,891</u>
Total expenses	<u>25,042,986</u>	<u>22,164,647</u>	<u>47,211,473</u>	<u>41,985,134</u>	<u>72,254,459</u>	<u>64,149,781</u>
Excess (deficiency) in net position before transfers	8,013,668	4,869,954	4,341,512	5,314,831	12,355,180	10,184,785
Transfers	<u>906,921</u>	<u>850,078</u>	<u>(906,921)</u>	<u>(850,078)</u>	<u>-</u>	<u>-</u>
Change in net position	8,920,589	5,720,032	3,434,591	4,464,753	12,355,180	10,184,785
Net position-beginning	<u>66,881,196</u>	<u>61,161,164</u>	<u>95,543,119</u>	<u>91,078,366</u>	<u>162,424,315</u>	<u>152,239,530</u>
Net position-ending	<u>\$ 75,801,785</u>	<u>\$ 66,881,196</u>	<u>\$ 98,977,710</u>	<u>\$ 95,543,119</u>	<u>\$ 174,779,495</u>	<u>\$ 162,424,315</u>

Condensed Statement of Net Position
June 30, 2023

	Governmental activities		Business-type activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 38,620,688	\$ 34,768,871	\$ 45,621,375	\$ 42,247,620	\$ 84,242,063	\$ 77,016,491
Capital assets	<u>51,875,054</u>	<u>50,112,440</u>	<u>81,011,946</u>	<u>79,360,558</u>	<u>132,887,000</u>	<u>129,472,998</u>
Total assets	<u>90,495,742</u>	<u>84,881,311</u>	<u>126,633,321</u>	<u>121,608,178</u>	<u>217,129,063</u>	<u>206,489,489</u>
Total deferred outflows of resources	<u>1,420,979</u>	<u>1,847,914</u>	<u>5,074,934</u>	<u>1,899,320</u>	<u>6,495,913</u>	<u>3,747,234</u>
Long-term liabilities	5,140,719	5,576,422	22,287,033	17,939,456	27,427,752	23,515,878
Other liabilities	<u>1,559,082</u>	<u>4,043,025</u>	<u>8,282,468</u>	<u>5,724,285</u>	<u>9,841,550</u>	<u>9,767,310</u>
Total liabilities	<u>6,699,801</u>	<u>9,619,447</u>	<u>30,569,501</u>	<u>23,663,741</u>	<u>37,269,302</u>	<u>33,283,188</u>
Total deferred inflows of resources	<u>9,415,135</u>	<u>10,228,582</u>	<u>2,161,044</u>	<u>4,300,638</u>	<u>11,576,179</u>	<u>14,529,220</u>
Net position:						
Net investment in capital assets	50,255,135	48,207,981	64,012,188	62,977,403	114,267,323	111,185,384
Restricted	1,358,984	1,206,182	642,909	640,989	2,001,893	1,847,171
Unrestricted	<u>24,187,666</u>	<u>17,467,033</u>	<u>34,322,613</u>	<u>31,924,727</u>	<u>58,510,279</u>	<u>49,391,760</u>
Total net position	<u>\$ 75,801,785</u>	<u>\$ 66,881,196</u>	<u>\$ 98,977,710</u>	<u>\$ 95,543,119</u>	<u>\$ 174,779,495</u>	<u>\$ 162,424,315</u>

The City as a Whole

The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities. The statements of the City are reported on the accrual basis of accounting. This means that expenses are recognized when they are incurred and revenues are accounted for when they are earned, not when the money is received.

The Statement of Net Position and the Statement of Activities are divided into two categories. These two categories are governmental activities and business-type activities. The governmental activities report the basic services of the City such as general administration, public safety, public works, parks and recreation, and the airport. The business-type activities reflect the activities of the Shelbyville Power, Water, and Sewerage System which operates under a separate Charter.

Overview of the Financial Statements

Total revenues for the general government were \$25,886,114 which is an increase of \$2,571,533 from FY22.

The city received a total of \$7,956,200 of Federal Awards and State Financial Assistance during FY23. Some of the awards included: Coronavirus State and Local Recovery Funds in the amount of \$6,557,664, Road and Sidewalk awards totaling \$241,004, Police grants of \$42,058, Airport awards of \$259,423, FastTrack Economic Development Program award of \$600,000, Railroad Crossing Improvements state assistance of \$72,510, and a HOME grant totaling \$181,541.

The City General Fund's largest revenue source was property tax which generated 37% of total revenue, followed by local option sales tax at 27% and state sales tax at 11% of total revenues. City staff monitors local sales tax on a monthly basis. Property taxes, grants, sales taxes, franchise taxes, business licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues are recognized when cash is received.

As stated earlier, the City of Shelbyville's assets and deferred outflows of resources of its governmental activities exceeded its liabilities and deferred inflows of resources by \$75,801,785. The City's investments are in capital assets. These assets are used to provide services to the citizens of Shelbyville. Cash and cash equivalents of the City's governmental activities increased \$3,718,017 or 16.6% from \$22,395,515 in FY22 to \$26,113,532 in FY23.

The financial statements of the Systems report information about the Systems using accounting methods similar to those used by private sector companies. These statements offer short-term (current) and long-term (noncurrent) financial information about its activities. The Statement of Net Position includes all of the Systems' assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing operating results, evaluating the capital structure of the Systems and assessing the liquidity and financial flexibility of the Systems. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Systems' operations over the past year, and can be used to determine whether the Systems have successfully recovered its costs through user fees and other charges, and to assess its profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Systems' cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital financing activities. It also provides information regarding sources of cash, uses of cash, and the change in the cash balance during the reporting period.

Capital Assets

Capital asset additions during FY23 totaled \$7,211,098. Some included the following: *Land purchase of 31 acres near the airport; Sidewalk projects on and near the Public Square; Renovation of building to be used for Planning Dept/Codes Dept/Council Chambers; Railroad Crossing Improvements; Vehicles/Rescue equipment/911 recording equipment, etc. for Public Safety; Athletic field lighting/Vehicles/ADA restroom/Pool enhancements/ Building renovation for the Parks and Recreation Depts.; Road Tractor/Transfer Trailer/Toolcat/other equipment for Public Works; Vehicle for Codes Dept.; Paving/Mower for the Cemetery; and Golf Cart for the Airport.*

The City's business-type activities' investment in capital assets as of June 30, 2023, amounts to \$81,011,946 (net of accumulated depreciation). Depreciation charges for the year totaled \$4,609,468. The total increase in the City's business-type activities' capital assets for the current fiscal year was \$1,651,388 (2.08%), an increase in capital assets of \$5,392,198 and an increase in depreciation expense of \$3,740,810 for the net change of \$1,651,388.

The City's Business-Type Activities Capital Assets

(as of June 30,)

	2023	2022
Land and land rights	\$ 828,734	\$ 828,734
Structures and improvements	43,428,379	43,339,470
Distribution plant	102,206,331	96,813,238
Furniture and fixtures	1,511,421	1,465,582
Transportation equipment	3,386,966	3,384,234
Equipment	2,958,058	2,851,452
Construction in process	3,500,863	3,745,844
Less: Accumulated depreciation	(76,808,806)	(73,067,996)
	<u>\$ 81,011,946</u>	<u>\$ 79,360,558</u>

Long-Term Liabilities

At the end of the current fiscal year, the governmental activities of the City of Shelbyville included total outstanding long-term liabilities of \$5,140,719. Included are three capital outlay notes totaling \$1,083,000 which represent 21% of the total and net pension obligation of \$2,172,234 representing 42%. Other long-term liabilities include post-employment benefit obligation, compensated absences, and leases.

At the end of the current fiscal year, the City's business-type activities had total outstanding debt for notes, bonds, and other long-term liabilities of \$22,287,033, an increase of \$4,347,577 (24.23% increase) from the previous year.

The City's Business-Type Activities Outstanding Debt

(as of June 30,)

	2023	2022
Bonds payable	\$ 15,050,000	\$ 16,360,000
Conservation – TVA Program	6,751	16,301
Accrued vacation	299,464	298,975
Net pension liability	6,524,371	864,492
Net OPEB obligation	406,447	399,688
Total outstanding debt	<u>\$ 22,287,033</u>	<u>\$ 17,939,456</u>

Notes, bonds and other long-term debt at fiscal year-end 2023 was \$3,790,902 for the power system, \$3,970,813 for the water system, and \$14,525,318 for the sewer system.

General Fund Budget Performance

The City's FY23 projected General Fund Revenues were \$20,613,530 in the original budget and \$21,295,902 in the final/amended budget. The City's actual General Fund Revenues were \$25,886,114. This represented an increase of \$2,571,533, or 11%, over FY22 actual revenues. Local sales tax increased from \$6,056,428 in FY22 to \$6,985,060 in FY23, an increase of 15%.

The City's FY23 projected General Fund Expenditures were \$23,408,778 in the original budget and \$24,702,150 in the final/amended budget. Actual expenditures for the year were \$21,491,183. This represented a \$2,310,426 increase over FY22 actual expenditures.

The City's beginning and ending fund balances were \$13,099,916 and \$22,702,082, respectively, which represents a \$9,602,166 increase in fund balance during FY23. Approximately \$6.5 million of this increase can be attributed to ARP Funds being utilized in place of local funds during the fiscal year.

Future Capital Projects

For fiscal year ending June 30, 2024, management of the Systems requested, and the board approved, the budget for capital projects as follows:

Power System \$2,000,000. Water System \$2,500,000 Sewer System \$2,500,000

Rates

Power system rates increased along with TVA rates quarterly during the fiscal year. Water system rates increased as of January 1, 2023, and sewer system rates increased as of January 1, 2023.

Customers

The average number of customers for each system were as follows: Power 11,120 (increase of 230 or 2.11%), Water 11,038 (increase of 223 or 2.06%), and Sewer 9,121 (increase of 180 or 2.01%).

Looking to the Future

The City staff recognizes the importance of responsible financial reporting and the significance of effective internal policies. Therefore, City Administration continues to review, focus, and implement policies to effectively meet this goal. The proposed annual budget is presented to and adopted by the City Council. In addition, monthly reports are provided to the Council throughout the year. The City of Shelbyville periodically updates the Capital Improvement Plan for all departments. The Plan is utilized as a budgeting tool and also aids in prioritizing the City's most immediate capital needs. We continue to focus on the maintenance and improvement of city assets and infrastructure. The City continues to foster a goal-oriented environment with the City Council as well as Department Directors setting annual goals. The City also continues to seek out and pursue grant opportunities to provide funding for capital projects. Ongoing and upcoming projects for the City include the Fairfield Pike/Deery Street intersection improvement project, Downtown Revitalization efforts including façade grant for businesses on the Public Square, Greenway from Duck River to River Bottom Park/Shelbyville Multi-Use Path and River Overlook Project, Madison Street Sidewalk Improvements, Airport Sewer Project completion, and Columbarium Project at the Cemetery.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Treasurer, 201 N. Spring Street, Shelbyville, TN 37160.

STATEMENT OF NET POSITION
CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 26,113,532	\$ 32,201,314	\$ 58,314,846
Taxes receivable - net	10,741,743	-	10,741,743
Accounts receivable	157,758	3,698,731	3,856,489
Intergovernmental receivable	1,371,470	-	1,371,470
Unbilled revenue	-	1,326,920	1,326,920
Inventory and other assets	236,185	4,729,371	4,965,556
Energy conservation loans	-	6,167	6,167
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	3,658,872	3,658,872
Capital assets not being depreciated	8,273,408	4,329,597	12,603,005
Capital assets, net of accumulated depreciation/ amortization	43,601,646	76,682,349	120,283,995
TOTAL ASSETS	<u>90,495,742</u>	<u>126,633,321</u>	<u>217,129,063</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	1,411,082	5,018,796	6,429,878
OPEB related	9,897	56,138	66,035
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,420,979</u>	<u>5,074,934</u>	<u>6,495,913</u>
LIABILITIES			
Accounts payable	1,272,815	5,354,080	6,626,895
Accrued expenses and other liabilities	130,462	429,297	559,759
Deposits	118,894	2,510,080	2,628,974
Internal balances	10,989	(10,989)	-
Funds held in trust	25,922	-	25,922
Noncurrent liabilities:			
Due in one year	506,227	1,360,000	1,866,227
Due in more than one year	4,634,492	20,927,033	25,561,525
TOTAL LIABILITIES	<u>6,699,801</u>	<u>30,569,501</u>	<u>37,269,302</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	277,904	97,930	375,834
OPEB related	198,299	133,635	331,934
Lease related	129,590	-	129,590
Deferred amounts from refunding of debt	-	1,929,479	1,929,479
Deferred current property taxes	8,809,342	-	8,809,342
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>9,415,135</u>	<u>2,161,044</u>	<u>11,576,179</u>
NET POSITION			
Net investment in capital assets	50,255,135	64,012,188	114,267,323
Restricted for:			
Highways and streets	763,479	-	763,479
Public safety	99,075	-	99,075
TV station	19,040	-	19,040
Industrial development	477,390	-	477,390
Debt service	-	642,909	642,909
Unrestricted	24,187,666	34,322,613	58,510,279
TOTAL NET POSITION	<u>\$ 75,801,785</u>	<u>\$ 98,977,710</u>	<u>\$ 174,779,495</u>

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

STATEMENT OF ACTIVITIES
CITY OF SHELBYVILLE, TENNESSEE

For the year ended June 30, 2023

Functions/Programs	Expenses	PROGRAM REVENUES			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 4,037,978	\$ 497,025	\$ 61,414	\$ -	\$ (3,479,539)	\$ -	\$ (3,479,539)
Public recreation	2,792,458	369,807	-	-	(2,422,651)	-	(2,422,651)
Public safety	10,656,917	306,893	5,654,342	213,889	(4,481,793)	-	(4,481,793)
Public works	4,626,347	47,126	2,045,243	157,072	(2,376,906)	-	(2,376,906)
Airport	2,336,609	923,645	15,000	-	(1,397,964)	-	(1,397,964)
Welfare	416,793	-	182,341	-	(234,452)	-	(234,452)
Industrial development	139,879	-	-	600,000	460,121	-	460,121
Interest on long-term debt	36,005	-	-	-	(36,005)	-	(36,005)
Total governmental activities	25,042,986	2,144,496	7,958,340	970,961	(13,969,189)	-	(13,969,189)
Business-type activities							
Power system	36,372,331	37,805,684	-	-	-	1,433,353	1,433,353
Water system	5,820,618	5,997,361	-	337,236	-	513,979	513,979
Sewerage system	5,018,524	6,109,249	-	636,274	-	1,726,999	1,726,999
Total business-type activities	47,211,473	49,912,294	-	973,510	-	3,674,331	3,674,331
Total primary government	\$ 72,254,459	\$ 52,056,790	\$ 7,958,340	\$ 1,944,471	(13,969,189)	3,674,331	(10,294,858)
General revenues:							
					9,619,843	-	9,619,843
					721,153	-	721,153
					6,985,060	-	6,985,060
					1,039,117	-	1,039,117
					175,036	-	175,036
					186,555	-	186,555
					56,363	-	56,363
					3,484,693	-	3,484,693
					318,766	-	318,766
					(1,470,388)	-	(1,470,388)
					31,596	-	31,596
					835,063	667,181	1,502,244
					906,921	(906,921)	-
					22,889,778	(239,740)	22,650,038
					8,920,589	3,434,591	12,355,180
					66,881,196	95,543,119	162,424,315
					\$ 75,801,785	\$ 98,977,710	\$ 174,779,495

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

BALANCE SHEET
GOVERNMENTAL FUNDS
CITY OF SHELBYVILLE, TENNESSEE
June 30, 2023

	General	ARPA Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
Assets and deferred outflows of resources					
Assets:					
Cash	\$ 21,279,354	\$ -	\$ 2,028,799	\$ 2,805,379	\$ 26,113,532
Taxes receivable - net	10,705,651	-	-	36,092	10,741,743
Accounts receivable	157,758	-	-	-	157,758
Intergovernmental receivable	1,162,059	-	-	209,411	1,371,470
Inventory and other assets	65,685	-	-	170,500	236,185
Total assets	<u>33,370,507</u>	<u>-</u>	<u>2,028,799</u>	<u>3,221,382</u>	<u>38,620,688</u>
Deferred outflows of resources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 33,370,507</u>	<u>\$ -</u>	<u>\$ 2,028,799</u>	<u>\$ 3,221,382</u>	<u>\$ 38,620,688</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities:					
Accounts payable	\$ 1,016,907	\$ -	\$ 191,767	\$ 64,141	\$ 1,272,815
Accrued wages	130,462	-	-	-	130,462
Deposits	118,894	-	-	-	118,894
Due to other funds	10,989	-	-	-	10,989
Funds held in trust	-	-	-	25,922	25,922
Total liabilities	<u>1,277,252</u>	<u>-</u>	<u>191,767</u>	<u>90,063</u>	<u>1,559,082</u>
Deferred inflows of resources:					
Unavailable revenue - state and local taxes	1,968	-	-	-	1,968
Unavailable revenue - property taxes	9,259,615	-	-	-	9,259,615
Lease related	129,590	-	-	-	129,590
Total deferred inflows of resources	<u>9,391,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,391,173</u>
Fund balances:					
Nonspendable					
Inventory and other assets	65,685	-	-	-	65,685
Restricted					
Cable TV	19,040	-	-	-	19,040
Public safety	27,829	-	-	71,246	99,075
State street aid	-	-	-	763,479	763,479
Tourism and industrial development	-	-	-	477,390	477,390
Committed					
Debt reduction	-	-	-	710,483	710,483
Assigned					
State road projects	-	-	-	1,020,465	1,020,465
Capital assets	-	-	1,837,032	-	1,837,032
Industrial development	-	-	-	88,256	88,256
Subsequent year's budget: appropriation of fund balance	5,340,917	-	-	-	5,340,917
Unassigned	<u>17,248,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,248,611</u>
Total fund balances	<u>22,702,082</u>	<u>-</u>	<u>1,837,032</u>	<u>3,131,319</u>	<u>27,670,433</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,370,507</u>	<u>\$ -</u>	<u>\$ 2,028,799</u>	<u>\$ 3,221,382</u>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					51,875,054
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					452,241
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					(4,195,943)
Net position of governmental activities					<u>\$ 75,801,785</u>

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

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

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2023

	General	ARPA Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 18,459,320	\$ -	\$ -	\$ 318,766	\$ 18,778,086
Payments in lieu of taxes	186,555	-	-	-	186,555
Penalties and interest	56,363	-	-	-	56,363
Licenses and permits	30,907	-	-	-	30,907
Intergovernmental	4,517,502	6,557,664	244,423	987,767	12,307,356
Charges for services	1,822,705	-	-	-	1,822,705
Fines	248,807	-	-	42,077	290,884
Miscellaneous	31,568	-	-	28	31,596
Investment earnings	532,387	177,105	79,660	45,910	835,062
Total revenues	<u>25,886,114</u>	<u>6,734,769</u>	<u>324,083</u>	<u>1,394,548</u>	<u>34,339,514</u>
Expenditures:					
Current:					
General government	4,642,184	-	184,095	-	4,826,279
Parks and recreation	2,147,145	-	781,009	-	2,928,154
Public safety	9,549,165	-	224,746	81,738	9,855,649
Public works	3,134,159	-	398,375	1,064,801	4,597,335
Airport	1,252,026	-	3,976,053	-	5,228,079
Welfare	411,499	-	-	-	411,499
Industrial and economic development	-	-	-	139,879	139,879
Debt service:					
Principal retirement	319,000	-	-	-	319,000
Interest payments on notes	36,005	-	-	-	36,005
Total expenditures	<u>21,491,183</u>	<u>-</u>	<u>5,564,278</u>	<u>1,286,418</u>	<u>28,341,879</u>
Excess of revenues over (under) expenditures	<u>4,394,931</u>	<u>6,734,769</u>	<u>(5,240,195)</u>	<u>108,130</u>	<u>5,997,635</u>
Other financing sources (uses):					
Transfers in	7,778,941	-	3,035,000	119,996	10,933,937
Transfers out	(2,654,996)	(6,737,991)	-	(634,028)	(10,027,015)
Sales of general capital assets	30,045	-	-	-	30,045
Insurance recoveries	53,245	-	-	-	53,245
Total other financing sources (uses)	<u>5,207,235</u>	<u>(6,737,991)</u>	<u>3,035,000</u>	<u>(514,032)</u>	<u>990,212</u>
Net change in fund balances	9,602,166	(3,222)	(2,205,195)	(405,902)	6,987,847
Fund balances - July 1, 2022	13,099,916	3,222	4,042,227	3,537,221	20,682,586
Fund balances - June 30, 2023	<u>\$ 22,702,082</u>	<u>\$ -</u>	<u>\$ 1,837,032</u>	<u>\$ 3,131,319</u>	<u>\$ 27,670,433</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

CITY OF SHELBYVILLE, TENNESSEE

For the year ended June 30, 2023

Amounts reported by governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 6,987,847
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the useful lives of the assets:	
Capital asset purchases capitalized	5,729,960
Depreciation expense	(2,381,033)
The net effect of various miscellaneous transactions involving capital assets is to increase (decrease) net position:	
Sales and abandonments of capital assets	(1,586,313)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue	80,889
The issuance of long-term debt (e.g., bonds, leases) 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.	
Capital outlay note principal payments	319,000
Lease liability principal payments	75,309
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences	(35,785)
Changes in pension liabilities and related deferred outflows and inflows of resources	(253,305)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(15,980)
Change in net position of governmental activities	<u><u>\$ 8,920,589</u></u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
CITY OF SHELBYVILLE, TENNESSEE
Year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Taxes:				
Property	\$ 9,119,830	\$ 9,119,830	\$ 9,538,954	\$ 419,124
Business	500,000	500,000	721,153	221,153
Local sales	5,200,000	5,200,000	6,985,060	1,785,060
Beverage	925,000	925,000	1,039,117	114,117
Franchise	190,000	190,000	175,036	(14,964)
Payments in lieu of taxes	135,000	135,000	186,555	51,555
Penalties and interest	60,000	60,000	56,363	(3,637)
Licenses and permits	26,500	26,500	30,907	4,407
Intergovernmental revenues				
State TVA in lieu	245,000	245,000	287,187	42,187
State online sports betting tax allocation	7,500	7,500	41,999	34,499
State sales tax allocation	2,040,000	2,040,000	2,823,648	783,648
State income tax allocation	12,500	12,500	-	(12,500)
State beer tax allocation	8,000	8,000	10,756	2,756
State mixed drink tax allocation	46,000	46,000	73,894	27,894
State gasoline and motor fuel tax	37,500	37,500	43,157	5,657
State excise tax allocation	175,000	175,000	204,052	29,052
State and federal grant funds	461,000	1,061,000	942,379	(118,621)
State supplements	83,200	83,200	90,430	7,230
Charges for services	1,178,000	1,253,000	1,822,705	569,705
Fines	138,500	138,500	248,807	110,307
Miscellaneous	8,000	15,372	31,568	16,196
Investment earnings	17,000	17,000	532,387	515,387
TOTAL REVENUES	20,613,530	21,295,902	25,886,114	4,590,212
EXPENDITURES				
General government:				
Administration				
Salaries	680,900	680,900	651,211	29,689
Professional services	350,000	350,000	303,883	46,117
Payroll taxes	58,000	58,000	54,728	3,272
Travel and business	17,000	17,000	29,259	(12,259)
Mayor and council salaries	86,000	86,000	81,193	4,807
Health and disability insurance	186,150	186,150	126,966	59,184
Retirement	1,005,000	1,005,000	965,178	39,822
Insurance	295,000	295,000	272,825	22,175
Electric tax equivalent	211,325	211,325	192,357	18,968
Employee recognition programs	25,000	25,000	20,376	4,624
Computer software	80,391	116,391	140,795	(24,404)
Advertising	25,000	25,000	21,208	3,792
Duksan facility construction	-	600,000	600,000	-
Other general government	250,923	430,923	190,737	240,186
	3,270,689	4,086,689	3,650,716	435,973

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)
CITY OF SHELBYVILLE, TENNESSEE
Year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
EXPENDITURES (Continued)				
General government:				
Planning and zoning				
Salaries	340,112	340,112	319,253	20,859
Professional services	153,050	153,050	69,169	83,881
Payroll taxes	27,500	27,500	23,633	3,867
Health and disability insurance	83,000	83,000	61,309	21,691
Retirement	19,000	19,000	17,294	1,706
Employee education and training	8,300	8,300	6,532	1,768
Utilities	6,700	6,700	6,009	691
Gasoline and oil	5,000	5,000	3,099	1,901
Computer software	63,471	63,471	18,336	45,135
Office supplies and materials	5,200	5,200	4,841	359
Other planning and zoning	40,405	40,405	11,674	28,731
	<u>751,738</u>	<u>751,738</u>	<u>541,149</u>	<u>210,589</u>
Cemetery				
Salaries	127,500	127,500	109,598	17,902
Payroll taxes	10,500	10,500	7,774	2,726
Health and disability insurance	33,825	33,825	39,423	(5,598)
Retirement	8,500	8,500	6,207	2,293
Utilities	6,400	6,400	6,600	(200)
Professional services	1,200	1,200	6,184	(4,984)
Gasoline and oil	6,500	6,500	6,012	488
Other cemetery	37,770	37,770	11,421	26,349
	<u>232,195</u>	<u>232,195</u>	<u>193,219</u>	<u>38,976</u>
Animal control				
Salaries	148,900	148,900	137,833	11,067
Professional services	8,500	8,500	12,238	(3,738)
Payroll taxes	12,000	12,000	10,487	1,513
Health and disability insurance	43,700	43,700	38,942	4,758
Retirement	9,000	9,000	5,569	3,431
Utilities	16,000	16,000	16,325	(325)
Maintenance and repair	7,800	7,800	9,440	(1,640)
Gasoline and oil	6,000	6,000	3,140	2,860
Materials and supplies	14,000	14,000	12,629	1,371
Other animal control	15,973	15,973	10,497	5,476
	<u>281,873</u>	<u>281,873</u>	<u>257,100</u>	<u>24,773</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)
CITY OF SHELBYVILLE, TENNESSEE
Year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
EXPENDITURES (Continued)				
Public recreation				
Parks and recreation				
Salaries	490,848	490,848	337,508	153,340
Payroll taxes	38,000	38,000	23,851	14,149
Health and disability insurance	103,000	103,000	81,912	21,088
Retirement	25,000	25,000	11,350	13,650
Utilities	27,445	27,445	24,483	2,962
Maintenance and repair	115,985	115,985	87,410	28,575
Gasoline and oil	26,500	26,500	14,983	11,517
Chemical supplies	12,360	12,360	8,840	3,520
Special events	13,500	13,500	11,159	2,341
Expensable tools and materials	18,475	18,475	19,927	(1,452)
Other parks and recreation	26,072	26,072	19,521	6,551
	<u>897,185</u>	<u>897,185</u>	<u>640,944</u>	<u>256,241</u>
Recreational center				
Salaries	845,834	845,834	769,010	76,824
Professional services	12,300	12,300	13,089	(789)
Payroll taxes	65,000	65,000	56,772	8,228
Health and disability insurance	159,000	159,000	137,124	21,876
Retirement	39,000	39,000	25,964	13,036
Employee recognition programs	8,900	8,900	8,650	250
Utilities	165,743	165,743	189,457	(23,714)
Maintenance and repair	101,457	101,457	72,368	29,089
Recreational programming	26,020	26,020	18,289	7,731
Expensable tools and materials	37,482	37,482	26,607	10,875
Chemical supplies	18,490	18,490	19,509	(1,019)
Employee education and training	8,025	8,025	4,571	3,454
Other recreational center	51,037	51,037	41,409	9,628
	<u>1,538,288</u>	<u>1,538,288</u>	<u>1,382,819</u>	<u>155,469</u>
Sports league				
Salaries	64,670	64,670	53,793	10,877
Professional services	30,400	30,400	23,700	6,700
Payroll taxes	5,000	5,000	4,073	927
Health and disability insurance	10,600	10,600	9,649	951
Retirement	3,250	3,250	2,858	392
Clothing and uniforms	11,900	11,900	11,304	596
Materials	6,200	6,200	6,151	49
Other sports league	17,364	17,364	11,854	5,510
	<u>149,384</u>	<u>149,384</u>	<u>123,382</u>	<u>26,002</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)
CITY OF SHELBYVILLE, TENNESSEE
Year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
EXPENDITURES (Continued)				
Public safety:				
Police				
Salaries	3,477,800	3,562,800	3,479,804	82,996
Salary supplement	59,600	59,600	57,300	2,300
Payroll taxes	278,000	278,000	261,387	16,613
Health and disability insurance	767,000	777,000	764,652	12,348
Retirement	157,000	157,000	144,053	12,947
Employee recognition programs	71,000	71,000	67,890	3,110
Employee education and training	68,750	68,750	61,583	7,167
Utilities	86,994	86,994	69,392	17,602
Maintenance and repair	88,232	88,232	67,902	20,330
Gasoline and fuel	162,000	162,000	118,324	43,676
Fees paid to state	20,000	20,000	21,711	(1,711)
Computer software	92,758	92,758	39,826	52,932
Office supplies and materials	15,196	15,196	11,693	3,503
Clothing and uniforms	42,150	42,150	48,020	(5,870)
Expensable tools and materials	45,588	45,588	44,317	1,271
Lease and rental of equipment	112,765	112,765	99,865	12,900
Other police	55,535	55,535	36,792	18,743
	<u>5,600,368</u>	<u>5,695,368</u>	<u>5,394,511</u>	<u>300,857</u>
Fire				
Salaries	2,671,725	2,764,725	2,673,479	91,246
Salary supplement	67,600	67,600	53,600	14,000
Payroll taxes	225,000	225,000	198,818	26,182
Health and disability insurance	573,000	585,000	573,074	11,926
Retirement	130,000	130,000	107,061	22,939
Employee recognition programs	53,700	53,700	53,400	300
Employee education and training	35,520	35,520	25,620	9,900
Utilities	57,000	57,000	47,249	9,751
Maintenance and repair	79,280	79,280	34,650	44,630
Gasoline and fuel	45,000	45,000	29,547	15,453
Fire hydrant rental	175,000	175,000	162,704	12,296
Expendable tools and materials	135,561	135,561	102,113	33,448
Clothing and uniforms	22,884	22,884	12,069	10,815
Employment physicals	39,999	39,999	33,000	6,999
Other fire	52,425	59,797	48,270	11,527
	<u>4,363,694</u>	<u>4,476,066</u>	<u>4,154,654</u>	<u>321,412</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)
CITY OF SHELBYVILLE, TENNESSEE
Year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
EXPENDITURES (Continued)				
Public works:				
Streets				
Salaries	943,855	943,855	804,398	139,457
Payroll taxes	76,000	76,000	60,007	15,993
Health and disability insurance	276,000	276,000	205,988	70,012
Retirement	50,000	50,000	39,475	10,525
Employee recognition programs	21,500	21,500	16,062	5,438
Professional services	67,500	67,500	26,497	41,003
Utilities	29,000	29,000	28,300	700
Maintenance and repair	80,240	80,240	43,832	36,408
Gasoline and fuel	105,000	105,000	88,788	16,212
Expendable tools and materials	41,750	41,750	33,230	8,520
Construction material	65,000	65,000	59,930	5,070
Clothing and uniforms	14,000	14,000	10,390	3,610
Chemical supplies	11,640	11,640	8,642	2,998
State road paving	90,000	90,000	91,152	(1,152)
Tires	14,400	14,400	13,993	407
Other streets	155,700	155,700	42,676	113,024
	<u>2,041,585</u>	<u>2,041,585</u>	<u>1,573,360</u>	<u>468,225</u>
Stormwater management				
Salaries	99,000	99,000	77,166	21,834
Payroll taxes	7,650	7,650	5,636	2,014
Health and disability insurance	30,950	30,950	17,755	13,195
Retirement	4,500	4,500	4,698	(198)
Professional services	60,000	60,000	16,065	43,935
Gasoline and oil	2,500	2,500	2,163	337
Construction material	20,000	20,000	16,133	3,867
Engineering	17,500	182,500	82,500	100,000
Maintenance and repair	81,000	81,000	1,290	79,710
Public transportation system	14,000	14,000	9,557	4,443
Employee education and training	4,000	4,000	3,227	773
Other stormwater management	21,760	21,760	8,638	13,122
	<u>362,860</u>	<u>527,860</u>	<u>244,828</u>	<u>283,032</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)
CITY OF SHELBYVILLE, TENNESSEE
Year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
EXPENDITURES (Continued)				
Public works:				
Sanitation				
Salaries	636,000	636,000	491,421	144,579
Payroll taxes	52,500	52,500	35,481	17,019
Health and disability insurance	207,416	207,416	167,892	39,524
Retirement	30,000	30,000	22,663	7,337
Employee recognition	17,550	17,550	13,500	4,050
Utilities	8,000	8,000	5,260	2,740
Maintenance and repair	90,650	90,650	64,012	26,638
Landfill services	415,000	415,000	372,030	42,970
Gasoline and oil	100,000	100,000	90,029	9,971
Tires	14,400	14,400	12,413	1,987
Other sanitation	68,025	68,025	41,270	26,755
	<u>1,639,541</u>	<u>1,639,541</u>	<u>1,315,971</u>	<u>323,570</u>
Finance				
Debt principal	319,000	319,000	319,000	-
Interest on debt	36,016	36,016	36,005	11
	<u>355,016</u>	<u>355,016</u>	<u>355,005</u>	<u>11</u>
Airport				
Salaries	405,569	405,569	316,328	89,241
Payroll taxes	32,250	32,250	22,899	9,351
Health and disability insurance	79,750	79,750	63,814	15,936
Retirement	20,000	20,000	13,911	6,089
Utilities	58,500	58,500	61,911	(3,411)
Maintenance and repair	55,450	55,450	45,687	9,763
Fuel for resale	580,000	655,000	591,303	63,697
Gasoline and oil	9,500	9,500	13,307	(3,807)
Bank service charges	13,500	13,500	16,993	(3,493)
Insurance	30,000	30,000	26,297	3,703
Other airport	87,452	87,452	79,576	7,876
	<u>1,371,971</u>	<u>1,446,971</u>	<u>1,252,026</u>	<u>194,945</u>
Economic and Industrial Development				
Professional services	25,000	25,000	-	25,000
Travel	3,500	3,500	-	3,500
	<u>28,500</u>	<u>28,500</u>	<u>-</u>	<u>28,500</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)
CITY OF SHELBYVILLE, TENNESSEE
Year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
EXPENDITURES (Continued)				
Rehabilitation Projects				
Construction	295,000	295,000	159,041	135,959
Administration	30,000	30,000	22,500	7,500
Other improvements	-	-	1,067	(1,067)
	<u>325,000</u>	<u>325,000</u>	<u>182,608</u>	<u>142,392</u>
Welfare	198,891	228,891	228,891	-
TOTAL EXPENDITURES	<u>23,408,778</u>	<u>24,702,150</u>	<u>21,491,183</u>	<u>3,210,967</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,795,248)</u>	<u>(3,406,248)</u>	<u>4,394,931</u>	<u>7,801,179</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	864,032	7,614,032	7,778,941	164,909
Transfers out	(2,000,000)	(2,662,500)	(2,654,996)	7,504
Sales of general capital assets	-	-	30,045	30,045
Insurance recoveries	-	-	53,245	53,245
TOTAL OTHER FINANCING SOURCES	<u>(1,135,968)</u>	<u>4,951,532</u>	<u>5,207,235</u>	<u>255,703</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,931,216)</u>	<u>\$ 1,545,284</u>	<u>9,602,166</u>	<u>\$ 8,056,882</u>
FUND BALANCE - BEGINNING			13,099,916	
FUND BALANCE - END			<u>\$ 22,702,082</u>	

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
CITY OF SHELBYVILLE, TENNESSEE
Year ended June 30, 2023

	Business type activities - Enterprise Funds			
	Power System	Water System	Sewerage System	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 20,066,112	\$ 8,417,111	\$ 3,718,091	\$ 32,201,314
Accounts receivable, net of allowance	2,836,409	362,878	385,927	3,585,214
Unbilled revenue	1,326,920	-	-	1,326,920
Grant receivable	-	-	-	-
Other receivables	120,861	2,384	1,261	124,506
Inventory	659,570	244,933	71,695	976,198
Other assets	3,742,333	10,840	-	3,753,173
Total current assets	<u>28,752,205</u>	<u>9,038,146</u>	<u>4,176,974</u>	<u>41,967,325</u>
Noncurrent assets:				
Restricted cash and cash equivalents-bonds	-	428,157	720,635	1,148,792
Restricted cash and cash equivalents-customer deposits	2,233,331	276,749	-	2,510,080
Energy conservation loans	6,167	-	-	6,167
Capital assets	24,760,712	17,871,049	38,380,185	81,011,946
Total noncurrent assets	<u>27,000,210</u>	<u>18,575,955</u>	<u>39,100,820</u>	<u>84,676,985</u>
TOTAL ASSETS	<u>55,752,415</u>	<u>27,614,101</u>	<u>43,277,794</u>	<u>126,644,310</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	2,710,150	1,053,947	1,254,699	5,018,796
OPEB	18,713	18,713	18,712	56,138
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>58,481,278</u>	<u>28,686,761</u>	<u>44,551,205</u>	<u>131,719,244</u>
LIABILITIES				
Current liabilities:				
Accounts payable	4,596,993	696,645	60,442	5,354,080
Accrued expenses and other liabilities	224,651	72,077	56,321	353,049
Accrued interest	-	-	55,969	55,969
Total current liabilities	<u>4,821,644</u>	<u>768,722</u>	<u>172,732</u>	<u>5,763,098</u>
Current liabilities payable from restricted assets:				
Customer deposits	2,233,331	276,749	-	2,510,080
Bonds payable	-	280,000	1,080,000	1,360,000
Accrued interest	-	20,279	-	20,279
Total current liabilities payable from restricted assets	<u>2,233,331</u>	<u>577,028</u>	<u>1,080,000</u>	<u>3,890,359</u>
Noncurrent liabilities:				
Conservation - TVA program	6,751	-	-	6,751
Accrued vacation	125,509	105,212	68,743	299,464
Bonds payable	-	2,080,000	11,610,000	13,690,000
Net pension liability	3,523,160	1,370,118	1,631,093	6,524,371
Net OPEB liability	135,482	135,483	135,482	406,447
Total noncurrent liabilities	<u>3,790,902</u>	<u>3,690,813</u>	<u>13,445,318</u>	<u>20,927,033</u>
TOTAL LIABILITIES	<u>10,845,877</u>	<u>5,036,563</u>	<u>14,698,050</u>	<u>30,580,490</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	52,882	20,565	24,483	97,930
OPEB	44,545	44,545	44,545	133,635
Deferred amounts from refunding of debt	-	69,699	1,859,780	1,929,479
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>97,427</u>	<u>134,809</u>	<u>1,928,808</u>	<u>2,161,044</u>
NET POSITION				
Net investment in capital assets	24,760,712	15,421,071	23,830,405	64,012,188
Restricted	-	127,878	515,031	642,909
Unrestricted	22,777,262	7,966,440	3,578,911	34,322,613
TOTAL NET POSITION	<u>\$ 47,537,974</u>	<u>\$ 23,515,389</u>	<u>\$ 27,924,347</u>	<u>\$ 98,977,710</u>

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

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

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2023

	Business type activities - Enterprise Funds			
	Power System	Water System	Sewerage System	Total
Operating revenues:				
Charges for services pledged as security for revenue bonds	\$ 36,847,160	\$ 5,888,022	\$ 6,041,095	\$ 48,776,277
Forfeited discounts and penalties	251,128	50,818	68,154	370,100
Rental income	549,420	-	-	549,420
Other operating revenue	157,976	58,521	-	216,497
TOTAL OPERATING REVENUE	37,805,684	5,997,361	6,109,249	49,912,294
Operating expenses:				
Purchased power	29,754,358	-	-	29,754,358
Purchased water	-	41,422	-	41,422
Operational expenses	4,021,354	2,882,153	2,496,926	9,400,433
Maintenance expense	941,013	1,486,938	729,148	3,157,099
Depreciation and amortization	1,642,474	1,371,101	1,529,597	4,543,172
TOTAL OPERATING EXPENSES	36,359,199	5,781,614	4,755,671	46,896,484
OPERATING INCOME	1,446,485	215,747	1,353,578	3,015,810
Nonoperating revenues (expenses):				
Interest income	440,679	170,194	56,308	667,181
Interest expense	(6,794)	(39,004)	(262,853)	(308,651)
Other income (expenses)	(6,338)	-	-	(6,338)
TOTAL NONOPERATING REVENUES (EXPENSES)	427,547	131,190	(206,545)	352,192
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,874,032	346,937	1,147,033	3,368,002
Transfers in	-	-	19,997	19,997
Transfers out	(854,918)	(36,000)	(36,000)	(926,918)
Capital contributions	-	337,236	357,372	694,608
Contributions in aid	-	-	278,902	278,902
CHANGE IN NET POSITION	1,019,114	648,173	1,767,304	3,434,591
NET POSITION, BEGINNING OF YEAR(restated)	46,518,860	22,867,216	26,157,043	95,543,119
NET POSITION, END OF YEAR	\$ 47,537,974	\$ 23,515,389	\$ 27,924,347	\$ 98,977,710

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
CITY OF SHELBYVILLE, TENNESSEE
Year ended June 30, 2023

	Business type activities - Enterprise Funds			
	Power System	Water System	Sewerage System	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers (including other funds)	\$ 38,592,406	\$ 5,854,602	\$ 6,009,104	\$ 50,456,112
Payments to suppliers	(30,213,735)	(2,003,946)	(2,049,388)	(34,267,069)
Cash paid to employees	(2,581,414)	(1,822,058)	(1,258,104)	(5,661,576)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>5,797,257</u>	<u>2,028,598</u>	<u>2,701,612</u>	<u>10,527,467</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributed	-	337,236	636,274	973,510
Transfers in	-	-	19,997	19,997
Other income (expense)	(6,338)	-	-	(6,338)
Acquisition and construction of capital assets	(1,922,935)	(2,701,672)	(1,569,953)	(6,194,560)
Principal paid on long-term debt	-	(280,000)	(1,030,000)	(1,310,000)
Interest paid on long-term debt	-	(52,120)	(516,625)	(568,745)
Interest paid on customer deposits	(6,794)	-	-	(6,794)
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	<u>(1,936,067)</u>	<u>(2,696,556)</u>	<u>(2,460,307)</u>	<u>(7,092,930)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase in customer deposits	94,836	9,584	(6,420)	98,000
Issuance of energy conservation loans	9,232	-	-	9,232
Transfers to other funds	(854,918)	-	-	(854,918)
Home weatherization loan advances	(9,550)	-	-	(9,550)
NET CASH PROVIDED(USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>(760,400)</u>	<u>9,584</u>	<u>(6,420)</u>	<u>(757,236)</u>
CASH FLOWS FROM INVESTING ACTIVITIES - Interest and other income	<u>422,049</u>	<u>166,113</u>	<u>55,464</u>	<u>643,626</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,522,839	(492,261)	290,349	3,320,927
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	18,776,604	9,614,278	4,148,377	32,539,259
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,299,443</u>	<u>\$ 9,122,017</u>	<u>\$ 4,438,726</u>	<u>\$ 35,860,186</u>
CASH AND CASH EQUIVALENTS CONSIST OF:				
Unrestricted cash and cash equivalents	\$ 22,299,443	\$ 8,693,860	\$ 3,718,091	\$ 34,711,394
Restricted cash and cash equivalents	-	428,157	720,635	1,148,792
	<u>\$ 22,299,443</u>	<u>\$ 9,122,017</u>	<u>\$ 4,438,726</u>	<u>\$ 35,860,186</u>

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
CITY OF SHELBYVILLE, TENNESSEE
June 30, 2023

	Business type activities - Enterprise Funds			
	Power System	Water System	Sewerage System	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 1,446,485	\$ 179,747	\$ 1,317,578	\$ 2,943,810
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,642,474	1,371,101	1,529,597	4,543,172
Provision for bad debts	76,935	25,875	23,754	126,564
(Increase) decrease in:				
Accounts receivable	786,722	(142,759)	(100,145)	543,818
Inventory	(28,138)	(63,356)	(22,743)	(114,237)
Other assets	(583,424)	(10,840)	-	(594,264)
Increase (decrease) in:				
Accounts payable	2,016,492	544,643	(209,930)	2,351,205
Pension liability	319,335	122,118	146,023	587,476
OPEB liability	7,516	7,516	7,516	22,548
Accrued expenses	112,860	(5,447)	9,962	117,375
Total adjustments	4,350,772	1,848,851	1,384,034	7,583,657
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 5,797,257	\$ 2,028,598	\$ 2,701,612	\$ 10,527,467

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

STATEMENT OF NET POSITION
CITY OF SHELBYVILLE, TENNESSEE
FIDUCIARY FUND
June 30, 2023

		Pension Trust Fund
<hr/>		
ASSETS		
Investments		
Pooled separate accounts		\$ 15,286,294
	TOTAL ASSETS	<u>15,286,294</u>
NET POSITION		
Net position held in trust for pension benefits		15,286,294
	TOTAL NET POSITION	<u>\$ 15,286,294</u>

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

STATEMENT OF CHANGES IN NET POSITION
CITY OF SHELBYVILLE, TENNESSEE
FIDUCIARY FUND
For the Year Ended June 30, 2023

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 924,248
Plan members	-
Total contributions	<u>924,248</u>
Investment earnings:	
Net increase in the fair value of investments	<u>183,468</u>
Total investment earnings	<u>183,468</u>
Total additions	<u>1,107,716</u>
DEDUCTIONS	
Benefits	892,805
Administrative expenses	<u>36,724</u>
Total deductions	<u>929,529</u>
 Change in net position	 178,187
 Net position - beginning	 <u>15,108,107</u>
Net position - ending	<u><u>\$ 15,286,294</u></u>

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

NOTES TO FINANCIAL STATEMENTS
CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Financial reporting entity and introduction

The City of Shelbyville, Tennessee (the City) was incorporated in 1819, and its citizens elect a Mayor at large and six-member governing council (council) by wards. As required by U.S. generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Shelbyville (the government) and its component units. There are no legally separate component units of the City of Shelbyville, which meet the criteria for being reported as part of the government.

The Shelbyville Power, Water and Sewerage Systems (Systems) are comprised of three enterprise funds, the Shelbyville Power System, the Shelbyville Water System, including Shelbyville Flat Creek, and the Shelbyville Sewerage System, which operate under a grant of power by Chapter 465 of the Private Acts of Tennessee of 1939 and the Amended Charter of the City. These funds issue combined separately audited general purpose financial statements, copies of which may be obtained from their administrative office, 308 South Main Street, Shelbyville, Tennessee.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

(2) Government-wide 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 nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's power, water, and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government reports the following major governmental funds:

General fund - This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

ARPA fund - This fund is used to account for the receipt and use of grant funds under the American Rescue Plan Act.

Capital fund - This fund is used to account for the acquisition and construction of both major and routine capital purchases across all functions of the general government.

The government reports the following major enterprise funds:

Power system - This fund accounts for the activities of the government's power distributions operations.

Water system - This fund accounts for the activities of the government's water distribution system.

Sewerage system - This fund accounts for the activities of the government's sewerage collection system.

Additionally, the government reports the following fund types:

Pension trust fund - This fund accounts for the activities of The Retirement Plan for Full-Time Employees of the City of Shelbyville, Tennessee, which accumulates resources for pension benefits to qualified general government employees.

During the course of its operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(3) Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and 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 revenues to be available if they are 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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. For expenditure-driven grants, in a departure from the 60-day period defined above, the consideration to defer recognition of revenue is considered in situations where reimbursement is not expected within a reasonable period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and pension trust funds are reported using the economic measurement focus and the accrual basis of accounting.

(4) Revenues and expenditures/expenses

Amounts reported as 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes attach as an enforceable lien on real property as of January 1st. Taxes are levied on October 1 and are due and payable on or before February 28 of the following year. All unpaid taxes become delinquent March 1. The City bills and collects its own property taxes.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The enterprise funds recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system.

(5) Fund balance policies

Governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable fund balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The council has not authorized anyone to make assignments. The Council may assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned fund balance – the residual classification of the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. When this occurs, the government will determine the best use of funds based on the specific facts and circumstances at that time. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is depleted last.

(6) Statement of Cash Flows

For the purposes of the statement of cash flows, the government considers all cash deposits and certificates of deposit with an original maturity of three months or less when acquired to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(7) Net position flow assumption

The City will on occasion fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When this occurs for the City's general government, the government will determine the best use of funds based on the specific facts and circumstances at that time. When this occurs for the Shelbyville Power, Water and Sewerage Systems, it is the Systems' policy to use restricted resources first, then unrestricted as they are needed.

(8) Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. It is the deferred amounts related to pension and other post-employment benefits (OPEB). These deferred amounts relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has five items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements, the government reports deferred amounts related to leases, pension, and OPEB. The government also reports deferred current property taxes as an inflow of resources on the government-wide statement of net position. These amounts are deferred and recognized as an inflow of resources in the period for which property taxes are levied. The government also reports the deferred gain on bond refunding in the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

(9) Leases

Lessee: The government is a lessee for a noncancellable lease of equipment. The government recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The government recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the government initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(9) Leases (Continued)

Key estimates and judgments related to leases include how the government determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The government uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the government generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the government is reasonably certain to exercise.

The government monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The government is a lessor for noncancellable leases of airport hangers. The government recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the government initially measures the lease receivable as the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the government determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The government uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lease.

The government monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(10) Long-term liabilities and debt issuance

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt is recorded net of the applicable premium or discount. Debt issuance costs, other than insurance, are charged to expense in the period incurred. Debt premiums and discounts are deferred and amortized over the life of the debt using a method that approximates the interest method. In the fund financial statements, governmental fund types recognize premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(11) Energy Conservation Loans

The Shelbyville Power System is a fiscal intermediary for the Tennessee Valley Authority (TVA) energy conservation program whereby loans are made to the power system's customers to be used in connection with TVA's Residential Energy Services Program. Pursuant to the terms of an agreement with TVA, the energy conservation loans made to the power system's customers are funded and guaranteed by TVA. These loans to customers are recorded as other assets, with the corresponding liability to TVA recorded as long-term debt.

(12) Inventories and prepaid items

Governmental funds' fuel and merchandise inventory is valued using the first-in/first-out method and is recorded as an expenditure when consumed rather than when purchased. The enterprise funds' materials and supplies inventories are stated at lower of cost or market, with cost being determined on an average cost basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

(13) Budgetary Information

Formal budgetary accounting is employed as a management control for all governmental funds of the government. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the general fund, special revenue funds, and capital projects funds; the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a basis consistent with generally accepted accounting principles. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The council approves all budget amendments.

(14) Unbilled Revenue

The power system has recorded unbilled revenue of \$1,326,920 as of June 30, 2023. The water system and the sewerage system have followed the practice of not recording unbilled revenue. The effect on the financial statements is not material.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(15) Compensated Absences

The government's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. Accumulated sick leave lapses when employees leave the employ of the government and, upon separation from service, no monetary obligation exists.

(16) Pension

For purposes of measuring the enterprise funds' 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 Systems' participation in the Governmental Plan of Central Services Association (CSA), and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the CSA. For this purpose, benefits are recognized when due and payable in accordance with the benefit terms of the CSA. Investments are reported at fair value.

(17) Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, except for land and infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Land need only cost \$1 to be reported as a capital asset, and only infrastructure projects that cost more than \$20,000 are reported as capital assets.

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use assets, the measurement of which is discussed in Note A(9) above). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, and infrastructure of the government are depreciated/ amortized using the straight-line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings and improvements	15 - 75
Equipment	3 - 20
Vehicles	10 - 35
Right-to-use leased equipment	5
Infrastructure	75 - 100

(18) Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. An allowance is established for delinquent taxes to the extent that their collectability is improbable. The allowance for uncollectible property taxes at June 30, 2023, is \$30,066.

Customer utility accounts receivable of the government's enterprise funds are presented net of an allowance for uncollectible accounts of \$145,368. Bad debt expense for the current year is \$126,564. Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The enterprise funds use the reserve method, based upon a review of the current status of receivables and historical experience, in determining bad debt expense.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits:

Cash of the enterprise funds includes petty cash and amounts in demand deposits and money market accounts. The enterprise funds invest cash in excess of current requirements in various interest-bearing accounts such as certificates of deposit with financial institutions which are carried at cost. Cash of the governmental funds is held in an interest-bearing public funds checking account. These funds are stated at cost.

The government does not have a formal policy that limits custodial credit risk for deposits. Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. However, the government follows state statutes which require all deposits with financial institutions to be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure. For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that deposits be collateralized with collateral whose market value is equal to 105% of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the government.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2023, the entire carrying amount of the general government's cash deposits were covered by F.D.I.C. insurance, collateralized with securities pledged that comply with statutes as acceptable collateral, or were held with a financial institution participating in the bank collateral pool administered by the state treasurer.

At June 30, 2023, the carrying amount of the Systems' deposits was \$35,860,186 and the amount of the banks balances was \$36,044,145. Of the bank balances, \$1,750,005 was covered by Federal depository insurance, and \$4,956,316 was collateralized with securities pledged that comply with statutes as acceptable collateral, and \$29,337,824 was collateralized by the banks' participation in the Tennessee State Collateral Pool.

Investments:

State statutes authorize the government to invest in bonds, notes, or treasury bills of the U.S. government or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the U.S. government or its agencies as the underlying securities, and the Local Government Investment Pool established by Title 9, Chapter 4, Part 7, *Tennessee Code Annotated*. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. The government had no investments as of June 30, 2023.

NOTE C - RELATED ORGANIZATIONS

The mayor and councilmembers are responsible for appointing board members of the Shelbyville Housing Authority and the Industrial Development Board, but the government's accountability for these organizations does not extend beyond making the appointments.

NOTE D - NONEXCHANGE TRANSACTION

The government receives shared revenue from the State of Tennessee for a tax the state assesses on the earnings of certain financial institutions. The government is required to recognize receivables and deferred revenues as the banks earn the income. However, the banks file at different times of the year, and it is difficult to follow state statutes' guidance concerning what time period is being filed on. Therefore, the receivable and deferred revenue at June 30, 2023, are not reasonably estimable and are not included in these financial statements. During the year ended June 30, 2023, the government received \$204,052 from the State of Tennessee for this shared revenue.

NOTE E - GRANTS

The government participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the government may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited, but the government believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the government.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE F - INCOME TAXES

As a municipality, all funds of the government, including its enterprise funds, are exempt from Federal and State income taxes.

NOTE G - SEWER SYSTEM IMPROVEMENTS

In October 2020 the City of Shelbyville/ SPWS obtained a CDBG grant of \$500,000 for sewer system improvements. The grant contract was effective beginning October 15, 2020, and ending on October 14, 2023. Expenditures on the project totaled \$1,195,539 of which CDBG grant funds total \$499,901. The project was completed as of February 17, 2023.

NOTE H - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,306,757	\$ 3,536,770	\$ 1,498,735	\$ 6,344,792
Construction in progress	3,495,634	442,448	2,009,466	1,928,616
Total capital assets, not being depreciated	<u>7,802,391</u>	<u>3,979,218</u>	<u>3,508,201</u>	<u>8,273,408</u>
Capital assets, being depreciated:				
Buildings	15,223,649	742,937	36,033	15,930,553
Equipment	5,773,928	297,024	196,471	5,874,481
Vehicles	9,496,368	631,363	219,223	9,908,508
Right-to-use leased equipment	424,524	-	-	424,524
Infrastructure	<u>31,141,718</u>	<u>2,003,004</u>	<u>-</u>	<u>33,144,722</u>
Total capital assets being depreciated	62,060,187	3,674,328	451,727	65,282,788
Less accumulated depreciation for:				
Buildings	5,351,301	403,005	34,334	5,719,972
Equipment	3,707,553	360,318	196,471	3,871,400
Vehicles	4,311,481	451,746	219,223	4,544,004
Right-to-use leased equipment	7,075	84,745	-	91,820
Infrastructure	<u>6,372,728</u>	<u>1,081,218</u>	<u>-</u>	<u>7,453,946</u>
Total accumulated depreciation	<u>19,750,138</u>	<u>2,381,032</u>	<u>450,028</u>	<u>21,681,142</u>
Total capital assets, being depreciated, net	<u>42,310,049</u>	<u>1,293,296</u>	<u>1,699</u>	<u>43,601,646</u>
Governmental activities capital assets, net	<u>\$ 50,112,440</u>	<u>\$ 5,272,514</u>	<u>\$ 3,509,900</u>	<u>\$ 51,875,054</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE H - CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 828,734	\$ -	\$ -	\$ 828,734
Construction in progress	3,745,844	5,032,331	5,277,312	3,500,863
Total capital assets, not being depreciated	<u>4,574,578</u>	<u>5,032,331</u>	<u>5,277,312</u>	<u>4,329,597</u>
Capital assets, being depreciated:				
Structures and improvements	43,339,470	88,909	-	43,428,379
Distribution plant	96,813,238	6,061,862	668,769	102,206,331
Furniture and fixtures	1,465,582	45,839	-	1,511,421
Transportation equipment	3,384,234	77,732	75,000	3,386,966
Equipment	<u>2,851,452</u>	<u>109,010</u>	<u>2,404</u>	<u>2,958,058</u>
Total capital assets, being depreciated	147,853,976	6,383,352	746,173	153,491,155
Less accumulated depreciation for:				
Structures and improvements	17,032,368	1,294,357	-	18,326,725
Distribution plant	49,277,889	2,740,479	777,974	51,240,394
Furniture and fixtures	1,232,806	118,208	-	1,351,014
Transportation equipment	3,192,508	276,402	88,280	3,380,630
Equipment	<u>2,232,425</u>	<u>180,022</u>	<u>2,404</u>	<u>2,510,043</u>
Total accumulated depreciation	<u>73,067,996</u>	<u>4,609,468</u>	<u>868,658</u>	<u>76,808,806</u>
Total capital assets, being depreciated, net	<u>74,785,980</u>	<u>1,773,884</u>	<u>(122,485)</u>	<u>76,682,349</u>
Business-type activities capital assets, net	<u>\$ 79,360,558</u>	<u>\$ 6,806,215</u>	<u>\$ 5,154,827</u>	<u>\$ 81,011,946</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 158,430
Public recreation	476,628
Public safety	452,647
Public works	535,288
Airport	752,744
Welfare	<u>5,295</u>
Total depreciation expense - governmental activities	<u>\$ 2,381,032</u>
Business-type activities:	
Power system	\$ 1,689,079
Water system	1,372,716
Sewerage system	<u>1,547,673</u>
Total depreciation expense - business-type activities	<u>\$ 4,609,468</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE I - LEASES

Lease receivable

The government leases space in airport hangers to third parties. The leases range from sixteen months to twenty years and call for varying amounts of monthly or annual payments. The government recognized \$94,003 in lease revenue and \$7,993 in interest revenue during the current fiscal year related to these leases. As of June 30, 2023, the government's receivable for lease payments was \$129,590. Also, the government has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$129,590.

Lease payable

The government has entered into a five-year lease agreement as lessee for the use of certain police safety equipment. An initial lease liability was recorded in the amount of \$424,524. As of June 30, 2023, the amount of the lease liability was \$254,139. The government is required to make annual principal and interest payments of \$95,076. The lease liability carries an interest rate of 6%. The equipment's useful life is the same as the term of the lease. The value of the right-to-use asset as of the end of the current fiscal year was \$332,704 and had accumulated amortization of \$91,820.

The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 79,828	\$ 15,248	\$ 95,076
2025	84,617	10,459	95,076
2026	89,694	5,382	95,076
Totals	<u>\$ 254,139</u>	<u>\$ 31,089</u>	<u>\$ 285,228</u>

NOTE J - LONG-TERM LIABILITIES

Direct borrowings and direct placements

Capital outlay notes

The government has issued general obligation capital outlay notes. These capital outlay notes are direct obligations and are secured by the full faith and credit of the government. Capital outlay notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>Outstanding Amount</u>
Governmental activities – energy efficiency improvements	2.66%	2025	\$ 535,000
Governmental activities – storm flume repair	2.64	2025	328,000
Governmental activities – industrial development	2.50	2027	220,000
			<u>\$ 1,083,000</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE J - LONG-TERM LIABILITIES (Continued)

Annual debt service requirements to maturity for capital outlay notes are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 331,000	\$ 26,930
2025	342,000	17,538
2026	355,000	7,828
2027	55,000	1,925
Total	<u>\$ 1,083,000</u>	<u>\$ 54,221</u>

Other debt

Revenue bonds

Revenue bonds of the business-type activities outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest rates</u>	<u>Maturity</u>	<u>Outstanding Amount</u>
Sewer – general obligation bonds	2.25 – 4.0%	8/01/2037	\$ 1,645,000
Water – general obligation bonds	2.25 – 4.0%	8/01/2037	995,000
Water – general obligation bonds	0.75 – 2.0%	8/01/2028	1,365,000
Sewer – general obligation bonds	2.00 – 5.0%	12/1/2033	11,045,000
			<u>\$ 15,050,000</u>

The bonds are, among other things, secured by the revenues of the Systems. In addition, the Systems have complied with the bond resolution requirements as adopted by the Systems.

The debt service requirements for the enterprise funds' bonds are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2024	\$ 1,360,000	\$ 510,020
2025	1,415,000	450,370
2026	1,485,000	389,495
2027	1,515,000	326,420
2028	1,330,000	268,627
2029-2033	6,425,000	632,204
2034-2038	1,520,000	73,325
Total	<u>\$ 15,050,000</u>	<u>\$ 2,650,461</u>

The amount of interest cost incurred and charged to expense during the year ended June 30, 2023, was \$36,005 for the governmental activities and \$308,651 for the business-type activities.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE J - LONG-TERM LIABILITIES (Continued)

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Direct borrowings:					
Capital outlay notes	\$ 1,402,000	\$ -	\$ 319,000	\$ 1,083,000	\$ 331,000
Other long-term liabilities:					
Post-employment benefit obligation	835,221	102,729	55,399	882,551	55,399
Net pension obligation	2,296,743	2,129,976	2,254,485	2,172,234	-
Leases	329,448	-	75,309	254,139	79,828
Compensated absences	713,010	658,660	622,875	748,795	40,000
Long-term liabilities	<u>\$ 5,576,422</u>	<u>\$ 2,891,365</u>	<u>\$ 3,327,068</u>	<u>\$ 5,140,719</u>	<u>\$ 506,227</u>

All of the governmental activities' other long-term liabilities are fully liquidated by the general fund.

Business-type activities:

Direct borrowings:

Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
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Other debt:

Revenue bonds	16,360,000	-	1,310,000	15,050,000	1,360,000
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Other long-term liabilities:

Conservation – TVA program	16,301	-	9,550	6,751	-
Compensated absences	298,975	13,584	13,095	299,464	-
Net pension liability	864,492	6,883,564	1,223,685	6,524,371	-
Post-employment benefit obligation	399,688	48,012	41,253	406,447	-
Long-term liabilities	<u>\$ 17,939,456</u>	<u>\$ 6,945,160</u>	<u>\$ 2,597,583</u>	<u>\$ 22,287,033</u>	<u>\$ 1,360,000</u>

NOTE K - COMMITMENTS AND CONTINGENCIES

Under its power contract, effective as of August 15, 1979, the power system is committed to purchase its electric power from TVA. This contract expired in 1999, and an amendment was signed to extend the contract. The amendment continues the contract for a term not less than five years, subject to termination by either party, with not less than five years written notice. The rates paid for the power and energy supplied by TVA shall be in accordance with the provisions of the Wholesale Power Rate - Schedule WS.

The government is party to legal proceedings that normally occur in governmental operations. Any proceedings are unlikely to have a material adverse effect on its financial position.

The City is in disagreement with a vendor concerning its provision of dedicated fiber internet services and the cost of the related infrastructure. The City maintains no contract was in effect and thus is not responsible for the related charges of approximately \$160,000.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE K - COMMITMENTS AND CONTINGENCIES (Continued)

In connection with TVA, the power system makes loans to individuals wishing to make their homes more energy efficient. The power system is required to use the funds, including repayments, in making further loans, or to reduce the advances made by TVA.

At June 30, 2023, the Systems had several construction projects in process. The Systems take bids for these projects and award construction contracts to various companies.

The water system and six other water systems in the Upper Duck River area entered into an agreement with the TVA whereby, commencing September 13, 1971, for a term of fifty years, each water system began paying monthly to TVA five cents (\$.05) for each 1,000 gallons of water sold by it during the preceding month. The funds will go to return the Agencies' portion of the debt incurred to build the Normandy and Columbia reservoirs. Such payments shall be made regardless of the source of water sold and shall continue until a total of \$16,200,000 has been paid to TVA by the group. There has been no division of the total liability between the parties to the contract. The agreement was amended August 16, 2021, effective July 1, 2021, and extends the agreement through June 30, 2024. The agreement acknowledges the terms of an amendment to the Operating and Project Fund trust agreement to allow the DRUC to make annual withdrawals for its administrative budget up to 70% of the prior year's contributions to the fund made by the seven water systems.

NOTE L - PENSION PLAN

GENERAL GOVERNMENT:

Plan Description

Employees of the general government are provided a defined benefit pension plan, The Retirement Plan for Full-Time Employees of the City of Shelbyville, Tennessee, (Plan), a single-employer pension plan. The council assigns the City Manager to administer the Plan who in turn delegates certain daily administrative duties to employees of the administrative staff. The Plan does not issue a publicly available financial report.

Benefits Provided

All the benefits and provisions of the Plan are at the discretion of the council and are consistent with the laws of Tennessee and the United States government. The Plan provides retirement, termination, disability and death benefits to plan members and beneficiaries and covers full time employees who have completed one (1) year of continuous service and have reached age 21 and who were not hired after age 59. A full-time employee is an employee who works at least 30 hours per week. The Plan was amended effective July 1, 2005, to freeze the Plan to new participants.

The normal retirement date is the first day of the month coincident with or next following the month during which the participant attains age 65. Reduced benefits are available once a participant attains the age of 55. The monthly accrued benefit is determined by a formula using the member's average monthly earnings and years of service but varies based on plan entry date and whether or not member contributions were made, among other factors. Please consult the plan document concerning the calculation of the monthly accrued benefit.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE L - PENSION PLAN (Continued)

Employees covered by benefit terms

At the actuarial valuation date of January 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	42
Active employees	<u>37</u>
Total	<u>166</u>

Contributions

Effective for Plan years after December 31, 1984, Plan members may not contribute to the Plan. Prior to January 1, 1985, Plan members were required to contribute. Prior contributions continue to accrue interest at 4% annually. The City has no regulatory amount to contribute, but has established an informal policy to annually contribute, on a quarterly basis, an actuarially determined amount based on the previous January 1 actuarial valuation. For the year ended June 30, 2023, the City contributed \$924,248.

Net pension liability

The government's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023, rolled forward to June 30, 2023, using standard actuarial methodology and the actual assets of the trust as of June 30, 2023.

Actuarial assumptions

The total pension liability as of June 30, 2023, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Economic Actuarial Assumptions

Salary increases – 3.0% per year
Long-term rate of return – 6.75%
Discount rate – 6.75%

Demographic Actuarial Assumptions

Mortality:

Society of Actuaries Pub 2010 General Public Retirement Plans Mortality Table with fully generational mortality projection using the MP-2021 projection scale.

Termination or Withdrawal from service:

T-3 table

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE L - PENSION PLAN (Continued)

Age at Retirement:

100% of active participants are assumed to retire at the earliest age when unreduced retirement benefits are available, age 60 for fire and police and age 62 for administrative employees.

Percentage of Participants Assumed to be Married:

It is assumed that 95% of participants are married with husbands assumed to be one year older than wives.

Discount Rate

The assets of the Plan are invested at One America. At their recommendation the funds are 0% allocated to equities and 100% allocated to fixed income, in order to, over the long-term, meet or exceed the actuarial assumption for discount rate and long-term rate of return of 6.75%. The projection of benefit payments and those contributions from the government will be made at the actuarial determined contribution amount pursuant to an actuarial valuation in accordance with funding policy adopted by the government and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current and inactive participants. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2022	\$ (17,404,850)	\$ 15,108,107	\$ (2,296,743)
Changes for the year:			
Service cost	(104,768)	-	(104,768)
Interest cost	(1,152,259)	-	(1,152,259)
Difference between expected and actual experience	310,544	-	310,544
Change in actuarial assumptions	-	-	-
Employer contributions	-	924,248	924,248
Employee contributions	-	-	-
Net investment income	-	183,468	183,468
Benefit payments	892,805	(892,805)	-
Administrative expense	-	(36,798)	(36,798)
Other charges	-	74	74
Net changes	<u>(53,678)</u>	<u>178,187</u>	<u>124,509</u>
Balance at June 30, 2023	<u><u>\$ (17,458,528)</u></u>	<u><u>\$ 15,286,294</u></u>	<u><u>\$ (2,172,234)</u></u>

The plan's fiduciary net position as a percentage of the total pension liability was 87.6% at June 30, 2023.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE L - PENSION PLAN (Continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the general government calculated using the discount rate of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net pension liability	\$ 4,211,854	\$ 2,172,234	\$ 458,031

Pension expense

For the year ended June 30, 2023, the general government recognized pension expense of \$1,177,553.

Investments

All plan investments are investments in participation units held in pooled separate accounts. The underlying securities in pooled separate accounts are listed on national securities exchanges and valued on the basis of year-end closing prices.

Investments are stated at fair value. Securities traded on national exchanges are valued at the last reported sales price. As of June 30, 2023, and for the year then ended, the Plan held no securities issued by the City or other related parties.

A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of investment expense was (1.22)%.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2023, the general government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 48,103	\$ 277,904
Change in actuarial assumptions	257,649	-
Net difference between projected and actual earnings on pension plan investments	1,105,330	-
Total	<u>\$ 1,411,082</u>	<u>\$ 277,904</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE L - PENSION PLAN (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 119,824
2025	103,856
2026	696,481
2027	213,017
Thereafter	-

Fair value measurements

Professional standards provide a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The City's pension trust fund investments measured at fair value on a recurring basis are classified according to the following hierarchy:

Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 – These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities that are not active, or other than quoted prices that are not observable.

Level 3 – Inputs are unobservable and significant to the fair value measurement.

All of the City's pension trust investments at June 30, 2023, are classified as Level 1 investments.

ENTERPRISE FUNDS:

The Systems' defined benefit plan, "Shelbyville Power, Water and Sewerage Systems" provides retirement and death benefits to plan members and beneficiaries. The Systems joined the Central Service Association Pension Plan (CSA), an agent multiple employer defined benefit pension plan for utility systems in 1997. Benefits are determined by a formula using the member's average monthly earnings and years of service. A reduced retirement benefit is available to vested members who are age 55 and have 10 years of service. The CSA issues a publicly available financial report that includes the financial statements and required supplementary information for CSA. That report can be obtained by writing to CSA, P. O. Box 3480, Tupelo, Mississippi 38803-3480.

The Systems are required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by CSA. If a participant becomes totally disabled before termination of employment, he is 100% vested. After completing five years of service, an employee is entitled to 100% of his accrued benefit. The plan is available to employees after attaining age 24 ½ and completing 6 months of service.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE L - PENSION PLAN (Continued)

Net pension liability was measured as of October 1, 2022, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date. The term “total pension liability” is the actuarial accrued liability calculated according to the individual entry age normal cost method. This cost attributes the actuarial present value of projected benefit payments to each employee based on a level percentage of compensation basis.

Components of the Net Pension Liability as of October 1, 2022:

Total pension liability	\$ 28,781,856
Plan fiduciary net position	<u>22,257,485</u>
Net pension liability	<u>\$ 6,524,371</u>
Net position as percentage of the total pension liability	77.33%

Sensitivity of the Net Position Liability to Changes in the Discount Rate:

Net pension liability with a 1% decrease in discount rate: 6.00%	\$ 9,910,123
Net pension liability at current discount rate: 7.00%	6,524,371
Net pension liability with a 1% increase in discount rate: 8.00%	3,667,939

The annual pension expense is intended to recognize certain changes in the net pension liability compared to the previous measurement date. Changes not recorded as pension expense will be recorded and tracked separately as deferred inflows and outflows to be recognized in a future period’s pension expense. Changes in the total pension liability due to differences between actual experience and assumptions are recognized over a closed period equal to the future remaining services of the plan participants. Differences between actual and expected investment performance are recognized over a five-year period. Any changes due to plan amendment or other benefit changes will be recognized in the year of adoption.

Pension Expense:

Service cost	\$ 426,417
Interest on the total pension liability	1,932,397
Recognized liability (gains)/losses	174,128
Change of assumptions	149,823
Employee contributions	(143,272)
Projected earnings on pension plan investments	(1,879,948)
Recognized assets (gains)/losses	847,931
Pension plan administrative expense	18,002
Other changes in fiduciary net pension	-
Total pension expense	<u>\$ 1,525,478</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE L - PENSION PLAN (Continued)

Changes in Net Pension Liability

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at October 1, 2021	\$ (27,813,051)	\$ 26,948,559	\$ (864,492)
Changes for the year:			
Service cost	(426,417)	-	(426,417)
Interest cost	(1,932,397)	-	(1,932,397)
Difference between expected and actual experience	122,413	-	122,413
Assumption changes	-	-	-
Employer contributions	-	958,000	958,000
Employee contributions	-	143,272	143,272
Net investment income	-	(4,506,748)	(4,506,748)
Benefit payments	1,267,596	(1,267,596)	-
Administrative expense	-	(18,002)	(18,002)
Other charges	-	-	-
Net changes	<u>(968,805)</u>	<u>(4,691,074)</u>	<u>(5,659,879)</u>
Balance at October 1, 2022	<u>\$(28,781,856)</u>	<u>\$ 22,257,485</u>	<u>\$ (6,524,371)</u>

Deferred Outflows and Inflows of Resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 297,990	\$ 97,930
Changes in assumptions	449,469	-
Net difference between projected and actual earnings in pension plan investments	3,569,987	-
Contributions subsequent to the measurement date of October 1, 2022	<u>701,350</u>	<u>-</u>
	<u>\$ 5,018,796</u>	<u>\$ 97,930</u>

The employer contributions of \$701,350 reported as pension related deferred outflows of resources subsequent to the measurement date of October 1, 2022 will be recognized as a reduction of net position liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 1,066,154
2025	944,321
2026	956,185
2027	1,252,856
2028	-
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE L - PENSION PLAN (Continued)

Target Asset Allocation

<u>Asset Class</u>	<u>Target</u>	<u>Expected Future Return</u>	<u>Building Blocks Range of Expected Return</u>
Fixed Income	50.00%	4.50%-5.50%	2.25%-2.75%
Large Cap	20.00%	9.00%-11.00%	1.80%-2.20%
Mid Cap	10.00%	8.50%-10.50%	0.85%-1.05%
Small Cap	8.00%	8.00%-10.00%	0.64%-0.80%
Real Estate	2.00%	3.50%-5.50%	0.07%-0.11%
International Equity	10.00%	3.50%-5.50%	0.35%-0.55%
	100.00%		5.96%-7.46%

Rate selected 7.00%

Plan membership as of October 1, 2021

Inactive plan members or beneficiaries currently receiving benefits	59
Inactive members entitled but not yet receiving benefits	17
Active plan members	<u>75</u>
Total	<u><u>151</u></u>

Actuarial Assumptions

Measurement date	October 1, 2022
Discount rate	7.00%
Long-term Rate of Return on Investments	7.00%; The interest rate for funding equals the long-term rate of return on investments. For GASB determination, because current assets and policy contributions are projected to be sufficient to pay all projected benefits, the discount rate is the long-term rate of return.
Cost Method	Individual Entry Age Normal
Mortality	Pub-2010 General Amount-Weighted table fully-generational with projection scale MP-2021 for all participants except beneficiaries. Beneficiaries are valued using the Pub-2010 Amount-Weighted Contingent Survivor full-generational with projection scale MP-2021.
Incidence of Disability	1985 CIDA Table-Class 2.
Turnover	For all employees T-3 table.
Salary scale	3.5% per year.
Inflation/ Wage Growth	2.00% inflation; 2.50% wage growth.
Overtime	N/A
Assumed retirement age	75% at Plan Retirement; otherwise, age 65.
Marriage	It is assumed that 50% of participants are married and that a male is 3 years older than his female spouse.
Cost of living increase	N/A
Date of participation freeze	N/A

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE L - PENSION PLAN (Continued)

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the Plan's current funding policy on an annual basis. Based on that assumption, the fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of the return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Contributions

Employees contribute 3% of salary. Employer contributions for the year ended June 30, 2023 were \$928,000 based on a rate of 19.14% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

At June 30, 2023, the Systems reported \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The City maintains two separate single-employer defined benefit post-employment healthcare plans. One covers the general government while the other covers employees of Shelbyville Power, Water, and Sewerage Systems, the City's enterprise funds.

GENERAL GOVERNMENT:

Plan Description and Funding Policy

The government administers a single-employer defined benefit healthcare plan which provides postemployment healthcare benefits for retirees. The government will continue coverage under its medical insurance plan until the employee is eligible for Medicare in the same manner as then current employees. For employees with twenty years or more of service the government pays the full cost of the coverage. Employees with less than twenty years of service are reimbursed a percentage of coverage based on years of service, but not less than fifty percent. The benefits of the postretirement benefit plan are unfunded, there are no assets accumulating in a trust that meets the criteria of Paragraph 4 of GASB Statement No. 75. For the year ended June 30, 2023, the City contributed \$38,905 to fund premiums for retirees receiving benefits while the implicit subsidy was \$16,404. The council may amend the benefit provisions. A separate report was not issued for the plan.

Actuarial Assumptions

For the City's general government, the Net OPEB liability in the June 30, 2023, actuarial valuation, its latest valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Measurement date	June 30, 2023
Actuarial valuation date	June 30, 2022
Inflation	2.5%
Discount rate	3.54%
Salary increases	3.5%
Healthcare cost trend rates	4.5% level
Retiree contributions costs	Varies for individual medical coverage based on years of service at retirement. Retiree pays 50% of the contribution for additional dependent coverage.
Mortality	RPH-2014 Total Table with Projection MP-2021

Employees Covered by Benefit Terms

For the actuarial valuation dated June 30, 2022, the following employees of the City's general government were covered by the benefit terms of the Plan:

Inactive employees currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>181</u>
	<u>185</u>

Changes in Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at July 1, 2022	\$ 835,221	\$ -	\$ 835,221
Changes for the year:			
Service cost	71,608	-	71,608
Interest cost	31,121	-	31,121
Difference between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Employer contributions	-	(55,399)	(55,399)
Employee contributions	-	-	-
Net investment income	-	-	-
Benefit payments	(55,399)	55,399	-
Administrative expense	-	-	-
Other charges	-	-	-
Net changes	<u>47,330</u>	<u>-</u>	<u>47,330</u>
Balance at June 30, 2023	<u>\$ 882,551</u>	<u>\$ -</u>	<u>\$ 882,551</u>

Discount Rate

For the City's general government, the discount rate used to measure the total liability was 3.54 percent. Because the Plan is unfunded, the projected benefits are discounted using a municipal bond index rate as required under the standards. The Bond Buyer GO Bond 20 Index was used to approximate those yields.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability related to the Plan, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate.

	1% Decrease <u>(2.54%)</u>	Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
Net OPEB liability	\$ 958,493	\$ 882,551	\$ 812,046

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate

The following presents the net OPEB liability related to the Plan, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (3.5%) or 1-percentage-point higher (5.5%) than the current healthcare cost trend rate.

	1% Decrease <u>(3.5%)</u>	Healthcare Cost Trend Rates <u>(4.5%)</u>	1% Increase <u>(5.5%)</u>
Net OPEB liability	\$ 781,165	\$ 882,551	\$ 1,002,628

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

OPEB Expense – For the fiscal year ended June 30, 2023, the general government recognized OPEB expense of \$71,379.

Deferred outflows of resources and deferred inflows of resources – For the fiscal year ended June 30, 2023, the general government reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the Plan from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	\$ -	\$ 198,299
Changes in assumptions	9,897	-
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>-</u>
Total	<u>\$ 9,897</u>	<u>\$ 198,299</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the year ended June 30:

2024	\$ (31,350)
2025	(31,350)
2026	(31,350)
2027	(33,415)
2028	(36,925)
Thereafter	(24,012)

ENTERPRISE FUNDS:

Plan Description and Funding Policy

The Systems sponsor a single-employer postretirement medical plan. The plan provides medical, prescription, and death benefits to eligible retirees and their spouses. The Plan allows employees retiring after age 62 with at least 10 years of service to continue health insurance coverage until they reach age 65. The Systems' pays 50% of individual coverage before age 65 under this plan. The Plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of Paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At June 30, 2023, the following employees of the Systems were covered by the benefit terms of the Plan:

Active	82
Retired Members	3
Retired Spouses	-
Total	<u>85</u>

For the fiscal year ended June 30, 2023, the Systems' paid \$29,902 to the Plan for OPEB benefits as they came due.

Discount Rate

For the City's enterprise funds, the discount rate used to measure the total liability was 4.13 percent. Because the Plan is unfunded, the projected benefits are discounted back using rates equivalent to AA 20-year municipal bonds. The S&P Municipal Bond 20 Year Rate Index was used to approximate those yields as of June 30, 2023. The prior valuation used 3.54 percent from the GO Bond Buyer Index.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions

For the City's enterprise funds, the Net OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2023
Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal
Mortality	Pub-2010 General Employees Headcount-weighted with MP 2021 fully generational improvement scale. This is the most current table published by the Society of Actuaries.
Turnover	None assumed
Salary scale	4.0%; Based on professional judgement of the actuary.
Core inflation assumption	2%; Based on the actuary's best estimate of future experience based on a review of expected target inflation rates including the Federal Reserve Bank of Cleveland published inflation expectations and implied CPI-U yields.
Utilization	75% utilization; based on input from the plan sponsor.
Healthcare cost trend rates	Per-capita claims costs are projected to increase at an initial rate of 7.0% with annual declines of 0.5% until an ultimate rate of 4.5% is achieved.
Per capita claims	Claims were developed by adjusting the underlying medical premiums for the ages of retirees compared to the underlying active populations. The adjustment was done using actual ages of enrolled participants and aging factors. The actual medical premium for 2022 was \$677.00 for option 1, \$738.06 for option 2, and \$826.20 for option 3 per month.
Marriage assumption	It was assumed that 50% of the population would be married with males three years older than females.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at July 1, 2022	\$ 399,688	\$ -	\$ 399,688
Changes for the year:			
Service cost	34,388	-	34,388
Interest cost	13,624	-	13,624
Difference between expected and actual experience	-	-	-
Assumption changes	(11,351)	-	(11,351)
Employer contributions	-	29,902	(29,902)
Employee contributions	-	-	-
Net investment income	-	-	-
Benefit payments	(29,902)	(29,902)	-
Administrative expense	-	-	-
Other charges	-	-	-
Net changes	<u>6,759</u>	<u>-</u>	<u>6,759</u>
Balance at June 30, 2023	<u>\$ 406,447</u>	<u>\$ -</u>	<u>\$ 406,447</u>

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability related to the Plan, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate.

	<u>1% Decrease (3.13%)</u>	<u>Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
Net OPEB liability	\$ 425,722	\$ 406,447	\$ 387,454

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate

The following presents the net OPEB liability related to the Plan, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.0% decreasing to 3.5%) or 1-percentage-point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rate.

	<u>1% Decrease (6.0% decreasing to 3.5%)</u>	<u>Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)</u>	<u>1% Increase (8.0% decreasing to 5.5%)</u>
Net OPEB liability	\$ 369,510	\$ 406,447	\$ 450,073

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

OPEB Expense – For the fiscal year ended June 30, 2023, the Systems’ recognized OPEB expense of \$42,298.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Deferred outflows of resources and deferred inflows of resources – For the fiscal year ended June 30, 2023, the Systems’ reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the Plan from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	\$ 671	\$ 123,184
Changes in assumptions	55,467	10,451
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer payments subsequent to the measurement date	-	-
Total	<u>\$ 56,138</u>	<u>\$ 133,635</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the year ended June 30:

2024	\$ (5,714)
2025	(5,714)
2026	(6,141)
2027	(12,393)
2028	(21,416)
Thereafter	(26,119)

In the above table, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

NOTE N - SUBSEQUENT EVENTS

In August, 2023, the Systems received a direct appropriation grant from the State of Tennessee in the amount of \$5,000,000 to be used for sewer improvements for the Shelbyville Municipal Airport.

NOTE O - JOINT VENTURES

The City of Shelbyville and Bedford County jointly fund the Shelbyville-Bedford County Public Library (the Library), which operates under Tennessee state law and the rules and regulations of the Highland Rim Regional Library. The Library is governed by a voluntary, eleven-member Board of Directors, five appointed by Bedford County, five appointed by the City, and one serving “at large.” The City has control over budgeting and financing of the joint venture only to the extent of representation by its appointed board members. The City contributed \$149,829 to the operations of the Library during the year ended June 30, 2023. Complete financial statements of the Library can be obtained at 220 South Jefferson Street, Shelbyville, Tennessee 37160.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE O - JOINT VENTURES (Continued)

Bedford Railroad Authority (the Authority) was created by Bedford County and the cities of Shelbyville and Wartrace, Tennessee, to provide for the continuation of rail service on a section of existing rail spur line located within Bedford County between the cities of Shelbyville and Wartrace. The Authority is governed by a board of directors including the County Mayor, the Mayor of each city, and members selected by the governing bodies of each county and city who are members of the Authority. For the year ended June 30, 2023, no funds had been contributed by the City of Shelbyville to this organization. The Authority has experienced financial stress in recent years as their primary source of income, grants from the State of Tennessee, has been discontinued pending a lawsuit. While some of these funds have begun to be released, in the event this funding does not fully resume, the City is under no requirement to fund the Authority. Complete financial statements of Bedford Railroad Authority can be obtained at 114 Horseshoe Court, Shelbyville, Tennessee 37160.

Summary financial information as of June 30, 2023, for the Bedford Railroad Authority is presented below. The information below for the Shelbyville-Bedford County Public Library is as of June 30, 2022, due to financial information as of June 30, 2023, being unavailable.

	Bedford Railroad	Shelbyville- Bedford County Public Library
Total assets and deferred outflows	\$ 3,856,996	\$ 2,766,713
Total liabilities and deferred inflows	<u>2,485</u>	<u>111,210</u>
Net position	<u>\$ 3,854,511</u>	<u>\$ 2,655,503</u>
Revenues	\$ 225,936	\$ 400,588
Expenditures	<u>271,370</u>	<u>460,213</u>
Increase (decrease) in net position	<u>\$ (45,434)</u>	<u>\$ (59,625)</u>

NOTE P - DEFINED CONTRIBUTION PLAN

The City's general government participates in a defined contribution plan, City of Shelbyville Employees Defined Contribution and 401(k) Plan (Plan). The Plan was established November 1, 1985, and is administered externally by OneAmerica Financial. Plan provisions are established or amended by council resolution. The Plan covers all employees between eighteen and sixty-four years of age having completed one year of service. For employees hired prior to July 1, 2004, participation in the plan is voluntary. For employees hired after June 30, 2004, the City contributes an amount equal to 7% of such employees' annual compensation. Employees have the option to invest in group annuity contracts or agreements with financial service providers that offer a wide variety of investment options. Employees are vested 50% after 3 years of service, 60% after 4 years, 75% after five years, 90% after six years, and 100% after 7 years of service. The Plan is qualified under section 401(k) of the Internal Revenue Code. Total employee contributions for the plan year were \$354,169. Employer contributions, as well as the expense recognized in the statement of activities, totaled \$426,410. Employees who retire at or after age 65 are entitled to a joint and survivor annuity, a lump sum payment, installment payments or an annuity purchase. It is the practice of the City to apply any employee contributions forfeited against current employer contributions. For the year ended June 30, 2023, the amount of forfeitures utilized to reduce employer contributions totaled \$11,861.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE Q - DEFERRED COMPENSATION PLAN

Effective January 1, 2012, the general government offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan allows employees to defer a portion of their salary until future years. Compensation deferred under this plan is not available to employees or their beneficiaries until termination, retirement, death, or unforeseeable emergency. The general government has contracted with ICMA Retirement Corporation to administer the Plan. The assets of the Plan are held in trust for the exclusive benefit of the employees and their beneficiaries. Employer contributions to the Plan totaled \$15,175 and employee contributions totaled \$3,955 for the year ended June 30, 2023.

The Systems also offer employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan was adopted in November 1997. Participation in the plan is optional for employees who may defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The financial statements of the Section 457 plan are not reported in these financial statements since the Systems do not have any administrative involvement nor does it perform the investing function for the plan. The amounts deferred are held in trust for the exclusive benefit of employees and is not accessible by the Systems or their creditors. No employer contributions were made for the year ended June 30, 2023.

NOTE R - SEIZED MONEY HELD FOR DISPOSITION

As mandated by the State of Tennessee, the City opened a checking account titled "Police Evidence Account" in which seized money awaiting disposition is deposited. When City officers seize money, it is booked as evidence using the police department's normal procedures and then turned over to the City Treasurer for deposit into the above referenced account. A seizure hearing is conducted by the State of Tennessee Department of Safety to determine if the funds were seized pursuant to the applicable sections of Tennessee Code Annotated. The Department of Safety then issues an Order of Delegation and Forfeiture for disposition of the seized funds. The funds are deposited into the Police Drug Fund's regular checking account if the Department of Safety orders that the property be forfeited to the seizing agency. If the Department of Safety orders the return of the funds to the original holder, a check is issued to that individual from the Police Evidence Account. At June 30, 2023, \$25,922, is included in the Police Drug fund as seized money held for disposition.

NOTE S - INTERFUND TRANSFERS

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

<u>Transfers in:</u>	<u>Transfers out:</u>					
	ARPA fund	Power fund	Sewer fund	Water fund	General fund	Nonmajor governmental funds
General fund	\$6,737,991	\$854,918	\$ 36,000	\$ 36,000	\$ -	\$ 114,032
Power fund	-	-	-	-	-	19,996
Capital fund	-	-	-	-	2,535,000	500,000
Nonmajor, governmental funds	-	-	-	-	119,996	-

During the year the Power fund remitted in lieu taxes to the general fund on a monthly basis.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

NOTE T - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2023, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Power system	General	\$ <u>10,989</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE U - RESTRICTED NET POSITION

Net position of governmental activities restricted by enabling legislation to specific purposes include \$763,479 in limited purpose state gasoline and motor fuel taxes, \$37,508 in fines and forfeitures from drug related offenses, and \$477,390 in hotel occupancy taxes for tourism and industrial development.

NOTE V - BUDGET RESERVE

As of June 30, 2023, the council had identified \$43,803 of the unassigned fund balance as a "budget reserve." The purpose of these funds is to have money available to cover cash needs in the event of a revenue shortfall or unanticipated large expenditure in any budget year. There are no formal constraints placed on the use of these funds, and the council may use the funds or add to the funds at their discretion.

NOTE W - RISK MANAGEMENT

The government has exposure to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The general government obtains insurance coverage covering these risks through Public Entity Partners, a public risk entity pool (Pool) and Tennessee not-for-profit corporation. The Pool limits the maximum net loss that can arise from large risks or risks in concentrated areas of exposure by reinsuring (ceding) certain risks with various reinsurance companies. In general, such reinsurance contracts limit the Pool's retention on individual occurrences as follows: workers' compensation - \$1,350,000 per occurrence; general liability, personal injury liability, errors and omissions liability, law enforcement liability, employment benefit liability, employment practices liability, unmanned aerial vehicles (drones) and auto liability, and privacy and network security liability - \$700,000 per occurrence; flood, earthquake, tornado, wind, named windstorm, hail, sleet, lightning and rain - \$500,000 per occurrence; all other events including auto physical damage and crime coverage - \$300,000 per occurrence. Failure to perform on the part of the commercial insurance companies could result in additional assessments to the members of the Pool. No estimate of any possible future assessments has been made. The amounts of settlements have not exceeded insurance coverage for any of the past three fiscal years.

The general government continues to carry commercial insurance for all other risks of loss, including disability and employee health and accident. Settled claims from these losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Systems purchase commercial insurance for claims and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SHELBYVILLE, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -
RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF THE CITY OF SHELBYVILLE, TENNESSEE

	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
TOTAL PENSION LIABILITY									
Service cost	\$ 116,663	\$ 113,459	\$ 103,780	\$ 88,697	\$ 80,049	\$ 87,805	\$ 100,658	\$ 101,917	\$ 104,768
Interest	935,284	963,296	996,777	1,010,291	1,036,772	1,073,834	1,091,808	1,112,060	1,152,259
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between actual & expected experience	-	78,913	(168,263)	54,498	(138,263)	21,626	44,661	(337,457)	(310,544)
Change of assumptions	-	-	-	-	579,709	786,595	(49,188)	1,744,761	-
Benefit payments, including refunds of employee contributions	(667,050)	(707,532)	(720,433)	(765,228)	(841,071)	(990,541)	(928,123)	(890,954)	(892,805)
Net change in total pension liability	384,897	448,136	211,861	388,258	717,196	979,319	259,816	1,730,327	53,678
Total pension liability-beginning	12,285,040	12,669,937	13,118,073	13,329,934	13,718,192	14,435,388	15,414,707	15,674,523	17,404,850
Total pension liability-ending (a)	<u>\$ 12,669,937</u>	<u>\$ 13,118,073</u>	<u>\$ 13,329,934</u>	<u>\$ 13,718,192</u>	<u>\$ 14,435,388</u>	<u>\$ 15,414,707</u>	<u>\$ 15,674,523</u>	<u>\$ 17,404,850</u>	<u>\$ 17,458,528</u>
PLAN FIDUCIARY NET POSITION									
Contributions-employer	\$ 873,492	\$ 924,248	\$ 924,248	\$ 924,248	\$ 924,248	\$ 924,248	\$ 924,248	\$ 924,248	\$ 924,248
Contributions-employee	-	-	-	-	-	-	-	-	-
Net investment income	70,425	(137,687)	1,031,926	821,120	527,268	97,866	3,869,290	(1,232,407)	183,468
Benefit payments, including refunds of employee contributions	(667,050)	(707,532)	(720,433)	(765,228)	(841,071)	(990,541)	(928,123)	(890,954)	(892,805)
Administrative expense	(23,841)	(23,568)	(26,284)	(28,947)	(22,176)	(31,153)	(37,336)	(40,307)	(36,724)
Net change in plan fiduciary net position	253,026	55,461	1,209,457	951,193	588,269	420	3,828,079	(1,239,420)	178,187
Plan fiduciary net position-beginning	9,461,622	9,714,648	9,770,109	10,979,566	11,930,759	12,519,028	12,519,448	16,347,527	15,108,107
Plan fiduciary net position-ending (b)	<u>\$ 9,714,648</u>	<u>\$ 9,770,109</u>	<u>\$ 10,979,566</u>	<u>\$ 11,930,759</u>	<u>\$ 12,519,028</u>	<u>\$ 12,519,448</u>	<u>\$ 16,347,527</u>	<u>\$ 15,108,107</u>	<u>\$ 15,286,294</u>
Net pension liability (asset)-ending (a) - (b)	<u>\$ 2,955,289</u>	<u>\$ 3,347,964</u>	<u>\$ 2,350,368</u>	<u>\$ 1,787,433</u>	<u>\$ 1,916,360</u>	<u>\$ 2,895,259</u>	<u>\$ (673,004)</u>	<u>\$ 2,296,743</u>	<u>\$ 2,172,234</u>
Plan fiduciary net position as a percentage of total pension liability	76.67%	74.48%	82.37%	86.97%	86.72%	81.22%	104.29%	86.80%	87.56%
Covered payroll	\$ 2,936,205	\$ 2,945,356	\$ 2,789,904	\$ 2,757,582	\$ 2,466,388	\$ 2,812,138	\$ 2,730,479	\$ 2,631,807	\$ 2,635,992
Net pension liability (asset) as a percentage of covered payroll	100.65%	113.67%	84.25%	64.82%	77.70%	102.96%	-24.65%	87.27%	82.41%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

Years will be added to this schedule in future fiscal years until 10 years of information is available.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SHELBYVILLE, TENNESSEE
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN FOR
FULL-TIME EMPLOYEES OF THE CITY OF SHELBYVILLE, TENNESSEE

	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
Actuarially determined contribution	\$ 733,133	\$ 737,049	\$ 843,286	\$ 805,480	\$ 741,623	\$ 867,215	\$ 546,028	\$ 406,997	\$ 354,781
Contributions in relation to the actuarially determined contribution	873,492	924,248	924,248	924,248	924,248	924,248	924,248	924,248	924,248
Contribution deficiency (excess)	<u>\$ (140,359)</u>	<u>\$ (187,199)</u>	<u>\$ (80,962)</u>	<u>\$ (118,768)</u>	<u>\$ (182,625)</u>	<u>\$ (57,033)</u>	<u>\$ (378,220)</u>	<u>\$ (517,251)</u>	<u>\$ (569,467)</u>
Covered payroll	\$ 2,936,205	\$ 2,945,356	\$ 2,789,904	\$ 2,757,580	\$ 2,466,388	\$ 2,812,138	\$ 2,730,479	\$ 2,631,807	\$ 2,635,992
Contributions as a percentage of covered payroll	29.75%	31.38%	33.13%	33.52%	37.47%	32.87%	33.85%	35.12%	35.06%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates for 2023 were calculated based on the January 1, 2023, actuarial valuation.

Methods and assumptions used to determine contribution rates:

The amortization of unfunded actuarial liabilities is being amortized utilizing the level dollar amortization method over a closed period of 20 years.

A tiered approach is being utilized for actuarial gains and losses and plan changes for each actuarial valuation since 1999. Each tier is being amortized over a closed 20 year period.

Other significant methods and valuations include the following:

Asset valuation	Market values
Actuarial valuation method	Entry Age Normal
Salary increases	3.0 percent per year
Investment rate of return	6.75 percent
Retirement age	60 for fire and police, 62 for administrative
Mortality	Society of Actuaries Pub 2010 General Public Retirement Plans Mortality Table with fully generational mortality projection using the MP-2021 projection scale.
Termination or withdrawal from service	T-3 table
Discount rate	6.75 percent

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SHELBYVILLE, TENNESSEE
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON PENSION PLAN INVESTMENTS
RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF THE CITY OF SHELBYVILLE, TN

	<u>6/30/15</u>	<u>6/30/16</u>	<u>6/30/17</u>	<u>6/30/18</u>	<u>6/30/19</u>	<u>6/30/20</u>	<u>6/30/21</u>	<u>6/30/22</u>	<u>6/30/23</u>
Money-weighted rate of return	0.49%	-1.64%	10.19%	7.16%	4.22%	0.74%	30.81%	-7.58%	1.22%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.
Years will be added to this schedule in future fiscal years until 10 years of information is available.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SHELBYVILLE, TENNESSEE
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR FULL-TIME EMPLOYEES OF THE CITY OF SHELBYVILLE, TN

	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
TOTAL OPEB LIABILITY						
Service cost	\$ 74,755	\$ 77,655	\$ 77,655	\$ 87,920	\$ 87,920	\$ 71,608
Interest	35,599	34,194	38,391	23,806	24,766	31,121
Differences between actual and expected experience	-	-	(26,818)	-	(251,219)	-
Change of assumptions	-	-	69,353	-	(31,268)	-
Contributions - employer	-	-	-	-	-	-
Contributions - employee	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments	(62,022)	(81,569)	(81,126)	(81,126)	(55,399)	(55,399)
Other charges	(15,680)	-	-	-	-	-
Administrative expense	-	-	-	-	-	-
Net change in total OPEB liability	32,652	30,280	77,455	30,600	(225,200)	47,330
Total OPEB liability-beginning	889,434	922,086	952,366	1,029,821	1,060,421	835,221
Total OPEB liability-ending (a)	<u>\$ 922,086</u>	<u>\$ 952,366</u>	<u>\$ 1,029,821</u>	<u>\$ 1,060,421</u>	<u>\$ 835,221</u>	<u>\$ 882,551</u>
PLAN FIDUCIARY NET POSITION						
Contributions-employer	\$ 62,022	\$ 81,569	\$ 81,126	\$ 81,126	\$ 55,399	\$ 55,399
Contributions-employee	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments	(62,022)	(81,569)	(81,126)	(81,126)	(55,399)	(55,399)
Administrative expense	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position-beginning	-	-	-	-	-	-
Plan fiduciary net position-ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability-ending (a) - (b)	<u>\$ 922,086</u>	<u>\$ 952,366</u>	<u>\$ 1,029,821</u>	<u>\$ 1,060,421</u>	<u>\$ 835,221</u>	<u>\$ 882,551</u>
Covered payroll	\$ 6,189,988	\$ 6,189,988	\$ 7,124,946	\$ 7,124,946	\$ 8,428,441	\$ 8,428,441
Net OPEB liability as a percentage of covered payroll	14.9%	15.4%	14.5%	14.9%	9.9%	10.5%

Notes to Schedule

Methods and Assumptions:

Valuation date	June 30, 2022
Actuarial cost method	Individual Entry Age Normal - Level Percentage of Projected Salary
Inflation	2.5%
Discount rate	3.54%
Salary increases	3.5%
Healthcare cost trend rate	4.5% level
Mortality	RPH-2014 Total Table with Projection MP-2021

There are no assets accumulating in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

Years will be added to this schedule in future fiscal years until 10 years of information is available.

**REQUIRED SUPPLEMENTARY INFORMATION
PROPRIETARY FUNDS
CITY OF SHELBYVILLE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Total pension liability									
Service cost	\$ 296,322	\$ 302,964	\$ 312,365	\$ 316,215	\$ 314,982	\$ 340,197	\$ 377,559	\$ 444,254	\$ 426,417
Interest cost	1,268,528	1,334,919	1,428,966	1,481,577	1,563,647	1,651,393	1,729,507	1,853,371	1,932,397
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between actual & expected experience	81,928	486,833	(136,176)	215,386	251,209	191,879	38,105	112,186	(122,413)
Change of assumptions	-	-	-	-	-	-	850,571	40,306	-
Benefit payments, including refunds of employee contributions	(704,730)	(705,221)	(875,976)	(838,861)	(840,111)	(963,022)	(1,246,818)	(1,339,078)	(1,267,596)
Net change in total pension liability	942,048	1,419,495	729,179	1,174,317	1,289,727	1,220,447	1,748,924	1,111,039	968,805
Total pension liability - beginning	18,177,875	19,119,923	20,539,418	21,268,597	22,442,914	23,732,641	24,953,088	26,702,012	27,813,051
Total pension liability - ending (a)	\$ 19,119,923	\$ 20,539,418	\$ 21,268,597	\$ 22,442,914	\$ 23,732,641	\$ 24,953,088	\$ 26,702,012	\$ 27,813,051	\$ 28,781,856
Plan fiduciary net position									
Contributions - employer	\$ 880,296	\$ 953,654	\$ 814,504	\$ 682,920	\$ 654,028	\$ 639,812	\$ 777,453	\$ 928,000	\$ 958,000
Contributions - employee	112,301	126,871	123,430	123,168	125,352	127,544	136,177	133,884	143,272
Net investment income	1,069,308	136,558	1,395,313	1,836,833	1,281,280	850,791	1,757,271	4,199,883	(4,506,748)
Benefit payments, including refunds of employee contributions	(704,730)	(705,221)	(875,976)	(838,861)	(840,111)	(963,022)	(1,246,818)	(1,339,078)	(1,267,596)
Administrative expenses	(1,249)	(70)	-	-	-	-	(5,587)	(2,136)	(18,002)
Net change in plan fiduciary net position	1,355,926	511,792	1,457,271	1,804,060	1,220,549	655,125	1,418,496	3,920,553	(4,691,074)
Plan fiduciary net position - beginning	14,604,787	15,960,713	16,472,505	17,929,776	19,733,836	20,954,385	21,609,510	23,028,006	26,948,559
Plan fiduciary net position - ending (b)	\$ 15,960,713	\$ 16,472,505	\$ 17,929,776	\$ 19,733,836	\$ 20,954,385	\$ 21,609,510	\$ 23,028,006	\$ 26,948,559	\$ 22,257,485
Net Pension Liability (Asset) - ending (a) - (b)	\$ 3,159,210	\$ 4,066,913	\$ 3,338,821	\$ 2,709,078	\$ 2,778,256	\$ 3,343,578	\$ 3,674,006	\$ 864,492	\$ 6,524,371
Plan fiduciary net position as a percentage of total pension liability	83.48%	80.20%	84.30%	87.93%	88.29%	86.60%	86.24%	96.89%	77.33%
Covered payroll	\$ 3,913,791	\$ 4,155,447	\$ 4,172,790	\$ 4,199,098	\$ 4,236,415	\$ 4,521,469	\$ 4,684,349	\$ 4,723,451	\$ 5,004,763
Net pension liability (asset) as a percentage of covered payroll	80.72%	97.87%	80.01%	64.52%	65.58%	73.95%	78.43%	18.30%	130.36%

Measurement date as of October 1, 2022 has been used for the fiscal year ending June 30, 2023.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.
Changes of assumptions: In 2021, the following assumptions were changed: increased salary scale from 3.00 percent per year and modified marriage assumptions. In 2022, the following assumptions were changed: modified mortality assumption.

REQUIRED SUPPLEMENTARY INFORMATION
PROPRIETARY FUNDS
CITY OF SHELBYVILLE, TENNESSEE
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLAN

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Actuarially determined contribution	\$ 646,112	\$ 543,280	\$ 561,286	\$ 620,834	\$ 578,943	\$ 656,932	\$ 813,954	\$ 813,954	\$ 989,335
Contributions in relation to the actuarially determined contribution	880,296	953,654	814,504	682,920	654,028	639,812	777,453	928,000	958,000
Contribution deficiency (excess)	<u>\$ (234,184)</u>	<u>\$ (410,374)</u>	<u>\$ (253,218)</u>	<u>\$ (62,086)</u>	<u>\$ (75,085)</u>	<u>\$ 17,120</u>	<u>\$ 36,501</u>	<u>\$ (114,046)</u>	<u>\$ 31,335</u>
Covered payroll	3,913,791	4,155,447	4,172,790	4,199,098	4,236,415	4,521,469	4,684,349	4,723,451	5,004,763
Contribution as a percentage of covered payroll	22.49%	22.95%	19.52%	16.26%	15.44%	14.15%	16.60%	19.65%	19.14%

Measurement date as of October 1, 2022 has been used for the fiscal year ending June 30, 2023.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**REQUIRED SUPPLEMENTARY INFORMATION
PROPRIETARY FUNDS**

CITY OF SHELBYVILLE, TENNESSEE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
TOTAL OPEB LIABILITY						
Service cost	\$ 20,460	\$ 21,484	\$ 23,701	\$ 37,910	\$ 38,171	\$ 34,388
Interest cost	11,771	12,725	12,658	11,020	11,374	13,624
Differences between actual and expected experience	-	-	1,415	-	(163,244)	-
Change of assumptions	-	5,205	112,091	1,137	(653)	(11,351)
Contributions - employer	-	-	-	-	-	-
Contributions - employee	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments	(8,500)	(6,629)	(6,521)	(19,269)	(24,980)	(29,902)
Administrative expense	-	-	-	-	-	-
Net change in total OPEB liability	23,731	32,785	143,344	30,798	(139,332)	6,759
Total OPEB liability-beginning	308,362	332,093	364,878	508,222	539,020	399,688
Total OPEB liability-ending (a)	<u>\$ 332,093</u>	<u>\$ 364,878</u>	<u>\$ 508,222</u>	<u>\$ 539,020</u>	<u>\$ 399,688</u>	<u>\$ 406,447</u>
PLAN FIDUCIARY NET POSITION						
Contributions-employer	\$ 8,500	\$ 6,629	\$ 6,521	\$ 19,269	\$ 24,980	\$ 29,902
Contributions-employee	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments	(8,500)	(6,629)	(6,521)	(19,269)	(24,980)	(29,902)
Administrative expense	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position-beginning	-	-	-	-	-	-
Plan fiduciary net position-ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability-ending (a) - (b)	<u>\$ 332,093</u>	<u>\$ 364,878</u>	<u>\$ 508,222</u>	<u>\$ 539,020</u>	<u>\$ 399,688</u>	<u>\$ 406,447</u>
Covered payroll	\$ 1,363,792	\$ 1,363,792	\$ 5,000,000	\$ 5,051,230	\$ 5,410,624	\$ 5,661,576
Net OPEB liability as a percentage of covered payroll	24.4%	26.8%	10.2%	10.7%	7.4%	7.2%

Notes to schedule:

There are no assets accumulating in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

Years will be added to this schedule in future fiscal years until 10 years of information is available.

Changes of assumptions: In 2019, the following assumptions were changed: decreased discount rate from 3.87 percent to 3.50 percent. In 2020 the following assumptions were changed: decreased discount rate from 3.50 percent to 2.21 percent and modified mortality assumptions. In 2021 the following assumptions were changed: decreased discount rate from 2.21 percent to 2.16 percent and modified mortality assumptions. In 2022, the following assumptions were changed: increased discount rate from 2.16 percent to 3.54 percent and modified mortality assumptions. In 2023, the following assumptions were changed: increased discount rate from 3.54 percent to 4.13 percent.

SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS
CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

State Street Aid Fund

Hotel/Motel Fund

Police Drug Fund

Police Equipment Fund

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of both major and routine capital facilities other than those financed by proprietary funds.

Industrial Fund

State Road Projects Fund

Debt Service Fund

The debt service fund is used to account for the receipt of special assessments and the associated repayment of debt.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CITY OF SHELBYVILLE, TENNESSEE**

For the year ended June 30, 2023

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	State Street Aid	Hotel/ Motel	Police Drug	Police Equipment	Industrial Development	State Road Projects	Debt Service Fund	
Assets:								
Cash in bank	\$ 651,948	\$ 441,298	\$ 63,742	\$ 33,738	\$ 34,190	\$ 869,980	\$ 710,483	\$ 2,805,379
Intergovernmental receivable	139,923	-	-	-	63,491	5,997	-	209,411
Deposit with State of TN	-	-	-	-	-	170,500	-	170,500
Taxes receivable	-	36,092	-	-	-	-	-	36,092
Total assets	<u>\$ 791,871</u>	<u>\$ 477,390</u>	<u>\$ 63,742</u>	<u>\$ 33,738</u>	<u>\$ 97,681</u>	<u>\$ 1,046,477</u>	<u>\$ 710,483</u>	<u>\$ 3,221,382</u>
Liabilities:								
Accounts payable	\$ 28,392	\$ -	\$ 312	\$ -	\$ 9,425	\$ 26,012	\$ -	\$ 64,141
Funds held in trust	-	-	25,922	-	-	-	-	25,922
Total liabilities	<u>28,392</u>	<u>-</u>	<u>26,234</u>	<u>-</u>	<u>9,425</u>	<u>26,012</u>	<u>-</u>	<u>90,063</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted								
Highways and streets	763,479	-	-	-	-	-	-	763,479
Public safety	-	-	37,508	33,738	-	-	-	71,246
Government services	-	-	-	-	-	-	-	-
Tourism and industrial development	-	477,390	-	-	-	-	-	477,390
Committed	-	-	-	-	-	-	710,483	710,483
Assigned								
Highways and streets	-	-	-	-	-	1,020,465	-	1,020,465
Capital projects	-	-	-	-	-	-	-	-
Industrial development	-	-	-	-	88,256	-	-	88,256
Total fund balances	<u>763,479</u>	<u>477,390</u>	<u>37,508</u>	<u>33,738</u>	<u>88,256</u>	<u>1,020,465</u>	<u>710,483</u>	<u>3,131,319</u>
Total liabilities and fund balances	<u>\$ 791,871</u>	<u>\$ 477,390</u>	<u>\$ 63,742</u>	<u>\$ 33,738</u>	<u>\$ 97,681</u>	<u>\$ 1,046,477</u>	<u>\$ 710,483</u>	<u>\$ 3,221,382</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
CITY OF SHELBYVILLE, TENNESSEE

For the year ended June 30, 2023

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	State Street Aid	Hotel/ Motel	Police Drug	Police Equipment	Industrial Development	State Road Projects	Debt Service Fund	
Revenues:								
Intergovernmental	\$ 818,357	\$ -	\$ -	\$ 12,338	\$ -	\$ 157,072	\$ -	\$ 987,767
Taxes	-	318,766	-	-	-	-	-	318,766
Investment earnings	29,028	13,769	2,035	-	1,078	-	-	45,910
Fines and forfeitures	-	-	37,616	4,461	-	-	-	42,077
Miscellaneous	-	-	-	-	28	-	-	28
Total revenues	<u>847,385</u>	<u>332,535</u>	<u>39,651</u>	<u>16,799</u>	<u>1,106</u>	<u>157,072</u>	<u>-</u>	<u>1,394,548</u>
Expenditures:								
General government	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-
Public safety	-	-	57,834	23,904	-	-	-	81,738
Public works	866,466	-	-	-	-	198,335	-	1,064,801
Cemetery	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-
Industrial development	-	127,000	-	-	12,879	-	-	139,879
Total expenditures	<u>866,466</u>	<u>127,000</u>	<u>57,834</u>	<u>23,904</u>	<u>12,879</u>	<u>198,335</u>	<u>-</u>	<u>1,286,418</u>
Excess of revenues over (under) expenditures	(19,081)	205,535	(18,183)	(7,105)	(11,773)	(41,263)	-	108,130
Other financing sources (uses):								
Transfers in	-	-	-	-	19,996	-	100,000	119,996
Transfers out	-	-	-	-	(19,996)	-	(614,032)	(634,028)
Net change in fund balances	(19,081)	205,535	(18,183)	(7,105)	(11,773)	(41,263)	(514,032)	(405,902)
Fund balances - July 1, 2022	782,560	271,855	55,691	40,843	100,029	1,061,728	1,224,515	3,537,221
Fund balances - June 30, 2023	<u>\$ 763,479</u>	<u>\$ 477,390</u>	<u>\$ 37,508</u>	<u>\$ 33,738</u>	<u>\$ 88,256</u>	<u>\$ 1,020,465</u>	<u>\$ 710,483</u>	<u>\$ 3,131,319</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - STATE STREET AID SPECIAL REVENUE FUND
CITY OF SHELBYVILLE, TENNESSEE
For the year ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Apportionment of gasoline tax from State of Tennessee	\$ 670,000	\$ 690,000	\$ 818,357	\$ 128,357
Interest income	1,000	1,000	29,028	28,028
	<u>671,000</u>	<u>691,000</u>	<u>847,385</u>	<u>156,385</u>
Expenditures:				
Street lighting	340,000	360,000	349,245	10,755
Street maintenance - paving	500,000	500,000	499,563	437
Street marking and lining	20,000	20,000	17,658	2,342
Salt expense	12,000	12,000	-	12,000
	<u>872,000</u>	<u>892,000</u>	<u>866,466</u>	<u>25,534</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (201,000)</u>	<u>\$ (201,000)</u>	(19,081)	<u>\$ 181,919</u>
Fund balance - July 1, 2022			<u>782,560</u>	
Fund balance - June 30, 2023			<u>\$ 763,479</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HOTEL/MOTEL SPECIAL REVENUE FUND
CITY OF SHELBYVILLE, TENNESSEE
For the year ended June 30, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 243,500	\$ 243,500	\$ 318,766	\$ 75,266
Interest income	150	150	13,769	13,619
	<u>243,650</u>	<u>243,650</u>	<u>332,535</u>	<u>88,885</u>
Expenditures:				
Local grants	-	-	22,000	(22,000)
Contributions	5,000	5,000	5,000	-
Economic development - Bedford Partnership	210,000	210,000	100,000	110,000
Tourism - Bedford Partnership	114,865	114,865	-	114,865
Economic development incentive	-	150,000	-	150,000
TOTAL EXPENDITURES	<u>329,865</u>	<u>479,865</u>	<u>127,000</u>	<u>352,865</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (86,215)</u>	<u>\$ (236,215)</u>	205,535	<u>\$ 441,750</u>
Fund balance - July 1, 2022			<u>271,855</u>	
Fund balance - June 30, 2023			<u>\$ 477,390</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - POLICE DRUG SPECIAL REVENUE FUND
CITY OF SHELBYVILLE, TENNESSEE
For the year ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
Revenues:				
Court fines	\$ 2,500	\$ 2,500	\$ 3,663	\$ 1,163
Forfeitures	-	19,920	33,953	14,033
Interest income	50	50	2,035	1,985
TOTAL REVENUES	<u>2,550</u>	<u>22,470</u>	<u>39,651</u>	<u>17,181</u>
Expenditures:				
Drug dog expense	3,000	3,000	2,492	508
Employee education and training	700	700	422	278
Maintenance and repair - vehicles	2,000	2,000	-	2,000
Capital outlay - vehicles	35,000	54,920	54,920	-
TOTAL EXPENDITURES	<u>40,700</u>	<u>60,620</u>	<u>57,834</u>	<u>2,786</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(38,150)	(38,150)	(18,183)	19,967
Other financing sources:				
Sale of general capital assets	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ (38,150)</u>	<u>\$ (38,150)</u>	<u>(18,183)</u>	<u>\$ 19,967</u>
Fund balance - July 1, 2022			55,691	
Fund balance - June 30, 2023			<u>\$ 37,508</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - POLICE EQUIPMENT SPECIAL REVENUE FUND
CITY OF SHELBYVILLE, TENNESSEE
For the year ended June 30, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
Revenues:				
Court fines	\$ 2,500	\$ 2,500	\$ 4,461	\$ 1,961
Intergovernmental	-	12,338	12,338	-
Miscellaneous revenue	-	-	-	-
TOTAL REVENUES	<u>2,500</u>	<u>14,838</u>	<u>16,799</u>	<u>1,961</u>
Expenditures:				
Other equipment	20,000	32,338	23,904	8,434
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>20,000</u>	<u>32,338</u>	<u>23,904</u>	<u>8,434</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,500)	(17,500)	(7,105)	10,395
Other financing sources (uses):				
Transfers out - general fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (17,500)</u>	<u>\$ (17,500)</u>	<u>(7,105)</u>	<u>\$ 10,395</u>
Fund balance - July 1, 2022			<u>40,843</u>	
Fund balance - June 30, 2023			<u>\$ 33,738</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ARPA SPECIAL REVENUE FUND
CITY OF SHELBYVILLE, TENNESSEE
For the year ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ -	\$ 6,557,664	\$ 6,557,664	\$ -
Interest income	-	189,114	177,105	(12,009)
TOTAL REVENUES	-	6,746,778	6,734,769	(12,009)
Expenditures:				
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	6,746,778	6,734,769	(12,009)
Other financing sources:				
Transfers out - general fund	-	(6,750,000)	(6,737,991)	12,009
NET CHANGE IN FUND BALANCE	\$ -	\$ (3,222)	(3,222)	\$ -
Fund balance - July 1, 2022			3,222	
Fund balance - June 30, 2023			\$ -	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL FUND CAPITAL PROJECTS FUND
CITY OF SHELBYVILLE, TENNESSEE
For the year ended June 30, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 242,600	\$ 242,600	\$ 244,423	\$ 1,823
Investment earnings	1,200	1,200	79,660	78,460
TOTAL REVENUES	<u>243,800</u>	<u>243,800</u>	<u>324,083</u>	<u>80,283</u>
Expenditures:				
Capital outlay - general government	90,000	286,625	108,464	178,161
Capital outlay - parks and recreation	950,322	950,322	781,009	169,313
Capital outlay - public safety	483,776	716,559	224,746	491,813
Capital outlay - public works	384,111	474,211	398,375	75,836
Capital outlay - cemetery	142,000	142,000	49,111	92,889
Capital outlay - stormwater management	10,000	-	-	-
Capital outlay - codes	31,000	31,000	26,520	4,480
Capital outlay - airport	2,934,600	4,469,600	3,976,053	493,547
TOTAL EXPENDITURES	<u>5,025,809</u>	<u>7,070,317</u>	<u>5,564,278</u>	<u>1,506,039</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,782,009)	(6,826,517)	(5,240,195)	1,586,322
Other financing sources (uses):				
Transfers in - general fund	1,500,000	2,535,000	2,535,000	-
Transfers in - debt service fund	-	500,000	500,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,500,000</u>	<u>3,035,000</u>	<u>3,035,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,282,009)</u>	<u>\$ (3,791,517)</u>	<u>(2,205,195)</u>	<u>\$ 1,586,322</u>
Fund balance - July 1, 2022			4,042,227	
Fund balance - June 30, 2023			<u><u>\$ 1,837,032</u></u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - INDUSTRIAL DEVELOPMENT CAPITAL PROJECTS FUND**

CITY OF SHELBYVILLE, TENNESSEE

For the year ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 1,400,000	\$ 1,027,500	\$ -	\$ (1,027,500)
Investment earnings	150	150	1,078	928
Miscellaneous	-	-	28	28
TOTAL REVENUES	<u>1,400,150</u>	<u>1,027,650</u>	<u>1,106</u>	<u>(1,026,544)</u>
Expenditures:				
Utilities	500	500	-	500
Other general government	500	500	-	500
Other improvements	1,800,000	1,055,000	-	1,055,000
Contributions to 231N. Business Park	-	-	12,879	(12,879)
Professional services	5,000	25,000	-	25,000
TOTAL EXPENDITURES	<u>1,806,000</u>	<u>1,081,000</u>	<u>12,879</u>	<u>1,068,121</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(405,850)	(53,350)	(11,773)	41,577
Other financing sources (uses):				
Transfers in - general fund	400,000	27,500	19,996	(7,504)
Transfers out - proprietary fund	-	-	(19,996)	(19,996)
TOTAL OTHER FINANCING SOURCES (USES)	<u>400,000</u>	<u>27,500</u>	<u>-</u>	<u>(27,500)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (5,850)</u>	<u>\$ (25,850)</u>	<u>(11,773)</u>	<u>\$ 14,077</u>
Fund balance - July 1, 2022			<u>100,029</u>	
Fund balance - June 30, 2023			<u>\$ 88,256</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - STATE ROAD PROJECTS CAPITAL PROJECTS FUND
CITY OF SHELBYVILLE, TENNESSEE
For the year ended June 30, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 320,000	\$ 435,775	\$ 157,072	\$ (278,703)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>320,000</u>	<u>435,775</u>	<u>157,072</u>	<u>(278,703)</u>
Expenditures:				
Road design	346,000	256,000	45,786	210,214
Capital outlay - road construction	-	70,000	63,978	6,022
Capital outlay - land	350,000	59,155	-	59,155
Administration	-	20,000	21,667	(1,667)
ROW Match/SIA Road	-	461,345	-	461,345
Railroad crossing improvements	-	69,092	60,949	8,143
Pavement plan	-	59,548	5,955	53,593
TOTAL EXPENDITURES	<u>696,000</u>	<u>995,140</u>	<u>198,335</u>	<u>796,805</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(376,000)	(559,365)	(41,263)	518,102
Other financing sources (uses):				
Transfers in - general fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (376,000)</u>	<u>\$ (559,365)</u>	<u>(41,263)</u>	<u>\$ 518,102</u>
Fund balance - July 1, 2022			1,061,728	
Fund balance - June 30, 2023			<u>\$ 1,020,465</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
CITY OF SHELBYVILLE, TENNESSEE
For the year ended June 30, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
Other financing sources (uses):				
Transfers in - general fund	100,000	100,000	100,000	-
Transfers out - capital projects fund	-	(500,000)	(500,000)	-
Transfers out - general fund	<u>(114,032)</u>	<u>(114,032)</u>	<u>(114,032)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,032)</u>	<u>(514,032)</u>	<u>(514,032)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (14,032)</u>	<u>\$ (514,032)</u>	<u>(514,032)</u>	<u>\$ -</u>
Fund balance - July 1, 2022			1,224,515	
Fund balance - June 30, 2023			<u>\$ 710,483</u>	

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR - GENERAL GOVERNMENT
CITY OF SHELBYVILLE, TENNESSEE

For the year ended June 30, 2023

Fiscal Year Ending June 30,	(Ameresco) Capital Outlay Note Energy Savings		(Flume #2) Capital Outlay Note Series 2015		(Industrial Park) Capital Outlay Note Series 2015		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 169,000	\$ 11,983	\$ 107,000	\$ 7,247	\$ 55,000	\$ 7,700	\$ 331,000	\$ 26,930
2025	178,000	7,368	109,000	4,395	55,000	5,775	342,000	17,538
2026	188,000	2,500	112,000	1,478	55,000	3,850	355,000	7,828
2027	-	-	-	-	55,000	1,925	55,000	1,925
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-
	<u>\$ 535,000</u>	<u>\$ 21,851</u>	<u>\$ 328,000</u>	<u>\$ 13,120</u>	<u>\$ 220,000</u>	<u>\$ 19,250</u>	<u>\$ 1,083,000</u>	<u>\$ 54,221</u>

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR - SHELBYVILLE POWER, WATER, AND SEWERAGE SYSTEMS

CITY OF SHELBYVILLE, TENNESSEE

For the year ended June 30, 2023

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Fiscal Year Ending June 30,	Water General Obligation Refunding Bonds Series 2021		Sewer General Obligation Refunding Bonds Series 2021		Sewer General Obligation Refunding and Improvement Bonds - Series 2017		Water General Obligation Refunding and Improvement Bonds - Series 2017		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 215,000	\$ 19,745	\$ 985,000	\$ 421,625	\$ 95,000	\$ 43,175	\$ 65,000	\$ 25,475	\$ 1,360,000	\$ 510,020
2025	220,000	15,395	1,035,000	371,125	95,000	40,325	65,000	23,525	1,415,000	450,370
2026	230,000	10,895	1,090,000	318,000	95,000	38,425	70,000	22,175	1,485,000	389,495
2027	230,000	6,295	1,115,000	262,875	100,000	36,475	70,000	20,775	1,515,000	326,420
2028	235,000	3,114	925,000	211,875	100,000	34,350	70,000	19,288	1,330,000	268,627
2029	235,000	1,116	975,000	164,375	100,000	31,975	75,000	17,563	1,385,000	215,029
2030	-	-	1,020,000	119,600	105,000	29,413	75,000	15,687	1,200,000	164,700
2031	-	-	1,060,000	78,000	110,000	26,588	80,000	13,650	1,250,000	118,238
2032	-	-	1,090,000	45,900	110,000	23,562	80,000	11,450	1,280,000	80,912
2033	-	-	1,115,000	23,850	115,000	20,325	80,000	9,150	1,310,000	53,325
2034	-	-	635,000	6,350	115,000	16,875	55,000	7,125	805,000	30,350
2035	-	-	-	-	120,000	13,350	55,000	5,475	175,000	18,825
2036	-	-	-	-	125,000	9,675	55,000	3,825	180,000	13,500
2037	-	-	-	-	130,000	5,850	55,000	2,175	185,000	8,025
2038	-	-	-	-	130,000	1,950	45,000	675	175,000	2,625
	<u>\$ 1,365,000</u>	<u>\$ 56,560</u>	<u>\$ 11,045,000</u>	<u>\$ 2,023,575</u>	<u>\$ 1,645,000</u>	<u>\$ 372,313</u>	<u>\$ 995,000</u>	<u>\$ 198,013</u>	<u>\$ 15,050,000</u>	<u>\$ 2,650,461</u>

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
CITY OF SHELBYVILLE, TENNESSEE

June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2023
<u>Governmental Activities</u>									
<u>NOTES PAYABLE</u>									
<u>Payable through the General Fund</u>									
Energy Savings	\$ 1,700,000	2.66%	11/14/13	11/01/25	\$ 695,000	\$ -	\$ 160,000	\$ -	\$ 535,000
Series 2015 (Flume #2)	1,000,000	2.64	08/14/15	08/01/25	432,000	-	104,000	-	328,000
Series 2015 - Industrial Park	600,000	2.62	04/01/15	04/01/27	275,000	-	55,000	-	220,000
TOTAL NOTES PAYABLE					<u>\$ 1,402,000</u>	<u>\$ -</u>	<u>\$ 319,000</u>	<u>\$ -</u>	<u>\$ 1,083,000</u>

Business-Type Activities

GENERAL OBLIGATION BONDS PAYABLE

2017 Sewer System General Obligation									
Tax Refunding Bonds	2,600,000	2.25-4.0	07/26/17	08/01/37	\$ 1,735,000	\$ -	\$ 90,000	\$ -	\$ 1,645,000
2017 Flat Creek Water General Obligation									
Tax Refunding Bonds	1,290,000	2.25-4.0	07/26/17	08/01/37	1,060,000	-	65,000	-	995,000
2021 Water System General Obligation									
Tax Refunding Bonds	1,585,000	0.75-2.0	02/11/21	08/01/28	1,580,000	-	215,000	-	1,365,000
2021 Sewer System General Obligation									
Tax Refunding Bonds	12,875,000	2.0-5.0	02/11/21	12/01/33	11,985,000	-	940,000	-	11,045,000
TOTAL BONDS PAYABLE					<u>\$ 16,360,000</u>	<u>\$ -</u>	<u>\$ 1,310,000</u>	<u>\$ -</u>	<u>\$ 15,050,000</u>

**SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL, AND INTEREST
REQUIREMENTS BY FISCAL YEAR
CITY OF SHELBYVILLE, TENNESSEE**

June 30, 2023

Fiscal Year	Police Equipment Lease - 2023		Total		
	Principal	Interest	Principal	Interest	Total
2024	\$ 79,828	\$ 15,248	\$ 79,828	\$ 15,248	\$ 95,076
2025	84,617	10,459	84,617	10,459	95,076
2026	89,694	5,382	89,694	5,382	95,076
2027	-	-	-	-	-
	<u>\$ 254,139</u>	<u>\$ 31,089</u>	<u>\$ 254,139</u>	<u>\$ 31,089</u>	<u>\$ 285,228</u>

SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
CITY OF SHELBYVILLE, TENNESSEE
Year ended June 30, 2023

Description of indebtedness	Original Amount	Interest Rate	Date of Issue	Maturity Date	Outstanding at 7/1/22	Issued During Period	Paid/Matured		Outstanding at 6/30/23
							During Period	During Period	
Governmental Activities									
<u>LEASES PAYABLE</u>									
<u>Payable through the General Fund</u>									
Police equipment	\$ 424,524	6.00%	05/25/2022	05/24/2027	\$ 329,448	\$ -	\$ 75,309	\$ 254,139	
Total payable through the general fund					\$ 329,448	\$ -	\$ 75,309	\$ 254,139	

UNCOLLECTED DELINQUENT TAXES FILED IN ACCORDANCE WITH APPLICABLE LAWS

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2023

During the year ended June 30, 2023, the government turned over \$76,273 of 2021 property taxes receivable to the clerk and master in accordance with applicable laws.

UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2023

POWER SYSTEM:

RESIDENTIAL RATES

Customer charge	\$ 23.40
Energy charge	\$ 0.09540 per KWH
First 1,000 KWH per month	\$ 115.94

COMMERCIAL RATES

GSA 1

If customer's currently effective contract demand, if any, or its highest billing demand during the latest 12-month period is not more than 50 KW and the customer's monthly energy takings for any month during such period do not exceed 15,000 kilowatt hours:

Customer charge	
Usage does not exceed 500 KWRHS	\$ 27.00
Usage exceeds 500KWRHS	\$ 46.00
Energy charge	\$ 0.10181 per KWH

COMMERCIAL/INDUSTRIAL RATES

GSA 2

If customer's currently effective contract demand, if any, or its highest billing demand during the latest 12-month period is greater than 50 KW but not more than 1,000 KW and the customer's monthly energy takings for any month during such period exceed 15,000 kilowatt hours:

Consumer charge	\$200.00
Demand charge:	
First 50 kilowatt hours per month	\$ 8.00 per KW
Over 50 kilowatt hours per month	\$ 14.04 per KW
Energy charge:	
First 15,000 kilowatt hours per month	\$ 0.08693 per KWH
Over 15,000 kilowatt hours per month	\$ 0.06482 per KWH

GSA3 (Greater than 1,000 KW contract or highest 12-month measured KW greater than 1,000 KW but measured KW for month is less than 1,000 KW):

Customer charge	\$650.00
Demand charge:	
First 1,000 kilowatt hours per month	\$ 12.88 per KW
Over 1,000 kilowatt hours per month	\$ 12.88 per KW
Energy charge – all KWH	\$ 0.07313 per KWH

UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS (Continued)**CITY OF SHELBYVILLE, TENNESSEE****Year ended June 30, 2023**

GSA3 (Greater than 1,000 KW contract or highest 12-month measured KW greater than 1,000 KW but measured KW for month is less than 1,000 KW)
(Must be eligible for small manufacturing credit):

Customer charge	\$650.00
Demand charge:	
First 1,000 kilowatt hours per month	\$ 11.50 per KW
Over 1,000 kilowatt hours per month	\$ 11.25 per KW
Energy charge – all KWHR	\$ 0.06237 per KWHR

TOU-MSB (Greater than 5,000 KW contract or highest 12-month measured KW greater than 5,000 KW and SIC is 20-39 but measured KW for month is less than 5,000 KW)

Manufacture Rates

Customer charge	\$1,850.00
Demand charge:	
All KW On-Peak	\$ 10.24 per KW
All KW Off-Peak	\$ 2.26 per KW
Energy charge	
First 425 KWH/KW On-Peak (all KWHR)	\$ 0.08139 per KWHR
First 425 KWH/KW Off-Peak (first 200 hours)	\$ 0.05639 per KWHR
(example 425 * KW compared to measured KWHR)	
Next 200 KWHR/KW Off-Peak	\$ 0.02670
Additional KWH Off-Peak	\$ 0.02415
Facilities Rental (Delivery Point less than 46 KV)	\$ 0.93 per KW
Equipment Rental	1.5% of installed cost per month

SECURITY LIGHTS

175 watt mercury vapor	\$ 7.98
400 watt mercury vapor (Flood or Cobra head)	\$ 15.30
200 watt high pressure sodium	\$ 10.55
250 watt high pressure sodium	\$ 12.79
100 watt high pressure sodium	\$ 7.16
70 watt LED (100 W Equivalent)	\$ 8.58
160 watt LED (250 W Equivalent)	\$ 15.17
200 watt LED (flood)	\$ 18.17

WATER SYSTEM:**Residential, Commercial and Industrial**

	<u>Inside City</u>	<u>Outside City</u>
Customer Charge	\$ 13.40 (minimum bill)	\$ 15.20 (minimum bill)
First 10,000 gallons	4.30 per 1,000 gallons	6.00 per 1,000 gallons
Next 10,000 gallons	2.75 per 1,000 gallons	3.85 per 1,000 gallons
All over 20,000 gallons	2.40 per 1,000 gallons	3.30 per 1,000 gallons

UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2023

Service Charges

\$25.00 per trip	(8 A.M. to 5 P.M.)
\$55.00 per trip	(After Hours)
Return Check Charge	\$25.00

WATER FLAT CREEK:

All customer rates:

First 1,500 gallons	\$20.20 (Minimum Bill)
Next 38,500 gallons	\$ 8.40 per 1,000 gal
All over 40,000 gallons	\$ 6.50 per 1,000 gal

SEWERAGE SYSTEM:

Residential

	<u>Inside City</u>	<u>Outside City</u>
Customer Charge	\$16.70 (minimum bill)	\$21.50 (minimum bill)
First 10,000 gallons	7.40 per 1,000 gallons	9.55 per 1,000 gallons
Next 10,000 gallons	5.75 per 1,000 gallons	7.00 per 1,000 gallons
All over 20,000 gallons	5.10 per 1,000 gallons	6.15 per 1,000 gallons

Small Commercial

	<u>Inside City</u>	<u>Outside City</u>
Customer Charge	\$25.00 (minimum bill)	\$25.00 (minimum bill)
First 10,000 gallons	7.40 per 1,000 gallons	9.55 per 1,000 gallons
Next 10,000 gallons	5.75 per 1,000 gallons	7.00 per 1,000 gallons
All over 20,000 gallons	5.10 per 1,000 gallons	6.15 per 1,000 gallons

Large Commercial/Industrial

	<u>Inside City</u>	<u>Outside City</u>
Customer Charge	\$50.00 (minimum bill)	\$25.00 (minimum bill)
First 10,000 gallons	7.40 per 1,000 gallons	9.55 per 1,000 gallons
Next 10,000 gallons	5.75 per 1,000 gallons	7.00 per 1,000 gallons
All over 20,000 gallons	5.10 per 1,000 gallons	6.15 per 1,000 gallons

Service Charges (Trip Charges for Service Calls)

\$25.00 per trip	(8 A.M. to 5 P.M.)
\$55.00 per trip	(After Hours)
Return Check Charge	\$25.00

Average number of customers for fiscal year 2023:

Power System	11,120
Water System	11,038
Sewerage System	9,121

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE-BY LEVY YEAR

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2023

<u>Tax Year</u>	<u>Balance June 30, 2022</u>	<u>Taxes Levied</u>	<u>Collections</u>	<u>Discoveries and Adjustments</u>	<u>Balance June 30, 2023</u>
2023	\$ -	\$ 8,809,343	\$ -	\$ -	\$ 8,809,343
2022	9,630,531	-	(9,354,069)	32,704	309,166
2021	259,822	-	(189,211)	2,832	73,443
2020	45,358	-	(24,893)	(1,759)	18,706
2019	33,369	-	(13,989)	-	19,380
2018	18,681	-	(3,570)	-	15,111
2017	14,574	-	(2,035)	-	12,539
2016	10,128	-	(1,941)	-	8,187
2015	6,713	-	(932)	-	5,781
2014	7,158	-	(573)	-	6,585
2013	16,014	-	(184)	-	15,830
2012	6,808	-	-	-	6,808
Previous years	31,128	-	(47)	-	31,081
	<u>\$ 10,080,284</u>	<u>\$ 8,809,343</u>	<u>\$ (9,591,444)</u>	<u>\$ 33,777</u>	<u>9,331,960</u>
Less estimated uncollectible accounts					<u>(30,066)</u>
Net receivable balance June 30, 2023					<u>\$ 9,301,894</u>

NOTE: All uncollected taxes for years prior to 2022 have been turned over to the Clerk and Master for collection.

PROPERTY TAX RATES AND ASSESSMENTS – LAST TEN YEARS

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2023

<u>Tax Year</u>	<u>Total Assessed Value</u>	<u>Tax Rate</u>	<u>Levy</u>
2023	\$ 573,937,183	\$ 1.48	\$ 8,494,343
2022	576,472,697	1.59	9,165,967
2021	555,371,609	1.59	8,830,443
2020	408,667,782	1.77	7,233,525
2019	411,345,314	1.77	7,280,913
2018	401,240,863	1.77	7,102,076
2017	395,859,978	1.77	7,006,847
2016	385,978,487	1.77	6,831,949
2015	368,185,307	1.81	6,664,170
2014	357,190,533	1.65	5,912,516

INTERNAL CONTROL AND COMPLIANCE SECTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2023

Federal Grantor/ Pass-Through Agency	Program/ Cluster Name	Federal Assistance		Amount	Expenditures
		Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	
<u>FEDERAL AWARDS</u>					
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Highway Planning and Construction	20.205	02LPLM-F3-032	\$ -	\$ 51,182
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Highway Planning and Construction	20.205	02LPLM-F3-036	-	33,380
	Total Program 20.205			-	84,562
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Airport Improvement Program	20.106	AERO-22-417-00	-	63,050
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Airport Improvement Program	20.106	AERO-22-310-00	-	32,000
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Airport Improvement Program - Covid 19	20.106	AERO-22-224-00	-	13,000
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Airport Improvement Program	20.106	AERO-22-375-00	-	136,373
	Total Program 20.106			-	244,423
U.S. Department of Safety and Homeland Security pass-through Tennessee Department of Safety and Homeland Security	State and Community Highway Safety	20.600	Z22THS259	-	2,778
U.S. Department of Safety and Homeland Security pass-through Tennessee Department of Safety and Homeland Security	State and Community Highway Safety	20.600	Z23THS251	-	23,959
	Total Program 20.600			-	26,737
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Highway Planning and Construction	20.205	None available	-	53,593
U.S. Department of the Treasury pass-through Tennessee Department of Economic and Community Development	Coronavirus State and Local Fiscal Recovery Funds - Covid 19	21.027	None available	-	6,557,664
U.S. Department of Housing and Urban Development pass-through Tennessee Housing Development Agency	Home Investments Partnerships Program	14.239	None available	-	181,541
Direct funding through U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant Program	16.738	None available	-	12,338
Direct funding through U.S. Department of Justice	Bulletproof Vest Partnership Program	16.607	None available	-	855
Direct funding through U.S. Department of Justice	Coronavirus Emergency Supplemental Funding Program - COVID 19	16.034	None available	-	2,128
	TOTAL FEDERAL AWARDS			-	7,163,841
<u>STATE FINANCIAL ASSISTANCE</u>					
			Contract Number		
TN Department of Transportation		N/A	AERM-23-157-00	-	15,000
TN Department of Transportation		N/A	CMA-2367	-	102,849
TN Department of Transportation		N/A	02063-2503-94	-	72,510
TN Department of Agriculture		N/A	32505-01721	-	1,200
TN Department of Economic and Community Development		N/A	33006-57023		600,000
TN Department of Economic and Community Development		N/A	None available	-	800
	TOTAL STATE FINANCIAL ASSISTANCE			-	792,359
	TOTAL FEDERAL AND STATE AWARDS			\$ -	\$ 7,956,200

Note 1: The Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of City of Shelbyville under programs of the federal and state governments for the year ended June 30, 2023. The schedule is presented using the modified accrual basis of accounting.

Note 2: Indirect Cost Rate: The City of Shelbyville did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and City Councilmembers
City of Shelbyville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shelbyville, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Shelbyville, Tennessee's basic financial statements, and have issued our report thereon dated March 19, 2024. Our report includes a reference to other auditors who audited the financial statements of the Shelbyville Power, Water, and Sewerage Systems, as described in our report on the City of Shelbyville, Tennessee's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Shelbyville, Tennessee'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Winnett Associates, PLLC

Shelbyville, Tennessee
March 19, 2024

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

CITY OF SHELBYVILLE

For the Fiscal Year Ended June 30, 2023

Financial Statement Findings

None

Federal Award Findings and Questioned Costs

None