

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

INTRODUCTORY SECTION

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OFFICIALS
CITY OF SHELBYVILLE, TENNESSEE
JUNE 30, 2025

MAYOR Randy Carroll

VICE-MAYOR William Christie

COUNCILMEMBERS Ward 1 - Henry Feldhaus III

Ward 2 - Marilyn Ewing

Ward 3 - Betsy Noel

Ward 4 - William Christie

Ward 5 - Josh Blevins

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

To the 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, 2025, 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, 2025, 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, 2025, 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 68 through 74, 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 February 20, 2026, 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
February 20, 2026

CITY OF SHELBYVILLE, TENNESSEE
MANAGEMENT’S DISCUSSION AND ANALYSIS

Year ended June 30, 2025

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, 2025. 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 Shelbyville Power, Water and 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 of Shelbyville. 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, Debt Service, and Capital Project 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 increased by \$1,556,678 which consisted of increases of \$1,504,301 related to leases and \$120,816 in deferred current property taxes; and decreases of \$37,779 in OPEB and \$30,660 in pension.
- 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 2025 by \$86,385,974 which is an increase of \$1,335,568 over the prior year.

- Total expenses for Governmental Activities increased by \$2,535,383 in FY25 mainly due to increased expenditures in Public Works and Public Safety, and higher than usual legal fees related to an ongoing lawsuit.
- 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 \$115,283,468. Of this amount, \$40,493,625 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 \$11,968,502.

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 \$58,654,907 to \$62,643,528, an increase of 6.80%. Current assets increased from \$33,000,272 to \$36,107,859. Plant, net of accumulated depreciation, increased from \$25,652,336 to \$26,535,669. Other assets decreased from \$2,299 to \$0. Total power system liabilities increased from \$11,495,340 to \$12,078,579. Current liabilities increased from \$7,653,233 to \$8,716,558, while long-term liabilities decreased from \$3,842,107 to \$3,362,021. Deferred outflows of resources decreased from \$2,366,480 to \$821,629 while deferred inflows of resources decreased from \$116,885 to \$92,603.

Income before capital contributions increased from \$2,471,961 in fiscal year ending 2024 to \$3,548,007 in fiscal year ending 2025, a 43.53% increase. Total operating revenue increased from \$36,912,548 to \$40,068,221. This is a function of weather and unbilled revenue. Operational and maintenance expenses decreased from \$5,173,000 in 2024 to \$4,810,111 in 2025 and other expenses increased from \$13,948 to \$14,199. Interest expense on customer deposits increased from \$142,174 to \$73,016.

Water System

Total water system assets increased from \$28,490,424 to \$30,727,739, a 7.28% increase. Current assets increased from \$9,752,169 to \$12,232,581. Plant, net of accumulated depreciation, decreased from \$18,259,642 to \$18,140,765. Deferred outflow of resources decreased from \$928,517 to \$324,526. Total liabilities decreased from \$4,154,268 to \$3,933,519. Long-term liabilities decreased from \$3,394,976 to \$3,101,576. Deferred inflows of resources decreased from \$152,106 to \$125,662.

Income before capital contributions increased from \$974,461 in fiscal year ending 2024 to \$1,941,373 in fiscal year ending 2025, a 99.22% increase. Total operating revenue showed an increase from \$6,761,181 in 2024 to \$7,597,322 in 2025. Operational and maintenance expenses decreased from \$4,256,974 to \$4,211,175. Interest expense decreased from \$32,105 to \$26,304.

Sewerage System

Total sewerage system assets increased from \$50,002,746 to \$53,291,058, a 6.17% increase. Current assets increased from \$6,056,512 to \$7,447,291. Plant, net of accumulated depreciation, increased from \$38,196,776 to \$42,249,870. Deferred outflows of resources decreased from \$1,102,815 to \$384,780 while deferred inflows of resources decreased from \$1,707,010 to \$1,441,473. Total liabilities decreased from \$18,658,135 to \$15,237,956. Long-term liabilities decreased from \$12,318,811 to \$10,970,348.

Income before capital contributions decreased from \$1,701,118 in fiscal year ending 2024 to \$1,412,051 in fiscal year ending 2025, a 16.99% 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 \$3,382,405 in 2024 to \$3,779,319 in 2025. Interest expense decreased from \$210,757 to \$157,991.

Condensed Statement of Activities
June 30, 2025

	Governmental activities		Business-type activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,682,098	\$ 2,724,945	\$ 54,460,508	\$ 50,439,392	\$ 57,142,606	\$ 53,164,337
Operating grants	1,447,281	1,332,152	-	-	1,447,281	1,332,152
Capital grants	389,752	2,248,701	5,498,758	1,795,107	5,888,510	4,043,808
General revenues:						
Property taxes	8,962,257	8,636,591	-	-	8,962,257	8,636,591
Other taxes	9,749,350	9,269,637	-	-	9,749,350	9,269,637
Other	5,536,629	4,038,754	1,675,688	1,475,587	7,212,317	5,514,341
Total revenues	<u>28,767,367</u>	<u>28,250,780</u>	<u>61,634,954</u>	<u>53,710,086</u>	<u>90,402,321</u>	<u>81,960,866</u>
Expenses:						
General government	4,552,923	3,672,449	-	-	4,552,923	3,672,449
Public recreation	2,952,271	2,954,645	-	-	2,952,271	2,954,645
Public safety	11,832,373	10,997,680	-	-	11,832,373	10,997,680
Public works	5,879,695	4,774,737	-	-	5,879,695	4,774,737
Airport	2,309,849	2,119,942	-	-	2,309,849	2,119,942
Welfare	215,108	314,800	-	-	215,108	314,800
Econ. dev and tourism	67,728	430,920	-	-	67,728	430,920
Interest on debt	17,539	26,930	-	-	17,539	26,930
Power	-	-	37,516,983	35,288,522	37,516,983	35,288,522
Water	-	-	6,062,408	6,130,205	6,062,408	6,130,205
Sewerage	-	-	5,655,374	5,276,712	5,655,374	5,276,712
Total expenses	<u>27,827,486</u>	<u>25,292,103</u>	<u>49,234,765</u>	<u>46,695,439</u>	<u>77,062,251</u>	<u>71,987,542</u>
Excess (deficiency) in net position before transfers	939,881	2,958,677	12,400,189	7,014,647	13,340,070	9,973,324
Transfers	395,687	730,212	(395,687)	(730,212)	-	-
Change in net position	1,335,568	3,688,889	12,004,502	6,284,435	13,340,070	9,973,324
Net position-beginning	85,050,406	81,361,517	103,278,966	96,994,531	188,329,372	178,356,048
Net position-ending	<u>\$ 86,385,974</u>	<u>\$ 85,050,406</u>	<u>\$ 115,283,468</u>	<u>\$ 103,278,966</u>	<u>\$ 201,669,442</u>	<u>\$ 188,329,372</u>

Condensed Statement of Net Position
June 30, 2025

	Governmental activities		Business-type activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 47,710,162	\$ 46,214,825	\$ 59,546,215	\$ 55,028,577	\$ 107,256,377	\$ 101,243,402
Capital assets	<u>60,267,860</u>	<u>59,499,936</u>	<u>86,926,304</u>	<u>82,108,754</u>	<u>147,194,164</u>	<u>141,608,690</u>
Total assets	<u>107,978,022</u>	<u>105,714,761</u>	<u>146,472,519</u>	<u>137,137,331</u>	<u>254,450,541</u>	<u>242,852,092</u>
Total deferred outflows of resources	<u>812,297</u>	<u>768,138</u>	<u>1,530,935</u>	<u>4,397,812</u>	<u>2,343,232</u>	<u>5,165,950</u>
Long-term liabilities	3,265,056	3,543,791	18,918,945	22,954,073	22,184,001	26,497,864
Other liabilities	<u>1,252,991</u>	<u>1,559,082</u>	<u>12,141,303</u>	<u>13,326,103</u>	<u>13,394,294</u>	<u>14,885,185</u>
Total liabilities	<u>4,518,047</u>	<u>5,102,873</u>	<u>31,060,248</u>	<u>36,280,176</u>	<u>35,578,295</u>	<u>41,383,049</u>
Total deferred inflows of resources	<u>17,886,298</u>	<u>16,329,620</u>	<u>1,659,738</u>	<u>1,976,001</u>	<u>19,546,036</u>	<u>18,305,621</u>
Net position:						
Net investment in capital assets	59,102,621	58,351,171	73,223,989	68,144,526	132,326,610	126,495,697
Restricted	1,152,147	1,229,374	1,565,854	1,250,708	2,718,001	2,480,082
Unrestricted	<u>26,131,206</u>	<u>25,469,861</u>	<u>40,493,625</u>	<u>33,883,732</u>	<u>66,624,831</u>	<u>59,353,593</u>
Total net position	<u>\$ 86,385,974</u>	<u>\$ 85,050,406</u>	<u>\$ 115,283,468</u>	<u>\$ 103,278,966</u>	<u>\$ 201,669,442</u>	<u>\$ 188,329,372</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.

Overview of the Financial Statements

Total revenues for the general government were \$26,934,090 which is an increase of \$981,891 over FY24.

The city received a total of \$830,006 of Federal Awards and State Financial Assistance during FY25. The awards included: State Industrial Access Road Grant of \$51,572, VCIF (Violent Crime Intervention Fund) Police Grant totaling \$111,633 along with other Police grants of \$51,470, Road and Sidewalk awards totaling \$408,515, Airport awards of \$192,399, a Healthy Built Environments Grant for a Trails and Greenways Master Plan for \$12,184, a Cybersecurity Grant of \$1,138, and an Animal Friendly Grant of \$1,095.

The City General Fund's largest revenue source was property tax which generated 33.6% 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 \$86,385,974. 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 \$96,223 from \$26,673,868 in FY24 to \$26,770,091 in FY25.

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 FY25 totaled \$1,769,955. Some items of note included the following: Purchase of property off the Public Square and near the Airport; Skid Steer Loader and Electric Gate Opener at the Cemetery; UTV for the Fire Dept.; Diesel Mower and Lighting/Fencing at the Parks; Phone System/Cabling/Networking and Six New Vehicles at the Police Dept.; Road Tractor/Garbage Truck for Sanitation; Cab Tractor w/side mount mower and Compact Track Loader at Streets; ADA bathroom renovations and Electronic Basketball height adjusters at the Rec Ctr.; and Traffic Signal Upgrade at 437 Bypass/Fairfield Pike.

The City's business-type activities' investment in capital assets as of June 30, 2025, amounts to \$86,926,304 (net of accumulated depreciation). Depreciation charges for the year totaled \$4,540,892. The total increase in the City's business-type activities' capital assets for the current fiscal year was \$4,817,550 (5.87%), an increase in capital assets of \$8,678,648 and an increase in accumulated depreciation of \$3,861,089 for a net change of \$4,817,550.

The City's Business-Type Activities Capital Assets

(as of June 30,)

	2025	2024
Land and land rights	\$ 828,734	\$ 828,734
Structures and improvements	46,404,866	44,029,283
Distribution plant	109,234,136	104,972,706
Furniture and fixtures	1,558,581	1,522,860
Transportation equipment	3,911,130	3,386,966
Equipment	2,991,944	2,964,958
Construction in process	6,439,242	5,056,478
Less: Accumulated depreciation	<u>(84,442,329)</u>	<u>(80,581,231)</u>
	<u>\$ 86,926,304</u>	<u>\$ 82,108,754</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 \$3,265,056. Included are compensated absences at \$1,484,899 representing 45% and post-employment benefit obligation at \$950,423 comprising 29% of the overall total. Other long-term liabilities include net pension obligation at 9%, leases at 4%, and capital outlay notes represent the remaining 13%.

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 \$18,918,945, a decrease of \$4,035,128 (17.58% decrease) from the previous year.

The City's Business-Type Activities Outstanding Debt

(as of June 30,)

	2025	2024
Bonds payable	\$ 12,275,000	\$ 13,690,000
Conservation – TVA Program	-	2,506
Accrued vacation	349,576	313,994
Accrued sick	2,032,278	1,983,179
Net pension liability	3,963,705	6,670,932
Net OPEB obligation	<u>298,386</u>	<u>293,462</u>
Total outstanding debt	<u>\$ 18,918,945</u>	<u>\$ 22,954,073</u>

Notes, bonds and other long-term debt at fiscal year-end 2025 was \$3,362,021 for the power system, \$3,401,576 for the water system, and \$12,155,348 for the sewer system.

General Fund Budget Performance

The City's FY25 projected General Fund Revenues were \$23,852,479 in the original budget. The City's actual General Fund Revenues were \$26,934,090. This represented an increase of \$981,891 over FY24 actual revenues. Local Option Sales Tax increased \$435,355 or 6.3% during FY25 from \$6,886,062 in FY24 to \$7,321,417 in FY25.

The City's FY25 projected General Fund Expenditures were \$27,426,376 in the original budget and \$27,908,523 in the final/amended budget. Actual expenditures for the year were \$24,464,945. This represented a \$1,762,254 increase over FY24 actual expenditures.

The City's beginning and ending fund balances were \$23,815,906 and \$20,343,632, respectively. This is a \$3,472,274 decrease during FY25 but still represents a healthy fund balance in relation to expenditures.

Future Capital Projects

For fiscal year ending June 30, 2025, management of the Systems requested, and the board approved, the budget for capital projects as follows:

Power System \$1,807,000. Water System \$1,200,000. Sewer System \$5,370,000.

Rates

Power system rates increased along with TVA rates quarterly during the fiscal year. Water system rates increased as of January 1, 2025.

Customers

The average number of customers for each system were as follows: Power 11,759 (increase of 353 or 3.09%), Water 11,701 (increase of 313 or 3.75%), and Sewer 9,717 (increase of 322 or 3.43%).

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 fosters 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, Greenway from Duck River to River Bottom Park/Shelbyville Multi-Use Path and River Overlook Project, Madison Street Sidewalk Improvements, New Soccer Fields at HV Griffin Park, Riverview District Project near the Public Square, several Airport-related projects, the purchase and installation of new Flood Pumps for the city, and consideration of constructing a new Public Safety Headquarters for Police and Fire.

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, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 26,770,091	\$ 43,966,970	\$ 70,737,061
Taxes receivable - net	10,900,305	-	10,900,305
Accounts receivable	83,806	4,296,737	4,380,543
Intergovernmental receivable	859,594	-	859,594
Lease receivable	8,530,931	-	8,530,931
Unbilled revenue	-	1,557,277	1,557,277
Interest receivable	394,466	-	394,466
Inventory and other assets	170,969	5,776,941	5,947,910
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	3,948,290	3,948,290
Capital assets not being depreciated	10,821,716	7,266,976	18,088,692
Capital assets, net of accumulated depreciation/ amortization	49,446,144	79,659,328	129,105,472
TOTAL ASSETS	107,978,022	146,472,519	254,450,541
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	812,297	1,506,374	2,318,671
OPEB related	-	24,561	24,561
TOTAL DEFERRED OUTFLOWS OF RESOURCES	812,297	1,530,935	2,343,232
LIABILITIES			
Accounts payable	619,338	6,715,293	7,334,631
Accrued expenses and other liabilities	303,533	2,901,280	3,204,813
Deposits	116,474	2,714,536	2,831,010
Internal balances	189,806	(189,806)	-
Funds held in trust	23,840	-	23,840
Noncurrent liabilities:			
Due in one year	1,510,795	1,485,000	2,995,795
Due in more than one year	1,754,261	17,433,945	19,188,206
TOTAL LIABILITIES	4,518,047	31,060,248	35,578,295
DEFERRED INFLOWS OF RESOURCES			
Pension related	61,312	48,963	110,275
OPEB related	162,938	198,489	361,427
Lease related	8,533,361	-	8,533,361
Deferred amounts from refunding of debt	-	1,412,286	1,412,286
Deferred current property taxes	9,128,687	-	9,128,687
TOTAL DEFERRED INFLOWS OF RESOURCES	17,886,298	1,659,738	19,546,036
NET POSITION			
Net investment in capital assets	59,102,621	73,223,989	132,326,610
Restricted for:			
Highways and streets	556,629	-	556,629
Public safety	132,479	-	132,479
TV station	14,003	-	14,003
Industrial development	449,036	-	449,036
Debt service	-	1,565,854	1,565,854
Unrestricted	26,131,206	40,493,625	66,624,831
TOTAL NET POSITION	\$ 86,385,974	\$ 115,283,468	\$ 201,669,442

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

STATEMENT OF ACTIVITIES
CITY OF SHELBYVILLE, TENNESSEE

For the year ended June 30, 2025

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	\$ 4,552,923	\$ 795,429	\$ 48,542	\$ 12,184	\$ (3,696,768)	\$ -	\$ (3,696,768)
Public recreation	2,952,271	432,686	-	-	(2,519,585)	-	(2,519,585)
Public safety	11,832,373	196,943	266,596	28,000	(11,340,834)	-	(11,340,834)
Public works	5,879,695	52,169	1,117,143	115,597	(4,594,786)	-	(4,594,786)
Airport	2,309,849	1,204,871	15,000	177,399	(912,579)	-	(912,579)
Welfare	215,108	-	-	-	(215,108)	-	(215,108)
Economic development and tourism	67,728	-	-	56,572	(11,156)	-	(11,156)
Interest on long-term debt	17,539	-	-	-	(17,539)	-	(17,539)
Total governmental activities	27,827,486	2,682,098	1,447,281	389,752	(23,308,355)	-	(23,308,355)
Business-type activities							
Power system	37,516,983	40,068,221	-	-	-	2,551,238	2,551,238
Water system	6,062,408	7,597,322	-	567,500	-	2,102,414	2,102,414
Sewerage system	5,655,374	6,794,965	-	4,931,258	-	6,070,849	6,070,849
Total business-type activities	49,234,765	54,460,508	-	5,498,758	-	10,724,501	10,724,501
Total primary government	\$ 77,062,251	\$ 57,142,606	\$ 1,447,281	\$ 5,888,510	(23,308,355)	10,724,501	(12,583,854)
General revenues:							
					8,962,257	-	8,962,257
					833,944	-	833,944
					7,321,417	-	7,321,417
					915,410	-	915,410
					130,363	-	130,363
					214,622	-	214,622
					91,894	-	91,894
					3,564,951	-	3,564,951
					333,594	-	333,594
					15,460	-	15,460
					116,010	72,000	188,010
					1,748,314	1,603,688	3,352,002
					395,687	(395,687)	-
					24,643,923	1,280,001	25,923,924
					1,335,568	12,004,502	13,340,070
					85,050,406	103,278,966	188,329,372
					\$ 86,385,974	\$ 115,283,468	\$ 201,669,442

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

BALANCE SHEET
GOVERNMENTAL FUNDS
CITY OF SHELBYVILLE, TENNESSEE
June 30, 2025

	General	Other Governmental Funds	Total Governmental Funds
Assets and deferred outflows of resources			
Assets:			
Cash	\$ 18,613,070	\$ 8,157,021	\$ 26,770,091
Taxes receivable - net	10,861,206	39,099	10,900,305
Accounts receivable	83,806	-	83,806
Intergovernmental receivable	609,865	249,729	859,594
Lease receivable	8,530,931	-	8,530,931
Inventory and other assets	452,068	113,367	565,435
Total assets	<u>39,150,946</u>	<u>8,559,216</u>	<u>47,710,162</u>
Deferred outflows of resources:	-	-	-
Total assets and deferred outflows of resources	<u>\$ 39,150,946</u>	<u>\$ 8,559,216</u>	<u>\$ 47,710,162</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities:			
Accounts payable	\$ 336,748	\$ 282,590	\$ 619,338
Accrued wages	245,531	-	245,531
Deposits	44,752	71,722	116,474
Due to other funds	159,790	30,016	189,806
Intergovernmental payable	-	58,002	58,002
Funds held in trust	-	23,840	23,840
Total liabilities	<u>786,821</u>	<u>466,170</u>	<u>1,252,991</u>
Deferred inflows of resources:			
Unavailable revenue - state and local taxes	1,968	-	1,968
Unavailable revenue - property taxes	9,485,164	-	9,485,164
Lease related	8,533,361	-	8,533,361
Total deferred inflows of resources	<u>18,020,493</u>	<u>-</u>	<u>18,020,493</u>
Fund balances:			
Nonspendable			
Inventory and other assets	57,602	-	57,602
Restricted			
Cable TV	14,003	-	14,003
Public safety	28,895	103,584	132,479
State street aid	-	556,629	556,629
Tourism and economic development		449,036	449,036
Committed			
Debt reduction	-	682,841	682,841
Assigned			
State road projects	-	2,485,259	2,485,259
Capital assets	-	3,816,816	3,816,816
Industrial development	-	-	-
Subsequent year's budget: appropriation of fund balance	6,846,861	-	6,846,861
Unassigned	13,396,271	(1,119)	13,395,152
Total fund balances	<u>20,343,632</u>	<u>8,093,046</u>	<u>28,436,678</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 39,150,946</u>	<u>\$ 8,559,216</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.			60,267,860
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			358,445
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			(2,677,009)
Net position of governmental activities			<u>\$ 86,385,974</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, 2025

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 18,250,629	\$ 333,594	\$ 18,584,223
Payments in lieu of taxes	214,622	-	214,622
Penalties and interest	91,894	-	91,894
Licenses and permits	25,727	-	25,727
Intergovernmental	4,041,601	1,129,293	5,170,894
Charges for services	2,469,938	-	2,469,938
Fines	172,871	13,562	186,433
Miscellaneous	82,320	61,690	144,010
Investment earnings	1,584,488	163,826	1,748,314
Total revenues	<u>26,934,090</u>	<u>1,701,965</u>	<u>28,636,055</u>
Expenditures:			
Current:			
General government	4,987,263	1,253,107	6,240,370
Parks and recreation	2,461,513	94,049	2,555,562
Public safety	11,297,748	415,279	11,713,027
Public works	3,653,683	2,514,603	6,168,286
Airport	1,495,386	282,438	1,777,824
Welfare	209,813	-	209,813
Economic development and tourism	-	323,608	323,608
Debt service:			
Principal retirement	342,000	-	342,000
Interest payments on notes	17,539	-	17,539
Total expenditures	<u>24,464,945</u>	<u>4,883,084</u>	<u>29,348,029</u>
Excess of revenues over (under) expenditures	<u>2,469,145</u>	<u>(3,181,119)</u>	<u>(711,974)</u>
Other financing sources (uses):			
Transfers in	964,565	6,605,500	7,570,065
Transfers out	(6,970,942)	(203,436)	(7,174,378)
Sales of general capital assets	39,310	-	39,310
Insurance recoveries	25,648	-	25,648
Total other financing sources (uses)	<u>(5,941,419)</u>	<u>6,402,064</u>	<u>460,645</u>
Net change in fund balances	(3,472,274)	3,220,945	(251,329)
Fund balances - July 1, 2024	23,815,906	4,872,101	28,688,007
Fund balances - June 30, 2025	<u>\$ 20,343,632</u>	<u>\$ 8,093,046</u>	<u>\$ 28,436,678</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, 2025

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

Net change in fund balances - total governmental funds	\$ (251,329)
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	3,290,261
Capital assets donated	56,572
Depreciation expense	(2,568,721)
The net effect of various miscellaneous transactions involving capital assets is to increase (decrease) net position:	
Sales and abandonments of capital assets	(10,188)
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	(87,238)
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	342,000
Lease liability principal payments	91,995
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	(179,452)
Changes in pension liabilities and related deferred outflows and inflows of resources	679,578
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(27,910)
Change in net position of governmental activities	<u><u>\$ 1,335,568</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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Taxes:				
Property	\$ 8,652,392	\$ 8,652,392	\$ 9,049,495	\$ 397,103
Business	625,000	625,000	833,944	208,944
Local sales	6,650,000	6,650,000	7,321,417	671,417
Beverage	975,000	975,000	915,410	(59,590)
Franchise	160,000	160,000	130,363	(29,637)
Payments in lieu of taxes	140,000	140,000	214,622	74,622
Penalties and interest	50,000	50,000	91,894	41,894
Licenses and permits	21,500	21,500	25,727	4,227
Intergovernmental revenues				
State TVA in lieu	270,000	270,000	290,144	20,144
State online sports betting tax	30,000	30,000	52,882	22,882
State sales tax allocation	2,750,000	2,750,000	2,992,955	242,955
State beer tax allocation	10,000	10,000	9,914	(86)
State mixed drink tax allocation	65,000	65,000	87,555	22,555
State gasoline and motor fuel tax	40,000	40,000	43,001	3,001
State transportation and modernization	5,000	5,000	10,891	5,891
State excise tax allocation	90,000	90,000	77,609	(12,391)
State and federal grant funds	335,386	335,386	383,157	47,771
State supplements	90,000	90,000	93,493	3,493
Charges for services	2,130,701	2,130,701	2,469,938	339,237
Fines	161,000	161,000	172,871	11,871
Miscellaneous	1,500	1,500	82,320	80,820
Investment earnings	600,000	600,000	1,584,488	984,488
TOTAL REVENUES	23,852,479	23,852,479	26,934,090	3,081,611
EXPENDITURES				
General government:				
Administration				
Salaries	731,300	731,300	700,952	30,348
Professional services	820,000	1,070,000	999,422	70,578
Payroll taxes	62,400	62,400	60,553	1,847
Computers and printers	30,000	30,000	26,621	3,379
Mayor and council salaries	90,000	90,000	90,000	-
Health and disability insurance	194,160	194,160	163,283	30,877
Retirement	787,500	787,500	735,973	51,527
Insurance	375,000	375,000	357,975	17,025
Electric tax equivalent	210,000	210,000	155,054	54,946
Travel and business	25,000	25,000	31,104	(6,104)
Computer software	50,000	50,000	55,664	(5,664)
Subscriptions and dues	30,000	30,000	22,660	7,340
Liquor paid to County	45,000	45,000	43,403	1,597
Other general government	236,600	236,600	158,749	77,851
	3,686,960	3,936,960	3,601,413	335,547

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
EXPENDITURES (Continued)				
General government:				
Planning and zoning				
Salaries	434,466	434,466	358,901	75,565
Professional services	115,000	115,000	90,039	24,961
Payroll taxes	33,800	33,800	26,688	7,112
Health and disability insurance	105,600	105,600	79,484	26,116
Retirement	29,120	29,120	18,803	10,317
Employee education and training	13,630	13,630	6,200	7,430
Utilities	21,140	21,140	16,255	4,885
Gasoline and oil	5,000	5,000	3,103	1,897
Computers and printers	3,900	3,900	3,616	284
Office supplies and materials	12,150	12,150	9,513	2,637
Other planning and zoning	117,800	117,800	16,416	101,384
	<u>891,606</u>	<u>891,606</u>	<u>629,018</u>	<u>262,588</u>
Cemetery				
Salaries	155,002	155,002	121,854	33,148
Payroll taxes	12,220	12,220	9,337	2,883
Health and disability insurance	52,260	52,260	30,667	21,593
Retirement	9,464	9,464	5,737	3,727
Utilities	8,500	8,500	7,898	602
Professional services	10,000	10,000	5,500	4,500
Gasoline and oil	8,500	8,500	4,209	4,291
Other cemetery	33,840	35,025	25,543	9,482
	<u>289,786</u>	<u>290,971</u>	<u>210,745</u>	<u>80,226</u>
Animal control				
Salaries	203,580	203,580	191,256	12,324
Professional services	14,500	14,500	8,716	5,784
Payroll taxes	16,120	16,120	14,792	1,328
Health and disability insurance	56,920	56,920	40,792	16,128
Retirement	10,036	10,036	9,759	277
Utilities	21,500	21,500	14,730	6,770
Maintenance and repair	10,300	10,300	2,810	7,490
Gasoline and oil	7,500	7,500	2,804	4,696
Materials and supplies	14,000	14,000	15,290	(1,290)
Other animal control	20,420	20,420	12,472	7,948
	<u>374,876</u>	<u>374,876</u>	<u>313,421</u>	<u>61,455</u>
Information technology				
Salaries	77,724	77,724	77,729	(5)
Professional services	18,000	18,000	14,999	3,001
Health and disability insurance	13,500	13,500	10,445	3,055
Computers and computer software	124,800	124,800	111,207	13,593
Other information technology	32,260	32,260	18,286	13,974
	<u>266,284</u>	<u>266,284</u>	<u>232,666</u>	<u>33,618</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
EXPENDITURES (Continued)				
Public recreation				
Parks and recreation				
Salaries	564,636	564,636	432,850	131,786
Payroll taxes	42,327	42,327	32,545	9,782
Health and disability insurance	129,640	129,640	106,980	22,660
Retirement	28,080	28,080	16,402	11,678
Utilities	29,445	29,445	26,262	3,183
Maintenance and repair	130,050	130,050	100,439	29,611
Gasoline and oil	24,000	24,000	14,425	9,575
Chemical supplies	13,000	13,000	13,603	(603)
Special events	14,000	14,000	13,226	774
Expensable tools and materials	20,400	20,400	17,386	3,014
Other parks and recreation	39,751	39,751	15,996	23,755
	<u>1,035,329</u>	<u>1,035,329</u>	<u>790,114</u>	<u>245,215</u>
Recreational center				
Salaries	908,965	908,965	905,953	3,012
Professional services	13,000	13,000	9,045	3,955
Payroll taxes	71,760	71,760	67,090	4,670
Health and disability insurance	186,220	186,220	171,573	14,647
Retirement	41,600	41,600	35,355	6,245
Employee recognition programs	10,700	10,700	10,450	250
Utilities	209,000	209,000	178,620	30,380
Maintenance and repair	99,850	99,850	46,771	53,079
Recreational programming	26,700	26,700	23,457	3,243
Expensable tools and materials	39,350	39,350	28,099	11,251
Chemical supplies	23,500	23,500	22,806	694
Employee education and training	9,050	9,050	6,794	2,256
Other recreational center	56,760	56,760	42,500	14,260
	<u>1,696,455</u>	<u>1,696,455</u>	<u>1,548,513</u>	<u>147,942</u>
Sports league				
Salaries	68,116	68,116	55,577	12,539
Professional services	35,100	35,100	27,563	7,537
Payroll taxes	5,616	5,616	4,245	1,371
Health and disability insurance	12,165	12,165	9,245	2,920
Retirement	3,640	3,640	864	2,776
Clothing and uniforms	13,800	13,800	11,514	2,286
Materials	7,500	7,500	6,029	1,471
Other sports league	18,008	18,008	7,849	10,159
	<u>163,945</u>	<u>163,945</u>	<u>122,886</u>	<u>41,059</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
EXPENDITURES (Continued)				
Public safety:				
Police				
Salaries	4,168,200	4,168,200	4,037,771	130,429
Salary supplement	59,600	92,400	90,800	1,600
Payroll taxes	325,000	325,000	309,516	15,484
Health and disability insurance	985,800	985,800	892,297	93,503
Retirement	190,000	190,000	191,171	(1,171)
Employee recognition programs	59,300	59,300	58,832	468
Employee education and training	84,240	84,240	83,943	297
Utilities	92,129	92,129	73,914	18,215
Maintenance and repair	80,294	80,294	62,319	17,975
Gasoline and fuel	162,000	162,000	98,170	63,830
Fees paid to state	20,000	20,000	12,222	7,778
Computer software	39,260	39,260	35,978	3,282
Office supplies and materials	22,196	22,196	7,357	14,839
Clothing and uniforms	44,050	44,050	43,720	330
Expensable tools and materials	52,750	52,750	47,030	5,720
Lease and rental of equipment	145,482	181,482	161,994	19,488
Other police	114,231	115,165	49,672	65,493
	<u>6,644,532</u>	<u>6,714,266</u>	<u>6,256,706</u>	<u>457,560</u>
Fire				
Salaries	3,409,634	3,467,134	3,287,220	179,914
Salary supplement	-	-	61,900	(61,900)
Payroll taxes	275,600	280,002	248,159	31,843
Health and disability insurance	740,100	755,200	687,679	67,521
Retirement	151,580	151,580	137,473	14,107
Employee recognition programs	61,500	61,500	61,200	300
Employee education and training	43,670	43,670	28,359	15,311
Utilities	58,000	58,000	56,135	1,865
Maintenance and repair	92,063	99,867	43,193	56,674
Gasoline and fuel	45,000	45,000	19,290	25,710
Fire hydrant rental	175,000	175,000	172,800	2,200
Expendable tools and materials	180,156	180,156	129,073	51,083
Clothing and uniforms	26,000	26,000	13,295	12,705
Employment physicals	42,250	42,250	38,640	3,610
Other fire	69,755	78,243	56,626	21,617
	<u>5,370,308</u>	<u>5,463,602</u>	<u>5,041,042</u>	<u>422,560</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
EXPENDITURES (Continued)				
Public works:				
Streets				
Salaries	950,744	950,744	874,636	76,108
Payroll taxes	84,240	84,240	66,021	18,219
Health and disability insurance	290,800	290,800	234,353	56,447
Retirement	57,200	57,200	47,034	10,166
Employee recognition programs	10,600	10,600	8,998	1,602
Professional services	67,500	67,500	30,465	37,035
Utilities	34,000	34,000	29,825	4,175
Maintenance and repair	80,000	144,596	65,515	79,081
Gasoline and fuel	110,000	110,000	72,163	37,837
Expendable tools and materials	37,000	37,000	25,478	11,522
Construction material	60,000	60,000	32,721	27,279
Clothing and uniforms	17,000	17,000	18,953	(1,953)
Chemical supplies	12,000	12,000	8,189	3,811
State road paving	180,000	180,000	175,352	4,648
Tires	15,000	15,000	9,359	5,641
Sidewalk and curb	85,000	85,000	-	85,000
Other streets	67,850	67,850	40,464	27,386
	<u>2,158,934</u>	<u>2,223,530</u>	<u>1,739,526</u>	<u>484,004</u>
Stormwater management				
Salaries	106,600	106,600	97,574	9,026
Payroll taxes	8,320	8,320	7,239	1,081
Health and disability insurance	33,268	33,268	25,170	8,098
Retirement	7,800	7,800	6,074	1,726
Professional services	60,000	60,000	4,950	55,050
Gasoline and oil	2,500	2,500	1,594	906
Construction material	70,000	70,000	15,614	54,386
Engineering	65,000	65,000	-	65,000
Maintenance and repair	7,000	7,000	3,148	3,852
Public transportation system	27,600	27,600	18,574	9,026
Employee education and training	4,000	4,000	3,962	38
Other stormwater management	23,060	23,060	11,847	11,213
	<u>415,148</u>	<u>415,148</u>	<u>195,746</u>	<u>219,402</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
EXPENDITURES (Continued)				
Public works:				
Sanitation				
Salaries	863,044	863,044	725,913	137,131
Payroll taxes	70,720	70,720	54,826	15,894
Health and disability insurance	285,750	285,750	206,644	79,106
Retirement	33,800	33,800	28,170	5,630
Employee recognition	13,200	13,200	14,728	(1,528)
Utilities	8,000	8,000	6,712	1,288
Maintenance and repair	102,000	105,338	75,413	29,925
Landfill services	460,000	460,000	451,492	8,508
Gasoline and oil	100,000	100,000	66,270	33,730
Tires	14,000	14,000	11,259	2,741
Clothing and uniforms	17,000	17,000	18,727	(1,727)
Other sanitation	178,100	178,100	58,257	119,843
	<u>2,145,614</u>	<u>2,148,952</u>	<u>1,718,411</u>	<u>430,541</u>
Finance				
Debt principal	342,000	342,000	342,000	-
Interest on debt	17,550	17,550	17,539	11
	<u>359,550</u>	<u>359,550</u>	<u>359,539</u>	<u>11</u>
Airport				
Salaries	464,375	464,375	380,826	83,549
Payroll taxes	36,400	36,400	27,990	8,410
Health and disability insurance	94,863	94,863	79,917	14,946
Retirement	22,048	22,048	20,889	1,159
Utilities	75,000	75,000	70,620	4,380
Maintenance and repair	64,500	64,500	45,936	18,564
Fuel for resale	790,000	790,000	748,052	41,948
Gasoline and oil	20,000	20,000	10,972	9,028
Bank service charges	22,000	22,000	23,013	(1,013)
Insurance	32,000	32,000	24,552	7,448
Other airport	96,050	96,050	62,619	33,431
	<u>1,717,236</u>	<u>1,717,236</u>	<u>1,495,386</u>	<u>221,850</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)
CITY OF SHELBYVILLE, TENNESSEE
Year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
EXPENDITURES (Continued)				
Welfare	209,813	209,813	209,813	-
TOTAL EXPENDITURES	<u>27,426,376</u>	<u>27,908,523</u>	<u>24,464,945</u>	<u>3,443,578</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,573,897)</u>	<u>(4,056,044)</u>	<u>2,469,145</u>	<u>6,525,189</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	813,395	813,395	964,565	151,170
Transfers out	(6,971,213)	(6,971,213)	(6,970,942)	271
Sales of general capital assets	-	-	39,310	39,310
Insurance recoveries	-	76,923	25,648	(51,275)
TOTAL OTHER FINANCING SOURCES	<u>(6,157,818)</u>	<u>(6,080,895)</u>	<u>(5,941,419)</u>	<u>139,476</u>
NET CHANGE IN FUND BALANCE	<u>\$ (9,731,715)</u>	<u>\$ (10,136,939)</u>	<u>(3,472,274)</u>	<u>\$ 6,664,665</u>
FUND BALANCE - BEGINNING			23,815,906	
FUND BALANCE - END			<u>\$ 20,343,632</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, 2025

	Business type activities - Enterprise Funds			
	Power System	Water System	Sewerage System	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 23,189,593	\$ 11,111,762	\$ 6,951,079	\$ 41,252,434
Accounts receivable, net of allowance	3,524,850	453,622	234,776	4,213,248
Due from other funds	-	-	146,629	146,629
Unbilled revenue	1,557,277	-	-	1,557,277
Other receivables	122,661	2,926	1,079	126,666
Inventory	901,903	299,021	79,053	1,279,977
Other assets	4,417,190	45,099	34,675	4,496,964
Total current assets	33,713,474	11,912,430	7,447,291	53,073,195
Noncurrent assets:				
Restricted cash and cash equivalents-bonds	-	354,393	3,593,897	3,948,290
Restricted cash and cash equivalents-customer deposits	2,394,385	320,151	-	2,714,536
Capital assets	26,535,669	18,140,765	42,249,870	86,926,304
Total noncurrent assets	28,930,054	18,815,309	45,843,767	93,589,130
TOTAL ASSETS	62,643,528	30,727,739	53,291,058	146,662,325
DEFERRED OUTFLOWS OF RESOURCES				
Pension	813,442	316,339	376,593	1,506,374
OPEB	8,187	8,187	8,187	24,561
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	63,465,157	31,052,265	53,675,838	148,193,260
LIABILITIES				
Current liabilities:				
Accounts payable	6,015,173	119,591	580,529	6,715,293
Accrued expenses and other liabilities	307,000	77,172	74,466	458,638
Accrued interest	-	-	45,177	45,177
Total current liabilities	6,322,173	196,763	700,172	7,219,108
Current liabilities payable from restricted assets:				
Customer deposits	2,394,385	320,151	-	2,714,536
Bonds payable	-	300,000	1,185,000	1,485,000
Deferred revenue	-	-	2,382,436	2,382,436
Accrued interest	-	15,029	-	15,029
Total current liabilities payable from restricted assets	2,394,385	635,180	3,567,436	6,597,001
Noncurrent liabilities:				
Conservation - TVA program	-	-	-	-
Accrued vacation	156,911	100,200	92,465	349,576
Accrued sick	965,247	574,536	492,495	2,032,278
Bonds payable	-	1,495,000	9,295,000	10,790,000
Net pension liability	2,140,401	832,378	990,926	3,963,705
Net OPEB liability	99,462	99,462	99,462	298,386
Total noncurrent liabilities	3,362,021	3,101,576	10,970,348	17,433,945
TOTAL LIABILITIES	12,078,579	3,933,519	15,237,956	31,250,054
DEFERRED INFLOWS OF RESOURCES				
Pension	26,440	10,282	12,241	48,963
OPEB	66,163	66,163	66,163	198,489
Deferred amounts from refunding of debt	-	49,217	1,363,069	1,412,286
TOTAL DEFERRED INFLOWS OF RESOURCES	92,603	125,662	1,441,473	1,659,738
NET POSITION				
Net investment in capital assets	26,535,669	16,281,519	30,406,801	73,223,989
Restricted	-	354,393	1,211,461	1,565,854
Unrestricted	24,758,306	10,357,172	5,378,147	40,493,625
TOTAL NET POSITION	\$ 51,293,975	\$ 26,993,084	\$ 36,996,409	\$ 115,283,468

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, 2025

	Business type activities - Enterprise Funds			
	Power System	Water System	Sewerage System	Total
Operating revenues:				
Charges for services pledged as security for revenue bonds	\$ 39,086,294	\$ 7,432,366	\$ 6,710,081	\$ 53,228,741
Forfeited discounts and penalties	208,161	50,066	63,632	321,859
Rental income	627,603	-	-	627,603
Other operating revenue	146,163	114,890	21,252	282,305
TOTAL OPERATING REVENUE	40,068,221	7,597,322	6,794,965	54,460,508
Operating expenses:				
Purchased power	31,094,056	-	-	31,094,056
Purchased water	-	455,702	-	455,702
Operational expenses	4,207,742	2,717,187	2,641,299	9,566,228
Maintenance expense	674,369	1,493,988	1,138,020	3,306,377
Depreciation and amortization	1,453,601	1,369,227	1,718,064	4,540,892
TOTAL OPERATING EXPENSES	37,429,768	6,036,104	5,497,383	48,963,255
OPERATING INCOME	2,638,453	1,561,218	1,297,582	5,497,253
Nonoperating revenues (expenses):				
Interest income	924,769	406,459	272,460	1,603,688
Interest expense	(73,016)	(26,304)	(157,991)	(257,311)
Other income (expenses)	(14,199)	36,000	36,000	57,801
TOTAL NONOPERATING REVENUES (EXPENSES)	837,554	416,155	150,469	1,404,178
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	3,476,007	1,977,373	1,448,051	6,901,431
Transfers in	-	-	365,442	365,442
Transfers out	(689,129)	(36,000)	(36,000)	(761,129)
Capital contributions	-	567,500	1,149,643	1,717,143
Contributions in aid	-	-	3,781,615	3,781,615
CHANGE IN NET POSITION	2,786,878	2,508,873	6,708,751	12,004,502
NET POSITION, BEGINNING OF YEAR	48,507,097	24,484,211	30,287,658	103,278,966
NET POSITION, END OF YEAR	\$ 51,293,975	\$ 26,993,084	\$ 36,996,409	\$ 115,283,468

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, 2025

	Business type activities - Enterprise Funds			
	Power System	Water System	Sewerage System	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers (including other funds)	\$ 39,674,014	\$ 7,550,960	\$ 6,831,004	\$ 54,055,978
Payments to suppliers	(32,820,543)	(2,787,509)	(1,785,238)	(37,393,290)
Cash paid to employees	(2,315,976)	(1,923,779)	(1,442,978)	(5,682,733)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,537,495</u>	<u>2,839,672</u>	<u>3,602,788</u>	<u>10,979,955</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributed	-	567,500	4,565,815	5,133,315
Deferred revenue	-	-	730,885	730,885
Transfers in	-	-	(2,594,927)	(2,594,927)
Other income (expense)	(14,199)	-	-	(14,199)
Acquisition and construction of capital assets	(2,336,934)	(1,214,350)	(5,735,158)	(9,286,442)
Principal paid on long-term debt	-	(285,000)	(1,130,000)	(1,415,000)
Interest paid on long-term debt	-	(28,679)	(411,450)	(440,129)
Interest paid on customer deposits	(73,016)	-	-	(73,016)
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	<u>(2,424,149)</u>	<u>(960,529)</u>	<u>(4,574,835)</u>	<u>(7,959,513)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase in customer deposits	50,018	23,528	-	73,546
Issuance of energy conservation loans	-	-	-	-
Transfers to other funds	(761,129)	(36,000)	(36,000)	(833,129)
Home weatherization loan advances	2,299	-	-	2,299
NET CASH PROVIDED(USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>(708,812)</u>	<u>(12,472)</u>	<u>(36,000)</u>	<u>(757,284)</u>
CASH FLOWS FROM INVESTING ACTIVITIES - Interest and other income	<u>926,466</u>	<u>406,459</u>	<u>272,460</u>	<u>1,605,385</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,331,000	2,273,130	(735,587)	3,868,543
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	23,252,978	9,513,176	11,280,563	44,046,717
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 25,583,978</u>	<u>\$ 11,786,306</u>	<u>\$ 10,544,976</u>	<u>\$ 47,915,260</u>
CASH AND CASH EQUIVALENTS CONSIST OF:				
Unrestricted cash and cash equivalents	\$ 25,583,978	\$ 11,431,913	\$ 6,951,079	\$ 43,966,970
Restricted cash and cash equivalents	-	354,393	3,593,897	3,948,290
	<u>\$ 25,583,978</u>	<u>\$ 11,786,306</u>	<u>\$ 10,544,976</u>	<u>\$ 47,915,260</u>

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
CITY OF SHELBYVILLE, TENNESSEE
June 30, 2025

	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	\$ 2,638,453	\$ 1,561,218	\$ 1,297,582	\$ 5,497,253
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,453,601	1,369,227	1,718,064	4,540,892
Provision for bad debts	44,806	22,952	25,344	93,102
(Increase) decrease in:				
Accounts receivable	(394,270)	(69,980)	10,680	(453,570)
Other receivables	(8,968)	1,097	15	(7,856)
Inventory	(206,405)	(38,757)	(6,979)	(252,141)
Other assets	(141,447)	1,626	135	(139,686)
Increase (decrease) in:				
Accounts payable	997,799	30,341	463,925	1,492,065
Pension liability	(1,461,902)	(568,518)	(676,807)	(2,707,227)
OPEB liability	1,641	1,642	1,641	4,924
Accrued expenses	96,124	(48,723)	63,231	110,632
Deferred amounts related to OPEB	(5,798)	(5,798)	(5,799)	(17,395)
Deferred amounts related to pensions	1,523,861	583,345	711,756	2,818,962
Total adjustments	1,899,042	1,278,454	2,305,206	5,482,702
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 4,537,495	\$ 2,839,672	\$ 3,602,788	\$ 10,979,955

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

STATEMENT OF NET POSITION
CITY OF SHELBYVILLE, TENNESSEE
FIDUCIARY FUND
June 30, 2025

		Pension Trust Fund
ASSETS		
Investments		
Pooled separate accounts		\$ 17,449,913
	TOTAL ASSETS	<u>17,449,913</u>
NET POSITION		
Net position held in trust for pension benefits		17,449,913
	TOTAL NET POSITION	<u><u>\$ 17,449,913</u></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, 2025

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 700,000
Plan members	-
Total contributions	<u>700,000</u>
Investment earnings:	
Net increase in the fair value of investments	<u>1,001,518</u>
Total investment earnings	<u>1,001,518</u>
Total additions	<u>1,701,518</u>
DEDUCTIONS	
Benefits	925,526
Administrative expenses	<u>43,409</u>
Total deductions	<u>968,935</u>
Change in net position	732,583
Net position - beginning	<u>16,717,330</u>
Net position - ending	<u><u>\$ 17,449,913</u></u>

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

NOTES TO FINANCIAL STATEMENTS
CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

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, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government reports the following major governmental fund:

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.

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.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(3) Measurement focus and basis of accounting

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, 2025

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, 2025

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. The governmental funds report unavailable revenue from property taxes, other taxes as well as lease related. 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, OPEB, and the deferred current property taxes. 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, 2025

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, 2025

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 \$1,557,277 as of June 30, 2025. 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, 2025

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. Accumulated sick leave lapses when employees leave the employ of the government and, upon separation from service, no monetary obligation exists.

The liability for both vacation and sick leave benefits is reported as incurred in the government-wide and proprietary fund financial statements. A liability for earned but unused vacation benefits is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

(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, 2025

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, 2025, is \$84,818.

Customer utility accounts receivable of the government's enterprise funds are presented net of an allowance for uncollectible accounts of \$115,982. Bad debt expense for the current year is \$93,102. 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, 2025

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2025, 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, 2025, the carrying amount of the Systems' deposits was \$47,915,260 and the amount of the banks balances was \$48,488,628. Of the bank balances, \$1,000,005 was covered by Federal depository insurance, and \$6,318,673 was collateralized with securities pledged that comply with statutes as acceptable collateral, and \$41,169,950 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, 2025.

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, 2025, are not reasonably estimable and are not included in these financial statements. During the year ended June 30, 2025, the government received \$77,609 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, 2025, 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, 2025

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 - BUDGET RESERVE

As of June 30, 2025, the council has identified \$543,803 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 its discretion.

NOTE H - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, 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	\$ 5,973,068	\$ 240,518	\$ -	\$ 6,213,586
Construction in progress	3,031,251	1,576,879	-	4,608,130
Total capital assets, not being depreciated	<u>9,004,319</u>	<u>1,817,397</u>	<u>-</u>	<u>10,821,716</u>
Capital assets, being depreciated:				
Buildings	16,343,771	81,131	6,340	16,418,562
Equipment	6,120,943	479,902	143,695	6,457,150
Vehicles	10,573,739	912,774	226,162	11,260,351
Right-to-use leased equipment	480,452	-	-	480,452
Infrastructure	<u>41,080,497</u>	<u>55,629</u>	<u>-</u>	<u>41,136,126</u>
Total capital assets being depreciated	74,599,402	1,529,436	376,197	75,752,641
Less accumulated depreciation for:				
Buildings	6,144,721	436,451	3,513	6,577,659
Equipment	4,203,305	365,330	139,987	4,428,648
Vehicles	4,754,433	589,159	222,508	5,121,084
Right-to-use leased equipment	184,333	96,086	-	280,419
Infrastructure	<u>8,816,993</u>	<u>1,081,694</u>	<u>-</u>	<u>9,898,687</u>
Total accumulated depreciation	<u>24,103,785</u>	<u>2,568,720</u>	<u>366,008</u>	<u>26,306,497</u>
Total capital assets, being depreciated, net	<u>50,495,617</u>	<u>(1,039,284)</u>	<u>10,189</u>	<u>49,446,144</u>
Governmental activities capital assets, net	<u>\$ 59,499,936</u>	<u>\$ 778,113</u>	<u>\$ 10,189</u>	<u>\$ 60,267,860</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

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	5,056,478	1,382,764	-	6,439,242
Total capital assets, not being depreciated	<u>5,885,212</u>	<u>1,382,764</u>	<u>-</u>	<u>7,267,976</u>
Capital assets, being depreciated:				
Structures and improvements	44,029,283	2,375,583	-	46,404,866
Distribution plant	104,972,706	4,565,669	304,239	109,234,136
Furniture and fixtures	1,522,860	35,721	-	1,558,581
Transportation equipment	3,386,966	550,074	25,910	3,911,130
Equipment	<u>2,964,958</u>	<u>351,115</u>	<u>324,129</u>	<u>2,991,944</u>
Total capital assets, being depreciated	156,876,773	7,878,162	654,278	164,100,657
Less accumulated depreciation for:				
Structures and improvements	19,285,649	1,323,017	-	20,608,666
Distribution plant	53,830,399	3,035,213	418,727	56,446,885
Furniture and fixtures	1,375,709	53,751	-	1,429,460
Transportation equipment	3,386,963	48,499	25,910	3,409,552
Equipment	<u>2,702,511</u>	<u>169,384</u>	<u>324,129</u>	<u>2,547,766</u>
Total accumulated depreciation	<u>80,581,231</u>	<u>4,629,864</u>	<u>768,766</u>	<u>84,442,329</u>
Total capital assets, being depreciated, net	<u>76,295,542</u>	<u>3,248,298</u>	<u>114,488</u>	<u>79,658,328</u>
Business-type activities capital assets, net	<u>\$ 82,180,754</u>	<u>\$ 4,631,062</u>	<u>\$ 114,488</u>	<u>\$ 86,926,304</u>

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

Governmental activities:	
General government	\$ 182,055
Public recreation	503,006
Public safety	548,638
Public works	571,471
Airport	758,255
Welfare	<u>5,295</u>
Total depreciation expense - governmental activities	<u>\$ 2,568,720</u>
Business-type activities:	
Power system	\$ 1,502,100
Water system	1,389,272
Sewerage system	<u>1,738,492</u>
Total depreciation expense - business-type activities	<u>\$ 4,629,864</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

NOTE I - LEASES

Lease receivable

The government leases space in airport hangers to third parties. The leases range from two to forty years and call for varying amounts of monthly or annual payments. The government recognized \$283,601 in lease revenue and \$597,791 in interest revenue during the current fiscal year related to these leases. As of June 30, 2025, the government's receivable for lease payments was \$8,530,931. 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, 2025, the balance of the deferred inflow of resources was \$8,533,361.

Lease payable

The government has entered into three five-year lease agreements as lessee for the use of certain police safety equipment. An initial lease liability was recorded for these leases in the amount of \$480,452. As of June 30, 2025, the amount of the lease liability was \$115,904. The government is required to make annual principal and interest payments of \$104,976 in 2026 and \$9,900 through 2028. The lease liability carries interest rates of 6% and 7.5%. 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, net of accumulated depreciation of \$280,419, was \$200,033.

The future principal and interest lease payments as of June 30, 2025, were as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$ 97,753	\$ 7,223	\$ 104,976
2027	8,811	1,089	9,900
2028	9,340	560	9,900
Totals	<u>\$ 115,904</u>	<u>\$ 8,872</u>	<u>\$ 124,776</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:

Purpose	Interest rate	Maturity	Outstanding Amount
Governmental activities – energy efficiency improvements	2.66%	2025	\$ 188,000
Governmental activities – storm flume repair	2.64	2025	112,000
Governmental activities – industrial development	2.50	2027	110,000
			<u>\$ 410,000</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

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
2026	\$ 355,000	\$ 7,828
2027	55,000	1,925
Total	<u>\$ 410,000</u>	<u>\$ 9,753</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	\$ 1,455,000
Water – general obligation bonds	2.25 – 4.0%	8/01/2037	865,000
Water – general obligation bonds	0.75 – 2.0%	8/01/2028	930,000
Sewer – general obligation bonds	2.00 – 5.0%	12/1/2033	9,025,000
			<u>\$ 12,275,000</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
2026	\$ 1,485,000	\$ 389,495
2027	1,515,000	326,420
2028	1,330,000	268,627
2029	1,385,000	211,373
2030	1,200,000	152,094
2031-2035	4,820,000	317,913
2036-2039	<u>540,000</u>	<u>24,150</u>
Total	<u>\$ 12,275,000</u>	<u>\$ 1,690,072</u>

The amount of interest cost incurred and charged to expense during the year ended June 30, 2025, was \$17,539 for the governmental activities and \$257,311 for the business-type activities.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

NOTE J - LONG-TERM LIABILITIES (Continued)

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2025, 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	\$ 752,000	\$ -	\$ 342,000	\$ 410,000	\$ 355,000
Other long-term liabilities:					
Post-employment benefit obligation	884,734	117,874	52,185	950,423	52,185
Net pension obligation	908,589	1,459,865	2,064,624	303,830	-
Leases	207,899	-	91,995	115,904	97,753
Compensated absences*	<u>1,305,447</u>	<u>179,452</u>	<u>-</u>	<u>1,484,899</u>	<u>1,005,857</u>
Long-term liabilities	<u>\$ 4,058,669</u>	<u>\$ 1,757,191</u>	<u>\$ 2,550,804</u>	<u>\$ 3,265,056</u>	<u>\$ 1,510,795</u>

*-Additions shown net of reductions.

Historically, all of the governmental activities' other long-term liabilities have been fully liquidated by the general fund.

Business-type activities:

Direct borrowings:

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

Revenue bonds	13,690,000	-	1,415,000	12,275,000	1,485,000
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Other long-term liabilities:

Compensated absences	2,297,173	139,561	54,880	2,381,854	-
Net pension liability	6,670,932	2,597,561	5,304,788	3,963,705	-
Post-employment benefit obligation	<u>293,462</u>	<u>29,879</u>	<u>24,955</u>	<u>298,386</u>	<u>-</u>
Long-term liabilities	<u>\$ 22,951,567</u>	<u>\$ 2,767,001</u>	<u>\$ 6,799,623</u>	<u>\$ 18,918,945</u>	<u>\$ 1,485,000</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. The power system signed on August 15, 2019, a long-term agreement with TVA that amended the existing power contract. Under this agreement, the power contract automatically renewed for one year; however the power system may only terminate the contract at any time upon not less than twenty years' written notice. Beginning with the first full billing month following the effective date of the amendment, TVA will apply a credit to the monthly power income equal to 3.1% of the amount that the power system pays TVA. The effective date of the contract is August 15, 2019.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

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, 2025, the Systems had several construction projects in process. The Systems take bids for these projects and award construction contracts to various companies.

As of July 1, 2024 the water system became a member of the Tennessee Duck River Development Agency ("DRA") by approval of the Tennessee Legislature via State of Tennessee Public Chapter No. 927, Senate Bill No. 1397. Each member of the DRA will be paying monthly to DRA five cents (\$0.05) for each 1,000 gallons of water pumped into the distribution system during the preceding month.

The City has filed suit against Bedford County, Tennessee to confirm cancellation of a contract made in 1974 in which a portion of the City's local option sales tax was given to the County to cover costs associated with debt on former City school system buildings. Potential recovery of taxes to the City is over one million dollars a year. The City won the suit at trial level and the matter has been taken up on appeal by the defendant.

NOTE L - PENSION PLAN

GENERAL GOVERNMENT:

Plan Description

Certain 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, 2025

NOTE L - PENSION PLAN (Continued)

Employees covered by benefit terms

At the actuarial valuation date of January 1, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	84
Inactive employees entitled to but not yet receiving benefits	42
Active employees	<u>31</u>
Total	<u>157</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, 2025, the City contributed \$700,000.

Net pension liability

The government's net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024, rolled forward to June 30, 2025, using standard actuarial methodology and the actual assets of the trust as of June 30, 2025.

Actuarial assumptions

The total pension liability as of June 30, 2025, 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-2016 General Public Retirement Plans Mortality Table with different rates for annuitants and nonannuitants 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, 2025

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 54% allocated to equities and 46% 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, 2024	\$(17,625,919)	\$ 16,717,330	\$ (908,589)
Changes for the year:			
Service cost	(94,778)	-	(94,778)
Interest cost	(1,165,421)	-	(1,165,421)
Difference between expected and actual experience	245,133	-	245,133
Change in actuarial assumptions	(38,284)	-	(38,284)
Employer contributions	-	700,000	700,000
Employee contributions	-	-	-
Net investment income	-	1,119,491	1,119,491
Difference between expected and actual returns	-	(117,973)	(117,973)
Benefit payments	925,526	(925,526)	-
Administrative expense	-	(43,409)	(43,409)
Other charges	-	-	-
Net changes	<u>(127,824)</u>	<u>732,583</u>	<u>604,759</u>
Balance at June 30, 2025	<u>\$(17,753,743)</u>	<u>\$ 17,449,913</u>	<u>\$ (303,830)</u>

The plan's fiduciary net position as a percentage of the total pension liability was 98.3% at June 30, 2025.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

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	\$ 2,336,943	\$ 303,830	\$ (1,408,989)

Pension expense

For the year ended June 30, 2025 the general government recognized pension expense of \$20,422.

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, 2025, 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, 2025, the annual money-weighted rate of return on pension plan investments, net of investment expense was 6.06%.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2025, 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	\$ 24,051	\$ 61,312
Change in actuarial assumptions	128,825	-
Net difference between projected and actual earnings on pension plan investments	659,421	-
Total	<u>\$ 812,297</u>	<u>\$ 61,312</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

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:

2026	\$ 635,779
2027	152,315
2028	(60,706)
2029	23,597
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, 2025, 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, 2025

NOTE L - PENSION PLAN (Continued)

Net pension liability was measured as of October 1, 2024, 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, 2023:

Total pension liability	\$ 30,600,888
Plan fiduciary net position	<u>26,637,183</u>
Net pension liability	<u>\$ 3,963,705</u>
Net position as percentage of the total pension liability	87.05%

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

Net pension liability with a 1% decrease in discount rate: 6.00%	\$ 7,553,720
Net pension liability at current discount rate: 7.00%	3,963,705
Net pension liability with a 1% increase in discount rate: 8.00%	943,232

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	\$ 454,900
Interest on the total pension liability	2,058,594
Recognized liability (gains)/losses	243,803
Change of assumptions	149,823
Employee contributions	(141,734)
Expected return on pension plan investments	(1,604,520)
Recognized assets (gains)/losses	145,287
Pension plan administrative expense	54,426
Other changes in fiduciary net pension	-
Total pension expense	<u>\$ 1,360,579</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

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, 2023	\$ (29,849,425)	\$ 23,178,493	\$ (6,670,932)
Changes for the year:			
Service cost	(454,900)	-	(454,900)
Interest cost	(2,058,594)	-	(2,058,594)
Difference between expected and actual experience	(29,641)	-	(29,641)
Assumption changes	-	-	-
Employer contributions	-	1,190,800	1,190,800
Employee contributions	-	141,734	141,734
Net investment income	-	3,972,254	3,972,254
Benefit payments	1,791,672	(1,791,672)	-
Administrative expense	-	(54,426)	(54,426)
Other charges	-	-	-
Net changes	<u>(751,463)</u>	<u>3,458,690</u>	<u>(2,707,227)</u>
Balance at October 1, 2024	<u><u>\$(30,600,888)</u></u>	<u><u>\$ 26,637,183</u></u>	<u><u>\$ (3,963,705)</u></u>

Deferred Outflows and Inflows of Resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 546,412	\$ 48,963
Changes in assumptions	149,823	-
Net difference between projected and actual earnings in pension plan investments	(122,061)	-
Contributions subsequent to the measurement date of October 1, 2024	<u>932,200</u>	<u>-</u>
	<u><u>\$ 1,506,374</u></u>	<u><u>\$ 48,963</u></u>

The employer contributions of \$932,200 reported as pension related deferred outflows of resources subsequent to the measurement date of October 1, 2024 will be recognized as a reduction of net pension liability in the year ended June 30, 2025.

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

2026	\$ 550,778
2027	847,454
2028	(405,405)
2029	(467,617)
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

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%
	<u>100.00%</u>		<u>5.96%-7.46%</u>

Rate selected 7.00%

Plan membership at the measurement date of October 1, 2023

Inactive plan members or beneficiaries currently receiving benefits	68
Inactive members entitled but not yet receiving benefits	19
Active plan members	<u>69</u>
Total	<u>156</u>

Actuarial Assumptions

Measurement date	October 1, 2024
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 fully-generational with projection scale MP-2021.
Incidence of Disability	1985 CIDA Table-Class 2.
Turnover	For all employees: Sarason 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, 2025

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 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, 2025 were \$932,200 based on a rate of 18.91% 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, 2025, the Systems reported \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

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 retirees with twenty years or more of service at retirement the government pays the full cost of the coverage. Retirees 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, 2025, the City contributed \$32,173 to fund premiums for retirees receiving benefits while the implicit subsidy was \$18,969. 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, 2025, 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, 2025

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

Measurement date	June 30, 2025
Actuarial valuation date	June 30, 2024
Inflation	2.5%
Discount rate	4.21%
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, 2024, the following employees of the City's general government were covered by the benefit terms of the Plan:

Inactive employees currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees and dependents	<u>198</u>
	<u>201</u>

Changes in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2024	\$ 884,734	\$ -	\$ 884,734
Changes for the year:			
Service cost	78,424	-	78,424
Interest cost	39,450	-	39,450
Difference between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Employer contributions	-	(52,185)	(52,185)
Employee contributions	-	-	-
Net investment income	-	-	-
Benefit payments	(52,185)	52,185	-
Administrative expense	-	-	-
Other charges	-	-	-
Net changes	<u>65,689</u>	<u>-</u>	<u>65,689</u>
Balance at June 30, 2025	<u>\$ 950,423</u>	<u>\$ -</u>	<u>\$ 950,423</u>

Discount Rate

For the City's general government, the discount rate used to measure the total liability was 4.21 percent. Because the Plan is unfunded, the projected benefits are discounted using the S&P 500 municipal bond 20-year high grade rate index as required under the standards.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

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 (3.21%) or 1-percentage-point higher (5.21%) than the current discount rate.

	1% Decrease <u>(3.21%)</u>	Discount Rate <u>(4.21%)</u>	1% Increase <u>(5.21%)</u>
Net OPEB liability	\$ 1,033,532	\$ 950,423	\$ 873,791

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	\$ 842,991	\$ 950,423	\$1,077,269

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

OPEB Expense – For the fiscal year ended June 30, 2025, the general government recognized OPEB expense of \$80,095.

Deferred outflows of resources and deferred inflows of resources – For the fiscal year ended June 30, 2025, 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	\$ -	\$ 124,783
Changes in assumptions	-	38,155
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ -</u>	<u>\$ 162,938</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

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:

2026	\$ (37,779)
2027	(39,844)
2028	(43,354)
2029	(30,441)
2030	(6,429)
Thereafter	(5,091)

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' pay 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, 2025, the following employees of the Systems were covered by the benefit terms of the Plan:

Active	79
Retired Members	2
Retired Spouses	-
Total	<u>81</u>

For the fiscal year ended June 30, 2025, the Systems' paid \$19,566 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 4.81 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, 2025. The prior valuation used 4.11 percent.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

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

Actuarial Assumptions

For the City's enterprise funds, the Net OPEB liability in the June 30, 2025, 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, 2025
Actuarial valuation date	June 30, 2024
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	Sarason T-3 table
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 7.5% 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 2024 was \$643.91 for option 1, \$749.71 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.
Changes since prior year valuation	The discount rate increased from 4.11% to 4.81%. The healthcare cost trend assumption was updated to 7.5% for 2025 decreasing by .25% per year until it reaches 4.5%. The disability table, termination rates, and retirement rates were updated to match pension plan provisions.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

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, 2024	\$ 293,462	\$ -	\$ 293,462
Changes for the year:			
Service cost	18,216	-	18,216
Interest cost	11,663	-	11,663
Difference between expected and actual experience	-	-	-
Assumption changes	(5,389)	-	(5,389)
Employer contributions	-	19,566	(19,566)
Employee contributions	-	-	-
Net investment income	-	-	-
Benefit payments	(19,566)	(19,566)	-
Administrative expense	-	-	-
Other charges	-	-	-
Net changes	<u>4,924</u>	<u>-</u>	<u>4,924</u>
Balance at June 30, 2025	<u>\$ 298,386</u>	<u>\$ -</u>	<u>\$ 298,386</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 (3.81%) or 1-percentage-point higher (5.81%) than the current discount rate.

	<u>1% Decrease (3.81%)</u>	<u>Discount Rate (4.81%)</u>	<u>1% Increase (5.81%)</u>
Net OPEB liability	\$ 314,213	\$ 298,386	\$ 283,603

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 (6.5% decreasing to 3.5%) or 1-percentage-point higher (8.5% decreasing to 5.5%) than the current healthcare cost trend rate.

	<u>1% Decrease (6.5% decreasing to 3.5%)</u>	<u>Healthcare Cost Trend Rates (7.5% decreasing to 4.5%)</u>	<u>1% Increase (8.5% decreasing to 5.5%)</u>
Net OPEB liability	\$ 276,187	\$ 298,386	\$ 324,032

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

OPEB Expense – For the fiscal year ended June 30, 2025, the Systems’ recognized OPEB expense of \$7,094.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

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

Deferred outflows of resources and deferred inflows of resources – For the fiscal year ended June 30, 2025, 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	\$ 299	\$ 167,920
Changes in assumptions	24,261	30,568
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer payments subsequent to the measurement date	-	-
Total	<u>\$ 24,560</u>	<u>\$ 198,488</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:

2026	(23,212)
2027	(29,463)
2028	(38,487)
2029	(38,574)
2030	(21,481)
Thereafter	(22,711)

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

NOTE N - JOINT VENTURES

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, 2025, 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

NOTE N - JOINT VENTURES (Continued)

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 \$164,812 to the operations of the Library during the year ended June 30, 2025. Complete financial statements of the Library can be obtained at 220 South Jefferson Street, Shelbyville, Tennessee 37160.

Summary financial information as of June 30, 2025, for the Bedford Railroad Authority is presented below. The information below for the Shelbyville-Bedford County Public Library is as of June 30, 2024, due to financial information as of June 30, 2025, being unavailable.

	Bedford <u>Railroad</u>	Shelbyville- Bedford County <u>Public Library</u>
Total assets and deferred outflows	\$ 3,935,708	\$ 2,547,683
Total liabilities and deferred inflows	<u>167,245</u>	<u>42,077</u>
Net position	<u>\$ 3,768,463</u>	<u>\$ 2,505,606</u>
Revenues	\$ 669,698	\$ 417,670
Expenditures	<u>712,365</u>	<u>480,498</u>
Increase (decrease) in net position	<u>\$ (42,667)</u>	<u>\$ (62,828)</u>

NOTE O - 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 \$486,840. Employer contributions, as well as the expense recognized in the statement of activities, totaled \$566,719. 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, 2025, the amount of forfeitures utilized to reduce employer contributions totaled \$27,494.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

NOTE P - 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 \$0 and employee contributions totaled \$2,391 for the year ended June 30, 2025.

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, 2025.

NOTE Q - 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, 2025, \$23,840, is included in the Police Drug fund as seized money held for disposition.

NOTE R - INTERFUND TRANSFERS

The composition of interfund transfers for the year ended June 30, 2025, is as follows:

<u>Transfers in:</u>	<u>Transfers out:</u>				
	Power fund	Sewer fund	Water fund	General fund	Nonmajor governmental funds
General fund	\$689,129	\$ 36,000	\$ 36,000	\$ -	\$ 203,436
Sewer fund	-	-	-	365,442	-
Nonmajor governmental funds	-	-	-	6,605,500	-

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, 2025

NOTE S - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2025, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Power system	General	\$ 13,161
Sewerage system	General	146,629
Power system	State Street Aid	30,016
		<u>\$ 189,806</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 T - RESTRICTED NET POSITION

Net position of governmental activities restricted by enabling legislation to specific purposes include \$556,629 in limited purpose state gasoline and motor fuel taxes, \$51,002 in fines and forfeitures from drug related offenses, and \$449,036 in hotel occupancy taxes for tourism and industrial development.

NOTE U - 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; all perils/losses including flood, earthquake, tornado, wind, named windstorm, hail, sleet, lightning and rain, auto physical damage and crime coverage - \$1,000,000. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

NOTE V - DEFICIT FUND BALANCE

The industrial development capital projects fund had a deficit balance at June 30, 2025 of (\$1,119). This deficit will be financed through future general fund transfers.

NOTE W - IMPLEMENTATION OF GASB STATEMENT NO. 101

Effective for the fiscal year ending June 30, 2025, the City implemented the provisions of GASB Statement No. 101, *Compensated Absences*. This statement's primary objective is to update the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The adoption of this standard resulted in increasing the liability for compensated absences by \$532,783 for its governmental activities and \$1,983,179 for its business-type activities as of June 30, 2024.

The implementation of the standard resulted in the following adjustment to the Statement of Net Position as of June 20, 2024:

	Governmental Activities	Business-type Activities
Net position as previously stated	\$ 85,583,189	\$ 105,262,145
Accrued compensated absences	<u>(532,783)</u>	<u>(1,983,179)</u>
Net position as restated	<u>\$ 85,050,406</u>	<u>\$ 103,278,966</u>

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

	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25
TOTAL PENSION LIABILITY										
Service cost	\$ 113,459	\$ 103,780	\$ 88,697	\$ 80,049	\$ 87,805	\$ 100,658	\$ 101,917	\$ 104,768	\$ 104,289	\$ 94,778
Interest	963,296	996,777	1,010,291	1,036,772	1,073,834	1,091,808	1,112,060	1,152,259	1,155,450	1,165,421
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)	(187,503)	(245,133)
Change of assumptions	-	-	-	579,709	786,595	(49,188)	1,744,761	-	-	38,284
Benefit payments, including refunds of employee contributions	(707,532)	(720,433)	(765,228)	(841,071)	(990,541)	(928,123)	(890,954)	(892,805)	(904,845)	(925,526)
Net change in total pension liability	448,136	211,861	388,258	717,196	979,319	259,816	1,730,327	53,678	167,391	127,824
Total pension liability-beginning	12,669,937	13,118,073	13,329,934	13,718,192	14,435,388	15,414,707	15,674,523	17,404,850	17,458,528	17,625,919
Total pension liability-ending (a)	<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>	<u>\$ 17,625,919</u>	<u>\$ 17,753,743</u>
PLAN FIDUCIARY NET POSITION										
Contributions-employer	\$ 924,248	\$ 924,248	\$ 924,248	\$ 924,248	\$ 924,248	\$ 924,248	\$ 924,248	\$ 924,248	\$ 924,248	\$ 700,000
Contributions-employee	-	-	-	-	-	-	-	-	-	-
Net investment income	(137,687)	1,031,926	821,120	527,268	97,866	3,869,290	(1,232,407)	183,468	1,452,593	1,001,518
Benefit payments, including refunds of employee contributions	(707,532)	(720,433)	(765,228)	(841,071)	(990,541)	(928,123)	(890,954)	(892,805)	(904,845)	(925,526)
Administrative expense	(23,568)	(26,284)	(28,947)	(22,176)	(31,153)	(37,336)	(40,307)	(36,724)	(40,960)	(43,409)
Net change in plan fiduciary net position	55,461	1,209,457	951,193	588,269	420	3,828,079	(1,239,420)	178,187	1,431,036	732,583
Plan fiduciary net position-beginning	9,714,648	9,770,109	10,979,566	11,930,759	12,519,028	12,519,448	16,347,527	15,108,107	15,286,294	16,717,330
Plan fiduciary net position-ending (b)	<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>	<u>\$ 16,717,330</u>	<u>\$ 17,449,913</u>
Net pension liability (asset)-ending (a) - (b)	<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>	<u>\$ 908,589</u>	<u>\$ 303,830</u>
Plan fiduciary net position as a percentage of total pension liability	74.48%	82.37%	86.97%	86.72%	81.22%	104.29%	86.80%	87.56%	94.85%	98.29%
Covered payroll	\$ 2,945,356	\$ 2,789,904	\$ 2,757,582	\$ 2,466,388	\$ 2,812,138	\$ 2,730,479	\$ 2,631,807	\$ 2,635,992	\$ 2,580,219	\$ 2,499,001
Net pension liability (asset) as a percentage of covered payroll	113.67%	84.25%	64.82%	77.70%	102.96%	-24.65%	87.27%	82.41%	35.21%	12.16%

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

	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25
Actuarially determined contribution	\$ 737,049	\$ 843,286	\$ 805,480	\$ 741,623	\$ 867,215	\$ 546,028	\$ 406,997	\$ 354,781	\$ 575,431	\$ 427,868
Contributions in relation to the										
actuarially determined contribution	924,248	924,248	924,248	924,248	924,248	924,248	924,248	924,248	924,248	700,000
Contribution deficiency (excess)	<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>	<u>\$ (348,817)</u>	<u>\$ (272,132)</u>
Covered payroll	\$ 2,945,356	\$ 2,789,904	\$ 2,757,580	\$ 2,466,388	\$ 2,812,138	\$ 2,730,479	\$ 2,631,807	\$ 2,635,992	\$ 2,580,219	\$ 2,499,001
Contributions as a percentage of										
covered payroll	31.38%	33.13%	33.52%	37.47%	32.87%	33.85%	35.12%	35.06%	35.82%	28.01%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates for 2025 were calculated based on the January 1, 2025, 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.

Investment gains and losses are amortized over 5 years. Experience gains or losses are amortized over the average working lifetime of all participants.

Plan amendments are recognized immediately, while changes in actuarial assumptions are amortized over the average working lifetime of all participants.

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 different rates for annuitants and non annuitants 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>6/30/16</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>	<u>6/30/24</u>	<u>6/30/25</u>
Money-weighted rate of return	-1.64%	10.19%	7.16%	4.22%	0.74%	30.81%	-7.58%	1.22%	9.30%	6.06%

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	6/30/24	6/30/25
TOTAL OPEB LIABILITY								
Service cost	\$ 74,755	\$ 77,655	\$ 77,655	\$ 87,920	\$ 87,920	\$ 71,608	\$ 71,608	\$ 78,424
Interest	35,599	34,194	38,391	23,806	24,766	31,121	32,854	39,450
Differences between actual and expected experience	-	-	(26,818)	-	(251,219)	-	1,086	-
Change of assumptions	-	-	69,353	-	(31,268)	-	(51,180)	-
Contributions - employer	-	-	-	-	-	-	-	-
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-	-
Benefit payments	(62,022)	(81,569)	(81,126)	(81,126)	(55,399)	(55,399)	(52,185)	(52,185)
Other charges	(15,680)	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-	-	-
Net change in total OPEB liability	32,652	30,280	77,455	30,600	(225,200)	47,330	2,183	65,689
Total OPEB liability-beginning	889,434	922,086	952,366	1,029,821	1,060,421	835,221	882,551	884,734
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>	<u>\$ 884,734</u>	<u>\$ 950,423</u>
PLAN FIDUCIARY NET POSITION								
Contributions-employer	\$ 62,022	\$ 81,569	\$ 81,126	\$ 81,126	\$ 55,399	\$ 55,399	\$ 52,185	\$ 52,185
Contributions-employee	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-	-
Benefit payments	(62,022)	(81,569)	(81,126)	(81,126)	(55,399)	(55,399)	(52,185)	(52,185)
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>	<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>	<u>\$ 884,734</u>	<u>\$ 950,423</u>
Covered payroll	\$ 6,189,988	\$ 6,189,988	\$ 7,124,946	\$ 7,124,946	\$ 8,428,441	\$ 8,428,441	\$ 10,119,093	\$ 10,119,093
Net OPEB liability as a percentage of covered payroll	14.9%	15.4%	14.5%	14.9%	9.9%	10.5%	8.7%	9.4%

Notes to Schedule

Methods and Assumptions:

Valuation date	June 30, 2024
Actuarial method	Individual Entry Age Normal Cost Method - Level Percentage of Projected Salary
Inflation	2.5%
Discount rate	4.21%
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 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

	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
Total pension liability										
Service cost	\$ 302,964	\$ 312,365	\$ 316,215	\$ 314,982	\$ 340,197	\$ 377,559	\$ 444,254	\$ 426,417	\$ 458,407	\$ 454,900
Interest cost	1,334,919	1,428,966	1,481,577	1,563,647	1,651,393	1,729,507	1,853,371	1,932,397	1,972,859	2,058,594
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between actual & expected experience	486,833	(136,176)	215,386	251,209	191,879	38,105	112,186	(122,413)	749,426	29,641
Change of assumptions	-	-	-	-	-	850,571	40,306	-	-	-
Benefit payments, including refunds of employee contributions	(705,221)	(875,976)	(838,861)	(840,111)	(963,022)	(1,246,818)	(1,339,078)	(1,267,596)	(2,113,123)	(1,791,672)
Net change in total pension liability	1,419,495	729,179	1,174,317	1,289,727	1,220,447	1,748,924	1,111,039	968,805	1,067,569	751,463
Total pension liability - beginning	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	29,849,425
Total pension liability - ending (a)	<u>\$ 20,539,418</u>	<u>\$ 21,268,597</u>	<u>\$ 22,442,914</u>	<u>\$ 23,732,641</u>	<u>\$ 24,953,088</u>	<u>\$ 26,702,012</u>	<u>\$ 27,813,051</u>	<u>\$ 28,781,856</u>	<u>\$ 29,849,425</u>	<u>\$ 30,600,888</u>
Plan fiduciary net position										
Contributions - employer	\$ 953,654	\$ 814,504	\$ 682,920	\$ 654,028	\$ 639,812	\$ 777,453	\$ 928,000	\$ 958,000	\$ 993,399	\$ 1,190,800
Contributions - employee	126,871	123,430	123,168	125,352	127,544	136,177	133,884	143,272	138,541	141,734
Net investment income	136,558	1,395,313	1,836,833	1,281,280	850,791	1,757,271	4,199,883	(4,506,748)	1,960,015	3,972,254
Benefit payments, including refunds of employee contributions	(705,221)	(875,976)	(838,861)	(840,111)	(963,022)	(1,246,818)	(1,339,078)	(1,267,596)	(2,113,123)	(1,791,672)
Administrative expenses	(70)	-	-	-	-	(5,587)	(2,136)	(18,002)	(57,824)	(54,426)
Net change in plan fiduciary net position	511,792	1,457,271	1,804,060	1,220,549	655,125	1,418,496	3,920,553	(4,691,074)	921,008	3,458,690
Plan fiduciary net position - beginning	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	23,178,493
Plan fiduciary net position - ending (b)	<u>\$ 16,472,505</u>	<u>\$ 17,929,776</u>	<u>\$ 19,733,836</u>	<u>\$ 20,954,385</u>	<u>\$ 21,609,510</u>	<u>\$ 23,028,006</u>	<u>\$ 26,948,559</u>	<u>\$ 22,257,485</u>	<u>\$ 23,178,493</u>	<u>\$ 26,637,183</u>
Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ 4,066,913</u>	<u>\$ 3,338,821</u>	<u>\$ 2,709,078</u>	<u>\$ 2,778,256</u>	<u>\$ 3,343,578</u>	<u>\$ 3,674,006</u>	<u>\$ 864,492</u>	<u>\$ 6,524,371</u>	<u>\$ 6,670,932</u>	<u>\$ 3,963,705</u>
Plan fiduciary net position as a percentage of total pension liability	80.20%	84.30%	87.93%	88.29%	86.60%	86.24%	96.89%	77.33%	77.65%	87.05%
Covered payroll	\$ 4,155,447	\$ 4,172,790	\$ 4,199,098	\$ 4,236,415	\$ 4,521,469	\$ 4,684,349	\$ 4,723,451	\$ 5,004,763	\$ 4,727,093	\$ 4,930,670
Net pension liability (asset) as a percentage of covered payroll	97.87%	80.01%	64.52%	65.58%	73.95%	78.43%	18.30%	130.36%	141.12%	80.39%

Measurement date as of October 1, 2024 has been used for the fiscal year ending June 30, 2025.

Changes of assumptions: In 2021, the following assumptions were changed: increased salary scale from 3.00 percent per year to 3.50 percent per year and modified marriage assumptions. In 2022, the following assumptions were changed: modified mortality assumptions.

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

	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
Actuarially determined contribution	\$ 543,280	\$ 561,286	\$ 620,834	\$ 578,943	\$ 656,932	\$ 813,954	\$ 813,954	\$ 989,335	\$ 1,052,944	\$ 1,110,645
Contributions in relation to the actuarially determined contribution	953,654	814,504	682,920	654,028	639,812	777,453	928,000	958,000	993,399	1,190,800
Contribution deficiency (excess)	<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>	<u>\$ 59,545</u>	<u>\$ (80,155)</u>
Covered payroll	4,155,447	4,172,790	4,199,098	4,236,415	4,521,469	4,684,349	4,723,451	5,004,763	4,727,093	4,930,670
Contribution as a percentage of covered payroll	22.95%	19.52%	16.26%	15.44%	14.15%	16.60%	19.65%	19.14%	21.02%	24.15%

Measurement date as of October 1, 2024 has been used for the fiscal year ending June 30, 2025.

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

	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25
TOTAL OPEB LIABILITY							
Service cost	\$ 21,484	\$ 23,701	\$ 37,910	\$ 38,171	\$ 34,388	\$ 31,900	\$ 18,216
Interest cost	12,725	12,658	11,020	11,374	13,624	16,271	11,663
Differences between actual and expected experience	-	1,415	-	(163,244)	-	(111,800)	-
Change of assumptions	5,205	112,091	1,137	(653)	(11,351)	(24,161)	(5,389)
Contributions - employer	-	-	-	-	-	-	-
Contributions - employee	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments	(6,629)	(6,521)	(19,269)	(24,980)	(29,902)	(25,195)	(19,566)
Administrative expense	-	-	-	-	-	-	-
Net change in total OPEB liability	32,785	143,344	30,798	(139,332)	6,759	(112,985)	4,924
Total OPEB liability-beginning	332,093	364,878	508,222	539,020	399,688	406,447	293,462
Total OPEB liability-ending (a)	<u>\$ 364,878</u>	<u>\$ 508,222</u>	<u>\$ 539,020</u>	<u>\$ 399,688</u>	<u>\$ 406,447</u>	<u>\$ 293,462</u>	<u>\$ 298,386</u>
PLAN FIDUCIARY NET POSITION							
Contributions-employer	\$ 6,629	\$ 6,521	\$ 19,269	\$ 24,980	\$ 29,902	\$ 25,195	\$ 19,566
Contributions-employee	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments	(6,629)	(6,521)	(19,269)	(24,980)	(29,902)	(25,195)	(19,566)
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>	<u>\$ -</u>
 Net OPEB liability-ending (a) - (b)	<u>\$ 364,878</u>	<u>\$ 508,222</u>	<u>\$ 539,020</u>	<u>\$ 399,688</u>	<u>\$ 406,447</u>	<u>\$ 293,462</u>	<u>\$ 298,386</u>
 Covered payroll	\$ 1,363,792	\$ 5,000,000	\$ 5,051,230	\$ 5,410,624	\$ 5,661,576	\$ 5,541,462	\$ 5,770,742
Net OPEB liability as a percentage of covered payroll	26.8%	10.2%	10.7%	7.4%	7.2%	5.3%	5.2%

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. In 2024, the following assumptions were changed: decreased discount rate from 4.13% to 4.11%: the Healthcare cost trend assumption was updated to 7.5% for 2024 decreasing by .25% per year until it reaches 4.5% and the Disability table, termination rates and retirement rates were updated to match pension plan provisions. In 2025, the following assumptions were changed: increased discount rate from 4.11 percent to 4.81 percent: the Healthcare cost trend rate assumption was updated to 7.5% for 2025 decreasing by .25% per year until it reaches 4.5%.

SUPPLEMENTAL INFORMATION

**NONMAJOR GOVERNMENTAL FUNDS
CITY OF SHELBYVILLE, TENNESSEE**

June 30, 2025

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.

Capital Fund

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, 2025

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	State Street Aid	Hotel/Motel	Police Drug	Police Equipment	Industrial Development	Capital	State Road Projects	Debt Service Fund	
Assets:									
Cash in bank	\$ 516,461	\$ 410,022	\$ 74,842	\$ 52,582	\$ 199	\$ 4,008,167	\$ 2,411,907	\$ 682,841	\$ 8,157,021
Intergovernmental receivable	141,906	-	-	-	-	84,063	23,760	-	249,729
Deposit with State of TN	-	-	-	-	-	-	113,367	-	113,367
Taxes receivable	-	39,099	-	-	-	-	-	-	39,099
Total assets	<u>\$ 658,367</u>	<u>\$ 449,121</u>	<u>\$ 74,842</u>	<u>\$ 52,582</u>	<u>\$ 199</u>	<u>\$ 4,092,230</u>	<u>\$ 2,549,034</u>	<u>\$ 682,841</u>	<u>\$ 8,559,216</u>
Liabilities:									
Accounts payable	\$ -	\$ 85	\$ -	\$ -	\$ -	\$ 275,414	\$ 7,091	\$ -	\$ 282,590
Due to other funds	30,016	-	-	-	-	-	-	-	30,016
Other current liability	71,722	-	-	-	-	-	-	-	71,722
Intergovernmental payable	-	-	-	-	1,318	-	56,684	-	58,002
Funds held in trust	-	-	23,840	-	-	-	-	-	23,840
Total liabilities	<u>101,738</u>	<u>85</u>	<u>23,840</u>	<u>-</u>	<u>1,318</u>	<u>275,414</u>	<u>63,775</u>	<u>-</u>	<u>466,170</u>
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted									
Highways and streets	556,629	-	-	-	-	-	-	-	556,629
Public safety	-	-	51,002	52,582	-	-	-	-	103,584
Government services	-	-	-	-	-	-	-	-	-
Tourism and industrial development	-	449,036	-	-	-	-	-	-	449,036
Committed	-	-	-	-	-	-	-	682,841	682,841
Assigned									
Highways and streets	-	-	-	-	-	-	2,485,259	-	2,485,259
Capital projects	-	-	-	-	-	3,816,816	-	-	3,816,816
Unassigned	-	-	-	-	(1,119)	-	-	-	(1,119)
Total fund balances	<u>556,629</u>	<u>449,036</u>	<u>51,002</u>	<u>52,582</u>	<u>(1,119)</u>	<u>3,816,816</u>	<u>2,485,259</u>	<u>682,841</u>	<u>8,093,046</u>
Total liabilities and fund balances	<u>\$ 658,367</u>	<u>\$ 449,121</u>	<u>\$ 74,842</u>	<u>\$ 52,582</u>	<u>\$ 199</u>	<u>\$ 4,092,230</u>	<u>\$ 2,549,034</u>	<u>\$ 682,841</u>	<u>\$ 8,559,216</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
CITY OF SHELBYVILLE, TENNESSEE
For the year ended June 30, 2025

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	State Street Aid	Hotel/ Motel	Police Drug	Police Equipment	Industrial Development	Capital	State Road Projects	Debt Service Fund	
Revenues:									
Intergovernmental	\$ 824,113	\$ -	\$ -	\$ -	\$ -	\$ 189,583	\$ 115,597	\$ -	\$ 1,129,293
Taxes	-	333,594	-	-	-	-	-	-	333,594
Investment earnings	29,091	25,971	2,741	-	1,942	104,081	-	-	163,826
Fines and forfeitures	-	-	2,658	10,904	-	-	-	-	13,562
Miscellaneous	30,085	-	-	400	-	31,205	-	-	61,690
Total revenues	<u>883,289</u>	<u>359,565</u>	<u>5,399</u>	<u>11,304</u>	<u>1,942</u>	<u>324,869</u>	<u>115,597</u>	<u>-</u>	<u>1,701,965</u>
Expenditures:									
General government	-	-	-	-	-	1,127,744	-	-	1,127,744
Parks and recreation	-	-	-	-	-	94,049	-	-	94,049
Public safety	-	-	7,301	-	-	407,978	-	-	415,279
Public works	1,498,810	-	-	-	-	734,499	281,294	-	2,514,603
Cemetery	-	-	-	-	-	125,363	-	-	125,363
Airport	-	-	-	-	-	282,438	-	-	282,438
Economic development and tourism	-	323,608	-	-	-	-	-	-	323,608
Total expenditures	<u>1,498,810</u>	<u>323,608</u>	<u>7,301</u>	<u>-</u>	<u>-</u>	<u>2,772,071</u>	<u>281,294</u>	<u>-</u>	<u>4,883,084</u>
Excess of revenues over (under) expenditures	(615,521)	35,957	(1,902)	11,304	1,942	(2,447,202)	(165,697)	-	(3,181,119)
Other financing sources (uses):									
Sales of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	500,000	-	-	-	-	5,255,500	750,000	100,000	6,605,500
Transfers out	-	-	-	-	(90,041)	-	-	(113,395)	(203,436)
Net change in fund balances	(115,521)	35,957	(1,902)	11,304	(88,099)	2,808,298	584,303	(13,395)	3,220,945
Fund balances - July 1, 2024	672,150	413,079	52,904	41,278	86,980	1,008,518	1,900,956	696,236	4,872,101
Fund balances - June 30, 2025	<u>\$ 556,629</u>	<u>\$ 449,036</u>	<u>\$ 51,002</u>	<u>\$ 52,582</u>	<u>\$ (1,119)</u>	<u>\$ 3,816,816</u>	<u>\$ 2,485,259</u>	<u>\$ 682,841</u>	<u>\$ 8,093,046</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, 2025

	<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	\$ 825,000	\$ 825,000	\$ 824,113	\$ (887)
Investment earnings	25,000	25,000	29,091	4,091
Miscellaneous	-	-	30,085	30,085
	<u>850,000</u>	<u>850,000</u>	<u>883,289</u>	<u>33,289</u>
Expenditures:				
Street lighting	400,000	400,000	345,299	54,701
Street maintenance - paving	1,100,000	1,100,000	1,052,862	47,138
Street marking and lining	40,000	40,000	68,752	(28,752)
Salt expense	15,000	35,000	31,897	3,103
	<u>1,555,000</u>	<u>1,575,000</u>	<u>1,498,810</u>	<u>76,190</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(705,000)	(725,000)	(615,521)	109,479
Other financing sources (uses):				
Transfers in - general fund	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	-
NET CHANGE IN FUND BALANCE	<u>\$ (205,000)</u>	<u>\$ (225,000)</u>	<u>(115,521)</u>	<u>\$ 109,479</u>
Fund balance - July 1, 2024			<u>672,150</u>	
Fund balance - June 30, 2025			<u>\$ 556,629</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, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Taxes	\$ 291,000	\$ 291,000	\$ 333,594	\$ 42,594
Investment earnings	5,000	5,000	25,971	20,971
	<u>296,000</u>	<u>296,000</u>	<u>359,565</u>	<u>63,565</u>
Expenditures:				
Tourism - professional services	75,000	75,000	2,400	72,600
Tourism - special events	-	20,000	16,696	3,304
Tourism - subscriptions and dues	5,000	5,000	2,500	2,500
Tourism - advertising	15,000	15,000	4,730	10,270
Tourism - signs and banners	60,000	60,000	2,282	57,718
Tourism - local grants	35,000	35,000	32,000	3,000
Tourism - Tennessee backroads	3,000	3,000	3,000	-
Tourism - riverview district project	250,000	250,000	250,000	-
Contributions - chamber of commerce	5,000	10,000	10,000	-
TOTAL EXPENDITURES	<u>448,000</u>	<u>473,000</u>	<u>323,608</u>	<u>149,392</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (152,000)</u>	<u>\$ (177,000)</u>	35,957	<u>\$ 212,957</u>
Fund balance - July 1, 2024			<u>413,079</u>	
Fund balance - June 30, 2025			<u>\$ 449,036</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, 2025

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Court fines	\$ 3,000	\$ 3,000	\$ 2,658	\$ (342)
Forfeitures	5,000	5,000	-	(5,000)
Investment earnings	750	750	2,741	1,991
TOTAL REVENUES	<u>8,750</u>	<u>8,750</u>	<u>5,399</u>	<u>(3,351)</u>
Expenditures:				
Drug dog expense	3,500	5,500	5,541	(41)
Employee education and training	1,500	1,500	1,260	240
Maintenance and repair - vehicle	2,000	2,000	-	2,000
Confidential enforcement payments	-	-	500	(500)
TOTAL EXPENDITURES	<u>7,000</u>	<u>9,000</u>	<u>7,301</u>	<u>1,699</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,750	(250)	(1,902)	(1,652)
Other financing sources:				
Sale of general capital assets	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 1,750</u>	<u>\$ (250)</u>	<u>(1,902)</u>	<u>\$ (1,652)</u>
Fund balance - July 1, 2024			52,904	
Fund balance - June 30, 2025			<u>\$ 51,002</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, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Court fines	\$ 3,000	\$ 3,000	\$ 10,904	\$ 7,904
Intergovernmental	-	-	-	-
Miscellaneous revenue	-	-	400	400
TOTAL REVENUES	<u>3,000</u>	<u>3,000</u>	<u>11,304</u>	<u>8,304</u>
Expenditures:				
Other equipment	25,000	25,000	-	25,000
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(22,000)	(22,000)	11,304	33,304
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>\$ (22,000)</u>	<u>\$ (22,000)</u>	<u>11,304</u>	<u>\$ 33,304</u>
Fund balance - July 1, 2024			41,278	
Fund balance - June 30, 2025			<u>\$ 52,582</u>	

**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, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 400,355	\$ 533,012	\$ 189,583	\$ (343,429)
Public grants	-	28,000	28,000	-
Miscellaneous	-	-	3,205	3,205
Investment earnings	25,000	25,000	104,081	79,081
TOTAL REVENUES	<u>425,355</u>	<u>586,012</u>	<u>324,869</u>	<u>(261,143)</u>
Expenditures:				
Capital outlay - general government	3,625,500	3,912,500	1,097,575	2,814,925
Capital outlay - parks and recreation	266,000	291,000	94,049	196,951
Capital outlay - public safety	377,300	405,300	407,978	(2,678)
Capital outlay - public works	709,001	709,001	703,625	5,376
Capital outlay - cemetery	134,000	134,000	125,363	8,637
Capital outlay - stormwater management	35,000	35,000	30,874	4,126
Capital outlay - codes	35,000	35,000	30,169	4,831
Capital outlay - airport	513,400	676,052	282,438	393,614
TOTAL EXPENDITURES	<u>5,695,201</u>	<u>6,197,853</u>	<u>2,772,071</u>	<u>3,425,782</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,269,846)	(5,611,841)	(2,447,202)	3,164,639
Other financing sources (uses):				
Transfers in - general fund	5,255,500	5,255,500	5,255,500	-
Transfers in - debt service fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,255,500</u>	<u>5,255,500</u>	<u>5,255,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (14,346)</u></u>	<u><u>\$ (356,341)</u></u>	<u>2,808,298</u>	<u><u>\$ 3,164,639</u></u>
Fund balance - July 1, 2024			<u>1,008,518</u>	
Fund balance - June 30, 2025			<u><u>\$ 3,816,816</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, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	1,942	1,942
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>1,942</u>	<u>1,942</u>
Expenditures:				
Contributions to 231 N. Business Park	-	-	-	-
Professional services	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,942	1,942
Other financing sources (uses):				
Transfers out - general fund	-	-	(90,041)	(90,041)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(90,041)</u>	<u>(90,041)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(88,099)</u>	<u>\$ (88,099)</u>
Fund balance - July 1, 2024			86,980	
Fund balance - June 30, 2025			<u>\$ (1,119)</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, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 1,098,422	\$ 1,098,422	\$ 115,597	\$ (982,825)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>1,098,422</u>	<u>1,098,422</u>	<u>115,597</u>	<u>(982,825)</u>
Expenditures:				
Road design	150,000	150,000	19,674	130,326
Traffic signal upgrade/437	60,000	60,000	55,629	4,371
Capital outlay - land	-	-	-	-
Administration	200,000	200,000	86,936	113,064
ROW Match/SIA Road	290,845	290,845	224	290,621
Improvements - sidewalks	120,000	120,000	8,280	111,720
Deery Street sidewalks - CDBG	654,762	654,762	98,900	555,862
Land - right of way	350,000	350,000	11,651	338,349
TOTAL EXPENDITURES	<u>1,825,607</u>	<u>1,825,607</u>	<u>281,294</u>	<u>1,544,313</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(727,185)	(727,185)	(165,697)	561,488
Other financing sources (uses):				
Transfers in - general fund	750,000	750,000	750,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 22,815</u>	<u>\$ 22,815</u>	<u>584,303</u>	<u>\$ 561,488</u>
Fund balance - July 1, 2024			1,900,956	
Fund balance - June 30, 2025			<u>\$ 2,485,259</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, 2025

	<u>Original Budget</u>	<u>Final 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 - general fund	<u>(113,395)</u>	<u>(113,395)</u>	<u>(113,395)</u>	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13,395)</u>	<u>(13,395)</u>	<u>(13,395)</u>	-
NET CHANGE IN FUND BALANCE	<u><u>\$ (13,395)</u></u>	<u><u>\$ (13,395)</u></u>	<u><u>(13,395)</u></u>	<u><u>\$ -</u></u>
Fund balance - July 1, 2024			696,236	
Fund balance - June 30, 2025			<u><u>\$ 682,841</u></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, 2025

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
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	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-
	<u>\$ 188,000</u>	<u>\$ 2,500</u>	<u>\$ 112,000</u>	<u>\$ 1,478</u>	<u>\$ 110,000</u>	<u>\$ 5,775</u>	<u>\$ 410,000</u>	<u>\$ 9,753</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, 2025

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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
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>\$ 930,000</u>	<u>\$ 21,420</u>	<u>\$ 9,025,000</u>	<u>\$ 1,230,825</u>	<u>\$ 1,455,000</u>	<u>\$ 288,813</u>	<u>\$ 865,000</u>	<u>\$ 149,013</u>	<u>\$ 12,275,000</u>	<u>\$ 1,690,071</u>

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 7/1/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
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Governmental Activities

NOTES PAYABLE

Payable through the General Fund

Energy Savings	\$ 1,700,000	2.66%	11/14/13	11/01/25	\$ 366,000	\$ -	\$ 178,000	\$ -	\$ 188,000
Series 2015 (Flume #2)	1,000,000	2.64	08/14/15	08/01/25	221,000	-	109,000	-	112,000
Series 2015 - Industrial Park	600,000	2.62	04/01/15	04/01/27	165,000	-	55,000	-	110,000
TOTAL NOTES PAYABLE					<u>\$ 752,000</u>	<u>\$ -</u>	<u>\$ 342,000</u>	<u>\$ -</u>	<u>\$ 410,000</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	\$ 1,550,000	\$ -	\$ 95,000	\$ -	\$ 1,455,000
2017 Flat Creek Water General Obligation Tax Refunding Bonds	1,290,000	2.25-4.0	07/26/17	08/01/37	930,000	-	65,000	-	865,000
2021 Water System General Obligation Tax Refunding Bonds	1,585,000	0.75-2.0	02/11/21	08/01/28	1,150,000	-	220,000	-	930,000
2021 Sewer System General Obligation Tax Refunding Bonds	12,875,000	2.0-5.0	02/11/21	12/01/33	10,060,000	-	1,035,000	-	9,025,000
TOTAL BONDS PAYABLE					<u>\$ 13,690,000</u>	<u>\$ -</u>	<u>\$ 1,415,000</u>	<u>\$ -</u>	<u>\$ #####</u>

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

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2025

Fiscal Year	Police Equipment Lease - 2023		Police Equipment Lease - 2024		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2026	\$ 89,441	\$ 5,635	\$ 8,312	\$ 1,588	\$ 97,753	\$ 7,223	\$ 104,976
2027	-	-	8,811	1,089	8,811	1,089	9,900
2028	-	-	9,340	560	9,340	560	9,900
	<u>\$ 89,441</u>	<u>\$ 5,635</u>	<u>\$ 26,463</u>	<u>\$ 3,237</u>	<u>\$ 115,904</u>	<u>\$ 8,872</u>	<u>\$ 124,776</u>

SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
CITY OF SHELBYVILLE, TENNESSEE
Year ended June 30, 2025

Description of indebtedness	Original Amount	Interest Rate	Date of Issue	Maturity Date	Outstanding at 7/1/24	Issued During Period	Paid/Matured	
							During Period	Outstanding at 6/30/25
Governmental Activities								
<u>LEASES PAYABLE</u>								
<u>Payable through the General Fund</u>								
Police equipment	\$ 424,524	6.00%	05/25/2022	05/24/2026	\$ 174,073	\$ -	\$ 84,632	\$ 89,441
Police equipment	43,508	7.50%	05/22/2024	05/22/2029	33,826	-	7,363	26,463
Total payable through the general fund					\$ 207,899	\$ -	\$ 91,995	\$ 115,904

UNCOLLECTED DELINQUENT TAXES FILED IN ACCORDANCE WITH APPLICABLE LAWS

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2025

During the year ended June 30, 2025, the government turned over \$93,486 of 2023 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, 2025

POWER SYSTEM:

RESIDENTIAL RATES

Customer charge	\$ 23.46
Energy charge	\$ 0.10394 per KWH
First 1,000 KWH per month	\$ 127.40

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 500 KWRHS	\$ 46.00
Energy charge	\$ 0.11372 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:

Customer charge	\$200.00
Demand charge:	
First 50 kilowatt hours per month	\$ 8.52 per KW
Over 50 kilowatt hours per month	\$ 15.48 per KW
Energy charge:	
First 15,000 kilowatt hours per month	\$ 0.09721 per KWH
Over 15,000 kilowatt hours per month	\$ 0.07207 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	\$ 14.32 per KW
Over 1,000 kilowatt hours per month	\$ 14.32 per KW
Energy charge – all KWH	\$ 0.08080 per KWH

UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2025

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 general manufacturing credit):

Customer charge	\$650.00
Demand charge:	
First 1,000 kilowatt hours per month	\$ 12.94 per KW
Over 1,000 kilowatt hours per month	\$ 12.69 per KW
Energy charge – all KWHR	\$ 0.07004 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	\$ 11.27 per KW
All KW Off-Peak	\$ 2.33 per KW
Energy charge	
First 425 KWH/KW On-Peak (all KWHR)	\$ 0.08975 per KWHR
First 425 KWH/KW Off-Peak (first 200 hours)	\$ 0.06225 per KWHR
(example 425 * KW compared to measured KWHR)	
Next 200 KWHR/KW Off-Peak	\$ 0.02961
Additional KWH Off-Peak	\$ 0.02680
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	\$ 8.25
400 watt mercury vapor (Flood or Cobra head)	\$ 16.34
200 watt high pressure sodium	\$ 11.10
250 watt high pressure sodium	\$ 13.53
100 watt high pressure sodium	\$ 7.45
70 watt LED (100 W Equivalent)	\$ 8.76
160 watt LED (250 W Equivalent)	\$ 15.56
200 watt LED (flood)	\$ 18.66

WATER SYSTEM:

Residential, Commercial and Industrial

	<u>Inside City</u>	<u>Outside City</u>
Customer Charge	\$ 16.40 (minimum bill)	\$ 18.20 (minimum bill)
First 10,000 gallons	4.87 per 1,000 gallons	6.57 per 1,000 gallons
Next 10,000 gallons	3.32 per 1,000 gallons	4.42 per 1,000 gallons
All over 20,000 gallons	2.97 per 1,000 gallons	3.87 per 1,000 gallons

UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2025

Service Charges

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

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 2025:

Power System	11,759
Water System	11,701
Sewerage System	9,717

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE-BY LEVY YEAR

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2025

<u>Tax Year</u>	<u>Balance June 30, 2024</u>	<u>Taxes Levied</u>	<u>Collections</u>	<u>Discoveries and Adjustments</u>	<u>Balance June 30, 2025</u>
2025	\$ -	\$ 9,135,175	\$ -	\$ -	\$ 9,135,175
2024	9,013,891		(8,707,456)	(10,206)	296,229
2023	374,952	-	(314,838)	(4,248)	55,866
2022	105,787	-	(68,651)	(690)	36,446
2021	29,949	-	(12,616)	-	17,333
2020	9,394	-	(1,888)	-	7,506
2019	10,741	-	(1,483)	-	9,258
2018	10,996	-	(829)	-	10,167
2017	8,842	-	(468)	-	8,374
2016	4,108	-	(72)	-	4,036
2015	5,698	-	(102)	-	5,596
2014	6,548	-		(1)	6,547
2013	15,563	-		-	15,563
2012	6,541	-		(6,541)	-
	<u>\$ 9,603,010</u>	<u>\$ 9,135,175</u>	<u>\$ (9,108,403)</u>	<u>\$ (21,686)</u>	<u>9,608,096</u>
Less estimated uncollectible accounts					(84,818)
Net receivable balance June 30, 2025					<u>\$ 9,523,278</u>

NOTE: All uncollected taxes for years prior to 2024 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, 2025

<u>Tax Year</u>	Total Assessed <u>Value</u>	<u>Tax Rate</u>	<u>Levy</u>
2025	\$ 596,963,592	\$ 1.48	\$ 8,835,175
2024	588,768,686	1.48	8,713,891
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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2025

Federal Grantor/ Pass-Through Agency	Program/ Cluster Name	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
FEDERAL AWARDS					
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Highway Planning and Construction	20.205	None available	\$ -	\$ 107,208
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Highway Planning and Construction	20.205	STP-M-1043(11)	-	24,957
	<i>Total Program 20.205</i>			-	132,165
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Airport Improvement Program: Covid 19	20.106	AERO-24-262-00	-	9,531
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Airport Improvement Program: Covid 19	20.106	AERO-25-304-00	-	45,422
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Airport Improvement Program: Covid 19	20.106	AERO-24-248-00	-	67,500
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Airport Improvement Program: Covid 19	20.106	AERO-22-375-00	-	1,220
	<i>Total Program 20.106</i>			-	123,673
U.S. Department of Safety and Homeland Security pass-through Tennessee Department of Safety and Homeland Security	State and Community Highway Safety	20.600	Z24THS258	-	1,637
U.S. Department of Safety and Homeland Security pass-through Tennessee Department of Safety and Homeland Security	State and Community Highway Safety	20.600	Z25THS274	-	13,318
	<i>Total Program 20.600</i>			-	14,955
U.S. Department of Safety and Homeland Security pass-through Tennessee Department of Safety and Homeland Security	State and Local Cybersecurity Program	97.137	EMW-2022-CYT00036-S01	-	1,024
U.S. Department of Housing and Urban Development pass-through Tennessee Department of Economic and Community Development	Community Development Block Grants	14.228	B-23-DC-47-0001	-	83,076
Direct funding through U.S. Department of Justice	Bulletproof Vest Partnership Program	16.607	None available	-	7,515
	TOTAL FEDERAL AWARDS			-	362,408
STATE FINANCIAL ASSISTANCE					
			<u>Contract Number</u>		
TN Department of Transportation	Airport maintenance	N/A	AERM-25-158-00	-	15,000
TN Department of Transportation	Road maintenance	N/A	CMA-2465	-	185,822
TN Department of Agriculture	Animaly friendly grant	N/A	None available	-	1,095
TN Department of Transportation	Taxiway for hangar development	N/A	AERO-24-262-00	-	530
TN Office of Criminal Justice Programs	VCIF, formula based grant	N/A	None available	-	111,633
TN Department of Safety and Homeland Security	State and local cybersecurity program	N/A	EMW-2022-CYT00036-S01	-	114
TN Department of Transportation	Airport improvement program grants	N/A	AERO-25-304-00	-	2,523
TN Department of Transportation	Airport improvement program grants	N/A	AERO-24-248-00	-	3,750
TN Department of Transportation	Multimodel access grant	N/A	02LPLM-S3-042	-	7,452
TN Department of Transportation	ALP forecast revisions and contract tower application	N/A	AERO-24-261-00	-	46,923
TN Department of Health	Healthy built environment grant	N/A	Z-24-282069	-	12,184
TN Department of Transportation	State industrial access road grant	N/A	02ACOU-S3-002	-	51,572
TN Department of Commerce and Insurance	TN law enforcement hiring and training	N/A	None available	-	29,000
	TOTAL STATE FINANCIAL ASSISTANCE			-	467,598
	TOTAL FEDERAL AND STATE AWARDS			\$ -	\$ 830,006

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, 2025. 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.

INTERNAL CONTROL AND COMPLIANCE SECTION

**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, 2025, 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 February 20, 2026. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as finding 2025-001 that we consider to be a significant deficiency.

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*.

City of Shelbyville, Tennessee's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Shelbyville, Tennessee's response to the findings identified in our audit and described in the accompanying schedule of findings. The City of Shelbyville, Tennessee's response was not subjected to the other auditing procedures applied in the audit the financial statements and, accordingly, we express no opinion on the response.

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.

Winneth Associates, PLLC

Shelbyville, Tennessee
February 20, 2026

SCHEDULE OF FINDINGS
CITY OF SHELBYVILLE, TENNESSEE
June 30, 2025

FINDING 2025–001 Controls over Receipting at Police Department

Criteria: Sufficient controls should be in place to ensure all fines are collected or properly approved for dismissal.

Condition and Cause: Cashiers have responsibility for both receipting fines collected and recording dismissals. There is no approval of dismissals by personnel with appropriate authority and handwritten receipts are utilized. Documentation of the reason for dismissal is not in all instances maintained.

Effect: These conditions create an opportunity for misappropriation of assets which is believed to have occurred. An investigative audit by the State of Tennessee’s Comptroller’s office has begun.

Recommendation: Controls should be implemented to ensure all fines are collected or appropriately dismissed. Ideally, the duties of receipting payments and recording dismissals would be separated. If not practicable, all dismissals should be submitted to personnel with appropriate authority for approval. Handwritten receipts should not be utilized, and documentation of the reason for dismissals should in all instances be maintained.

Management’s Response: Management’s response is included in Management’s Corrective Action Plan located on page 104.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

CITY OF SHELBYVILLE

For the Fiscal Year Ended June 30, 2025

Financial Statement Findings

Finding Number	Finding Title	Status
2024-001	Recording of Donated Assets (original finding # 2024-001)	Not Repeated

Federal Award Findings and Questioned Costs

None

City of
SHELBYVILLE
Tennessee

Management's Corrective Action Plan

FINDING: 2025-001 Controls over Receipting at Police Department

Response and Corrective Action Plan Prepared by: Scott Collins, City Manager

Person Responsible for Implementing the Corrective Action: Scott Collins, City Manager

Anticipated Completion Date of Corrective Action: Fiscal Year 2026

Repeat Finding: No

Planned Corrective Action: We concur and have taken steps to implement your suggestions.



Scott Collins, City Manager

02/23/2026
Date