

AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

**CITY OF SHELBYVILLE, TENNESSEE**

June 30, 2021

## **INTRODUCTORY SECTION**

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**OFFICIALS**  
**CITY OF SHELBYVILLE, TENNESSEE**  
**JUNE 30, 2021**

MAYOR                      Wallace Cartwright

VICE-MAYOR              William Christie

COUNCILMEMBERS      Ward 1 - Henry Feldhaus III  
                                 Ward 2 - Marilyn Ewing  
                                 Ward 3 - Gary Haile  
                                 Ward 4 - William Christie  
                                 Ward 5 - Stephanie Isaacs  
                                 Ward 6 - Rick Overcast

OTHER OFFICIALS      City Manager    - Joshua Ray  
                                 City Recorder   - Lisa Smith  
                                 City Treasurer   - Kay Parker  
                                 City Judge        - John T. Bobo  
                                 City Attorney    - Ginger Shofner

Shelbyville Power, Water, and Sewerage Systems:

General Manager – David Crowell

Administrative Manager – Jason Reese

## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Councilmembers  
City of Shelbyville, Tennessee

### **Report on the Financial Statements**

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, 2021, 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.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We 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. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, 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, 2021, 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.

## ***Other Matters***

### ***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 63 through 69, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, 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.

### ***Other 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 introductory section and supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary schedules and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, 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.

The introductory section and miscellaneous schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022, 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 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*

February 15, 2022

**CITY OF SHELBYVILLE, TENNESSEE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**Year ended June 30, 2021**

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, 2021. Management’s Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

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

## **Using this Annual Report**

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

## **Governmental Funds**

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

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

## **Financial Highlights**

- The City’s governmental activities’ deferred inflows of resources increased by \$3,390,174 which was primarily attributable to a \$1.73 million increase in deferred current property taxes and a \$1.65 million increase 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 2021 by \$61,161,164 which is an increase of \$3,738,129 from the prior year.

- Governmental activities total expenses increased by \$835,582 for 2021. This was mainly due to increases in the categories of Airport and Welfare.
- 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 \$94,057,787. Of this amount, \$30,133,925 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 \$4,216,337.

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 \$47,106,228 to \$51,563,572, an increase of 9.46%. Current assets decreased from \$28,857,017 to \$27,110,977. Plant, net of accumulated depreciation, increased from \$18,180,415 to \$24,423,467. Other assets decreased from \$68,796 to \$29,128. Total power system liabilities increased from \$6,508,627 to \$8,691,852. Current liabilities increased from \$4,301,498 to \$6,359,744, while long-term liabilities increased from \$2,207,129 to \$2,341,965. Deferred outflows of resources increased from \$864,910 to \$1,139,896 while deferred inflows of resources decreased from \$24,512 to \$12,256.

Income before capital contributions increased from \$2,370,136 in fiscal year ending 2020 to \$3,163,120 in fiscal year ending 2021, a 33.46% increase. Total operating revenue decreased from \$33,085,047 to \$32,965,468. This is a function of weather and unbilled revenue. Operational and maintenance expenses decreased from \$3,969,301 in 2020 to \$3,761,038 in 2021 and other expenses increased from \$3,165 to \$3,437. Interest expense on customer deposits decreased from \$21,284 to \$4,434.

#### *Water System*

Total water system assets decreased from \$27,209,905 to \$27,703,831, a 1.88% increase. Current assets increased from \$9,758,358 to \$10,565,631. Plant, net of accumulated depreciation, decreased from \$17,434,070 to \$17,138,200. Deferred outflow of resources decreased from \$497,715 to \$461,162. Total liabilities decreased from \$4,495,932 to \$4,482,165. Long-term liabilities decreased from \$3,908,917 to \$3,707,783. Deferred inflows of resources increased from \$23,253 to \$76,200.

Income before capital contributions decreased from \$115,290 in fiscal year ending 2020 to \$51,520 in fiscal year ending 2021, a 55.31% decrease. Total operating revenue showed an increase from \$5,198,873 in 2020 to \$5,253,369 in 2021. Operational and maintenance expenses decreased from \$3,991,671 to \$3,717,102. Interest expense increased from \$88,487 to \$95,043.

#### *Sewerage System*

Total sewerage system assets increased from \$44,156,016 to \$44,217,647, a .14% increase. Current assets increased from \$4,413,856 to \$5,075,198. Plant, net of accumulated depreciation, decreased from \$39,742,160 to \$39,142,449. Deferred outflows of resources increased from \$418,745 to \$543,432 while deferred inflows of resources increased from \$39,126 to \$2,320,241. Total liabilities decreased from \$19,303,142 to \$15,989,039. Long-term liabilities decreased from \$17,879,070 to \$14,894,767.

Income before capital contributions decreased from \$738,400 in fiscal year ending 2020 to \$807,555 in fiscal year ending 2021, a 9.37% increase. Sewer rates are based on water usage and bill at approximately 135% of the water rate. Operational and maintenance expenses showed an increase from \$2,732,765 in 2020 to \$2,782,700 in 2021. Interest expense increased from \$352,811 to \$378,126.

Condensed Statement of Activities  
June 30, 2021

	Governmental activities		Business-type activities		Total Primary Government	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,517,358	\$ 1,367,009	\$ 43,514,383	\$ 43,486,546	\$ 45,031,741	\$ 44,853,555
Operating grants	2,257,444	1,097,893	-	-	2,257,444	1,097,6893
Capital grants	328,065	3,038,701	831,901	514,264	1,159,966	3,552,965
General revenues:						
Property taxes	7,575,935	7,631,072	-	-	7,575,935	7,631,072
Other taxes	7,668,975	7,081,526	-	-	7,668,975	7,081,526
Other	2,977,654	2,748,885	90,671	220,454	3,068,325	2,969,339
Total revenues	<u>22,325,431</u>	<u>22,965,086</u>	<u>44,436,955</u>	<u>44,221,264</u>	<u>66,762,386</u>	<u>67,186,350</u>
Expenses:						
General government	5,502,808	5,427,057	-	-	5,502,808	5,427,057
Public recreation	1,664,374	1,753,598	-	-	1,664,374	1,753,598
Public safety	6,654,695	6,600,172	-	-	6,654,695	6,600,172
Public works	3,222,927	3,140,716	-	-	3,222,927	3,140,716
Airport	1,487,071	1,029,017	-	-	1,487,071	1,029,017
Welfare	564,694	221,165	-	-	564,694	221,165
Industrial development	111,784	193,393	-	-	111,784	193,393
Interest on debt	52,708	60,361	-	-	52,708	60,361
Power	-	-	29,833,754	30,781,709	29,833,754	30,781,709
Water	-	-	5,251,507	5,218,004	5,251,507	5,218,004
Sewerage	-	-	4,461,598	4,483,461	4,461,598	4,483,461
Total expenses	<u>19,261,061</u>	<u>18,425,479</u>	<u>39,546,859</u>	<u>40,483,174</u>	<u>58,807,920</u>	<u>58,908,653</u>
Excess (deficiency) in net position before transfers	3,064,370	4,539,607	4,890,096	3,738,090	7,954,466	8,277,697
Transfers	<u>673,759</u>	<u>720,031</u>	<u>(673,759)</u>	<u>(720,031)</u>	<u>-</u>	<u>-</u>
Change in net position	3,738,129	5,259,638	4,216,337	3,018,059	7,954,466	8,277,697
Implementation of GASB 75	-	-	-	-	-	-
Purchase of Flat Creek	-	-	-	-	-	-
Net position-beginning	<u>57,423,035</u>	<u>52,163,397</u>	<u>89,841,450</u>	<u>86,823,391</u>	<u>147,264,485</u>	<u>138,986,788</u>
Net position-ending	<u>\$ 61,161,164</u>	<u>\$ 57,423,035</u>	<u>\$ 94,057,787</u>	<u>\$ 89,841,450</u>	<u>\$ 155,218,951</u>	<u>\$ 147,264,485</u>

Condensed Statement of Net Position  
June 30, 2021

	Governmental activities		Business-type activities		Total Primary Government	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 30,174,290	\$ 25,937,988	\$ 42,770,815	\$ 43,089,653	\$ 72,945,105	\$ 69,027,641
Capital assets	45,820,184	44,760,265	80,704,116	75,356,645	126,524,300	120,116,910
Total assets	<u>75,994,474</u>	<u>70,698,253</u>	<u>123,474,931</u>	<u>118,446,298</u>	<u>199,469,405</u>	<u>189,144,551</u>
Total deferred outflows of resources	<u>507,538</u>	<u>1,884,588</u>	<u>2,144,490</u>	<u>1,781,370</u>	<u>2,652,028</u>	<u>3,665,958</u>
Long-term liabilities	3,459,210	6,183,712	22,189,515	23,995,116	25,648,725	30,178,828
Other liabilities	707,546	1,192,176	6,963,422	6,304,211	7,670,968	7,496,387
Total liabilities	<u>4,166,756</u>	<u>7,375,888</u>	<u>29,152,937</u>	<u>30,299,327</u>	<u>33,319,693</u>	<u>37,675,215</u>
Total deferred inflows of resources	<u>11,174,092</u>	<u>7,783,918</u>	<u>2,408,697</u>	<u>86,891</u>	<u>13,582,789</u>	<u>7,870,809</u>
Net position:						
Net investment in capital assets	44,031,431	42,715,160	63,074,260	54,069,682	107,105,691	96,784,842
Restricted	1,776,645	706,358	849,602	841,206	2,626,247	1,547,564
Unrestricted	15,353,088	14,001,517	30,133,925	34,930,562	45,487,013	48,932,079
Total net position	<u>\$ 61,161,164</u>	<u>\$ 57,423,035</u>	<u>\$ 94,057,787</u>	<u>\$ 89,841,450</u>	<u>\$ 155,218,951</u>	<u>\$ 147,264,485</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 public general administration, public safety, public works, parks and recreation, and the airport. The business-type activities reflect the activities of the Shelbyville Power, Water, and Sewerage System which operates under a separate Charter.

## **Overview of the Financial Statements**

Total revenues for the general government were \$21,182,932 which is an increase of \$2,416,952 from FY20. The city received a total of \$1,499,467 of state and federal grants funds during FY21 including the following: Local Govt. Direct Appropriation grant from the State of TN in the amount of \$512,504; three Coronavirus Relief grants totaling \$411,436; State of TN FastTrack Econ. Develop. Grant of \$230,000; Site Development state grant funds of \$128,531 for the 231 N. Business Park; Road and Sidewalk grants totaling \$157,364; Police Dept. grants of \$23,306; and Airport grants of \$33,000. The City General Fund's largest revenue source was property tax which generated 36% of total revenue, followed by local sales tax which accounted for 25%. 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 \$61,161,164. The City's investments are in capital assets. These assets are used to provide services to the citizens of Shelbyville. Cash and cash equivalents of the City's governmental activities increased \$3,498,083 or 25% from \$14,059,605 in FY20 to \$17,557,688 in FY21.

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 resources of cash, uses of cash, and the change in the cash balance during the reporting period.

## Capital Assets

Capital asset additions/improvements during FY21 totaled \$3,229,295 and included the following: General (*new flooring at City Hall and new roof at Senior Citizens Center*); Public Safety (*Three Site Radio Repeater System*); Animal Control (*building addition*); Police (*four SUV's equipped w/ video systems*); Recreation Center (*outdoor pool electrical improvements*); Parks (*softball field ADA restroom renovations*) Fire Dept. (*new ladder truck, pumper truck, and two pickup trucks*); Public Works (*road tractor, automated garbage truck, wheel balancer, and mowers*); and the purchase of two buildings on the Public Square.

The City's business-type activities' investment in capital assets as of June 30, 2021, amounts to \$80,704,116 (net of accumulated depreciation). Depreciation charges for the year totaled \$3,745,494. The total increase in the City's business-type activities' capital assets for the current fiscal year was \$5,347,471 (7.10%), an increase in capital assets of \$8,677,010 and an increase in depreciation expense of \$3,329,539 for the net change of \$5,347,471.

### The City's Business-Type Activities Capital Assets

(as of June 30,)

	2021	2020
Land and land rights	\$ 828,734	\$ 828,734
Structures and improvements	42,488,036	42,410,126
Distribution plant	86,150,880	83,836,349
Furniture and fixtures	1,437,667	1,417,452
Transportation equipment	3,795,821	3,610,094
Equipment	2,758,769	2,690,106
Construction in process	13,145,453	7,135,489
Less: Accumulated depreciation	<u>(69,901,244)</u>	<u>(66,571,705)</u>
	<u>\$ 80,704,116</u>	<u>\$ 75,356,645</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 \$3,459,210. Included are three capital outlay notes totaling \$1,709,000 which represent 49%. Other long-term liabilities include post-employment benefit obligation and compensated absences which account for the remaining balance.

At the end of the current fiscal year, the City's business-type activities had total outstanding debt for notes, bonds, and other obligations of \$21,818,026, a decrease of \$3,283,807 (13.08% decrease) from the previous year.

### The City's Business-Type Activities Outstanding Debt

(as of June 30,)

	2021	2020
Bonds payable	\$ 17,605,000	\$ 5,090,000
Notes payable	-	16,160,033
Net pension liability	3,674,006	3,343,578
Net OPEB obligation	<u>539,020</u>	<u>508,222</u>
Total outstanding debt	<u>\$ 21,818,026</u>	<u>\$ 25,101,833</u>

Notes, bonds and other obligation debt at fiscal year-end 2021 was \$2,163,637 for the power system, \$3,861,215 for the water system, and \$15,793,174 for the sewer system.

## **General Fund Budget Performance**

The City's FY21 projected General Fund Revenues were \$15,428,946 in the original budget and \$16,322,905 in the final/amended budget. The City's actual General Fund Revenues were \$21,182,932. This represented an increase of \$2,416,952, or 12.9%, over FY20 actual revenues. Local sales tax increased from \$4,945,337 in FY20 to \$5,391,194 in FY21, an increase of 9%.

The City's FY21 projected General Fund Expenditures were \$17,875,638 in the original budget and \$18,788,069 in the final/amended budget. Actual expenditures for the year were \$17,420,409. This represented a \$1,325,818 increase over FY20 actual expenditures.

The City's beginning and ending fund balances were \$11,600,993 and \$15,002,437 respectively which represents a \$3,401,444 increase in fund balance during FY21.

## **Rates**

Power system rates increased along with TVA rates quarterly during the fiscal year. Water system rates increased as of May 1, 2020, and sewer system rates increased as of May 1, 2020.

## **Customers**

The average number of customers for each system were as follows: Power 10,674 (increase of 153 or 1.45%), Water 10,629 (increase of 251 or 2.42%), and Sewer 8,722 (increase of 146 or 1.70%).

## **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 updates the Capital Improvement Plan for all departments annually. The Plan is utilized as a budgeting tool and also aids in prioritizing the City's most immediate capital needs. We continue to focus on the maintenance and improvement of city assets and infrastructure. The City continues to foster a goal-oriented environment and the Department Directors set and provide annual goals for their respective departments. The City also continues to seek out and pursue grant opportunities to provide funding for capital projects. Upcoming projects for the City include the Fairfield Pike/Deery Street intersection improvement project, Sidewalk Repairs associated with the Tennessee Alternatives Program Grant Phases 3 & 4, Downtown Revitalization efforts, Airport projects including sewer, security gate improvements, signage, fencing, and landscaping, Park Improvements to include a Dog Park, Lighting upgrades at the tennis courts and baseball fields, and ADA restroom installation at park pavilion, Recreation Center improvements including upgrades to flooring and locker room, and the completion of the update to the City's Long-Range Comprehensive Plan.

## **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, 2021

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,557,688	\$ 30,612,818	\$ 48,170,506
Taxes receivable - net	10,948,116	-	10,948,116
Accounts receivable	77,336	3,605,312	3,682,648
Intergovernmental receivable	882,008	28,251	910,259
Unbilled revenue	-	1,078,796	1,078,796
Inventory and other assets	36,138	3,853,314	3,889,452
Energy conservation loans	-	29,128	29,128
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	3,563,196	3,563,196
Net pension asset	673,004	-	673,004
Capital assets:			
Land and construction in progress	4,880,255	13,974,187	18,854,442
Other capital assets, net of accumulated depreciation	40,939,929	66,729,929	107,669,858
TOTAL ASSETS	<u>75,994,474</u>	<u>123,474,931</u>	<u>199,469,405</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	456,365	2,056,774	2,513,139
OPEB	51,173	87,716	138,889
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>507,538</u>	<u>2,144,490</u>	<u>2,652,028</u>
<b>LIABILITIES</b>			
Accounts payable	359,262	4,609,366	4,968,628
Accrued expenses and other liabilities	282,114	46,041	328,155
Deposits	36,183	2,318,134	2,354,317
Internal balances	10,119	(10,119)	-
Funds held in trust	19,868	-	19,868
Noncurrent liabilities:			
Due in one year	428,126	1,245,000	1,673,126
Due in more than one year	3,031,084	20,944,515	23,975,599
TOTAL LIABILITIES	<u>4,166,756</u>	<u>29,152,937</u>	<u>33,319,693</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	1,873,861	22,696	1,896,557
OPEB	19,788	-	19,788
Deferred amounts from refunding of debt	-	2,386,001	2,386,001
Deferred current property taxes	9,280,443	-	9,280,443
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,174,092</u>	<u>2,408,697</u>	<u>13,582,789</u>
<b>NET POSITION</b>			
Net investment in capital assets	44,031,431	63,074,260	107,105,691
Restricted for:			
Highways and streets	798,400	-	798,400
Drug education and enforcement	84,285	-	84,285
Animal control	307	-	307
Public recreation	4,421	-	4,421
TV station	30,000	-	30,000
Industrial development	186,228	-	186,228
Debt service	-	849,602	849,602
Other purposes	673,004	-	673,004
Unrestricted	15,353,088	30,133,925	45,487,013
TOTAL NET POSITION	<u>\$ 61,161,164</u>	<u>\$ 94,057,787</u>	<u>\$ 155,218,951</u>

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



**STATEMENT OF ACTIVITIES**  
**CITY OF SHELBYVILLE, TENNESSEE**

**For the year ended June 30, 2021**

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	\$ 5,502,808	\$ 538,032	\$ 865,471	\$ -	\$ (4,099,305)	\$ -	\$ (4,099,305)
Public recreation	1,664,374	194,654	-	-	(1,469,720)	-	(1,469,720)
Public safety	6,654,695	193,011	127,937	12,000	(6,321,747)	-	(6,321,747)
Public works	3,222,927	32,823	850,036	69,105	(2,270,963)	-	(2,270,963)
Airport	1,487,071	558,838	84,000	18,429	(825,804)	-	(825,804)
Welfare	564,694	-	-	-	(564,694)	-	(564,694)
Industrial development	111,784	-	330,000	228,531	446,747	-	446,747
Interest on long-term debt	52,708	-	-	-	(52,708)	-	(52,708)
Total governmental activities	19,261,061	1,517,358	2,257,444	328,065	(15,158,194)	-	(15,158,194)
Business-type activities							
Power system	29,833,754	32,965,468	-	-	-	3,131,714	3,131,714
Water system	5,251,507	5,253,369	-	420,150	-	422,012	422,012
Sewerage system	4,461,598	5,295,546	-	411,751	-	1,245,699	1,245,699
Total business-type activities	39,546,859	43,514,383	-	831,901	-	4,799,425	4,799,425
Total primary government	\$ 58,807,920	\$ 45,031,741	\$ 2,257,444	\$ 1,159,966	(15,158,194)	4,799,425	(10,358,769)
General revenues:							
Property taxes					7,575,935	-	7,575,935
Business taxes					577,564	-	577,564
Local sales taxes					5,391,194	-	5,391,194
Beverage taxes					1,029,148	-	1,029,148
Franchise taxes					185,949	-	185,949
Payments in lieu of taxes					239,311	-	239,311
Penalties and interest					77,521	-	77,521
State shared revenues					2,744,470	-	2,744,470
Hotel/Motel taxes					245,809	-	245,809
Gain on sale of capital assets					9,628	-	9,628
Other					122,423	-	122,423
Unrestricted investment earnings					23,612	90,671	114,283
Transfers					673,759	(673,759)	-
Total general revenues					18,896,323	(583,088)	18,313,235
Change in net position					3,738,129	4,216,337	7,954,466
Net position - beginning of period					57,423,035	89,841,450	147,264,485
Net position - end of period					\$ 61,161,164	\$ 94,057,787	\$ 155,218,951

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

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**CITY OF SHELBYVILLE, TENNESSEE**  
**June 30, 2021**

	General	Capital Fund	Other Governmental Funds	Total Governmental Funds
Assets and deferred outflows of resources				
Assets:				
Cash	\$ 13,714,756	\$ 687,477	\$ 3,155,455	\$ 17,557,688
Taxes receivable - net	10,922,613	-	25,503	10,948,116
Accounts receivable	77,336	-	-	77,336
Intergovernmental receivable	576,323	3,150	302,535	882,008
Inventory and other assets	36,138	-	-	36,138
Total assets	<u>25,327,166</u>	<u>690,627</u>	<u>3,483,493</u>	<u>29,501,286</u>
Deferred outflows of resources:	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 25,327,166</u>	<u>\$ 690,627</u>	<u>\$ 3,483,493</u>	<u>\$ 29,501,286</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities:				
Accounts payable	\$ 242,942	\$ 28,644	\$ 87,676	\$ 359,262
Accrued wages	282,114	-	-	282,114
Deposits	36,183	-	-	36,183
Due to other funds	10,119	-	-	10,119
Funds held in trust	-	-	19,868	19,868
Total liabilities	<u>571,358</u>	<u>28,644</u>	<u>107,544</u>	<u>707,546</u>
Deferred inflows of resources:				
Unavailable revenue - state and local taxes	1,968	-	-	1,968
Unavailable revenue - property taxes	9,751,403	-	-	9,751,403
Total deferred inflows of resources	<u>9,753,371</u>	<u>-</u>	<u>-</u>	<u>9,753,371</u>
Fund balances:				
Nonspendable				
Inventory and other assets	36,138	-	-	36,138
Restricted				
Cable TV	30,000	-	-	30,000
Animal control	307	-	-	307
Public recreation	4,421	-	-	4,421
Public safety	13,731	-	70,554	84,285
Industrial development	10,018	-	-	10,018
State street aid	-	-	798,400	798,400
Committed				
Debt reduction	-	-	880,705	880,705
Assigned				
State road projects	-	-	1,288,578	1,288,578
Capital assets	-	661,983	151,484	813,467
Industrial development	-	-	186,228	186,228
Unassigned	14,907,822	-	-	14,907,822
Total fund balances	<u>15,002,437</u>	<u>661,983</u>	<u>3,375,949</u>	<u>19,040,369</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,327,166</u>	<u>\$ 690,627</u>	<u>\$ 3,483,493</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.				45,820,184
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				472,928
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				(4,172,317)
Net position of governmental activities				<u>\$ 61,161,164</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, 2021**

	General	Capital Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 14,872,385	\$ -	\$ 245,809	\$ 15,118,194
Payments in lieu of taxes	239,311	-	-	239,311
Penalties and interest	77,521	-	-	77,521
Licenses and permits	32,575	-	-	32,575
Intergovernmental	4,358,603	18,429	959,413	5,336,445
Charges for services	1,302,383	-	-	1,302,383
Fines	160,597	-	21,803	182,400
Miscellaneous	119,602	1,221	1,600	122,423
Investment earnings	19,955	2,079	1,580	23,614
Total revenues	<u>21,182,932</u>	<u>21,729</u>	<u>1,230,205</u>	<u>22,434,866</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	6,333,755	535,249	-	6,869,004
Parks and recreation	1,217,000	96,028	-	1,313,028
Public safety	6,090,170	1,861,841	1,595	7,953,606
Public works	2,070,443	362,898	648,610	3,081,951
Airport	742,844	40,021	-	782,865
Welfare	560,163	-	-	560,163
Industrial and economic development	56,326	-	244,177	300,503
<b>Debt service:</b>				
Principal retirement	297,000	-	-	297,000
Interest payments on notes	52,708	-	-	52,708
Total expenditures	<u>17,420,409</u>	<u>2,896,037</u>	<u>894,382</u>	<u>21,210,828</u>
Excess of revenues over (under) expenditures	<u>3,762,523</u>	<u>(2,874,308)</u>	<u>335,823</u>	<u>1,224,038</u>
<b>Other financing sources (uses):</b>				
Transfers in	788,135	325,000	857,548	1,970,683
Transfers out	(1,182,548)	-	(114,378)	(1,296,926)
Sales of general capital assets	9,628	-	-	9,628
Insurance recoveries	23,706	-	-	23,706
Total other financing sources (uses)	<u>(361,079)</u>	<u>325,000</u>	<u>743,170</u>	<u>707,091</u>
Net change in fund balances	3,401,444	(2,549,308)	1,078,993	1,931,129
Fund balances - July 1, 2020	11,600,993	3,211,291	2,296,956	17,109,240
Fund balances - June 30, 2021	<u>\$ 15,002,437</u>	<u>\$ 661,983</u>	<u>\$ 3,375,949</u>	<u>\$ 19,040,369</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, 2021**

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

Net change in fund balances - total governmental funds	\$ 1,931,129
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	3,198,941
Depreciation expense	(2,139,022)
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	(142,767)
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	297,000
Settlement	100,000
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	(12,031)
Net pension liability	3,568,263
Net OPEB obligation	(30,600)
Change in deferred items	(3,032,784)
Change in net position of governmental activities	<u><u>\$ 3,738,129</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes:				
Property	\$ 6,816,833	\$ 6,816,833	\$ 7,688,530	\$ 871,697
Business	325,000	325,000	577,564	252,564
Local sales	3,697,500	3,697,500	5,391,194	1,693,694
Beverage	785,000	785,000	1,029,148	244,148
Franchise	170,000	170,000	185,949	15,949
Payments in lieu of taxes	147,500	147,500	239,311	91,811
Penalties and interest	45,000	45,000	77,521	32,521
Licenses and permits	25,650	25,650	32,575	6,925
Intergovernmental revenues				
State TVA in lieu	242,500	242,500	236,396	(6,104)
State online sports betting tax allocation	-	-	11,776	11,776
State sales tax allocation	1,559,750	1,559,750	2,180,986	621,236
State income tax allocation	5,000	5,000	98,611	93,611
State beer tax allocation	9,000	9,000	4,612	(4,388)
State mixed drink tax allocation	36,300	36,300	61,853	25,553
State gasoline and motor fuel tax	35,000	35,000	40,371	5,371
State excise tax allocation	25,000	25,000	140,037	115,037
State and federal grant funds	158,712	1,003,712	1,499,961	496,249
State supplements	84,800	84,800	84,000	(800)
Charges for services	875,401	920,401	1,302,383	381,982
Fines	215,000	215,000	160,597	(54,403)
Miscellaneous	160,000	163,959	119,602	(44,357)
Investment earnings	10,000	10,000	19,955	9,955
<b>TOTAL REVENUES</b>	<b>15,428,946</b>	<b>16,322,905</b>	<b>21,182,932</b>	<b>4,860,027</b>
<b>EXPENDITURES</b>				
General government:				
Administration				
Salaries	533,500	566,500	547,945	18,555
Professional services	244,077	244,077	194,052	50,025
Payroll taxes	672,650	672,650	641,283	31,367
Travel and business	21,570	21,570	11,896	9,674
Mayor and council salaries	63,900	63,900	61,550	2,350
Health and disability insurance	1,715,000	1,715,000	1,559,157	155,843
Retirement	1,282,500	1,282,500	1,249,300	33,200
Insurance	535,500	535,500	498,273	37,227
Electric tax equivalent	155,000	155,000	137,614	17,386
Employee recognition programs	196,882	196,882	183,834	13,048
Computer software	55,689	55,689	69,749	(14,060)
Advertising	25,000	25,000	28,175	(3,175)
Legal settlement	100,000	100,000	100,000	-
Other general government	371,595	271,595	436,104	(164,509)
	<b>5,972,863</b>	<b>5,905,863</b>	<b>5,718,932</b>	<b>186,931</b>

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

**CITY OF SHELBYVILLE, TENNESSEE**

Year ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
<b>EXPENDITURES (Continued)</b>				
General government:				
Planning and zoning				
Salaries	243,475	213,475	166,876	46,599
Professional services	37,000	192,375	193,091	(716)
Employee education and training	5,000	5,000	402	4,598
Utilities	4,372	4,372	4,309	63
Gasoline and oil	3,400	3,400	1,235	2,165
Maintenance and repair	2,975	2,975	394	2,581
Office supplies and materials	3,000	3,000	717	2,283
Other planning and zoning	18,740	20,740	4,576	16,164
	<u>317,962</u>	<u>445,337</u>	<u>371,600</u>	<u>73,737</u>
Cemetery				
Salaries	113,365	114,865	101,667	13,198
Utilities	4,800	4,800	5,097	(297)
Maintenance and repair	7,760	7,760	2,910	4,850
Gasoline and oil	3,500	3,500	2,710	790
Other cemetery	13,070	13,070	7,254	5,816
	<u>142,495</u>	<u>143,995</u>	<u>119,638</u>	<u>24,357</u>
Animal control				
Salaries	111,545	113,545	90,406	23,139
Professional services	5,000	5,000	6,700	(1,700)
Utilities	9,500	9,500	11,624	(2,124)
Maintenance and repair	4,000	4,000	1,633	2,367
Gasoline and oil	3,000	3,000	2,034	966
Materials and supplies	11,350	11,350	6,928	4,422
Other animal control	12,900	12,900	4,260	8,640
	<u>157,295</u>	<u>159,295</u>	<u>123,585</u>	<u>35,710</u>
Public recreation:				
Parks and recreation				
Salaries	364,896	366,396	284,711	81,685
Utilities	25,825	25,825	19,825	6,000
Maintenance and repair	108,460	108,460	77,382	31,078
Gasoline and oil	18,603	18,603	11,309	7,294
Chemical supplies	9,700	9,700	4,833	4,867
Special events	6,800	6,800	1,427	5,373
Expensable tools	4,325	4,325	6,345	(2,020)
Other parks and recreation	23,199	23,199	12,933	10,266
	<u>561,808</u>	<u>563,308</u>	<u>418,765</u>	<u>144,543</u>

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

**CITY OF SHELBYVILLE, TENNESSEE**

Year ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
EXPENDITURES (Continued)				
Public recreation				
Recreational center				
Salaries	559,371	571,371	490,136	81,235
Professional services	4,800	4,800	1,600	3,200
Utilities	164,543	164,543	130,832	33,711
Maintenance and repair	78,457	78,457	76,417	2,040
Recreational programming	14,700	14,700	12,857	1,843
Expensable tools and materials	23,982	23,982	20,956	3,026
Chemical supplies	18,490	18,490	6,698	11,792
Employee education and training	3,364	3,364	1,670	1,694
Other recreational center	42,265	42,265	24,476	17,789
	<u>909,972</u>	<u>921,972</u>	<u>765,642</u>	<u>156,330</u>
Sports league				
Salaries	51,489	51,321	19,905	31,416
Professional services	19,600	19,600	6,460	13,140
Clothing and uniforms	9,000	9,000	2,966	6,034
Materials	4,250	4,250	789	3,461
Other sports league	7,006	7,174	2,473	4,701
	<u>91,345</u>	<u>91,345</u>	<u>32,593</u>	<u>58,752</u>
Public safety:				
Police				
Salaries	2,973,296	3,026,796	2,869,411	157,385
Salary supplement	52,800	52,800	56,954	(4,154)
Employee education and training	42,593	42,593	35,690	6,903
Utilities	48,422	108,422	120,905	(12,483)
Maintenance and repair	62,238	67,478	77,509	(10,031)
Gasoline and fuel	79,957	79,957	75,737	4,220
Fees paid to state	37,383	37,383	12,764	24,619
Computer software	32,092	32,092	17,520	14,572
Office supplies and materials	14,600	14,600	10,164	4,436
Clothing and uniforms	58,466	58,466	36,779	21,687
Expensable tools	26,653	26,653	36,790	(10,137)
Lease and rental of equipment	16,124	16,124	15,566	558
Other police	35,691	35,691	26,690	9,001
	<u>3,480,315</u>	<u>3,599,055</u>	<u>3,392,479</u>	<u>206,576</u>

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

**CITY OF SHELBYVILLE, TENNESSEE**

Year ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
<b>EXPENDITURES (Continued)</b>				
Public safety:				
Fire				
Salaries	2,134,250	2,221,250	2,198,274	22,976
Salary supplement	44,000	44,000	51,500	(7,500)
Employee education and training	15,630	15,630	13,810	1,820
Utilities	37,560	77,560	76,905	655
Maintenance and repair	57,005	59,727	40,934	18,793
Gasoline and fuel	15,500	15,500	14,738	762
Fire hydrant rental	53,856	53,856	56,112	(2,256)
Expendable tools	64,900	194,900	163,855	31,045
Clothing and uniforms	20,000	20,000	17,641	2,359
Employment physicals	30,000	30,000	32,865	(2,865)
Other fire	36,435	40,394	31,057	9,337
	<u>2,509,136</u>	<u>2,772,817</u>	<u>2,697,691</u>	<u>75,126</u>
Public works:				
Streets				
Salaries	907,725	927,725	818,827	108,898
Professional services	12,000	12,000	15,260	(3,260)
Utilities	24,500	24,500	21,898	2,602
Maintenance and repair	74,146	74,146	31,449	42,697
Gasoline and fuel	88,253	88,253	63,765	24,488
Expendable materials	37,916	37,916	37,202	714
Construction material	39,500	39,500	15,785	23,715
Clothing and uniforms	14,000	14,000	7,825	6,175
Chemical supplies	10,140	10,140	6,832	3,308
State road paving	88,222	88,222	80,084	8,138
Other streets	56,035	56,035	19,052	36,983
	<u>1,352,437</u>	<u>1,372,437</u>	<u>1,117,979</u>	<u>254,458</u>
Stormwater management				
Professional services	20,000	20,000	16,647	3,353
Gasoline and oil	2,239	2,239	564	1,675
Construction material	11,000	11,000	12,303	(1,303)
State maintenance fee	3,460	3,460	3,460	-
Other stormwater management	15,875	15,875	5,115	10,760
	<u>52,574</u>	<u>52,574</u>	<u>38,089</u>	<u>14,485</u>



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

**CITY OF SHELBYVILLE, TENNESSEE**

Year ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
<b>EXPENDITURES (Continued)</b>				
Sanitation				
Salaries	434,575	434,575	416,142	18,433
Utilities	5,531	5,531	5,075	456
Maintenance and repair	57,200	57,200	47,773	9,427
Landfill services	385,000	385,000	381,944	3,056
Gasoline and oil	35,983	35,983	40,032	(4,049)
Other sanitation	24,800	28,800	23,409	5,391
	<u>943,089</u>	<u>947,089</u>	<u>914,375</u>	<u>32,714</u>
Finance				
Debt principal	297,000	297,000	297,000	-
Interest on debt	52,709	52,709	52,708	1
	<u>349,709</u>	<u>349,709</u>	<u>349,708</u>	<u>1</u>
Airport				
Salaries	286,991	286,991	243,966	43,025
Utilities	44,644	44,644	49,773	(5,129)
Maintenance and repair	60,874	60,874	38,990	21,884
Fuel for resale	259,000	369,000	351,104	17,896
Gasoline and oil	9,434	9,434	6,529	2,905
Bank service charges	13,000	13,000	11,701	1,299
Insurance	13,500	13,500	16,210	(2,710)
Other airport	33,790	37,290	24,571	12,719
	<u>721,233</u>	<u>834,733</u>	<u>742,844</u>	<u>91,889</u>
Economic and Industrial Development				
Professional services	5,000	5,000	52,077	(47,077)
Travel	2,500	2,500	3,505	(1,005)
Other development	94,350	54,350	744	53,606
	<u>101,850</u>	<u>61,850</u>	<u>56,326</u>	<u>5,524</u>
Welfare	<u>211,555</u>	<u>566,690</u>	<u>560,163</u>	<u>6,527</u>
TOTAL EXPENDITURES	<u>17,875,638</u>	<u>18,788,069</u>	<u>17,420,409</u>	<u>1,367,660</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,446,692)</u>	<u>(2,465,164)</u>	<u>3,762,523</u>	<u>6,227,687</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,214,378	814,378	788,135	(26,243)
Transfers out	(757,548)	(1,182,548)	(1,182,548)	-
Sales of general capital assets	2,500	2,500	9,628	7,128
Insurance recoveries	-	7,962	23,706	15,744
TOTAL OTHER FINANCING SOURCES	<u>459,330</u>	<u>(357,708)</u>	<u>(361,079)</u>	<u>(3,371)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,987,362)</u>	<u>\$ (2,822,872)</u>	<u>3,401,444</u>	<u>\$ 6,224,316</u>
FUND BALANCE - BEGINNING			11,600,993	
FUND BALANCE - END			<u>\$ 15,002,437</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, 2021**

	Business type activities - Enterprise Funds			
	Power System	Water System	Sewerage System	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 17,229,237	\$ 8,749,365	\$ 4,634,216	\$ 30,612,818
Accounts receivable, net of allowance	3,083,244	271,012	261,175	3,615,431
Unbilled revenue	1,078,796	-	-	1,078,796
Grant receivable	-	-	28,251	28,251
Other receivables	125,561	2,669	308	128,538
Inventory	484,554	143,240	44,224	672,018
Other assets	3,052,758	-	-	3,052,758
Total current assets	25,054,150	9,166,286	4,968,174	39,188,610
Noncurrent assets:				
Restricted cash and cash equivalents-bonds	-	1,144,458	100,604	1,245,062
Restricted cash and cash equivalents-customer deposits	2,056,827	254,887	6,420	2,318,134
Energy conservation loans	29,128	-	-	29,128
Capital assets	24,423,467	17,138,200	39,142,449	80,704,116
Total noncurrent assets	26,509,422	18,537,545	39,249,473	84,296,440
<b>TOTAL ASSETS</b>	<b>51,563,572</b>	<b>27,703,831</b>	<b>44,217,647</b>	<b>123,485,050</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	1,110,657	431,923	514,194	2,056,774
OPEB	29,239	29,239	29,238	87,716
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>52,703,468</b>	<b>28,164,993</b>	<b>44,761,079</b>	<b>125,629,540</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	4,293,056	224,639	91,671	4,609,366
Accrued expenses and other liabilities	4	-	-	4
Accrued interest	-	-	21,181	21,181
Total current liabilities	4,293,060	224,639	112,852	4,630,551
Current liabilities payable from restricted assets:				
Customer deposits	2,056,827	254,887	6,420	2,318,134
Bonds payable	-	270,000	975,000	1,245,000
Accrued interest	-	24,856	-	24,856
Total current liabilities payable from restricted assets	2,056,827	549,743	981,420	3,587,990
Noncurrent liabilities:				
Conservation - TVA program	29,128	-	-	29,128
Accrued vacation	149,200	116,568	76,593	342,361
Bonds payable	-	2,640,000	13,720,000	16,360,000
Net pension liability	1,983,963	771,541	918,502	3,674,006
Net OPEB liability	179,674	179,674	179,672	539,020
Total noncurrent liabilities	2,341,965	3,707,783	14,894,767	20,944,515
<b>TOTAL LIABILITIES</b>	<b>8,691,852</b>	<b>4,482,165</b>	<b>15,989,039</b>	<b>29,163,056</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	12,256	4,766	5,674	22,696
Deferred amounts from refunding of debt	-	71,434	2,314,567	2,386,001
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>12,256</b>	<b>76,200</b>	<b>2,320,241</b>	<b>2,408,697</b>
<b>NET POSITION</b>				
Net investment in capital assets	24,423,467	14,203,344	24,447,449	63,074,260
Restricted	-	849,602	-	849,602
Unrestricted	19,575,893	8,553,682	2,004,350	30,133,925
<b>TOTAL NET POSITION</b>	<b>\$ 43,999,360</b>	<b>\$ 23,606,628</b>	<b>\$ 26,451,799</b>	<b>\$ 94,057,787</b>

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, 2021**

	Business type activities - Enterprise Funds			
	Power System	Water System	Sewerage System	Total
Operating revenues:				
Charges for services pledged as security for revenue bonds	\$ 32,100,655	\$ 5,138,011	\$ 5,234,406	\$ 42,473,072
Forfeited discounts and penalties	231,817	45,054	61,140	338,011
Rental income	507,701	-	-	507,701
Other operating revenue	125,295	70,304	-	195,599
<b>TOTAL OPERATING REVENUE</b>	<b>32,965,468</b>	<b>5,253,369</b>	<b>5,295,546</b>	<b>43,514,383</b>
Operating expenses:				
Purchased power	24,946,678	-	-	24,946,678
Operational expenses	3,225,286	2,349,735	2,247,505	7,822,526
Maintenance expense	535,752	1,367,367	499,195	2,402,314
Depreciation and amortization	1,118,167	1,417,639	1,206,781	3,742,587
<b>TOTAL OPERATING EXPENSES</b>	<b>29,825,883</b>	<b>5,134,741</b>	<b>3,953,481</b>	<b>38,914,105</b>
<b>OPERATING INCOME</b>	<b>3,139,585</b>	<b>118,628</b>	<b>1,342,065</b>	<b>4,600,278</b>
Nonoperating revenues (expenses):				
Interest income	31,406	49,658	9,607	90,671
Interest expense	(4,434)	(95,043)	(378,126)	(477,603)
Bond costs of issuance		(21,723)	(129,991)	(151,714)
Other income (expenses)	(3,437)	-	-	(3,437)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>23,535</b>	<b>(67,108)</b>	<b>(498,510)</b>	<b>(542,083)</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>3,163,120</b>	<b>51,520</b>	<b>843,555</b>	<b>4,058,195</b>
Transfers out	(601,759)	(36,000)	(36,000)	(673,759)
Capital contributions	-	420,150	383,500	803,650
Contributions in aid	-		28,251	28,251
<b>CHANGE IN NET POSITION</b>	<b>2,561,361</b>	<b>435,670</b>	<b>1,219,306</b>	<b>4,216,337</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>41,437,999</b>	<b>23,170,958</b>	<b>25,232,493</b>	<b>89,841,450</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 43,999,360</b>	<b>\$ 23,606,628</b>	<b>\$ 26,451,799</b>	<b>\$ 94,057,787</b>

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, 2021**

	Business type activities - Enterprise Funds			
	Power System	Water System	Sewerage System	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers (including other funds)	\$ 32,948,959	\$ 5,205,635	\$ 5,213,554	\$ 43,368,148
Payments to suppliers	(27,432,590)	(1,897,419)	(1,632,345)	(30,962,354)
Cash paid to employees	(2,457,105)	(1,628,298)	(1,169,286)	(5,254,689)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,059,264	1,679,918	2,411,923	7,151,105
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributed	-	420,150	411,751	831,901
Other income (expense)	(3,437)	-	-	(3,437)
Proceeds from issuance of long-term debt, net	-	1,585,000	12,875,000	14,460,000
Acquisition and construction of capital assets	(7,361,221)	(985,510)	(735,841)	(9,082,572)
Principal paid on long-term debt	-	(1,860,000)	(16,245,033)	(18,105,033)
Interest paid on long-term debt	-	(107,115)	(379,543)	(486,658)
Bonds cost of issuance	-	(21,723)	(129,991)	(151,714)
Reoffering premium	-	61,962	2,415,559	2,477,521
Interest paid on customer deposits	(4,434)	-	-	(4,434)
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	(7,369,092)	(907,236)	(1,788,098)	(10,064,426)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Increase in customer deposits	89,288	12,254	-	101,542
Issuance of energy conservation loans	(39,667)	-	-	(39,667)
Payments to DREMC for transfers of members	(1,552)	-	-	(1,552)
Transfers to other funds	(601,759)	(36,000)	(36,000)	(673,759)
Home weatherization loan advances	39,667	-	-	39,667
NET CASH PROVIDED(USED) BY NON-CAPITAL FINANCING ACTIVITIES	(514,023)	(23,746)	(36,000)	(573,769)
<b>CASH FLOWS FROM INVESTING ACTIVITIES - Interest and other income</b>	31,710	51,126	9,876	92,712
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,792,141)	800,062	597,701	(3,394,378)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	24,078,205	9,348,648	4,143,539	37,570,392
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 19,286,064	\$ 10,148,710	\$ 4,741,240	\$ 34,176,014
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>				
Unrestricted cash and cash equivalents	\$ 19,286,064	\$ 8,761,618	\$ 4,634,216	\$ 32,681,898
Restricted cash and cash equivalents	-	1,387,092	107,024	1,494,116
	\$ 19,286,064	\$ 10,148,710	\$ 4,741,240	\$ 34,176,014

**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**CITY OF SHELBYVILLE, TENNESSEE**  
**June 30, 2021**

	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	\$ 3,139,585	\$ 118,628	\$ 1,342,065	\$ 4,600,278
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,118,167	1,417,639	1,206,781	3,742,587
Provision for bad debts	78,769	17,038	35,736	131,543
(Increase) decrease in:				
Accounts receivable	(16,509)	(47,734)	(81,992)	(146,235)
Inventory	(81,879)	22,014	(17,652)	(77,517)
Other assets	(3,026,784)	-	-	(3,026,784)
Increase (decrease) in:				
Accounts payable	1,967,246	177,207	(41,149)	2,103,304
Pension liability	(113,696)	(44,215)	(52,638)	(210,549)
OPEB liability	15,150	15,150	15,151	45,451
Accrued expenses	(20,785)	4,191	5,621	(10,973)
Total adjustments	(80,321)	1,561,290	1,069,858	2,550,827
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,059,264	\$ 1,679,918	\$ 2,411,923	\$ 7,151,105

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

**STATEMENT OF NET POSITION**  
**CITY OF SHELBYVILLE, TENNESSEE**  
**FIDUCIARY FUND**  
**June 30, 2021**

		Pension Trust Fund
<hr/>		
ASSETS		
Investments		
Pooled separate accounts		\$ 16,347,527
	TOTAL ASSETS	<u>16,347,527</u>
NET POSITION		
Net position held in trust for pension benefits		16,347,527
	TOTAL NET POSITION	<u>\$ 16,347,527</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, 2021**

	Pension Trust Fund
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 924,248
Plan members	-
Total contributions	<u>924,248</u>
Investment earnings:	
Net increase in the fair value of investments	<u>3,869,290</u>
Total investment earnings	<u>3,869,290</u>
Total additions	<u>4,793,538</u>
<b>DEDUCTIONS</b>	
Benefits	928,123
Administrative expenses	<u>37,336</u>
Total deductions	<u>965,459</u>
Change in net position	3,828,079
Net position - beginning	<u>12,519,448</u>
Net position - ending	<u><u>\$ 16,347,527</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

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**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, 2021

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government reports the following major governmental funds:

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

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

The government reports the following major enterprise funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

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

(3) Measurement focus and basis of accounting

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

### CITY OF SHELBYVILLE, TENNESSEE

June 30, 2021

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers 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 expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital 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.

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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### CITY OF SHELBYVILLE, TENNESSEE

June 30, 2021

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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) 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.

(7) 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, 2021

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(8) Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has six items that qualify for reporting in this category, four of which result from its pension plans. These amounts are reflected on the government-wide statement of net position. See note H for further information concerning deferred outflows related to the pension plans. The government has two items that qualify for reporting in this category resulting from its other post-employment benefit plans. These amounts are reflected on the government-wide statement of net position. See note I for further information concerning deferred outflows related to the other post-employment benefit plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government reports unavailable revenue as deferred inflows of resources on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government reports deferred current property taxes as an inflow of resources on the government-wide statement of net position. These amounts are deferred and recognized as an inflow of resources in the period for which property taxes are levied. The government 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. The government has two items that qualify for reporting in this category resulting from its pension plans. These amounts are reflected on the government-wide statement of net position. See note H for further information concerning deferred inflows related to the pension plans. The government has one item that qualifies for reporting in this category resulting from its other post-employment benefit plan. This amount is reflected on the government-wide statement of net position. See note I for further information concerning deferred outflows related to the other post-employment benefit plan.

(9) 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.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(10) Energy Conservation Loans**

The Shelbyville Power System is a fiscal intermediary for the 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.

**(11) 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.

**(12) 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.

**(13) Compensated Absences**

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

**(14) 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2021

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(15) Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 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, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during the acquisition period of capital assets is included as part of the capitalized value of the assets constructed, if considered significant. There was no interest capitalized during the year ended June 30, 2021.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the government are depreciated 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
Infrastructure	75 - 100

(16) 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, 2021, is \$30,066.

Customer utility accounts receivable of the government's enterprise funds are presented net of an allowance for uncollectible accounts of \$168,560. Bad debt expense for the current year is \$131,543. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2021

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(17) Unbilled Revenue

The power system has recorded unbilled revenue of \$1,078,796 as of June 30, 2021. 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.

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. The governmental funds invest funds in an interest bearing public funds checking account. These funds are stated at cost which approximates fair value.

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.

At June 30, 2021, 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, 2021, the carrying amount of the Systems' deposits was \$34,176,014 and the amount of the banks balances was \$34,182,333. Of the bank balances, \$2,500,000 was covered by Federal depository insurance, and \$6,861,255 was collateralized with securities pledged that comply with statutes as acceptable collateral, and \$24,821,078 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, 2021.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

**NOTE C - INCOME TAXES**

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

**NOTE D - 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 E - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021, 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	\$ 2,963,002	\$ 292,334	\$ -	\$ 3,255,336
Construction in progress	1,655,272	345,459	375,812	1,624,919
Total capital assets, not being depreciated	<u>4,618,274</u>	<u>637,793</u>	<u>375,812</u>	<u>4,880,255</u>
Capital assets, being depreciated:				
Buildings	13,181,635	413,191	-	13,594,826
Equipment	5,323,394	259,344	-	5,582,738
Vehicles	7,178,034	2,173,908	142,465	9,209,477
Infrastructure	<u>30,777,129</u>	<u>90,518</u>	<u>-</u>	<u>30,867,647</u>
Total capital assets being depreciated	56,460,192	2,936,961	142,465	59,254,688
Less accumulated depreciation for:				
Buildings	4,834,924	319,927	-	5,154,851
Equipment	3,123,388	361,384	-	3,484,772
Vehicles	4,090,892	415,094	142,465	4,363,521
Infrastructure	<u>4,268,997</u>	<u>1,042,618</u>	<u>-</u>	<u>5,311,615</u>
Total accumulated depreciation	<u>16,318,201</u>	<u>2,139,023</u>	<u>142,465</u>	<u>18,314,759</u>
Total capital assets, being depreciated, net	<u>40,141,991</u>	<u>797,938</u>	<u>-</u>	<u>40,939,929</u>
Governmental activities capital assets, net	<u>\$ 44,760,265</u>	<u>\$ 1,435,731</u>	<u>\$ 375,812</u>	<u>\$ 45,820,184</u>



**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

NOTE E - 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	7,135,489	8,175,410	2,165,446	13,145,453
Total capital assets, not being depreciated	<u>7,964,223</u>	<u>8,175,410</u>	<u>2,165,446</u>	<u>13,974,187</u>
Capital assets, being depreciated:				
Structures and improvements	42,410,126	78,538	628	42,488,036
Distribution plant	83,836,349	2,496,133	181,602	86,150,880
Furniture and fixtures	1,417,452	20,215	-	1,437,667
Transportation equipment	3,610,094	200,677	14,950	3,795,821
Equipment	<u>2,690,106</u>	<u>68,663</u>	<u>-</u>	<u>2,758,769</u>
Total capital assets, being depreciated	133,964,127	2,864,226	197,180	136,631,173
Less accumulated depreciation for:				
Structures and improvements	14,472,932	1,273,525	-	15,746,457
Distribution plant	45,447,767	2,185,111	401,005	47,231,873
Furniture and fixtures	1,131,905	40,288	-	1,172,193
Transportation equipment	3,283,362	194,171	14,950	3,462,583
Equipment	<u>2,235,739</u>	<u>52,399</u>	<u>-</u>	<u>2,288,138</u>
Total accumulated depreciation	<u>66,571,705</u>	<u>3,745,494</u>	<u>415,955</u>	<u>69,901,244</u>
Total capital assets, being depreciated, net	<u>67,392,422</u>	<u>(881,268)</u>	<u>(218,775)</u>	<u>66,729,929</u>
Business-type activities capital assets, net	<u>\$ 75,356,645</u>	<u>\$ 7,294,142</u>	<u>\$ 1,946,671</u>	<u>\$ 80,704,116</u>

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

Governmental activities:	
General government	\$ 114,498
Public recreation	406,245
Public safety	354,385
Public works	527,334
Airport	732,029
Welfare	<u>4,532</u>
Total depreciation expense - governmental activities	<u>\$ 2,139,023</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

**NOTE E - CAPITAL ASSETS (Continued)**

Business-type activities:	
Power system	\$ 1,128,562
Water system	1,281,380
Sewerage system	<u>1,335,552</u>
Total depreciation expense - business-type activities	<u>\$ 3,745,494</u>

**NOTE F - LONG-TERM LIABILITIES**

Direct borrowings and direct placements

Capital outlay notes

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

<u>Purpose</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>Outstanding Amount</u>
Governmental activities – energy efficiency improvements	2.66%	2025	\$ 846,000
Governmental activities – storm flume repair	2.64	2025	533,000
Governmental activities – industrial development	2.50	2027	<u>330,000</u>
			<u>\$ 1,709,000</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 307,000	\$ 44,784
2023	319,000	36,016
2024	331,000	26,930
2025	342,000	17,538
2026	355,000	7,828
2026-2027	<u>55,000</u>	<u>1,925</u>
Total	<u>\$ 1,709,000</u>	<u>\$ 135,021</u>

In February 2021, the Systems issued \$12,875,000 General Obligation Refunding Bonds, Series 2021 with interest rates ranging from 2.00%-5.00% to refinance \$15,274,863 which represents Sewer System Revolving Loan Funds SRF 2003-172 and SRF 07-206. As a result of this advance refunding, the SRF loans were defeased and the liability of those loans has been removed from long-term debt in fiscal year 2021 financial statements. This refunding decreases total debt service payment by approximately \$644,315 resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$615,090.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

**NOTE F - LONG-TERM LIABILITIES (Continued)**

In February 2021, the Systems issued \$1,585,000 General Obligation Refunding Bonds, Series 2021 with interest rates ranging from 0.75%-2.00% to refinance \$1,600,000 which represents the callable portion of Water System Bonds, Series 2011. As a result of this advance refunding, the 2011 bonds were defeased and the liability for the refunded portion of those bonds has been removed from long-term debt in fiscal year 2021 financial statements. This refunding decreases total debt service payment by approximately \$126,111 resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$122,664.

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>
Water and sewer – general obligation bonds	1.25 – 2.8%	8/01/2028	\$ 205,000
Sewer – general obligation bonds	2.25 – 4.0%	8/01/2037	1,820,000
Water – general obligation bonds	2.25 – 4.0%	8/01/2037	1,120,000
Water – general obligation bonds	0.75 – 2.0%	8/01/2028	1,585,000
Sewer – general obligation bonds	2.00 – 5.0%	8/01/2033	12,875,000
			<u>\$ 17,605,000</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:

<u>Year Ending</u> <u>June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,245,000	\$ 716,855
2023	1,310,000	568,745
2024	1,360,000	510,020
2025	1,415,000	450,370
2026	1,485,000	389,495
2027-2031	6,680,000	1,093,014
2032-2036	3,750,000	196,912
2037-2038	360,000	10,650
Total	<u>\$ 17,605,000</u>	<u>\$ 3,936,061</u>

The amount of interest cost incurred and charged to expense during the year ended June 30, 2021, was \$52,708 for the governmental activities and \$477,603 for the business-type activities.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

**NOTE F - LONG-TERM LIABILITIES (Continued)**

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2021, 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	\$ 2,006,000	\$ -	\$ 297,000	\$ 1,709,000	\$ 307,000
Other long-term liabilities:					
Post-employment benefit obligation	1,029,821	111,726	81,126	1,060,421	81,126
Settlement	100,000	-	100,000	-	-
Compensated absences	<u>677,758</u>	<u>555,622</u>	<u>543,591</u>	<u>689,789</u>	<u>40,000</u>
Long-term liabilities	<u>\$ 3,813,579</u>	<u>\$ 667,348</u>	<u>\$ 1,021,717</u>	<u>\$ 3,459,210</u>	<u>\$ 428,126</u>

The liabilities for pension-related debt, other postemployment benefit obligation, and compensated absences are fully liquidated by the general fund.

Business-type activities:

Direct borrowings:

Notes payable	\$ 16,160,033	\$ -	\$ 16,160,033	\$ -	\$ -
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Other debt:

Revenue bonds	5,090,000	14,460,000	1,945,000	17,605,000	1,245,000
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Other long-term liabilities:

Conservation – TVA program	68,796	-	39,668	29,128	-
Compensated absences	346,723	-	4,362	342,361	-
Net pension liability	3,343,578	1,244,058	913,630	3,674,006	-
Post-employment benefit obligation	<u>508,222</u>	<u>50,067</u>	<u>19,269</u>	<u>539,020</u>	<u>-</u>
Long-term liabilities	<u>\$ 25,517,352</u>	<u>\$ 15,754,125</u>	<u>\$ 19,081,962</u>	<u>\$ 22,189,515</u>	<u>\$ 1,245,000</u>

**NOTE G - COMMITMENTS AND CONTINGENCIES**

The Water system and four other water systems in the Upper Duck River area entered into an agreement with the Tennessee Valley Authority (TVA) whereby, commencing February 25, 1972, each water system began paying monthly to TVA five cents (\$.05) for each 1,000 gallons of water sold by it during the preceding month. The funds will go to return the Agencies' portion of the debt incurred to build the Normandy and Columbia reservoirs. Such payments shall be made regardless of the source of water sold and shall continue until a total of \$16,200,000 has been paid to TVA by the group. There has been no division of the total liability between the parties to the contract.

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

### CITY OF SHELBYVILLE, TENNESSEE

June 30, 2021

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#### NOTE G - COMMITMENTS AND CONTINGENCIES (Continued)

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.

In connection with the Tennessee Valley Authority, 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, 2021, the Systems had several construction projects in process. The Systems take bids for these projects and award construction contracts to various companies.

#### NOTE H - PENSION PLAN

##### GENERAL GOVERNMENT:

##### Plan Description

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

##### Benefits Provided

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

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

##### Employees covered by benefit terms

At the actuarial valuation date of January 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	93
Inactive employees entitled to but not yet receiving benefits	43
Active employees	<u>43</u>
Total	<u>179</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CITY OF SHELBYVILLE, TENNESSEE

June 30, 2021

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NOTE H - PENSION PLAN (Continued)

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, 2021, the City contributed \$924,248.

Net pension asset

The government's net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2021, using standard actuarial methodology and the actual assets of the trust as of June 30, 2021.

Actuarial assumptions

The total pension liability as of June 30, 2021, 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 – 7.25%  
Discount rate – 7.25%

*Demographic Actuarial Assumptions*

Mortality:

Society of Actuaries RP-2014 Blue Collar Healthy Annuitant Mortality Table with fully generational mortality projection using the MP-2020 projection scale.

Termination or Withdrawal from service:

T-3 table

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.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

**NOTE H - PENSION PLAN (Continued)**

Discount Rate

The assets of the Plan are invested at One America. At their recommendation the funds are 46% allocated to equities and 54% 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 7.25%. 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, 2020	\$(15,414,707)	\$ 12,519,448	\$ (2,895,259)
Changes for the year:			
Service cost	(100,658)	-	(100,658)
Interest cost	(1,091,808)	-	(1,091,808)
Difference between expected and actual experience	(44,661)	-	(44,661)
Change in actuarial assumptions	49,188	-	49,188
Employer contributions	-	924,248	924,248
Employee contributions	-	-	-
Net investment income	-	3,869,290	3,869,290
Benefit payments	928,123	(928,123)	-
Administrative expense	-	(37,336)	(37,336)
Other charges	-	-	-
Net changes	<u>(259,816)</u>	<u>3,828,079</u>	<u>3,568,263</u>
Balance at June 30, 2021	<u>\$(15,674,523)</u>	<u>\$ 16,347,527</u>	<u>\$ 673,004</u>

The plan's fiduciary net position as a percentage of the total pension liability was 104.3% at June 30, 2021.

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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net pension liability	\$ 1,047,342	\$ (673,004)	\$ (2,127,065)

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

**NOTE H - PENSION PLAN (Continued)**

Pension expense

For the year ended June 30, 2021, the general government recognized pension expense of \$383,194.

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, 2021, 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, 2021, the annual money-weighted rate of return on pension plan investments, net of investment expense was 30.81%.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2021, 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	\$ 94,486	\$ 183,952
Change in actuarial assumptions	361,879	-
Net difference between projected and actual earnings on pension plan investments	-	1,689,909
Total	<u>\$ 456,365</u>	<u>\$ 1,873,861</u>

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:

2022	\$ (290,953)
2023	(295,659)
2024	(375,604)
2025	(546,844)
2026	45,778
Thereafter	45,786



## NOTES TO FINANCIAL STATEMENTS (Continued)

### CITY OF SHELBYVILLE, TENNESSEE

June 30, 2021

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#### NOTE H - PENSION PLAN (Continued)

##### 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, 2021, 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.

Net pension liability was measured as of October 1, 2020, 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, 2020:

Total pension liability	\$ 26,702,012
Plan fiduciary net position	<u>23,028,006</u>
Net pension liability	<u>\$ 3,674,006</u>
Net position as percentage of the total pension liability	86.24%

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

**NOTE H - PENSION PLAN (Continued)**

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

Net pension liability with a 1% decrease in discount rate: 6.00%	\$ 6,880,084
Net pension liability at current discount rate: 7.00%	3,674,006
Net pension liability with a 1% increase in discount rate: 8.00%	963,095

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	\$ 377,559
Interest on the total pension liability	1,729,507
Recognized liability (gains)/losses	153,481
Change of assumptions	141,762
Employee contributions	(136,177)
Projected earnings on pension plan investments	(1,500,809)
Recognized assets (gains)/losses	(74,458)
Pension plan administrative expense	5,587
Other changes in fiduciary net pension	-
Total pension expense	<u>\$ 696,452</u>

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, 2019	\$ (24,953,088)	\$ 21,609,510	\$ (3,343,578)
Changes for the year:			
Service cost	(377,559)	-	(377,559)
Interest cost	(1,729,507)	-	(1,729,507)
Difference between expected and actual experience	(38,105)	-	(38,105)
Assumption changes	(850,571)	-	(850,571)
Employer contributions	-	777,453	777,453
Employee contributions	-	136,177	136,177
Net investment income	-	1,757,271	1,757,271
Benefit payments	1,246,818	(1,246,818)	-
Administrative expense	-	(5,587)	(5,587)
Other charges	-	-	-
Net changes	<u>(1,748,924)</u>	<u>1,418,496</u>	<u>(330,428)</u>
Balance at October 1, 2020	<u>\$ (26,702,012)</u>	<u>\$ 23,028,006</u>	<u>\$ (3,674,006)</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

**NOTE H - PENSION PLAN (Continued)**

Deferred Outflows and Inflows of Resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 583,029	\$ 22,696
Changes in assumptions	708,809	-
Net difference between projected and actual earnings in pension plan investments	82,936	-
Contributions subsequent to the measurement date of October 1, 2020	<u>682,000</u>	<u>-</u>
	<u>\$ 2,056,774</u>	<u>\$ 22,696</u>

The employer contributions of \$682,000 reported as pension related deferred outflows of resources subsequent to the measurement date of October 1, 2020 will be recognized as a reduction of net position liability in the year ended June 30, 2022.

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

2022	\$ 268,798
2023	408,073
2024	302,340
2025	180,507
2026	192,360
Thereafter	-

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%	3.34%-4.34%	1.67%-2.17%
Large Cap	20.00%	12.89%-14.89%	2.58%-2.98%
Mid Cap	10.00%	11.54%-13.54%	1.15%-1.35%
Small Cap	8.00%	10.20%-12.20%	0.82%-0.98%
Real Estate	2.00%	4.44%-6.44%	0.09%-0.13%
International Equity	<u>10.00%</u>	4.18%-6.18%	<u>0.42%-0.62%</u>
	100.00%		6.75%-8.25%

Rate selected 7.00%

Plan membership as of October 1, 2020

Inactive plan members or beneficiaries currently receiving benefits	54
Inactive members entitled but not yet receiving benefits	14
Active plan members	<u>75</u>
Total	<u>143</u>

Contributions

Employees contributed 3% of salary. Employer contribution for the year ended June 30, 2021 were \$777,453 based on a rate of 16.60% 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.

# NOTES TO FINANCIAL STATEMENTS (Continued)

## CITY OF SHELBYVILLE, TENNESSEE

June 30, 2021

### NOTE H - PENSION PLAN (Continued)

#### Actuarial Assumptions

Measurement date	October 1, 2020
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.
Mortality	Pub-2010 General Amount-Weighted table fully-generational with projection scale MP-2020 for all participants except beneficiaries. Beneficiaries are valued using the Pub-2020 Amount-Weighted Contingent Survivor full-generational with projection scale MP-2020. In prior valuation used RP-2000 Fully Generational with Scale A.
Incidence of Disability	1985 CIDA Table-Class 2. The prior valuation used 50% 1952 Disability Table, Period 5, Benefit 5, with 6 month waiting period.
Turnover	For all employees T-3 table. The prior valuation used Termination Table T-5 with a five year setback for females.
Salary scale	3.5% per year. The prior valuation assumed 3.00% per year.
Overtime	N/A
Assumed retirement age	75% at Plan Retirement; otherwise, age 65. The prior valuation used 50% at Plan Retirement and 50% at age 65.
Marriage	It is assumed that 50% of participants are married and that a male is 3 years older than his female spouse. The prior valuation assumed that 80% of participants are married.
Cost of living increase	N/A
Date of participation freeze	N/A

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 pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of the return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2021, the Systems reported \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

### NOTE I - 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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### CITY OF SHELBYVILLE, TENNESSEE

June 30, 2021

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#### NOTE I - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

##### GENERAL GOVERNMENT:

##### Plan Description and Funding Policy

The government administers a single-employer defined benefit healthcare plan which provides postemployment healthcare benefits for retirees. The government will continue coverage under its medical insurance plan until the employee is eligible for Medicare in the same manner as then current employees. For employees with twenty years or more of service the government pays the full cost of the coverage. Employees with less than twenty years of service are reimbursed a percentage of coverage based on years of service, but not less than fifty percent. The benefits of the postretirement benefit plan are unfunded, there are no assets accumulating in a trust that meets the criteria of Paragraph 4 of GASB Statement No. 75. For the year ended June 30, 2021, the City contributed \$53,117 to fund premiums for retirees receiving benefits while the implicit subsidy was \$28,009. 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, 2020, 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:

Measurement date	June 30, 2021
Actuarial valuation date	June 30, 2020
Inflation	2.5%
Discount rate	2.21%
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-2019

##### Employees Covered by Benefit Terms

For the actuarial valuation dated June 30, 2020, the following employees of the City's general government were covered by the benefit terms of the Plan:

Inactive employees currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>170</u>
	<u>176</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

**NOTE I - 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, 2020	\$ 1,029,821	\$ -	\$ 1,029,821
Changes for the year:			
Service cost	87,920	-	87,920
Interest cost	23,806	-	23,806
Difference between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Employer contributions	-	(81,126)	(81,126)
Employee contributions	-	-	-
Net investment income	-	-	-
Benefit payments	(81,126)	81,126	-
Administrative expense	-	-	-
Other charges	-	-	-
Net changes	<u>30,600</u>	<u>-</u>	<u>30,600</u>
Balance at June 30, 2021	<u>\$ 1,060,421</u>	<u>\$ -</u>	<u>\$ 1,060,421</u>

Discount Rate

For the City's general government, the discount rate used to measure the total liability was 2.21 percent. Because the Plan is unfunded, the projected benefits are discounted using a municipal bond index rate as required under the standards. The Bond Buyer GO Bond 20 Index was used to approximate those yields.

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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate.

	<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Net OPEB liability	\$ 1,109,543	\$ 1,029,821	\$ 954,464

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.

	<u>1% Decrease (3.5%)</u>	<u>Healthcare Cost Trend Rates (4.5%)</u>	<u>1% Increase (5.5%)</u>
Net OPEB liability	\$ 914,854	\$ 1,029,821	\$ 1,166,272

# NOTES TO FINANCIAL STATEMENTS (Continued)

## CITY OF SHELBYVILLE, TENNESSEE

June 30, 2021

### NOTE I - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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

*OPEB Expense* – For the fiscal year ended June 30, 2021, the general government recognized OPEB expense of \$117,301.

*Deferred outflows of resources and deferred inflows of resources* – For the fiscal year ended June 30, 2021, 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	\$ -	\$ 19,788
Changes in assumptions	51,173	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 51,173</u>	<u>\$ 19,788</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:

2022	\$ 5,575
2023	5,575
2024	5,575
2025	5,575
2026	5,575
Thereafter	3,510

#### ENTERPRISE FUNDS:

##### Plan Description and Funding Policy

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

##### Employees Covered by Benefit Terms

At June 30, 2020, the following employees of the Systems were covered by the benefit terms of the Plan:

Active	85
Retired Members	4
Retired Spouses	-
Total	<u>89</u>
	55

## NOTES TO FINANCIAL STATEMENTS (Continued)

### CITY OF SHELBYVILLE, TENNESSEE

June 30, 2021

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#### NOTE I - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

For the fiscal year ended June 30, 2021, the Systems' paid \$19,269 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 2.16 percent. Because the Plan is unfunded, the projected benefits are discounted back using rates equivalent to AA 20-year municipal bonds. The GO Bond Buyer Index was used to approximate those yields as of June 30, 2021. The prior valuation used was 2.21%.

##### Actuarial Assumptions

For the City's enterprise funds, the Net OPEB liability in the June 30, 2021, 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, 2021
Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Mortality	Pub-2010 General Employees Headcount-weighted with MP 2020 fully generational improvement scale. The table represents the most recent mortality table, developed specifically for governmental employees by the Society of Actuaries which were released late 2010. Previous valuation used PUB-2010 General Employees Headcount-weighted mortality with MP 2019 fully generational improvement scale.
Turnover	None assumed
Core inflation assumption	2.0%; Based on the actuary's best estimate of future experience based on a review of expected and target inflation rates including the Federal Reserve Bank of Cleveland published inflation expectations and implied CPI-U yields.
Salary scales	4.0%; Based on professional judgement of the actuary.
Healthcare cost trend rates	Per-capita claims costs are projected to increase at an initial rate of 7.0% with annual declines of 0.5% until an ultimate rate of 5.0% 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 the morbidity adjustments in Chart 5 from the 2013 Society of Actuaries Study "Health Care Costs from Birth to Death". The actual medical premium for 2020 was \$679.66 for option 1, \$742.01 for option 2, and \$922.21 for option 3 per month.
Utilization	75% utilization; based on input from the plan sponsor.
Marriage assumption	It was assumed that 50% of the population would be married with males three years older than females.



**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

**NOTE I - 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, 2020	\$ 508,222	\$ -	\$ 508,222
Changes for the year:			
Service cost	37,910	-	37,910
Interest cost	11,020	-	11,020
Difference between expected and actual experience	-	-	-
Assumption changes	1,137	-	1,137
Employer contributions	-	19,269	(19,269)
Employee contributions	-	-	-
Net investment income	-	-	-
Benefit payments	(19,269)	(19,269)	-
Administrative expense	-	-	-
Other charges	-	-	-
Net changes	<u>30,798</u>	<u>-</u>	<u>30,798</u>
Balance at June 30, 2021	<u>\$ 539,020</u>	<u>\$ -</u>	<u>\$ 539,020</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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate.

	<u>1% Decrease (1.16%)</u>	<u>Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Net OPEB liability	\$ 558,275	\$ 539,020	\$ 519,451

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

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

	<u>1% Decrease (6.0% decreasing to 3.5%)</u>	<u>Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)</u>	<u>1% Increase (8.0% decreasing to 5.5%)</u>
Net OPEB liability	\$ 500,882	\$ 539,020	\$ 611,550

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

*OPEB Expense* – For the fiscal year ended June 30, 2021, the Systems’ recognized OPEB expense of \$64,719.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

**NOTE I - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

*Deferred outflows of resources and deferred inflows of resources* – For the fiscal year ended June 30, 2021, 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	\$ 1,043	\$ -
Changes in assumptions	86,673	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer payments subsequent to the measurement date	-	-
Total	<u>\$ 87,716</u>	<u>\$ -</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:

2022	\$ 15,789
2023	15,789
2024	15,789
2025	15,789
2026	15,362
Thereafter	9,198

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

**NOTE J - 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, 2021, are not reasonably estimable and are not included in these financial statements. During the year ended June 30, 2021, the government received \$140,037 from the State of Tennessee for this shared revenue.

**NOTE K - 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, 2021, 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, 2021

#### NOTE L - JOINT VENTURES

The City of Shelbyville and Bedford County jointly fund the Shelbyville-Bedford County Public Library (the Library), which operates under Tennessee state law and the rules and regulations of the Highland Rim Regional Library. The Library is governed by a voluntary, eleven-member Board of Directors, five appointed by Bedford County, five appointed by the City, and one serving "at large." The City has control over budgeting and financing of the joint venture only to the extent of representation by its appointed board members. The City contributed \$149,829 to the operations of the Library during the year ended June 30, 2021. Complete financial statements of the Library can be obtained at 220 South Jefferson Street, Shelbyville, Tennessee 37160.

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, 2021, no funds had been contributed by the City of Shelbyville to this organization. The Authority has experienced financial stress in recent years as their primary source of income, grants from the State of Tennessee, has been discontinued pending a lawsuit. While some of these funds have begun to be released, in the event this funding does not fully resume, the City is under no requirement to fund the Authority. Complete financial statements of Bedford Railroad Authority can be obtained at 114 Horseshoe Court, Shelbyville, Tennessee 37160.

Summary financial information as of June 30, 2021, of these organizations is shown below.

	Bedford Railroad	Shelbyville- Bedford County Public Library
Total assets and deferred outflows	\$ 3,967,166	\$ 2,752,296
Total liabilities and deferred inflows	<u>10,308</u>	<u>37,168</u>
Net position	<u>\$ 3,956,858</u>	<u>\$ 2,715,128</u>
Revenues	\$ 568,149	\$ 368,622
Expenditures	<u>610,331</u>	<u>444,772</u>
Increase (decrease) in net position	<u>\$ (42,182)</u>	<u>\$ (76,150)</u>

#### NOTE M - 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 a plan administrator. 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 \$268,386. Employer contributions, as well as the expense recognized in the statement of activities, totaled \$321,385. 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.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

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**NOTE N - 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 \$4,527 and employee contributions totaled \$3,389 for the year ended June 30, 2021.

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, 2021.

**NOTE O - 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, 2021, \$19,868, is included in the Police Drug fund as seized money held for disposition.

**NOTE P - RESTRICTED NET POSITION**

Net position of governmental activities restricted by enabling legislation to specific purposes include \$798,400 in limited purpose state gasoline and motor fuel taxes, \$38,322 in fines and forfeitures from drug related offenses, and \$186,228 in hotel occupancy taxes for tourism and industrial development.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

**NOTE Q - INTERFUND TRANSFERS**

The composition of interfund transfers for the year ended June 30, 2021, is as follows:

<u>Transfers in:</u>	<u>Transfers out:</u>				
	Power fund	Sewer fund	Water fund	General fund	Nonmajor governmental funds
General fund	\$601,757	\$ 36,000	\$ 36,000	\$ -	\$ 114,378
Capital projects fund	-	-	-	325,000	-
Nonmajor governmental funds	-	-	-	857,548	-

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

**NOTE R - INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances as of June 30, 2021, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Power system	State street aid	\$ -
Power system	General	10,119
Total		<u>\$ 10,119</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 S - BUDGET RESERVE**

As of June 30, 2021, the council had 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 their discretion.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

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**NOTE T - SEWER SYSTEM IMPROVEMENTS**

In October 2020, the City of Shelbyville/ SPWS obtained a CDBG grant of \$500,000 for sewer system improvements. The grant contract was effective beginning October 15, 2020, and ending on October 14, 2023. As of June 30, 2021, total expenditures on the project totaled \$32,850 funded with grant funds of \$28,251 and grantee contribution of \$4,599.

**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; flood, earthquake, tornado, wind, named windstorm, hail, sleet, lightning and rain - \$500,000 per occurrence; all other events including auto physical damage and crime coverage - \$300,000 per occurrence. Failure to perform on the part of the commercial insurance companies could result in additional assessments to the members of the Pool. No estimate of any possible future assessments has been made. The amounts of settlements have not exceeded insurance coverage for any of the past three fiscal years.

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

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

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

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

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

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

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

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.

64 **Notes to Schedule**

*Valuation date:*

Actuarially determined contribution rates for 2021 were calculated based on the January 1, 2021, actuarial valuation.

*Methods and assumptions used to determine contribution rates:*

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

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

Other significant methods and valuations include the following:

Asset valuation	Market values
Actuarial valuation method	Entry Age Normal
Salary increases	3.0 percent per year
Investment rate of return	7.25 percent
Retirement age	60 for fire and police, 62 for administrative
Mortality	Society of Actuaries RP-2014 Blue Collar Mortality adjusted to 2006 with fully generational projection scale MP-2020.
Possibility of disability	None
Termination or withdrawal from service	Graduated rates based on T-3 table



**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**

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

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

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

	6/30/18	6/30/19	6/30/20	6/30/21
<b>TOTAL OPEB LIABILITY</b>				
Service cost	\$ 74,755	\$ 77,655	\$ 77,655	\$ 87,920
Interest	35,599	34,194	38,391	23,806
Differences between actual and expected experience	-	-	(26,818)	-
Change of assumptions	-	-	69,353	-
Contributions - employer	-	-	-	-
Contributions - employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	(62,022)	(81,569)	(81,126)	(81,126)
Other charges	(15,680)	-	-	-
Administrative expense	-	-	-	-
Net change in total OPEB liability	32,652	30,280	77,455	30,600
Total OPEB liability-beginning	889,434	922,086	952,366	1,029,821
Total OPEB liability-ending (a)	<u>\$ 922,086</u>	<u>\$ 952,366</u>	<u>\$ 1,029,821</u>	<u>\$ 1,060,421</u>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions-employer	\$ -	\$ -	\$ -	\$ -
Contributions-employee	62,022	81,569	81,126	81,126
Net investment income	-	-	-	-
Benefit payments	(62,022)	(81,569)	(81,126)	(81,126)
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>
Net OPEB liability-ending (a) - (b)	<u>\$ 922,086</u>	<u>\$ 952,366</u>	<u>\$ 1,029,821</u>	<u>\$ 1,060,421</u>
Covered payroll	\$ 6,189,988	\$ 6,189,988	\$ 7,124,946	\$ 7,124,946
Net OPEB liability as a percentage of covered payroll	14.9%	15.4%	14.5%	14.9%

**Notes to Schedule**

Methods and Assumptions:

Valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal - Level Percentage of Projected Salary
Inflation	2.5%
Discount rate	2.21%
Salary increases	3.5%
Healthcare cost trend rate	4.5% level
Mortality	RPH-2014 Total Table with Projection MP-2019

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

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

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

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

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

Measurement date as of October 1, 2020 has been used for the fiscal year ending June 30, 2021.

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

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

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

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

**REQUIRED SUPPLEMENTARY INFORMATION  
PROPRIETARY FUNDS**

**CITY OF SHELBYVILLE, TENNESSEE**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

	6/30/18	6/30/19	6/30/20	6/30/2021
<b>TOTAL OPEB LIABILITY</b>				
Service cost	\$ 20,460	\$ 21,484	\$ 23,701	\$ 37,910
Interest	11,771	12,725	12,658	11,020
Differences between actual and expected experience	-	-	1,415	-
Change of assumptions	-	5,205	112,091	1,137
Contributions - employer	-	-	-	-
Contributions - employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	(8,500)	(6,629)	(6,521)	(19,269)
Administrative expense	-	-	-	-
Net change in total OPEB liability	23,731	32,785	143,344	30,798
Total OPEB liability-beginning	308,362	332,093	364,878	508,222
Total OPEB liability-ending (a)	<u>\$ 332,093</u>	<u>\$ 364,878</u>	<u>\$ 508,222</u>	<u>\$ 539,020</u>
 <b>PLAN FIDUCIARY NET POSITION</b>				
Contributions-employer	\$ 8,500	\$ 6,629	\$ 6,521	\$ 19,269
Contributions-employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	(8,500)	(6,629)	(6,521)	(19,269)
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>
 Net OPEB liability-ending (a) - (b)	<u>\$ 332,093</u>	<u>\$ 364,878</u>	<u>\$ 508,222</u>	<u>\$ 539,020</u>
  Covered payroll	\$ 1,363,792	\$ 1,363,792	\$ 5,000,000	\$ 5,051,230
 Net OPEB liability as a percentage of covered payroll	24.4%	26.8%	10.2%	10.7%

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.

## **SUPPLEMENTAL INFORMATION**

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

**June 30, 2021**

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**Special Revenue Funds**

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

State Street Aid Fund

Hotel/Motel Fund

Police Drug Fund

Police Equipment Fund

**Capital Projects Funds**

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

Industrial Fund

State Road Projects Fund

**Debt Service Fund**

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

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

**For the year ended June 30, 2021**

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	State Street Aid	Hotel/ Motel	Police Drug	Police Equipment	Industrial Development	State Road Projects	Debt Service Fund	
Assets:								
Cash in bank	\$ 689,454	\$ 170,725	\$ 58,190	\$ 32,232	\$ 27,204	\$ 1,296,945	\$ 880,705	\$ 3,155,455
Intergovernmental receivable	135,513	-	-	-	124,280	42,742	-	302,535
Taxes receivable	-	25,503	-	-	-	-	-	25,503
Total assets	<u>\$ 824,967</u>	<u>\$ 196,228</u>	<u>\$ 58,190</u>	<u>\$ 32,232</u>	<u>\$ 151,484</u>	<u>\$ 1,339,687</u>	<u>\$ 880,705</u>	<u>\$ 3,483,493</u>
Liabilities:								
Accounts payable	\$ 26,567	\$ 10,000	\$ -	\$ -	\$ -	\$ 51,109	\$ -	\$ 87,676
Funds held in trust	-	-	19,868	-	-	-	-	19,868
Due to general fund	-	-	-	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-	-	-	-
Total liabilities	<u>26,567</u>	<u>10,000</u>	<u>19,868</u>	<u>-</u>	<u>-</u>	<u>51,109</u>	<u>-</u>	<u>107,544</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted								
Highways and streets	798,400	-	-	-	-	-	-	798,400
Public safety	-	-	38,322	32,232	-	-	-	70,554
Committed	-	-	-	-	-	-	880,705	880,705
Assigned								
Highways and streets	-	-	-	-	-	1,288,578	-	1,288,578
Industrial development	-	186,228	-	-	-	-	-	186,228
Capital projects	-	-	-	-	151,484	-	-	151,484
Total fund balances	<u>798,400</u>	<u>186,228</u>	<u>38,322</u>	<u>32,232</u>	<u>151,484</u>	<u>1,288,578</u>	<u>880,705</u>	<u>3,375,949</u>
Total liabilities and fund balances	<u>\$ 824,967</u>	<u>\$ 196,228</u>	<u>\$ 58,190</u>	<u>\$ 32,232</u>	<u>\$ 151,484</u>	<u>\$ 1,339,687</u>	<u>\$ 880,705</u>	<u>\$ 3,483,493</u>



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

For the year ended June 30, 2021

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	State Street Aid	Hotel/ Motel	Police Drug	Police Equipment	Industrial Development	State Road Projects	Debt Service Fund	
Revenues:								
Intergovernmental	\$ 761,777	\$ -	\$ -	\$ -	\$ 128,531	\$ 69,105	\$ -	\$ 959,413
Taxes	-	245,809	-	-	-	-	-	245,809
Investment earnings	1,180	150	57	-	193	-	-	1,580
Fines and forfeitures	-	-	15,761	6,042	-	-	-	21,803
Miscellaneous	-	-	1,600	-	-	-	-	1,600
Total revenues	<u>762,957</u>	<u>245,959</u>	<u>17,418</u>	<u>6,042</u>	<u>128,724</u>	<u>69,105</u>	<u>-</u>	<u>1,230,205</u>
Expenditures:								
General government	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-
Public safety	-	-	1,595	-	-	-	-	1,595
Public works	562,229	-	-	-	-	86,381	-	648,610
Cemetery	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-
Industrial development	-	85,000	-	-	159,177	-	-	244,177
Total expenditures	<u>562,229</u>	<u>85,000</u>	<u>1,595</u>	<u>-</u>	<u>159,177</u>	<u>86,381</u>	<u>-</u>	<u>894,382</u>
Excess of revenues over (under) expenditures	<u>200,728</u>	<u>160,959</u>	<u>15,823</u>	<u>6,042</u>	<u>(30,453)</u>	<u>(17,276)</u>	<u>-</u>	<u>335,823</u>
Other financing sources (uses):								
Sales of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	100,000	300,000	457,548	857,548
Transfers out	-	-	-	-	-	-	(114,378)	(114,378)
Net change in fund balances	<u>200,728</u>	<u>160,959</u>	<u>15,823</u>	<u>6,042</u>	<u>69,547</u>	<u>282,724</u>	<u>343,170</u>	<u>1,078,993</u>
Fund balances - July 1, 2020	<u>597,672</u>	<u>25,269</u>	<u>22,499</u>	<u>26,190</u>	<u>81,937</u>	<u>1,005,854</u>	<u>537,535</u>	<u>2,296,956</u>
Fund balances - June 30, 2021	<u>\$ 798,400</u>	<u>\$ 186,228</u>	<u>\$ 38,322</u>	<u>\$ 32,232</u>	<u>\$ 151,484</u>	<u>\$ 1,288,578</u>	<u>\$ 880,705</u>	<u>\$ 3,375,949</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, 2021**

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
Revenues:				
Apportionment of gasoline tax from State of Tennessee	\$ 593,725	\$ 593,725	\$ 761,777	\$ 168,052
Charges for services	-	-	-	-
Interest income	750	750	1,180	430
Other income	-	-	-	-
	<u>594,475</u>	<u>594,475</u>	<u>762,957</u>	<u>168,482</u>
Expenditures:				
Street lighting	315,000	315,000	310,060	4,940
Street road paving	-	-	-	-
Street maintenance - paving	250,000	250,000	237,174	12,826
Street marking and lining	15,000	15,000	3,935	11,065
Salt expense	12,000	12,000	11,060	940
Other equipment	-	-	-	-
Capital outlay	-	-	-	-
	<u>592,000</u>	<u>592,000</u>	<u>562,229</u>	<u>29,771</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 2,475</u>	<u>\$ 2,475</u>	200,728	<u>\$ 198,253</u>
Fund balance - July 1, 2020			<u>597,672</u>	
Fund balance - June 30, 2021			<u>\$ 798,400</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, 2021**

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Taxes	\$ 144,000	\$ 144,000	\$ 245,809	\$ 101,809
Interest income	-	-	150	150
	<u>144,000</u>	<u>144,000</u>	<u>245,959</u>	<u>101,959</u>
Expenditures:				
Economic development-professional services	-	50,000	50,000	-
Travel and business expense	-	6,282	-	6,282
Economic development - Bedford County	-	72,000	-	72,000
Tourism	-	30,000	30,000	-
Local grants to promote events	-	15,000	5,000	10,000
TOTAL EXPENDITURES	<u>-</u>	<u>173,282</u>	<u>85,000</u>	<u>88,282</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 144,000</u>	<u>\$ (29,282)</u>	160,959	<u>\$ 190,241</u>
Fund balance - July 1, 2020			<u>25,269</u>	
Fund balance - June 30, 2021			<u>\$ 186,228</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Court fines	\$ 1,500	\$ 1,500	\$ 5,460	\$ 3,960
Forfeitures	-	-	10,301	10,301
Contribution	-	-	1,600	1,600
Interest income	-	-	57	57
TOTAL REVENUES	<u>1,500</u>	<u>1,500</u>	<u>17,418</u>	<u>15,918</u>
Expenditures:				
Drug dog expense	2,750	2,750	1,595	1,155
Employee education and training	700	700	-	700
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>3,450</u>	<u>3,450</u>	<u>1,595</u>	<u>1,855</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,950)	(1,950)	15,823	17,773
Other financing sources:				
Transfers in - general fund	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ (1,950)</u>	<u>\$ (1,950)</u>	<u>15,823</u>	<u>\$ 17,773</u>
Fund balance - July 1, 2020			22,499	
Fund balance - June 30, 2021			<u>\$ 38,322</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, 2021**

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Court fines	\$ 2,500	\$ 2,500	\$ 6,042	\$ 3,542
Court ordered forfeits	-	-	-	-
Miscellaneous revenue	-	-	-	-
TOTAL REVENUES	<u>2,500</u>	<u>2,500</u>	<u>6,042</u>	<u>3,542</u>
Expenditures:				
Other equipment	15,000	15,000	-	15,000
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,500)	(12,500)	6,042	18,542
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>\$ (12,500)</u>	<u>\$ (12,500)</u>	<u>6,042</u>	<u>\$ 18,542</u>
Fund balance - July 1, 2020			<u>26,190</u>	
Fund balance - June 30, 2021			<u>\$ 32,232</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 342,000	\$ 342,000	\$ 18,429	\$ (323,571)
Miscellaneous	-	-	1,220	1,220
Investment earnings	1,000	1,000	2,079	1,079
TOTAL REVENUES	<u>343,000</u>	<u>343,000</u>	<u>21,728</u>	<u>(321,272)</u>
Expenditures:				
Capital outlay - general government	28,000	545,734	527,541	18,193
Capital outlay - parks and recreation	134,500	157,000	96,028	60,972
Capital outlay - public safety	193,200	1,866,130	1,861,842	4,288
Capital outlay - public works	257,000	377,000	362,897	14,103
Capital outlay - cemetery	8,000	8,000	7,708	292
Capital outlay - airport	360,000	485,000	40,020	444,980
TOTAL EXPENDITURES	<u>980,700</u>	<u>3,438,864</u>	<u>2,896,036</u>	<u>542,828</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(637,700)	(3,095,864)	(2,874,308)	221,556
Other financing sources (uses):				
Transfers in - general fund	-	325,000	325,000	-
Transfers out - general fund	(400,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(400,000)</u>	<u>325,000</u>	<u>325,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,037,700)</u>	<u>\$ (2,770,864)</u>	<u>(2,549,308)</u>	<u>\$ 221,556</u>
Fund balance - July 1, 2020			3,211,291	
Fund balance - June 30, 2021			<u>\$ 661,983</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 123,200	\$ 123,200	\$ 128,531	\$ 5,331
Investment earnings	500	500	193	(307)
Rent	1,000	1,000	-	(1,000)
TOTAL REVENUES	<u>124,700</u>	<u>124,700</u>	<u>128,724</u>	<u>4,024</u>
Expenditures:				
Utilities	425	425	221	204
Other general government	-	-	552	(552)
Other improvements	176,000	276,000	156,073	119,927
Professional services	2,000	2,000	2,331	(331)
TOTAL EXPENDITURES	<u>178,425</u>	<u>278,425</u>	<u>159,177</u>	<u>119,248</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(53,725)	(153,725)	(30,453)	123,272
Other financing sources (uses):				
Transfers in - general fund	-	100,000	100,000	-
Transfers out - general fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (53,725)</u>	<u>\$ (53,725)</u>	<u>69,547</u>	<u>\$ 123,272</u>
Fund balance - July 1, 2020			81,937	
Fund balance - June 30, 2021			<u>\$ 151,484</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 1,294,549	\$ 1,294,549	\$ 69,106	\$ (1,225,443)
TOTAL REVENUES	<u>1,294,549</u>	<u>1,294,549</u>	<u>69,106</u>	<u>(1,225,443)</u>
Expenditures:				
Road design	220,000	220,000	37,032	182,968
Capital outlay - road construction	1,418,186	1,418,186	147	1,418,039
Capital outlay - land	100,000	100,000	-	100,000
Administration	240,000	240,000	49,203	190,797
TOTAL EXPENDITURES	<u>1,978,186</u>	<u>1,978,186</u>	<u>86,382</u>	<u>1,891,804</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(683,637)	(683,637)	(17,276)	666,361
Other financing sources (uses):				
Transfers in - general fund	300,000	300,000	300,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (383,637)</u>	<u>\$ (383,637)</u>	<u>282,724</u>	<u>\$ 666,361</u>
Fund balance - July 1, 2020			1,005,854	
Fund balance - June 30, 2021			<u>\$ 1,288,578</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -
Expenditures:				
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
Other financing sources (uses):				
Transfers in - general fund	457,548	457,548	457,548	-
Transfers out - general fund	(114,378)	(114,378)	(114,378)	-
TOTAL OTHER FINANCING SOURCES (USES)	343,170	343,170	343,170	-
NET CHANGE IN FUND BALANCE	<u>\$ 343,170</u>	<u>\$ 343,170</u>	<u>343,170</u>	<u>\$ -</u>
Fund balance - July 1, 2020			537,535	
Fund balance - June 30, 2021			<u>\$ 880,705</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, 2021

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
2022	\$ 151,000	\$ 20,496	\$ 101,000	\$ 12,738	\$ 55,000	\$ 11,550	\$ 307,000	\$ 44,784
2023	160,000	16,359	104,000	10,032	55,000	9,625	319,000	36,016
2024	169,000	11,983	107,000	7,247	55,000	7,700	331,000	26,930
2025	178,000	7,368	109,000	4,395	55,000	5,775	342,000	17,538
2026	188,000	2,500	112,000	1,478	55,000	3,850	355,000	7,828
2027	-	-	-	-	55,000	1,925	55,000	1,925
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-
	<u>\$ 846,000</u>	<u>\$ 58,706</u>	<u>\$ 533,000</u>	<u>\$ 35,890</u>	<u>\$ 330,000</u>	<u>\$ 40,425</u>	<u>\$ 1,709,000</u>	<u>\$ 135,021</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, 2021

Fiscal Year Ending June 30,	Water General Obligation Refunding Bonds Series 2021		Sewer General Obligation Refunding Bonds Series 2021		Water and Sewer Revenue and Tax Bonds Series 2011		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	Principal	Interest
2022	\$ 5,000	\$ 25,515	\$ 890,000	\$ 515,500	\$ 205,000	\$ 47,445	\$ 85,000	\$ 50,375	\$ 60,000	\$ 30,575	\$ 1,245,000	\$ 669,410
2023	215,000	24,045	940,000	469,750	-	-	90,000	46,875	65,000	28,075	1,310,000	568,745
2024	215,000	19,745	985,000	421,625	-	-	95,000	43,175	65,000	25,475	1,360,000	510,020
2025	220,000	15,395	1,035,000	371,125	-	-	95,000	40,325	65,000	23,525	1,415,000	450,370
2026	230,000	10,895	1,090,000	318,000	-	-	95,000	38,425	70,000	22,175	1,485,000	389,495
2027	230,000	6,295	1,115,000	262,875	-	-	100,000	36,475	70,000	20,775	1,515,000	326,420
2028	235,000	3,114	925,000	211,875	-	-	100,000	34,350	70,000	19,288	1,330,000	268,627
2029	235,000	1,116	975,000	164,375	-	-	100,000	31,975	75,000	17,563	1,385,000	215,029
2030	-	-	1,020,000	119,600	-	-	105,000	29,413	75,000	15,687	1,200,000	164,700
2031	-	-	1,060,000	78,000	-	-	110,000	26,588	80,000	13,650	1,250,000	118,238
2032	-	-	1,090,000	45,900	-	-	110,000	23,562	80,000	11,450	1,280,000	80,912
2033	-	-	1,115,000	23,850	-	-	115,000	20,325	80,000	9,150	1,310,000	53,325
2034	-	-	635,000	6,350	-	-	115,000	16,875	55,000	7,125	805,000	30,350
2035	-	-	-	-	-	-	120,000	13,350	55,000	5,475	175,000	18,825
2036	-	-	-	-	-	-	125,000	9,675	55,000	3,825	180,000	13,500
2037	-	-	-	-	-	-	130,000	5,850	55,000	2,175	185,000	8,025
2038	-	-	-	-	-	-	130,000	1,950	45,000	675	175,000	2,625
	<u>\$ 1,585,000</u>	<u>\$ 106,120</u>	<u>\$ 12,875,000</u>	<u>\$ 3,008,825</u>	<u>\$ 205,000</u>	<u>\$ 47,445</u>	<u>\$ 1,820,000</u>	<u>\$ 469,563</u>	<u>\$ 1,120,000</u>	<u>\$ 256,663</u>	<u>\$ 17,605,000</u>	<u>\$ 3,888,616</u>

**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**

**CITY OF SHELBYVILLE, TENNESSEE**

**June 30, 2021**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 7/1/2020	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2021
<u>Governmental Activities</u>									
<u>NOTES PAYABLE</u>									
<u>Payable through the General Fund</u>									
Energy Savings	\$ 1,700,000	2.66%	11/14/13	11/01/25	\$ 989,000	\$ -	\$ 143,000	\$ -	\$ 846,000
Series 2015 (Flume #2)	1,000,000	2.64	08/14/15	08/01/25	632,000	-	99,000	-	533,000
Series 2015 - Industrial Park	600,000	2.62	04/01/15	04/01/27	385,000	-	55,000	-	330,000
TOTAL NOTES PAYABLE					<u>\$ 2,006,000</u>	<u>\$ -</u>	<u>\$ 297,000</u>	<u>\$ -</u>	<u>\$ 1,709,000</u>

Business-Type Activities

GENERAL OBLIGATION BONDS PAYABLE

2011 Water & Sewer Revenue and Tax Refunding Bonds	\$ 3,210,000	1.25-2.8%	11/04/11	08/01/28	\$ 2,005,000	\$ -	\$ 200,000	\$ 1,600,000	\$ 205,000
2017 Sewer System General Obligation Tax Refunding Bonds	2,600,000	2.25-4.0	07/26/17	08/01/37	1,905,000	-	85,000	-	1,820,000
2017 Flat Creek Water General Obligation Tax Refunding Bonds	1,290,000	2.25-4.0	07/26/17	8/01/37	1,180,000	-	60,000	-	1,120,000
2021 Water System General Obligation Tax Refunding Bonds	1,585,000	.75-2.0	02/11/21	08/01/28	-	1,585,000			1,585,000
2021 Sewer System General Obligation Tax Refunding Bonds	12,875,000	2.0-5.0	02/11/21	08/01/28	-	12,875,000			12,875,000
TOTAL BONDS PAYABLE					<u>\$ 5,090,000</u>	<u>\$ 14,460,000</u>	<u>\$ 345,000</u>	<u>\$ 1,600,000</u>	<u>\$ 17,605,000</u>

NOTES PAYABLE-DIRECT BORROWINGS

<u>Payable through the Sewerage System</u>									
State Revolving Loan - SRF 2003-172	\$ 4,496,263	1.70%	07/01/07	06/30/27	\$ 1,749,482	\$ -	\$ 158,154	\$ 1,591,328	\$ -
State Revolving Loan - SRF 07-206	19,988,683	1.78%	05/05/08	02/28/34	14,410,551	-	727,016	13,683,535	-
TOTAL NOTES PAYABLE					<u>\$ 16,160,033</u>	<u>\$ -</u>	<u>\$ 885,170</u>	<u>\$ 15,274,863</u>	<u>\$ -</u>

**UNCOLLECTED DELINQUENT TAXES FILED IN ACCORDANCE WITH APPLICABLE LAWS**

**CITY OF SHELBYVILLE, TENNESSEE**

**Year ended June 30, 2021**

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During the year ended June 30, 2021, the government turned over \$96,798 of 2019 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, 2021

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#### POWER SYSTEM:

##### RESIDENTIAL RATES

Customer charge	\$ 23.40
Energy charge	\$ 0.08516 per KWH
First 1,000 KWH per month	\$ 108.56

##### COMMERCIAL RATES

###### GSA 1 (less than 50 KW):

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

Customer charge	
Usage does not exceed 500 KWRHS	\$ 27.00
Usage exceeds 500KWRHS	\$ 46.00
Energy charge	\$ 0.09450 per KWH

###### GSA 2 (from 50 KW to 1,000 KW):

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

Consumer charge	\$200.00
Demand charge:	
First 50 kilowatt hours per month	\$ 6.00 per KW
Over 50 kilowatt hours per month	\$ 14.04 per KW
Energy charge:	
First 15,000 kilowatt hours per month	\$ 0.08654 per KWH
Over 15,000 kilowatt hours per month	\$ 0.05759 per KWH

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

Customer charge	\$650.00
Demand charge:	
First 1,000 kilowatt hours per month	\$ 12.88 per KW
Over 1,000 kilowatt hours per month	\$ 12.88 per KW
Energy charge – all KWH	\$ 0.06590 per KWH

# UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS (Continued)

## CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2021

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

Customer charge	\$650.00
Demand charge:	
First 1,000 kilowatt hours per month	\$ 11.50 per KW
Over 1,000 kilowatt hours per month	\$ 11.25 per KW
Energy charge – all KWHR	\$ 0.05519 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)

Customer charge	\$1,850.00
Demand charge:	
All KW On-Peak	\$ 10.24 per KW
All KW Off-Peak	\$ 2.26 per KW
Energy charge	
First 425 KWH/KW On-Peak (all KWHR)	\$ 0.07403 per KWHR
First 425 KWH/KW Off-Peak (first 200 hours)	\$ 0.04903 per KWHR
(example 425 * KW compared to measured KWHR)	
Next 200 KWHR/KW Off-Peak	\$ 0.01934
Additional KWH Off-Peak	\$ 0.01679
Facilities Rental (Delivery Point less than 46 KV)	\$ 0.93 per KW
Equipment Rental	1.5% of installed cost per month

### SECURITY LIGHTS

175 watt mercury vapor	\$ 7.27
400 watt mercury vapor (Flood or Cobra head)	\$ 14.15
200 watt high pressure sodium	\$ 9.95
250 watt high pressure sodium	\$ 11.97
100 watt high pressure sodium	\$ 6.85
70 watt light emitting diode	\$ 8.39
200 watt light emitting diode	\$ 17.63

### **WATER SYSTEM:**

#### Residential, Commercial and Industrial

		<u>Inside City</u>	<u>Outside City</u>
First	1,000 gallons	\$ 13.40 minimum charge	\$ 15.20 minimum charge
Next	9,000 gallons	4.30 per 1,000 gallons	6.00 per 1,000 gallons
Next	10,000 gallons	2.75 per 1,000 gallons	3.85 per 1,000 gallons
Next	30,000 gallons	2.40 per 1,000 gallons	3.30 per 1,000 gallons
Next	50,000 gallons	2.15 per 1,000 gallons	3.00 per 1,000 gallons
Over	100,000 gallons	2.05 per 1,000 gallons	2.65 per 1,000 gallons

# UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS (Continued)

## CITY OF SHELBYVILLE, TENNESSEE

Year ended June 30, 2021

### Service Charges

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

### **WATER FLAT CREEK:**

All customer rates:

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

### **SEWERAGE SYSTEM:**

#### Residential

		<u>Inside City</u>	<u>Outside City</u>
First	1,500 gallons	\$16.70 minimum charge	\$21.50 minimum charge
Next	9,000 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
Next	30,000 gallons	5.10 per 1,000 gallons	6.15 per 1,000 gallons
Next	50,000 gallons	4.75 per 1,000 gallons	5.75 per 1,000 gallons
Over	100,000 gallons	4.40 per 1,000 gallons	5.50 per 1,000 gallons

#### Small Commercial

		<u>Inside City</u>	<u>Outside City</u>
First	1,500 gallons	\$25.00 minimum charge	\$25.00 minimum charge
Next	9,000 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
Next	30,000 gallons	5.10 per 1,000 gallons	6.15 per 1,000 gallons
Next	50,000 gallons	4.75 per 1,000 gallons	5.75 per 1,000 gallons
Over	100,000 gallons	4.40 per 1,000 gallons	5.50 per 1,000 gallons

#### Large Commercial/Industrial

		<u>Inside City</u>	<u>Outside City</u>
First	1,500 gallons	\$50.00 minimum charge	\$25.00 minimum charge
Next	9,000 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
Next	30,000 gallons	5.10 per 1,000 gallons	6.15 per 1,000 gallons
Next	50,000 gallons	4.75 per 1,000 gallons	5.75 per 1,000 gallons
Over	100,000 gallons	4.40 per 1,000 gallons	5.50 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 2021:**

Power System 10,674  
Water System 10,629  
Sewerage System 8,722



### AWWA Free Water Audit Software:

Water Audit Report for: **Shelbyville Power, Water & Sewerage Systems**  
Reporting Year: **2021** 7/2020 - 6/2021

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

#### WATER SUPPLIED

		<----- Enter grading in column 'E' and 'J' -----		Master Meter and Supply Error Adjustments	
				Pcnt:	Value:
Volume from own sources:	9	1,449.498	MG/Yr	4	1.00%
Water imported:	9	0.089	MG/Yr	4	2.00%
Water exported:	n/a		MG/Yr		
<b>WATER SUPPLIED:</b>		<b>1,435.234</b>	MG/Yr	Enter negative % or value for under-registration Enter positive % or value for over-registration	

#### AUTHORIZED CONSUMPTION

Billed metered:	9	1,150.558	MG/Yr		
Billed unmetered:	n/a		MG/Yr		
Unbilled metered:	7	40.392	MG/Yr		
Unbilled unmetered:	7	25.360	MG/Yr	Pcnt: 1.25%	Value: 25.360 MG/Yr

Unbilled Unmetered volume entered is greater than the recommended default value

**AUTHORIZED CONSUMPTION:** **1,216.310** MG/Yr

**WATER LOSSES (Water Supplied - Authorized Consumption)** **218.924** MG/Yr

#### Apparent Losses

Unauthorized consumption:		3.588	MG/Yr	Pcnt: 0.25%	Value:
---------------------------	--	-------	-------	-------------	--------

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	8	12.030	MG/Yr	1.00%	
Systematic data handling errors:	5	2.876	MG/Yr	0.25%	

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

**Apparent Losses:** **18.494** MG/Yr

#### Real Losses (Current Annual Real Losses or CARL)

**Real Losses = Water Losses - Apparent Losses:** **200.430** MG/Yr

**WATER LOSSES:** **218.924** MG/Yr

#### NON-REVENUE WATER

**NON-REVENUE WATER:** **284.676** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

#### SYSTEM DATA

Length of mains:	10	291.7	miles
Number of active AND inactive service connections:	9	11,001	
Service connection density:		38	conn./mile main
Are customer meters typically located at the curbside or property line?		PL	
Average length of customer service line:	7	27.0	ft
Average operating pressure:	7	74.0	psi

#### COST DATA

Total annual cost of operating water system:	10	\$5,018,234	\$/Year
Customer retail unit cost (applied to Apparent Losses):	8	\$4.21	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	10	\$3,344.45	\$/Million gallons

#### WATER AUDIT DATA VALIDITY SCORE:

**\*\*\* YOUR SCORE IS: 84 out of 100 \*\*\***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

#### PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Volume from own sources

2: Unauthorized consumption

3: Systematic data handling errors

AWWA Free Water Audit Software:

Water Audit Report for: **Shelbyville Power, Water & Sewerage Systems**  
Reporting Year: **2021** **7/2020 - 6/2021**

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 84 out of 100 \*\*\*

**System Attributes:**

Apparent Losses: **18.494** MG/Yr  
+ Real Losses: **200.430** MG/Yr  
= **Water Losses:** **218.924** MG/Yr

Unavoidable Annual Real Losses (UARL): **98.59** MG/Yr

Annual cost of Apparent Losses: **\$77,861**

Annual cost of Real Losses: **\$670,326** Valued at **Variable Production Cost**  
Return to Reporting Worksheet to change this assumption

**Performance Indicators:**

Non-revenue water as percent by volume of Water Supplied: **19.8%**

Non-revenue water as percent by cost of operating system: **19.3%** Real Losses valued at Variable Production Cost

Apparent Losses per service connection per day: **4.61** gallons/connection/day

Real Losses per service connection per day: **49.92** gallons/connection/day

Real Losses per length of main per day\*: **N/A**

Real Losses per service connection per day per psi pressure: **0.67** gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): **200.43** million gallons/year

Infrastructure Leakage Index (ILI) [CARL/UARL]: **2.03**

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE-BY LEVY YEAR****CITY OF SHELBYVILLE, TENNESSEE****Year ended June 30, 2021**

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<u>Tax Year</u>	<u>Balance June 30, 2020</u>	<u>Taxes Levied</u>	<u>Collections</u>	<u>Discoveries and Adjustments</u>	<u>Balance June 30, 2021</u>
2021	\$ -	\$ 9,280,443	\$ -	\$ -	\$ 9,280,443
2020	7,546,003	50,367	(7,342,169)	-	254,201
2019	326,495	-	(253,394)	(13,876)	59,225
2018	112,575	-	(82,486)	8,108	38,197
2017	25,968	-	(8,686)	572	17,854
2016	59,765	-	(44,612)	2,257	17,410
2015	53,061	-	(512)	(3,131)	49,418
2014	38,828	-	(131)	-	38,697
2013	16,137	-	(10)	-	16,127
2012	6,909	-	(10)	-	6,899
2011	25,138	-	(30)	-	25,108
Previous years	23,617	-	(21)	295	23,891
	<u>\$ 8,234,496</u>	<u>\$ 9,330,810</u>	<u>\$ (7,732,061)</u>	<u>\$ (5,775)</u>	<u>9,827,470</u>
Less estimated uncollectible accounts					<u>(30,066)</u>
Net receivable balance June 30, 2021					<u>\$ 9,797,404</u>

NOTE: All uncollected taxes for years prior to 2020 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, 2021**

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<u>Tax Year</u>	Total Assessed <u>Value</u>	<u>Tax Rate</u>	<u>Levy</u>
2021	\$ 555,371,609	\$ 1.59	\$ 8,830,443
2020	408,667,782	1.77	7,233,525
2019	411,345,314	1.77	7,280,913
2018	401,240,863	1.77	7,102,076
2017	395,859,978	1.77	7,006,847
2016	385,978,487	1.77	6,831,949
2015	368,185,307	1.81	6,664,170
2014	357,190,533	1.65	5,912,516
2013	358,387,190	1.65	5,892,788
2012	354,545,784	1.65	5,850,117

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**CITY OF SHELBYVILLE, TENNESSEE**  
**Year ended June 30, 2021**

Federal Grantor/ Pass-Through Agency	Program/ Cluster Name	CFDA Number	Contract Number	Passed Through to Subrecipient	Expenditures
<b><u>FEDERAL AWARDS</u></b>					
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Highway Planning and Construction	20.205	TAP-9314(12)	\$ -	\$ 19,740
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Highway Planning and Construction	20.205	STP-M-1043(11)	-	29,625
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Highway Planning and Construction	20.205	TAP-9314(11)	-	19,740
	<i>Total Program 20.205</i>			-	69,105
U.S. Department of Safety and Homeland Security pass-through Tennessee Department of Safety and Homeland Security	State and Community Highway Safety	20.600	Z21THS269	-	19,996
U.S. Department of Safety and Homeland Security pass-through Tennessee Department of Safety and Homeland Security	State and Community Highway Safety	20.600	Z20THS233	-	1,068
	<i>Total Program 20.600</i>			-	21,064
U.S. Department of Transportation pass-through Tennessee Department of Transportation	Airport Improvement Program	20.106	AERO-21-267-01	-	18,000
U.S. Department of Transportation pass-through Tennessee Department of Transportation	COVID-19 Airports Programs	20.106	AERO-21-233-00	-	69,000
	<i>Total Program 20.106</i>			-	87,000
U.S. Department of Treasury pass-through Tennessee Department of Treasury	Coronavirus Relief Fund	21.019	n/a	-	327,960
Direct funding through U.S. Department of Safety and Homeland Security, FEMA	Staffing for Adequate Fire and Emergency Response	97.083	EMW-2016-FH-00489	-	2,026
Direct funding through U.S. Department of Justice	Bulletproof Vest Partnership Program	16.607	n/a	-	2,242
Direct funding through U.S. Department of Justice	Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0248	-	14,476
	<b>TOTAL FEDERAL AWARDS</b>			-	523,873
<b><u>STATE FINANCIAL ASSISTANCE</u></b>					
TN Department of Transportation		N/A	AERM-20-165-00	-	15,000
TN Department of Transportation		N/A	CMA-2169	-	88,259
TN Department of Economic and Community Development		N/A	33006-17121	-	230,000
TN Department of Economic and Community Development		N/A	N/A	-	128,531
TN Department of Agriculture		N/A	32505-01721	-	1,300
TN Department of Finance and Administration	Direct Appropriations Grant	N/A	N/A	-	512,504
	<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			-	975,594
	<b>TOTAL FEDERAL AND STATE AWARDS</b>			\$ -	\$ 1,499,467

**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, 2021. 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, 2021, 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 15, 2022. 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.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Shelbyville, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Winnett Associates, PLLC*

February 15, 2022



**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**CITY OF SHELBYVILLE**

**For the Fiscal Year Ended June 30, 2021**

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Financial Statement Findings

Finding Number	Finding Title	Status
2020-001	Accounts payable (original finding # 2020-001)	Corrected
2020-002	Accounting for revenues (original finding # 2020-002)	Corrected

Federal Award Findings and Questioned Costs

None