

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 1, 2021

**Book-Entry Only
New Issue
Not Bank Qualified**

**Rating: Moody's "Aa3"
See "Rating" herein**

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludible from gross income of the holders thereof for purposes of federal income taxation, (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax, and (iii) interest on the Bonds is exempt from income taxation by the Commonwealth of Kentucky, all subject to the qualifications described herein under the heading "LEGAL MATTERS - Tax Treatment." The Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky.

\$20,500,000*

**CITY OF SHELBYVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

Dated: Date of Delivery

Due: June 1st, as shown below

The Bonds will be issued as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof and will bear interest at the annual rates shown below. Interest on the Bonds will be payable semiannually on June 1st and December 1st, commencing December 1, 2021, and the Bonds will mature on June 1st of each year, as shown below.

Year	Amount*	Interest Rate	Price	Yield	Year	Amount*	Interest Rate	Price	Yield
2022	\$555,000				2037	\$665,000			
2023	560,000				2038	675,000			
2024	560,000				2039	690,000			
2025	565,000				2040	705,000			
2026	565,000				2041	720,000			
2027	570,000				2042	735,000			
2028	575,000				2043	755,000			
2029	585,000				2044	770,000			
2030	590,000				2045	790,000			
2031	600,000				2046	805,000			
2032	605,000				2047	825,000			
2033	615,000				2048	845,000			
2034	630,000				2049	865,000			
2035	640,000				2050	885,000			
2036	650,000				2051	905,000			

Depository Trust Company ("DTC") or its nominee. There will be no distribution of Bonds to owners of book entry interests. DTC will receive all payments of principal and interest with respect to the Bonds from U.S. Bank National Association, Louisville, Kentucky, as Paying Agent and Bond Registrar. DTC is required by its rules and procedures to remit such payments to participants in DTC for subsequent disbursement to the owners of book entry interests. So long as DTC or its nominee is the registered owner of the Bonds, references herein to the Bondholders or registered owners (other than under the captions "LEGAL MATTERS - Tax Treatment" and "CONTINUING DISCLOSURE") shall mean DTC or its nominee, and not the owners of book entry interests in the Bonds.

The Bonds are subject to redemption prior to maturity as described herein.

The Bonds are offered when, as and if issued, subject to the approval of legality and tax exemption by Dinsmore & Shohl LLP, Bond Counsel, Covington, Kentucky. Certain legal matters have been passed upon for the City by Steven C. Gregory, City Attorney. The Bonds are expected to be available for delivery on or about June 24, 2021.



* Preliminary, subject to change as set out in the Official Terms and Conditions of Bond Sale.

This Preliminary Official Statement and information contained herein are subject to change, completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds. No dealer, broker, salesman, or other person has been authorized by the City to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Upon issuance, the Bonds will not be registered by the City under any federal or state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal, or other governmental entity or agency except the City will have, at the request of the City, passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the City preliminary to sale of the Bonds should be regarded as part of the City's contract with the holders of the Bonds.

References herein to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes ("KRS") or uncodified, or to the provisions of the Kentucky Constitution or the City's ordinances or resolutions, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement, "debt service" means principal of, interest and any premium on, the obligations referred to; "City" means the City of Shelbyville, Kentucky; and "Kentucky" or "Commonwealth" means the Commonwealth of Kentucky.

CITY OF SHELBYVILLE, KENTUCKY

Mayor

David B. Eaton

City Council

Pam Heady Carter

Troy Ethington

Tom Hardesty

Frank Page

Shane Suttor

Mike Zoeller

City Administrator

Fred Rogers

City Attorney

Steven C. Gregory

City Clerk

Carla Wainscott

BOND COUNSEL

Dinsmore & Shohl LLP

Covington, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC

Lexington, Kentucky

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association

Louisville, Kentucky

CUSIPS

Maturity Date	CUSIP[†]	Maturity Date	CUSIP[†]	Maturity Date	CUSIP[†]
June 1, 2022		June 1, 2032		June 1, 2042	
June 1, 2023		June 1, 2033		June 1, 2043	
June 1, 2024		June 1, 2034		June 1, 2044	
June 1, 2025		June 1, 2035		June 1, 2045	
June 1, 2026		June 1, 2036		June 1, 2046	
June 1, 2027		June 1, 2037		June 1, 2047	
June 1, 2028		June 1, 2038		June 1, 2048	
June 1, 2029		June 1, 2039		June 1, 2049	
June 1, 2030		June 1, 2040		June 1, 2050	
June 1, 2031		June 1, 2041		June 1, 2051	

[†] CUSIP Numbers have been assigned by an independent company not affiliated with the City, the Financial Advisor, Bond Counsel, or the Underwriter and are included solely for the convenience of the owners of the bonds. Neither the City, the Financial Advisor, Bond Counsel, nor the Underwriter are responsible for the selection or uses of these CUSIP Numbers, and no representation is made as to their correction on the bonds or as indicated above. The CUSIP Number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, without limitation, a refunding in whole or in part of such maturity, tender and remarketing, or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance of \$20,500,000* aggregate principal amount of General Obligation Bonds, Series 2021A (the “Bonds”) of the City of Shelbyville, Kentucky (the “City”) as specified on the cover page hereof.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The City

The Bonds are being issued by the City of Shelbyville, Kentucky, a municipal corporation and political subdivision of the Commonwealth of Kentucky. The City is in Shelby County in Central Kentucky.

Sources of Payment for the Bonds

The Bonds are general obligation debt of the City. The basic security for the Bonds is the City’s ability to levy an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable. (See “DESCRIPTION OF THE BONDS - Security and Source of Payment for the Bonds,” herein.)

Purpose of the Bonds

The Bonds are being issued for the purpose of financing all or a portion of the costs of the acquisition, construction, equipping, and installation of a new waste water treatment plant, associated gravity sewer work and owner furnished equipment for new waste water operations for the well-being and benefit of the citizens of the City.

Description of the Bonds

The Bonds will mature as set forth on the cover page hereof. The Bonds are being offered in denominations of \$5,000 or any integral multiple thereof.

Interest

The Bonds will bear interest at the rates set forth on the cover page hereof, payable semi-annually on June 1st and December 1st, beginning December 1, 2021.

The record dates for all interest payment dates for the Bonds will be the fifteenth day of the month immediately preceding any interest payment date.

Redemption

The Bonds maturing on or after June 1, 2030 are subject to redemption prior to stated maturity on any date falling on or after June 1, 2029 (less than all of a single maturity to be selected by lot), in whole or in part, at a redemption price equal to the principal amount redeemed, plus accrued interest to the date of redemption. See “DESCRIPTION OF THE BONDS - Redemption Provisions - Optional Redemption” herein).

The Bonds maturing on June 1, 20[___] are subject to mandatory sinking fund redemption commencing June 1, 20[___]. See “DESCRIPTION OF THE BONDS - Redemption Provisions- Mandatory Sinking Fund Redemption,” herein).

If any Bonds are called for redemption, notice shall be given by mailing a copy of the redemption notice at least thirty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed (see “DESCRIPTION OF THE BONDS - Redemption Provisions - Notice of Redemption,” herein).

Book Entry

The Bonds are issuable only as fully registered Bonds, without coupons. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act

* Preliminary, subject to change as set out in the Official Terms and Conditions of Bond Sale.

as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest due on the Bonds will be made directly to DTC. Principal of, redemption premium, if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank National Association, Louisville, Kentucky, as Bond Registrar and Paying Agent (the “Registrar and Paying Agent”). See “APPENDIX E - Book Only Entry System.”

Tax Treatment

Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest, including original issue discount, if any, on the Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. In rendering the opinions in this paragraph, Bond Counsel has assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. Bond Counsel expresses no other opinion as to the federal tax consequences of purchasing, holding or disposing of the Bonds. Interest on the Bonds is also exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The City has not designated the Bonds as “qualified tax-exempt obligations” with respect to certain financial institutions under Section 265 of the Code.

See “APPENDIX D - Form of Legal Approving Opinion of Bond Counsel” hereto for the form of the opinion of Bond Counsel to be delivered in connection with the Bonds.

Parties to the Issuance of the Bonds

The Registrar and Paying Agent is U.S. Bank National Association, Louisville, Kentucky. Legal matters incident to the issuance of the Bonds and with regard to the tax treatment status of the interest on the Bonds are subject to the approving legal opinion of Dinsmore & Shohl LLP, Covington, Kentucky, Bond Counsel. The Underwriter is identified under the heading “UNDERWRITER.” The Financial Advisor to the City is RSA Advisors, LLC.

Authority for Issuance

Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.171 of the Kentucky Revised Statutes and an ordinance for the Bonds adopted by the Fiscal Court of the City on May 20, 2021 (the “Bond Ordinance”).

Further, under Kentucky law, the City may not issue bonds which, together with all other net indebtedness of the City plus the principal amount of any outstanding self-supporting obligations, is in excess of ten percent (10.0%) of the value of the taxable property therein, as determined by the next preceding certified assessment. As described in “APPENDIX C - Statement of Indebtedness”, the issuance of the Bonds and the City’s other outstanding obligations is in compliance with this requirement. See “CITY GOVERNMENT - Debt Limitation” herein for additional information.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued by the City. The Bonds will be delivered on or about June 24, 2021 in New York, New York through DTC.

COVID-19 Pandemic

On March 6, 2020, the Commonwealth of Kentucky declared a state of emergency in regards to the outbreak of COVID-19 (the “COVID-19 Pandemic”) and the United States subsequently declared a national emergency on March 13, 2020. The long term effects of the COVID-19 pandemic may be significant and are undetermined at this time. (See “IMPACT OF THE COVID-19 PANDEMIC” herein).

Disclosure Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and continuing disclosure documents of the City are intended to be made available through to the Electronic Municipal Market Access (“EMMA”) system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission. Copies of the basic documentation relating to the Bonds, including the authorizing ordinance are available from the City.

Additional Information

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Bonds, is available from RSA Advisors, LLC, Financial Advisor to the City of Shelbyville, Kentucky, 325 West Main Street, Suite 300, Lexington, Kentucky 40507, Telephone (800) 255-0795 Attn: Mr. Bryan Skinner.

DESCRIPTION OF THE BONDS

General

The Bonds are dated their date of initial issuance and delivery and bear interest from their dated date at the rates set forth on the cover page of this Official Statement, calculated on the basis of a 360 day year with 30 day months. The Bonds are being issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

The Bonds will bear interest at the rates set forth on the cover page hereof, payable semi-annually on June 1st and December 1st, beginning December 1, 2021.

Book Entry Only System

The Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by DTC. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners of Beneficial Ownership Interests, each as hereinafter defined, Beneficial Owners will not be or be considered to be, and will not have any rights as, holders of the Bonds. For additional information about DTC and the book-entry-only system see "APPENDIX E - Book Entry Only System."

Redemption Provisions

Optional Redemption

The Bonds maturing on or after June 1, 2030 are subject to redemption prior to stated maturity on any date falling on or after June 1, 2029 (less than all of a single maturity to be selected by lot), in whole or in part, at a redemption price equal to the principal amount redeemed, plus accrued interest to the date of redemption.

[Mandatory Sinking Fund Redemption]

The Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates, in the years and in the principal amounts as follows:

Maturing June 1, 20[__]

Date	Amount
June 1, 20[__]	\$(____)
June 1, 20[__]*	\$(____)
* Maturity]	

Notice of Redemption

If less than all Bonds that are payable by their terms on the same date are to be called, the particular Bonds or portions of Bonds payable on such same date and to be redeemed shall be selected by lot by the Registrar and Paying Agent, in such manner as the Registrar and Paying Agent in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof, and that, in selecting Bonds for redemption, the Registrar and Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

At least thirty days before the redemption date of any Bonds the Registrar and Paying Agent shall cause a notice of such redemption either in whole or in part, signed by the Registrar and Paying Agent, to be mailed, postage prepaid, to all registered owners of Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books kept by the Registrar and Paying Agent, but failure so to mail any such notice to any owner shall not affect the validity of the

proceedings for such redemption with respect to any other owner. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive numbers or letters, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date upon surrender of such Bonds, a new Bond in principal amount equal to the unredeemed portion of such Bonds will be issued.

On the date so designated for redemption, notice having been sent in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Registrar and Paying Agent for the holders of the Bonds or portions thereof to be redeemed, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, and the holders of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and to receive Bonds for any unredeemed portions of Bonds.

If at the time of mailing of notice of any optional redemption there shall not have been deposited with the Paying Agent and Registrar moneys in an amount sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional in that it is subject to the deposit of such moneys with the Paying Agent and Registrar not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

In case part but not all of an outstanding Bond shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such Bond to the Registrar and Paying Agent for payment of the principal amount hereof so called for redemption, and the City shall execute and the Registrar and Paying Agent shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond of the same maturity and bearing interest at the same rate.

Security and Source of Payment for Bonds

The Bonds are general obligations of the City and the full faith, credit, and taxing power of the City is irrevocably pledged to the payment of principal of and interest on the Bonds when due. Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.171 of the Kentucky Revised Statutes and the Bond Ordinance.

The basic security for the general obligation debt of the City, including the Bonds, is the City's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as the same become due, the principal of and interest on the Bonds as well as the principal of and interest on all outstanding general obligation bonds of the City. The Constitution of the Commonwealth mandates the collection of a tax sufficient to pay the interest on an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The Bond Ordinance levies such annual tax which shall be collected to the extent other lawfully available monies of the City are not provided. The Bond Ordinance also creates or requires the maintenance of a sinking fund into which the proceeds of such tax or other lawfully available monies of the City are to be deposited for payment of the interest on and principal of the Bonds authorized by the Bond Ordinance and shall not be used for any other purpose.

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a state's political subdivisions, public agencies and instrumentalities ("eligible entity"), such as the City. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

Section 66.400 of the Kentucky Revised Statutes permits a political subdivision, such as the City, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision. In addition, the City does not need the approval or permission of the State Local Debt Officer or any other governmental authority before availing itself of the bankruptcy process.

Statutory Lien

In April 2019, the Kentucky General Assembly enacted amendments to KRS Chapter 58 via Senate Bill 192 (the “2019 Amendments”) to provide a statutory lien on tax revenues pledged for the benefit of general obligation debt.

The 2019 Amendments creating the statutory lien, provide, among other things, that the tax revenues pledged for the repayment of principal of, premium and interest on all general obligation bonds and notes, whether or not the pledge is stated in the bonds and notes or in the proceedings authorizing the issue and the pledge constitutes a first lien on such tax revenues. In addition, the legislation creates a statutory lien on annual appropriations for the payment of obligations subject to annual renewal, including without limitation leases entered into under KRS Chapter 58 and KRS Chapter 65.

The validity and priority of the statutory lien have not been adjudicated in any Chapter 9 bankruptcy proceeding or otherwise.

THE PROJECT

The Bonds are to be issued for the purposes of (a) financing all or a portion of the costs of the acquisition, construction, installation, and equipping of (i) a new waste water and sewer treatment plant and related equipment and facilities, (ii) new waste water and sewer lines and extensions, and (iii) vehicles, storage, and transportation facilities to be used in conjunction therewith for the well-being and benefit of the citizens of the City, (b) paying capitalized interest on the Bonds, if any, (c) paying costs of credit enhancement for the Bonds, if any, and (d) paying the costs of issuance of the Bonds.

SOURCES AND USES OF FUNDS

Sources:

Par amount of Bonds	\$[_____]
[Plus][Less] original issue [premium][discount]	[_____]
Total Sources	\$[_____]

Uses:

Underwriter’s Discount	\$[_____]
Deposit to Construction Fund	[_____]
Costs of Issuance	[_____]
Total Uses	\$[_____]

INVESTMENT CONSIDERATIONS

The following is a discussion of certain investment considerations for investors to consider of risks that could affect payments to be made with respect to the Bonds. Such discussion is not exhaustive and should be read in conjunction with all other parts of this Official Statement, and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

Limitation on Enforcement of Remedies

Enforcement of the remedies applicable to the Bonds under their authorizing Bond Ordinance may be limited or restricted by laws relating to bankruptcy and insolvency, and rights of creditors under application of general principles of equity, and may be substantially delayed in the event of litigation or statutory remedy procedures. All legal opinions delivered in connection with the Bonds relating to enforceability contain an exception relating to the limitations that may be imposed by bankruptcy and insolvency laws, and the rights of creditors under general principals of equity.

Risk of Bankruptcy

The obligations of the City under the Bonds and the Bond Ordinance are general obligations of the City and are secured only by the pledge to the bondholders of the City’s full faith, credit, and taxing power, any monies held in the City’s Debt Sinking Fund (on a parity with other general obligation debt), the Bond Payment Fund established under the authorizing Bond Ordinance (the “Bond Payment Fund”), and the statutory lien provided by KRS 66.400. A bondholder’s enforcement

of any remedies provided under an applicable Bond Ordinance may be limited or delayed in the event of application of federal bankruptcy laws or other laws affecting creditors' rights and may be substantially delayed and subject to judicial discretion in the event of litigation or the required use of statutory remedial procedures. The validity and priority of the statutory lien provided under KRS 66.400 have not been adjudicated in any Chapter 9 bankruptcy proceeding or otherwise.

KRS 66.400 permits the City to file a petition for relief under Chapter 9 of Title 11 of the United States Code (the "Bankruptcy Code") without the prior approval of any official or department of state government. If the City were to file such a petition, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the City and any interest in monies contained in the sinking fund, applicable Payment Fund, the City's general fund revenues or the City's taxing power. However, the petition does not stay the application of pledged special revenues as defined by the Bankruptcy Code.

During its bankruptcy, the City could use its property, including its tax receipts and proceeds thereof, but excluding pledged special revenues, for the benefit of the City's bankruptcy estate despite the claims of its creditors. Notwithstanding the foregoing, it is possible that pledged special revenues could also be used by the City post-petition to pay certain operating expenses.

In a Chapter 9 proceeding under the Bankruptcy Code, only the City, and not any other creditor or party in interest, could file a proposed plan of adjustment. The plan is the vehicle for satisfying, and provides for the comprehensive treatment of, all claims against the City, and could result in the modification of rights of any class of creditors, secured or unsecured, and which modification of rights could be contrary to state law. To confirm a plan of adjustment, with one exception discussed below, it must be approved by the vote of each class of impaired creditors. A class approves a plan if, of those who vote, those holding more than one-half in number and at least two-thirds in amount vote in favor of a plan. If fewer than all of the impaired classes accept the plan, the plan may nevertheless be confirmed by the bankruptcy court, and all claims and interests would be bound thereby regardless of whether or how they voted. For this "cramdown" to occur, at least one of the impaired classes must vote to accept the plan and the bankruptcy court must determine that the plan does not "discriminate unfairly" and is "fair and equitable" with respect to the non-consenting class or classes. To be confirmed, the bankruptcy court must also determine that the plan, among other requirements, is proposed in good faith and is in the best interest of creditors such that the plan represents a reasonable effort by the City to satisfy its debts that is a better alternative than dismissal of the bankruptcy case. Unlike in Chapter 11, in Chapter 9 this standard does not include use of a liquidation analysis.

Generally speaking, the City would likely receive a discharge after (1) the plan is confirmed; (2) the City deposits any consideration to be distributed under the plan with a disbursing agent appointed by the bankruptcy court; and (3) the bankruptcy court determines that the securities deposited with the disbursing agent will constitute valid and legal obligations of the City and that any provision made to pay or secure payment of such obligations is valid.

Prospective bondholders should consult their legal counsel regarding the impact of a bankruptcy filing by the City on the payment and security of the Bonds.

Suitability of Investment

An investment in the Bonds involves a certain degree of risk. The interest rates borne by the Bonds is intended to compensate the investor for assuming this element of risk. Prospective investors should carefully examine this Official Statement, including the Appendices hereto, and assess their ability to bear the economic risk of such an investment and determine whether or not the Bonds are an appropriate investment for them.

Additional Debt

The City may from time to time issue additional general obligation bonds or notes. Such issuances of general obligation bonds or notes would increase debt service requirements and could adversely affect debt service coverage on the Bonds. See "DESCRIPTION OF THE BONDS - Security and Source of Payment for Bonds".

General Economic Conditions

Adverse general economic conditions may result in, among other adverse circumstances, reduction in occupational license fee and general tax revenues or declines in investment portfolio values, resulting in increased funding requirements; negatively impacting the results of operations and the overall financial condition of the City.

Market for the Bonds

There is presently no secondary market for the Bonds and no assurance that a secondary market will develop. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

Bond Rating

There can be no assurance that the rating assigned to the Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Bonds. See the information under the heading “RATING” herein for more information.

Tax Implications

Prospective purchasers of the Bonds may need to consult their own tax advisors before any purchase of the Bonds as to the impact of the Internal Revenue Code of 1986, as amended (the “Code”), upon their acquisition, holding, or disposition of the Bonds.

Impact of the COVID-19 Pandemic

General. The outbreak of a novel strain of coronavirus that can result in a severe respiratory disease, referred to as COVID-19, was first detected in China in December 2019. COVID-19 has since spread across the world, resulting in the death of more than 3,000,000 people internationally and more than 550,000 people in the United States. In March 2020, the outbreak of COVID-19 was declared a pandemic (the “COVID-19 Pandemic”) by the World Health Organization, as well as a U.S. national emergency and a statewide emergency in the Commonwealth. The responses of governments, business, and individuals to the COVID-19 Pandemic have caused widespread and significant changes in economic activity. Certain sectors of the global, national, and local economies are experiencing negative effects due to reduced consumer spending and increased unemployment, as well as government mandated and voluntary responses to mitigate the COVID-19 Pandemic, including school and business closures, event cancellations, and reduced travel. Unemployment in the United States and in the Commonwealth has increased as a result of the COVID-19 Pandemic.

In late March of 2020, the United States enacted the “Coronavirus Aid, Relief, and Economic Security Act” (the “CARES Act”), a \$2.2 trillion economic stimulus bill aimed at mitigating the economic and health effects of COVID-19. The CARES Act provided money and support to individuals in the form of increased unemployment and direct payments and provided money and support to many different businesses and governmental entities. On May 1, 2021, a second \$1.9 trillion economic stimulus bill was passed, which will provide additional direct payments to individuals and another round of funding for various different businesses including an additional \$350 billion in relief to state, local, and tribal governments.

In December of 2020, the first COVID-19 vaccine, developed by Pfizer-BioNTech, began distribution in the United States and a subsequent vaccine, developed by Moderna, began distribution in late December. A third vaccine, developed by Johnson & Johnson, began distribution in late February of 2021. As of March 10, 2021, nearly 20% of the total United States population had received at least one dose of a vaccine, and 10% of the population is considered fully vaccinated. For the United States population over the age of 65, the percentages are approximately 60% and 30%, respectively.

There can be no assurances as to the continuing materiality, severity, or duration of the negative economic conditions caused by the COVID-19 Pandemic.

Impact on the Commonwealth. On March 18, 2020, pursuant to an executive order issued by the Governor of the Commonwealth, Andy Beshear, all businesses that encourage public congregation, such as entertainment, recreational, and sporting event facilities, were required to cease operations. In response to increases in new cases of COVID-19 in late June and early July 2020, Governor Beshear signed an executive order mandating masks in most public places for thirty days—and which executive order has been renewed and is ongoing.

On April 21, 2020, Governor Beshear announced the “Healthy at Work” initiative, a phased plan to reopen the economy of the Commonwealth, based on criteria set by public health experts and advice from industry experts, with progress to be monitored by the Kentucky Department for Public Health. The Healthy at Work initiative set out minimum requirements for all businesses, such as social distancing, face coverings, hand-washing, proper sanitation, and temperature checks. Additionally, the Healthy at Work initiative provides industry-specific guidance with additional rules and requirements for certain types of businesses.

As of April 5, 2021, all persons age 16 and older are eligible to receive the COVID-19 vaccine. As of April 26, 2021, approximately 1.7 million Kentuckians have been immunized.

The current spread of COVID-19 is altering the behavior of businesses and people in a manner that may have negative effects on economic activity, and therefore adversely affect the financial condition of the Issuer and the Participants, either directly or indirectly.

With regard to the risk involved in a lowering of the City’s bond rating, see “RATING” herein. With regard to creditors’ rights, see “DESCRIPTION OF THE BONDS – Security and Source of Payment for Bonds” herein.

PROFILE OF THE ISSUER AND SURROUNDING AREA

Demographic, economic, and financial information with respect to the City and the surrounding area are set forth in “APPENDIX A - Demographic, Economic, and Financial Data” attached hereto.

CITY GOVERNMENT

Organization and Major Offices

The City operates pursuant to the general statutes of the Commonwealth of Kentucky governing municipalities.

Elected and Appointed Officials

The City is governed by a City Council, comprised of a Mayor, elected to a four year term, and six councilmembers who are elected to two year terms. The Mayor and members of the City Council are as follows:

Pam Heady Carter, Mayor	Frank Page, Council Member
Troy Ethington, Council Member	Shane Suttor, Council Member
Tom Hardesty, Council Member	Mike Zoeller, Council Member

The current appointed City officials who serve at the pleasure of the Mayor are:

City Administrator	Fred Rogers
City Clerk	Carla Wainscott
City Attorney	Steven C. Gregory

Financial Matters

The City Clerk is the fiscal officer of the City, and is appointed by and serves at the pleasure of the Mayor. The City Clerk is responsible for the accounting, collection, custody and disbursement of the funds of the City, and performs such other duties as the City Council requests.

The City’s fiscal year commences July 1st and ends the following June 30th.

The administrative functions of the City are performed by or under the supervision of the following:

1. Establishment of overall financial policy, the City Council.
2. Planning and development, the Mayor.
3. Assessment of real and personal property, the Shelby County Property Valuation Administrator.
4. Financial control functions, the City Clerk.
5. Inspection and supervision of the accounts and reports of the City as required by law, by independent certified public accountants.

Financial Management

The City Council is responsible for appropriating the funds used to support the various City activities. The City Council exercises its legislative powers by budgeting, appropriating, levying taxes, issuing bonds and notes, and letting contracts for public works and services to provide this financial management.

Financial Reports and Examinations of Accounts

Each city in the Commonwealth is required to keep its accounting records and render financial reports in such a way as to: (a) determine compliance with statutory provisions; (b) determine fairly and with full disclosure the financial operations of consistent funds and account groups of the city in conformity with generally accepted governmental accounting principles; and (c) readily provide such financial data as may be required by the federal revenue sharing program.

Municipal accounting systems are required to be organized and operated on a fund basis. The City maintains its accounts and other fiscal records on an appropriation and modified accrual basis in accordance with the procedures established and prescribed by the Kentucky Department for Local Government.

As required by law, financial reports are prepared annually by the City and filed with the Kentucky Department of Local Government. Audits are required to be completed by the February 1st immediately following the fiscal year being audited.

The accounting procedures prescribed by the Kentucky Department of Local Government are generally applicable to all cities in Kentucky and may be different from generally accepted government accounting principles as presented and recommended in the National Council on Governmental Accounting publication "Governmental Accounting Auditing and Financial Reporting," and the Industry Audit Guide of the American Institute of Certified Public Accountants, entitled "Audits of State and Local Governmental Units." Those publications, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service fund, and for a full accrual basis of accounting for all other funds, and further provide for the preparation for each fund of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances.

Budgeting and Appropriations Procedures

Detailed provisions for City budgeting, tax levies and appropriations are made in the Kentucky Revised Statutes. Cities are required to operate under an annual budget ordinance and no City may expend any moneys from a governmental or proprietary fund except in accordance with such budget. A budget proposal must be submitted to the City's legislative body no later than thirty days prior to the beginning of the fiscal year covered by the budget. No budget ordinance may be adopted which provides for appropriations to exceed revenues in a fiscal year. The full amount estimated to be required for debt service during the budget year must be appropriated.

Investment Policies

- (a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including without limitation national or state banks chartered in Kentucky;
- (b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including without limitation:
 - 1. United States Treasury;
 - 2. Export-Import Bank of the United States;
 - 3. Farmers Home Administration;
 - 4. Governmental National Mortgage corporation; and
 - 5. Merchant Marine bonds;
- (c) Obligations of any corporation of the United States government, including without limitation:
 - 1. Federal Home Loan Mortgage Corporation;
 - 2. Federal Farm Credit Banks;
 - 3. Bank for Cooperatives;

4. Federal Intermediate Credit Banks;
 5. Federal Land Banks;
 6. Federal Home Loan Banks;
 7. Federal National Mortgage Association; and
 8. Tennessee Valley Authority;
- (d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by KRS 41.240(d);
- (e) Uncollateralized certificates of deposit issued by any bank or savings and loan institutions rated in one of the three highest categories by a competent rating agency;
- (f) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- (g) Commercial paper rated in the highest category by a competent rating agency;
- (h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- (i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency; and
- (j) Shares of mutual funds, each of which shall have the following characteristics;
1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 2. The management company of the investment company shall have been in operation for at least five years; and
 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.
- (k) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent of the equity allocation; and
- (l) Individual high-quality corporate bonds that are managed by a professional investment manager that:
1. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 2. Have a standard maturity of no more than ten years; and
 3. Are rated in the three highest rating categories by at least two competent credit rating agencies.

The City may invest funds in all investments permitted by the laws of the Commonwealth.

Debt Limitation

Kentucky Constitution Section 158 provides that cities having a population of greater than fifteen thousand shall not incur indebtedness to an amount exceeding ten percent (10.0%) of the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness.

The foregoing limitation does not apply to the issue of renewal bonds, bonds to fund the floating indebtedness of the City, or bonds issued in the case of an emergency, when the public health or safety should so require. Subject to the limits and conditions set forth in that section and elsewhere in the Constitution, the General Assembly has the power to establish additional limits on indebtedness and conditions under which debt may be incurred by the City.

KRS 66.041 provides the same limitations as are set forth in the Constitution, describing that the limitations apply to "net indebtedness." In calculating "net indebtedness," KRS 66.031 provides that certain obligations are not to be considered in the calculation, including self-supporting obligations, revenue bonds, and special assessment debt. (For a complete list of exempt debt see the Statement of Indebtedness attached in "APPENDIX C - Statement of Indebtedness.")

“APPENDIX C - Statement of Indebtedness” of this Official Statement is a Statement of Indebtedness for the City, calculating the amount of the outstanding obligations of the City (including the Bonds) that are subject to the total direct debt limit (10.0% limit). The total principal amount of general obligation debt that could be issued by the City, subject to the 10.0% total direct debt limitation is \$[_____] and the City’s net debt subject to such limitation presently outstanding (including the Bonds) is \$[_____] leaving a balance of \$[_____] borrowing capacity issuable within such limitation.

However, as described below, the City’s ability to incur debt in these amounts may be restricted by tax limitations. In the case of general obligation debt, both the debt limitations and tax limitations must be met.

Tax Limitation

The Kentucky Constitution Section 157 indirectly imposes a debt limitation on general obligation indebtedness of cities having a population of less than fifteen thousand and not less than ten thousand by limiting the tax rates such cities may impose upon the value of taxable property to one dollar and fifty cents (\$1.50) on each hundred dollars of assessed valuation.

Section 159 of the Kentucky Constitution requires the adoption, at the time indebtedness is authorized, of an annual tax sufficient to pay the interest on contracted indebtedness and to retire indebtedness over a period not exceeding forty years. If the maximum tax rate will not result in the collection of sufficient taxes to pay indebtedness at the time the indebtedness is authorized, the two constitutional provisions operate as a limit on general obligation debt. Because this indirect debt limit results from tax limitations and the requirement to levy taxes to pay indebtedness, it has application only to debts which are payable from taxes either initially or in the event other pledged non-tax revenues prove to be insufficient. It does not have any application where the type of debt being issued does not pledge the credit of the City or when the debt is payable solely out of the revenues of non-tax sources, such as utility income. The tax rate limit also does not apply if the indebtedness was legally incurred (within both the direct and indirect limits) but a tax rate above the one dollar and fifty cent (\$1.50) limit becomes necessary to pay the indebtedness.

Bond Anticipation Notes

Under Kentucky law, notes, including renewal notes, issued in anticipation of and payable from the proceeds of general obligation bonds (or renewal notes) may be issued from time to time upon the same terms and conditions as bonds. The ability of the City to retire bond anticipation notes from the proceeds of the sale of either renewal notes or bonds will be dependent upon the marketability of such renewal notes or bonds under market conditions then prevailing when the bonds are issued or the notes are renewed.

Future Borrowings of the City

The City reserves the right to issue additional general obligation bonds in the future, although no such additional general obligation debt is presently contemplated.

LEGAL MATTERS

General Information

Legal matters incident to the issuance of the Bonds and with regard to the tax treatment of the same are subject to the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel. Upon delivery of the Bonds the Bonds will be accompanied by an approving opinion dated the date of such delivery, rendered by Dinsmore & Shohl LLP. A draft of the legal opinion is attached in “APPENDIX D - Form of Legal Approving Opinion of Bond Counsel”.

Bond Counsel has performed certain functions to assist the City in the preparation by the City of this Official Statement. However, Bond Counsel assumes no responsibility for, and will express no opinion regarding the accuracy or completeness of this Official Statement or any other information relating to the City or the Bonds that may be made available by the City or others.

The engagement of Bond Counsel is limited to the preparation of certain of the documents contained in the transcript of proceedings related to the Bonds, and an examination of such transcript of proceedings incident to rendering its legal opinion. Bond Counsel has reviewed the information in this Official Statement under Sections entitled “INTRODUCTION,” “DESCRIPTION OF THE BONDS,” “THE PROJECTS,” “CITY GOVERNMENT - Debt Limitation,” “LEGAL MATTERS

* Preliminary, subject to change.

- General Information,” and “LEGAL MATTERS - Tax Treatment,” which review did not include any independent verification of financial statements and statistical data included therein, if any.

Transcript and Closing Certificates

A complete transcript of proceedings, a no-litigation certificate, and other appropriate closing documents will be delivered by the City when the Bonds are delivered to their respective original purchasers. The City will also provide to the original purchaser of the Bonds, at the time of such delivery, a certificate from the Mayor relating to the accuracy and completeness of this Official Statement.

Litigation

To the knowledge of the City, no litigation or administrative action or proceeding is pending or threatened directly affecting the Bonds, the security for the Bonds, or the improvements being refinanced from the proceeds of the Bonds. A No-Litigation Certificate to that effect will be delivered to the purchaser at the time of the delivery of the Bonds.

Tax Treatment

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the Bonds will be excludible from gross income for Federal income tax purposes. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the “Code”) for purposes of the Federal alternative minimum tax. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The City has not designated the Bonds as “qualified tax-exempt obligations” with respect to certain financial institutions under Section 265 of the Code.

A copy of the opinion of Bond Counsel for the Bonds is set forth in “APPENDIX D - Form of Legal Approving Opinion of Bond Counsel,” attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the qualification of the Bonds as so-called “tax-exempt” bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be includable in income for federal income tax purposes. Failure to comply with these covenants could result in the Bonds not qualifying as “tax-exempt bonds,” and thus interest on the Bonds being includable in the gross income of the holders thereof for federal income tax purposes. Such failure to qualify and the resulting inclusion of interest could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect either the federal or Kentucky tax status of the Bonds.

Certain requirements and procedures contained or referred to in the Bond Ordinance and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will be excludible from gross income for Federal income tax purposes and that interest on the Bonds is excludable from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder’s Federal, state, or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership, or disposition of the Bonds may result in other collateral federal, state, or local tax consequences for certain taxpayers. Such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and

affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

Original Issue Premium

“Acquisition Premium” is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. The Bonds that bear an interest rate that is higher than the yield (as shown on the cover page hereof), are being initially offered and sold to the public at an Acquisition Premium (the “Premium Bonds”). For federal income tax purposes, the amount of Acquisition Premium on each bond the interest on which is excludable from gross income for federal income tax purposes (“tax-exempt bonds”) must be amortized and will reduce the Holder’s adjusted basis in that bond. However, no amount of amortized Acquisition Premium on tax-exempt bonds may be deducted in determining the Holder’s taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds, or on any of the Bonds, that must be amortized during any period will be based on the “constant yield” method, using the original Holder’s basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

Original Issue Discount

The Bonds having a yield that is higher than the interest rate (as shown on the cover page hereof) are being offered and sold to the public at an original issue discount (“OID”) from the amounts payable at maturity thereon (the “Discount Bonds”). OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the “issue price” of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond. The amount accrued will be based on a single rate of interest, compounded semiannually (the “yield to maturity”) and, during each semi-annual period, the amount will accrue ratably on a daily basis. The OID accrued during the period that an initial purchaser of a Discount Bond at its issue price owns it is added to the purchaser’s tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond. In practical effect, accrued OID is treated as stated interest is treated, that is, as excludable from gross income for federal income tax purposes.

In addition, original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

RATING

The Bonds have been rated “Aa3” by Moody’s Investor’s Service, Inc. (“Moody’s”). The rating reflects only the view of the rating agency and any explanation of the significance of the rating may be obtained only from the rating agency. Generally, a rating agency bases its rating on information and materials furnished to it and on investigations, studies and assumptions made by the rating agency. There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely if, in the judgment of the applicable rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the “Rule”) and so long as the Bonds are outstanding, the City (the “Obligated Person”) agrees pursuant to an Undertaking (the “Disclosure Undertaking”), to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board (“MSRB”), or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB’s Electronic Municipal Market Access (“EMMA”) system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained in “Appendix A” and “Appendix B” of this Official Statement (the “Financial Data”). The annual financial information shall be provided within 210 days after the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2021; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Obligated Person;
- (ii) to the MSRB through EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults, if material;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
 - (g) Modifications to rights of security holders, if material;
 - (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
 - (i) Defeasances;
 - (j) Release, substitution or sale of property securing repayment of the securities, if material;
 - (k) Rating changes;
 - (l) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
 - (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (o) Incurrence of a Financial Obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City or obligated person, any of which affect security holders, if material; and
 - (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City or obligated person, any of which reflect financial difficulties.

- (iii) in a timely manner, to the MSRB through EMMA, notice of a failure (of which the Obligated Persons have knowledge) of the Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Agreement.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Disclosure Undertaking provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Disclosure Undertaking does not constitute an event of default under the Bond Ordinance for the Bonds. The Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule, accompanied with an opinion of nationally recognized bond counsel, as more fully described therein.

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds;
- (c) there are no liquidity providers applicable to the Bonds; and
- (d) there is no property securing the repayment of the Bonds.

The City has materially complied with the requirements of the Rule during fiscals 2016, 2017, 2018 and 2019. The City failed to file the audited financial statements and operating data for fiscal year ended June 30, 2020 by the January 26, 2021 deadline. A notice of failure to file related to the audited financial statements was filed as required under the continuing disclosure agreement. The operating data was filed on January 27, 2021. The audited financial statement was filed on May 13, 2021.

UNDERWRITING

The Bonds are being purchased for reoffering by [____] (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$[____] (reflecting the par amount of the Bonds, plus original issue premium of \$[____], less underwriter’s discount of \$[____]). The initial public offering prices which produce the yields set forth on the cover page of this Official Statement may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the cover page hereof.

FINANCIAL ADVISOR

RSA Advisors, LLC (“RSA”), Lexington, Kentucky, has been employed by the City to serve as Financial Advisor. Certain information relative to the location, economy and finances of the City is found in the Preliminary Official Statement, in final form, and the Official Statement, in final form. All such data, as is the case for other information herein contained, was prepared for and with the assistance of the City under the direction of RSA. While not guaranteed as to completeness or accuracy, the Preliminary Official Statement, in final form, and the Official Statement, in final form, are believed to be correct as of their respective dates. As the Financial Advisor for this transaction, RSA has reviewed the information in the Preliminary Official Statement and the Official Statement, in final form, in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction; but RSA does not guarantee the accuracy or completeness of such information.

MISCELLANEOUS

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Bonds.

[Signature page to follow]

[SIGNATURE PAGE TO OFFICIAL STATEMENT]

This Official Statement has been duly executed and delivered for and on behalf of the City of Shelbyville, Kentucky, by its Mayor.

Dated: _____, 2021

CITY OF SHELBYVILLE, KENTUCKY

By: _____
Mayor

APPENDIX A

**CITY OF SHELBYVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

DEMOGRAPHIC, ECONOMIC, AND FINANCIAL DATA

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CITY OF SHELBYVILLE, KENTUCKY

Shelbyville, the county seat of Shelby County had an estimated 2020 population of 16,945. Shelbyville is located 92 miles southwest of Cincinnati, Ohio; 48 miles west of Lexington, Kentucky; and 32 miles east of Louisville, Kentucky. Shelby County had an estimated population of 49,645 persons in 2020.

The Economic Framework

The total number of people employed in Shelby County in 2018 averaged 24,052. Manufacturing firms in the County reported 4,216 employees; trade, transportation, and public utilities 3,629 jobs; 1,638 people were employed in professional and business services; and financial activities provided 539 jobs.

Labor Supply

Shelby County has a labor force of 25,755 people, with an unemployment rate of 5.3%. The top 5 jobs by occupation are as follows: Sales – 2,397 (14.15%); Office and Administrative support – 1,937 (11.44%); Production Workers – 1,549 (9.15%); Executive, Managers, and Administrators – 1,481 (8.74%); and Education, Training/Library – 1,001 (5.91%).

Transportation

U.S. Highway 64, runs through Shelby County. The nearest commercial airline service is in Louisville, Kentucky at the Louisville International Airport, which is located 32 miles west of Shelbyville.

Power and Fuel

Electric power is provided to Shelby County by the East Kentucky Power Cooperative, Blue Grass Energy Cooperative Corp, Salt River Electric Cooperative Corp, Shelby Energy Cooperative Inc., Kentucky Utilities, Frankfort Electric & Water Plant Board and Louisville Gas & Electric. Natural gas services are provided by Atmos Energy Corporation and Louisville Gas & Electric.

Education

The Shelby County School System provides primary education to the residents of Shelby County. There are 40 colleges and universities and 15 technology centers (ATC) within 60 miles of Shelbyville.

LABOR MARKET STATISTICS

The Shelbyville Labor Market Area includes Trimble, Henry, Oldham, Shelby, Franklin, Scott, Floyd, Jefferson, Bullitt, Spencer, Woodford, Anderson, Fayette and Mercer counties in Kentucky.

Population

Description	-----Estimate Year-----				
	2016	2017	2018	2019	2020
Shelby County	46,408	47,421	48,154	48,384	49,645
Shelbyville	15,514	15,872	16,158	16,253	16,945
Simpsonville	2,751	2,822	2,871	2,880	2,957

Source: U.S. Department of Commerce, Bureau of the Census

Population Projections

Description	2025	2030	2035
Shelby County	54,637	59,415	64,209

Source: Kentucky State Data Center, University of Louisville and Kentucky Cabinet for Economic Development

Unemployment Statistics

Description	-----Year Ending December 31-----				
	2016	2017	2018	2019	2020
County of Shelby					
Civilian Labor Force	23,797	24,702	25,494	25,657	24,768
Employment	22,942	23,808	24,614	24,781	23,397
Unemployment	855	894	880	876	1,371
Unemployment Rate	3.60%	3.60%	3.50%	3.40%	5.50%
State of Kentucky:					
Civilian Labor Force	2,015,160	2,053,074	2,057,791	2,072,586	1,998,456
Employment	1,911,978	1,952,513	1,968,611	1,983,577	1,861,208
Unemployment	103,182	100,561	89,180	89,009	137,248
Unemployment Rate	5.10%	4.90%	4.30%	4.30%	6.90%
US Comparable Rate:					
Unemployment Rate	4.90%	4.40%	3.90%	3.70%	8.10%

Source: The Kentucky Department for Employment Services, Not Seasonally Adjusted

LOCAL GOVERNMENT

Structure

Shelbyville's Government structure consists of a mayor and six council members. The mayor serves a four-year term while the council members serve two-year terms. Shelby County is served by a judge/executive and seven magistrates. The judge executive and magistrates are elected to serve a four-year term.

Planning and Zoning

Mandatory state codes enforced—Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code).

Sales and Use Tax

A state sales and use tax is levied at the rate of 6.0% on the purchase or lease price of taxable goods and on utility services. Local sales taxes are not levied in Kentucky.

State and Local Property Taxes

The Kentucky Constitution requires the state to tax all classes of taxable property, and state statutes allow local jurisdictions to tax only a few classes. All locally taxed property is subject to county taxes and school district taxes (either a county school district or an independent school district). Property located inside the city limits may also be subject to city property taxes. Property assessments in Kentucky are at 100% fair cash value. Accounts receivable are taxed at 85% of face value. Special local taxing jurisdictions (fire protection districts, watershed districts and sanitation districts) levy taxes within their operating areas (usually a small portion of community or county).

The table below lists the assessed property valuation of the county as reported by the Department of Revenue, Frankfort, Kentucky:

Description	-----Tax Year-----				
	2015	2016	2017	2018	2019
Residential	\$535,867,398	\$554,525,000	\$580,167,479	\$630,663,924	\$674,554,371
Farm	3,398,420	3,931,830	4,778,650	4,141,250	6,250,150
Commercial	209,884,719	225,886,088	234,942,475	239,633,028	246,543,395
Totals:	\$749,150,537	\$784,342,918	\$819,888,604	\$874,438,202	\$927,347,916

Ten Largest Taxpayers

The following table lists the ten largest real property taxpayers of the City as reported by the Shelby County Property Valuation Administrator.

<u>Rank</u>	<u>Taxpayer Name</u>	<u>Real Estate Valuation</u>	<u>Tangible Valuation</u>	<u>Total RE & Tangible</u>
		\$	\$	\$
1	Katayama American Co.	27,200	21,478	48,678
2	NIFCO	28,679	11,086	39,765
3	Interwood Forest Products	3,541	26,254	29,795
4	KOSMAR Inc.	28,560	-	28,560
5	Shelbyville Oaks, LLC	27,968	-	27,968
6	Hi Point Apartments	24,651	-	24,651
7	Milprint Packaging	23,120	-	23,120
8	Kroger Limited Partnership 1	-	20,252	20,252
9	Tergent Diversified Brands, Inc	19,005	-	19,005
10	Citizen Union Bank	10,623	4,623	14,414

The table below lists the tax collection history of the City.

Tax Collection History

	Fiscal Year <u>2016</u>	Fiscal Year <u>2017</u>	Fiscal Year <u>2018</u>	Fiscal Year <u>2019</u>	Fiscal Year <u>2020</u>
% Collected Real Estate*					
Total Taxes Due	2,381,792	2,482,873	2,624,323	2,709,152	2,826,549
Total Taxes Paid	<u>2,651,461</u>	<u>2,841,712</u>	<u>2,855,690</u>	<u>3,097,016</u>	<u>3,075,377</u>
% Collected	111%	114%	109%	114%	109%

EDUCATION

Public Schools

	<u>Shelby County Schools</u>
Total Enrollment (2019-2020)	6,930
Pupil-Teacher Ratio	17.0 – 1.0

Vocational Training

Vocational training is available at both the state vocational-technical schools and the area vocational education centers. The state vocational-technical schools are post-secondary institutions. The area vocational education centers are designed to supplement the curriculum of high school students. Both the state vocational-technical schools and the area vocational education centers offer evening courses to enable working adults to upgrade current job skills.

Arrangements can be made to provide training in the specific production skills required by an industrial plant. Instruction may be conducted either in the vocational school or in the industrial plant, depending upon the desired arrangement and the availability of special equipment.

Bluegrass State Skills Corporation

The Bluegrass State Skills Corporation, an independent public corporation created and funded by the Kentucky General Assembly, provides programs of skills training to meet the needs of business and industry from entry level to advanced training, and from upgrading present employees to retraining experienced workers. The Bluegrass State Skills Corporation is the primary source for skills training assistance for a new or existing company. The Corporation works in partnership with other employment and job training resources and programs, as well as Kentucky's economic development activities, to package a program customized to meet the specific needs of a company.

<u>Institution</u>	<u>Location</u>	<u>Cumulative Enrollment 2018-2019</u>
Shelby County ATC	Shelbyville	577
Oldham County ATC	Buckner	N/A
Franklin County Career & Technical Center	Frankfort	N/A
Nelson County ATC	Bardstown	484
Bullitt County ATC	Shepherdsville	442
Carroll County ATC	Carrollton	420
Trailblazer Academy	Harrodsburg	306
Eastside Technical Center	Lexington	N/A
Southside Technical Center	Lexington	N/A
Marion County ATC	Lebanon	617
Harrison County ATC	Cynthiana	556
Meade County ATC	Brandenburg	636
Garrard County ATC	Lancaster	392
Lincoln County ATC	Stanford	322

Colleges and Universities

<u>Institution</u>	<u>Location</u>	<u>Enrollment Fall 2019</u>
Kentucky State University	Frankfort	2,029
Bellarmino University	Louisville	3,331
Campbellsville University	Campbellsville	12,629
Indiana Wesleyan University	Marion, IN	2,762
Spalding University	Louisville	N/A
Sullivan University	Louisville	3,331
University of Louisville	Louisville	15,860
Midway University	Midway	1,481
Indiana University Southeast	New Albany, IN	4,397
Georgetown College	Georgetown	983
Hanover College	Hanover, IN	1,070
Asbury College	Wilmore	1,714
Transylvania University	Lexington	949
University of Kentucky	Lexington	29,402
Centre College	Danville	1,434

FINANACIAL INSTITUTION

Institution	Total Assets	Total Deposits
Citizens Union Bank of Shelbyville	\$811,026,000	\$633,081,000

Source: McFadden American Financial Dictionary January-June 2020 Edition

EXISTING INDUSTRY

Firm	Product	Total Employed
<i>Shelbyville</i>		
Amcors Flexibles Shelbyville	Flexible packaging for pharmaceutical industry	115
Audubon Block Co.	Wooden furniture components	6
Bekaert Corp	Preformed steel staple wire, fine wire, flat wire, nylon-coated wire, tin-coated wire & galvanized wire	134
Bemiss Flexible Packaging	Flexible packaging for food industry	240
Blaze Products Corporation	Manufacture chafing dish fuel	18
Blitz Builders Inc.	Wooden framed & steel sided pole buildings	35
Bluegrass Roller Service	Recover and regrind rubber covered rollers	25
Class C Solutions Group	Packaging facility of automotive replacement parts & distribution	50
Creative Packaging Company	Corrugated paper and protective polystyrene foam packing	140
Diageo Americas Supply Inc.	Bourbon manufacturing and distribution	45
Edwards Moving & Rigging	Trucking, except local	130
Ficosa North America Corp	Automotive trim parts	207
Jack Cooper	Delivery of new finished automobiles	11
Katayama American Co Inc	Automotive door sashes and moldings	375
Kentucky Air Center Inc.	Aviation component repair	11
Kentucky-Indiana Lumber Co.	Manufactures wooden floor, wooden trusses and wall panels	65
Kittrich Corporation	Paper converting & packaging	35
Landmark Community Newspapers	Newspaper publishing	30
Macro Plastics Inc.	Manufacture and distribute plastic containers	51
Martinrea	Automobile parts stamping	1,100
Nifco America Corp	Manufacture plastic injection molded fasteners for the automotive industry	250
Nutrien Ag Solutions	Fertilizer blending, farm seed and chemicals	10
Ohio Valley Aluminum Co LLC	Aluminum billets	120
Omega Plastics of KY	Plastic & high-density polyethylene bags	240

Pegasus Industries	Provide various packaging, procurement and supply chain solutions	38
Pharmco-Aaper	Ethyl alcohol	45
Process Machinery Inc	Manufacture and Distribute products for the Aggregate Processing Industry	92
Revere Packaging LLC	Aluminum foil containers & thermoform plastic dome food covers	57
Roll Forming Corp	Custom roll formed products and headquarters	300
Rut N Strut Distillery LLC	Craft distillery	9
Ryerson Inc.	Aluminum & stainless steel processing	40
Sentinel News	Newspaper publishing	12
Smyrna Ready Mix	Ready-mix concrete	6
Sonoco Protective Solutions	Custom made insulated shipping containers, polar ice packs	111
Sonoco Protective Solutions	Manufacture foam filled products for automotive industry	68
Stanley Black & Decker Inc	Circular saw blades	122
Stelised Inc.	Plastic injection molding	25
Superb IPC	Powder coating service for automotive	63
Wickoff Color Corp	Printing ink, overprint varnish, press chemicals	5
<i>Simpsonville</i>		
Auto Truck Group LLC	Full line upfitters in the work truck industry	69
Eaton Corporation	Data Center	6
Faurecia Seating	Manufacturer of automobile seating	450
Neff Packaging Solutions	Advertising displays & paperboard folding cartons	85
Purnell Old Folks Sausage Inc	Sausage products, headquarters	270
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Stelised Inc.	Headquarters	16

Source: Think Kentucky Directory of Business & Industry (1/7/2020)

PROPERTY TAX RATES

The following table lists the tax rates for the last five (5) available years as reported by the Department of Revenue, Frankfort, Kentucky:

	-----Tax Year 2016-----			-----Tax Year 2017-----			-----Tax Year 2018-----			-----Tax Year 2019-----			-----Tax Year 2020-----		
	Real Estate	Motor Tangible	Motor Vehicle	Real Estate	Motor Tangible	Motor Vehicle	Real Estate	Motor Tangible	Motor Vehicle	Real Estate	Motor Tangible	Motor Vehicle	Real Estate	Motor Tangible	Motor Vehicle
County-															
Extension Services	\$0.0202	\$0.0200	\$0.0200	\$0.0202	\$0.0200	\$0.0200	\$0.0202	\$0.0200	\$0.0200	\$0.0203	\$0.0200	\$0.0200	\$0.0203	\$0.0200	\$0.0200
General	\$0.1090	\$0.1050	\$0.1600	\$0.1070	\$0.1050	\$0.1600	\$0.1070	\$0.1050	\$0.1600	\$0.1070	\$0.1050	\$0.1600	\$0.1070	\$0.1050	\$0.1600
Health	\$0.0375	\$0.0375	\$0.0375	\$0.0375	\$0.0375	\$0.0375	\$0.0375	\$0.0375	\$0.0375	\$0.0375	\$0.0375	\$0.0375	\$0.0375	\$0.0375	\$0.0375
Landfill	\$0.0340	\$0.0000	\$0.0000	\$0.0300	\$0.0000	\$0.0000	\$0.0290	\$0.0000	\$0.0000	\$0.0280	\$0.0000	\$0.0000	\$0.0280	\$0.0000	\$0.0000
Library	\$0.0350	\$0.0350	\$0.0350	\$0.0350	\$0.0350	\$0.0350	\$0.0340	\$0.0359	\$0.0350	\$0.0330	\$0.0363	\$0.0350	\$0.0330	\$0.0404	\$0.0350
Soil Conservation	\$0.0100	\$0.0000	\$0.0000	\$0.0100	\$0.0000	\$0.0000	\$0.0100	\$0.0000	\$0.0000	\$0.0100	\$0.0000	\$0.0000	\$0.0100	\$0.0000	\$0.0000
Totals:	\$0.2457	\$0.1975	\$0.2525	\$0.2397	\$0.1975	\$0.2525	\$0.2377	\$0.1984	\$0.2525	\$0.2358	\$0.1988	\$0.2525	\$0.2358	\$0.2029	\$0.2525
School-															
Shelby County	\$0.7150	\$0.7150	\$0.4650	\$0.7310	\$0.7310	\$0.4650	\$0.7310	\$0.7310	\$0.4650	\$0.7310	\$0.7310	\$0.4650	\$0.7310	\$0.7310	\$0.4650
City-															
Shelbyville	\$0.2720	\$0.3350	\$0.2610	\$0.2720	\$0.3350	\$0.2610	\$0.2720	\$0.3500	\$0.2610	\$0.2700	\$0.3350	\$0.2610	\$0.2700	\$0.3350	\$0.2610

APPENDIX B

**CITY OF SHELBYVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

**AUDITED FINANCIAL STATEMENTS OF THE CITY OF SHELBYVILLE, KENTUCKY FOR THE
FISCAL YEAR ENDING JUNE 30, 2020**

Note: The entire audited financial statements and accompanying supplemental information for the City's fiscal year ending June 30, 2020 is included in this Appendix B. Potential purchasers of the Bonds are reminded that the Bonds are secured solely by, and payable solely from, the tax revenues of the City as described in the forepart of this Official Statement and that revenues described in the enclosed audited financial statements for funds other than the City's general fund have not been pledged and are not legally required to be available to pay debt service on the Bonds.

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City of Shelbyville, Kentucky
Independent Auditors' Report
And Financial Statements
For the Year Ended
June 30, 2020

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Independent Auditors' Report

Mayor and Members of the City Council
City of Shelbyville, Kentucky
Shelbyville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Shelbyville, Kentucky, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Shelbyville'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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Shelbyville, Kentucky, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and pension and OPEB schedules on page 39-43 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 an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Shelbyville, Kentucky's basic financial statements. The budgetary comparison information – proprietary fund and special revenue funds, and combining statements – special revenue funds on pages 44-47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 48 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The budgetary comparison information – proprietary fund and special revenue funds, combining statements – special revenue funds and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information – proprietary fund and special revenue funds, combining statements – special revenue funds and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole. The supplementary information presented on page 60 has 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 that information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2021, on our consideration of the City of Shelbyville, Kentucky'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Shelbyville, Kentucky's internal control over financial reporting and compliance.

Baldwin CPAs, PLLC
Richmond, Kentucky
February 17, 2021

City of Shelbyville, Kentucky
Statement of Net Position
June 30, 2020

	Primary Government			Water & Sewer Component Unit
	Governmental	Business-Type	Total	
	Activities	Activities		
Assets				
Current assets:				
Cash and cash equivalents	\$ 8,237,201	\$ 55,037	\$ 8,292,238	\$ 1,218,046
Cash - insurance reserves	292,664	500	293,164	-
Certificates of deposit	5,335,000	-	5,335,000	-
Trade accounts receivable	-	-	-	759,804
Taxes and licenses receivable	1,316,920	-	1,316,920	-
Other receivables	88,234	-	88,234	51,029
Inter-governmental receivable	1,168,192	-	1,168,192	-
Materials inventory	-	-	-	220,210
Prepaid expenses	-	-	-	155,121
Total current assets	16,438,211	55,537	16,493,748	2,404,210
Restricted cash	-	-	-	7,323,317
Non-current assets:				
Capital assets:				
Land	1,404,232	2,956,223	4,360,455	244,706
Water rights	-	-	-	165,652
Construction work in progress	1,930,913	-	1,930,913	2,475,413
Fixed assets	18,588,767	1,629,607	20,218,374	70,644,442
Accumulated depreciation	(9,207,229)	(912,608)	(10,119,837)	(32,625,280)
Total non-current assets	12,716,683	3,673,222	16,389,905	40,904,933
Total Assets	29,154,894	3,728,759	32,883,653	50,632,460
Deferred Outflows of Resources	4,787,918	297,673	5,085,591	1,258,228
Total Assets and Deferred Outflows	\$ 33,942,812	\$ 4,026,432	\$ 37,969,244	\$ 51,890,688
Liabilities				
Current liabilities:				
Accounts payable	\$ 354,767	\$ 49,461	\$ 404,228	\$ 226,799
Claims payable	28,324	540	28,864	3,773
Accrued payroll	171,132	20,440	191,572	-
Accrued expenses and withholdings	92,187	31,550	123,737	63,355
Deferred revenue	375,000	-	375,000	-
Customer deposits	-	-	-	298,567
Accrued interest - customer deposits	-	-	-	144,708
Lease obligation	-	51,458	51,458	-
Accounts payable - construction	-	-	-	26,747
Notes payable	25,929	-	25,929	-
Bonds outstanding	135,000	-	135,000	1,262,167
Total current liabilities	1,182,339	153,449	1,335,788	2,026,116
Non-current liabilities:				
Compensated absences	774,943	159,842	934,785	-
Lease obligation	-	185,061	185,061	-
Notes payable	1,048,541	-	1,048,541	-
Bonds outstanding	4,750,720	-	4,750,720	14,948,582
Net OPEB Liability	3,720,894	201,290	3,922,184	846,309
Net pension liability	14,557,430	536,484	15,093,914	3,539,731
Total non-current liabilities	24,852,528	1,082,677	25,935,205	19,334,622
Total Liabilities	26,034,867	1,236,126	27,270,993	21,360,738
Deferred Inflows of Resources	2,996,020	115,117	3,111,137	450,910
Total Liabilities and Deferred Inflows	29,030,887	1,351,243	30,382,130	21,811,648
Net Position				
Investment in capital assets	6,756,493	3,436,703	10,193,196	21,808,413
Restricted for:				
Streets	388,748	-	388,748	-
Tourism	550,821	-	550,821	-
Community development/economic assistance	34,198	-	34,198	-
Retirement/benefits	198,889	-	198,889	-
Construction	4,188,756	-	4,188,756	-
Debt service	-	-	-	640,591
Capital projects	-	-	-	4,133,371
Surplus	-	-	-	189,681
Other	6,708	-	6,708	-
Unrestricted	(7,212,688)	(761,517)	(7,974,205)	3,306,984
Total Net Position	4,911,925	2,675,186	7,587,111	30,079,040
Total Liabilities, Deferred Inflows and Net Position	\$ 33,942,812	\$ 4,026,429	\$ 37,969,241	\$ 51,890,688

City of Shelbyville, Kentucky
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Primary Government - Net Revenue (Expense)			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 4,394,029	\$ 127,241	\$ 9,632	\$ -	\$ (4,257,156)	\$ -	\$ (4,257,156)	\$ -
Police	3,309,991	-	860,212	-	(2,449,779)	-	(2,449,779)	-
Fire	1,989,560	-	577,771	-	(1,421,789)	-	(1,421,789)	-
Streets	1,124,589	-	-	324,427	(800,162)	-	(800,162)	-
Community development	316,435	-	-	36,207	(280,228)	-	(280,228)	-
Parks and recreation	388,897	-	-	-	(388,897)	-	(388,897)	-
Interest on long-term debt	198,119	-	-	-	(198,119)	-	(198,119)	-
Total Governmental Activities	11,731,620	127,241	1,447,615	360,634	(9,796,130)	-	(9,796,130)	-
Business-Type Activities:								
Golf course	1,200,323	922,762	-	-	-	(277,561)	(277,561)	-
Total Business-Type Activities	1,200,323	922,762	-	-	-	(277,561)	(277,561)	-
Total Primary Government	12,931,943	1,050,003	1,447,615	-	(9,796,130)	(277,561)	(10,073,691)	-
Component units:								
Water and sewer commission	7,573,126	7,950,399	-	88,701	-	-	-	465,974
Total Component Units	7,573,126	7,950,399	-	88,701	-	-	-	465,974

General Revenues

Taxes:							
Ad valorem taxes	3,023,417						
Insurance taxes	1,585,819						
Franchise taxes	237,260						
In lieu of franchise tax	468,760						
Housing Authority, in lieu of taxes	15,139						
Restaurant tax	588,425						
Penalties and interest	21,806						
Licenses and Permits:							
Net profit license	377,224						
Occupational license	3,894,689						
Intergovernmental	35,752						
Interest	84,076						
Reimbursement from state for relocation projects	-			33			134,915
Other	51,260						229,468
Total General Revenues	10,383,627					33	10,383,660
Transfers	(214,789)					362,176	147,387
Change in net position	372,708					84,648	457,356
Net position, June 30, 2019	4,539,217					2,590,538	7,129,755
Net Position, June 30, 2020	\$ 4,911,925					\$ 2,675,186	\$ 7,587,111

See accompanying notes to financial statements.

City of Shelbyville, Kentucky
Balance Sheet - Governmental Funds
June 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 4,557,732	\$ 2,535,344	\$ 1,144,125	\$ 8,237,201
Cash - insurance reserves	292,664	-	-	292,664
Certificates of deposit	5,335,000	-	-	5,335,000
Receivables				
Taxes and Licenses	1,316,920	-	-	1,316,920
Intergovernmental	1,168,192	-	-	1,168,192
Other	43,377	-	44,857	88,234
Total Assets	<u>\$ 12,713,885</u>	<u>\$ 2,535,344</u>	<u>\$ 1,188,982</u>	<u>\$ 16,438,211</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 23,561	\$ 321,588	\$ 9,618	\$ 354,767
Claims payable	28,324	-	-	28,324
Accrued payroll	171,132	-0-	-	171,132
Accrued expenses and withholdings	92,187	-	-	92,187
Deferred revenue	-	375,000	-	375,000
Total liabilities	<u>315,204</u>	<u>696,588</u>	<u>9,618</u>	<u>1,021,410</u>
Fund balances				
Restricted for:				
Streets	-	-	388,748	388,748
Community development/economic assistance	-	-	34,198	34,198
Construction	2,350,000	1,838,756	-	4,188,756
Assigned for:				
Tourism	-	-	550,821	550,821
Retirement/benefits	-	-	198,889	198,889
Other	-	-	6,708	6,708
Unassigned	10,048,681	-	-	10,048,681
Total fund balances	<u>12,398,681</u>	<u>1,838,756</u>	<u>1,179,364</u>	<u>15,416,801</u>
Total Liabilities and Fund Balances	<u>\$ 12,713,885</u>	<u>\$ 2,535,344</u>	<u>\$ 1,188,982</u>	<u>\$ 16,438,211</u>

City of Shelbyville, Kentucky
 Governmental Funds
 Reconciliation of the Balance Sheet to the Statement of Net Position
 June 30, 2020

Fund balances - total governmental funds \$ 15,416,801

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 fund financial statements, net of accumulated depreciation of \$9,207,229 12,716,683

Deferred outflows and inflows used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Deferred outflows related to pension and OPEB	4,787,918	
Deferred inflows related to pension and OPEB	<u>(2,996,020)</u>	1,791,898

Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position.

Bonds payable	(4,885,720)	
Notes payable	(1,074,470)	
Net pension liability - CERS	(14,557,430)	
Net OPEB liability - CERS	(3,720,894)	
Compensated absences	<u>(774,943)</u>	<u>(25,013,457)</u>

Net Position of governmental activities \$ 4,911,925

City of Shelbyville, Kentucky
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
Taxes	\$ 5,330,395	\$ -	\$ 589,083	\$ 5,919,478
Licenses and permits	4,299,844	-	-	4,299,844
Intergovernmental revenue	1,478,163	-	365,838	1,844,001
Charges for services	127,241	-	-	127,241
Interest income	78,082	1,559	3,777	83,418
Fines and forfeitures	21,806	-	-	21,806
Miscellaneous income	18,178	-	1,431	19,609
Total Revenue	11,353,709	1,559	960,129	12,315,397
Expenditures				
General government	4,066,253	-	106,038	4,172,291
Police	2,211,740	-	-	2,211,740
Fire	1,429,135	-	29,493	1,458,628
Streets	614,677	-	149,317	763,994
Parks and recreation	352,893	-	-	352,893
Community Development	131,536	-	157,896	289,432
Debt service	38,124	-	-	38,124
Capital outlay	2,289,881	1,612,958	712,591	4,615,430
Total Expenditures	11,134,239	1,612,958	1,155,335	13,902,532
Excess of Revenues				
Over (under) expenditures	219,470	(1,611,399)	(195,206)	(1,587,135)
Other Financing Sources (Uses):				
Proceeds from financing	-	5,939,470	-	5,939,470
Debt issuance cost	-	(139,315)	-	-
Other income (expense)	3,760	-	-	3,760
Transfers In	2,639,493	-	107,300	2,746,793
Transfers Out	(144,138)	(2,350,000)	(467,444)	(2,961,582)
Total Other Financing Sources (Uses)	2,499,115	3,450,155	(360,144)	5,728,441
Net Change in Fund Balance	2,718,585	1,838,756	(555,350)	4,001,991
Fund Balances June 30, 2019	9,680,096	-	1,734,714	11,414,810
Fund Balances June 30, 2020	\$ 12,398,681	\$ 1,838,756	\$ 1,179,364	\$ 15,416,801

City of Shelbyville, Kentucky
 Governmental Funds
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balance to the Statement of Activities
 for the year ended June 30, 2020

Net change in fund balances - total government funds \$ 4,001,991

Amounts reported for governmental activities in the Statement of
 Activities are different because:

Governmental funds report capital outlays as expenditures while governmental
 activities report depreciation expense to allocate those expenditures over the
 life of the assets:

Capital asset purchases capitalized	4,619,947	
Depreciation expense	<u>(900,091)</u>	3,719,856

Debt proceeds provide current financial resources to Governmental Funds,
 but issuing debt increases long-term liabilities in the Statement of Net
 Position.

Financing proceeds	(5,960,190)
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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 the
 governmental funds.

CERS pension plan	(1,459,143)	
CERS OPEB plan	(105,121)	
Compensated absences	<u>175,315</u>	<u>(1,388,949)</u>

Change in Net Position of Governmental Activities	<u>\$ 372,708</u>
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City of Shelbyville, Kentucky
Statement of Net Position - Proprietary Fund - Golf Course
June 30, 2020

Assets	
Current assets	
Cash	\$ 55,037
Cash - insurance reserves	500
	500
Total Current Assets	55,537
Noncurrent Assets	
Capital assets, net of depreciation	3,673,222
Total Noncurrent Assets	3,673,222
Total Assets	3,728,759
Deferred Outflows of Resources	297,673
Liabilities	
Current liabilities	
Account payable	49,461
Claims payable	540
Accrued payroll	20,440
Accrued expenses and withholdings	31,550
Capital lease	51,458
	51,458
Total Current liabilities	153,449
Noncurrent Liabilities	
Obligations for compensated absences	159,842
Capital lease	185,061
Net pension liability	536,484
Net OPEB Liability	201,290
	201,290
Total Noncurrent Liabilities	1,082,677
Total Liabilities	1,236,126
Deferred Inflows of Resources	115,117
Net Position	
Investment in capital assets	3,436,703
Unrestricted	(761,517)
	(761,517)
Total Net Position	\$ 2,675,186

City of Shelbyville, Kentucky
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund - Golf Course
For the Year Ended June 30, 2020

Operating Revenues	
Green fees	\$ 345,406
Driving range	43,211
Cart rental	260,004
Sale of concessions	124,749
Season passes	25,862
Cart passes	10,690
Other revenue	112,840
Total Operating Revenues	922,762
Operating Expenses	
Salaries	429,140
Payroll taxes	36,455
Retirement expenses	148,469
Group insurance	20,561
Utilities	42,485
Repairs and maintenance	73,625
Office expense	448
Employee uniforms	4,231
Advertising	275
Credit card charges	19,525
Dues and travel	460
Sales tax	47,117
Fuel and oil	12,671
Fertilizer/chemicals	67,019
Concessions	55,586
Miscellaneous	88,453
Small equipment and parts	17,825
Depreciation	123,587
Total Operating Expenses	1,187,932
Operating loss	(265,170)
Nonoperating Revenues (Expenses)	
Transfers in	366,020
Transfers out	(3,844)
Interest expense	(12,391)
Interest earned	33
Total Nonoperating Revenues (Expenses)	349,818
Change in Net Position	84,648
Net Position, June 30, 2019	2,590,538
Net Position, June 30, 2020	\$ 2,675,186

City of Shelbyville, Kentucky
Statement of Cash Flows
Proprietary Fund - Golf Course
For the Year Ended June 30, 2020

Cash flows from operating activities	
Receipts from customers	\$ 922,762
Payments to suppliers	(387,166)
Payments for employees	(578,827)
Payments of taxes	<u>(47,117)</u>
Net cash used by operating activities	<u>(90,348)</u>
Cash flows from noncapital financing activities	
Interest received	33
Interfund activity	<u>182,511</u>
Net cash provided by noncapital financing activities	182,544
Cash flows from capital and related financing activities	
Acquisition of property and equipment	-0-
Interest paid on long-term debt	(12,391)
Principal payments on lease obligations	<u>(53,992)</u>
Net cash used in capital and related financing activities	<u>(66,383)</u>
Net increase in cash	25,813
Cash, beginning of year	<u>29,724</u>
Cash, end of year	<u><u>\$ 55,537</u></u>
Cash is reported as:	
Cash	55,037
Cash - insurance reserves	500
Total cash, end of year	<u><u>\$ 55,537</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (265,170)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	123,587
Change in assets and liabilities:	
Accounts payable	16,439
Accrued Payroll	2,261
Claims payable	(441)
Accrued expenses and withholdings	2,919
Compensated absences	(62,930)
Net OPEB liability	(10,203)
Net pension liability	<u>103,190</u>
Net cash used by operating activities	<u><u>\$ (90,348)</u></u>

City of Shelbyville, Kentucky
Notes to Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

The City of Shelbyville, Kentucky (The "City") operates under a Mayor-Council form of government. The City's major operations include fire and police protection, parks and recreation, streets, community development, and general administrative services.

The citizens of the City of Shelbyville elect a mayor-at-large and six (6) city council members.

The basic financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United State of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitute GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity

The accounts of the City are organized into funds each of which is considered a separate accounting entity. The major fund categories and account groups are:

Governmental Fund Types

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period.

General Fund:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Proprietary Fund Types

Proprietary funds use the economic resources measurement focus. The accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet. Proprietary fund equity is segregated into contributed capital and retained earnings.

1. Since Fiscal year 1992, the City of Shelbyville, Kentucky owns and operates a municipal golf course. All employees are employed by the City. The City runs the day-to-day operations of the golf course; therefore, the activity has been included herein. The golf course derives its revenue primarily from green fee charges and cart rental fees.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Government-wide Financial Statements

Government-wide financial statements use the economic resources measurement focus just like proprietary funds.

Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between fund balances in the governmental funds and net position reported in the government-wide statements. These adjustments reflect the changes necessary to report the governmental fund balances on the economic resources measurement focus and accrual basis of accounting. In addition, capital assets, and long-term debt are added to the governmental funds to compile the long-term view of the governmental activities column.

A similar reconciliation is included on the statement of revenues, expenditures and changes in fund balances for the governmental funds. These adjustments reflect the transition from the modified accrual accounting for governmental funds to the accrual basis of accounting for the statement of activities. Capital outlay is replaced with depreciation expense.

Discretely Presented Component Unit

The financial statements of the City of Shelbyville, Kentucky include the funds, agencies, boards, and entities for which the City is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined based on the government's ability to significantly influence operations, select the governing authority, and participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the city is financially accountable or the organization's exclusion would cause the city's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units provide their services either exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as primary government. All component units are discretely presented.

The Shelbyville Municipal Water and Sewer System (the "System") operates a combined water and sewer system, which serves Shelbyville and the surrounding area. The original Commission established in 1955 was dissolved, re-established, and restructured during 1993. During 2000, the Shelby County Fiscal Court conveyed all property and assets of Sanitation District No. 1 to the Commission and the Commission assumed the debts and obligations of Sanitation District No. 1 to form a newly constituted Commission. The new Commission consists of seven voting members. The Mayor of the City of Shelbyville, Kentucky shall be one voting member and shall serve as chairperson. Three other members are to be appointed by the Mayor, with approval of the City Council. One of the three members appointed by the Mayor shall be a member of the City Council. Three members are to be appointed by the Shelby County Judge Executive, with approval of the Fiscal Court. One of the three members appointed by the Judge Executive shall be a member of the Fiscal Court. Since the City exercises oversight authority over the Water and Sewer Commission, and the Mayor plus the mayor's appointees are a majority of the Commissioners, the System qualifies to be reported as a discretely presented component unit of the City.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Copies of the Water and Sewer System's separate audited financial statements are available at their office. The Shelbyville Municipal Water and Sewer Commission is a component unit of the City of Shelbyville, Kentucky. It derives its revenues primarily from water and sewer receipts. The component units' column in the Statement of Net Position and the Statement of Activities is presented separately to emphasize this organizations' distinction from the City primary government. The component unit of the City issues separately audited financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government and it is discretely presented component unit. These statements report financial information for the City as a whole. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services that report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions that finance annual operating activities including restrictive investment income; and (3) capital grants and contributions that fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Financial Statements

Fund financial statements are provided for governmental and proprietary funds. Major governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Basis of Accounting

Modified Accrual Basis of Accounting

The City uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues available if they are collected within 60 days of the end of the fiscal year. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due. Major revenue sources susceptible to accrual include sales and use taxes, property taxes, franchise fees, insurance license fees and intergovernmental revenue.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Accrual Basis of Accounting

The accrual basis of accounting is used in the government-wide statements, the component unit, and in proprietary fund types. The accrual basis of accounting recognizes revenues when earned. Expenses are recorded when incurred. No provision has been provided for doubtful accounts because it is management's opinion that all amounts will be collected.

Budget Policy and Practice

The City and Water and Sewer Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor and Office Administrator are responsible for preparing the proposed operating budgets prior to each fiscal year commencing on July 1. The proposed operating budget is submitted to the City Council for approval. The budget is legally enacted through passage of an ordinance.
2. The Chairman submits an annual budget to the Commission at the May monthly meeting. The budget provides for any request by the Commission for surplus funds deposited in the name of the City. The annual budget is to be approved no later than June 30 of each year. Surplus funds in excess of the amount required to be maintained under the provision of the lease agreements between Kentucky Municipal Finance Corporation and the City of Shelbyville, Kentucky are to be deposited in the name of the City as provided in the lease agreements and may be transferred to the general fund of the City as provided in the lease agreements.
3. Budgeted amounts are as originally adopted, or as amended by the City Council or by the Shelbyville Municipal Water and Sewer Commission. The budget for the City of Shelbyville, Kentucky was amended by vote of the City Council.

Budget Basis of Accounting

The City follows the procedures established pursuant to Section 91A.030 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

Budgeted amounts in the financial statements are as adopted by ordinance of the City and have been revised for amendments authorized during the year.

For FY 2020, the City was over budget for Police Department, Debt Service and Capital Outlay expenditures; as a whole, the general fund had an favorable budget variance of approximately 2.6 million when considering both revenues and expenses.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash Equivalents and Certificates of Deposit

For purposes of the statement of cash flows, the City of Shelbyville, Kentucky considers liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Insurance reserves are also considered cash equivalents.

The City has certificates of deposits and are reported at cost. These funds are invested for periods that comply with cash flow requirements of bond ordinances and general government services. The certificates of deposit mature in less than one year.

Materials Inventory

The inventory of the System is priced at cost on the first-in, first-out basis.

Trade Accounts Receivable

Trade accounts receivable of the System are reported at the amount management expects to collect from outstanding balances. Management considers all accounts receivable as collectible at year-end, accordingly, no provision has been provided for doubtful accounts.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets' life are not capitalized. All reported capital assets and improvements are depreciated. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of resources of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has four items that qualify for reporting in this category. These include the City's pension and OPEB contributions made subsequent to the measurement date, differences between expected and actual experience, net difference between projected and actual investment earnings on pension plan investments and changes in assumptions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Refer to the Pension Liability, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension in Note 14, Retirement Plan and the Post-Employment Benefits Other than Pensions (OPEB) in Note 15.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resource. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees' Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the City's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERS' Insurance Fund and additions to/deductions from the Insurance Fund's fiduciary net position have been determined on the same basis as they are reported by the Insurance Fund. For this purpose, the Insurance Fund recognizes benefit payments when due and payable in accordance with the benefit terms; the liability was measured at June 30, 2019.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statements of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Transfers

Pursuant to an Interlocal Cooperation Agreement dated January 31, 2000 between the City of Shelbyville, the Shelbyville Municipal Water Commission, and the County of Shelby, the City shall receive no more than 7% of the annual gross water and sewer revenues of the System, and any amounts transferred to the City shall represent surplus funds of the System.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the general-purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Revenue

The City defers revenue recognition in connection with resources that have been received but not yet earned. At the end of fiscal year 2020, revenue paid in advance of \$375,000 have been deferred as these amounts have not yet been earned related to advanced rental payments pursuant to an agreement with the Ohio Valley Educational Cooperative.

Note 2 – Deposits

Effective January 1, 1995, the General Assembly enacted KRS 66.480 which limits investments of public funds generally to obligations of the U.S. and certain of its agency and instrumentality, certificates of deposits or other interest-bearing accounts of FDIC insured banks or savings and loan institutions

The City maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1) (d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the City and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. Custodial credit risk is the risk that in the event of a depository institution failure, the City's deposits may not be returned. The City does have a deposit policy for custodial credit risk and follows the requirements of KRS 41.240(4). The City of Shelbyville, Kentucky maintains numerous accounts at various depository banks. The City has pledged securities for those accounts with balances exceeding \$250,000. On June 30, 2020, FDIC insurance or a properly executed collateral security agreement covered all deposits. On June 30, 2020, \$4,478,456 of the City's bank balance of \$8,865,841 was exposed to custodial credit risk as described below:

Uninsured and collateral held by pledging bank	\$ 4,478,456
Uninsured and uncollateralized	-
Insured by FDIC	<u>4,387,385</u>
Total	<u>\$ 8,865,841</u>

COMPONENT UNIT

The System maintains numerous operating and restricted cash accounts at various depository institutions.

The System's deposit and investment policies conform to state statutes. The System deposits its funds in banks insured by the Federal Deposit Insurance Corporation (FDIC). Collateral is required for all deposits in excess of FDIC insurance at 100% of the carrying amount at the bank. Collateral consists of pledged treasury certificates by the pledging financial institution. As of June 30, 2020, of the System's \$8,541,363 bank balances, \$1,744,777 was uninsured by FDIC, but 100% collateralized by pledged treasury certificates by the financial institution.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 3 – Property Tax Calendar

Property taxes for fiscal year 2020 were levied in September 2019 on the assessed valuation of property, located in the City as of the preceding January 1, the lien date. The assessments are determined by the County Property Valuation Administrator in accordance with Kentucky Revised Statutes. The due date and collection periods for all taxes, exclusive of vehicle taxes and local deposit franchise taxes, are as follows:

Description	Date	Per K.R.S. 134.020
Due date for payment of taxes		Upon receipt
2% discount period		By November 30
Face value amount payment dates		December 1 to December 31
Delinquent date, 2% penalty		January 1
10% delinquent date		February 1

Note 4 - Municipal Road Aid

The City receives municipal aid from the Kentucky Department of Transportation to enable the City to meet their responsibilities for local streets and roads. The funds are restricted for construction and maintenance of roads only. As of June 30, 2020, the City had a carryover of \$289,727 from prior years and an excess of revenues over expenses of \$99,021 for the current period.

Note 5 - Compensated Absences

The City allows vacation leave according to the following: one year – 40 hours; two through nine years – 80 hours; during and after ten years – 120 hours; during and after twenty years – 160 hours. For Fire Department employees the City allows vacation leave according to the following: one year – 48 hours; two through nine years – 96 hours; during and after ten years – 144 hours; during and after twenty years – 192 hours. Vacation leave shall be accrued at the rate of 1/12th of the annual rate per month of employment. Sick pay may be accrued to a maximum of 1,008 hours, but employees who voluntarily terminate employment or who are dismissed or laid off shall not be paid sick leave credit. Employees who work a holiday shall be compensated for actual hours worked at the regular rate of pay and shall receive another working day off with pay.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 5 - Compensated Absences (continued)

Accumulated unpaid vacation, sick leave and holiday at June 30, 2020 are as follows:

<u>Vacation Pay</u>	
Administration	\$ 26,357
Fireman	45,689
Police	76,470
Public Works	19,319
Golf Course	19,015
Total	<u>186,850</u>
<u>Sick Pay</u>	
Administration	94,922
Fireman	179,694
Police	260,261
Public Works	69,576
Golf Course	140,828
Total	<u>745,281</u>
<u>Holiday Pay</u>	
Administration	417
Fireman	723
Police	1,210
Public Works	304
Golf Course	-
Total	<u>2,654</u>
<u>Total</u>	
Administration	121,696
Fireman	226,106
Police	337,941
Public Works	89,199
Golf Course	159,843
Total	<u>\$ 934,785</u>

Note 6 - Fixed Assets

The City's capital assets and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with other capital assets. According to the reporting standards, since revenues are less than \$10 million, the City of Shelbyville, Kentucky is only required to report infrastructure acquired after July 1, 2003. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 6 - Fixed Assets (continued)

The City's governmental activities capital assets are as follows:

Primary Government

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities:				
Non-depreciable Assets:				
Land	\$1,404,232	\$ -	\$ -	\$ 1,404,232
CIP	-	1,930,913		1,930,913
Total Non-depreciable Assets	<u>1,404,232</u>	<u>1,930,913</u>	<u>-</u>	<u>3,335,145</u>
Depreciable Assets:				
Buildings and Improvements	6,333,162	1,606,118	-	7,939,280
Vehicles	3,005,754	135,135	(14,560)	3,126,329
Equipment	1,845,128	146,766	-	1,991,894
Furniture and Fixtures	241,044	58,200	-	299,244
Infrastructure	4,489,205	742,815	-	5,232,020
Total Depreciable Assets	<u>15,914,293</u>	<u>2,689,034</u>	<u>(14,560)</u>	<u>18,588,767</u>
Total Capital Assets	<u>17,318,525</u>	<u>4,619,947</u>	<u>(14,560)</u>	<u>21,923,912</u>
Accumulated Depreciation:				
Buildings and Improvements	(2,708,144)	(179,482)	-	(2,887,626)
Vehicles	(2,457,349)	(221,676)	-	(2,679,025)
Equipment	(1,431,793)	(118,775)	14,560	(1,536,008)
Furniture and Fixtures	(214,949)	(5,814)	-	(220,763)
Infrastructure	(1,509,463)	(374,344)	-	(1,883,807)
Total Accumulated Depreciation	<u>(8,321,698)</u>	<u>(900,091)</u>	<u>14,560</u>	<u>(9,207,229)</u>
Governmental Activities Capital Assets, Net	<u>\$8,996,827</u>	<u>\$ 3,719,856</u>	<u>\$ -</u>	<u>\$ 12,716,683</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 263,100
Police	219,030
Fire	105,606
Streets	271,926
Community Development	25,274
Parks and Recreation	15,155
Total Depreciation Expense	<u>\$ 900,091</u>

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 6 - Fixed Assets (Continued)

A summary of changes in proprietary fund type (golf course) fixed assets follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Business-type Activities:				
Non-depreciable Assets:				
Land	\$ 2,956,223	\$ -	\$ -	\$ 2,956,223
CIP	162,799	-	(162,799)	-
Total Non-depreciable Assets	<u>3,119,022</u>	<u>-</u>	<u>(162,799)</u>	<u>2,956,223</u>
Depreciable Assets:				
Buildings and Improvements	435,846	-	-	435,846
Equipment	851,294	-	-	851,294
Infrastructure	-	342,467	-	342,467
Total Depreciable Assets	<u>1,287,140</u>	<u>342,467</u>	<u>-</u>	<u>1,629,607</u>
Total Capital Assets	<u>4,406,162</u>	<u>342,467</u>	<u>(162,799)</u>	<u>4,585,830</u>
Accumulated Depreciation:				
Buildings and Improvements	(322,258)	(12,934)	-	(335,192)
Equipment	(466,763)	(72,740)	-	(539,503)
Infrastructure	-	(37,913)	-	(37,913)
Total Accumulated Depreciation	<u>(789,021)</u>	<u>(123,587)</u>	<u>-</u>	<u>(912,608)</u>
Business-type Activities Capital Assets, Net	<u>\$ 3,617,141</u>	<u>\$ 218,880</u>	<u>\$ (162,799)</u>	<u>\$ 3,673,222</u>

COMPONENT UNIT

Capital assets for the year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Capital assets not being depreciated				
Land	\$ 181,864	\$ 62,842	\$ -	\$ 244,706
Water rights	165,652	-	-	165,652
Construction in process	2,402,940	4,209,235	(4,136,763)	2,475,412
Total capital assets not being depreciated	<u>2,750,456</u>	<u>4,272,077</u>	<u>(4,136,763)</u>	<u>2,885,770</u>
Depreciable assets:				
Water plant in service	27,515,765	3,535,050	(248,926)	30,801,889
Sewer plant in service	36,821,248	998,319	(68,735)	37,750,832
Administrative and general	2,287,684	148,593	(344,555)	2,091,722
Total depreciable assets	<u>66,624,698</u>	<u>4,681,962</u>	<u>(662,216)</u>	<u>70,644,443</u>
Total capital assets	<u>69,375,154</u>	<u>8,954,039</u>	<u>(4,798,979)</u>	<u>73,530,213</u>
Accumulated depreciation:				
Water plant in service	(14,254,327)	(699,089)	248,926	(14,704,490)
Sewer plant in service	(15,782,858)	(965,463)	68,735	(16,679,586)
Administrative and general	(1,454,879)	(130,880)	344,555	(1,241,204)
Total accumulated depreciation	<u>(31,492,064)</u>	<u>(1,795,432)</u>	<u>662,216</u>	<u>(32,625,280)</u>
Capital assets, net	<u>\$ 37,883,090</u>	<u>\$ 7,158,607</u>	<u>\$ (4,136,763)</u>	<u>\$ 40,904,933</u>

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 7 – Notes and Bonds Payable

Government Activities

In February 2020 the City entered into a new loan agreement with Citizens Union Bank. This loan was to purchase a new fire truck. The total loan amount is \$1,074,472 with an interest rate of 3.59%. The length of the loan is 20 years with monthly required payments beginning in November 2020.

Year Ending	Principal	Interest	Amount
2021	\$ 25,929	\$ 25,764	\$ 51,693
2022	40,036	37,504	77,540
2023	41,517	36,022	77,539
2024	42,960	34,580	77,540
2025	44,644	32,896	77,540
2026-2030	249,182	138,517	387,699
2031-2035	298,859	88,841	387,700
2036-2040	331,345	29,091	360,436
Total	<u>\$ 1,074,472</u>	<u>\$ 423,215</u>	<u>\$ 1,497,687</u>

In April 2020 the City entered into a new general obligation bond series 2020A. This bond was to finance the construction of the conference center. The total amount of the bond was \$4,865,000 with a 3% interest rate and term of 25 years with payments beginning October 2020.

Future maturities of bond obligations of the governmental activities as of June 30, 2020:

Year Ending	Principal	Interest	Amount
2021	\$ 135,000	\$ 156,014	\$ 291,014
2022	135,000	155,538	290,538
2023	140,000	151,488	291,488
2024	145,000	147,288	292,288
2025	150,000	142,938	292,938
2026-2030	805,000	645,090	1,450,090
2031-2035	940,000	516,270	1,456,270
2036-2040	1,105,000	354,212	1,459,212
2041-2045	1,310,000	145,544	1,455,544
Total	<u>\$ 4,865,000</u>	<u>\$ 2,414,382</u>	<u>\$ 7,279,382</u>

Add: unamortized bond premium

\$ 20,720

Less current portion

(135,000)

Total long-term portion

\$ 4,750,720

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 7 – Notes and Bonds Payable (Continued)

COMPONENT UNIT

Future maturities of bond obligations of the System as of June 30, 2020:

Future maturities of long-term debt is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2021	\$ 1,262,167	\$ 432,279	\$ 1,694,446
2022	1,299,945	392,975	1,692,920
2023	1,341,154	351,922	1,693,076
2024	1,383,546	400,346	1,783,892
2025	1,425,571	348,903	1,774,474
2026-2030	5,304,184	1,056,092	6,360,276
2031-2035	3,133,646	448,426	3,582,072
2036-2037	1,060,537	45,127	1,105,664
Total	<u>\$ 16,210,750</u>	<u>\$ 3,476,070</u>	<u>\$ 19,686,820</u>

A summary of changes in long-term liabilities of the Commission as of June 30, 2020 is as follows:

<u>Lease/Bond obligations</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within a year</u>
Bond Series 2004	7,685,099	-	795,803	6,889,296	820,435
Bond Series 2015	3,605,000	-	182,083	3,422,917	187,083
Bond Series 2017	6,144,548	-	246,011	5,898,537	254,649
	<u>\$ 17,434,647</u>	<u>\$ -</u>	<u>\$ 1,223,897</u>	<u>\$ 16,210,750</u>	<u>\$ 1,262,167</u>

Note 8 – Deferred Revenue

In June of 2019 the City entered into an agreement with the Ohio Valley Educational Cooperative (OVEC). OVEC agreed to contribute to the City \$1,500,000 in four equal installments of \$375,000 each for the building of a conference center. The City is to use these funds solely for expenses attributable to design, construction, and equipping the center. The first payment was paid in May 2020 when the City was under contract for the construction. The second payment will be received when construction is 33% complete, the third payment will be made when construction is 66% complete, and the final payment will be made when the certificate of occupancy is issued to the City for the conference center. If for whatever reason, within fifteen years after a certificate of occupancy is issued, the parties agree to sell or cease operation of the center, or if it is damaged beyond use and the City decides not to repair or rebuild the center the City shall pay to OVEC the following amounts: In year 1 an amount of \$1,500,000, and subtracting \$100,000 each year thereafter until the final year any amount is to be paid to OVEC is year 15, and the amount to be paid in that final year is \$100,000. At June 30, 2020, the first payment of \$375,000 was recorded as deferred revenue.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 9 - Lease Obligations

In June 2020, the City (Weissinger Hills Golf Course) entered into a lease agreement with a bank for the purchase of new golf carts. The lease agreement is for a 65-month period.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Year ending June 30	
2021	54,720
2022	54,720
2023	54,720
2024	54,720
2025	36,461
Less imputed interest	(25,035)
Present value of minimum lease payments	\$ 230,306

In April 2017, the City (Weissinger Hills Golf Course) entered into a lease agreement with a bank for the purchase of new mowers. The lease agreement is for a 60-month period.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Year ending June 30	
2021	\$ 6,214
Total	\$ 6,214

Note 10 - Risk Management

The City of Shelbyville, Kentucky is exposed to various risks and losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City currently carries property and general liability insurance and worker's compensation insurance through Kentucky League of Cities Insurance Services. The City reports all of its risk management activities in its General Fund and Golf Course Fund.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 11 – Long-Term Liability Summary

At June 30, 2020, long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental Activities:					
GO Bond 2020A	\$ -	\$ 4,865,000	\$ -	\$ 4,865,000	\$ 135,000
Unamortized bond premium	-	20,720	-	20,720	-
Fire truck loan	-	1,074,472	-	1,074,472	25,929
Compensated Absences	950,258	-	(175,315)	774,943	-
	<u>950,258</u>	<u>5,960,192</u>	<u>(175,315)</u>	<u>6,735,135</u>	<u>160,929</u>
Business-type Activities:					
Golf Cart Lease - FY19	249,609	-	(19,304)	230,305	45,244
Golf Equipment Lease	40,902	-	(34,688)	6,214	6,214
Compensated Absences	222,772	-	(62,930)	159,842	-
	<u>513,283</u>	<u>-</u>	<u>(116,922)</u>	<u>396,361</u>	<u>51,458</u>
	<u>\$ 1,463,541</u>	<u>\$ 5,960,192</u>	<u>\$ (292,237)</u>	<u>\$ 7,131,496</u>	<u>\$ 212,387</u>

Note 12 – Employee Health Benefit Plan and Claims Liability

Effective July 1, 2006, the City implemented an employee health and welfare benefit plan providing medical benefits utilizing a preferred provider network, and prescription drug benefits. A copy of the Plan documents and insurance contracts, if any, are on file at the plan administrator's office and may be read by any covered person at any reasonable time.

The plan is fully funded by the employer. Funds for payment of claims considered under the plan are forwarded to accounts from which claims are to be paid. The City maintains these funds and is the administrator, fiduciary and legal agent. Medical Benefits Administrators, Inc., 1975 Tamarack Road, P.O. Box 1099, Newark, Ohio 43058-1099 is the benefit manager. The plan is funded by contributions made by the employer and employees who are participating under the plan. Participation contributions are currently required for both participant and dependent coverage.

The City has purchased excess stop-loss insurance for medical expenses that exceed \$75,000 per covered individual for fiscal year June 30, 2020. The City records an estimated liability for indemnity health care claims. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. Eligible claims are required to be presented within one-year of the date of service. Changes in the balances of claims liability are summarized below:

	Health Care General	Health Care Golf	Health Care Total
Liability balance, June 30, 2019	\$ 33,908	\$ 981	\$ 34,889
Claims and changes in estimates	688,994	22,510	711,504
Claims payments	(694,578)	(22,951)	(717,529)
Liability balance, June 30, 2020	<u>\$ 28,324</u>	<u>\$ 540</u>	<u>\$ 28,864</u>

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 13 - Fund Balance and Net Position

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balances are reported pursuant to ordinances passed by the City Council, the City's highest level of decision making authority.
- Assigned - includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balances.
- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. In the Special Revenue Fund, the unassigned classification is only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

It is the policy of the City to spend restricted funds first when both restricted and unrestricted funds are available. Once restricted funds are spent then committed, assigned and unassigned funds are spent in that order.

General Fund

The General Fund has unassigned fund balance of \$10,048,681 as of June 30, 2020. \$2,350,000 of fund balance was restricted for construction of the conference center.

Other Funds

The Municipal Road Aid Fund has restricted funds of \$389,748 that are set aside for City road repairs. The LGEA fund has restricted funds of \$34,198 that are set aside for community development and economic assistance. The Retirement/Benefit fund has assigned funds of \$198,889 that are set aside for future retirement benefits. The restaurant tax fund has assigned funds of \$558,243 that are set aside for tourism. The Capital Projects Fund has restricted funds \$1,838,756 that are set aside for construction of the conference center.

Net Position

Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 14 - Retirement Plan

Plan description. Employees of the City are provided a defined benefit pension plan through the County Employees Retirement System ("CERS"), a cost sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System ("KRS"). The KRS was created by state statute under Kentucky Revised Statute Section 61.645. The KRS Board of Trustees is responsible for the proper operation and administration of the KRS. The KRS issues a publically available financial report that can be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

Benefits provided. Kentucky Revised Statute Section 61.645 establishes the benefit terms and can be amended only by the Kentucky General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with four years of service credit or after 27 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's year of service credit. Reduced benefits for early retirement are available at age 55 and vested or 25 years of service credit. Members vest with five years of service credit. Service related disability benefits are provided after five years of service.

Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands.

Kentucky Revised Statutes provides authority for employee and employer contributions. Employees and the City have contributed all of the required contributions for the fiscal year ending June 30, 2020.

Contribution rates are as follows:

	<u>Employee</u>	<u>Employer</u>
Non-hazardous	5.0%-6.0%	24.06%
Hazardous	8.0%-9.0%	39.58%

The City's contribution for the fiscal year ended June 30, 2020 amounted to \$1,810,804, of which \$1,518,995 was contributed by the City and \$291,809 by the City's employees. For the fiscal year, ended June 30, 2020 the City's covered payroll for hazardous and non-hazardous positions was \$4,446,039.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 14 - Retirement Plan - (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the City reported a liability of \$15,093,914 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the City's proportion was 0.394 percent for hazardous and 0.059 percent for non-hazardous.

For the year ended June 30, 2020, the City recognized pension expense of \$2,590,956. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contribution and proportionate share of contribution	\$ 187,089	\$ 1,100,853
Differences between expected and actual results	569,960	17,780
Changes of assumptions	1,482,585	-
Net difference between projected and actual earnings on Plan investments	248,238	440,137
City's contributions subsequent to the measurement date	1,038,841	-
Total	\$ 3,526,713	\$ 1,558,770

The \$1,038,841 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2021	\$ 735,091
2022	76,176
2023	73,208
2024	14,626

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 14 - Retirement Plan (Continued)

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments and for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

Actuarial Methods and Assumptions

For financial reporting, the actuarial valuation as of June 30, 2019, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2018 were based on an actuarial valuation date of June 30, 2016. The total pension liability was rolled-forward from the valuation date (June 30, 2016) to the plan's fiscal year ending June 30, 2018, using generally accepted actuarial principles. GRS did not perform the actuarial valuation as of June 30, 2016 but did replicate the prior actuary's valuations results on the same assumption, methods, and data, as of that date. The roll-forward is based on the results of GRS' replication.

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2019:

Valuation Date	June 30, 2017
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	26 years, closed
Asset Valuation Method	20% if the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected rate of return was determined by using a building-block method in which best estimates ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 14 - Retirement Plan (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return	Target Allocation
U.S. Equity	4.30%	18.75%
Non-U.S. Equity	4.80%	18.75%
Core Bonds	1.35%	13.50%
Specialty Credit/ High Yield	2.60%	15.00%
Real Estate	4.85%	5.00%
Opportunistic Return	2.97%	3.00%
Real Return	4.10%	15.00%
Private Equity	6.65%	10.00%
Cash	0.20%	1.00%
		<u>100.00%</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24 year amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	Discount rate	City's proportionate share of net pension liability
1% decrease	5.25%	\$ 18,872,849
Current discount rate	6.25%	\$ 15,093,914
1% increase	7.25%	\$ 11,981,347

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 14 - Retirement Plan (Continued)

Payables to the pension plan: At June 30, 2020, the City reported a payable including insurance contributions of approximately \$21,000 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report on the KRS website at www.kyret.ky.gov.

COMPONENT UNIT

	Discount rate	Commission's proportionate share of net pension liability
1% decrease	5.25%	\$ 4,427,200
Current discount rate	6.25%	\$ 3,539,731
1% increase	7.25%	\$ 2,800,035

Note 15 – Other Post-Employment Benefits (OPEB)

At June 30, 2019, net OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follows:

Deferred Inflows of Resources	\$ 1,552,367
Deferred Outflows of Resources	\$ 1,558,778
Net OPEB Liability:	\$ 3,922,184

Plan Description

Employees of the City are provided hospital and medical insurance through the Kentucky Retirement Systems' Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit OPEB plan. The KRS was created by state statute under Kentucky Revised Statute Section 61.645. The KRS Board of Trustees is responsible for the proper operation and administration of the KRS. The KRS issues a publicly available financial report that can be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

Benefits provided. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. Because of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned services without regard to a maximum dollar amount.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 15 – Other Post-Employment Benefits (OPEB) (Continued)

Contributions

Contribution requirements of the participating employers are established and may be amended by the KRS Board of Trustees. The City has contractually required contribution rate for the year ended June 30, 2020 was 4.76% (non-hazardous) and 9.52% (hazardous) of covered payroll. Contributions to the Insurance Fund from the City were \$344,792 for the year ended June 30, 2020 for both non-hazardous and hazardous combined. Employees that entered the plan prior to September 1, 2008 are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008 are required to contribute 1% of their annual creditable compensation which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E).

Net OPEB Liability

For financial reporting the actuarial valuation as of June 30, 2019, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2019, were based on an actuarial valuation date of June 30, 2018. The total OPEB liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2019, using generally accepted actuarial principles.

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2019:

Valuation Date	June 30, 2017
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Remaining Amortization Period	26 years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.305 to 11.55%, varies by service
Investment Rate of Return	6.250%
Healthcare Trend Rate	Initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Pre – 65	
Post – 65	Initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back four years for males) is used for the period after disability retirement.

Discount Rate

The projection of cash flows used to determine the discount rate of 5.68% for CERS Non-hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.13%, as reported in Fidelity Index's "20 – Year Municipal GO AA Index" as of June 30, 2019. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 15 – Other Post-Employment Benefits (OPEB) (Continued)

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return	Target Allocation
U.S. Equity	4.30%	18.75%
Non-U.S. Equity	4.80%	18.75%
Core Bonds	1.35%	13.00%
Specialty Credit/High Yield	2.60%	15.00%
Real Estate	4.85%	5.00%
Opportunistic Return	2.97%	3.00%
Real Return	4.10%	15.00%
Private Equity	6.65%	10.00%
Cash	0.20%	1.00%
		<u>100.00%</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.68%) or one percentage point higher (6.68%) follows:

	Discount Rate	City's proportionate share of net OPEB liability
1% decrease	4.68%	\$ 5,416,284
Current discount rate	5.68%	\$ 3,922,184
1% increase	6.68%	\$ 2,705,230

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 15 – Other Post-Employment Benefits (OPEB) (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates follows:

Healthcare Cost Trend Rate	City's proportionate share of net OPEB liability
1% decrease	\$ 2,777,295
Current healthcare rate	\$ 3,922,184
1% increase	\$ 5,316,995

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of \$408,611. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contribution and proportionate share of contribution	\$ 24,050	459,911
Implicit subsidy	23,690	-
Differences between expected and actual results	-	846,048
Changes of assumptions	1,178,942	7,512
Net difference between projected and actual earnings on Plan investments	26,554	238,896
City contributions subsequent to the measurement date	305,542	-
Total	\$ 1,558,778	\$ 1,552,367

The \$305,542 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2021	\$ 23,844
2022	\$(131,232)
2023	\$(161,215)
2024	\$ (34,128)
2025	\$ 17,091)
Thereafter	\$ (3,000)

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 15 – Other Post-Employment Benefits (OPEB) (Continued)

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Those changes in net OPEB liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

COMPONENT UNIT

	Discount Rate	Commission's proportionate share of net OPEB liability
1% decrease	4.68%	\$ 1,133,706
Current discount rate	5.68%	\$ 846,309
1% increase	6.68%	\$ 609,513

Note 16 – Interfund Transfers

Interfund transfers during the year ended June 30, 2020 were as follows:

	Transfer In	Transfer Out
General Fund	\$ 2,639,493	\$ 144,138
Special Grants Fund	106,207	-0-
Capital Projects Fund	-0-	2,350,000
Golf Fund	366,020	3,844
Retirement Fund	-0-	373,444
Water & Sewer Component Unit	-0-	147,387
Restaurant Tax Fund	-0-	94,000
LGEA Fund	1,093	-0-
	\$ 3,112,813	\$ 3,112,813

Transfers are used to (a) move funds from one fund to another fund according to an agreement and to (b) use unrestricted revenues collected in the general fund to finance other funds operations

Note 17 – Subsequent Event

The City has evaluated subsequent events through February 17, 2021 the date which the financial statements were available to be issued.

Note 18 – Related Party Transactions

The City maintains cash deposits at a local financial institution in which one of its council members is affiliated.

City of Shelbyville, Kentucky
Notes to Financial Statements (Continued)
June 30, 2020

Note 19 – Recently Issued Accounting Standards Update

GASB Statement No. 87—In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2019, or the 2020-21 fiscal year. The City has not determined the effect of this pronouncement.

Note 20 – COVID-19 Pandemic

In early 2020, various restrictions were placed on travel and business across the United States in response to the COVID-19 pandemic. The duration and pervasiveness of these restrictions are uncertain as of the date of these financial statements. The City is evaluating the impact of COVID-19 and related responses on the operations and finances of the City. Restrictions placed on the local businesses could negatively impact the City's revenue and expenses for an unknown period of time. At this time, a specific estimate of the impact could not reasonably be determined due to a number of unknown factors regarding the severity and duration of the event.

REQUIRED SUPPLEMENTARY INFORMATION

City of Shelbyville, Kentucky
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ 4,777,000	\$ 4,777,000	\$ 5,330,395	\$ 553,395
Licenses and permits	4,065,000	4,065,000	4,299,844	234,844
Intergovernmental revenue	285,500	285,500	1,478,163	1,192,663
Charges for services	120,300	120,300	127,241	6,941
Interest income	40,000	40,000	78,082	38,082
Fines and forfeitures	18,500	18,500	21,806	3,306
Miscellaneous income	162,000	162,000	18,178	(143,822)
Total Revenues	9,468,300	9,468,300	11,353,709	1,885,409
Expenditures				
General government	4,328,000	4,328,000	4,066,253	261,747
Police	2,143,000	2,143,000	2,211,740	(68,740)
Fire	1,516,500	1,516,500	1,429,135	87,365
Streets	694,300	694,300	614,677	79,623
Parks & recreation	364,500	364,500	352,893	11,607
Community Development	209,000	209,000	131,536	77,464
Debt service	-0-	-0-	38,124	(38,124)
Capital outlay	1,714,000	1,714,000	2,289,881	(575,881)
Total expenditures	10,969,300	10,969,300	11,134,239	(164,939)
Excess (deficiency) of revenues over expenditures	(1,501,000)	(1,501,000)	219,470	1,720,470
Other financing sources (uses):				
Operating transfers in	1,645,000	1,645,000	2,639,493	994,493
Operating transfers out	(15,000)	(15,000)	(144,138)	(129,138)
Other income	-	-	3,760	3,760
Total other financing sources (uses)	1,630,000	1,630,000	2,499,115	869,115
Excess (deficiency) of revenues over expenditures and transfers	\$ 129,000	\$ 129,000	2,718,585	\$ 2,589,585
Fund balance beginning of year			9,680,096	
Fund balance end of year of year			\$ 12,398,681	

City of Shelbyville, Kentucky
 Schedule of the City's Proportionate Share of the Net Pension Liability
 County Employees' Retirement System
 Last Six Fiscal Years

	June 30, 2015		June 30, 2016		June 30, 2017		June 30, 2018		June 30, 2019		June 30, 2020	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
City's proportion of the net pension liability	0.440312%	0.062190%	0.455780%	0.060073%	0.453216%	0.062084%	0.510120%	0.057376%	0.431065%	0.058935%	0.394089%	0.059832%
City's proportionate share of the net pension liability	\$5,292,000	\$2,018,000	\$6,996,710	\$2,582,846	\$7,776,914	\$3,056,797	\$11,412,805	\$3,358,394	\$10,425,121	\$3,589,321	\$10,885,902	\$4,208,011
City's covered employee payroll	\$2,205,558	\$1,400,221	\$2,445,532	\$1,481,018	\$2,853,620	\$1,454,501	\$2,426,025	\$1,460,662	\$2,358,214	\$1,509,157	\$2,797,503	\$1,648,536
City's proportion of the net position liability as a percentage of its covered-employee payroll	239.94%	144.12%	286.10%	174.40%	272.53%	210.16%	470.43%	229.92%	442.08%	237.84%	389.13%	255.26%
Plan fiduciary net position as a percentage of the total pension liability	63.46%	66.80%	57.52%	59.97%	53.95%	55.50%	49.80%	53.50%	49.26%	53.54%	46.63%	50.45%

City of Shelbyville, Kentucky
 Schedule of the City's Pension Contributions
 County Employees Retirement System
 Last Six Fiscal Years

	June 30, 2015		June 30, 2016		June 30, 2017		June 30, 2018		June 30, 2019		June 30, 2020	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Contractually required contribution	\$ 457,212	\$ 178,948	\$ 485,465	\$ 184,091	\$ 619,521	\$ 202,903	\$ 538,578	\$ 211,504	\$ 585,875	\$ 244,702	\$ 856,036	\$ 318,167
Contributions in relation to the contractually required contribution	\$ (457,212)	\$ (178,948)	\$ (485,465)	\$ (184,091)	\$ (619,521)	\$ (202,903)	\$ (538,578)	\$ (211,504)	\$ (585,875)	\$ (244,702)	\$ (856,036)	\$ (318,167)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$2,205,558	\$1,400,221	\$ 2,445,532	\$ 1,481,018	\$2,853,620	\$1,454,501	\$2,426,025	\$1,460,662	\$2,358,214	\$1,509,157	\$2,797,503	\$1,648,536
Contributions as a percentage of covered employee	20.73%	12.78%	20.26%	12.43%	21.71%	13.95%	22.20%	14.48%	24.84%	16.21%	30.60%	19.30%

City of Shelbyville, Kentucky
Schedule of the City's OPEB Contributions
County Employees' Retirement System
Last Three Fiscal Years

	June 30, 2018		June 30, 2019		June 30, 2020	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Contractually required contribution	\$ 226,833	\$ 68,651	\$ 246,684	\$ 79,364	\$ 266,322	\$ 78,470
Contributions in relation to the contractually required contribution	(226,833)	(68,651)	(246,684)	(79,364)	(266,322)	(78,470)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$2,426,025	\$1,460,662	\$2,358,214	\$1,509,157	\$2,797,503	\$1,648,536
Contributions as a percentage of covered-employee payroll	9.35%	4.70%	10.46%	5.26%	9.52%	4.76%

City of Shelbyville, Kentucky
Schedule of Changes in the City's OPEB Liability
County Employees' Retirement System
Last Three Fiscal Years
(\$ in thousands)

	June 30, 2018		June 30, 2019		June 30, 2020	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Change in the Net OPEB Liability						
Total OPEB liability						
Service Cost	\$ 105	\$ 49	\$ 146	\$ 72	\$ 129	\$ 71
Interest	577	138	509	143	460	144
Benefit Changes	-0-	-0-	2	3	-	-
Difference between actual and expected experience	(13)	(4)	(433)	(142)	(407)	(242)
Assumption Changes	1,995	299	(11)	(3)	460	161
Benefit Payments	(325)	(80)	(307)	(92)	(300)	(97)
Net Change on Total OPEB Liability	2,339	402	(94)	(19)	342	37
Total OPEB Liability - Beginning	7,943	2,021	8,689	2,489	7,859	2,506
Total OPEB Liability - Ending	<u>\$ 10,282</u>	<u>\$ 2,423</u>	<u>\$ 8,595</u>	<u>\$ 2,470</u>	<u>\$ 8,201</u>	<u>\$ 2,543</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 226	\$ 76	\$ 223	\$ 86	\$ 238	\$ 101
Contributions - Member	9	5	9	6	10	7
Benefit Payments	(325)	(80)	(307)	(92)	(300)	(97)
Net Investment Income	734	152	474	119	289	82
Administrative Expense	(2)	-0-	(2)	-	(2)	(1)
Other	-0-	-0-	-	-	-	-
Net Change in Plan Fiduciary Net Position	642	153	397	119	235	92
Plan Fiduciary Net Position - Beginning	5,423	1,117	5,126	1,304	5,049	1,444
Plan Fiduciary Net Position - Ending	<u>\$ 6,065</u>	<u>\$ 1,270</u>	<u>\$ 5,523</u>	<u>\$ 1,423</u>	<u>\$ 5,284</u>	<u>\$ 1,536</u>
Net OPEB Liability - Ending	4,217	1,153	3,072	1,047	2,917	1,007
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	59.0%	52.4%	64.3%	57.6%	64.4%	60.4%
Covered Payroll	\$2,426	\$1,461	2,358	1,509	\$ 2,798	\$ 1,649
Net OPEB Liability as a Percentage of Covered Payroll	173.8%	78.9%	130.3%	69.4%	104.3%	61.1%

OTHER SUPPLEMENTARY INFORMATION

City of Shelbyville, Kentucky
 Budgetary Comparison Schedule
 Proprietary Fund (Golf Course)
 For the Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ 1,059,310	\$ 1,059,310	\$ 922,762	\$ (136,548)
Expenditures	1,042,710	1,042,710	1,187,932	(145,222)
Excess (deficiency) of revenues over expenditures	16,600	16,600	(265,170)	(281,770)
Non-Operating Income (Expense)				
Interest income	-0-	-0-	33	33
Interest expense	-0-	-0-	(12,391)	(12,391)
Gain (loss) on disposal of assets	-0-	-0-	-0-	-0-
Transfers (to) from other funds	-0-	-0-	362,176	362,176
	-0-	-0-	349,818	349,818
Change in net position	\$ 16,600	\$ 16,600	84,648	\$ 68,048
Net Position, beginning of year, as restated			2,590,538	
Net Position, end of year			\$ 2,675,186	

City of Shelbyville, Kentucky
Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental revenue	\$ 430,000	\$ 430,000	\$ 365,838	\$ (64,162)
Restaurant tax	580,000	580,000	589,083	9,083
Interest income	240	240	3,777	3,537
Miscellaneous income	-0-	-0-	1,431	1,431
Total Revenue	1,010,240	\$ 1,010,240	\$ 960,129	\$ (50,111)
Expenditures:				
Street department	277,000	277,000	149,317	127,683
General government	75,000	75,000	106,038	(31,038)
Fire department	-0-	-0-	29,493	(29,493)
Community development	230,000	230,000	157,896	72,104
Capital outlay	1,285,000	1,285,000	712,591	572,409
Total expenditures	1,867,000	1,867,000	1,155,335	711,665
Excess (deficiency) of revenues over expenditures	(856,760)	(856,760)	(195,206)	661,554
Transfers (to) from other funds	30,000	30,000	(360,144)	\$ (390,144)
Excess (deficiency) of revenues over expenditures and transfers	<u>\$ (826,760)</u>	<u>\$ (826,760)</u>	(555,350)	<u>\$ 271,410</u>
Fund balance, beginning of year			<u>1,734,714</u>	
Fund balance, end of year			<u>\$ 1,179,364</u>	

City of Shelbyville, Kentucky
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2020

Special Revenue Funds

	Special Grants Fund	Municipal Road Aid Fund	LGEA Coal Severance Fund	Law E Block Grant	Retirement/Benefits Fund	Property Maintenance	Safer Grant	Restaurant Tax Fund	Total
Assets									
Cash	\$ 2,285	\$ 346,087	\$ 34,198	\$ 816	\$ 198,889	\$ 3,607	\$ -	\$ 558,243	\$ 1,144,125
Receivables	-	44,857	-	-	-	-	-	-	44,857
Total Assets	\$ 2,285	\$ 390,944	\$ 34,198	\$ 816	\$ 198,889	\$ 3,607	\$ -	\$ 558,243	\$ 1,188,982
Liabilities and Fund Balance									
Accounts Payable	\$ -	\$ 2,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,422	\$ 9,618.00
Total Liabilities	-	2,196	-	-	-	-	-	7,422	9,618
Fund Balance, restricted	-	388,748	34,198	-	-	-	-	-	422,946
Fund Balance, assigned	2,285	-	-	816	198,889	3,607	-	550,821	756,418
Total Fund Balance	2,285	388,748	34,198	816	198,889	3,607	-	550,821	1,179,364
Total Liabilities and Fund Balance	\$ 2,285	\$ 390,944	\$ 34,198	\$ 816	\$ 198,889	\$ 3,607	\$ -	\$ 558,243	\$ 1,188,982

City of Shelbyville, Kentucky
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

Special Revenue Funds

	Special Grants Fund	Municipal Road Aid Fund	LGEA Coal Severance Fund	Law E Block Grant Fund	Retirement Benefits Fund	Property Maintenance	Safer Grant	Restaurant Tax Fund	Total
Revenues									
Intergovernmental revenue	\$ 2,286	\$ 324,427	\$ 9,632	\$ -	\$ -	\$ -	\$ 29,493	\$ -	\$ 365,838
Restaurant tax	-	-	-	-	-	-	-	589,083	589,083
Interest income	-	517	52	-	3,208	-	-	-	3,777
Miscellaneous income	-	1,431	-	-	-	-	-	-	1,431
Total revenues	2,286	326,375	9,684	-	3,208	-	29,493	589,083	960,129
Expenditures									
Street department	-	149,317	-	-	-	-	-	-	149,317
Police department	-	-	-	-	-	-	-	-	-
General government	-	-	-	-	73,607	11,614	-	20,817	106,038
Fire department	-	-	-	-	-	-	29,493	-	29,493
Parks and recreation	-	-	-	-	-	-	-	-	-
Community development	106,208	-	-	-	-	-	-	51,688	157,896
Capital outlay	-	78,037	-	-	-	-	-	634,554	712,591
Total expenditures	106,208	227,354	-	-	73,607	11,614	29,493	707,059	1,155,335
Excess (deficiency) of revenues over expenditures	(103,922)	99,021	9,684	-	(70,399)	(11,614)	-	(117,976)	(195,206)
Non-operating Revenues (Expenses)									
Transfers in	106,207	-	1,093	-	-	-	-	-	107,300
Transfers (out)	-	-	-	-	(373,444)	-	-	(94,000)	(467,444)
Total Non-operating Revenue (Expense)	106,207	-	1,093	-	(373,444)	-	-	(94,000)	(360,144)
Excess (deficiency) of revenues over expenditures and transfers	2,285	99,021	10,777	-	(443,843)	(11,614)	-	(211,976)	(555,350)
Fund balance, beginning of year	-	289,727	23,421	816	642,731	15,222	-	762,797	1,734,714
Fund balance, end of year	\$ 2,285	\$ 388,748	\$ 34,198	\$ 816	\$ 198,888	\$ 3,608	\$ -	\$ 550,821	\$ 1,179,364

**City of Shelbyville, Kentucky
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

Federal Grantor Program Title	CFDA	Pass Through Contract Number	Federal Expenditures
Environmental Protection Agency			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	n/a	\$ 32,607
Department of Homeland Security			
SAFER Grant	97.083	n/a	29,943
United States Department of the Treasury			
Coronavirus Relief Funds (see note 4)	21.019	none	1,168,192
Total expenditures of federal awards			<u>\$ 1,230,742</u>

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Shelbyville and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in, or used in the preparation of, the basic financial statements may differ from these numbers. Retainage payable on the government-wide statements is excluded as an expenditure.

Note 2: Indirect Cost Rates

The City of Shelbyville did not elect to use the 10 percent *de minimis* cost rate as allowed under the Uniform Guidance.

Note 3: The City did not pass through any funds to subrecipients.

Note 4: Pass Through Grantor - KY Dept of Local Government



Independent Auditors' 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 Mayor and City Council
City of Shelbyville, Kentucky

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, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Shelbyville, Kentucky, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Shelbyville, Kentucky's basic financial statements and have issued our report thereon dated February 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Shelbyville, Kentucky'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 City of Shelbyville, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Shelbyville, Kentucky'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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses [2020-1 through 2020-5].

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in our schedule of findings and responses identified in our audit we identified certain deficiencies in internal control that we consider material weaknesses and significant deficiencies.

Compliance and Other Matters

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

City of Shelbyville, Kentucky's Response to Findings

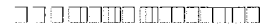
City of Shelbyville, Kentucky's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Shelbyville, Kentucky's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 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.

Baldwin CPAs, PLLC

Richmond, Kentucky
February 17, 2021



Independent Auditors' Report on Compliance
for Each Major Federal Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance

To the Mayor and City Council
City of Shelbyville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited the City of Shelbyville, Kentucky's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Shelbyville, Kentucky's major federal programs for the year ended June 30, 2020. The City of Shelbyville, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Shelbyville, Kentucky's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Shelbyville, Kentucky's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Shelbyville, Kentucky's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Shelbyville, Kentucky, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of City of Shelbyville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Shelbyville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Shelbyville's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose

Baldwin CPAs, PLLC

Baldwin CPAs, PLLC
Richmond, Kentucky
February 17, 2021

City of Shelbyville, Kentucky
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

A. Summary of Audit Results

Financial Statements:

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Shelbyville, Kentucky.
2. Five instances of material weaknesses in internal control over financial reporting were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Shelbyville, Kentucky, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards:

4. No deficiencies in internal control over major federal award programs were disclosed during the audit.
5. The auditors' report on compliance for the major federal awards programs for the City of Shelbyville, Kentucky expresses an unmodified opinion on all major federal programs.
6. No audit findings were required to be reported in accordance with 2 CFR 2005.16(a).
7. The programs tested as major programs included: CFDA #
Coronavirus Relief Funds 21.019
8. The threshold for distinguishing Types A and B Programs was \$750,000.
9. The City of Shelbyville, Kentucky did not qualify to be a low risk auditee.

B. Financial Statement Findings

No matters were reported.

C. Major Federal Award Findings and Questioned Costs

No matters were reported.

D. Schedule of Prior Year Audit Findings

No matters were reported

City of Shelbyville, Kentucky
Schedule of Findings and Responses
June 30, 2020

Finding: 2020-1

Condition: Bank reconciliations for all medical accounts need to be completed on a monthly basis.

Criteria: Bank reconciliations should be completed on a monthly basis and the reconciled balances should match the balance per the general ledger.

Cause: The City has five separate bank accounts related to the self-insured medical benefits plan with Medical Benefits Administrators, Inc. The bank accounts are not being reconciled on monthly basis and the daily bank transactions are not being recorded in the general ledger on a monthly basis. The accounts were not reconciled for all of FY 2020.

Effect: The lack of accurate monthly bank reconciliations could increase the likelihood of errors and/or misstatements.

Recommendation: Bank reconciliations should be completed on a monthly basis with an accurate accounting of the activity in the medical checking accounts. The bank statements and the monthly bank reconciliations should be reviewed by management on a monthly basis.

Response: Management understands and agrees with the auditor's recommendations and the need to implement the recommendations to improve financial reporting, mitigate risk, and enhance internal controls. Management is currently in the process of reviewing its procedures to strengthen internal controls and accounting policies.

City of Shelbyville, Kentucky
Schedule of Findings and Responses
June 30, 2020

Finding: 2020-2

Condition: The City does not prepare financial statements in accordance with Generally Accepted Accounting Principles.

Criteria: As discussed in *Standards for Internal Control in the Federal Government* published by the General Accounting Office of the United States, internal control is an integral component of an organization's management that provides reasonable assurance that an objective of reliable financial reporting is being achieved. Organizations should implement procedures to ensure this objective is achieved.

Cause: The City's limited internal resources prevent the preparation of financial statements and related note disclosures in accordance with Generally Accepted Accounting Principles. Numerous material audit adjustments were necessary to prepare the financial statements in conformity with generally accepted accounting principles.

Effect: The City was unable to prepare or review their financial statements and related note disclosures in accordance with Generally Accepted Accounting Principles. Without proper internal resources and procedures to ensure that the financial statements are prepared in accordance with general accepted accounting principles, the risk of material misstatement is increased.

Management engaged the auditor to prepare draft financials statements, including the related notes to the financial statements. Management reviewed, approved and accepted responsibility for the financial statements prior to issuance

City of Shelbyville, Kentucky
Schedule of Findings and Responses
June 30, 2020

Recommendation: The City's internal financial statements that are prepared by Management are not required to be prepared in accordance generally accepted accounting principles (GAAP). However, the City's financial statements that are submitted for external audit are required to be prepared accordance with GAAP. Currently the City has limited resources to review their financial statements and related note disclosures in relation to GAAP to provide reasonable assurance that reliable financial reporting will be achieved. Management must be intentional is its plan to prepare financial statements that are in accordance with GAAP. The following includes suggestions to strengthen internal controls over financial reporting:

- Knowledgeable personnel monitor changes in authoritative guidance and make the appropriate changes to the entity's accounting policies and procedures on a timely basis. In addition, obtain annual training and updates on governmental financial reporting issues.
- An independent review of significant judgments and estimates included in the financial records is performed at the end of every accounting period by knowledgeable personnel. An independent review of the financial statements and all related disclosures is performed by management and/or other suitably qualified personnel for completeness, consistency, and compliance with GAAP and the entity's accounting and disclosure policies. This independent review can include discussion with external auditor prior to start of annual financial statement audit.
- Up-to-date disclosure checklists are used to ensure that all relevant financial information is disclosed in the appropriate accounting period in accordance with GAAP and the entity's accounting and disclosure policies.
- For each financial statement disclosure, a supporting analysis is prepared and documented in accordance with relevant GAAP and the entity's accounting and disclosure policies.
- All financial statements and related disclosures are approved by management prior to the release of the reports to third parties.

Response: Management understands and agrees with the auditor's recommendations and the need to implement the recommendations to improve financial reporting, mitigate risk, and enhance internal controls. Management is currently in the process of reviewing its procedures to strengthen internal controls and accounting policies.

City of Shelbyville, Kentucky
Schedule of Findings and Responses
June 30, 2020

Finding: 2020-3

Condition: General journal entry transactions recorded to the general ledger were not supported by documentation. In addition, general journal transactions were not reviewed by management.

Criteria: All transactions recorded to the general ledger should be supported by documentation to describe its purpose, amount, date, account, preparer and reviewer.

Cause: The City records several general journal entries each month; however, the City does not maintain a file to support and provide an audit trail for each journal entry. The Accounting Manager prepared and posted the majority of the general journal entries recorded during the year; however, those entries were not reviewed by others in management.

Effect: The lack of management review and documentation to support journal entries increases the likelihood of errors and/or misstatements.

Recommendation: Maintain and file documentation to support all journal entries. The file should include documentation to support the amounts recorded, the general ledger accounts used, the purpose, who prepared and who reviewed.

Response: Management understands and agrees with the auditor's recommendations and the need to implement the recommendations to improve financial reporting, mitigate risk, and enhance internal controls. Management is currently in the process of reviewing its procedures to strengthen internal controls and accounting policies.

City of Shelbyville, Kentucky
Schedule of Findings and Responses
June 30, 2020

Finding: 2020-4

Condition: Interfund transfers between funds were not reconciled and did not balance at year-end.

Criteria: Interfund transfers between funds should be reconciled and balanced on a monthly basis.

Cause: The City records several interfund transfers between funds throughout the year. We noted the City does not maintain proper documentation to support interfund transfers. In addition, interfund transfers are not reconciled and thus did not balance as year-end. We noted several instances in which interfund transfers were incorrectly recorded as fund operating revenue or operating expense which is distorting the internal financial reporting.

Effect: The lack of an interfund transfer reconciliation process increases the likelihood of errors and/or misstatements.

Recommendation: Maintain and file documentation to support all interfund transfers between funds. The file should include documentation to support the amounts recorded, the general ledger accounts used, the purpose, who prepared and who reviewed. Each month and at year-end, interfund transfers should be reconciled to ensure they balance.

Response: Management understands and agrees with the auditor's recommendations and the need to implement the recommendations to improve financial reporting, mitigate risk, and enhance internal controls. Management is currently in the process of reviewing its procedures to strengthen internal controls and accounting policies.

City of Shelbyville, Kentucky
Schedule of Findings and Responses
June 30, 2020

Finding: 2020-5

- Condition:* Two bank accounts were not included in the City's financial reporting and circumvented the City internal controls over financial reporting.
- Criteria:* All bank accounts in the name of the City of Shelbyville and for which the City is responsible for should be accounted for, reconciled and included in the City's internal controls over financial reporting.
- Cause:* We noted two bank accounts maintained by the City's Police Department that were not included in the City's financial records or general ledger. These accounts were related to the Police Department's participation in the Federal Department of Justice's Equitable Sharing of Asset Forfeiture Funds. These accounts and related transactions were not subject to the City's internal controls over financial reporting including bank reconciliation, review and approval of cash disbursements.
- Effect:* The City's financial statements do not include these bank accounts, which increases the likelihood of errors and/or misstatements.
- Recommendation:* Management should thoroughly research the accounting, reporting and compliance requirements related to these accounts and the Police Department's participation in the asset forfeiture program as described in the Department of Justice's Guide to Equitable Sharing for State and Local Law Enforcement Agencies. Management should implement policy and procedures related to these accounts to ensure the City, including the Police Department, is in full compliance with the asset forfeiture program.
- Response:* Management understands and agrees with the auditor's recommendations and the need to implement the recommendations to improve financial reporting, mitigate risk, and enhance internal controls. Management is currently in the process of reviewing its procedures to strengthen internal controls and accounting policies.

City of Shelbyville, Kentucky
Schedule of Findings and Responses
June 30, 2020

		<u>Term Expires</u>
Mayor	David Eaton	December 31, 2022
City Council	Frank Page	December 31, 2020
	Pam Heady Carter	December 31, 2020
	Shane Suttor	December 31, 2020
	Troy Ethington	December 31, 2020
	Jon Swindler	December 31, 2020
	Mike Zoeller	December 31, 2020
City Administrator	Fred Rogers	
City Clerk	Carla Wainscot	

APPENDIX C

**CITY OF SHELBYVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

STATEMENT OF INDEBTEDNESS OF CITY CLERK

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STATEMENT OF INDEBTEDNESS
 KY CONST. §§157 and 158
 KRS §66.041

COMMONWEALTH OF KENTUCKY)
) SS
 COUNTY OF SHELBY)

The undersigned City Clerk of the City of Shelbyville, Commonwealth of Kentucky, does hereby certify that the following statements concerning the financial condition of said City are true and correct as they appear from records of the City:

1. The assessed valuation of all the taxable property in the City as estimated on the last certified assessment is	\$927,347,916
2. The current population of the City is	16,945
3. The total of all bonds, notes and other obligations currently issued and outstanding, including the estimated issue of the Bonds:	\$22,410,158
4. Bonds and Bond Anticipation Notes, notes and other obligations excluded from the calculation of net indebtedness are as follows:	
(a) Obligations issued in anticipation of the levy or collection of special assessments which are payable solely from those assessments or are otherwise self-supporting obligations	-0-
(b) Obligations issued in anticipation of the collection of current taxes or revenues for the fiscal year which are payable within that fiscal year	-0-
(c) Obligations, which are not self-supporting obligations, issued after July 15, 1996 by any instrumentality of the City created for the purpose of financing public projects for which there has been no pledge to the payment of debt charges of any tax of the City or for which there is no covenant by the City to collect or levy tax to pay debt charges	-0-
(d) Self-supporting obligations and other obligations for which there has been no pledge to the payment of debt charges of any tax of the City or for which there is no covenant by the City to collect or levy a tax to pay debt charges	3,315,000
(e) Obligations issued to pay costs of public projects to the extent they are issued in anticipation of the receipt of, and are payable as to principal from, federal or state grants within that fiscal year	-0-
(f) Leases entered into under KRS 65.940 to 65.956 after July 15, 1996 which are not tax-supported leases	1,074,472
(g) Bonds and Bond Anticipation Notes issued in the case of an emergency, when the public health or safety should so require	-0-
(h) Bonds and Bond Anticipation Notes issued to fund a floating indebtedness	-0-
TOTAL EXEMPT OBLIGATIONS	\$4,389,472
5. The total of Bonds and Bond Anticipation Notes, notes and other obligations subject to the debt limitation set forth in KRS 66.041 (3 minus 4) is	\$37,687,299

6. The total of Bonds and Bond Anticipation Notes, notes and other obligations subject to the debt limitation set forth in KRS 66.041 as computed in 5 above, does not exceed 10% of the assessed valuation of all the taxable property in the City.
7. The current tax rate of the City, for other than school purposes, upon the value of the taxable property therein is \$0.2700 per \$100 for real property and \$0.3350 per \$100 for personal property, neither of which exceeds the maximum permissible tax rate for the City as set forth in Section 157 of the Kentucky Constitution.
8. The issuance of the Bonds and Bond Anticipation Notes, notes or other obligations set forth in 3 hereof will not cause the tax rate set forth in 7 hereof to increase in an amount which would exceed the maximum permissible tax rate for the City as set forth in Section 157 of the Kentucky Constitution.

IN WITNESS WHEREOF, I have hereunto set my hand this June 24, 2021.

/s/ _____
Carla Wainscott
City Clerk

APPENDIX D

**CITY OF SHELBYVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

FORM OF LEGAL APPROVING OPINION OF BOND COUNSEL

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The form of the legal approving opinion of Dinsmore & Shohl LLP, bond counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds referred to therein and may vary from the form set forth to reflect circumstances both factual and legal at the time of its delivery. Recirculation of the Final Official Statement shall create no implication that Dinsmore & Shohl LLP has reviewed any of the matters set forth in the opinion after the date of the opinion.

June 24, 2021

Ladies and Gentlemen:

We have examined the transcript submitted relating to the issue of \$20,500,000* General Obligation Bonds, Series 2021A (the "Bonds") of the City of Shelbyville, Kentucky (the "City"), dated the date of their initial delivery, numbered R-1 upward and of the denomination of \$5,000 and any integral multiple thereof. The Bonds mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen Bond.

Based on this examination, we are of the opinion, based upon laws, regulations, rulings, and decisions in effect on the date hereof, that:

1. The Bonds constitute valid obligations of the City in accordance with their terms, which unless paid from other sources, are payable from taxes to be levied by the City without limitation as to rate.

2. Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest on the Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal or state tax consequences of purchasing, holding, or disposing of the Bonds.

3. The interest on the Bonds is not subject to taxation by the Commonwealth of Kentucky, and the Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof.

The City has not designated the Bonds as "qualified tax-exempt obligations" with respect to investments by certain financial institutions under Section 265 of the Code.

In giving this opinion, we have relied upon covenants and certifications of facts, estimates, and expectations made by officials of the City and others contained in the transcript which we have not independently verified. It is to be understood that the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, and other laws in effect from time to time affecting creditors' rights, and to the exercise of judicial discretion.

Very truly yours,

* Preliminary, subject to change as set out in the Official Terms and Condition of Bond Sale.

APPENDIX E

**CITY OF SHELBYVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

BOOK ONLY ENTRY SYSTEM

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APPENDIX E

CITY OF SHELBYVILLE, KENTUCKY GENERAL OBLIGATION BONDS, SERIES 2021A

BOOK-ENTRY-ONLY SYSTEM

The Bonds initially will be issued solely in book entry form to be held in the book-entry only system maintained by DTC, New York, NY. So long as such book entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to Beneficial Owners (as defined below) of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the applicable Bond Ordinance.

The following information about the book-entry only system applicable to the Bonds has been supplied by DTC. Neither the City nor the Registrar and Paying Agent make any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond for each maturity will be issued and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements

among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Registrar and Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by the Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or its nominee, the Registrar and Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Registrar and Paying Agent and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Registrar and Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Registrar and Paying Agent's DTC account.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable but neither the City nor the Registrar and Paying Agent take any responsibility for the accuracy thereof.

NEITHER THE CITY NOR THE REGISTRAR AND PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE REGISTRAR AND PAYING AGENT AS BEING A HOLDER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESPECTIVE BOND ORDINANCE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

The City and the Registrar and Paying Agent cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

DTC may determine to discontinue providing its service as securities depository with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, the applicable Bond Ordinance provides for issuance of fully registered Bonds (“Replacement Bonds”) directly to the Beneficial Owners of Bonds, other than DTC or its nominee, only in the event that DTC resigns or is removed as the securities depository for the Bonds. Upon the occurrence of this event, the City and the Registrar and Paying Agent may appoint another qualified depository. If the City and the Registrar and Paying Agent fail to appoint a successor depository, the Bonds shall be withdrawn from DTC and issued in fully registered form, whereupon the City shall execute and the Registrar and Paying Agent, as authenticating agent, shall authenticate and deliver Replacement Bonds in the denomination of \$5,000 or integral multiples thereof. The City will pay for all costs and expenses of printing, executing and authenticating the Replacement Bonds. Transfer and exchange of such Replacement Bonds will be made as provided in the applicable Bond Ordinance.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC’S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE ISSUER BELIEVES TO BE RELIABLE, BUT THE ISSUER TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

APPENDIX F

**CITY OF SHELBYVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

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OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$20,500,000*

City of Shelbyville, Kentucky General Obligation Bonds, Series 2021A

Notice is hereby given that electronic bids will be received by the City of Shelbyville, Kentucky (the “City”), until 11:00 a.m., local time on June 8, 2021, (or at such later time and date announced at least forty-eight hours in advance via the BiDCOMP™/PARITY™ system) for the purchase of approximately \$20,500,000* of the City’s General Obligation Bonds, **Series 2021A** (the “Bonds”). Alternatively, written sealed or facsimile bids for the Bonds by the designated time will be received by the City Clerk, City of Shelbyville, Kentucky, 315 Washington Street, Shelbyville, Kentucky 40065 (FAX: (502) 633-4292). Electronic bids must be submitted through BiDCOMP™/PARITY™ as described herein and no other provider of electronic bidding services will be accepted. Bids will be opened and acted upon later that same day.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to Sections 66.011 to 66.181, inclusive, of the Kentucky Revised Statutes and are being issued in accordance with a Bond Ordinance (the “Bond Ordinance”) adopted by the City on May 20, 2021. The Bonds are general obligation bonds and constitute a direct indebtedness of the City.

The Bonds are secured by the City’s ability to levy and its pledge to levy an ad valorem tax on all property within the City in a sufficient amount to pay the principal of and interest on the Bonds when due.

The Bonds are being issued for the purposes of (a) financing all or a portion of the costs of the acquisition, construction, installation, and equipping of (i) a new waste water and sewer treatment plant and related equipment and facilities, (ii) new waste water and sewer lines and extensions, and (iii) vehicles, storage, and transportation facilities to be used in conjunction therewith for the well-being and benefit of the citizens of the City, (b) paying capitalized interest on the Bonds, if any, (c) paying costs of credit enhancement for the Bonds, if any, and (d) paying the costs of issuance of the Bonds. Provisions are made in the Ordinance for the payment of the Bonds and the security therefor; for the application of the proceeds of the Bonds; for the establishment of a Bond Payment Fund; for the establishment of a Sinking Fund; and for certain covenants of the City with respect to the Bonds. The Bonds are to be sold at public, competitive sale, and shall mature, or be subject to mandatory sinking fund redemption, in varying amounts on June 1, 2022 and each June 1st thereafter through June 1, 2051. The Bonds pledge the full faith, credit, and taxing power of the City and provision is made for the collection of a tax to pay the principal of, and interest on the Bonds, subject to certain credits, as provided in Section 7 of the Ordinance.

BOND MATURITIES AND PAYING AGENT

The Bonds will be dated their date of initial delivery, bearing interest from such date, payable on each on June 1st and December 1st, commencing with December 1, 2021.

The Bonds are scheduled to mature on June 1st, in each of the years as follows:

MATURITY

Maturity	Amount*	Maturity	Amount*
2022	\$555,000	2037	\$665,000
2023	560,000	2038	675,000
2024	560,000	2039	690,000
2025	565,000	2040	705,000
2026	565,000	2041	720,000
2027	570,000	2042	735,000
2028	575,000	2043	755,000
2029	585,000	2044	770,000
2030	590,000	2045	790,000
2031	600,000	2046	805,000
2032	605,000	2047	825,000
2033	615,000	2048	845,000
2034	630,000	2049	865,000
2035	640,000	2050	885,000
2036	650,000	2051	905,000

* Preliminary, subject to change as set forth herein.

The Bonds maturing on and after June 1, 2030 shall be subject to optional redemption prior to their maturity on any date on or after June 1, 2029, in whole or in part, in such order of maturity as may be selected by the City and by lot within a maturity at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest to the date of redemption.

At least thirty days before the redemption date of any Bonds, the Paying Agent and Registrar shall cause a notice of such redemption either in whole or in part, signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive number or letters, if any, of such Bonds to be redeemed.

U.S. Bank National Association, Louisville, Kentucky, has been appointed Paying Agent and Registrar for the Bonds.

BIDDING CONDITIONS AND RESTRICTIONS

The terms and conditions of the sale of the Bonds are as follows:

(A) Electronic bids for the Bonds must be submitted through BiDCOMP™/PARITY™ system and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP™/PARITY™ Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by BiDCOMP™/PARITY™ shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in BiDCOMP™/PARITY™ conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Bond Sale shall prevail. Electronic bids made through the facilities of BiDCOMP™/PARITY™ shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP™/PARITY™. The use of BiDCOMP™/PARITY™ facilities are at the sole risk of the prospective bidders. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form. Written sealed bids (in a sealed envelope marked “Official Bid for Bonds”) or facsimile bids for the Bonds by the designated time will be received by the City Clerk, City of Shelbyville, Kentucky, 315 Washington Street, Shelbyville, Kentucky 40065.

(B) Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$20,090,000 (98% of par) (excluding original issue discount, if applicable), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

(C) Interest rates for the Bonds must be in multiples of one-eighth of one percent (0.125%) and/or one-twentieth of one percent (0.05%), which rates must be on an ascending scale, in that the rate on the Bonds in any maturity is not less than the rate on the applicable Bonds for any preceding maturity and all Bonds of the same maturity and all Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.

(D) The determination of the best purchase bid for the Bonds shall be made on the basis of all bids submitted for exactly \$20,500,000 principal amount of Bonds offered for sale hereunder; but the City may adjust the principal amount of Bonds which may be awarded to such best bidder upward by \$2,050,000 (10%) or downward by any amount (the “Permitted Adjustment”). In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$1,000 of Bonds as the price per \$1,000 for the \$20,500,000 of Bonds bid.

While it is the City’s intention to sell and issue the approximate par amounts of the Bonds as set forth herein, there is no guarantee that adjustments and/or revisions may not be necessary in order to properly size the Bonds. Accordingly, the City reserves the right in its sole discretion to adjust up or down the original par amount of the Bonds per maturity, even if the issue size of the Bonds does not change. Among other factors the City may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds, is the size of individual maturities or sinking fund installments, assuring level debt service, and/or other preferences of the City.

(E) In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid on the Bonds) shall be adjusted in the same

proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

Unless bids for the Bonds are rejected, the Bonds will be awarded on an all or none basis on the sale date to the bidder whose bid result in the lowest true interest costs for the Bonds, to be calculated by computing the total interest payable on the Bonds from the expected date of delivery, through the final maturity date, plus discount or less premium. For purposes of calculating the true interest cost, the principal amount of any Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year for the Bonds. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the Mayor or the City Clerk, upon the advice of the City Finance Officer/Treasurer shall determine (in his or her sole discretion) which of the bidders shall be awarded the Bonds.

The successful bidder for the Bonds will be notified by no later than 5:00 p.m. (Eastern Daylight Savings Time), on the sale date of the exact revisions and/or adjustment required, if any.

(F) Bidders have the option of specifying that Bonds maturing in any two or more consecutive years may, in lieu of maturing in each of such years, be combined to comprise one or more maturities of Bonds scheduled to mature in the latest of such year and be subject to mandatory sinking fund redemption at par in each of the years and in the principal amounts of such term Bonds scheduled in the year of maturity of the term Bonds, which principal amount shall mature in that year.

(G) The CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the successful bidder or bidders. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of any accepted proposal for the purchase of the Bonds.

(H) The City will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A final Official Statement will be provided in Electronic Form to the successful bidder, in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking City Council Delivery Requirements. The successful bidder will be required to pay for the printing of Final Official Statements.

(I) Bids need not be accompanied by a certified or bank cashier's good faith check, but the successful bidder will be required to wire transfer to the order of the City an amount equal to 2.0% of the amount of the principal amount of Bonds awarded by the close of business on the day following the award. Said good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take delivery and pay for the Bonds unless delivery is made within forty-five days from the date the bid is accepted.

(J) Unless the successful bidder elects to notify the Financial Advisor within twenty-four hours of the award that standard bond certificates be issued, the Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. They will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the "Direct Participants"), which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the "Indirect Participants"). Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. The successful bidder may also elect to notify the Financial Advisor within twenty-four (24) hours of the award that standard bond certificates be issued. In the event that certificated Bonds are to be issued at the election of a successful bidder, the costs of printing such Bond Certificates shall be borne by such bidder.

(K) The City reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest on the Bonds not being subject to Federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, all in accordance with the final

approving legal opinion of Dinsmore & Shohl LLP, Covington, Kentucky, which opinion will be qualified in accordance with the section hereof on TAX EXEMPTION.

(L) Bidders are advised that First Kentucky Securities Corporation has been employed as Financial Advisor in connection with the issuance of the Bonds. Their fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. They may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

(M) The winning bidder for the Bonds shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A-1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under these Official Terms and Conditions of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City’s financial advisor identified herein and any notice or report to be provided to the City shall be provided to the City’s Financial Advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series Bonds) will apply to the initial sale of each of the Bonds (the “competitive sale requirements”) because:

- (1) the City shall disseminate these Official Terms and Conditions of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in these Official Terms and Conditions of Bond Sale.

Any bid submitted pursuant to this these Official Terms and Conditions of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(N) In the event that the competitive sale requirements are not satisfied, the City shall so advise the applicable winning bidder. The City will treat the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). Bids will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

If the competitive sale requirements are not satisfied, the winning bidder for the Bonds shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the hold-the-offering-price rule as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) substantially in the form attached hereto as Exhibit A-2, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel.

(O) The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(P) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(Q) Additional information, including the Preliminary Official Statement, the Official Terms and Conditions of Bond Sale and the Official Bid Form, may be obtained from the City's Financial Advisor, RSA Advisors, LLC, 325 West Main Street, Suite 300, Lexington, Kentucky 40507, Telephone (800) 255-0795 Attn: Mr. Joe Lakofka. Further information regarding BiDCOMP™/PARITY™ may be obtained from BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422.

(R) At the election and cost of the purchaser of the Bonds, one or more maturities of the Bonds may be insured under a municipal bond insurance policy. In such event, the City agrees to cooperate with the purchaser to qualify the Bonds for bond insurance; however the City will not assume any of the expenses incident to the issuance of such a bond insurance policy, other than the costs for securing a rating of the Bonds.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the City (the "Obligated Person") will agree pursuant to a Continuing Disclosure Undertaking dated as of the date of issuance and delivery of the Bonds (the "Disclosure Undertaking"), to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking City Council ("MSRB"), for each fiscal year of the City, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained in "Appendix A" and "Appendix B" of the Official Statement (the "Financial Data"). The annual financial information shall be provided within 210 days after the end of the fiscal year ending June 30th, commencing with the fiscal year ending June 30, 2021; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Obligated Person; and
- (ii) to the MSRB, notice of the occurrence of the following events, if material, with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions or events affecting the tax-exempt status of the security;
 - (g) Modifications to rights of security holders;
 - (h) Bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event;
 - (i) Defeasances;
 - (j) Release, substitution or sale of property securing repayment of the securities;
 - (k) Rating changes; and
 - (l) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

- (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) Incurrence of a Financial Obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City or obligated person, any of which affect security holders, if material; and
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City or obligated person, any of which reflect financial difficulties. (iii) in a timely manner, to the MSRB, notice of a failure (of which the Obligated Persons have knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Undertaking.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Disclosure Undertaking provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Disclosure Undertaking does not constitute an event of default under the Bond Ordinance. The Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein.

For purposes of this transaction with respect to material events as defined under the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds;
- (c) there are no liquidity providers applicable to the Bonds; and
- (d) there is no property securing the Bonds.

TAX EXEMPTION

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds will be excludible from gross income for Federal income tax purposes. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the “Code”) for purposes of the Federal minimum tax. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the related issues of Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will be excludible from gross income for Federal income tax purposes and that interest on the Bonds is excludible from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder’s Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income or deduction. Bond Counsel expresses

no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership or disposition of the Bonds may result in other collateral federal, state or local tax consequences for certain taxpayers. Such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

The City has not designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265 of the Code.

/s/ Hon. David Eaton
Mayor, City of Shelbyville, Kentucky

EXHIBIT A-1

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of at least three qualified bids for the Bonds]

ISSUE PRICE CERTIFICATE

\$_____ City of Shelbyville, Kentucky General Obligation Bonds, Series 2021A

The undersigned, on behalf of [Name of Underwriter] (“[Short Name of Underwriter]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [Short Name of Underwriter] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [Short Name of Underwriter] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the Bonds.

(b) [Short Name of Underwriter] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the Bonds.

2. CUSIP Number. The CUSIP number assigned to the final maturity of the Bonds is [CUSIP Number].

3. Yield on the Bonds. It computed the yield on the Bonds, [Yield%], as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the Bonds is the Expected Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

4. Weighted Average Maturity. The “weighted average maturity” of the Bonds has been calculated to be _____ years. The weighted average maturity is the sum of the products of the respective Expected Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Expected Offering Prices of the Bonds as of the date hereof.

5. Defined Terms.

(a) “City” means the City of Shelbyville, Kentucky.

(b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 8, 2021.

(e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]’s interpretation of any laws, including specifically Sections 103 and 148 of the

Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

[NAME OF UNDERWRITER]

By: _____

Name: _____

Dated: June 24, 2021

**SCHEDULE A
TO
ISSUE PRICE CERTIFICATE
EXPECTED OFFERING PRICES**

(Attached)

**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE**

COPY OF BID

(Attached)

EXHIBIT A-2

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of less than three qualified bids for the Bonds]

\$ _____ City of Shelbyville, Kentucky General Obligation Bonds, Series 2021A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [Name of Underwriter] ([“[Short Name of Underwriter]”]), on behalf of itself and [Names of other Underwriters] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. Initial Offering Price of the Hold-the-Offering-Price Maturities.

(a) [Short Name of Underwriter][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Official Terms and Conditions of Bond Sale, [Short Name of Underwriter] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. CUSIP Number. The CUSIP number assigned to the final maturity of the Bonds is [CUSIP Number].

4. Yield on the Bonds. It computed the yield on the Bonds, [Yield%], as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the Bonds is the Initial Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

5. Weighted Average Maturity. The “weighted average maturity” of the Bonds has been calculated to be [_____] years. The weighted average maturity is the sum of the products of the respective Initial Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Initial Offering Prices of the Bonds as of the date hereof.

6. Defined Terms.

(a) “General Rule Maturities” means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) “Hold-the-Offering-Price” Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) “Holding Period” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth day after the Sale Date (June 15, 2021), or (ii) the date on which [Short Name of Underwriter][the Underwriting Group] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) "Issuer" means the City of Shelbyville, Kentucky.

(e) "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 8, 2021.

(h) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[NAME OF UNDERWRITER][as Representative of the Underwriter Group]

By: _____

Name: _____

Dated: June 24, 2021

**SCHEDULE A
TO
ISSUE PRICE CERTIFICATE**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

(Attached)

**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE
PRICING WIRE OR EQUIVALENT COMMUNICATION**

(Attached)

APPENDIX G

**CITY OF SHELBYVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2021A**

OFFICIAL BID FORM

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OFFICIAL BID FORM

Subject to the terms and conditions set forth in the Ordinance adopted by the City of Shelbyville, Kentucky (the "City") on May 20, 2021, providing for the sale of \$20,500,000* of its General Obligation Bonds, Series 2021A (the "Bonds"), and in accordance with the Official Terms and Conditions of Bond Sale, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for said \$20,500,000* principal amount of the Bonds maturing on June 1, 2022, and each June 1st thereafter of the years and in the amounts set forth below, the total sum of \$ _____ (not less than \$2,050,000 plus accrued interest from June 24, 2021, at the following annual rate(s), payable semiannually, commencing December 1, 2021 (rates on ascending scale, number of interest rates unlimited):

Maturity	Amount*	Interest Rate	Maturity	Amount*	Interest Rate
June 1, 2022	\$555,000	_____%	June 1, 2037	\$665,000	_____%
June 1, 2023	560,000	_____%	June 1, 2038	675,000	_____%
June 1, 2024	560,000	_____%	June 1, 2039	690,000	_____%
June 1, 2025	565,000	_____%	June 1, 2040	705,000	_____%
June 1, 2026	565,000	_____%	June 1, 2041	720,000	_____%
June 1, 2027	570,000	_____%	June 1, 2042	735,000	_____%
June 1, 2028	575,000	_____%	June 1, 2043	755,000	_____%
June 1, 2029	585,000	_____%	June 1, 2044	770,000	_____%
June 1, 2030	590,000	_____%	June 1, 2045	790,000	_____%
June 1, 2031	600,000	_____%	June 1, 2046	805,000	_____%
June 1, 2032	605,000	_____%	June 1, 2047	825,000	_____%
June 1, 2033	615,000	_____%	June 1, 2048	845,000	_____%
June 1, 2034	630,000	_____%	June 1, 2049	865,000	_____%
June 1, 2035	640,000	_____%	June 1, 2050	885,000	_____%
June 1, 2036	650,000	_____%	June 1, 2051	905,000	_____%

PURCHASER’S OPTION - The Purchaser of the Bonds may specify to the City that any Bonds may be combined with immediately succeeding sequential maturities into a Term Bond or Term Bonds, bearing a single rate of interest, with the maturities set forth above (or as such may be adjusted as provided herein) comprising mandatory sinking fund redemption amounts for such Term Bond(s).

The amounts indicated above maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____.

The amounts indicated above maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____.

Completed bid forms may be submitted via facsimile to the offices of the City Clerk, City of Shelbyville, Kentucky, 315 Washington Street, Shelbyville, Kentucky 40065 (FAX: (502) 633-4292). Neither the City nor the Financial Advisor assumes any responsibility whatsoever with regard to the receipt of bids, or that adequate personnel and/or equipment are available to accept all telephonic transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received via facsimile or delivered before the appointed date and time of sale. Any bids in progress by facsimile at the appointed time will be considered as received by the appointed time. No bids will be received via telephone. Bids may be submitted electronically via PARITY® pursuant to this Notice until the appointed date and time, but no bid will be received after such time.

It is understood that the City will furnish the final, approving Legal Opinion of Dinsmore & Shohl LLP, Bond Counsel to the City. We understand that no certified or bank cashier’s check will be required to accompany the bid, but that if we are the successful bidder, we shall be required to wire transfer an amount equal to two percent (2.0%) of the amount of Bonds awarded by the close of business on the day following the award. Said amount will be applied (without interest) to the purchase price when the Bonds are tendered to us for delivery.

* Preliminary, subject to change as set forth in the Official Terms and Conditions of Bond Sale.

If we are the successful bidder, we agree to accept and make payment for the Bonds in immediately available funds within forty-five days from the date of sale in accordance with the terms of the sale.

Respectfully submitted,

Bidder

Address

By: _____
Signature

Total interest cost from June 24, 2021, to final maturity	\$ _____
Plus discount or less premium, if any	\$ _____
True interest cost (i.e. TIC)	\$ _____
True interest rate (%)	_____ %

The above computation of true interest cost and of true interest rate or cost is submitted for information only and is not a part of this Bid.

Accepted this June 1, 2021 by the City of Shelbyville, Kentucky, as follows:

Maturity	Amount	Interest Rate	Maturity	Amount	Interest Rate
June 1, 2022	\$ _____	_____ %	June 1, 2037	\$ _____	_____ %
June 1, 2023	\$ _____	_____ %	June 1, 2038	\$ _____	_____ %
June 1, 2024	\$ _____	_____ %	June 1, 2039	\$ _____	_____ %
June 1, 2025	\$ _____	_____ %	June 1, 2040	\$ _____	_____ %
June 1, 2026	\$ _____	_____ %	June 1, 2041	\$ _____	_____ %
June 1, 2027	\$ _____	_____ %	June 1, 2042	\$ _____	_____ %
June 1, 2028	\$ _____	_____ %	June 1, 2043	\$ _____	_____ %
June 1, 2029	\$ _____	_____ %	June 1, 2044	\$ _____	_____ %
June 1, 2030	\$ _____	_____ %	June 1, 2045	\$ _____	_____ %
June 1, 2031	\$ _____	_____ %	June 1, 2046	\$ _____	_____ %
June 1, 2032	\$ _____	_____ %	June 1, 2047	\$ _____	_____ %
June 1, 2033	\$ _____	_____ %	June 1, 2048	\$ _____	_____ %
June 1, 2034	\$ _____	_____ %	June 1, 2049	\$ _____	_____ %
June 1, 2035	\$ _____	_____ %	June 1, 2050	\$ _____	_____ %
June 1, 2036	\$ _____	_____ %	June 1, 2051	\$ _____	_____ %

Mayor
City of Shelbyville, Kentucky