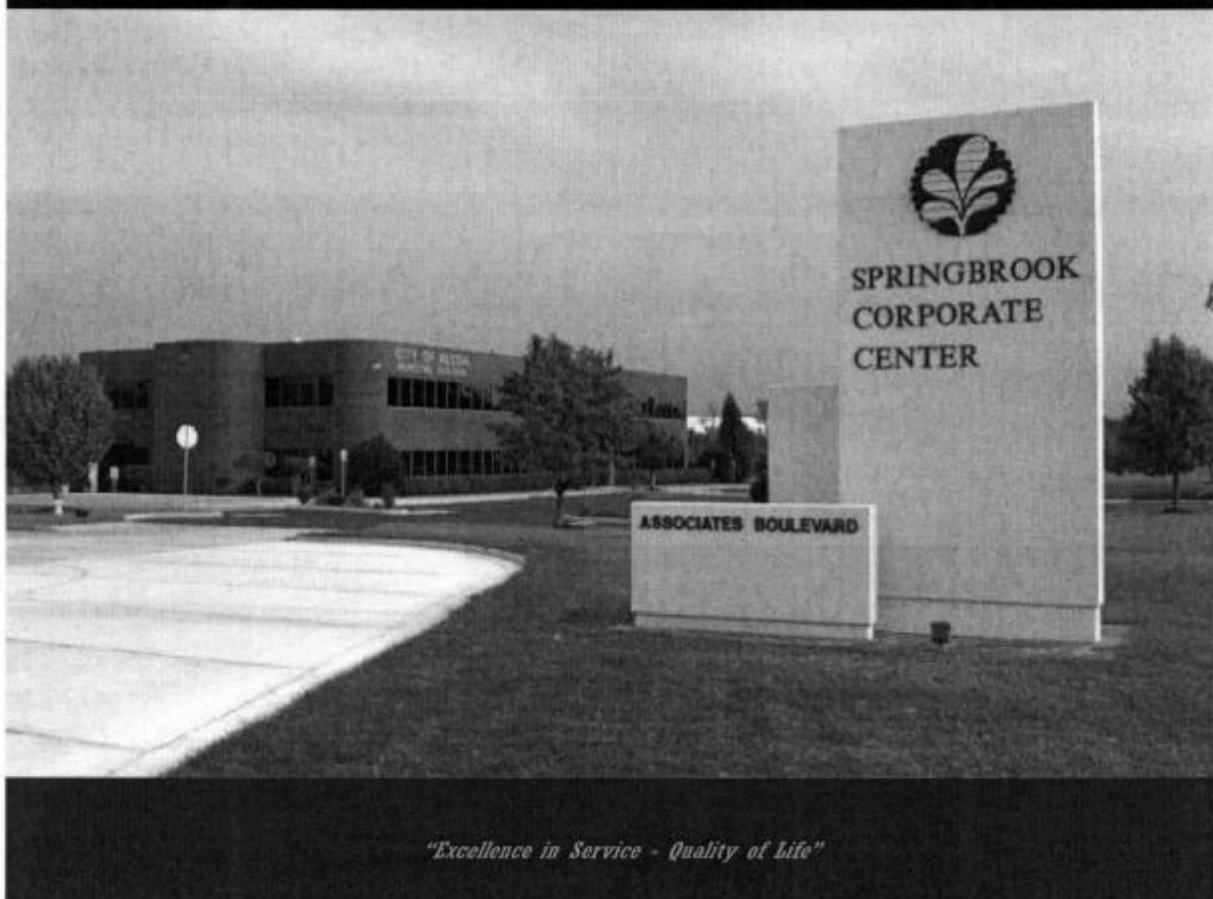


CITY OF ALCOA

CITY OF ALCOA, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2010



"Excellence in Service - Quality of Life"

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CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2010

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CITY OF ALCOA, TENNESSEE

SECTION ONE

INTRODUCTORY SECTION

For the Fiscal Year Ended June 30, 2010

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CITY OF ALCOA

City Officials

CITY OF ALCOA, TENNESSEE

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010

BOARD OF COMMISSIONERS

Donald R. Mull, Mayor
Clint Abbott, Jr., Vice Mayor
Vaughn Belcher, Commissioner
Clayton Bledsoe, Commissioner
Ken White, Commissioner

Mark L. Johnson, City Manager
G. William Hammon, Jr., Assistant City Manager
Ray R. Richesin, Director of Finance & Administration

"Excellence in Service - Quality of Life"

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December 20, 2010

Honorable Mayor
City Council and City Manager
City of Alcoa, Tennessee
Alcoa, Tennessee

The financial statements of the City of Alcoa, Tennessee for the fiscal year ended June 30, 2010 are submitted for your review. Responsibility for the accuracy and completeness of the presented data, including all disclosures, rests with the City. To the best of our knowledge and belief, this report is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report is presented in five sections: 1) the **Introductory Section** which includes this transmittal letter; 2) the **Financial Section** which includes the independent auditors' report, management's discussion and analysis (MD&A), the basic financial statements, required supplementary information and the combined financial statements; 3) **Miscellaneous Schedules**, which includes selected financial information; 4) **Statistical Information**, and 5) the **Single Audit Section** which includes schedules and independent auditors' reports on federal and state grants.

These financial statements represent management's report to its governing body, constituents, legislative and oversight bodies, investors and creditors. Copies of this report will be sent to elected officials, City management personnel, bond rating agencies, and other agencies that have expressed an interest in the City of Alcoa, Tennessee's financial matters. Copies of this financial report will also be placed in the Alcoa Municipal Building for use by the general public.

This report includes all funds (financial activities) of the City. The City provides a full range of municipal services including police and fire protection, water and electric, sewer and refuse services, development services, municipal courts, education, recreational and cultural activities, streets, traffic control, and general administrative services.

PROFILE OF THE GOVERNMENT

The City of Alcoa, located in Blount County, Tennessee, is a unique and culturally diverse community with approximately 8,680 people. Blount County is one of the fastest growing counties in the State of Tennessee. The City is a company town established by ALCOA (Aluminum Company of America) around 1910. ALCOA was attracted to this area because of the abundance of water power resources. The Little Tennessee River and its tributaries were considered a good source of the hydroelectric power essential to the aluminum production process. In 1917 the company began construction of the town site that would eventually become the City of Alcoa. The City of Alcoa was chartered by private act of the Tennessee General Assembly effective July 1, 1919.

The City is governed by a City Manager-Commission form of government. The governing body of the City is a five member City Commission who serve a four-year term of office. The elections for Commissioners are held on an alternating basis every two years. Following each regular biennial City election, the Commission elects two of its members to serve for a two-year period as Mayor and Vice Mayor, respectively. The Commission is responsible for passing ordinances and resolutions, adopting the budget, appointing committees, and appointing a City Manager. The City Manager is responsible for carrying out the policies and ordinances of the commission, overseeing the day-to-day operations of the city, and appointing various department heads.

The City of Alcoa provides a full range of services that include public safety (police and fire protection), street maintenance, parks, public improvements, planning and zoning and general administrative services. The City provides water, sewer and electric services to both city residents and customers residing outside the city limits. The City provides its citizens with solid waste collection and is responsible for the day-to-day operation of the countywide Alcoa/Blount County/Maryville Landfill. The Alcoa City Schools operate under the City Charter and are considered a part of the City's financial statement. The Alcoa School System provides educational services to students residing in Alcoa, as well as a large number of tuition students from outside the City.

The annual budget serves as the foundation for the City of Alcoa's financial planning and control. The budget preparation process starts in late January when City departments begin assessing their needs for the coming year. The City Manager and Finance Director along with each Department Head begin meeting in late March and April to discuss proposed budgets. In mid-May, the City Manager presents his proposed budget for the upcoming fiscal year to the City Commission in a budget work session. The first reading of the Appropriation and Tax Levy Ordinances is presented in June at the Commission's regular meeting, and the second and final reading is presented at a called meeting prior to July 1. A public hearing on the proposed budget is held at one of the June meetings.

The City of Alcoa is a benchmark community. Its citizens are safe, well served, and proud of their neighborhoods. Comprehensive services are provided to citizens and customers using the latest available methods and technology. Employees are professional and effective. A superior quality of life is emphasized.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Alcoa operates.

Local economy. While the local economy is feeling the effects of the slowdown in the national economy, there continues to be interest in the City. The City of Alcoa and Blount County benefit from our location in close proximity to the Great Smoky Mountains National Park, the most visited national park in the United States. Additionally, McGhee Tyson Airport is located immediately adjacent to the corporate boundaries making it available for all major air shipments. In 2000, renovation of the airport's main terminal and concourses made passenger traffic more efficient. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. The most recent unemployment rate for June 2010 indicates a 10.5 percent unemployment rate in Blount County compared to a statewide rate of 11.1 percent. The county unemployment rate has for years been better than the state rate. Major industries with headquarters or divisions located within the City's boundaries include ALCOA, Inc., Clayton Homes, Air National Guard, IJ Company, Marriott Corporation, and U.S. Food Service.

Currently, there are several residential developments in various stages of development which have been placed on hold/slowdown due to the down turn in the economy. We feel confident these developments will continue when the economy begins to show a sustainable recovery.

The commercial and industrial development is also in different stages of growth. The City has a 500 acre research and development park with a mixture of high tech industry, commercial and residential use. The construction of the main entrance and thoroughfare is complete. The establishment of a 250 acre urban development located across from the McGhee Tyson Airport is also planned. This property is located in the center of the city and has great potential to develop into a new downtown area.

Long-term Financial Planning. The City of Alcoa is continuing to grow at a slower rate and is taking advantage of opportunities. Over the last four years, the City has borrowed \$26 million for a new water treatment plant and \$16 million for a public service building that houses the public works department (street, engineering, and garbage collection), water and sewer and the electric department. The city borrowed \$3 million in bonds to complete a sewer rehab project. Approximately \$1 million is left for completion of the project.

The City of Alcoa has embarked on a joint project with our “sister city” Maryville. A key industry in Maryville is currently making major improvements to its plant which requires that a two-lane road be widened to a four-lane with turn lanes. Since the road is within Alcoa city limits, the City has committed \$1,247,000 for the widening. In addition, the water and electric departments have infrastructure to relocate at the City’s expense. We recognize the future potential of the land along this particular roadway and realize this project is key to future commercial and industrial development for the City of Alcoa in this area.

Internal Control

The management of the City of Alcoa is responsible for establishing and maintaining a system of internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The City also maintains budgetary controls which are designed to ensure compliance with budgetary and legal provisions embodied in the annually appropriated operating budget approved by the City Commission. Activities of the General Fund, Special Revenue Funds, General Obligation Debt Service Fund, and Proprietary Funds are included in the annually appropriated operating budget. Project-length budgets are prepared for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the total operating budget, as adopted by City Commission. However, for budget administrative purposes, the City maintains budgeting controls at department appropriation levels. In addition to maintaining budgetary control via a formal appropriation, the City maintains an encumbrance accounting system. Encumbered appropriations are carried forward at the end of each fiscal year. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Single Audit

As a recipient of federal and state financial assistance, the City is also responsible for an adequate system of internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City.

As a part of the City’s single audit, performed in accordance with the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City’s single audit for fiscal years ended June 30, 2010 and 2009 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws, regulations or other matters.

Cash Management

The City utilizes a pooled cash and investment concept for all funds. Each fund type's portion of the pool is displayed in the basic financial statements as "Pooled cash and investments."

The City's investment policy is to invest pooled cash in a manner which will provide maximum security with the highest investment return while meeting the daily cash flow demands of the City and conforming to all applicable State and City statutes governing the investment of public funds. The City is permitted to invest in obligations of the U.S. Government or any of its agencies and instrumentalities, certificates of deposit, bankers' acceptances, commercial paper, repurchase agreements and the State of Tennessee Local Government Investment Pool.

Risk Management

Insurance coverage for City and schools assets related to general liability, auto liability, auto physical damage, errors and omissions and workers compensation for City and school system employees is through a public entity risk pool operated as a risk sharing program by the Tennessee Municipal League (TML). The City risk management includes various risk control techniques, including employee accident prevention training.

OTHER INFORMATION

Independent Audit

City Charter requires an annual audit by independent certified public accountants. The accounting firm of Ingram, Overholt & Bean, PC has been selected by the City Commission. The auditors' report on the financial statements is included in the financial section of the report.

In addition to this report, Ingram, Overholt & Bean, PC was also contracted to perform the Single Audit of the City's federal grant programs. This audit was designed to meet the requirements of the Federal Single Audit Act and the related Office of Management and Budget Circular A-133.

Acknowledgment

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Accounting Division, the assistance of administrative personnel in the various departments, and the valuable guidance and assistance of the staff of Ingram, Overholt & Bean, PC. To them and to the City commission and City Manager for their support and interest in improving Alcoa's fiscal policies and practices, I express my sincere appreciation.

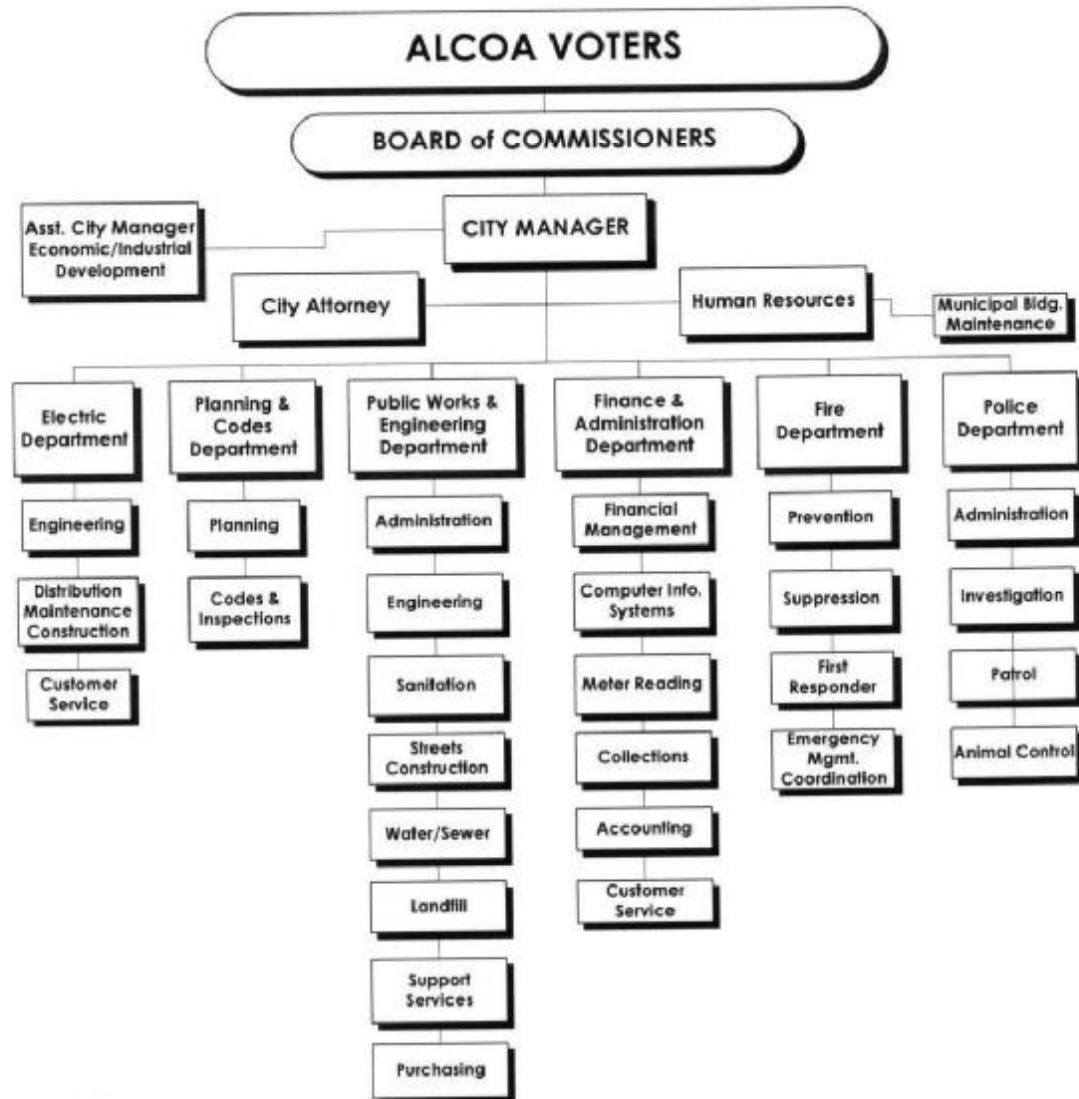
Respectfully submitted,



Ray E. Richesin
Director of Finance & Administration



City of Alcoa



"Excellence in Service - Quality of Life"

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CITY OF ALCOA, TENNESSEE

SECTION TWO

FINANCIAL SECTION

For the Fiscal Year Ended June 30, 2010

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Joe S. Ingram, CPA
Lonas D. Overholt, CPA
Robert L. Bean, CPA

428 Marilyn Lane
Alcoa, Tennessee 37701

Telephone
865-984-1040
Facsimile
865-982-1665

December 20, 2010

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of
the Board of Commissioners
and City Manager
City of Alcoa
Alcoa, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alcoa, Tennessee (the City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the financial section of the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 referred to above are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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, each major fund, and the aggregate remaining fund information of the City of Alcoa, Tennessee, as of June 30, 2010, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparison for the General Fund and the Education Special Revenue Fund for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, immediately following this letter and the required supplementary information on page 81, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of management's discussion and analysis and the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining fund financial statements, budgetary comparison schedules included in other supplementary information, capital assets used in the operation of governmental funds schedules, miscellaneous schedules, statistical information, and the single audit section, including the Schedule of Expenditures of Federal and State Awards, (as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non major fund financial statements budgetary comparison schedules included in other supplementary information, capital assets used in the operation of governmental fund schedules, miscellaneous schedules, and the single audit section, including the Schedule of Expenditures of Federal and State Awards (as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"), have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 20, 2010, on our consideration of the City of Alcoa, Tennessee's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Ingram, Overholt & Bean, PC



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Alcoa's (the City) Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the financial statements. This report also contains **other supplementary information** in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net assets changed during the current fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include police, fire, community services, public works, community relations, mayor and council, city manager, recorder, municipal court, development services, economic development, financial services, human resources, and information technology. The business-type activities of the City include stormwater utility, water and sewer utility, electric utility, and landfill.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following two categories: **governmental** funds and **proprietary** funds.

Fund Financial Statements (Continued)

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. These statements, however, focus on near term inflows and outflows of spendable resources and spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, education (special revenue fund), general obligation debt service fund, and school construction capital projects fund, which are all considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the general, special revenue, capital projects, and general obligation debt service. Budgetary comparison statements have been provided in the basic financial statements for the general, capital projects, and special revenue funds to demonstrate compliance with the budget. These statements for the non-major special revenue, capital projects, and general obligation debt service funds are included in Other Supplementary Information.

Proprietary funds. Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or departments of the City. Proprietary funds provide the same type of information shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Stormwater Utility, Water and Sewer Utility, Electric Utility, and Landfill operations. All enterprise funds are considered to be major funds of the City.
- **Internal Service funds** are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for its health insurance, flexible spending, OPEB and service center operations. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service fund is provided in the form of combining statements elsewhere in this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL HIGHLIGHTS

- ◆ The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$57.7 million (net assets).
- ◆ At June 30, 2010, the City's governmental funds reported combined ending fund balances of \$6.9 million, a decrease of \$3.7 million in comparison to the prior year. Approximately 84% of this total amount (\$5.78 million) is unreserved fund balance available for spending at the government's discretion. The decrease in fund balance is due to \$3.7 million for construction and renovation of school facilities.
- ◆ At June 30, 2010, total fund balance for the general fund was \$2.4 million. The undesignated portion of the fund balance is \$2.39 million, which is 18.5% of total general fund expenditures of \$12.9 million.
- ◆ At June 30, 2010, the City's proprietary funds reported combined total net assets of \$49.2 million, and total unrestricted net assets of \$12.0 million.
- ◆ The City issued \$7,175,000 in new general obligation debt during the current fiscal year for the City's share of a new landfill cell (\$6,075,000) and for development of a research and development industrial park (\$1,100,000).

Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds, and fiduciary funds are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE STATEMENTS FINANCIAL ANALYSIS

STATEMENTS OF NET ASSETS

<u>Assets</u>	<u>Governmental Activities 2010</u>	<u>Governmental Activities 2009</u>	<u>Business-type Activities 2010</u>	<u>Business-type Activities 2009</u>	<u>Total 2010</u>	<u>Total 2009</u>
Current and other assets	\$ 23,679,660	\$ 25,437,236	\$ 41,194,656	\$ 32,575,058	\$ 64,874,316	\$ 58,012,294
Capital assets, net	48,753,578	46,846,452	102,918,817	103,566,932	151,672,395	150,413,384
Capital lease property	<u>9,142,400</u>	<u>9,142,400</u>	<u>-</u>	<u>-</u>	<u>9,142,400</u>	<u>9,142,400</u>
Total Assets	<u>81,575,638</u>	<u>81,426,088</u>	<u>144,113,473</u>	<u>136,141,990</u>	<u>225,689,111</u>	<u>217,568,078</u>
 <u>Liabilities</u>						
Long-term liabilities	55,942,388	57,239,270	79,546,794	76,380,513	135,489,182	131,479,726
Other liabilities	<u>17,079,498</u>	<u>15,308,061</u>	<u>15,392,180</u>	<u>11,996,784</u>	<u>32,471,678</u>	<u>29,444,902</u>
Total Liabilities	<u>73,021,886</u>	<u>72,547,331</u>	<u>94,938,974</u>	<u>88,377,297</u>	<u>167,960,860</u>	<u>160,924,628</u>
 <u>Net Assets</u>						
Invested in capital assets, Net of related debt	16,394,858	15,621,176	36,064,484	36,535,481	52,459,342	52,156,667
Restricted for:						
Special revenue	2,618,803	5,389,093	-	-	2,618,803	5,389,093
Capital projects	842,522	569,560	-	-	842,522	569,560
Debt service	1,095,766	1,595,766	-	-	1,095,766	1,595,766
Property acquisitions	-	-	1,131,873	1,056,919	1,131,873	1,056,919
Unrestricted (deficit)	<u>(12,398,197)</u>	<u>(14,296,838)</u>	<u>11,978,142</u>	<u>10,172,293</u>	<u>(420,055)</u>	<u>(4,124,555)</u>
Total Net Assets	<u>\$ 8,553,752</u>	<u>\$ 8,878,757</u>	<u>\$ 49,174,499</u>	<u>\$ 47,764,693</u>	<u>\$ 57,728,251</u>	<u>\$ 56,643,450</u>

Analysis of Net Assets

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$57.7 million and \$56.6 million at June 30, 2010 and June 30, 2009, respectively.

Analysis of Net Assets (Continued)

The largest portion of the City's net assets (90.8%) reflects its investment of \$52.5 million in capital assets (e.g. land, buildings, infrastructure, improvements, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the City's net assets, \$5.68 million (9.8%) represents resources that are subject to external restrictions on how they may be used.

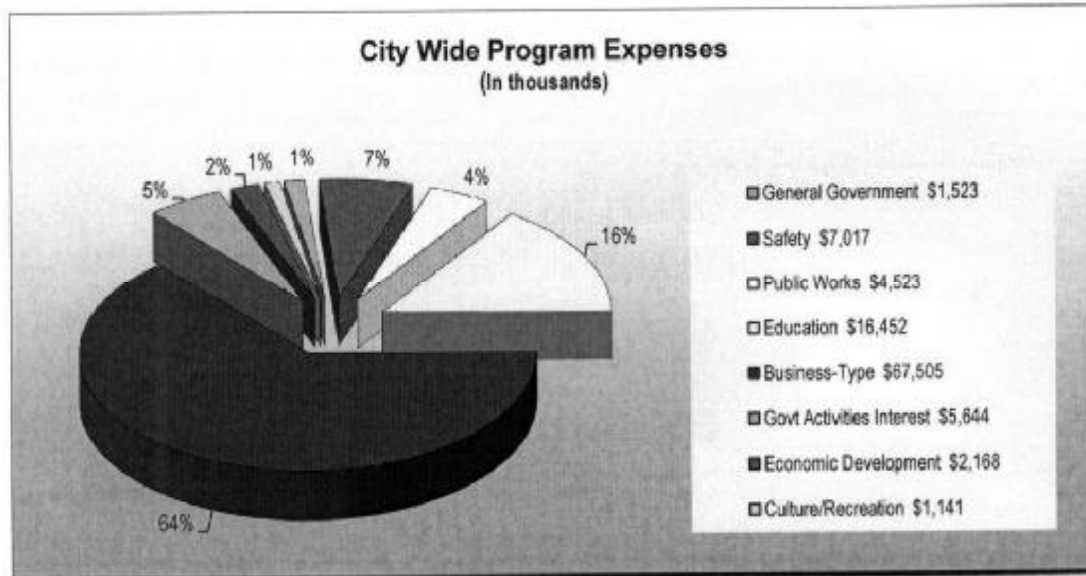
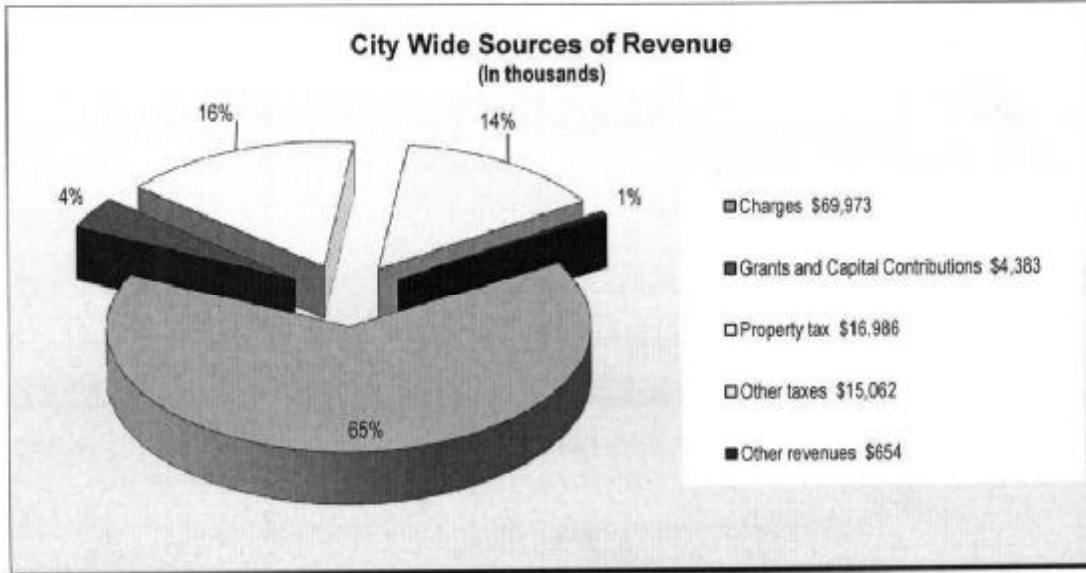
Analysis of Change in Net Assets

The City's net assets increased by \$1,084,801 for the fiscal year 2010. These changes are explained in the government and business-type activities discussion below.

Changes in Net Assets

<u>Revenues</u>	<u>2010 Governmental Activities</u>	<u>2009 Governmental Activities</u>	<u>2010 Business-Type Activities</u>	<u>2009 Business-Type Activities</u>	<u>Total 2010</u>	<u>Total 2009</u>
Program Revenues:						
Charges for services	\$ 1,581,277	\$ 1,541,797	\$ 68,392,529	\$ 72,911,070	\$ 69,973,806	\$ 74,452,867
Operating grants and contributions	1,827,902	1,591,445	75,926	74,113	1,903,828	1,665,558
Capital grants and contributions	665,927	-	1,814,111	565,229	2,480,038	565,229
General Revenues:						
Sales taxes	14,134,814	13,950,671	-	-	14,134,814	13,950,671
State income taxes	101,659	195,152	-	-	101,659	195,152
Property taxes	16,986,515	15,512,166	-	-	16,986,515	15,512,166
Business taxes	684,788	638,658	-	-	684,788	638,658
Miscellaneous taxes	-	892,062	-	-	-	892,062
Investment earnings	11,828	173,239	182,101	166,465	193,929	339,704
In-lieu of taxes	140,979	74,166	-	-	140,979	74,166
Other taxes	457,690	-	-	-	457,690	-
Extraordinary loss	-	-	-	(67,465)	-	(67,465)
Total Revenues	<u>36,593,379</u>	<u>34,569,356</u>	<u>70,464,667</u>	<u>73,649,412</u>	<u>107,058,046</u>	<u>108,218,768</u>
Expenses						
General government	1,522,712	1,731,014	-	-	1,522,712	1,731,014
Police and Fire	7,016,544	7,410,445	-	-	7,016,544	7,410,445
Public works and streets	3,077,491	3,490,800	-	-	3,077,491	3,490,800
Recreation and Culture	1,140,865	8,417,776	-	-	1,140,865	8,417,776
Economic development	2,167,843	2,593,283	-	-	2,167,843	2,593,283
Education	16,451,592	16,342,500	-	-	16,451,592	16,342,500
Solid Waste	1,445,197	1,393,346	-	-	1,445,197	1,393,346
Interest on long-term debt	5,644,637	4,664,560	-	-	5,644,637	4,664,560
Water and Sewer	-	-	10,757,815	11,500,028	10,757,815	11,500,028
Electric Utility	-	-	52,772,944	59,545,482	52,772,944	59,545,482
Landfill	-	-	3,291,294	3,147,097	3,291,294	3,147,097
Stormwater Utility	-	-	684,311	407,413	684,311	407,413
Total expenses	<u>38,466,881</u>	<u>46,043,724</u>	<u>67,506,364</u>	<u>74,600,020</u>	<u>105,973,245</u>	<u>120,643,744</u>
Increase (decrease) in net assets before transfers and other	(1,873,502)	(11,474,368)	2,958,303	(950,608)	1,084,801	(12,424,976)
Transfers	1,548,497	857,428	(1,548,497)	(857,428)	-	-
Change in net assets	<u>(325,005)</u>	<u>(10,616,940)</u>	<u>1,409,806</u>	<u>(1,808,036)</u>	<u>1,084,801</u>	<u>(12,424,976)</u>
Net assets at beginning of year	<u>8,878,757</u>	<u>19,495,697</u>	<u>47,764,693</u>	<u>49,572,729</u>	<u>56,643,450</u>	<u>69,068,426</u>
Net assets at end of year	<u>\$ 8,553,752</u>	<u>\$ 8,878,757</u>	<u>\$ 49,174,499</u>	<u>\$ 47,764,693</u>	<u>\$ 57,728,251</u>	<u>\$ 56,643,450</u>

**City of Alcoa, Tennessee
for the Fiscal Year Ended June 30, 2010**



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Governmental activities:

- Governmental activities decreased the City governmental net assets by \$325,005 (a decrease of \$10,291,935 from 2009).
- All revenue decreased by \$1,161 million primarily due to decreases in charges for services in the business-type activities.
- Governmental activities revenue increased by \$2 million primarily due to increases in local sales taxes, property taxes, and economy stimulus items.
- Investment earnings were less because of the market interest rate due to the issues of sub-prime lending.
- The General Fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$2,665,167.

Business-type activities:

- Business-type activities increased the City's net assets by \$1,409,806, whereas the prior year had produced a decrease in net assets of \$950,608.
- The Electric Utility is the largest business-type activity of the City, with a total operating expense of \$53,565,054. The City of Alcoa is a distributor of electrical power that is purchased from the Tennessee Valley Authority (TVA) and then transmitted and sold by the City to its residential and commercial customers. In October 2006, TVA began adjusting the wholesale power costs to the City each quarter for a fuel cost adjustment (FCA), then in 2009 TVA changed the FCA from quarterly to monthly. These FCA cost adjustments are passed through in electric rate adjustments to the City's customers each month. The FCA can fluctuate the City's electric rates up or down each month. TVA, in October 2009, increased their base wholesale rate, as well as the FCA, by 20%.
- The Water and Sewer Utility ended the fiscal year with total operating expenses of \$9,704,146. Beginning July 1, 2009, the City had a rate increase for both water and sewer of 15%. During the 2009 fiscal year, the City initiated a special project to install three (3) sewer flow meters with the purpose to record and charge one of the City's largest commercial accounts. Based on studies, additional sewer revenues could be anticipated. The project, originally scheduled for completion by September 30, 2008, was put on hold due to issues with the flow meters. The project was completed and operational in January 2010. The City had several capital contribution projects that were completed during the fiscal year that resulted in the increase in net assets.
- The Landfill Utility ended the fiscal year with total operating expenses of \$3,091,308 and ended with a net income of \$71,209. This gain was mainly due to more revenue generated from private haulers.
- The Stormwater Utility ended the fiscal year with total operating expenses of \$684,311 and ended with a net gain of \$222,709.
- Fees provide the largest share of revenues for all of the business-type activities.

FUND STATEMENTS FINANCIAL ANALYSIS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

(Continued)

Governmental funds (Continued)

As of the end of the fiscal year ended June 30, 2010, the City's governmental funds reported combined ending fund balances of \$6.9 million, a decrease of \$3.7 million from 2009. Approximately \$5.8 million or (84%) of this total amount constitute unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed, (1) to liquidate existing contracts and purchase orders, (2) to pay debt service, and (3) for other restricted purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$2.39 million while total fund balance was \$2.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both total unreserved, undesignated fund balance and total fund balance to total fund expenditures. Total unreserved, undesignated fund balance represents 23.8% of total general fund expenditures of \$12.8 million. The reduction in fund balance is due to the economic slowdown and the City's second largest revenue generator, local sales tax.

The Education Fund is the operating fund for the Alcoa City Schools. As of June 30, 2010, the fund balance is \$1,843,734 with the unreserved fund balance for Education being \$1,801,746. The unreserved represents 12% of the schools total budget of \$14,934,400.

The Debt Service Fund is used to pay principal and interest for debt issued for City and School-related projects. The revenue in the Debt Service Fund was from a transfer made by the General Fund and Enterprise Funds. The unreserved fund balance at June 30, 2010 is \$95,766.

Schedules for Other Non-Major Governmental Funds, Capital Projects, and Special Revenue Funds are also found in this report and discussed in the notes to the financial statements.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

As of June 30, 2010, the Stormwater Utility net assets totaled \$878,904. As stated earlier, this utility has just completed its second year. No major projects have been launched so a fund balance could be created to handle any future ventures.

Net assets for Water and Sewer Utility as of June 30, 2010 were \$16,399,253, an increase of \$1,156,285 from 2009. The water and sewer had a 15% rate increase starting July 1, 2009.

Net assets of the Electric Utility as of June 30, 2010 were \$29,660,007, a decrease of (\$40,397). The electric utility rates, as discussed earlier, were increased during the 2009 fiscal year by Tennessee Valley Authority. The rate increases were passed on to our customers with no local rate increase.

Net assets of the Landfill Utility as of June 30, 2010 were \$2,236,335, an increase of \$71,209.

Budget Highlights – General Fund

There were few budget amendments to the General Fund during fiscal year 2010 (net increase of \$200,000). Budgeted expenditures were \$15,562,180, whereas actual expenditures were \$12,897,013. The actual expenditures were under what was budgeted due to two things: 1) the departments were very successful in controlling their budgets, and 2) there were several large public works projects that were not able to start until late in the fiscal year and very little was spent.

(Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business type activities as of June 30, 2010 and 2009 amount to \$151,672,395 and \$150,403,384 (net of accumulated depreciation), respectively. Capital assets include land, buildings, infrastructure, improvements, machinery and equipment, and construction in progress.

The table below reflects the capital assets at the end of both fiscal years:

	<u>Capital Assets, Net of Depreciation</u>					
	<u>2010</u> <u>Governmental</u> <u>Activities</u>	<u>2009</u> <u>Governmental</u> <u>Activities</u>	<u>2010</u> <u>Business-Type</u> <u>Activities</u>	<u>2009</u> <u>Business-Type</u> <u>Activities</u>	<u>Total</u> <u>2010</u>	<u>Total</u> <u>2009</u>
Land	\$ 1,765,733	\$ 1,624,767	\$ 2,171,567	\$ 2,171,567	\$ 3,937,300	\$ 3,796,334
Buildings	29,621,681	29,638,561	72,513,848	71,234,874	102,135,529	100,873,435
Infrastructure	25,588,482	22,005,740	-	-	25,588,482	22,005,740
Improvements	12,839,197	9,839,197	38,564,776	36,130,377	51,403,973	45,969,574
Machinery and equipment	7,701,274	6,926,563	31,152,050	30,840,097	38,853,324	37,766,660
Construction in progress	<u>2,155,497</u>	<u>5,506,072</u>	<u>1,435,319</u>	<u>1,762,184</u>	<u>3,590,816</u>	<u>7,268,256</u>
Total Capital Assets	79,671,864	75,540,900	145,837,560	142,139,099	225,509,424	217,679,999
Less: Accumulated						
Depreciation	<u>(30,918,286)</u>	<u>(28,694,448)</u>	<u>(42,918,743)</u>	<u>(38,582,167)</u>	<u>(73,837,029)</u>	<u>(67,276,615)</u>
Capital Assets, net of						
Depreciation	<u>\$ 48,753,578</u>	<u>\$ 46,846,452</u>	<u>\$102,918,817</u>	<u>\$ 103,556,932</u>	<u>\$ 151,672,395</u>	<u>\$ 150,403,384</u>

Major capital asset events during the current fiscal year included the following:

- Various equipment and vehicles were acquired for use in both governmental and business-type activities.
- Continued water line and sewer lines projects (new and rehab)
- Continued work of Greenway Trails and bridges
- Continued work on an auxiliary water line intake
- Continued work on installation of a new meter reading system (TWAC)
- City-wide traffic signalization improvement project

For government-wide financial statement presentation, all depreciable capital assets are depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. Please refer to the Notes to the Financial Statements (See Note 5 – Capital Assets) for further information regarding capital assets.

Debt Administration

At the end of the most current fiscal year, the City had total long-term obligations outstanding of \$139.9 million. Of this amount, \$123.2 million are revenue bonds, general obligation bonds, and capital outlay notes backed by the full faith and credit of the City and \$6.2 million is estimated liability for Landfill closure and post closure costs and capital outlay notes. The remainder includes capital leases and compensated absences (See Note 6 – Long-Term Liabilities).

(Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Outstanding Long-Term Obligations

	2010 Governmental Activities	2009 Governmental Activities	2010 Business-Type Activities	2009 Business-Type Activities	Total 2010	Total 2009
General Obligation/ Revenue Bonds	\$ 48,285,000	\$ 48,695,000	\$ 74,904,581	\$ 69,781,857	\$123,189,581	\$118,476,857
Capital leases	9,341,120	9,447,676	295,718	-	9,636,838	9,447,676
Compensated absences	54,772	764,210	830,525	773,832	885,297	1,538,042
Estimated liability for closure/post-closure care costs	-	-	6,199,908	5,655,081	6,199,908	5,655,081
Total long-term obligations	<u>\$ 57,680,892</u>	<u>\$ 58,906,886</u>	<u>\$ 82,230,732</u>	<u>\$ 76,210,770</u>	<u>\$139,911,624</u>	<u>\$135,117,656</u>

The City of Alcoa's total long-term debt increased by a net of \$4,712,724 during the current fiscal year. The key factor to this increase was bonds issued during the year in the amount of \$7,175,000, with \$6,075,000 being new bond issue for the construction of a new cell for the Landfill Utility, and \$1,100,000 for a research and development industrial park. The City retired debt in the amount of \$2,462,276.

Additional information on the City's long-term debt can be found in the Notes to the Financial Statements (see Note 6 – Long-Term Liabilities).

OTHER MATTERS

The preliminary budget for the City of Alcoa for the fiscal year beginning July 1, 2010 and ending June 30, 2011 totals \$121.3 million, which represents a 2.73% increase over last year's amended budget of \$118 million. The increase is due mainly to special projects and electric rate/fuel cost adjustment increases. The budget was prepared with no cost of living increase or step increases for the employees and little or no increase for normal operations of the City. The following are some of the budget highlights:

- The City has budgeted in public works for street improvements in the amount of \$2,435 million and has applied for state and federal grant money that would cover this cost.
- The Landfill budget has a special project included for a new landfill cell to be built and some other landfill improvements. This project was started in the fiscal year 2009 and will be completed during the next fiscal year with a budget amount of \$5,980,000.
- Electric budget increased mainly due to Tennessee Valley Authority (TVA) power cost increase. The budget reflects a monthly fuel cost adjustment as well as a rate increase.
- The Stormwater budget increased 16% due to more staff necessary to start implementation of stormwater projects.
- The remaining budgets had very little, if any, changes from the prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, city commissioners, customers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report or need additional information, contact:

City of Alcoa, Tennessee
Finance and Administration Department
Accounting Division
223 Associates Boulevard
Alcoa, TN 37701
(865) 380-4700

CITY OF ALCOA, TENNESSEE

Government-wide Financial Statements

June 30, 2010

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CITY OF ALCOA, TENNESSEE

STATEMENT OF NET ASSETS

June 30, 2010 and 2009

	<u>Primary Government</u>			
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>2010</u>	<u>2009</u>
ASSETS:				
Cash	\$ 7,450,286	\$ 9,766,984	\$ 17,217,270	\$ 16,421,717
Certificates of deposit	1,000,950	4,971,635	5,972,585	4,459,561
TN Local Government Investment Pool	624,569	-	624,569	624,011
Funds held by the Bond Trustee	-	2,506,043	2,506,043	2,760,406
Receivables:				
Taxes, net	11,799,164	-	11,799,164	11,440,962
Accounts, net	77,721	4,556,212	4,633,933	4,641,352
Accrued Interest	-	730	730	29,622
Other	-	100,000	100,000	102,272
Energy Service loans receivable	-	1,995,857	1,995,857	1,574,343
Due from other governments	2,215,200	-	2,215,200	2,537,865
Post-employment benefit prepaid	164,464	-	164,464	26,955
Internal balances	346,241	-	346,241	339,998
Inventories	-	897,269	897,269	739,741
Prepaid items	1,065	2,833,479	2,834,544	1,344,334
Deferred issuance costs	-	1,526,616	1,526,616	1,483,978
Restricted Assets:				
Cash	-	3,049,789	3,049,789	1,792,317
Certificates of deposit	-	8,990,042	8,990,042	7,702,858
Capital assets (net of accumulated depreciation and Amortization)				
Land and other nondepreciable assets	1,765,733	2,171,567	3,937,300	3,796,334
Construction in progress (nondepreciable)	2,155,497	1,435,319	3,590,816	7,268,256
Building	21,030,997	-	21,030,997	21,643,046
Improvements	882,123	-	882,123	987,923
Infrastructure	19,902,080	-	19,902,080	14,384,449
Equipment	3,017,148	-	3,017,148	2,700,195
Capital lease property	9,142,400	-	9,142,400	9,142,400
Electric plant in service	-	45,065,163	45,065,163	45,767,740
Water/Sewer plant in service	-	52,440,151	52,440,151	52,048,417
Landfill plant in service	-	1,528,882	1,528,882	1,757,084
Stormwater utility plant in service	-	277,735	277,735	49,940
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 81,575,638</u>	<u>\$ 144,113,473</u>	<u>\$ 225,689,111</u>	<u>\$ 217,568,078</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET ASSETS (Continued)
June 30, 2010 and 2009

<u>LIABILITIES:</u>	Primary Government		Total <u>2010</u>	Total <u>2009</u>
	Governmental Activities	Business-type Activities		
Accounts payable	\$ 1,019,353	\$ 9,034,087	\$ 10,053,440	\$ 9,488,683
Accrued payroll	210,500	376,756	587,256	492,009
Accrued interest	-	-	-	53,572
Grant Anticipation note payable	1,300,000	-	1,300,000	-
Unearned revenue	11,967,321	-	11,967,321	12,166,141
Customer deposits	-	1,333,386	1,333,386	1,248,395
Advances from TVA for energy service loans	-	1,964,013	1,964,013	1,528,940
Unfunded Pension Obligation	441,594	-	441,594	446,706
Accrued post-employment benefit obligations	55,985	-	55,985	42,528
Internal balances	346,241	-	346,241	339,998
Long-Term Liabilities:				
Due within one year	1,738,504	2,683,938	4,422,442	3,637,930
Due in more than one year	55,887,616	73,507,422	129,395,038	125,355,701
Estimated liability for Landfill closure/postclosure	-	5,673,408	5,673,408	5,128,581
Compensated absences	<u>54,772</u>	<u>365,964</u>	<u>420,736</u>	<u>995,444</u>
Total Liabilities	<u>73,021,886</u>	<u>94,938,974</u>	<u>167,960,860</u>	<u>160,924,628</u>
NET ASSETS				
Invested in capital assets, net of related debt	16,394,858	36,064,484	52,459,342	52,156,667
Restricted for:				
Special Revenue	2,618,803	-	2,618,803	5,389,093
Capital Projects	842,522	-	842,522	569,560
Debt Service	1,095,766	-	1,095,766	1,595,766
Property acquisitions	-	1,131,873	1,131,873	1,056,919
Unrestricted (deficit)	<u>(12,398,197)</u>	<u>11,978,142</u>	<u>(420,055)</u>	<u>(4,124,555)</u>
Total Net Assets	<u>8,553,752</u>	<u>49,174,499</u>	<u>57,728,251</u>	<u>56,643,450</u>
Total Liabilities and Net Assets	<u>\$ 81,575,638</u>	<u>\$ 144,113,473</u>	<u>\$ 225,689,111</u>	<u>\$ 217,568,078</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total 2010	Total 2009
					Governmental Activities	Business-type Activities		
Governmental Activities:								
General Government	\$ 1,522,712	\$ 421,735	\$ 151,754	\$ -	\$ (949,223)	\$ -	\$ (949,223)	\$ (1,001,524)
Public Safety	7,016,544	-	-	44,941	(6,971,603)	-	(6,971,603)	(7,410,445)
Public Works	4,522,688	402,569	204,677	551,036	(3,364,406)	-	(3,364,406)	(4,284,329)
Economic Development	2,167,843	-	-	-	(2,167,843)	-	(2,167,843)	(2,593,283)
Education	16,451,592	736,025	1,929,161	-	(13,786,406)	-	(13,786,406)	(14,550,929)
Culture and Recreation	1,140,865	20,948	-	69,950	(1,049,967)	-	(1,049,967)	(8,405,412)
Interest on long-term debt	5,644,637	-	-	-	(5,644,637)	-	(5,644,637)	(4,664,560)
Total Governmental Activities	<u>38,466,881</u>	<u>1,581,277</u>	<u>2,285,592</u>	<u>665,927</u>	<u>(33,934,085)</u>	<u>-</u>	<u>(33,934,085)</u>	<u>(42,910,482)</u>
Business-Type Activities:								
Landfill	3,291,294	3,276,464	75,926	-	-	61,096	61,096	(281,143)
Electric	52,772,944	53,854,543	-	-	-	1,081,599	1,081,599	161,480
Water/Sewer Utility	10,757,815	10,354,502	-	1,814,111	-	1,410,798	1,410,798	(1,390,514)
Stormwater Utility	684,311	907,020	-	-	-	222,709	222,709	460,569
Total Business-type Activities	<u>67,506,364</u>	<u>68,392,529</u>	<u>75,926</u>	<u>1,814,111</u>	<u>-</u>	<u>2,776,202</u>	<u>2,776,202</u>	<u>(1,049,608)</u>
Total Government								(43,960,090)
General Revenues:								
Property tax					16,986,515	-	16,986,515	15,512,166
Sales tax					14,134,814	-	14,134,814	13,950,671
State income and excise tax					101,659	-	101,659	195,152
In-lieu-of taxes					140,979	-	140,979	74,166
Business taxes					684,788	-	684,788	638,658
Miscellaneous taxes					-	-	-	892,062
Investment earnings					11,828	182,101	193,929	339,704
Transfers – In-lieu-of-tax payments					1,548,497	(1,548,497)	-	-
Extraordinary Item – disposal of meters					-	-	-	(67,465)
Total General Revenues and Transfers					<u>33,609,080</u>	<u>(1,366,396)</u>	<u>32,242,684</u>	<u>31,535,114</u>
Change in Net Assets					(325,005)	1,409,806	1,084,801	(12,424,976)
Net Assets – Beginning					<u>8,878,757</u>	<u>47,764,693</u>	<u>56,643,450</u>	<u>69,068,426</u>
Net Assets – Ending					<u>\$ 8,553,752</u>	<u>\$ 49,174,499</u>	<u>\$ 57,728,251</u>	<u>\$ 56,643,450</u>

See accompanying independent auditors' report and notes.

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CITY OF ALCOA, TENNESSEE
FUND FINANCIAL STATEMENTS
June 30, 2010

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CITY OF ALCOA, TENNESSEE
BALANCE SHEET
Governmental Funds
June 30, 2010 and 2009

<u>Assets</u>	<u>General</u>	<u>Education</u>	<u>Debt Service</u>	<u>School Construction and Improvement Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
						<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 1,901,128	\$ 1,188,590	\$ 95,766	\$ 327,343	\$ 2,167,547	\$ 5,680,374	\$ 5,513,271
Investments and certificates of deposit	-	-	-	1,000,950	-	1,000,950	3,105,705
Tennessee Local Government Investment Pool	1,662	-	-	-	622,907	624,569	624,011
Receivables:							
Sales Taxes	1,078,935	247,136	-	-	-	1,326,071	1,729,102
Property Taxes (net of allowance for uncollectible taxes)	11,799,164	-	-	-	-	11,799,164	11,440,962
Accounts	53,639	-	-	-	21,858	75,497	113,284
Note	1,982	-	-	-	-	1,982	1,982
Due from other governments	-	147,017	-	-	-	147,017	357,798
Due from grantors	70,259	-	-	-	671,853	742,112	450,965
Due from other funds	13,619	323,896	-	-	8,726	346,241	339,998
Due from credit union	242	-	-	-	-	242	292
Prepaid items	-	-	-	-	1,065	1,065	9,791
Total Assets	<u>\$ 14,920,630</u>	<u>\$ 1,906,639</u>	<u>\$ 95,766</u>	<u>\$ 1,328,293</u>	<u>\$ 3,493,956</u>	<u>\$ 21,745,284</u>	<u>\$ 23,687,161</u>

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	\$ 61,862	\$ 54,179	\$ -	\$ -	\$ 4,259	\$ 120,300	\$ 174,046
Due to other funds	-	8,726	-	-	324,953	333,679	327,436
Accrued payroll	197,190	-	-	-	13,310	210,500	218,487
Due to State of Tennessee	-	-	-	-	792,602	792,602	792,071
Deferred revenue	11,735,616	-	-	-	1,163	11,736,779	11,381,796
Accrued compensated absences	16,943	-	-	-	37,829	54,772	51,060
Unearned grant revenue	-	-	-	-	230,542	230,542	122,168
Grant Anticipation notes payable	500,000	-	-	-	800,000	1,300,000	-
Total Liabilities	<u>12,511,611</u>	<u>62,905</u>	<u>-</u>	<u>-</u>	<u>2,204,658</u>	<u>14,779,174</u>	<u>13,067,064</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
BALANCE SHEET (Continued)
 Governmental Funds
 June 30, 2010 and 2009

	<u>General Fund</u>	<u>Education Fund</u>	<u>Debt Service Fund</u>	<u>School Construction and Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
						<u>2010</u>	<u>2009</u>
Fund Balances:							
Reserved For:							
Federal grants	13,564	-	-	-	-	13,564	13,564
Police evidence money	2,595	-	-	-	-	2,595	1,383
Debt service payments	-	-	-	1,000,000	-	1,000,000	1,500,000
Basic Education Program	-	41,988	-	-	-	41,988	26,510
Drug Seizure	-	-	-	-	-	-	4,672
Hamilton Crossing	336	-	-	-	-	336	
Capital Projects	-	-	-	-	126,927	126,927	63,716
Unreserved, Reported in:							
General Fund	2,392,524	-	-	-	-	2,392,524	2,482,343
Education Fund	-	1,801,746	-	328,293	-	2,130,039	5,037,621
Debt Service Fund	-	-	95,766	-	-	95,766	95,766
Special Revenue Funds	-	-	-	-	775,069	775,069	824,962
Capital Projects Funds	-	-	-	-	387,302	387,302	569,560
Total Fund Balances	<u>2,409,019</u>	<u>1,843,734</u>	<u>95,766</u>	<u>1,328,293</u>	<u>1,289,298</u>	<u>6,966,110</u>	<u>10,620,097</u>
Total Liabilities and Fund Balances	<u>\$14,920,630</u>	<u>\$ 1,906,639</u>	<u>\$ 95,766</u>	<u>\$ 1,328,293</u>	<u>\$ 3,493,956</u>	<u>\$ 21,745,284</u>	<u>\$ 23,687,161</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS – GOVERNMENTAL ACTIVITIES
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Fund Balances – Total Governmental Funds	\$ 6,966,110	\$ 10,620,097
Amounts reported for governmental activities in the statement of net assets are different because:		
(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital Assets	\$ <u>48,753,578</u>	\$ <u>46,846,452</u>
(2) Internal service funds are used by management to charge the cost of certain activities, such as employee health, post retirement and flexible spending to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		
	1,650,899	1,587,913
(3) Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when paid. All liabilities, both current and long-term are reported in the statement of net assets as follows:		
Bonds Payable	\$ <u>48,285,000</u>	\$ <u>48,695,000</u>
Compensated absences	54,772	764,210
Capital Leases	<u>198,720</u>	<u>305,276</u>
	<u>\$ 48,538,492</u>	<u>\$ 49,764,486</u>
(4) The General pension plan has an unfunded liability at 6/30/09 and 6/30/10 not reported in the funds.		
	(441,594)	(446,706)
(5) Net OPEB Asset – current year funding for postemployment benefits was required as follows:		
Amount funded	\$ <u>386,030</u>	\$ <u>100,000</u>
Required	<u>(221,565)</u>	<u>(73,045)</u>
Excess OPEB	<u>\$ 164,464</u>	<u>\$ 26,955</u>
(6) OPEB Obligation - Education		
	(55,985)	(42,528)
(7) Compensated absences reported in governmental funds are long-term liabilities and not related to unused leave for employees that terminated by the fiscal year-end		
	<u>54,772</u>	<u>51,060</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 8,553,752</u>	<u>\$ 8,878,757</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 Governmental Funds
 For the Fiscal Year Ended June 30, 2010
 With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>General Fund</u>	<u>Education Fund</u>	<u>Debt Service Fund</u>	<u>School Construction and Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
						<u>2010</u>	<u>2009</u>
Revenues:							
Taxes	\$ 11,800,411	\$ 7,991,295	\$ -	\$ -	\$ 998,790	\$ 20,790,496	\$ 20,716,144
Licenses, permits and fees	36,302	381,702	-	-	-	418,004	107,733
Intergovernmental	1,768,951	6,098,521	5,789,414	439,200	1,356,468	15,452,554	14,641,516
American Recovery and Reinvestment Act (ARRA)	112,403	443,308	-	-	876,737	1,432,448	-
Charges for services	98,820	-	-	-	934,300	1,033,120	1,071,162
Fines, forfeitures and costs	534,089	-	-	-	46,433	580,522	507,517
Property rental	154,744	-	-	-	-	154,744	162,663
Investment income	336	-	-	10,821	671	11,828	173,241
Miscellaneous revenue	<u>115,514</u>	<u>21,417</u>	<u>-</u>	<u>-</u>	<u>7,233</u>	<u>144,164</u>	<u>427,025</u>
Total Revenues	<u>14,621,570</u>	<u>14,936,243</u>	<u>5,789,414</u>	<u>450,021</u>	<u>4,220,632</u>	<u>40,017,880</u>	<u>37,807,001</u>
Expenditures:							
Current:							
General government	1,585,698	-	-	-	-	1,585,698	1,647,465
Public Safety	6,894,531	-	-	-	250,844	7,145,375	7,410,445
Public Works	2,797,037	-	-	-	1,533,834	4,330,871	4,844,146
Education	-	14,595,923	-	-	1,855,669	16,451,592	16,299,972
Recreation and Arts	476,539	-	-	-	664,326	1,140,865	582,776
Community Development/ Culture	1,143,208	-	-	-	1,024,635	2,167,843	10,468,283
Capital Outlay/Capital Assets	-	-	-	3,588,445	84,899	3,673,344	4,882,644
Debt Service:							
Principal Retirement	-	-	2,462,276	-	-	2,462,276	2,407,416
Interest and Fiscal Charges	-	-	5,644,637	-	-	5,644,637	4,664,560
Total Expenditures	<u>12,897,013</u>	<u>14,595,923</u>	<u>8,106,913</u>	<u>3,588,445</u>	<u>5,414,207</u>	<u>44,602,501</u>	<u>53,207,707</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,724,557</u>	<u>340,320</u>	<u>(2,317,499)</u>	<u>(3,138,424)</u>	<u>(1,193,575)</u>	<u>(4,584,621)</u>	<u>(15,400,706)</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>General</u>	<u>Education</u>	<u>Debt Service</u>	<u>School Construction and Improvement Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
						<u>2010</u>	<u>2009</u>
Other Financing Sources (Uses):							
Transfers to other funds	(2,317,499)	(94,000)	-	(500,000)	-	(2,911,499)	(4,760,575)
Transfer from other funds	500,000	-	2,317,499	-	-	2,817,499	4,760,575
Proceeds from bonds	-	-	-	-	1,024,635	1,024,635	34,000,000
Payment to refunding bonds escrow agent	-	-	-	-	-	-	(24,525,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	(1,817,499)	(94,000)	2,317,499	(500,000)	1,024,635	930,635	9,475,000
Net Change in Fund Balance	(92,942)	246,320	-	(3,638,424)	(168,940)	(3,653,986)	(5,925,706)
Fund Balance, July 1st	<u>2,501,961</u>	<u>1,597,414</u>	<u>95,766</u>	<u>4,966,717</u>	<u>1,458,238</u>	<u>10,620,096</u>	<u>16,545,802</u>
Fund Balance, June 30th	<u>\$ 2,409,019</u>	<u>\$ 1,843,734</u>	<u>\$ 95,766</u>	<u>\$ 1,328,293</u>	<u>\$ 1,289,298</u>	<u>\$ 6,966,110</u>	<u>\$ 10,620,096</u>

CITY OF ALCOA, TENNESSEE
RECONCILIATIONS OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Net change in fund balances – total governmental funds:	\$ (3,653,986)	\$ (5,925,706)
Amounts reported for the governmental activities in the statement of activities are different because:		
1) Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:		
	<u>2010</u>	<u>2009</u>
Capital Outlay	\$ 5,330,577	\$ 5,161,078
Depreciation	<u>(2,525,153)</u>	<u>(2,044,251)</u>
	<u>\$ 2,805,424</u>	<u>\$ 3,116,827</u>
	2,805,424	3,116,827
2) Lease payments are reported as expenditures in the governmental funds when paid. For the city as a whole, however, the principal portion of the payments serve to reduce the liability in the statement of net assets while the acquisition of new leases increase the liability. This is the amount by which principal payments (exceed) or are less than new capital leases:		
	<u>2010</u>	<u>2009</u>
New Leases	\$ -	\$ 159,727
Payments	<u>(106,556)</u>	<u>(101,211)</u>
	<u>\$ (106,556)</u>	<u>\$ 58,516</u>
	106,556	(58,516)
3) The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which the bond proceeds (exceed) or are less than retirement in the current period:		
	<u>2010</u>	<u>2009</u>
Bonds issued	\$ 1,100,000	\$ 34,000,000
Retired	<u>(1,510,000)</u>	<u>(26,390,000)</u>
	<u>\$ (410,000)</u>	<u>\$ (7,610,000)</u>
	410,000	(7,610,000)
4) The net revenues (expenditures) of internal service funds activities are reported with governmental activities.		
	62,986	(97,017)
5) OPEB Obligation – Education (this is the amount of the annual postemployment contribution required for the year).		
	<u>(55,985)</u>	<u>(42,528)</u>
Changes in net assets of governmental activities	<u>\$ (325,005)</u>	<u>\$ (10,616,940)</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	June 30, 2009 Actual
	Budgeted Amounts				
	Original	Final			
REVENUES:					
Taxes	\$ 12,428,010	\$ 12,428,010	\$ 11,800,411	\$ (627,599)	\$ 11,905,753
Licenses and permits	82,000	82,000	36,302	(45,698)	53,283
Fines and forfeits	465,000	465,000	534,089	69,089	445,480
Intergovernmental	4,075,130	4,075,130	1,881,354	(2,193,776)	2,045,945
Interest earned	30,000	30,000	336	(29,664)	14,641
Public works, labor and material	30,000	30,000	24,339	(5,661)	33,195
Miscellaneous.....	20,000	20,000	5,282	(14,718)	25,187
CATV franchise fee.....	70,000	70,000	65,739	(4,261)	68,592
Property rental.....	154,650	154,650	154,744	94	162,663
Department services	100,000	100,000	98,820	(1,180)	91,977
Fees development.....	10,000	10,000	7,078	(2,922)	8,675
Insurance refunds	5,000	5,000	4,500	(500)	33,807
Special events.....	-	-	-	-	977
Sale of property	-	-	8,576	8,576	916
Total Revenues	<u>17,469,790</u>	<u>17,469,790</u>	<u>14,621,570</u>	<u>(2,848,220)</u>	<u>14,891,091</u>
EXPENDITURES:					
General government	1,662,045	1,662,045	1,585,698	76,347	1,647,465
Public works.....	5,115,820	5,115,820	2,797,037	2,318,783	3,144,432
Public safety – Police.....	4,482,855	4,482,855	4,204,915	277,940	4,387,158
Public safety – Fire.....	2,817,185	2,765,375	2,689,616	75,759	2,767,748
Contributions and grants to other agencies.....	<u>1,284,275</u>	<u>1,536,085</u>	<u>1,619,747</u>	<u>(83,662)</u>	<u>9,494,042</u>
Total Expenditures.....	<u>15,362,180</u>	<u>15,562,180</u>	<u>12,897,013</u>	<u>2,665,167</u>	<u>21,440,845</u>
Excess (Deficit) of Revenues Over Expenditures.....	<u>2,107,610</u>	<u>1,907,610</u>	<u>1,724,557</u>	<u>183,053</u>	<u>(6,549,754)</u>

(Continued)

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	June 30, 2010				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	June 30, <u>2009</u> Actual
	<u>Original</u>	<u>Final</u>			
OTHER FINANCING SOURCES (USES):					
Operating transfers in (out):					
Proceeds from sale of bonds	-	-	-	-	7,875,000
Debt Service.....	(2,507,610)	(2,407,610)	(2,317,499)	90,111	(2,463,816)
School Construction	500,000	500,000	500,000	-	500,000
GO Public Works Fund	-	-	-	-	(196,759)
Equipment Replacement Fund	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,107,610)</u>	<u>(1,907,610)</u>	<u>(1,817,499)</u>	<u>90,111</u>	<u>5,714,425</u>
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses					
	-	-	(92,942)	(92,942)	(835,329)
FUND BALANCE AT BEGINNING OF YEAR					
	<u>2,501,961</u>	<u>2,501,961</u>	<u>2,501,961</u>	<u>-</u>	<u>3,337,290</u>
FUND BALANCE AT END OF YEAR	<u>\$ 2,501,961</u>	<u>\$ 2,501,961</u>	<u>\$ 2,409,019</u>	<u>\$ (92,942)</u>	<u>\$ 2,501,961</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
EDUCATION FUND – SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	June 30, 2010				
	Budgeted Amounts		Actual	Variance with	June 30,
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)	2009 Actual
Revenues:					
Taxes	\$ 6,418,000	\$ 6,518,000	\$ 6,565,951	\$ 47,951	\$ 6,420,169
Miscellaneous	1,952,100	1,822,100	1,828,463	6,363	1,726,645
Revenue from other agencies	<u>6,374,900</u>	<u>6,594,300</u>	<u>6,541,829</u>	<u>(52,471)</u>	<u>6,320,003</u>
Total Revenues	<u>14,745,000</u>	<u>14,934,400</u>	<u>14,936,243</u>	<u>1,843</u>	<u>14,466,817</u>
Expenditures:					
Board of Education	218,874	218,874	181,693	37,181	191,529
Office of Superintendent	226,365	226,365	215,381	10,984	221,076
Office of Principals	876,955	876,955	851,034	25,921	865,034
Fiscal services	206,955	206,955	175,662	31,293	198,656
Transportation	223,160	223,160	183,122	40,038	206,459
Instruction/Elementary/Secondary	8,573,405	8,738,837	8,821,947	(83,110)	8,583,674
Instruction – Regular	636,660	639,660	590,729	48,931	575,394
Other student support	311,649	311,649	272,639	39,010	312,725
Health services	158,341	158,341	129,620	28,721	160,145
Operation of plant	1,077,736	1,077,736	1,038,350	39,386	1,164,759
Maintenance of plant	600,768	600,768	612,260	(11,492)	616,993
Food services	650	650	-	650	877
Capital outlay	25,000	25,000	28,172	(3,172)	50,113
Special education	1,001,889	1,022,857	946,528	76,329	947,575
Vocational education	331,423	331,423	319,341	12,082	307,850
Lottery Pre-K	195,129	195,129	160,635	34,494	191,825
Family Resource Center	<u>80,041</u>	<u>80,041</u>	<u>68,810</u>	<u>11,231</u>	<u>76,004</u>
Total Expenditures	<u>14,745,000</u>	<u>14,934,400</u>	<u>14,595,923</u>	<u>338,477</u>	<u>14,670,688</u>
Excess (Deficit) of Revenues Over					
Expenditures	-	-	340,320	340,320	(203,871)
Other Financing Sources (Uses)					
Transfer to School OPEB Insurance Fund..	-	-	(94,000)	(94,000)	
Transfer to School Construction Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,600,000)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>246,320</u>	<u>246,320</u>	<u>(1,803,871)</u>
Fund Balance at Beginning of Year	<u>1,597,414</u>	<u>1,597,414</u>	<u>1,597,414</u>	<u>-</u>	<u>3,401,285</u>
Fund Balance at End of Year	<u>\$ 1,597,414</u>	<u>\$ 1,597,414</u>	<u>\$ 1,843,734</u>	<u>\$ 246,320</u>	<u>\$ 1,597,414</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
PROPRIETARY FUNDS
STATEMENTS OF NET ASSETS
June 30, 2010
With Comparative Totals for June 30, 2009

Business-Type Activities –
Enterprise Funds

2010

Governmental Activities

Internal Service Funds

	Enterprise Funds					2009 Total	Governmental Activities	
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total		2010	2009
ASSETS								
Current Assets:								
Cash in bank	\$ 874,268	\$ 5,175,597	\$ 1,676,994	\$ 2,040,125	\$ 9,766,984	\$ 9,185,326	\$ 1,769,912	\$ 1,723,120
Certificate of deposit	-	2,506,043	1,371,015	-	3,877,058	4,114,262	-	-
Accounts receivable – Net	-	-	4,216,977	339,235	4,556,212	4,528,068	-	-
Accrued interest	-	-	730	-	730	29,622	-	-
Inventory	-	339,785	557,484	-	897,269	739,741	-	-
Prepaid expenses	-	-	686	-	686	664	-	-
Prepaid TVA Power Invoice Program	-	-	2,832,793	-	2,832,793	1,333,879	-	-
Unamortized debt expense	-	-	26,000	-	26,000	27,000	-	-
Certificates of deposit – bond redemption reserve	-	-	3,600,620	-	3,600,620	3,840,094	-	-
Total Current Assets	<u>874,268</u>	<u>8,021,425</u>	<u>14,283,299</u>	<u>2,379,360</u>	<u>25,558,352</u>	<u>23,798,656</u>	<u>1,769,912</u>	<u>1,723,120</u>
Capital Assets:								
Nondepreciable:								
Land and easements	-	1,194,235	336,481	640,851	2,171,567	2,171,567	-	-
Construction in progress	-	350,348	981,842	103,129	1,435,319	1,762,184	-	-
Plant and equipment – depreciable	379,077	67,373,965	67,287,420	7,190,212	142,230,674	138,205,348	-	-
Accumulated depreciation	<u>(101,342)</u>	<u>(14,933,814)</u>	<u>(22,222,257)</u>	<u>(5,661,330)</u>	<u>(42,918,743)</u>	<u>(38,582,167)</u>	-	-
Net Capital Assets	<u>277,735</u>	<u>53,984,734</u>	<u>46,383,486</u>	<u>2,272,862</u>	<u>102,918,817</u>	<u>103,556,932</u>	-	-
NonCurrent Assets:								
Receivables from customers for conservation loans/back utilities	-	-	1,995,857	-	1,995,857	1,574,343	-	-
Long-term note receivable	-	-	100,000	-	100,000	100,000	-	-
Unamortized debt expense	-	303,418	528,119	70,361	901,898	890,926	-	-
Unamortized discount on long-term debt	-	525,593	-	73,125	598,718	566,052	-	-
Cash in bank – Restricted	-	-	-	3,049,789	3,049,789	1,792,317	-	-
Investments – Certificates of deposits - Restricted for construction	-	-	-	5,839,923	5,839,923	-	-	-
Investments – Certificates of deposits - Restricted	-	-	-	3,150,119	3,150,119	3,862,764	-	-
Total NonCurrent Assets	-	<u>829,011</u>	<u>2,623,976</u>	<u>12,183,317</u>	<u>15,636,304</u>	<u>8,786,402</u>	-	-
Total Assets	<u>\$ 1,152,003</u>	<u>\$ 62,835,170</u>	<u>\$ 63,290,761</u>	<u>\$ 16,835,539</u>	<u>\$ 144,113,473</u>	<u>\$ 136,141,990</u>	<u>\$ 1,769,912</u>	<u>\$ 1,723,120</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
PROPRIETARY FUNDS
STATEMENTS OF NET ASSETS (Continued)
June 30, 2010
With Comparative Totals for June 30, 2009

	Business-Type Activities – Enterprise Funds					Governmental Activities Internal Service Funds		
	2010					2009 Total	2010	2009
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total			
LIABILITIES AND NET ASSETS								
Current Liabilities:								
Accounts payable	\$ -	\$ 39,025	\$ 8,106,507	\$ 217,000	\$ 8,362,532	\$ 8,311,950	\$ -	\$ -
Medical claims payable	-	-	-	-	-	-	106,451	122,645
Other accrued payables	9,814	77,530	261,916	27,496	376,756	415,065	-	-
Bonds payable – current	-	190,000	575,000	525,000	1,290,000	630,000	-	-
Customer deposits	-	-	1,333,386	-	1,333,386	1,483,395	-	-
Due to other funds	-	-	-	-	-	-	12,562	12,562
Compensated absences	28,050	82,121	278,936	75,454	464,561	542,598	-	-
Revolving loan payable – current	-	327,304	-	-	327,304	322,276	-	-
Capital lease payable - current	49,213	-	-	26,360	75,573	-	-	-
Closure and postclosure costs	-	-	-	526,500	526,500	526,500	-	-
Total Current Liabilities	<u>87,077</u>	<u>715,980</u>	<u>10,555,745</u>	<u>1,397,810</u>	<u>12,756,612</u>	<u>12,231,784</u>	<u>119,013</u>	<u>135,207</u>
Long-Term Liabilities:								
Compensated absences	-	202,660	144,441	18,863	365,964	231,234	-	-
Bonds payable	-	44,275,175	20,295,000	7,475,000	72,045,175	67,025,175	-	-
Estimated liability for Landfill closure and postclosure care costs	-	-	-	5,673,408	5,673,408	5,128,581	-	-
Revolving loan payable	-	1,242,102	-	-	1,242,102	1,569,406	-	-
Capital lease payable	186,022	-	-	34,123	220,145	-	-	-
Advances - TVA	-	-	1,964,013	-	1,964,013	1,528,940	-	-
Deferred Credits	-	-	671,555	-	671,555	662,177	-	-
Total Long-Term Liabilities	<u>186,022</u>	<u>45,719,937</u>	<u>23,075,009</u>	<u>13,201,394</u>	<u>82,182,362</u>	<u>76,145,513</u>	<u>-</u>	<u>-</u>
Net Assets:								
Unrestricted	836,404	5,943,057	4,146,521	1,052,160	11,978,142	10,172,293	1,650,899	1,587,913
Restricted for property acquisitions	-	-	-	1,131,873	1,131,873	1,056,919	-	-
Invested in capital assets, net of related debt	42,500	10,456,196	25,513,486	52,302	36,064,484	36,535,481	-	-
Total Net Assets	<u>878,904</u>	<u>16,399,253</u>	<u>29,660,007</u>	<u>2,236,335</u>	<u>49,174,499</u>	<u>47,764,693</u>	<u>1,650,899</u>	<u>1,587,913</u>
Total Liabilities and Net Assets	<u>\$ 1,152,003</u>	<u>\$ 62,835,170</u>	<u>\$ 63,290,761</u>	<u>\$ 16,835,539</u>	<u>\$144,113,473</u>	<u>\$ 136,141,990</u>	<u>\$ 1,769,912</u>	<u>\$ 1,723,120</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
 June 30, 2010
 With Comparative Totals for June 30, 2009

	Business-Type Activities – Enterprise Funds					Governmental Activities Internal Service Funds		
	2010					2009 Total	2010	2009
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total			
Operating Revenues:								
Charges for services	\$ 907,020	\$ 10,328,616	\$ 53,230,396	\$ 3,257,580	\$ 67,723,612	\$ 72,174,102	\$ 3,604,680	\$ 3,635,891
Forfeited discounts	-	-	378,005	-	378,005	425,551	-	-
Miscellaneous revenues	-	25,886	224,807	76,021	326,714	375,540	1,181	1,040
Total Operating Revenues	<u>907,020</u>	<u>10,354,502</u>	<u>53,833,208</u>	<u>3,333,601</u>	<u>68,428,331</u>	<u>72,975,193</u>	<u>3,605,861</u>	<u>3,636,931</u>
Operating Expenses:								
Medical claims paid	-	-	-	-	-	-	2,478,309	2,568,853
Insurance premiums/administration	-	-	-	-	-	-	951,162	952,620
Administrative	81,708	653,507	2,492,831	-	3,228,046	3,293,777	-	-
Accounting and collections	-	633,759	-	-	633,759	644,648	-	-
Supervision	-	175,674	-	-	175,674	201,898	-	-
Water plant operation	-	1,532,703	-	-	1,532,703	1,688,614	-	-
Distribution and transmission	-	978,106	2,866,493	-	3,844,599	4,422,857	-	-
Meter reading and repair	-	270,543	-	-	270,543	309,026	-	-
Water maintenance	-	244,965	-	-	244,965	247,482	-	-
Sewage collection/disposal/pumping	-	2,614,824	-	-	2,614,824	2,517,153	-	-
Customer accounts	-	-	1,373,708	-	1,373,708	1,286,665	-	-
Purchased power	-	-	43,373,895	-	43,373,895	48,551,844	-	-
Landfill operation	-	-	-	2,565,827	2,565,827	2,555,229	-	-
Environmental compliance	-	119,637	-	-	119,637	251,122	-	-
Depreciation	31,427	2,080,428	2,309,630	525,481	4,946,966	4,473,976	-	-
Operations and maintenance	473,510	-	-	-	473,510	263,698	-	-
Street cleaning	97,666	-	-	-	97,666	103,031	-	-
Taxes and tax equivalents	-	400,000	1,148,497	-	1,548,497	1,411,774	-	-
Service center operations	-	-	-	-	-	-	207,404	220,008
Total Operating Expenses	<u>684,311</u>	<u>9,704,146</u>	<u>53,565,054</u>	<u>3,091,308</u>	<u>67,044,819</u>	<u>72,222,794</u>	<u>3,636,875</u>	<u>3,741,481</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (Continued)
June 30, 2010
With Comparative Totals for June 30, 2009

	Business-Type Activities – Enterprise Funds					Governmental Activities Internal Service Funds		
	2010					2009 Total	2010	2009
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total			
Operating Income (loss)	222,709	650,356	268,154	242,293	1,383,512	752,399	(31,014)	(104,550)
Other Income (Expense):								
Other income	-	-	21,335	18,789	40,124	9,990	-	-
Amortization of debt discount and expense	-	(38,988)	(26,387)	(11,721)	(77,096)	(56,188)	-	-
Interest expenses	-	(1,414,681)	(330,000)	(188,265)	(1,932,946)	(2,321,038)	-	-
Interest income	-	145,487	26,501	10,113	182,101	166,465	-	7,533
Total Other Income (Expense)	-	(1,308,182)	(308,551)	(171,084)	(1,787,817)	(2,200,771)	-	7,533
Net Income (loss) Before Capital								
Contributions and Transfers	222,709	(657,826)	(40,397)	71,209	(404,305)	(1,448,372)	(31,014)	(97,017)
Transfers In (Out)	-	-	-	-	-	-	94,000	-
Capital Contributions	-	1,814,111	-	-	1,814,111	565,229	-	-
Change in Net Assets Before Extraordinary Item	222,709	1,156,285	(40,397)	71,209	1,409,806	(883,143)	62,986	(97,017)
Extraordinary Item	-	-	-	-	-	(67,465)	-	-
Change in Net Assets	222,709	1,156,285	(40,397)	71,209	1,409,806	(950,608)	62,986	(97,017)
Net Assets – Beginning	656,195	15,242,968	29,700,404	2,165,126	47,764,693	48,715,301	1,587,913	1,684,930
Net Assets – Ending	\$ 878,904	\$ 16,399,253	\$ 29,660,007	\$ 2,236,335	\$ 49,174,499	\$ 47,764,693	\$ 1,650,899	\$ 1,587,913

CITY OF ALCOA, TENNESSEE
PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	Business-Type Activities – Enterprise Funds					Governmental Activities Internal Service Funds		
	2010					2009 Total	2010	2009
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total			
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash received from customers/employees' insurance	\$ 907,020	\$10,354,502	\$ 53,860,269	\$ 3,278,396	\$ 68,400,187	\$72,858,876	\$ 3,605,861	\$ 3,711,405
Cash payments to suppliers for goods and services/ medical claims	(465,373)	(5,084,742)	(48,433,758)	(1,581,711)	(55,565,584)	(58,976,312)	(3,653,069)	(3,781,804)
Cash payments to employees for services	(169,925)	(2,193,713)	(3,230,227)	(799,699)	(6,393,564)	(6,647,393)	-	-
Cash payments of taxes and tax equivalents	-	(400,000)	(1,148,497)	-	(1,548,497)	(1,411,774)	-	-
Net Cash Flows From Operating Activities	<u>271,722</u>	<u>2,676,047</u>	<u>1,047,787</u>	<u>896,986</u>	<u>4,892,542</u>	<u>5,823,397</u>	<u>(47,208)</u>	<u>(70,399)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
Restricted cash transfer	-	-	-	(1,257,472)	(1,257,472)	(468,020)	-	-
Closure/postclosure payments	-	-	-	526,500	526,500	526,500	-	-
Receipts from other funds	-	-	-	-	-	-	157,000	112,562
Payments to other funds	-	-	-	-	-	-	(63,000)	(147,280)
Net Cash Flows From Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(730,972)</u>	<u>(730,972)</u>	<u>58,480</u>	<u>94,000</u>	<u>(34,718)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Advances from TVA	-	-	951,669	-	951,669	698,179	-	-
Utility plant removal costs	-	-	63,580	-	63,580	60,239	-	-
Principal paid on bonds/notes/capital leases/revolving loan	(23,987)	(435,999)	(235,000)	(229,861)	(924,847)	(60,741,416)	-	-
Interest paid on bonds/notes/capital leases/revolving loan	-	(1,414,681)	(372,291)	(188,265)	(1,975,237)	(2,344,016)	-	-
Customer deposits received	-	-	327,875	-	327,875	269,450	-	-
Customer deposits refunded	-	-	(242,884)	-	(242,884)	(296,850)	-	-
Repayments of advances	-	-	(516,596)	-	(516,596)	(328,360)	-	-
Deferred credits	-	-	9,378	-	9,378	(24,632)	-	-
Merchandizing, jobbing, and contract work revenue	-	-	1,509	-	1,509	513	-	-
Collection on conservation loans	-	-	498,461	-	498,461	323,878	-	-
Payments for acquisition and construction of capital assets	(259,222)	(2,472,162)	(1,369,379)	(400,408)	(4,501,171)	(11,391,326)	-	-
Additional long-term bond/capital outlay notes/ revolving loans	259,222	-	-	6,155,344	6,414,566	67,352,875	-	-
Acquisition of conservation loans	-	-	(834,874)	-	(834,874)	(598,111)	-	-
Contributions in aid of construction	-	1,814,111	-	-	1,814,111	503,304	-	-
Long-term debt expenses capitalized	-	-	-	-	-	(261,000)	-	-
Net Cash Flows From Capital and Related Financing Activities	<u>(23,987)</u>	<u>(2,508,731)</u>	<u>(1,718,552)</u>	<u>5,336,810</u>	<u>1,085,540</u>	<u>(6,777,273)</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	Business-Type Activities – Enterprise Funds					Governmental Activities Internal Service Funds		
	2010					2009	2010	2009
	<u>Stormwater Utility</u>	<u>Water/ Sewer Utility</u>	<u>Electric Utility</u>	<u>Landfill</u>	<u>Total</u>	<u>Total</u>		
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchase of investment securities	-	-	(9,677,605)	(13,325,728)	(23,003,333)	(22,344,079)	-	-
Proceeds from sale and maturities of investment securities	-	400,000	9,639,938	8,104,109	18,144,047	23,118,460	-	-
Interest and dividends on investments	-	145,487	55,393	10,113	210,993	207,167	-	7,533
Net Cash Flows From Investing Activities	-	545,487	17,726	(5,211,506)	(4,648,293)	981,548	-	7,533
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	247,735	712,803	(653,039)	291,318	598,817	86,152	46,792	(97,584)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	626,533	4,462,794	3,701,048	1,748,807	10,539,182	10,453,030	1,723,120	1,820,704
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 874,268</u>	<u>\$ 5,175,597</u>	<u>\$ 3,048,009</u>	<u>\$ 2,040,125</u>	<u>\$11,137,999</u>	<u>\$ 10,539,182</u>	<u>\$ 1,769,912</u>	<u>\$ 1,723,120</u>
Operating Income (loss)	<u>\$ 222,709</u>	<u>\$ 650,356</u>	<u>\$ 268,154</u>	<u>\$ 242,293</u>	<u>\$ 1,383,512</u>	<u>\$ 752,399</u>	<u>\$ (31,014)</u>	<u>\$ (104,550)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation	31,427	2,080,428	2,309,630	525,481	4,946,966	4,473,976	-	-
Amortization	-	38,988	26,387	11,721	77,096	56,188	-	-
Changes in assets and liabilities:								
Accounts receivable	-	-	27,061	(55,205)	(28,144)	(103,128)	-	-
Prepaid expenses	-	-	(1,499,660)	-	(1,499,666)	509,053	-	27,194
Inventory	-	(84,202)	(13,326)	-	(97,258)	117,905	-	-
Other receivables	-	-	41,340	-	41,340	(22,978)	-	-
Accounts payable	-	(24,208)	(109,907)	184,697	50,582	49,072	-	-
Due to/from other funds	-	-	-	-	-	-	-	(40,323)
Other liabilities	7,370	-	(39,058)	(3,311)	(34,999)	(21,534)	(16,194)	47,280
Accrued payroll	-	(5,734)	2,424	-	(3,310)	27,807	-	-
Compensated absences	10,216	20,419	34,748	(8,690)	56,693	(15,363)	-	-
Total Adjustments	49,013	2,025,691	779,633	654,693	3,509,030	5,070,998	(16,194)	34,151
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 271,722</u>	<u>\$ 2,676,047</u>	<u>\$ 1,047,787</u>	<u>\$ 896,986</u>	<u>\$ 4,892,542</u>	<u>\$ 5,823,397</u>	<u>\$ (47,208)</u>	<u>\$ (70,399)</u>

(Continued)

CITY OF ALCOA, TENNESSEE
PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

(1) Cash and cash equivalents are as follows:

	Cash in <u>Bank</u>	Certificates of Deposit/ <u>Cash Equivalents</u>	<u>Total</u>
StormWater Utility	\$ 874,268	\$ -	\$ 874,268
Water/Sewer Utility	5,175,597	-	5,175,597
Electric Utility	1,676,994	1,371,015	3,048,009
Landfill	<u>2,040,125</u>	<u>-</u>	<u>2,040,125</u>
	<u>\$ 9,766,984</u>	<u>\$ 1,371,015</u>	<u>\$ 11,137,999</u>

Accounting Policy Note:

Cash and cash equivalents consist of demand deposits and certificates of deposit with original maturities of three (3) months or less.

Schedule of Noncash Investing and Financing Activities:

Acquisition of capital assets that were funded through vendor financing (recorded as capital leases payable), reclassified from construction in progress, or transferred are as follows:

Year Ended <u>June 30,</u>	Stormwater <u>Utility Fund</u>
2010	\$ -
2009	61,925

The Water and Sewer Utility Fund acquired capital assets that were reclassified from construction in progress as follows:

Year Ended <u>June 30,</u>	
2010	\$ 678,071
2009	6,011,295

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND
STATEMENTS OF FIDUCIARY NET ASSETS
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Investments		
Cash and cash equivalents.....	\$ 225,478	\$ 269,958
U.S. Treasury obligations.....	3,780,607	3,905,530
Corporate and foreign bonds	6,444,229	5,560,340
Common equity securities.....	9,722,914	9,932,143
Municipal obligations	222,269	-
Accrued interest.....	<u>120,480</u>	<u>117,854</u>
Total Assets	<u>\$ 20,515,977</u>	<u>\$ 19,785,825</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Net Assets:		
Held in trust for pension benefits.....	<u>20,515,977</u>	<u>19,785,825</u>
Total Liabilities and Net Assets.....	<u>\$ 20,515,977</u>	<u>\$ 19,785,825</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND
STATEMENTS OF CHANGES IN FIDUCIARY PLAN NET ASSETS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	<u>2010</u>	<u>2009</u>
Additions:		
Employer contributions.....	\$ 944,582	\$ 501,664
Interest income	817,349	766,904
Net appreciation in fair value of investments.....	<u>1,415,967</u>	<u>-</u>
Total Additions	<u>3,177,898</u>	<u>1,268,568</u>
Deductions:		
Net loss on investments sold	-	520,717
Benefit payments	2,359,594	2,192,693
Administrative expenses	88,152	70,791
Net depreciation in fair value of investments.....	<u>-</u>	<u>2,533,821</u>
Total Deductions	<u>2,447,746</u>	<u>5,318,022</u>
Change in Net Assets.....	730,152	(4,049,454)
Net Assets – Beginning of Year	<u>19,785,825</u>	<u>23,835,279</u>
Net Assets – End of Year.....	<u>\$ 20,515,977</u>	<u>\$ 19,785,825</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
AGENCY FUND
COMBINED BALANCE SHEET –
CITY OF ALCOA SCHOOLS' STUDENT ACTIVITY FUNDS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	<u>Alcoa High School</u>	<u>Alcoa Middle School</u>	<u>Alcoa Elementary School</u>	<u>Totals 2010</u>	<u>Totals 2009</u>
ASSETS:					
Cash in bank – checking, Savings and CDs	<u>\$ 206,519</u>	<u>\$ 60,481</u>	<u>\$ 63,412</u>	<u>\$ 330,412</u>	<u>\$ 318,940</u>
LIABILITIES AND FUND BALANCES:					
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420</u>
FUND BALANCE:					
General Fund:					
Unrestricted	30,102	29,129	58,994	118,225	123,032
Restricted:					
Reserved for restricted activities	<u>176,417</u>	<u>31,352</u>	<u>4,418</u>	<u>212,187</u>	<u>195,488</u>
Total General and Restricted Fund Balances	<u>206,519</u>	<u>60,481</u>	<u>63,412</u>	<u>330,412</u>	<u>318,520</u>
Total Liabilities and Fund Balances	<u>\$ 206,519</u>	<u>\$ 60,481</u>	<u>\$ 63,412</u>	<u>\$ 330,412</u>	<u>\$ 318,940</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
AGENCY FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
CITY OF ALCOA SCHOOLS' STUDENT ACTIVITY FUNDS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	Fund Balances July 1, 2009	Revenues	Expenditures	Excess (Deficit) of Revenues Over Expenditures	Other Financing Sources (Uses)		Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	Changes in Reserve For Inventory	Fund Balances	
					Operating Transfers In	Operating Transfers Out			June 30, 2010	June 30, 2009
Alcoa High School	\$ 180,812	\$ 802,635	\$ 776,928	\$ 25,707	\$ -	\$ -	\$ 25,707	\$ -	\$ 206,519	\$ 180,812
Alcoa Middle School	66,276	186,799	192,594	(5,795)	6,370	6,370	(5,795)	-	60,481	66,276
Alcoa Elementary School	<u>71,432</u>	<u>117,133</u>	<u>125,153</u>	<u>(8,020)</u>	<u>-</u>	<u>-</u>	<u>(8,020)</u>	<u>-</u>	<u>63,412</u>	<u>71,432</u>
Totals	\$ <u>318,520</u>	\$ <u>1,106,567</u>	\$ <u>1,094,675</u>	\$ <u>11,892</u>	\$ <u>6,370</u>	\$ <u>6,370</u>	\$ <u>11,892</u>	\$ <u>-</u>	\$ <u>330,412</u>	\$ <u>318,520</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Alcoa, Tennessee, was incorporated July 1, 1919, under the provisions of Act 116, P.A. 1919, as amended. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, public utilities, education, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City of Alcoa are in conformity with all applicable statements of the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

(A) FINANCIAL REPORTING ENTITY:

The City of Alcoa, Tennessee, is a municipal corporation governed by an elected five-member Board of Commissioners. As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the City of Alcoa, Tennessee (primary government) and all funds, organizations, agencies, departments, and offices that are a part of the primary government. The criteria for determining a primary government consist of the following:

- (1) A separately elected governing body.
- (2) Separate legal standing - corporate power with the capacity to have a name; the right to sue and be sued in its own name without recourse to a state or local governmental unit; and, the right to buy, sell, lease or mortgage property in its own name.
- (3) Fiscal independence of other state and local governments by determining its budget, levying taxes, setting rates or charges, and issuing bonded debt without approval by another government.

Based on the foregoing criteria, the following organizations are included in the accompanying financial statements by applying criteria set forth by the Governmental Accounting Standards Board (GASB) Statement 39 – “Determining Whether Certain Organizations Are Component Units.”

Alcoa Board of Education (Special Revenue Fund):

The Alcoa Board of Education is a separately elected body that administers the public school system in the City. The Board is not organized as a separate legal entity and does not have the power to levy taxes or issue bonds. The Board's budget is subject to approval by the City Commissioners to the extent that, under State law, the Board of Education has the discretionary authority to expend the amount appropriated to it by the City. The Board of Education requests a single amount to fund its operations; the City Commissioners can reject the Education Board's request and appropriate a lesser amount, but the City Commission does not have the ability to modify the individual line item amounts in the Education Board's requested budget. Although the Board of Education is separately elected, the Board of Education is a part of the City's government because the Board is not legally separate from the City and because the Board is fiscally dependent on the City.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(A) FINANCIAL REPORTING ENTITY (Continued):

City of Alcoa Schools' Student Activity Funds (Agency Fund):

The Alcoa Board of Education, through its school principals, governs the Student Activity Funds of the Alcoa City Schools as provided for in the Internal School Accounting Act (Tennessee Code Annotated Section 49-2-110). The Activity Fund monies are used to finance school extra-curricular activities for the benefit of the student body as a whole. The financial transactions of the Student Activity Funds are not presented with the Education Fund. Separate financials (available at the Board of Education Office) are issued for the Student Activity Funds. The Board of Education cannot access the Student Activity Funds' resources, nor does the Board have any legal obligation to subsidize the Activity Funds. The Student Activity Funds are presented as a Fiduciary Fund Type – Agency fund to account for the assets held by the City in an agency capacity for the Schools.

The following organization is excluded from the accompanying financial statements in that it does not meet the prescribed GASB Statement 39 criteria:

Tennessee Consolidated Retirement System (TCRS):

The City's teachers and other City employees participate in the TCRS, an employee benefit plan established as an individual entity, and is liable for its proportionate costs associated with the operation and administration of its plan. However, control over the operation and administration of the plan, including investment decisions, is vested in the State of Tennessee along with custody of the plan assets. (See Note 6)

(B) BASIC FINANCIAL STATEMENTS:

The basic financial statements (in accordance with GASB No. 34) include both government-wide (based on the City as a whole and its component units) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. *Governmental activities* are normally supported by taxes and intergovernmental revenues. *Business-type activities* rely to a significant extent, on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets as well as long-term obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses, including depreciation, on the various departments of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific department. Interest on general long-term debt and depreciation expense on assets shared by multiple departments, are not allocated to the various departments. Program revenues include revenues from fines and forfeitures, licenses and permit fees, special assessment taxes, certain intergovernmental grants, other entities participation and charges for services. Taxes and other items not properly included among program revenues are reported as general revenues.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(B) BASIC FINANCIAL STATEMENTS (Continued):

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The City does not currently utilize an indirect cost allocation system. The General Fund charges certain administrative fees to departments within other operating funds to support general services used by those funds. The expenditures/expenses are recorded as a reduction of expense in the allocating fund. Therefore, no elimination is required from either the government-wide or fund level financial statements.

The fund financial statements are, in substance, very similar to the financial statements presented in the previous financial reporting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds are summarized into a single column.

Unless an internal service fund is combined with the business-type activities (deemed to be an infrequent event), totals on the proprietary fund statement should directly reconcile to the business-type activity column presented in the government-wide statements.

Internal service funds of a government (which traditionally provide services primarily to other funds of the City) are presented as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate department.

(C) BASIS OF PRESENTATION:

The City uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid in the City's financial management by segregating transactions related to certain functions or activities.

The following fund categories are used by the City:

GOVERNMENTAL FUNDS: All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered "measurable" (susceptible to accrual) when in the hands of intermediary collecting agencies and are recognized as revenues at that time. All other intergovernmental revenues are recorded as revenue when received. Property tax revenues are recognized in the fiscal year for which they are levied. Expenditures are recognized when the related fund liability is incurred.

General Fund: The General Fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered a major fund in the basic financial statements.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(C) **BASIS OF PRESENTATION (Continued)**

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. There is one special revenue fund presented as a major fund in the basic financial statements:

Education Fund: The Education Fund is used to account for the general operations of the Alcoa City Schools.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general obligation long-term debt principal, interest, and related costs. The debt service fund is presented as a major fund in the basic financial statements.

Capital Projects Funds: Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of capital facilities and/or related improvements, other than those financed by Enterprise operations. There is one capital project fund presented as a major fund in the basic financial statements:

School Construction and Improvement Fund: The School Construction and Improvement Fund is used to account for expenditures incurred in the renovation of schools within the Alcoa City School System.

Proprietary Funds: Proprietary funds are used to account for the City's ongoing operations and activities, which are similar to those often found in the private sector. The focus of Proprietary Fund measurement is upon the determination of operating income, changes in net assets, financial position and cash flows. Each proprietary fund is reported as major funds in the basic financial statements.

Proprietary funds include the following fund types:

Enterprise Fund: Enterprise Funds are used to account for operations, including debt service, (a) that are financed and operated in a manner similar to private businesses – where the intent of the government body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user charges; or (b) where the governing body has determined that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Water and Sewer Utility Fund: The Water and Sewer Utility Fund is used to account for the operation of the City's water and sewer system.

Electric Utility Fund: The Electric Department Fund is used to account for the operation of the City's electric system.

Landfill Fund: The Landfill Fund is used to account for the operation by the City of the Blount County Landfill.

Stormwater Utility Fund: The Stormwater Utility Fund is used to account for the operations of the City's stormwater utility system.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(C) **BASIS OF PRESENTATION (Continued)**

Internal Service Funds: Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

Employee’s Insurance Trust Fund: The Employee’s Trust Fund is used to account for the City of Alcoa’s self-insured health insurance program. Premiums charged to various operating funds and employee payroll deductions are placed in this fund for the payment of medical claims and administrative expenses.

Flexible Spending Account Fund: The Flexible Spending Account Fund is used to account for the City of Alcoa’s flexible spending program. Employee payroll deductions are placed in this fund for the payment of dependent care and medical claims.

Service Center Fund: This fund is used to account for services provided to other departments of the City by the Service Center, on a cost reimbursement basis.

OPEB Insurance Fund: This fund is used to account for the City’s liability for postemployment benefits, including payments and required contributions for all City employees.

School OPEB Insurance Fund: This fund is used to account for the Alcoa Board of Education’s liability for postemployment benefits, including payments and required contributions for all school employees.

Fiduciary Funds Types: These Funds account for assets held by the City as trustee or agent, and are as follows:

Pension Trust Fund: This fund was established to provide pension benefits for City employees. The Pension Trust Fund is used to account for assets held by the City of Alcoa in a fiduciary capacity for employees or former employees of the City. The Pension Trust Fund, like Proprietary Funds, uses the accrual method of accounting.

Agency Fund: This fund is used to report resources held by the City in a purely custodial capacity for the benefit of students in the schools of the City of Alcoa.

(D) **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the source and use of liquid resources, and 3) demonstrate how the City’s actual experience conforms to the biennial budget. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” is defined as collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Revenues susceptible to accrual include property tax, local sales tax, state-shared sales tax, highway user tax, vehicle license tax, franchise fees, special assessments and interest earned on pooled investments. Licenses and permits, charges for services, fines and forfeitures and miscellaneous revenues are generally recorded as revenues when received in cash because they are not measurable until actually received. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for a specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to the purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The City reports deferred revenues in the governmental funds if the potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Since the governmental fund financial statements are presented on a basis different than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule is charges between the government’s water and sewer function and various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the applicable functions.

Amounts reported as program revenue include 1) charges to customers or users who purchase, use or directly benefit from goods or services provided by a particular department 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular department and 3) capital grants and contributions that are restricted. Taxes, investment income and other revenues not identifiable with a particular department are included as general revenues. The general revenues support the net costs of the departments not covered by the program revenues.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources, as they are needed.

GASB No. 20 requires that governments with proprietary activities apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (“FASB”) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Accounting Principles Board Opinion No. 22, Disclosure of Accounting Policies, require the same treatment for the government-wide financial statements. The City has elected not to implement FASB Statements and Interpretations issued after November 30, 1989 for the government-wide or proprietary fund financial statements.

Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Accounting Principles Board Opinion No. 22, Disclosure of Accounting Policies, require the same treatment for the government-wide financial statements. The City has elected not to implement FASB Statements and Interpretations issued after November 30, 1989 for the government-wide or proprietary fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services of the fund's principal ongoing operations. Operating expenses include the cost of providing the goods and services, administrative expenses, and depreciation on capital assets. Non-operating revenues and expenses are items such as investment income and interest expense, which are not a result of the direct operations of the activity.

Management's Discussion and Analysis – In accordance with GASB Statement No. 34, the financial statements are accompanied by a narrative introduction and analytical overview of the City's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

Government-Wide Financial Statements – The financial statements are prepared using full accrual accounting for all of the City's activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Assets – The statement of net assets is designed to display the financial position of the primary government (government and business-type activities). The City reports all capital assets in the government-wide statement of net assets and reports depreciation expense – the cost of "using up" capital assets – in the statement of activities. The net assets of the City are broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the City has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(E) BUDGETS AND BUDGETARY ACCOUNTING:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In a timely manner, the City Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted by the City to obtain taxpayer comments.
3. Prior to July 1st, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts within a department of any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the Board of Commissioners.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
6. Budgets for the General Fund, Special Revenue Funds (excluding the Special Assessment Fund), and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles.

Budgeted amounts are as originally adopted, or as amended by the Commissioners. Individual amendments were not material in relation to the original appropriations. All appropriations lapse at year end.

(F) ENCUMBRANCES:

Encumbrance accounting, under which purchase orders, contracts, or other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as reservations of fund equities, since the commitments will be honored through subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities.

(G) CASH:

The City pools cash resources of some of its various funds (excluding fiduciary funds) in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments. Cash and cash equivalents consist of demand deposits and certificates of deposit with original maturities of three (3) months or less, primarily with local financial institutions. The deposits and investments of the pension funds are held separately from those of other governmental funds.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(G) CASH (Continued):

Custodial Credit Risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy is to only maintain funds in financial institutions which are members of the Tennessee Bank Collateral Pool.

The caption "cash" in the accompanying combined financial statements includes cash and equity in the pooled cash account described above as follows:

	<u>Equity Pooled In Cash Account</u>	<u>Other Cash Account</u>	<u>Combined Cash Total</u>
General Fund.....	\$ 1,899,928	\$ 1,200	\$ 1,901,128
Special Revenue Funds:			
State Street Aid Fund.....	264,164	-	264,164
Education Fund	1,188,590	-	1,188,590
Federal Projects.....	93,949	-	93,949
Cafeteria Fund.....	-	112,090	112,090
Extended Day Program Fund.....	12,703	710	13,413
Special Assessment Fund.....	8,860	-	8,860
Solid Waste Sanitation Fund.....	154,305	-	154,305
Drug Control Fund	152,492	-	152,492
Commercial Vehicle Fines Fund.....	<u>27,040</u>	<u>-</u>	<u>27,040</u>
Total Special Revenue Funds	<u>1,902,103</u>	<u>112,800</u>	<u>2,014,903</u>
Debt Service Fund.....	<u>95,766</u>	<u>-</u>	<u>95,766</u>
Capital Projects Funds:			
Capital Projects Fund	-	80,918	80,918
General Obligation Public Works -			
Construction Fund	8,350	-	8,350
School Construction and Improvement Fund	327,343	-	327,343
2001 Special Projects Fund.....	125,658	-	125,658
Equipment Replacement Fund	249,678	-	249,678
Bessie Harvey Memorial Fund.....	3,025	-	3,025
Greenway Fund.....	643,930	-	643,930
Landscaping Fund	130,886	-	130,886
Home Grant Fund.....	780	-	780
Special Projects	<u>98,009</u>	<u>-</u>	<u>98,009</u>
Total Capital Projects Funds	<u>1,587,659</u>	<u>80,918</u>	<u>1,668,577</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(G) CASH (Continued):

	<u>Equity Pooled In Cash Account</u>	<u>Other Cash Account</u>	<u>Combined Cash Total</u>
Proprietary Funds:			
Employees' Insurance Fund.....	-	1,444,246	1,444,246
Flexible Spending Fund.....	13,261	-	13,261
Service Center.....	55,405	-	55,405
OPEB Insurance.....	163,000	-	163,000
School OPEB Insurance	94,000	-	94,000
Water and Sewer Utility Fund.....	5,175,597	-	5,175,597
Electric Utility Fund.....	-	1,676,994	1,676,994
Landfill Fund	-	2,040,125	2,040,125
Stormwater Utility Fund.....	874,268	-	874,268
	<u>6,375,531</u>	<u>5,161,365</u>	<u>11,536,896</u>
Total Proprietary Funds	<u>6,375,531</u>	<u>5,161,365</u>	<u>11,536,896</u>
TOTALS	<u>\$ 11,860,987</u>	<u>\$ 5,356,283</u>	<u>\$ 17,217,270</u>

(H) RECEIVABLES AND UNBILLED REVENUE:

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

During the fiscal year 1983, the City adopted a procedure whereby the Electric Utility Fund purchases the receivables of the Water and Sewer Utility Fund. This procedure results in one billing to customers for user charges.

The Enterprise Funds delay the recording of some accrued revenues. This comes about by staggering their meter reading dates during the month. Consequently, there is a lag in meter reading time and billing dates as the Utilities do not bill at a cut-off date of June 30th, the year-end. Unbilled revenues are estimated by calculation of the number of days unrecorded based on the following month's billing.

The Utilities' approximate unbilled revenues at June 30, 2010 are as follows:

Electric Utility Fund.....	\$ 2,824,868
Water and Sewer Utility Fund	<u>746,903</u>
Total	<u>\$ 3,571,771</u>

(I) INVESTMENTS:

Investments in governmental type funds are stated at cost which approximates market. Investments in fiduciary funds are stated at fair value. Investments and non-cash equivalents consist of certificates of deposit, United States government securities, commercial paper and bonds with an original maturity date greater than three (3) months.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(J) DUE TO AND DUE FROM OTHER FUNDS, AND INTERFUND TRANSFERS:

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

All interfund transactions are accounted for as transfers. Non-recurring or non-routine transfers of equity between funds are considered residual equity transfers, and all other transfers are treated as operating transfers.

Operating transfers represent intragovernmental transactions, and therefore, cannot be considered as revenues or expenditures of the related funds for financial reporting purposes. The exception to transfers between funds are transactions between funds whereby the transaction is classified as a revenue, expenditure, or expense, such as routine service charges for inspection, engineering, utilities, or similar services provided by a department financed from one fund to a department financed from another fund. These transactions give rise to the recording of revenues, expenditures, and expenses by the funds involved in the transaction, as if the transaction had been consummated with an external entity.

Interfund receivables/payables (due to/from) at June 30, 2010, are as follows:

	Due To:			
	Education Fund	General Fund	Federal Projects	Total
<u>Due From:</u>				
Flex Spending	\$ -	\$ 12,562	\$ -	\$ 12,562 (1)
Federal Projects Fund	313,853	-	-	313,853 (1)
Bessie Harvey Fund	-	1,057	-	1,057 (1)
Cafeteria Fund	10,043	-	-	10,043 (1)
Education Fund	-	-	8,726	8,726 (1)
	\$ 323,896	\$ 13,619	\$ 8,726	\$ 346,241

(1) The above balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

(K) INTEREST RECEIVABLE:

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(L) INVENTORIES AND PREPAID ITEMS:

Materials and supplies inventories of the proprietary funds are maintained by a perpetual inventory accounting system and are valued on a basis of the lower of average cost or market, using first-in first-out method. Inventory of the Alcoa City Schools' Cafeteria Fund is accounted for on the purchase (cost) basis, using the first-in first-out method.

Prepaid items consist of payments to vendors for costs applicable to future accounting periods. These items are recorded as prepaid items in both the government wide and fund financial statements.

(M) OTHER ASSETS:

Other assets held are recorded and accounted for at cost.

(N) RESTRICTED ASSETS:

The Electric Utility Fund, based on certain Tennessee Valley Authority requirements for bond and administrative covenants, is required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. Restricted assets at June 30, 2010 amount to \$3,600,620 in compliance with bond covenants.

State and federal laws and regulations require the Landfill Fund to restrict cash and investments for closure and postclosure costs of the Landfill. Restricted at June 30, 2010 is \$6,199,908.

(O) USE OF ESTIMATES:

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

(P) COMPENSATED ABSENCES:

The City of Alcoa employees are granted vacation and sick leave in varying amounts. Vacation is generally granted for periods from two (2) to five (5) weeks based on the number of years employed. Employees earning more than two (2) weeks of vacation during the previous calendar year may carry over one (1) week (40 hours) of vacation leave in addition to that earned the preceding year. In the event of termination, an employee is reimbursed for accumulated vacation days. Sick leave is accumulated at one (1) day per month for an unlimited amount. Employees are reimbursed for accumulated sick leave up to a maximum of eighty (80) days only after reaching the established normal retirement age. If an employee terminates prior to attaining the normal retirement age, the accumulated sick leave is forfeited.

Employees of the City of Alcoa Board of Education accumulate sick leave at the rate of one (1) day per month or a maximum of ten (10) days per year based upon a ten (10) month period. Non-professional employees of the Board have the same sick leave policies as other employees of the City of Alcoa.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(P) COMPENSATED ABSENCES (Continued):

Compensated absences are those absences for which employees will be paid for services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer and employee are accounted for in the period those services are rendered or those events take place.

In governmental funds, compensated absences that have matured (i.e. unused reimbursable leave still outstanding following an employee’s resignation or retirement) are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported as General Long Term Debt. In the proprietary funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

(Q) CAPITAL ASSETS

Capital assets, including public domain infrastructure (e.g. roads, bridges, sidewalks and culverts) are reported in applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add value to the asset, or materially extend its life, are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, if material. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives (land and construction-in-progress) are not depreciated:

<u>Assets</u>	<u>Useful life (years)</u>
Buildings	50
Improvements	20 – 50
Equipment and vehicles	5 - 25
Infrastructure	60

(R) COMPARATIVE TOTAL DATA:

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City’s financial position and operations. Certain comparative data for the prior year was reclassified to be comparable with June 30, 2010 accounts in the government wide and fund financial statements. However, comparative data (i.e., presentation of prior year’s totals by fund type) have not been presented in each of the statements, since their inclusion would make the statements unduly complex and difficult to read.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(S) RECLASSIFICATIONS/NET ASSETS RESTATED:

Certain prior year assets, liabilities, equity, revenues and expenditures of the General Fund, Special Revenue Funds, Fiduciary Fund and Enterprise Funds have been reclassified to facilitate comparison with June 30, 2010 amounts. The reclassification causes no effect on the "excess of revenues and other sources over expenditures and other uses" or on beginning fund equities.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Total fund balances of the City's governmental funds differ from net assets of governmental activities reported in the statement of net assets. The difference primarily results from the long-term economic focus in the statement of net assets versus the current financial resources focus in the governmental fund balance sheets.

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

	<u>Balance Sheet/Statement of Net Assets</u>				
	<u>Total</u> Governmental <u>Funds</u>	<u>Long-term</u> Assets, <u>Liabilities</u> <u>(1)</u>	<u>Internal</u> Service <u>Funds</u> <u>(2)</u>	<u>Reclassifications</u> and <u>Eliminations</u>	<u>Statement of</u> <u>Net Assets</u>
<u>Assets</u>					
Cash on hand and equity					
in pooled cash	\$ 5,680,374	\$ -	\$ 1,769,912	\$ -	\$ 7,450,286
Certificates of Deposit	1,000,950	-	-	-	1,000,950
Tennessee Local					
Government Investment Pool	624,569	-	-	-	624,569
Receivables:					
Taxes, net	11,799,164	-	-	-	11,799,164
Accounts, net	75,497	-	-	2,224	77,721
Note	1,982	-	-	(1,982)	-
Credit Union	242	-	-	(242)	-
Internal balances	346,241	-	-	-	346,241
Due from other governments	2,215,200	-	-	-	2,215,200
Net OPEB asset	-	-	-	164,464	164,464
Capital Assets, Net	-	48,753,578	-	-	48,753,578
Capital lease property	-	9,142,400	-	-	9,142,400
Prepaid items	1,065	-	-	-	1,065
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 21,745,284</u>	<u>\$ 57,895,978</u>	<u>\$ 1,769,912</u>	<u>\$ 164,464</u>	<u>\$ 81,575,638</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets (Continued)

	<u>Balance Sheet/Statement of Net Assets</u>				
	<u>Total</u> Governmental <u>Funds</u>	<u>Long-term</u> Assets, <u>Liabilities</u> (1)	<u>Internal</u> Service <u>Funds</u> (2)	<u>Reclassifications</u> and <u>Eliminations</u>	<u>Statement of</u> <u>Net Assets</u>
<u>Liabilities and Net Assets</u>					
Accounts payable	\$ 912,902	\$ -	\$ 106,451	\$ -	\$ 1,019,353
Accrued payroll	210,500	-	-	-	210,500
Grant anticipation note	1,300,000	-	-	-	1,300,000
Unapplied grant funds	230,542	-	-	-	230,542
Unearned revenue	11,736,779	-	-	-	11,736,779
Long-term debt	-	48,285,000	-	-	48,285,000
Compensated absences	54,772	-	-	-	54,772
Capital lease payable	-	9,341,120	-	-	9,341,120
Internal balances	333,679	-	12,562	-	346,241
Unfunded pension obligation	-	-	-	441,594	441,594
Unfunded OPEB obligation	-	-	-	<u>55,985</u>	<u>55,985</u>
Total Liabilities	<u>14,779,174</u>	<u>57,626,120</u>	<u>119,013</u>	<u>497,579</u>	<u>73,021,886</u>
Total Fund Balance/Net Assets	<u>6,966,110</u>	<u>269,858</u>	<u>1,650,899</u>	<u>(333,115)</u>	<u>8,553,752</u>
Total Liabilities and Fund Balance/Net Assets	<u>\$ 21,745,284</u>	<u>\$ 57,895,978</u>	<u>\$ 1,769,912</u>	<u>\$ 164,464</u>	<u>\$ 81,575,638</u>

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets (Continued):

When capital assets (land, infrastructure, buildings, and equipment) that are to be used in governmental activities are purchased or constructed the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 79,671,864
Accumulated depreciation	<u>(30,918,286)</u>
	<u>\$ 48,753,578</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Compensated absences	\$ 54,772
Bonds, capital improvement notes, loans and capital lease obligations	<u>57,626,120</u>
	<u>\$ 57,680,892</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(Continued):

Internal service funds are used by management to charge the costs of self-insurance, service center operations, fleet maintenance, and data processing services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

\$ 1,769,912

(B) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The net change in fund balances for governmental funds differ from the change in net assets for governmental activities reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated on the following page.

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

	Total Governmental <u>Funds</u>	Capital- Related <u>Items</u> (4)	Long-term Debt <u>Transactions</u> (5)	Internal Service <u>Funds</u>	Reclass- ifications	Statement of <u>Activities</u>
<u>Revenues</u>						
Taxes	\$20,790,496	\$ -	\$ -	\$ -	\$ (3,803,981)	\$ 16,986,515
Sales taxes	-	-	-	-	14,134,814	14,134,814
State income & excise tax	-	-	-	-	101,659	101,659
Licenses, permits and fees	418,004	-	-	-	(418,004)	-
Business taxes	-	-	-	-	684,788	684,788
Intergovernmental	15,453,154	(1,876,004)	-	-	(15,453,154)	-
Capital grants/contributions	-	-	-	-	665,927	665,927
Operating grants/contributions	-	-	-	-	2,285,592	2,285,592
In lieu of taxes	-	-	-	-	1,548,497	1,548,497
Charges for services	1,033,120	-	-	-	548,157	1,581,277
Fines, forfeitures, and costs	580,522	-	-	-	(580,522)	-
Investment income	11,828	-	-	-	-	11,828
Miscellaneous revenue	144,164	-	-	-	(144,164)	-
American Recovery and Reinvestment Act (ARRA)	1,431,848	-	-	-	(1,431,848)	-
Property rentals	154,744	-	-	-	(154,744)	-
In-lieu of taxes	-	-	-	-	140,979	140,979
	<u>40,017,880</u>	<u>(1,876,004)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,141,876</u>
Total Revenues						

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(Continued):

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

	Total Governmental <u>Funds</u>	Capital- Related <u>Items</u> (4)	Long-term Debt <u>Transactions</u> (5)	Internal Service <u>Funds</u>	Reclass- ifications	Statement of <u>Activities</u>
Expenditures/Expenses						
Current:						
General government	1,585,698	-	-	(62,986)	-	1,522,712
Public safety – Police/Fire	7,145,375	-	-	-	(128,831)	7,016,544
Public works - Streets	4,330,871	-	191,817	-	-	4,522,688
Recreation and Arts	1,140,865	-	-	-	-	1,140,865
Economic development	2,167,843	-	-	-	-	2,167,843
Education	16,451,592	-	-	-	-	16,451,592
Debt service - principal retirement	2,462,276	-	(2,462,276)	-	-	-
Debt service - Interest and fiscal fees	5,644,637	-	-	-	-	5,644,637
Capital Outlay	<u>3,673,344</u>	<u>(3,673,344)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>44,602,501</u>	<u>(3,673,344)</u>	<u>(2,270,459)</u>	<u>(62,986)</u>	<u>(128,831)</u>	<u>38,466,881</u>
<u>Other Financing Sources (Uses)/</u>						
<u>Changes in Net Assets</u>						
Transfers (Out)	(2,911,499)	-	2,817,499	-	94,000	-
Transfers In	2,817,499	-	(2,817,499)	-	-	-
Bond proceeds	<u>1,024,635</u>	<u>-</u>	<u>(1,024,635)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)/Changes In Net Assets	<u>930,635</u>	<u>-</u>	<u>(1,024,635)</u>	<u>-</u>	<u>94,000</u>	<u>-</u>
Net Change for the Year	<u>\$ (3,653,986)</u>	<u>\$ 1,797,340</u>	<u>\$ 1,245,824</u>	<u>\$ 62,986</u>	<u>\$ 222,831</u>	<u>\$ (325,005)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrual for compensated

Absences \$ 54,722

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas, net assets decrease by the amount of depreciation expense charged for the year, and the loss on disposal of capital assets.

Capital expenditures \$ 3,673,344

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(Continued):

Repayment of debt principal is reported as a expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. The City's long-term debt was reduced because principle payments were made to holders of long-term debt.

Principal payments made	\$ <u>2,462,276</u>
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Issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. Proceeds were received from:

General obligation bonds	\$ <u>1,100,000</u> (net \$1,024,635)
--------------------------	---------------------------------------

NOTE 3 – CASH AND INVESTMENTS:

In order to provide a safe temporary medium for investment of idle funds, municipalities are authorized by TCA 6-56-106 to invest in the following:

- (1) Bonds, notes, or treasury bills of the United States;
- (2) Other obligations which are guaranteed as to principal and interest by the United States or any of its agencies;
- (3) Certificates of deposit at state and federal chartered bank and savings and loan associations;
- (4) Obligations of the United States or its agencies under a repurchase agreement if approved as an authorized investment by the State Director of Local Finance;
- (5) Money market funds whose portfolios consist of any of the foregoing investments if approved as an authorized investment by the State Director of Local Finance; and
- (6) The Local Government Investment Pool under which local monies are transferred to and invested with the State Treasurer's cash portfolio.

Cash and investment include bank balances and investments that at the balance sheet date were either entirely insured or collateralized with securities held by the Tennessee Investment Collateral Pool.

Interest rate risk: The City has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's internal management procedures limits investments to maturities of less than twelve months.

Credit risk of investments: The City has no formal policy relating to the credit risk of investments, but has internal management procedures restricts the purchase of securities to the highest possible ratings. Certain bond proceeds are temporarily invested with Morgan Keegan which is unrated. Other investments consist of certificates of deposits in fully insured financial institutions. The City also invests in the LGIP (Local Government Investment Pool) which is unrated.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 – CASH AND INVESTMENTS (Continued):

Presented below is a summary of Combined Cash, Certificates of Deposit and Investments by Fund as of June 30, 2010:

SUMMARY OF CASH AND INVESTMENTS BY FUNDS:

Fiduciary Funds – Pension Trust	\$ 20,395,497
Agency Funds – Cash	330,412
Total Fiduciary Fund.....	<u>\$ 20,725,909</u>

Statement of Net Assets:

Special Revenue Funds and Capital Projects Funds - Local Government Investment Pool ...	\$ 622,907
Enterprise Funds – Restricted Assets.....	12,039,831
Enterprise Funds - Non-restricted Assets.....	4,971,635
Capital Projects - Non-restricted Assets.....	1,000,950
General Fund	1,662
Funds Held by Bond Trustee.....	<u>2,506,043</u>
Total Governmental and Enterprise Funds	<u>21,143,028</u>

SUMMARY OF CHECKING ACCOUNTS BY FUNDS:

General Fund (includes cash on hand of \$1,200)	1,901,128
Special Revenue Funds	2,014,903
Debt Service Fund	95,766
Capital Projects Funds	1,668,577
Internal Service Funds	1,769,912
Enterprise Funds – Non-restricted Assets (includes cash on hand of \$8,800).....	<u>9,766,984</u>
Total Checking Accounts By Funds	<u>17,217,270</u>
Total Checking and Certificates of Deposit – Statement of Net Assets	<u>\$ 38,360,298</u>

Total cash and investments presented on the statement of net assets are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash/equity in pooled cash	\$ 7,450,286	\$ 9,766,984	\$ 17,217,270
Certificates of Deposit.....	1,000,950	4,971,635	5,972,585
Restricted cash	-	3,049,789	3,049,789
Restricted Certificates of Deposit	-	8,990,042	8,990,042
TN Local Government Investment Pool.....	624,569	-	624,569
Funds held by Bond Trustee	-	<u>2,506,043</u>	<u>2,506,043</u>
Totals	<u>\$ 9,075,805</u>	<u>\$ 29,284,493</u>	38,360,298

Fiduciary Funds – Investments, at fair values (Employees Retirement System).....	20,515,977
Agency Funds – City of Alcoa Schools Student Activity Funds.....	330,412
Total Cash and Investments	<u>\$ 59,206,687</u>

Investments in the Local Government Investment Pool, if applicable, are reported at amortized cost. The State Pooled Investment Fund, of which the Local Government Investment Pool is a part, is managed like a SEC 2a-7 fund. The same investment guidelines are followed, but the State Pooled Investment Fund does not report to the SEC.

The shares in the Local Government Investment Pool are constant dollar. Therefore, the fair value of the position in the Pool is the same as the value of the Pool shares.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 – CASH AND INVESTMENTS (Continued):

The State Pooled Investment Fund is governed by the State Funding Board in accordance with Tennessee Code Annotated. The Funding Board is comprised of the State Treasurer, the Comptroller, the Commissioner of Finance and Administration, the Secretary of State, and the Governor. Reporting is done monthly, quarterly, and annually and there are regularly scheduled meetings. The Funding Board has developed an Investment Policy which meets SEC 2a-7 requirements and state law. The Investment Pool has received no credit quality rating from a credit rating agency.

Additional financial information regarding the Local Government Investment Pool is available from the Local Government Investment Pool, P. O. Box 198785, Nashville, Tennessee 37219-8785 (telephone (615) 532-1163).

The Employees' Retirement System Fund is additionally authorized to invest in U.S. Government Securities and corporate equity securities. Investments and non-cash equivalents in this Fiduciary Fund at June 30, 2010, are described below:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Government Bonds	\$ 3,780,607	\$ 3,780,607
Savings Certificates.....	225,478	225,478
Corporate Securities.....	16,167,143	16,167,143
Municipal Obligations.....	<u>222,269</u>	<u>222,269</u>
Total Retirement System...	<u>\$ 20,395,497</u>	<u>\$ 20,395,497</u>

Credit Risk – Employees’ Retirement System Fund

The credit quality rating of investments in debt securities – the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. A nationally recognized statistical rating organization assigns a rating. The City’s investments in U.S. Agencies are rated Aaa, whereas the corporate securities investments are unrated. First Tennessee Bank is the investment agent for the Employees’ Retirement System Fund. Additional financial information regarding the Employees’ Retirement System Fund is available from First Tennessee Bank, 4385 Poplar Avenue, Memphis, TN 38117.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. While the City has no formal policy to limit its interest rate risk, it manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term certificates of deposit and by timing cash flows from maturities so that a portion of the portfolio is maturing evenly over time as necessary to provide cash flow and liquidity needed for operations.

Concentrations of Credit Risk

The City places no limit on the amount the City may invest in any one issuer.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4 – PROPERTY TAX:

The City's property tax is levied each September 1st on the assessed value as listed by the County Assessor and is payable by each October 1st. Property taxes are delinquent after October 1st, and are recorded as such on June 30th. The assessed values are established by the County Assessment Board. The City's tax rate for the years ended June 30, 2010 and 2009 was 2.10 per \$100.00 of assessed value.

Property taxes levied for 2009 are recorded as receivables, net of estimated uncollectibles. The taxes collected during the fiscal year 2009-10 and expected to be collected in the subsequent sixty (60) days are recognized as revenues in the fiscal year ended June 30, 2010.

Property taxes for 2010 are recorded (estimated at \$8,723,479) as receivables, since the enforceable legal claim to the asset (2010 taxes) is effective as of January 1, 2010 (lien date) in accordance with the "Codification of Governmental Accounting and Financial Reporting Standards – Section No. 50.114."

NOTE 5 – CAPITAL ASSETS:

Fixed assets are stated at cost. Below is a summary of changes in Capital Fixed Assets and Accumulated Depreciation used in Governmental Activities:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfer</u> <u>In (Out)</u>	<u>Balance</u> <u>June 30, 2010</u>
Non-depreciable assets:					
Land	\$ 1,624,767	\$ 188,812	\$ 47,846	\$ -	\$ 1,765,733
Depreciable assets:					
Parks & Greenway	843,630	-	-	-	843,630
Accumulated depreciation	<u>(499,972)</u>	<u>(56,242)</u>	<u>-</u>	<u>-</u>	<u>(556,214)</u>
	<u>343,658</u>	<u>(56,242)</u>	<u>-</u>	<u>-</u>	<u>287,416</u>
Buildings	29,638,561	-	16,880	-	29,621,681
Accumulated depreciation	<u>(7,995,515)</u>	<u>(605,972)</u>	<u>(10,803)</u>	<u>-</u>	<u>(8,590,684)</u>
	<u>21,643,046</u>	<u>(605,972)</u>	<u>6,077</u>	<u>-</u>	<u>21,030,997</u>
Swimming Pools	991,178	-	-	-	991,178
Accumulated depreciation	<u>(346,913)</u>	<u>(49,558)</u>	<u>-</u>	<u>-</u>	<u>(396,471)</u>
	<u>644,265</u>	<u>(49,558)</u>	<u>-</u>	<u>-</u>	<u>594,707</u>
Improvements other than buildings	30,010,129	6,864,671	281,929	-	36,592,871
Accumulated depreciation	<u>(15,625,680)</u>	<u>(1,246,212)</u>	<u>(181,101)</u>	<u>-</u>	<u>(16,690,791)</u>
	<u>14,384,449</u>	<u>5,618,459</u>	<u>100,828</u>	<u>-</u>	<u>19,902,080</u>
Equipment	6,926,563	884,122	109,411	-	7,701,274
Accumulated depreciation	<u>(4,226,368)</u>	<u>(567,169)</u>	<u>(109,411)</u>	<u>-</u>	<u>(4,684,126)</u>
	<u>2,700,195</u>	<u>316,953</u>	<u>-</u>	<u>-</u>	<u>3,017,148</u>
Construction in progress	<u>5,506,072</u>	<u>878,580</u>	<u>4,229,155</u>	<u>-</u>	<u>2,155,497</u>
Capital Assets, net of Accumulated depreciation	<u>\$ 46,846,452</u>	<u>\$ 6,291,032</u>	<u>\$ 4,383,906</u>	<u>\$ -</u>	<u>\$ 48,753,578</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 – CAPITAL ASSETS (Continued):

A summary of business type capital assets and accumulated depreciation is as follows:

CAPITAL ASSETS:

		Non- Depreciable Land, Land Rights and Easements	Electric Distribution and Buildings	Electric Station Equipment and Improvements Other than Buildings	Equipment	Construction in Progress	Totals
ELECTRIC	Balance 7-1-09	\$ 336,481	\$ 43,187,542	\$ 11,354,409	\$ 11,465,052	\$ 1,155,936	\$ 67,499,420
	Additions	-	1,542,030	-	1,443	-	1,543,473
	Retirements	-	(247,490)	-	-	(174,094)	(421,584)
	Other reclassify	-	(15,566)	-	-	-	(15,566)
	Balance 6-30-10	<u>336,481</u>	<u>44,466,516</u>	<u>11,354,409</u>	<u>11,466,495</u>	<u>981,842</u>	<u>68,605,743</u>
WATER	Balance 7-1-09	1,020,097	19,053,933	14,360,271	16,024,203	527,649	50,986,153
	Additions	-	-	1,565,566	11,064	123,722	1,700,352
	Retirements	-	-	-	-	(651,371)	(651,371)
	Balance 6-30-10	<u>1,020,097</u>	<u>19,053,933</u>	<u>15,925,837</u>	<u>16,035,267</u>	<u>-</u>	<u>52,035,134</u>
SEWER	Balance 7-1-09	174,138	4,257,424	10,415,697	790,275	78,599	15,716,133
	Additions	-	-	868,833	26,699	298,448	1,193,980
	Retirements	-	-	-	-	(26,699)	(26,699)
	Balance 6-30-10	<u>174,138</u>	<u>4,257,424</u>	<u>11,284,530</u>	<u>816,974</u>	<u>350,348</u>	<u>16,883,414</u>
LANDFILL	Balance 7-1-09	640,851	4,735,975	-	2,440,712	-	7,817,538
	Additions	-	-	-	297,279	103,129	400,408
	Retirements	-	-	-	(283,754)	-	(283,754)
	Balance 6-30-10	<u>640,851</u>	<u>4,735,975</u>	<u>-</u>	<u>2,454,237</u>	<u>103,129</u>	<u>7,934,192</u>
STORMWATER	Balance 7-1-09	-	-	-	119,855	-	119,855
	Additions	-	-	-	259,222	-	259,222
	Retirements	-	-	-	-	-	-
	Balance 6-30-10	<u>-</u>	<u>-</u>	<u>-</u>	<u>379,077</u>	<u>-</u>	<u>379,077</u>
TOTALS	<u>\$ 2,171,567</u>	<u>\$ 72,513,848</u>	<u>\$ 38,564,776</u>	<u>\$ 31,152,050</u>	<u>\$ 1,435,319</u>	<u>\$ 145,837,560</u>	

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 – CAPITAL ASSETS (Continued):

ACCUMULATED DEPRECIATION:

		Land, Land Rights and <u>Easements</u>	Electric Distribution and <u>Buildings</u>	Electric Station Improvements Other than <u>Buildings</u>	<u>Equipment</u>	Construction <u>in Progress</u>	<u>Totals</u>
ELECTRIC	Balance 7-1-09	\$ -	\$ 12,815,514	\$ 4,947,024	\$ 2,476,725	\$ -	\$ 20,239,263
	Additions	-	1,497,128	345,880	466,622	-	2,309,630
	Retirements	-	(247,491)	-	-	-	(247,491)
	Removal Costs	-	(63,579)	-	-	-	(63,579)
	Other reclassify	-	(15,566)	-	-	-	(15,566)
	Balance 6-30-10	-	<u>13,986,006</u>	<u>5,292,904</u>	<u>2,943,347</u>	-	<u>22,222,257</u>
WATER	Balance 7-1-09	-	1,099,447	4,274,809	2,701,168	-	8,075,424
	Additions	-	419,768	336,982	901,994	-	1,658,744
	Retirements	-	-	-	-	-	-
	Balance 6-30-10	-	<u>1,519,215</u>	<u>4,611,791</u>	<u>3,603,162</u>	-	<u>9,734,168</u>
SEWER	Balance 7-1-09	-	946,207	3,335,679	496,076	-	4,777,962
	Additions	-	115,428	243,570	62,686	-	421,684
	Retirements	-	-	-	-	-	-
	Balance 6-30-10	-	<u>1,061,635</u>	<u>3,579,249</u>	<u>558,762</u>	-	<u>5,199,646</u>
LANDFILL	Balance 7-1-09	-	3,822,660	-	1,596,943	-	5,419,603
	Additions	-	269,757	-	255,724	-	525,481
	Retirements	-	-	-	(283,754)	-	(283,754)
	Balance 6-30-10	-	<u>4,092,417</u>	-	<u>1,568,913</u>	-	<u>5,661,330</u>
STORMWATER	Balance 7-1-08	-	-	-	69,915	-	69,925
	Additions	-	-	-	31,427	-	31,427
	Retirements	-	-	-	-	-	-
	Balance 6-30-09	-	-	-	<u>101,342</u>	-	<u>101,342</u>
	TOTALS	-	<u>20,659,273</u>	<u>13,483,944</u>	<u>8,775,526</u>	-	<u>42,918,743</u>
NET CAPITAL ASSETS		<u>\$ 2,171,567</u>	<u>\$ 51,854,575</u>	<u>\$ 25,080,832</u>	<u>\$ 22,376,524</u>	<u>\$ 1,435,319</u>	<u>\$ 102,918,817</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 – CAPITAL ASSETS (Continued):

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

Governmental activities:	
General Government	\$ 232,621
Police.....	245,379
Fire	124,886
Recreation.....	181,833
Public works/streets.....	683,897
Solid waste.....	117,886
Education.....	790,949
Service center.....	<u>147,702</u>
Total depreciation expense – governmental activities.....	<u>\$ 2,525,153</u>
Business – type activities:	
Water and sewer.....	\$ 2,080,428
Electric	2,309,630
Landfill.....	525,481
Stormwater.....	<u>31,427</u>
Total depreciation expense – business-type activities	<u>\$ 4,946,966</u>

The City uses the straight-line depreciation method for property, plant and equipment based on the following estimated useful lives by major class of depreciable fixed assets:

<u>Class</u>	
Building and Improvements	40-50 years
Machinery and equipment	4-10 years
Water and sewer systems	50 years
Infrastructure	20-50 years

NOTE 6 – LONG-TERM LIABILITIES:

A summary of changes in the Long-Term Debt is as follows:

	Balance July 1, 2009	Additions	Retired Deletions	Total Balance June 30, 2010	Non-Current Balance June 30, 2010	Current Balance
Governmental Activities:						
General Obligation Bonds/						
Revenue Bonds.....	\$ 48,695,000	\$ 1,100,000	\$ 1,510,000	\$ 48,285,000	\$ 46,635,000	\$ 1,650,000
Compensated Absences.....	764,210	54,772	764,210	54,772	54,772	-
Capital Leases Payable.....	<u>9,447,676</u>	<u>-</u>	<u>106,556</u>	<u>9,341,120</u>	<u>9,252,616</u>	<u>88,504</u>
Totals-Governmental Activities..	<u>\$ 58,906,886</u>	<u>\$ 1,154,772</u>	<u>\$ 2,380,766</u>	<u>\$ 57,680,892</u>	<u>\$ 55,942,388</u>	<u>\$ 1,738,504</u>
Business-type Activities:						
General Obligation Bonds/						
Revenue Bonds.....	\$ 69,781,857	\$ 6,075,000	\$ 952,276	\$ 74,904,581	\$ 73,287,277	\$ 1,617,304
Compensated absences.....	773,832	830,525	773,832	830,525	365,964	464,561
Capital leases.....	-	339,566	43,848	295,718	220,145	75,573
Estimated liability for closure/ Post-closure care cost.....	<u>5,655,081</u>	<u>544,827</u>	<u>-</u>	<u>6,199,908</u>	<u>5,673,408</u>	<u>526,500</u>
Totals-Business Type Activities .	<u>\$ 76,210,770</u>	<u>\$ 7,789,918</u>	<u>\$ 1,769,956</u>	<u>\$ 82,230,732</u>	<u>\$ 79,546,794</u>	<u>\$ 2,683,938</u>
Totals-Governmental and Business-Type Activities.....	<u>\$135,117,656</u>	<u>\$ 8,944,690</u>	<u>\$ 4,150,722</u>	<u>\$139,911,624</u>	<u>\$135,489,182</u>	<u>\$ 4,422,442</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 6 – LONG-TERM LIABILITIES (Continued):

The following is a summary of bond and capital outlay note transactions of the City for the fiscal year ended June 30, 2010.

	General Obligation Bonds	Revenue Bonds	Total
Debt payable at July 1, 2009.....	\$ 116,585,175	\$ 1,891,682	\$ 118,476,857
Debt retired.....	(2,140,000)	(322,276)	(2,462,276)
Debt refunded	-	-	-
Issued during fiscal year.....	<u>7,175,000</u>	<u>-</u>	<u>7,175,000</u>
Debt Payable – June 30, 2010.....	<u>\$ 121,620,175</u>	<u>\$ 1,569,406</u>	<u>\$ 123,189,581</u>

Bonds payable at June 30, 2010, are comprised of the following individual issues:

General Obligation Bonds:	Total	Long-term Amount Outstanding	Current Amount Outstanding
\$2,290,000 – 1998 General Obligation Bonds due in annual installments of \$20,000 to \$250,000 through April 2011, interest at 4.43%	\$ 250,000	\$ -	\$ 250,000
\$1,545,000 – 2002 General Obligation Refunding Bonds due in annual installments of \$10,000 to \$105,000 through April 2016, average interest at 4.1%	565,000	480,000	85,000
\$2,000,000 – 2006 Public Improvement Bonds due in annual installments of \$100,000 to \$200,000 through June 2021, variable interest	1,695,000	1,580,000	115,000
\$10,750,000 – General Obligation Bonds Series 2006 (taxable), due in annual installments of \$225,000 to \$900,000 through June 2026, variable interest	9,550,000	9,175,000	375,000
\$5,200,000 – 2006 Water and Sewer General Obligation Bonds, due in installments of \$50,000 (6-1-2014) to \$1,000,000 (6-1-2042), average interest at 4.74%	5,200,000	5,200,000	-
\$2,400,000 – 2008 General Obligation Bonds, due in installments of \$50,000 (6-1-2011) to \$400,000 (6-1-2036) average interest at 4.68%.....	2,400,000	2,350,000	50,000
\$3,000,000 – 2008 Local Government Public Improvement Bonds Series B-17-A due in installments of \$100,000 to \$230,000 through June 2028 variable interest	2,805,000	2,705,000	100,000
\$10,365,000 – 2008 Local Government Improvement Bonds, Series E-3-E, due in annual installments of \$155,000 to \$1,065,000 through June 2017, interest at 5%.....	8,555,000	7,565,000	990,000
\$77,370,000 – 2008 Local Government Improvement Bonds, Series E-5-B, due in annual installments of \$100,000 to \$2,090,000 through June 2042, variable interest	76,650,175	75,975,175	675,000

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 6 – LONG-TERM LIABILITIES (Continued):

	<u>Total</u>	<u>Long-term Amount Outstanding</u>	<u>Current Amount Outstanding</u>
General Obligation Bonds (Continued)			
\$9,925,000 – 2010 Industrial Development Board of Blount County, TN, Civic Arts Center, due in annual installments of \$250,000 to \$565,000 through June 2036, interest at 4.5%	7,875,000	7,875,000	-
\$6,075,000 – 2009 Landfill General Obligation Bonds due in annual installments of \$300,000 to \$815,000 through June 2022, variable interest	6,075,000	5,775,000	300,000
Revenue Bonds:			
\$933,844 – 1997 State Revolving Funds – due in annual installments of \$49,865 to 41,900 through July 2012, interest at 3.06%	280,376	203,300	77,076
\$1,092,718 – 1997 State Revolving Funds – due in annual installments of \$62,670 to \$15,790 through August 2012, interest at 3.04%	199,030	108,802	90,228
\$2,865,000 – 2002 Water and Sewer Revenue and Tax Refunding Bonds, due in annual installments of \$200,000 to \$205,000 through April, 2016; average interest at 4.18%	<u>1,090,000</u>	<u>930,000</u>	<u>160,000</u>
 Total Bonds Outstanding	 <u>\$ 123,189,581</u>	 <u>\$ 119,922,277</u>	 <u>\$ 3,267,304</u>

Total Bonds and Capital Outlay Notes Outstanding are classified in the financial statements as follows:

Proprietary Fund Types	\$ 74,904,581
Governmental Activities	48,285,000
Total Bonds Outstanding	<u>\$ 123,189,581</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 6 – LONG-TERM LIABILITIES (Continued):

The annual requirements to amortize all Bonds and Capital Outlay Notes outstanding as of June 30, 2010, including interest payments, are \$210,834,680 as follows:

Fiscal Year Ending <u>June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,267,304	\$ 5,601,270	\$ 8,868,574
2012	3,487,476	5,453,731	8,941,207
2013	3,642,726	5,293,466	8,936,192
2014	3,796,900	5,117,925	8,914,825
2015	<u>4,175,000</u>	<u>4,946,915</u>	<u>9,121,915</u>
Subtotal	<u>18,369,406</u>	<u>26,413,307</u>	<u>44,782,713</u>
2016	4,430,000	4,739,730	9,169,730
2017	4,830,000	4,878,320	9,708,320
2018	5,040,000	4,650,696	9,690,696
2019	5,305,000	4,412,383	9,717,383
2020	<u>5,575,000</u>	<u>4,157,594</u>	<u>9,732,594</u>
Subtotal	<u>25,180,000</u>	<u>22,838,723</u>	<u>48,018,723</u>
2021	5,845,000	3,887,977	9,732,977
2022	5,920,000	3,603,477	9,523,477
2023	3,910,000	3,317,063	7,227,063
2024	4,075,000	3,121,162	7,196,162
2025	<u>4,235,000</u>	<u>2,914,813</u>	<u>7,149,813</u>
Subtotal	<u>23,985,000</u>	<u>16,844,492</u>	<u>40,829,492</u>
2026	4,415,000	2,700,263	7,115,263
2027	3,930,000	2,476,425	6,406,425
2028	4,075,000	2,283,425	6,358,425
2029	4,335,000	2,083,250	6,418,250
2030	<u>4,580,000</u>	<u>1,873,564</u>	<u>6,453,564</u>
Subtotal	<u>21,335,000</u>	<u>11,416,927</u>	<u>32,751,927</u>
2031	3,790,000	1,652,025	5,442,025
2032	2,875,000	1,468,875	4,343,875
2033	3,010,000	1,330,050	4,340,050
2034	3,195,000	1,184,600	4,379,600
2035	<u>3,310,000</u>	<u>1,032,525</u>	<u>4,342,525</u>
Subtotal	<u>16,180,000</u>	<u>6,668,075</u>	<u>22,848,075</u>
2036	3,515,000	875,050	4,390,050
2037	2,155,000	707,825	2,862,825
2038	2,260,000	604,575	2,864,575
2039	2,370,000	496,375	2,866,375
2040	<u>2,490,000</u>	<u>382,500</u>	<u>2,872,500</u>
Subtotal	<u>12,790,000</u>	<u>3,066,325</u>	<u>15,856,325</u>
2041	2,610,000	262,750	2,872,750
2042	<u>2,740,175</u>	<u>134,500</u>	<u>2,874,675</u>
Subtotal	<u>5,350,175</u>	<u>397,250</u>	<u>5,747,425</u>
Totals	<u>\$ 123,189,581</u>	<u>\$ 87,645,099</u>	<u>\$ 210,834,680</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 6 – LONG-TERM LIABILITIES (Continued):

In the Electric Utility Fund, there are certain limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various sinking funds. .

NOTE 7 – RETIREMENT COMMITMENTS:

(1) EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF ALCOA:

The City of Alcoa has a retirement plan known as the City of Alcoa Employees' Retirement System. The plan was established January 1, 1955. All full-time employees employed at least 30 hours per week (except school employees) are members of the plan. Employees hired on or after May 18, 2000 are not eligible to participate in the plan, but can participate in the TCRS plan. The plan is managed by a Board of Trustees with the First Tennessee Bank, Memphis, Tennessee, as agent for the Trustees. The City has no beneficial interest in the trust fund and no funds are ever to revert to the City.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE PLAN

The financial statements of the Employees' Retirement system of the City of Alcoa are prepared using the accrual method of accounting. Employer contributions are recognized as revenues in the period in which employee services are performed. Purchases and sales of investments are recorded on a trade-date basis. Plan investments are reported at their fair value at the reporting date of the financial statements. The fair value of an investment is the amount that the Plan could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller. Fair value is measured by the market price, if there is an active market for similar investments, selling prices in that market would be used in estimating fair value. Plan liabilities for benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. All other Plan liabilities are recognized on the accrual basis.

(A) PLAN DESCRIPTION

City of Alcoa Employees' Retirement System is a single-employer defined benefit pension plan administered by a Board of Trustees with the First Tennessee Bank, Memphis, Tennessee, as agent for the Trustees (authorized by an investment management agreement dated January 14, 1985 by and between the Board of Trustees of the Plan and First Tennessee Bank). The Plan provides retirement, disability and death benefits to Plan members and beneficiaries hired before May 18, 2000. The City has no beneficial interest in the pension trust fund, and no funds are to revert to the City. Membership in the Plan consists of the following at July 1, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	141
Terminated plan members entitled to but not yet receiving benefits	40
Active Plan members	<u>86</u>
Total Number of participating employers	<u><u>267</u></u>

(B) FUNDING POLICY

The entire cost of the Plan is funded by contributions made by the City of Alcoa, Tennessee. An actuarial determination of the financial requirements of the Plan is made every two (2) years on July 1. For each fiscal year, the financial contribution for the Plan is included in the appropriation ordinance in accordance with the budgetary process. Administrative costs are financed through investment earnings. The City is required to contribute based on an actuarially determined rate; the current rate is 23.88% of covered payroll. A separate, audited GAAP-basis pension plan report is not available for this defined benefit plan.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(C) ANNUAL PENSION COST AND NET PENSION OBLIGATION

The funding level below is calculated as the sum of the normal cost for the Plan year, plus amounts required to amortize the unfunded accrued liability as a percentage of payroll, plus an interest adjustment for payment of employer contributions into the Trust Fund approximately monthly for each Plan year. The contribution rate assumes amortization of unfunded actuarial liability over the 11-year period beginning July 1, 2010. The funding level determined by the City for the year ended June 30, 2010 is as follows:

Normal cost		\$	180,579
Amortization payment (11 years remaining)			722,491
Interest at the valuation rate (8%)			<u>36,400</u>
Annual pension cost			939,470
Contributions made			<u>(944,582)</u>
Increase (decrease) in net pension obligation			(5,112)
Net pension obligation beginning of year			<u>446,706</u>
Net pension obligation end of year			<u>\$ 441,594</u>

The annual required contribution for the current year was determined by the City using the actuarial valuation entry age normal method with frozen initial liability. The amortization method used is level dollar of projected payroll. The actuarial assumptions include (1) Eight percent (8%) investment rate of return (net of administrative expenses), and (2) projected salary increases of two percent (2%) per year. Both (1) and (2) include an inflation component of 2.0%. The assumptions do not include any post-retirement benefit payments, which are currently funded and approved annually.

(D) TREND INFORMATION

Three (3) year trend information is presented below:

Fiscal Year Ended <u>June 30,</u>	Annual Pension Cost (APC)	Percentage of Annual Pension Cost <u>Contributed</u>	Net Pension <u>Obligation</u>
2010	\$ 939,470	100.5%	\$ 441,594
2009	\$1,008,809	49.7%	\$ 446,706
2008	\$ 526,193	95.1%	\$ 25,746

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE PLAN (Continued)

(E) SCHEDULE OF FUNDING PROGRESS (dollar amounts in thousands)

As of July 1, 2010, the most recent actuarial valuation date, the plan was 67% funded. The actuarial accrued liability for benefits was \$31.34 million, and the actuarial value of assets was \$20,949 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$10.396 million. The covered payroll (annual payroll of active employees covered by the plan) was \$4.22 million, and the ratio of the UAAL to the covered payroll was 246%.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Actuarial Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2010	\$ 20,949	\$ 31,345	\$ 10,396	67%	\$ 4,224	246%
July 1, 2008	24,237	29,569	5,332	82%	4,163	128%
July 1, 2006	26,291	29,068	2,777	90%	4,163	67%
July 1, 2004	17,041	27,736	10,695	61%	4,173	256%
July 1, 2002	18,301	21,209	2,907	86%	4,247	68%
July 1, 2000	20,878	23,870	2,992	87%	4,828	62%
July 1, 1998	22,436	26,989	4,554	83%	8,220	55%
July 1, 1996	17,099	22,195	5,096	77%	7,208	71%

(2) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM:

(A) PLAN DESCRIPTION

Effective during the year ended June 30, 2001, the current employees of the City of Alcoa could elect retirement coverage through the multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS).

Employees of the City of Alcoa are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City of Alcoa participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(2) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

(B) FUNDING POLICY

The City of Alcoa has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

The City of Alcoa is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010 was 14.45% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the City of Alcoa is established and may be amended by the TCRS Board of Trustees.

(C) ANNUAL PENSION COST

For the year ended June 30, 2010, the City of Alcoa's annual pension cost of \$1,405,216 to TCRS was equal to the City of Alcoa's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City of Alcoa's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 13 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

TREND INFORMATION

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	Percentage Of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
June 30, 2010	\$ 1,425,562	100.00%	0.00
June 30, 2009	\$ 1,404,575	100.00%	0.00
June 30, 2008	1,425,562	100.00%	0.00

(D) FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2009, the most recent actuarial valuation date, the plan was 68.86% funded. The actuarial accrued liability for benefits was \$22.30 million, and the actuarial value of assets was \$15.35 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$6.94 million. The covered payroll (annual payroll of active employees covered by the plan) was \$9.69 million, and the ratio of the UAAL to the covered payroll was 71.65%.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(2) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

(D) FUNDED STATUS AND FUNDING PROGRESS (Continued)

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets a	Accrued Liability (AAL) b	Unfunded AAL (UAAL) b-a	Funded Ratio a/b	Actuarial Covered Payroll c	UAAL as a Percentage of Covered Payroll (b-a)/c
7/01/09	\$ 15,353	\$ 22,297	\$ 6,944	68.86%	\$ 9,692	71.65%
7/01/07	12,804	15,057	2,253	85.04%	8,668	25.99%

(3) DEFERRED COMPENSATION PLAN:

The City of Alcoa, Tennessee offers its employees a deferred compensation plan known as the City of Alcoa Thrift Plan. The Plan, available to all city employees, permits them to defer a portion of their salary until future years. Contributions to the plan are optional. The deferred compensation is not available to employees until termination, retirement, or death. Investments in the plan are managed by SEI Private Trust Company through Wachovia Bank as sub-custodian.

The City of Alcoa Thrift Plan qualifies under Internal Revenue Section 457(g). The assets of the deferred compensation plan are held in trust (not available to the creditors of the City) and the City does not act as a fiduciary or administrator of the trust. The Plan administrator provides an annual valuation report to the City. The Plan assets totaled \$12,470,777 and \$11,562,280 as of June 30, 2010 and 2009, respectively.

The following is a summary of activity in the Plan for the year:

Asset balance at July 1, 2009	\$ 11,562,280
Deferrals of compensation	572,406
Earnings	427,800
Investment appreciation/depreciation	808,836
Withdrawals	(860,862)
Administrative expenses	(39,683)
Asset balance at June 30, 2010	<u>\$ 12,470,777</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(4) ALCOA CITY SCHOOL SYSTEM RETIREMENT PLAN:

(A) PLAN DESCRIPTION

The Alcoa City Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34 - 37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230, or can be accessed at www.tn.gov/treasury/tcrs.

(B) FUNDING POLICY

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Alcoa City Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2010 was 6.42 % of annual covered payroll. The employer contribution requirement for Alcoa City Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008 were \$511,091, \$503,544, and \$456,228, respectively, equal to the required contributions for each year.

(5) OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described above, the City of Alcoa provides post-retirement health care benefits to all employees who retire from the City. Currently 39 City retirees and 25 Education retirees meet the eligibility requirements.

CITY OF ALCOA – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

(A) BACKGROUND

On July 1, 2008, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*. This standard addresses how local governments should account for and report their costs

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

CITY OF ALCOA - POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
 (Continued)

(A) BACKGROUND (Continued)

related to post-employment health care and other non-pension benefits, such as the City’s retiree health benefits. Historically, the City’s post retirement benefits were funded on a pay-as-you-go basis, but GASB 45 requires that the City accrue the cost of the retiree health subsidy and any other post-employment benefits during the period of the employees’ active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the City. The funding methodology mirrors the funding approach used for pension benefits.

(B) PLAN DESCRIPTION

The City established a policy that provides medical insurance benefits to eligible retirees and their spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in the self-insured plan provided by the City. The retiree can remain on the City plan from age 55 through age 65 by paying ½ of the coverage premium to the City.

At July 1, 2010 the date of the actuarial valuation, membership included:

	<u>Primary Government</u>
Retirees and beneficiaries receiving benefits	39
Terminated employees entitled to, but not yet receiving benefits	0
Active employees	269

(C) FUNDING POLICY

GASB Statement No. 45 requires recognition of the current expense of OPEB based on the City’s annual required contribution, but does not require the funding of the related liability. The City has established an internal service fund where assets are set aside for payment of OPEB.

The City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the City (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize and unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

CITY OF ALCOA - POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(Continued)

(D) ANNUAL OPEB COST AND NET OPEB OBLIGATION

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for June 30, 2010 is as follows:

Annual required contribution (ARC)		
for June 30, 2010		
Normal Cost	\$	101,042
Amortization		142,653
Interest		<u>4,826</u>
Total ARC		248,521
Payments made		<u>(386,030)</u>
Increase (decrease) in net OPEB obligation		(137,509)
Net OPEB obligation – beginning of year		<u>(26,955)</u>
Net OPEB obligation – end of year	\$	<u>(164,464)</u>

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employers are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

For the year ended June, 2010 (based on an actuarial as of July 1, 2010), the City’s OPEB funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded AAL(UAAL) (Funding Excess)	Funded Ratio	Covered Payroll	UAAL (Funding Excess as a Percentage of Covered Payroll)
7/01/09*	\$ -	\$2,642,343	\$2,642,343	0%	\$11,415,428	23.1%
7/01/10*	\$ -	\$4,187,184	4,187,184	0%	\$13,540,995	30.9%

* Information for the 2008-2009 fiscal year is based on results from an actuarial valuation that was performed as of July 1, 2006 and information for the 2009-2010 fiscal year is based on an actuarial valuation as of July 1, 2010.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of evaluation. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

CITY OF ALCOA - POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
 (Continued)

(E) ACTUARIAL METHOD AND ASSUMPTION

The ARC for fiscal year ended June 30, 2010 was determined as part of the July 1, 2010, actuarial valuation using the entry age normal method – a method under which the Actuarial Present Value of the Projected Benefits is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages.

Funding Interest Rate	4%
Medical Trend Rate	10% graded down to 6% after 8 years, and 6% thereafter
Ultimate Trend Rate	5%
Actuarial Cost Method	Entry Age Normal
Annual Payroll Growth Rate	4.00%
Remaining amortization period at June 30, 2010	28 years

ALCOA CITY SCHOOLS – POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)

(A) BACKGROUND

On July 1, 2008, the Alcoa Schools adopted the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pension*. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the School’s retiree health benefit subsidy. Historically, the School’s subsidy was funded on a pay-as-you-go basis, but GASB 45 requires that the Schools accrue the cost of the retiree health subsidy and any other post-employment benefits during the period of the employees’ active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the Schools. The funding methodology mirrors the funding approach used for pension benefits.

(B) PLAN DESCRIPTION

The Schools maintain a policy that provides medical insurance benefits to eligible retirees and their spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in the self-insured plan provided by the Schools.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

ALCOA CITY SCHOOLS – POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
 (Continued)

(C) FUNDING POLICY

At January 1, 2010 the date of the actuarial valuation, membership included:

	<u>Alcoa City Schools</u>
Retirees and beneficiaries receiving benefits	25
Terminated employees entitled to, but not yet receiving benefits	0
Active employees	171

GASB Statement No. 45 requires recognition of the current expense of OPEB based on the School's annual required contribution, but does not require the funding of the related liability.

The School's annual OPEB cost (expense) is calculated based on the annual required contribution of the School (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize and unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

(D) ANNUAL OPEB COST AND NET OPEB OBLIGATION

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for June 30, 2010 is as follows:

Annual required contribution (ARC)	
for June 30, 2010	
Normal Cost	\$ 97,224
Amortization	72,316
Interest	<u>3,358</u>
Total ARC	172,898
Payments made	<u>(159,441)</u>
Increase (decrease) in net OPEB obligation	13,457
Net OPEB obligation – beginning of year	<u>42,528</u>
Net OPEB obligation – end of year	<u>\$ 55,985</u>

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employers are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

ALCOA CITY SCHOOLS – POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(Continued)

(D) ANNUAL OPEB COST AND NET OPEB OBLIGATION (Continued)

For the year ended June, 2010, the School’s OPEB funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded AAL(UAAL) (Funding Excess)	Funded Ratio	Covered Payroll	UAAL (Funding Excess as a Percentage of Covered Payroll)
7/01/09*	\$ -	\$ 3,543,694	\$ 3,543,694	0%	\$ 8,128,471	43.6%
7/01/10*	\$ -	\$ 1,786,267	\$ 1,786,267	0%	\$ 8,396,138	21.3%

* Information for the 2008-2009 fiscal year is based on results from an actuarial valuation that was performed as of January 1, 2007 and information for the 2009-2010 fiscal year is based on an actuarial performed as of July 1, 2010.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of evaluation. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

(E) ACTUARIAL METHOD AND ASSUMPTION

The ARC for fiscal year ended June 30, 2010 was determined as part of the July 1, 2010 actuarial valuation using the entry age normal method – a method under which the Actuarial Present Value of the Projected Benefits is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages.

Significant assumptions used in the actuarial valuation include:

Funding Interest Rate	4%
Medical Trend Rate	10% graded down to 6% over 8 years, and 6% thereafter
Ultimate Trend Rate	5%
Actuarial Cost Method	Entry Age Normal
Annual Payroll Growth Rate	3.00%
Remaining amortization period at June 30, 2010	28 years

The actuarial value of the OPEB assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any excess of these assets over actuarial accrued liability is amortized as a level percentage of projected payroll over an open 30 year period. The remaining amortization period is thirty years.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 8 – EMPLOYEE HEALTH INSURANCE, INTERNAL SERVICE FUND:

The City of Alcoa, Tennessee has chosen to establish the Employees' Insurance Trust Fund for risks associated with the employee's health insurance plan. The Employees Insurance Trust is accounted for as an internal service fund where assets are set aside for claim settlements. The City retains the risk of loss to a limit of \$60,000 per specific loss. The City has obtained a stop/loss commercial insurance policy to cover claims beyond the \$60,000 per specific loss. The maximum liability approximates \$29.6 million for the year (based on 493 employees at a maximum of \$60,000 per employee).

All full-time employees of the primary government are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This premium charge is based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for catastrophe losses. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employees' Insurance Trust Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not reported. The process used to compute claims liabilities does not necessarily result in an exact amount.

Changes in the balance of claims liabilities during the past three fiscal years are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Beginning of</u> <u>Fiscal Year</u> <u>Liability</u>	<u>Current Year</u> <u>Claims</u>	<u>Liability</u> <u>Balance at</u> <u>Fiscal</u> <u>Year End</u>
2008	\$ 224,350	\$ 2,332,521	\$ 162,968
2009	162,968	2,504,368	122,645
2010	122,645	2,379,175	106,451

The City of Alcoa carries commercial insurance for all other risks of loss, including general liability, property and casualty, workers' compensation and environmental. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 – FUNDS ESTABLISHED DURING FISCAL YEARS ENDED June 30, 2010 and 2009:

(A) JUNE 30, 2010:

SCHOOL OPEB INSURANCE FUND:

The School OPEB Insurance Fund was established to account for the school's annual liability for post-employment benefits.

(B) JUNE 30, 2009:

SERVICE CENTER FUND – an Internal Service Fund:

The fund is used to account for the Service Center operations and services provided to departments of the City.

(C) JUNE 30, 2009:

CITY EMPLOYEES OPEB FUND an Internal Service Fund:

The fund was established to account for the City's annual liability for post-employment benefits for employees.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 10 – CONTRACTS WITH THE TENNESSEE VALLEY AUTHORITY (TVA):

The Electric Utility has a power contract with TVA whereby the Utility purchases all its electric power from TVA subject to certain restrictions and conditions. The restrictions and conditions include prohibitions against diverting Utility assets to other operations of the Municipality, securing indebtedness of other operations, or paying more than the Utility's equitable share of tax equivalents.

The Utility participates in TVA's Home Energy Conservation Program. TVA advances the funds from which the Utility disburses for approved customer home insulation and heat pumps. In event of customer default, the Utility does not have loss exposure.

NOTE 11 – JOINT VENTURES:

In order to pool resources and share the costs, risks and rewards of providing services for the benefit of the general public, the City of Alcoa, Tennessee, participates (has an ongoing financial interest and financial responsibility) in the following joint ventures:

INDUSTRIAL DEVELOPMENT BOARD OF BLOUNT COUNTY AND THE CITIES OF ALCOA AND MARYVILLE, TENNESSEE

The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee was organized pursuant to a resolution of the Blount County Quarterly Court in a special called session on September 30, 1969. A certificate of incorporation was received from the Secretary of State of the State of Tennessee dated October 1, 1969. The Industrial Development Board is governed by seven (7) directors. The purpose of the Industrial Development Board is to promote industrial development, provide additional job opportunities in Blount County, Tennessee and surrounding areas, and to exercise the authority and pursue the objectives of an industrial development corporation as provided for in Title 7, Chapter 53, of the Tennessee Code Annotated.

For the fiscal year ended June 30, 2010, the City of Alcoa contributed \$521,000 to the Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee (exclusive of payments in the amount of \$1,024,635 for the development and operation of three (3) industrial parks.

Summary financial information, as required by accounting principles generally accepted in the United States of America, for the fiscal year ended June 30, 2010 is presented below:

Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee (Summary)	
Revenues.....	\$ 35,450,278
Expenditures	<u>4,816,600</u>
Excess of Revenues Over Expenditures	30,633,678
Net Assets – July 1, 2009	<u>21,584,639</u>
Net Assets – June 30, 2010.....	<u>\$ 52,218,317</u>
 Total Assets	 <u>\$ 75,429,513</u>
Total Liabilities	<u>\$ 23,211,196</u>
Net Assets.....	<u>\$ 52,218,317</u>

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 11 – JOINT VENTURES (Continued):

INDUSTRIAL DEVELOPMENT BOARD OF BLOUNT COUNTY AND THE CITIES OF ALCOA AND MARYVILLE, TENNESSEE (Continued)

The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee issues a publicly available report. A copy may be obtained by writing to Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee, 201 S. Washington Street, Maryville, Tennessee 37804.

BLOUNT COUNTY PUBLIC LIBRARY:

The Blount County Public Library (a special revenue fund of Blount County, Tennessee) is funded jointly by Blount County, the City of Maryville, Tennessee, and the City of Alcoa, Tennessee, pursuant to an agreement entered into on effective date January 1, 1969, and continuing until any party shall furnish a six (6) months written notice to terminate its participation. Effective July 1, 1989, Blount County, Tennessee became the fiscal agent for the Library. Financial statements for the Blount County Public Library can be obtained by writing to Blount County Courthouse, 341 Court Street, Maryville, TN 37801.

For the fiscal year ended June 30, 2010, the City of Alcoa contributed \$179,905 to the Library. A summary of the Library's financial information as required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2010, is presented below:

Revenues.....	\$ 1,189,543
Other Sources – Operating Transfers.....	899,520
Expenditures	<u>(1,989,834)</u>
Excess of Revenues and Other Sources Over Expenditures.....	99,229
Fund Balance – July 1, 2009.....	<u>821,640</u>
Fund Balance – June 30, 2010.....	<u>\$ 920,869</u>
Total Assets.....	<u>\$ 987,368</u>
Total Liabilities	<u>\$ 66,499</u>
Total Fund Balance	<u>\$ 920,869</u>

EMERGENCY COMMUNICATIONS DISTRICT OF BLOUNT COUNTY, TENNESSEE
(formerly Blount County Communications Center):

Pursuant to agreement dated August 28, 1984, between Blount County, Tennessee, the City of Maryville, Tennessee, and the City of Alcoa, Tennessee, a Communications Center was established for the purpose of handling emergency calls for all three governmental units. The intergovernmental cooperative was known as the Blount County Communications Center, which has now merged with the Blount County Emergency Communications District, a component unit of Blount County, Tennessee. The District's Board is composed of three members, one of whom is appointed by the City of Alcoa commission. The remaining two members are appointed by the County and the City of Maryville. The City of Alcoa has control over budget and financing of the joint venture only to the extent of representation by the committee member and is responsible for funding 25% of operations. The City of Alcoa contributed \$151,064 to the District during the fiscal year ended June 30, 2010. Summary financial information as required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2010, is presented at the top of the next page:

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 11 – JOINT VENTURES (Continued):

EMERGENCY COMMUNICATIONS DISTRICT OF BLOUNT COUNTY, TENNESSEE
(formerly Blount County Communications Center) (Continued):

Operating Revenues	\$ 1,351,776
Operating Expenditures	<u>(1,997,463)</u>
Operating Income (loss)	(645,687)
Non-Operating Revenues	<u>1,716,106</u>
Net Income	1,070,419
Net Assets – July 1, 2009	<u>2,138,550</u>
Net Assets – June 30, 2010.....	<u>\$ 3,208,969</u>
Total Assets	<u>\$ 4,612,865</u>
Total Liabilities.....	<u>\$ 1,403,896</u>
Total Net Assets.....	<u>\$ 3,208,969</u>

No joint venture debt was reported on the financial statements of the District as of June 30, 2010. The Emergency Communications District of Blount County’s financial statements can be obtained by writing the Emergency Communications District of Blount County at P. O. Box 4609, Maryville, TN 37802.

BLOUNT COUNTY CABLE TELEVISION AUTHORITY:

Blount County, the City of Maryville, and the City of Alcoa jointly regulate the operation of cable television through the Blount County Cable Television Authority. The Authority is composed of nine members, three of whom are appointed by the City of Alcoa Commission. The remaining six members are appointed by the County and the City of Maryville. The City of Alcoa has control over budget and financing of the joint venture only to the extent of representation by the three board members appointed. The Authority funds its budget through the collection of cable television franchise fees from companies under its jurisdiction. After payment of the Authority's expenses, the residual of those collections is remitted to the county and the two cities based on point of collection.

Alcoa’s share for the year ended June 30, 2010, amounted to \$65,739. Summary financial information required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2010, is presented below:

Revenues.....	\$ 901,088
Expenditures	<u>30,816</u>
Excess of Revenues Over Expenditures Before Franchise	
Fee Distributions	870,272
Franchise Fee Distributions to County and Cities	<u>867,099</u>
Excess (Deficiency) of Revenues Over Expenditures.....	3,173
Fund Balance – July 1, 2009.....	<u>20,650</u>
Fund Balance – June 30, 2010.....	<u>\$ 22,823</u>
Total Assets.....	<u>\$ 233,020</u>
Total Liabilities	<u>\$ 209,197</u>
Total Fund Balance.....	<u>\$ 23,823</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 11 – JOINT VENTURES (Continued):

BLOUNT COUNTY CABLE TELEVISION AUTHORITY (Continued)

No joint venture debt was reported on the financial statements of the Cable Television Authority as of June 30, 2010. Financial statements can be obtained by writing to the Blount County Cable Television Authority, P. O. Box 4338, Maryville, TN 37802.

RECREATION AND PARKS COMMISSION:

Blount County, the City of Maryville, and the City of Alcoa jointly operate a recreation and parks system through a joint Recreation and Parks Commission. The Commission is composed of seven members, two of whom are appointed by the City of Alcoa Commission. Two members each are appointed by the County and the City of Maryville and one member is appointed by the joint commission. The City of Alcoa has control over budget and financing of the Commission only to the extent of representation by the two board members appointed. Contributions toward operations are provided annually by the county and the cities based on a per capita cost sharing formula. The City of Alcoa contributed \$450,981 to the operations of the Commission during the fiscal year ended June 30, 2010, and expended an additional \$25,558 for recreation and parks improvements. For the year ended June 30, 2009, the City contributed \$460,185 for Commission operations and \$82,025 for park improvements.

Summary financial information required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2009, is presented below. (Financial information for the fiscal year ended June 30, 2010 was not available at the report date.)

Revenues	\$ 2,782,762
Expenditures	<u>(2,631,090)</u>
Excess of Revenues Over Expenditures	151,672
Fund Balance – July 1, 2008.....	<u>858,193</u>
Fund Balance – June 30, 2009	<u>\$ 1,009,865</u>
Total Assets	<u>\$ 1,237,929</u>
Total Liabilities.....	<u>\$ 228,064</u>
Total Fund Balance	<u>\$ 1,009,865</u>

Complete financial statements are available by writing the office of the Recreation and Parks Commission at 316 Everett High School Road, Maryville, TN 37801.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 11 – JOINT VENTURES (Continued):

RECREATION AND PARKS COMMISSION (Continued)

Bonds issued by Blount County, Tennessee on behalf of the Recreation and Parks Commission for the construction of a new Senior Citizen Center totaled \$1,325,000. The City of Alcoa's share (10%) is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 8,500	\$ 4,100	\$ 12,600
2012	9,000	3,675	12,675
2013	9,500	3,225	12,725
2014	10,000	2,750	12,750
2015	<u>10,500</u>	<u>2,250</u>	<u>12,750</u>
Subtotal	<u>47,500</u>	<u>16,000</u>	<u>63,500</u>
2016	11,000	1,725	12,725
2017	11,500	1,175	12,675
2018	<u>12,000</u>	<u>600</u>	<u>12,600</u>
Subtotal	<u>34,500</u>	<u>3,500</u>	<u>38,000</u>
Total	<u>\$ 82,000</u>	<u>\$ 19,500</u>	<u>\$ 101,500</u>

JOINT DEVELOPMENT OF INDUSTRIAL PARKS:

PARTNERSHIP PARK NORTH – PARTNERSHIP PARK SOUTH:

Pursuant to an Intergovernmental Agreement dated December 16, 1997, between the City of Maryville, Tennessee, the City of Alcoa, Tennessee, Blount County, Tennessee, and the Industrial Development Board of Blount County, Tennessee, the two (2) cities and Blount County agreed to provide financial assistance to the Industrial Development Board and Blount County, Tennessee in connection with the purchase of certain property and the development and operation of such property as two (2) industrial parks. Such financial assistance is to be provided as follows: Blount County – forty percent (40%); City of Maryville – thirty percent (30%); and City of Alcoa – thirty percent (30%).

Bonds issued by the Industrial Board and Blount County, Tennessee for the projects total \$7,915,000. The City of Alcoa's share is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ <u>81,000</u>	\$ <u>5,088</u>	\$ <u>86,088</u>

Under the terms of the Agreement, a Joint Operating Committee, composed of one (1) representative from each of the parties to the agreement, shall have overall control of the two (2) industrial parks – the Partnership Park South (Herron property) and the Partnership Park North (Burkhart property). Such overall control shall include the right to approve all sales of the property in the Industrial Parks; approve all budgets related to the operation of the Industrial Parks; approve all capital improvements to the Industrial Parks; and approve all design guidelines, restrictive covenants, and management policies regarding the Industrial Parks.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 11 – JOINT VENTURES (Continued):

JOINT DEVELOPMENT OF INDUSTRIAL PARKS (Continued):

PARTNERSHIP PARK NORTH – PARTNERSHIP PARK SOUTH (Continued):

In addition to financial assistance provided to the Industrial Development Board by the City of Maryville, the City of Alcoa, and Blount County, the Industrial Development Board is to receive the proceeds from the sale of land in the Industrial Parks together with other receipts in connection with the operation, development, and maintenance of the Industrial Parks. Also, amounts equivalent to the property taxes received with respect to any property within either of the Industrial Parks is to be contributed to the Industrial Board.

THE PELLISSIPPI RESEARCH CENTRE ON THE OAK RIDGE CORRIDOR:

Pursuant to an Intergovernmental Cooperation Agreement dated May 2006, by and among the City of Maryville, Tennessee, the City of Alcoa, Tennessee, Blount County, Tennessee, Knox County, Tennessee, and the Industrial Development Board of Blount County, Tennessee, the two (2) cities and two (2) counties agreed to provide financial assistance to the Industrial Development Board in connection with the purchase of certain property and the development and operation of such property as a research and development industrial park. Such financial assistance is to be provided as follows: Blount County – twenty-five percent (25%); Knox County – twenty-five percent (25%); City of Maryville – twenty-five percent (25%); and City of Alcoa – twenty-five percent (25%).

Under the terms of the agreement, a joint operating committee, composed of one (1) representative from each of the parties to the agreement, shall have overall control of the industrial park. Such overall control shall include the right to approve all sales of property in the Industrial park; approve all budgets related to the operation of the Industrial Park; approve all capital improvements to the Industrial Park; and approve all design guidelines, restrictive covenants, and management policies regarding the Industrial Park.

In addition to financial assistance provided to the Industrial Development Board by the City of Maryville, the City of Alcoa, Blount County and Knox County, the Industrial Development Board is to receive the proceeds from the sale of land in the Industrial Park together with other receipts in connection with the operation, development, and maintenance of the Industrial Park. Also, amounts equivalent to the property taxes received with respect to any property within the Industrial Park is to be contributed to the Industrial Board if needed for operation. Otherwise, the property taxes are remitted to the two (2) cities and two (2) counties based upon the above percentages.

The City's funding pursuant to this agreement is \$5,000,000 which is complete at June 30, 2010.

An agreement between the City of Alcoa Utilities (AUB) and the City of Maryville Utilities (MUB) provides for MUB to treat wastewater from AUB. During the current year, AUB paid MUB \$612,383 in operating costs for the year ended June 30, 2010 (June 30, 2009 amount paid \$1,290,326).

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 12 –LANDFILL OPERATIONS:

(A) SOLID WASTE AUTHORITY:

In accordance with the Solid Waste Management Act of 1989, the Solid Waste Authority was established. The Authority's eleven members, appointed by the Blount County Executive and the Mayors of Maryville and Alcoa, are comprised of the following representatives:

City of Alcoa	2
City of Maryville	2
Blount County.....	3
Citizens-At-Large	2
Private Hauler	1
Industrial.....	1

Expenditures of the Authority for management and a solid waste plan are paid by the City of Alcoa Landfill Fund and amounted to \$91,597 and \$95,917 for the years ended June 30, 2010 and June 30, 2009, respectively.

(B) LANDFILL CLOSURE AND POSTCLOSURE CARE:

Blount County, Tennessee and the Cities of Maryville and Alcoa are currently being served by one landfill area operated by the City of Alcoa. The existing landfill (Phase I) began operations in 1974, and was expanded in July 1986 and in April 1991. The original design and both expansions were based on a variation of an area landfill using the trench method to develop refuse filled cells.

State and Federal laws and regulations require the Landfill to place a final cover on its Phase I site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty (30) years after the closure. Although closure and postclosure care costs will be paid only near or after the date that the Landfill stops accepting waste (including Phase II in 1996 through Phase IV which will all interface with the existing Phase I Landfill), the Landfill reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$6,199,908 reported as restricted cash and landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of twenty-five (25%) percent of the estimated capacity of the Landfill. The Landfill will recognize the cost of closure and postclosure care of \$6.4 million as the remaining estimated capacity is filled. The amounts are based on what it would cost to perform all closure and postclosure care in 2008. The Landfill expects to close the Landfill site in 2028. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. During the year ended June 30, 2010, the landfill expended \$526,500 in closure and post closure care maintenance.

During the current year, the City issued bonds of \$6,075,000 restricted for the construction of a new landfill cell. At June 30, 2010, funds were restricted in a certificate of deposit amounting to \$5,839,923 for future construction of the cell.

NOTE 13 – ECONOMIC DEPENDENCY (ALUMINUM COMPANY OF AMERICA):

The Aluminum Company of America (ALCOA) provides the City of Alcoa with substantial property tax revenues, approximately 21%. Nine additional entities provide an additional 10% in property tax revenues.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 14 – REFUNDING OF DEBT:

REFUNDING:

During the prior year, the City of Alcoa issued \$87,735,000 of fixed rate Local Government Improvement Bonds to provide resources for the current refunding of ten (10) General Obligation and Revenue Bonds. The purpose of these transactions was to reduce the City's exposure to interest rate volatility in the insured bond market. As a result, the refunding bonds were redeemed, and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$701,880. This amount was netted against the new debt and amortized over the remaining life of the refunded debt. The City's financial advisors were not able to determine the cumulative savings or economic gain from the refunding transactions due to the variable rate debt instruments involved.

(A) GENERAL OBLIGATION REFUNDING BONDS – SERIES 2002:

In 2002, the City of Alcoa issued General Obligation Refunding Bonds, Series 2002 amounting to \$1,545,000. The purpose of the bonds was to reduce debt service payable by the City over the term of the bonds by taking advantage favorable conditions in the municipal bond market, thereby effecting a cost savings to the public. The Refunding Bonds were issued to refund Series 1996 Bonds General Obligation Public Works Bonds of \$5,610,000, exclusive of \$745,000 of the Series 1996 Bonds (non-refunded) maturing on April 1, 2003 (\$365,000) and April 1, 2004 (\$380,000). The 2002 Refunding Bonds (\$1,545,000) mature serially in amounts ranging from \$10,000 on April 1, 2003 to \$105,000 on April 1, 2016. Average coupon interest rate is 4.1%.

(B) WATER AND SEWER REVENUE AND TAX REFUNDING BONDS – SERIES 2002:

In 2002, the City of Alcoa issued Water and Sewer and Tax Refunding Bonds, Series 2002 amounting to \$2,865,000. The purpose of the bonds was to reduce debt service payable by the City over the term of the bonds by taking advantage of favorable conditions in the municipal bond market, thereby effecting a cost savings to the public. The Refunding Bonds were issued to refund 2 bonds: (1) Series 1996 General Obligation Public Works Bonds of \$5,610,000, exclusive of \$745,000 of the Series 1996 Bonds (non-refunded) maturing on April 1, 2003 (\$365,000) and April 1, 2004 (\$380,000) and (2) Series 1993 Water and Sewer Revenue Tax Refunding Bonds of \$2,570,000. The 2002 Refunding Bonds (\$2,865,000) mature serially in amounts ranging from \$200,000 on April 1, 2003 to \$205,000 on April 1, 2016. Average coupon interest rate is 4.18%.

(C) INTEREST RATE SWAP AGREEMENTS:

In 2003, the City of Alcoa executed interest rate swap agreements with the Public Building Authorities of Blount County and Sevier County. The purpose is to swap a variable rate exposure to a fixed rate.

Under the agreements, the Public Building Authorities and the City entered into interest rate swap agreements for all of the outstanding Local Government Improvement Bonds, Series IV-B-5 and A-1-C. Based on the loan agreements and swap agreements, the City owes interest at an effective fixed rate of 4.72% and 4.70%, respectively. In return, the counterparty owes the City interest based on a variable rate that is calculated at 70% of the 3-month LIBOR (London InterBank Offered Rate). Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is used as the basis on which the interest payments are calculated.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 14 – REFUNDING OF DEBT (Continued):

(C) INTEREST RATE SWAP AGREEMENTS (Continued)

The City, through the Bond Trustee, continues to pay interest to the bondholders at the adjustable rate provided by the bonds. However, during the term of the swap agreements, the City effectively pays a fixed rate on the debt plus or minus the difference between the variable interest due the bondholders and the variable rate received from the counterparty. The debt service requirements to maturity for these bonds (presented in the notes) are based solely on the fixed rate. The City would be exposed to variable rates if the counterparty to the swaps defaults, if the variable rate received from the counterparty is less than that due to bondholders or if the swaps are terminated.

The Series IV-B-5 and A-1-C Bonds are pre-payable at any time with 30 days advance notice. If the Bonds are pre-paid prior to maturity and the City decides to terminate the swaps, a termination fee may be owed either to the Counterparty by the City, or to the City by the Counterparty, depending upon current market conditions. Other than the net interest expenditures resulting from these agreements, no other amounts are recorded in the financial statements.

NOTE 15 – FUND BALANCES RESERVED AND CHANGES IN PROPRIETARY FUNDS' EQUITY:

(A) FUND BALANCES RESERVED:

Reservations of fund balance are established to identify third-party claims against the City's resources that have not materialized as liabilities at the balance-sheet date and/or to represent financial resources not available for current appropriation or expenditure. At June 30, 2010, reserved fund balances are as follows:

General Fund:	
Federal Grants – Reserved to represent federal grant monies	\$ 13,564
Police evidence money – Reserved to segregate monies received in police evidence	2,595
Reserved to represent state monies for Hamilton Crossing	<u>336</u>
Total General Fund	16,495
Special Revenue Funds:	
Education Fund:	
BEP Funds – Reserved to segregate monies received which must be used for Better Education Programs	41,988
Capital Projects Funds:	
School Construction & Improvement Fund:	
Bond repayment – Reserved to segregate monies received which must be used for bond repayments	1,000,000
Landscaping Fund – Reserved to segregate monies for landscaping projects	126,297
Proprietary Funds:	
Landfill Fund:	
Property Acquisitions – Reserved to segregate monies to be used for property acquisitions	<u>1,131,873</u>
Total Government and Proprietary Fund Balance Reserve	<u>2,316,653</u>
Fiduciary Funds:	
Employees' Retirement– Reserved to segregate monies received which must be used to fund employees' retirement in accordance with retirement plans	20,515,977
City of Alcoa Student Activity Funds – Agency Fund for student monies	<u>330,412</u>
TOTAL – ALL FUND TYPES	<u>\$ 23,163,042</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 15 – FUND BALANCES RESERVED AND CHANGES IN PROPRIETARY FUNDS' EQUITY:

(B) CHANGES IN PROPRIETARY FUNDS' NET ASSETS:

	Governmental <u>Activities</u> Internal <u>Service Funds</u>	Stormwater <u>Utility</u>	Water and Sewer <u>Utility</u>	Electric <u>Utility</u>	<u>Landfill</u>	<u>Total</u>
Net Assets – Beginning	\$ 1,587,913	\$ 656,195	\$ 15,242,968	\$ 29,700,404	\$ 2,165,126	\$ 49,352,606
Net Income (Loss)	<u>62,986</u>	<u>222,709</u>	<u>1,156,285</u>	<u>(40,397)</u>	<u>71,209</u>	<u>1,472,792</u>
Net Assets - Ending	<u>\$ 1,650,899</u>	<u>\$ 878,904</u>	<u>\$ 16,399,253</u>	<u>\$ 29,660,007</u>	<u>\$ 2,236,335</u>	<u>\$ 50,825,398</u>

NOTE 16 – COMMITMENTS:

(A) CAPITAL LEASES:

The City has acquired equipment for which it is obligated under certain leases accounted for as capital leases. The leased assets and related obligations at June 30, 2010 are as follows:

Assets Recorded Under <u>Capital Leases</u>	<u>Terms</u>	Total Lease <u>Amount</u>	Total Interest/ <u>Interest Rate</u>	Balance of lease Obligation at <u>June 30, 2010</u>
GOVERNMENTAL ACTIVITIES:				
Solid Waste Sanitation Fund:				
Koch Financial – Mack Tractor	60 mos.	\$ 179,583	\$ 21,344/4.86%	\$ 38,994
First Source – Peterson TL3	60 mos.	\$ 91,313	\$ 12,229/5.06%	37,751
First Commerce Bank – Freightliner M2.....	60 mos.	\$ 159,729	\$ 20,199/4.28%	<u>121,975</u>
Total Capital Leases				<u>198,720</u>
Stormwater Utility Fund:				
Stormwater Vacuum Truck	60 mos.	\$ 259,222	\$ 23,827/3.41%	<u>235,235</u>
Landfill Fund:				
Case 580 Super M Series 3 Loader/Exthoe	36 mos.	\$ 80,344	\$ 3,478/3.12%	<u>60,483</u>
Total				<u>\$ 494,438</u>

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2010:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
2011	\$ 38,994	\$ 75,573	\$ 114,567
2012	121,975	78,105	200,080
2013	37,751	59,602	97,353
2014	-	54,491	54,491
2015	<u>-</u>	<u>27,947</u>	<u>27,947</u>
Minimum lease payments for all capital leases.....	198,720	295,718	494,438
Less: Amount representing interest at City's incremental borrowing rate of interest	<u>(4,520)</u>	<u>(8,475)</u>	<u>(12,995)</u>
Present Value of Minimum Lease Payments.....	<u>\$ 194,200</u>	<u>\$ 287,243</u>	<u>\$ 481,443</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 16 – COMMITMENTS (Continued):

(B) COMMITTED CONSTRUCTION:

As of June 30, 2010, the City of Alcoa, Tennessee, had the following commitments with respect to unfinished construction in progress:

<u>Project Name</u>	<u>Total Contract or Estimated Amount</u>	<u>Costs Incurred through June 30, 2010</u>	<u>Estimated Cost to Complete</u>
Landfill – new cell	\$ 5,750,000	\$ 103,129	\$ 5,646,871
Water and Sewer – Springfield Branch sewer shed...	1,795,000	350,348	1,444,652
Electric Utility - Voltage and substation improvements, and line extensions.....	1,315,670	981,842	333,828
(1) Alcoa Hwy/Wright Road Improvements.....	220,000	15,824	204,176
(2) Culton Creek Extension	405,972	44,640	361,332
(3) Bypass Pedestrian Bridge.....	1,649,575	798,277	851,298
Middlesettlements Road Improvements	1,067,290	681,756	385,534
Middlesettlements Road/Bessemer St./ Hamilton Crossing Improvements.....	520,100	379,973	140,127
(4) Calderwood and Singleton Station Resurfacing .	501,270	28,180	473,090
Schools –STEM Learning Center feasibility study ...	55,000	50,994	4,006
Alcoa High School study.....	<u>175,000</u>	<u>155,853</u>	<u>19,147</u>
Totals.....	<u>\$ 13,454,877</u>	<u>\$ 3,590,816</u>	<u>\$ 9,864,061</u>

- (1) State to reimburse
- (2) State will reimburse 80%
- (3) Federal grant up to \$1,000,000 plus ARRA funds
- (4) ARRA funds reimburse

(C) SPRINGBROOK CORPORATE CENTER:

In August 1993, the City foreclosed on the Springbrook Corporate Center property, under terms of a prior 1992 settlement agreement approved by the U.S. Bankruptcy Court (re: City of Alcoa vs. United Tri-Tech, Inc.). All property in the Center has been sold except for a lake and commons area, and property for joining of the Greenbelt Park with the City of Maryville.

(D) RESEARCH AND DEVELOPMENT INDUSTRIAL PARK:

Pursuant to an Intergovernmental Cooperation Agreement dated May 2006, by and among the City of Maryville, Tennessee, the City of Alcoa, Tennessee, Blount County, Tennessee, Knox County, Tennessee, and the Industrial Development Board of Blount County, Tennessee, the two (2) cities and two (2) counties agreed to provide financial assistance to the Industrial Development Board in connection with the purchase of certain property and the development and operation of such property as a research and development industrial park. Such financial assistance is to be provided as follows: Blount County – twenty-five percent (25%); Knox County – twenty-five percent (25%), City of Maryville – twenty-five percent (25%); City of Alcoa – twenty-five percent (25%).

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 16 – COMMITMENTS (Continued):

(D) RESEARCH AND DEVELOPMENT INDUSTRIAL PARK:

Under the terms of the agreement, a joint operating committee, composed of one (1) representative from each of the parties to the agreement, shall have overall control of the industrial park. Such overall control shall include the right to approve all sales of property in the Industrial Park; approve all budgets related to the operation of the Industrial Park; and approve all guidelines, restrictive covenants, and management policies regarding the Industrial Park.

In addition to the financial assistance provided to the Industrial Development Board by the City of Maryville, the City of Alcoa, Blount County, and Knox County, the Industrial Development Board is to receive the proceeds from the sale of land in the Park. Also, amounts equivalent to the property taxes received with respect to any property within the Industrial Park is to be contributed to the Industrial Board if needed for operation. Otherwise, the property taxes are remitted to the two (2) cities and two (2) counties based upon an equal share of 25% each.

The City's funding pursuant to this agreement was \$5,000,000.

(E) CAPITAL LEASE – OBLIGATION:

In May 2006 the City Commission adopted a resolution authorizing the execution of a lease agreement with respect to a Civic Arts Center to be constructed on the campus of Maryville College; approving the issuance of bonds by the Industrial Development Board of Blount County to finance such Civic Arts Center; consenting to the assignment of the City's obligation under the lease agreement; and such other matters with respect to the Civic Arts Center.

The City approved the Industrial Board's issuance of bonds, not to exceed \$33,685,000, for the construction of the Civic Arts Center. The resolution also authorized the City to levy and collect a direct annual tax sufficient with any other funds available and pledged to pay the rental payments due under the lease. The lease obligates the City to pay annually an amount not to exceed 28.57% of the rental payment due, which rental payments shall be an amount equal to a percentage of the principal and interest on the Bonds, approved under the resolution.

The Industrial Board entered into a fifty (50) year lease with Maryville College to lease the land on which the Civic Arts Center is to be constructed. At the end of the fifty year lease, the Civic Arts Center becomes the property of Maryville College.

Bonds in the amount of \$32,000,000 were issued by the Industrial Board on December 14, 2006.

The following presents a summary of the City's Capital Lease commitment as of June 30, 2010:

Present Value of Minimum Lease Payments	Interest	Total Minimum Lease Payments
<u>\$ 9,142,400</u>	<u>\$ 6,667,523</u>	<u>\$ 15,809,923</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 16 – COMMITMENTS (Continued):

(E) CAPITAL LEASE – OBLIGATIONS (Continued):

These total minimum lease payments are payable as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2011	\$ 454,263
2012	602,327
2013	600,791
2014	598,934
2015	<u>600,405</u>
Subtotal	<u>2,856,720</u>
2016 – 2020	3,080,091
2021 – 2025	3,079,700
2026 – 2030	3,092,636
2031 – 2035	3,090,235
2036	<u>610,541</u>
Subtotal	<u>12,953,203</u>
Total	<u>\$ 15,809,923</u>

Maryville College has committed a total of \$18,000,000 toward the debt service of the bonds. Any amounts paid will reduce the City of Alcoa’s obligation under the lease. If Maryville College fulfills its commitment, the City’s lease obligation would be reduced by \$5,142,600.

Interest Rate Risk – As the bonds bear interest at a variable rate, and the lease payments are an amount equal to the total debt service, including interest, the City has risk associated with changes in interest rates. A rate of 4.5% has been used to determine the above obligations on the lease. The City has purchased insurance to protect the bond holders in the event the City defaults on its lease obligations, including defaults as a result in changes in the interest rate.

NOTE 17 – LITIGATION:

There are several pending lawsuits in which the City is involved. Information provided by attorneys for the City indicates that potential claims against the City resulting from such litigation which are not covered by insurance would not materially affect the financial statements of the City.

NOTE 18 – RISK FINANCING ACTIVITIES:

It is the policy of the City to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, and workers compensation. Settled claims have not exceeded this commercial coverage in the last three (3) years.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 19 – EXTRAORDINARY AND SPECIAL ITEMS:

June 30, 2009 (Extraordinary Items):

The Electric Department replaced a significant portion of its meters with digital meters. These meters can transmit the meter reading directly to an automatic meter reading device resulting in a more accurate read over a manually read meter. In accordance with Tennessee Valley Authority's accounting policy the net book value of the meters removed from service are reported as an extraordinary loss of \$67,465 for 2009.

The Water and Sewer Utility retired the old water plant. The net book value of the old plant - \$911,050 was removed and reported as an extraordinary loss.

NOTE 20 – RESTATEMENT OF PRIOR PERIOD NET ASSETS:

The following items of debt not considered to be capital related debt were restated for the year ended June 30, 2009 as follows in the Statement of Net Assets:

	Invested in Capital Assets, Net <u>of Related Debt</u>	Unrestricted <u>Net Assets</u>
As originally reported – June 30, 2009	\$ 34,381,667	\$ 13,650,445
Debt – noncapital related pension funding	9,900,000	(9,900,000)
Civic Center	<u>7,875,000</u>	<u>(7,875,000)</u>
Restated – June 30, 2009	<u>\$ 52,156,667</u>	<u>\$ (4,124,555)</u>

The above had no effect on total net assets of \$56,643,450 at June 30, 2009.

NOTE 21 – SUBSEQUENT EVENTS:

The City's Water Department is in the process of replacing two in-ground water tanks. One was built in 1920 and the other 1942. The total project estimate is approximately \$5.8 million. The City has been approved for a \$5.0 million loan through the Drinking Water State Revolving Fund (DWSRF) Loan Program of the State of Tennessee with a 20% Principal Forgiveness 2010 EPA Capitalization Grant that will make this a Principal loan of \$4.0 million. The additional \$800,000 will come from local funds. This project is scheduled to start sometime in the Fiscal Year ending 2011.

The date to which events occurring after June 30, 2010, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 20, 2010, which is the date on which the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2010

Required Supplementary Information

- (1) Schedule of Funding Progress for the City of Alcoa, Tennessee (TN Consolidated Retirement System):

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2009	\$ 15,353	\$ 22,297	\$ 6,944	68.86%	\$ 9,692	71.65%
July 1, 2007	12,804	15,057	2,253	85.04%	8,668	25.99%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method was a change made during the year of the most recent actuarial valuation date and therefore only the most current year is presented.

- (2) Schedule of Funding Progress for Employees' Retirement System of Alcoa:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2010	\$ 20,949	\$ 31,345	\$ 10,396	67%	\$ 4,224	246%
July 1, 2008	24,237	29,569	5,332	82%	4,163	128%
July 1, 2006	26,290	29,068	2,777	90%	4,163	67%

Required Supplementary Information

- (3) Schedule of Funding Progress for the Retiree Health Benefits (OPEB)

(Dollar amounts in thousands)

	Fiscal Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
Primary Government	2011	7/1/2010	\$ -	\$ 4,231	\$ 4,231	0%	\$13,540	31.2%
	2010	7/1/2009	-	4,187	4,187	0%	13,540	30.9%
	2009 (1)	7/1/2006	-	2,642	2,642	0%	11,415	23.1%
Education	2011	7/1/2010	-	1,846	3,543	0%	8,396	22.0%
	2010	7/1/2010	-	1,786	1,786	0%	8,396	21.3%
	2009 (2)	1/1/2007	-	3,543	3,543	0%	8,128	43.6%

- (1) Information for the fiscal year 2009 is based on results from an actuarial valuation that was performed as of July 1, 2006.
 (2) Information for the fiscal year 2009 is based on results from an actuarial valuation that was performed as of 1/1/2007.

CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2010

Required Supplementary Information

(1) Schedule of Funding Progress for the Retiree Health Benefits (OPEB) (Continued)

The City implemented GASB 45 in the fiscal year ended 6/30/09; therefore, six years of data is not available, but will be accumulated over time. The above values were calculated using the Entry Age Normal Method, discount rates of 6%, and the initial unfunded actuarial liability is amortized over thirty years based on a level percentage of payroll method. Using this method, benefits are projected for life and their present value is determined, which are divided into equal parts, which are earned over the period from date of hire to the full eligibility date.

CITY OF ALCOA, TENNESSEE
COMBINING FUND FINANCIAL STATEMENTS
June 30, 2010

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CITY OF ALCOA, TENNESSEE
COMBINING FUND FINANCIAL STATEMENTS
NON-MAJOR OTHER GOVERNMENTAL FUNDS
June 30, 2010

CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET
 Non-Major Governmental Funds
 June 30, 2010

With Comparative Totals for the Fiscal Year Ended June 30, 2009

<u>ASSETS</u>	<u>Special Revenue Funds</u>								2010 Total Special Revenue Funds
	State Street Aid	Federal Projects	Alcoa City Schools Cafeteria	Alcoa Schools Extended Day Program	Special Assessment	Solid Waste Sanitation	Drug Fund	Commercial Motor Vehicle Fines	
Cash and cash equivalents	\$ 264,164	\$ 93,949	\$ 112,090	\$ 13,413	\$ 8,860	\$ 154,305	\$ 152,492	\$ 27,040	\$ 826,313
Local Government Investment Pool	6,015	-	-	-	-	-	-	-	6,015
Accounts and assessments receivable	-	-	6,290	15,503	-	65	-	-	21,858
Due from grantors, other governments, and State of Tennessee	-	440,655	81,436	-	-	-	-	-	522,091
Prepaid items	-	1,065	-	-	-	-	-	-	1,065
Due from other funds	-	8,726	-	-	-	-	-	-	8,726
Total Assets	<u>\$ 270,179</u>	<u>\$ 544,395</u>	<u>\$ 199,816</u>	<u>28,916</u>	<u>\$ 8,860</u>	<u>\$ 154,370</u>	<u>\$ 152,492</u>	<u>\$ 27,040</u>	<u>\$ 1,386,068</u>
<u>LIABILITIES AND FUND BALANCE</u>									
Liabilities:									
Salaries payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,310	\$ -	\$ -	\$ 13,310
Accounts payable	4,259	-	-	-	-	-	-	-	4,259
Unapplied grant funds	-	230,542	-	-	-	-	-	-	230,542
Unearned fee income	-	-	-	1,163	-	-	-	-	1,163
Accrued compensated absences	-	-	-	-	-	37,829	-	-	37,829
Due to other funds	-	313,853	10,043	-	-	-	-	-	323,896
Due to State of Tennessee	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>4,259</u>	<u>544,395</u>	<u>10,043</u>	<u>1,163</u>	<u>-</u>	<u>51,139</u>	<u>-</u>	<u>-</u>	<u>610,999</u>
Fund Balances									
Unreserved:									
Designated for Capital Projects	-	-	-	-	-	-	-	-	-
Undesignated	265,920	-	189,773	27,753	8,860	103,231	152,492	27,040	775,069
Total Fund Balances	<u>265,920</u>	<u>-</u>	<u>189,773</u>	<u>27,753</u>	<u>8,860</u>	<u>103,231</u>	<u>152,492</u>	<u>27,040</u>	<u>775,069</u>
Total Liabilities and Fund Balance	<u>\$ 270,179</u>	<u>\$ 544,395</u>	<u>\$ 199,816</u>	<u>\$ 28,916</u>	<u>\$ 8,860</u>	<u>\$ 154,370</u>	<u>\$ 152,492</u>	<u>\$ 27,040</u>	<u>\$ 1,386,068</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET (Continued)
Non-Major Governmental Funds
June 30, 2010

With Comparative Totals for the Fiscal Year Ended June 30, 2009

<u>ASSETS</u>	Capital Project Funds									2010 Total Capital Project Funds	Total Non-Major Governmental Funds		
	Capital Projects	Special Projects	General Obligation Public Works Construction	Greenway Projects	2001 Special Projects	Equipment Replacement Fund	Bessie Harvey Memorial Project	Home Grant Program Fund	Landscaping Fund		2010	2009	2009
assets:													
Cash and cash equivalents	\$ 80,918	\$ 98,009	\$ 8,350	\$ 643,930	\$ 125,658	\$ 249,678	\$ 3,025	\$ 780	\$ 130,886	\$ 1,341,234	\$ 2,167,547	\$ 1,519,209	
Certificates of deposit	-	-	-	-	-	-	-	-	-	-	-	300,436	
Local Government Investment Pool	-	-	-	-	616,892	-	-	-	-	616,892	622,907	622,355	
Accounts and assessments receivable	-	-	-	-	-	-	-	-	-	-	21,858	19,638	
Due from grantors, other governments, and State of Tennessee	-	-	-	146,421	-	3,341	-	-	-	149,762	671,853	318,176	
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	1,065	9,791	
Due from other funds	-	-	-	-	-	-	-	-	-	-	<u>8,726</u>	-	
Total Assets	<u>\$ 80,918</u>	<u>\$ 98,009</u>	<u>\$ 8,350</u>	<u>\$ 790,351</u>	<u>\$ 742,550</u>	<u>\$ 253,019</u>	<u>\$ 3,025</u>	<u>\$ 780</u>	<u>\$ 130,886</u>	<u>\$ 2,107,888</u>	<u>\$ 3,493,956</u>	<u>\$ 2,789,605</u>	
 <u>LIABILITIES AND FUND BALANCE</u>													
liabilities:													
Salaries payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,310	\$ 12,569	
Accounts payable	-	-	-	-	-	-	-	-	-	-	4,259	41,849	
Unapplied grant funds	-	-	-	-	-	-	-	-	-	-	230,542	122,168	
Unearned fee income	-	-	-	-	-	-	-	-	-	-	1,163	2,022	
Accrued compensated absences	-	-	-	-	-	-	-	-	-	-	37,829	33,252	
Due to other funds	-	-	-	-	-	1,057	-	-	-	1,057	324,953	327,436	
Due to State of Tennessee	-	-	-	-	792,602	-	-	-	-	792,602	792,602	792,071	
Grant Anticipation note payable	-	-	-	800,000	-	-	-	-	-	<u>800,000</u>	<u>800,000</u>	-	
Total Liabilities	-	-	-	<u>800,000</u>	<u>792,602</u>	-	<u>1,057</u>	-	-	<u>1,593,659</u>	<u>2,204,658</u>	<u>1,331,367</u>	
Fund Balances:													
Unreserved													
Designated for Capital Projects	-	-	-	-	-	-	-	-	126,927	126,927	126,927	63,716	
Undesignated	<u>80,918</u>	<u>98,009</u>	<u>8,350</u>	<u>(9,649)</u>	<u>(50,052)</u>	<u>253,019</u>	<u>1,968</u>	<u>780</u>	<u>3,959</u>	<u>387,302</u>	<u>1,162,371</u>	<u>1,394,522</u>	
Total Fund Balances	<u>80,918</u>	<u>98,009</u>	<u>8,350</u>	<u>(9,649)</u>	<u>(50,052)</u>	<u>253,019</u>	<u>1,968</u>	<u>780</u>	<u>130,886</u>	<u>514,229</u>	<u>1,289,298</u>	<u>1,458,238</u>	
Total Liabilities and Fund Balances	<u>\$ 80,918</u>	<u>\$ 98,009</u>	<u>\$ 8,350</u>	<u>\$ 790,351</u>	<u>\$ 742,550</u>	<u>\$ 253,019</u>	<u>\$ 3,025</u>	<u>\$ 780</u>	<u>\$ 130,886</u>	<u>\$ 2,107,888</u>	<u>\$ 3,493,956</u>	<u>\$ 2,789,605</u>	

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
NON-MAJOR OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	Special Revenue Funds								2010 Total Special Revenue Funds
	State Street Aid	Federal Projects	Alcoa City Schools Cafeteria	Alcoa Schools Extended Day Program	Special Assessment	Solid Waste Sanitation	Drug Fund	Commercial Motor Vehicle Fines	
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 998,790	\$ -	\$ -	\$ 998,790
Intergovernmental	-	-	-	-	-	-	-	-	-
State gasoline tax	204,677	-	-	-	-	-	-	-	204,677
Federal grants	-	736,331	-	-	-	-	-	-	736,331
American Recovery and Reinvestment Act (ARRA)	-	210,810	-	-	-	-	-	-	210,810
U.S.D.A. reimbursements	-	-	388,220	-	-	-	-	-	388,220
Charges for services	-	-	368,036	142,747	-	402,569	-	-	913,352
Fines, forfeitures and court cases	-	-	-	-	-	-	43,004	3,429	46,433
Investment income	-	-	92	12	9	-	-	-	113
Sale of equipment	-	-	-	-	-	3,091	-	-	3,091
Total Revenues	<u>204,677</u>	<u>947,141</u>	<u>756,348</u>	<u>142,759</u>	<u>9</u>	<u>1,404,450</u>	<u>43,004</u>	<u>3,429</u>	<u>3,501,817</u>
Expenditures:									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	56,774	2,253	59,027
Public Works	191,817	-	-	-	-	1,445,197	-	-	1,637,014
Culture and Recreation	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-
Education	-	947,141	750,533	157,995	-	-	-	-	1,855,669
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>191,817</u>	<u>947,141</u>	<u>750,533</u>	<u>157,995</u>	<u>-</u>	<u>1,445,197</u>	<u>56,774</u>	<u>2,253</u>	<u>3,551,710</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>12,860</u>	<u>-</u>	<u>5,815</u>	<u>(15,236)</u>	<u>9</u>	<u>(40,747)</u>	<u>(13,770)</u>	<u>1,176</u>	<u>(49,893)</u>
Other Financing Sources (Uses):									
Transfers In:									
General Fund	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	12,860	-	5,815	(15,236)	9	(40,747)	(13,770)	1,176	(49,893)
Fund Balance, July 1 st	<u>253,060</u>	<u>-</u>	<u>183,958</u>	<u>42,989</u>	<u>8,851</u>	<u>143,978</u>	<u>166,262</u>	<u>25,864</u>	<u>824,962</u>
Fund Balance, June 30 th	<u>\$ 265,920</u>	<u>\$ -</u>	<u>\$ 189,773</u>	<u>\$ 27,753</u>	<u>\$ 8,860</u>	<u>\$ 103,231</u>	<u>\$ 152,492</u>	<u>\$ 27,040</u>	<u>\$ 775,069</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (Continued)
 Non-Major Governmental Funds
 For the Fiscal Year Ended June 30, 2010
 With Comparative Totals for the Fiscal Year Ended June 30, 2009

	Capital Project Funds									2010 Total Capital Project Funds	Total Non-Major Governmental Funds	
	Capital Projects	Special Projects	General Obligation Public Works Construction	Greenway Projects	2001 Special Project	Equipment Replacement	Bessie Harvey Memorial Project	Home Grant Program	Landscaping		2010	2009
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 998,790	\$ 949,715
Intergovernmental	27,240	-	-	-	-	-	-	-	-	27,240	27,240	27,597
State gasoline tax	-	-	-	-	-	-	-	-	-	-	204,677	203,229
Federal grants	-	-	-	-	-	-	-	-	-	-	736,331	689,110
American Recovery and Reinvestment Act of 2009 (ARRA)	-	-	-	551,036	-	44,941	-	69,950	-	665,927	876,737	-
U.S.D.A. reimbursements	-	-	-	-	-	-	-	-	-	-	388,220	340,426
Charges for services	-	-	-	-	-	-	-	-	20,948	20,948	934,300	979,185
Fines, forfeitures and court cases	-	-	-	-	-	-	-	-	-	-	46,433	62,037
Investment income	-	-	-	-	551	7	-	-	-	558	671	16,460
Sale of equipment	-	-	-	-	-	4,142	-	-	-	4,142	7,233	39,028
Total Revenues	<u>27,240</u>	<u>-</u>	<u>-</u>	<u>551,036</u>	<u>551</u>	<u>49,090</u>	<u>-</u>	<u>69,950</u>	<u>20,948</u>	<u>718,815</u>	<u>4,220,632</u>	<u>3,306,787</u>
Expenditures:												
Current:												
General Government	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	59,027	52,812
Public Works	-	-	-	-	88,637	-	-	-	-	88,637	1,725,651	1,902,441
Culture and Recreation	-	-	-	594,372	-	-	-	69,950	4	664,326	664,326	40,566
Economic Development	-	1,024,635	-	-	-	-	-	-	-	1,024,635	1,024,635	1,600,000
Education	-	-	-	-	-	-	-	-	-	-	1,855,669	1,629,284
Capital Outlay	10,880	-	7,507	-	-	66,512	-	-	-	84,899	84,899	588,211
Total Expenditures	<u>10,880</u>	<u>1,024,635</u>	<u>7,507</u>	<u>594,372</u>	<u>88,637</u>	<u>66,512</u>	<u>-</u>	<u>69,950</u>	<u>4</u>	<u>1,862,497</u>	<u>5,414,207</u>	<u>5,813,314</u>
Net Change in Fund Balance												
Before Other Financing Sources (Uses)	16,360	(1,024,635)	(7,507)	(43,336)	(88,086)	(17,422)	-	-	20,944	(1,143,682)	(1,193,575)	(2,506,527)
Other Financing Sources (Uses):												
Transfers In:												
Equipment Replacement Fund	-	-	-	-	-	-	-	-	-	-	-	-
General Fund	-	-	-	-	-	-	-	-	-	-	-	196,759
Transfers Out:												
Issuance of Debt	-	1,024,635	-	-	-	-	-	-	-	1,024,635	1,024,635	1,600,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,024,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,024,635</u>	<u>1,024,635</u>	<u>1,796,759</u>
Net Change in Fund Balances	16,360	-	(7,507)	(43,336)	(88,086)	(17,422)	-	-	20,944	(119,047)	(168,940)	(709,768)
Fund Balance, July 1st	<u>64,558</u>	<u>98,009</u>	<u>15,857</u>	<u>33,687</u>	<u>38,034</u>	<u>270,441</u>	<u>1,968</u>	<u>780</u>	<u>109,942</u>	<u>633,276</u>	<u>1,458,238</u>	<u>2,168,006</u>
Fund Balance (Deficit), June 30th	<u>\$ 80,918</u>	<u>\$ 98,009</u>	<u>\$ 8,350</u>	<u>\$ (9,649)</u>	<u>\$ (50,052)</u>	<u>\$ 253,019</u>	<u>\$ 1,968</u>	<u>\$ 780</u>	<u>\$ 130,886</u>	<u>\$ 514,229</u>	<u>\$ 1,289,298</u>	<u>\$ 1,458,238</u>

See accompanying independent auditors' report and notes.

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CITY OF ALCOA, TENNESSEE

OTHER SUPPLEMENTARY INFORMATION

June 30, 2010

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CITY OF ALCOA, TENNESSEE
COMBINING FUND FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS
June 30, 2010

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other governmental operating units on a cost-reimbursed basis.

Employee Insurance Fund – The Employee Insurance Fund is used to account for the City of Alcoa’s self-insured health insurance program. Premiums charged to various operating funds and employee payroll deductions are placed in this fund for the payment of medical claims and administrative expenses.

Service Center Fund – The Service Center Fund is used to account for the operation of the City’s physical facilities. Charges collected from various City funds are placed in this fund for the payment of operating expenses associated with the City’s physical facilities.

Flexible Spending Fund – The Flexible Spending Fund is a fund used to account for the City of Alcoa’s employees for setting aside a certain amount of each paycheck (before income tax) and to later get reimbursed for other medical expenses not covered by insurance.

City OPEB Insurance Fund – The OPEB Insurance Fund is a dedicated reserve used to account for the City’s liability for postemployment benefits – medical benefits not associated with a pension plan.

Schools OPEB Insurance Fund – The OPEB Insurance Fund is a dedicated reserve used to account for the City School’s liability for postemployment benefits – medical benefits not associated with a pension plan.

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CITY OF ALCOA, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2010
With Comparative Totals for June 30, 2009

<u>ASSETS</u>	Employee Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	School's OPEB Insurance Fund	<u>Total Internal Service Funds</u>	
						<u>2010</u>	<u>2009</u>
CURRENT ASSETS:							
Cash	<u>\$ 1,444,246</u>	<u>\$ 13,261</u>	<u>\$ 55,405</u>	<u>\$ 163,000</u>	<u>\$ 94,000</u>	<u>\$ 1,769,912</u>	<u>\$ 1,723,120</u>
 <u>LIABILITIES AND NET ASSETS</u>							
CURRENT LIABILITIES:							
Medical claims payable	\$ 106,451	\$ -	\$ -	\$ -	\$ -	\$ 106,451	\$ 122,645
Due to other funds	<u>-</u>	<u>12,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,562</u>	<u>12,562</u>
Total Current Liabilities	<u>106,451</u>	<u>12,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,013</u>	<u>135,207</u>
 NET ASSETS:							
Unrestricted	<u>1,337,795</u>	<u>699</u>	<u>55,405</u>	<u>163,000</u>	<u>94,000</u>	<u>1,650,899</u>	<u>1,587,913</u>
Total Liabilities and Net Assets	<u>\$ 1,444,246</u>	<u>\$ 13,261</u>	<u>\$ 55,405</u>	<u>\$ 163,000</u>	<u>\$ 94,000</u>	<u>\$ 1,769,912</u>	<u>\$ 1,723,120</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	Employee Insurance <u>Fund</u>	Flexible Spending <u>Fund</u>	Service Center <u>Fund</u>	City OPEB Insurance <u>Fund</u>	School's OPEB Insurance <u>Fund</u>	<u>Total Internal Service Funds</u>	
						<u>2010</u>	<u>2009</u>
OPERATING REVENUES:							
Insurance charges	\$ 2,997,207	\$ -	\$ -	\$ -	\$ -	\$ 2,997,207	\$ 3,086,914
Refunds – Co-insurance	32,070	-	-	-	-	32,070	64,528
Employee Contributions	215,272	99,135	-	-	-	314,407	264,849
Miscellaneous	-	-	1,181	-	-	1,181	1,040
Service Center charges	-	-	260,996	-	-	260,996	219,600
	<u>-</u>	<u>-</u>	<u>260,996</u>	<u>-</u>	<u>-</u>	<u>260,996</u>	<u>219,600</u>
Total Operating Revenues	<u>3,244,549</u>	<u>99,135</u>	<u>262,177</u>	<u>-</u>	<u>-</u>	<u>3,605,861</u>	<u>3,636,931</u>
OPERATING EXPENSES:							
Salaries	-	-	34,975	-	-	34,975	37,486
Fringe benefits	-	-	10,559	-	-	10,559	6,129
Professional services	-	-	-	-	-	-	564
Advertising	-	-	260	-	-	260	122
Public relations	-	-	-	-	-	-	1,258
Improvement teams	-	-	-	-	-	-	633
Maintenance contracts	-	-	14,209	-	-	14,209	9,414
Contract services	-	-	3,808	-	-	3,808	3,808
Utilities	-	-	113,540	-	-	113,540	119,722
Supplies	-	-	7,112	-	-	7,112	14,516
Repair and maintenance	-	-	10,314	-	-	10,314	5,994
Insurance claims paid	2,379,175	99,134	-	-	-	2,478,309	2,568,853
Insurance claims premiums and administrative expenses	951,162	-	-	-	-	951,162	952,620
Uniforms	-	-	-	-	-	-	161
Insurance	-	-	12,627	-	-	12,627	20,201
	<u>-</u>	<u>-</u>	<u>12,627</u>	<u>-</u>	<u>-</u>	<u>12,627</u>	<u>20,201</u>
Total Operating Expenses	<u>3,330,337</u>	<u>99,134</u>	<u>207,404</u>	<u>-</u>	<u>-</u>	<u>3,636,875</u>	<u>3,741,481</u>
OPERATING INCOME (LOSS)	<u>(85,788)</u>	<u>1</u>	<u>54,773</u>	<u>-</u>	<u>-</u>	<u>(31,014)</u>	<u>(104,550)</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	Employee Insurance <u>Fund</u>	Flexible Spending <u>Fund</u>	Service Center <u>Fund</u>	City OPEB Insurance <u>Fund</u>	Schools OPEB Insurance <u>Fund</u>	<u>Total Internal Service Funds</u>	
						<u>2010</u>	<u>2009</u>
NON-OPERATING REVENUES (EXPENSES):							
Transfers (out) in	(63,000)	-	-	63,000	94,000	94,000	-
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,533</u>
Total Non-Operating Revenues (Expenses)	<u>(63,000)</u>	<u>-</u>	<u>-</u>	<u>63,000</u>	<u>94,000</u>	<u>94,000</u>	<u>7,533</u>
CHANGE IN NET ASSETS	(148,788)	1	54,773	63,000	94,000	62,986	(97,017)
NET ASSETS – July 1 st	<u>1,486,583</u>	<u>698</u>	<u>632</u>	<u>100,000</u>	<u>-</u>	<u>1,587,913</u>	<u>1,684,930</u>
NET ASSETS. June 30 th	<u>\$ 1,337,795</u>	<u>\$ 699</u>	<u>\$ 55,405</u>	<u>\$ 163,000</u>	<u>\$ 94,000</u>	<u>\$ 1,650,899</u>	<u>\$ 1,587,913</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	Employee Insurance <u>Fund</u>	Flexible Spending <u>Fund</u>	Service Center <u>Fund</u>	City OPEB Insurance <u>Fund</u>	Schools OPEB Insurance <u>Fund</u>	<u>Total Internal Service Funds</u>	
						<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:							
Insurance premiums/reimbursements collected	\$ 3,244,549	\$ -	\$ -	\$ -	\$ -	\$ 3,244,549	\$ 3,409,101
Collections from various City departments	-	99,135	262,177	-	-	361,312	302,304
Payments to employees and vendors	<u>(3,346,531)</u>	<u>(99,134)</u>	<u>(207,404)</u>	<u>-</u>	<u>-</u>	<u>(3,653,069)</u>	<u>(3,781,804)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(101,982)</u>	<u>1</u>	<u>54,773</u>	<u>-</u>	<u>-</u>	<u>(47,208)</u>	<u>(70,399)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,533</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Receipts from other funds	-	-	-	63,000	94,000	157,000	112,562
Payments to other funds	<u>(63,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,000)</u>	<u>(147,280)</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(63,000)</u>	<u>-</u>	<u>-</u>	<u>63,000</u>	<u>94,000</u>	<u>94,000</u>	<u>(34,718)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(164,982)	1	54,773	63,000	94,000	46,792	(97,584)
CASH AND CASH EQUIVALENTS – July 1	<u>1,609,228</u>	<u>13,260</u>	<u>632</u>	<u>100,000</u>	<u>-</u>	<u>1,723,120</u>	<u>1,820,704</u>
CASH AND CASH EQUIVALENTS – June 30	<u>\$ 1,444,246</u>	<u>\$ 13,261</u>	<u>\$ 55,405</u>	<u>\$ 163,000</u>	<u>\$ 94,000</u>	<u>\$ 1,769,912</u>	<u>\$ 1,723,120</u>

(Continued)

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	Employee Insurance <u>Fund</u>	Flexible Spending <u>Fund</u>	Service Center <u>Fund</u>	OPEB Insurance <u>Fund</u>	Schools OPEB Insurance <u>Fund</u>	<u>Total Internal Service Funds</u>	
						<u>2010</u>	<u>2009</u>
RECONCILIATION OF OPERATING							
INCOME (LOSS) TO NET CASH							
PROVIDED BY (USED IN) OPERATING							
ACTIVITIES:							
Operating income (loss)	\$ (85,788)	\$ 1	\$ 54,773	\$ -	\$ -	\$ (31,014)	\$ (104,550)
Adjustments to reconcile operating income							
(loss) to net cash provided by (used in)							
operating activities	-	-	-	-	-	-	-
Changes in assets and liabilities:							
Due from other funds	-	-	-	-	-	-	47,280
Accounts receivable	-	-	-	-	-	-	27,194
Medical claims payable	<u>(16,194)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,194)</u>	<u>(40,323)</u>
NET CASH PROVIDED (USED IN)							
OPERATING ACTIVITIES	<u>\$ (101,982)</u>	<u>\$ 1</u>	<u>\$ 54,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,208)</u>	<u>\$ (70,399)</u>

See accompanying independent auditors' report and notes.

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CITY OF ALCOA, TENNESSEE

FUND FINANCIAL STATEMENTS

FIDUCIARY FUNDS:

Pension Trust Fund (Pension Trust Fund)
City of Alcoa Schools' Activity Fund (Agency Fund)

June 30, 2010

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CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND
STATEMENT OF FIDUCIARY PLAN NET ASSETS
 June 30, 2010
 With Comparative Totals for June 30, 2009

	Pension Trust Fund Employees' Retirement System	
	2010	2009
ASSETS		
Investments, at fair value:		
Cash and cash equivalents.....	\$ 225,478	\$ 269,958
U.S. Treasury Obligations.....	3,780,607	3,905,530
Domestic corporate and foreign bonds	6,444,229	5,560,340
Common equity securities.....	9,722,914	9,932,143
Municipal obligations	222,269	-
Total Investments	20,395,497	19,667,971
Accrued interest	120,480	117,854
Total Assets.....	\$ 20,515,977	\$ 19,785,825
LIABILITIES AND NET ASSETS		
Liabilities	\$ -	\$ -
Net Assets:		
Held in trust for pension benefits.....	20,515,977	19,785,825
	\$ 20,515,977	\$ 19,785,825

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY PLAN NET ASSETS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	Pension Trust Fund Employees' Retirement System	
	2010	2009
Additions:		
Employer contributions	\$ 944,582	\$ 501,664
Interest/dividend income	817,349	766,904
Net appreciation in fair value of investments	1,415,967	-
Total Additions	3,177,898	1,268,568
Deductions:		
Net loss on investments sold	-	520,717
Benefits paid	2,359,594	2,192,693
Administrative expenses	88,152	70,791
Net depreciation in fair value of investments	-	2,533,821
Total Deductions	2,447,746	5,318,022
Change in Net Assets	730,152	(4,049,454)
Net Assets – Beginning of Year	19,785,825	23,835,279
Net Assets – End of Year	\$ 20,515,977	\$ 19,785,825

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
AGENCY FUND
COMBINED BALANCE SHEET –
CITY OF ALCOA SCHOOLS’ STUDENT ACTIVITY FUNDS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	<u>Alcoa High School</u>	<u>Alcoa Middle School</u>	<u>Alcoa Elementary School</u>	<u>Totals 2010</u>	<u>Totals 2009</u>
ASSETS:					
Cash in bank – checking, Savings and CDs	<u>\$ 206,519</u>	<u>\$ 60,481</u>	<u>\$ 63,412</u>	<u>\$ 330,412</u>	<u>\$ 318,940</u>
LIABILITIES AND FUND BALANCES:					
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420</u>
FUND BALANCE:					
General Fund: Unrestricted	30,102	29,129	58,994	118,225	123,032
Restricted: Reserved for restricted activities	<u>176,417</u>	<u>31,352</u>	<u>4,418</u>	<u>212,187</u>	<u>195,488</u>
Total General and Restricted Fund Balances	<u>206,519</u>	<u>60,481</u>	<u>63,412</u>	<u>330,412</u>	<u>318,520</u>
Total Liabilities and Fund Balances	<u>\$ 206,519</u>	<u>\$ 60,481</u>	<u>\$ 63,412</u>	<u>\$ 330,412</u>	<u>\$ 318,940</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
AGENCY FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
CITY OF ALCOA SCHOOLS' STUDENT ACTIVITY FUNDS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	Fund Balances July 1, 2009	Revenues	Expenditures	Excess (Deficit) of Revenues Over Expenditures	Other Financing Sources (Uses)		Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	Changes in Reserve For Inventory	Fund Balances	
					Operating Transfers In	Operating Transfers Out			June 30, 2010	June 30, 2009
Alcoa High School	\$ 180,812	\$ 802,635	\$ 776,928	\$ 25,707	\$ -	\$ -	\$ 25,707	\$ -	\$ 206,519	\$ 180,812
Alcoa Middle School	66,276	186,799	192,594	(5,795)	6,370	6,370	(5,795)	-	60,481	66,276
Alcoa Elementary School	<u>71,432</u>	<u>117,133</u>	<u>125,153</u>	<u>(8,020)</u>	<u>-</u>	<u>-</u>	<u>(8,020)</u>		<u>63,412</u>	<u>71,432</u>
Totals	<u>\$ 318,520</u>	<u>\$ 1,106,567</u>	<u>\$ 1,094,675</u>	<u>\$ 11,892</u>	<u>\$ 6,370</u>	<u>\$ 6,370</u>	<u>\$ 11,892</u>	<u>\$ -</u>	<u>\$ 330,412</u>	<u>\$ 318,520</u>

See accompanying independent auditors' report and notes.

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. The General Fund is always presented as a major fund in the basic financial statements.

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CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash on hand and equity in pooled cash	\$ 1,901,128	\$ 911,500
Tennessee Local Government Investment Pool.....	1,662	1,656
Property taxes receivable (net of allowance for estimated uncollectibles).....	11,799,164	11,440,962
Sales taxes receivable - State of Tennessee.....	1,078,935	1,513,726
Accounts receivable.....	53,639	93,646
Notes receivable	1,982	1,982
Due from Flexible Spending Fund.....	12,562	12,562
Due from 2001 Special Projects Fund.....	-	90,000
Due from Bessie Harvey Fund	1,057	1,057
Due from Credit Union	242	292
Due from Grantors.....	<u>70,259</u>	<u>132,789</u>
 Total Assets	 <u>\$ 14,920,630</u>	 <u>\$ 14,200,172</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accrued compensated absences.....	\$ 16,943	\$ 17,808
Accounts payable.....	61,862	94,711
Deferred revenue	11,735,616	11,379,774
Wages payable.....	197,190	205,918
Grant anticipation notes payable.....	<u>500,000</u>	<u>-</u>
 Total Liabilities.....	 <u>12,511,611</u>	 <u>11,698,211</u>
Fund Balance:		
Unreserved fund balance.....	2,392,524	2,482,342
Reserved for federal grants.....	13,564	13,564
Reserved for police evidence money	2,595	1,383
Reserved for drug seizure.....	-	4,672
Reserved for Hamilton Crossing.....	<u>336</u>	<u>-</u>
 Total Fund Balance	 <u>2,409,019</u>	 <u>2,501,961</u>
 Total Liabilities and Fund Balance.....	 <u>\$ 14,920,630</u>	 <u>\$ 14,200,172</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2009
	Budgeted Amounts				
	Original	Final			
TAXES:					
Current property taxes.....	\$ 3,221,210	\$ 3,221,210	\$ 3,211,639	\$ (9,571)	\$ 3,122,148
Delinquent property taxes.....	220,000	220,000	412,106	192,106	188,549
Business tax.....	523,800	523,800	534,329	10,529	584,208
Local sales tax.....	6,700,000	6,700,000	5,831,489	(868,511)	6,217,740
Gas franchise tax.....	200,000	200,000	162,165	(37,835)	206,198
Tax equivalent/in lieu.....	1,428,000	1,428,000	1,548,497	120,497	1,467,647
Hotel/Motel tax.....	<u>135,000</u>	<u>135,000</u>	<u>100,186</u>	<u>(34,814)</u>	<u>119,263</u>
Total Taxes.....	<u>12,428,010</u>	<u>12,428,010</u>	<u>11,800,411</u>	<u>(627,599)</u>	<u>11,905,753</u>
LICENSES AND PERMITS:					
Animal registration.....	1,000	1,000	833	(167)	995
Building permits.....	75,000	75,000	31,699	(43,301)	44,015
Mechanical and gas permits.....	3,000	3,000	2,347	(653)	4,010
Plumbing permits.....	<u>3,000</u>	<u>3,000</u>	<u>1,423</u>	<u>(1,577)</u>	<u>4,263</u>
Total Licenses and Permits.....	<u>82,000</u>	<u>82,000</u>	<u>36,302</u>	<u>(45,698)</u>	<u>53,283</u>
INTERGOVERNMENTAL REVENUE:					
State of Tennessee:					
Beer tax.....	4,000	4,000	3,833	(167)	4,034
Sales tax.....	530,000	530,000	492,300	(37,700)	514,922
State Income tax.....	60,000	60,000	70,537	10,537	108,100
Streets and transportation.....	16,800	16,800	16,608	(192)	16,638
Mixed drink tax.....	90,000	90,000	83,191	(6,809)	78,799
Alcoholic liquor tax.....	120,000	120,000	140,940	20,940	132,110
TVA - in lieu.....	75,000	75,000	85,078	10,078	74,166
Excise tax.....	80,000	80,000	31,122	(48,878)	87,052
Fire – salary supplement.....	17,400	17,400	16,200	(1,200)	17,400
Police – salary supplement.....	24,000	24,000	22,200	(1,800)	24,000
Local:					
Local beer tax.....	550,000	550,000	488,589	(61,411)	529,824
Credit Union cost recovery.....	90,480	90,480	95,081	4,601	81,367
Stormwater cost recovery.....	220,000	220,000	203,495	(16,505)	213,290
Grants:					
State/Federal grants.....	570,000	570,000	53,350	(516,650)	119,950
Drug Task Force.....	1,000	1,000	464	(536)	688
ARRA Grant.....	-	-	27,615	27,615	-
Federal Grant.....	1,556,900	1,556,900	-	(1,556,900)	-
Grant COPS.....	-	-	31,438	31,438	-
Justice Assistance.....	-	-	11,736	11,736	-
Cop Grant.....	<u>69,550</u>	<u>69,550</u>	<u>7,577</u>	<u>(61,973)</u>	<u>43,605</u>
Total Intergovernmental Revenue.....	<u>4,075,130</u>	<u>4,075,130</u>	<u>1,881,354</u>	<u>(2,193,776)</u>	<u>2,045,945</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	June 30, 2010				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2009
	Original	Final			
FINES AND FORFEITS:					
Fines and costs	365,000	365,000	287,270	(77,730)	326,186
Penalties.....	100,000	100,000	206,174	106,174	99,140
Police Evidence Money/Drug Control.....	-	-	40,645	40,645	20,154
Total Fines and Forfeits	<u>465,000</u>	<u>465,000</u>	<u>534,089</u>	<u>69,089</u>	<u>445,480</u>
INTEREST EARNED	<u>30,000</u>	<u>30,000</u>	<u>336</u>	<u>(29,664)</u>	<u>14,641</u>
MISCELLANEOUS REVENUE:					
Public works, labor, and material ...	30,000	30,000	24,339	(5,661)	33,195
Miscellaneous.....	20,000	20,000	5,282	(14,718)	25,187
CATV franchise fee.....	70,000	70,000	65,739	(4,261)	68,592
Fees/development.....	10,000	10,000	7,078	(2,922)	8,675
Department Services.....	100,000	100,000	98,820	(1,180)	91,977
Insurance refunds	5,000	5,000	4,500	(500)	33,807
Special events.....	-	-	-	-	977
Property rental.....	154,650	154,650	154,744	94	162,663
Sale of property.....	-	-	8,576	8,576	916
Total Miscellaneous Revenue...	<u>389,650</u>	<u>389,650</u>	<u>369,078</u>	<u>(20,572)</u>	<u>425,989</u>
TOTAL REVENUES.....	<u>\$ 17,469,790</u>	<u>\$ 17,469,790</u>	<u>\$ 14,621,570</u>	<u>\$ (2,848,220)</u>	<u>\$ 14,891,091</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2009
	Budgeted Amounts				
	Original	Final			
GENERAL GOVERNMENT:					
<u>Board of Commissioners:</u>					
Wages and salaries	\$ 11,400	\$ 11,400	\$ 11,400	\$ -	\$ 11,465
FICA.....	1,300	1,300	1,203	97	1,203
Other personnel services	600	600	-	600	514
Mailing	50	50	32	18	29
Dues, memberships, and subscriptions	4,000	4,000	3,968	32	3,629
Advertising and publicity.....	3,500	3,500	3,341	159	2,502
Travel, conferences, and training	8,000	8,000	412	7,588	3,919
Reproduction and printing	3,000	3,000	2,832	168	3,174
Office supplies	500	500	552	(52)	452
Insurance.....	22,000	22,000	21,050	950	21,015
Equipment.....	-	-	-	-	388
Election Services.....	-	-	-	-	1,450
Utilities	4,000	4,000	3,583	417	4,248
Other contractual services	4,320	4,320	4,320	-	4,255
Total Board of Commissioners.....	<u>62,670</u>	<u>62,670</u>	<u>52,693</u>	<u>9,977</u>	<u>58,243</u>
<u>City Manager's Office:</u>					
Wages and salaries	98,850	98,850	98,838	12	99,287
F. I. C. A.	7,870	7,870	7,020	850	7,162
Retirement.....	19,730	19,730	21,700	(1,970)	24,571
Hospitalization insurance.....	11,760	11,760	11,760	-	11,900
Life/AD&D.....	430	430	398	32	397
Dental insurance.....	1,440	1,440	742	698	1,002
Workmen's compensation.....	500	500	464	36	413
Bonds.....	350	350	-	350	350
Other personnel services	4,060	4,060	4,257	(197)	4,545
Mailing	500	500	65	435	275
Dues, memberships, and subscriptions	5,000	5,000	4,422	578	4,946
Computer equipment	-	-	755	(755)	540
Travel, conferences, training, gas and parts .	10,000	10,000	7,417	2,583	9,613
Public relations.....	2,000	2,000	1,748	252	1,432
Repairs and maintenance	200	200	-	200	389
Employee education and training	250	250	823	(573)	684
Reproduction and printing	3,000	3,000	2,832	168	3,173
Utilities	4,000	4,000	4,584	(584)	4,535
Other contractual services	2,900	2,900	2,040	860	2,880
Insurance.....	1,400	1,400	1,074	326	1,345
Office supplies/other supplies	1,200	1,200	1,459	(259)	1,060
Total City Manager's Office.....	<u>175,440</u>	<u>175,440</u>	<u>172,398</u>	<u>3,042</u>	<u>180,499</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2008

Function/Activity/Object	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2009
	Budgeted Amounts				
	Original	Final			
GENERAL GOVERNMENT (Continued):					
<u>Human Resources:</u>					
Wages and salaries	193,750	193,750	193,842	(92)	191,586
Overtime	-	-		-	113
F. I. C. A.	15,250	15,250	14,894	356	14,693
Retirement	28,580	28,580	29,003	(423)	26,333
Hospitalization insurance.....	16,210	16,210	16,211	(1)	16,404
Life/AD&D.....	520	520	483	37	484
Dental insurance.....	1,980	1,980	1,868	112	1,674
Workmen's compensation.....	350	350	304	46	291
Maintenance contracts	250	250	240	10	64
Professional services	500	500	-	500	202
Other personnel services.....	7,380	7,380	5,515	1,865	6,329
Mailing	1,500	1,500	788	712	1,346
Dues, memberships, and subscriptions	750	750	319	431	719
Travel, conferences, and training	1,500	1,500	481	1,019	1,827
Reproduction and printing	3,000	3,000	3,505	(505)	5,111
Utilities	2,800	2,800	2,817	(17)	3,244
Office supplies	4,500	4,500	4,469	31	6,100
Repairs and maintenance	350	350	204	146	381
Business/Public relations	500	500	84	416	555
Employee education and training	1,000	1,000	392	608	20
Insurance	2,100	2,100	1,751	349	2,082
Equipment.....	-	-	-	-	1,094
Computer equipment.....	-	-	572	(572)	-
Other contractual services.....	810	810	1,110	(300)	1,110
Improvement teams/service awards.....	2,000	2,000	1,974	26	5,079
Safety supplies	400	400	691	(291)	590
Total Personnel Office.....	<u>285,980</u>	<u>285,980</u>	<u>281,517</u>	<u>4,463</u>	<u>287,431</u>
<u>Judicial/Legal:</u>					
Retirement	-	1,400	1,300	100	-
FICA.....	-	700	637	63	-
Medical Insurance	-	9,000	8,400	600	-
Dental Insurance	-	1,060	1,026	34	-
City Attorney	100,000	100,000	82,434	17,566	101,157
Other Legal Services	15,000	15,000	10,000	5,000	10,001
Wages – City Judge.....	9,000	9,000	9,000	-	9,000
Personnel Services	12,160	-	-	-	11,464
Total Judicial/Legal.....	<u>136,160</u>	<u>136,160</u>	<u>112,797</u>	<u>23,363</u>	<u>131,622</u>
<u>Finance:</u>					
Wages and salaries	138,020	138,020	138,123	(103)	148,753
F. I. C. A.	10,990	10,990	10,631	359	11,498
Retirement	36,720	36,720	35,583	1,137	39,816
Hospitalization insurance.....	22,680	22,680	22,680	-	25,959
Life/AD&D.....	680	680	631	49	706

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Function/Activity/Object	June 30, 2010				Total 2009
	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Finance (Continued):</u>					
Dental insurance	2,770	2,770	2,371	399	2,493
Workmen's compensation	450	450	372	78	406
Bonds	475	475	490	(15)	473
Other personnel services	6,230	6,230	6,631	(401)	7,061
Employee education and training	100	100	-	100	75
Professional services	1,000	1,000	-	1,000	4,200
Mailing	4,000	4,000	4,820	(820)	4,129
Dues, memberships, and subscriptions	1,100	1,100	794	306	1,188
Accounting and auditing	14,500	14,500	15,930	(1,430)	14,100
Advertising	300	300	315	(15)	278
Travel	2,000	2,000	2,912	(912)	1,960
Public relations	400	400	334	66	410
Repairs and maintenance	150	150	1,066	(916)	-
Reproduction and printing	2,100	2,100	1,854	246	2,202
Utilities	2,800	2,800	2,765	35	3,185
Other contractual services	810	810	810	-	810
Office supplies	7,000	7,000	5,288	1,712	5,918
Insurance	3,100	3,100	1,864	1,236	3,057
Property tax assessment fees	40,900	40,900	31,180	9,720	22,883
Credit card processing fees	-	-	-	-	866
Auto parts/gas	350	350	-	350	-
Office machine equipment repairs	-	-	-	-	356
Uniforms	-	-	-	-	816
Debt service fees	1,700	1,700	3,632	(1,932)	5,143
Maintenance contracts	3,200	3,200	3,200	-	-
Total Finance	<u>304,525</u>	<u>304,525</u>	<u>294,276</u>	<u>10,249</u>	<u>308,741</u>
<u>Information Systems:</u>					
Wages and salaries	92,160	92,160	92,156	4	91,660
F. I. C. A.	7,080	7,080	6,877	203	6,931
Retirement	18,470	18,470	18,804	(334)	19,928
Hospitalization insurance	16,880	16,880	16,883	(3)	17,084
Life/AD&D	480	480	437	43	437
Dental insurance	2,060	2,060	2,062	(2)	2,062
Workmen's compensation	260	260	239	21	233
Mailing	50	50	24	26	28
Other operating supplies	500	500	186	314	623
Other personnel services	2,300	2,300	1,662	638	2,250
Travel, conference and training	1,000	1,000	192	808	201
Rental and maintenance contracts	54,000	54,000	52,515	1,485	49,948
Utilities	12,000	12,000	12,371	(371)	13,540
Office supplies	5,000	5,000	6,278	(1,278)	8,180
Insurance	2,800	2,800	2,260	540	2,737
Repair and maintenance office	500	500	-	500	187
Drug Testing	150	150	64	86	21

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Function/Activity/Object	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2009
	Budgeted Amounts				
	Original	Final			
GENERAL GOVERNMENT (Continued):					
Information Systems (Continued):					
Computer equipment.....	-	-	270	(270)	384
Auto parts and gasoline.....	<u>1,100</u>	<u>1,100</u>	<u>998</u>	<u>102</u>	<u>1,120</u>
Total Information Systems	<u>216,790</u>	<u>216,790</u>	<u>214,278</u>	<u>2,512</u>	<u>217,554</u>
Purchasing and Warehouse:					
Wages and salaries.....	47,330	47,330	47,328	2	47,325
F. I. C. A.	3,640	3,640	3,596	44	3,606
Retirement.....	13,060	13,060	12,650	410	14,427
Hospitalization insurance	7,730	7,730	7,728	2	7,820
Life/AD&D	230	230	214	16	214
Dental insurance	940	940	492	448	756
Workmen's compensation.....	150	150	123	27	122
Other personnel services	280	280	275	5	435
Employee education/training/testing.....	150	150	90	60	560
Mailing.....	200	200	134	66	121
Dues, memberships, and subscriptions ...	430	430	813	(383)	280
Advertising.....	250	250	241	9	814
Travel and training.....	300	300	27	273	-
Repair and maintenance office	50	50	-	50	28
Reproduction and printing.....	400	400	102	298	299
Rental and Maintenance Contracts	200	200	-	200	247
Utilities	3,000	3,000	2,354	646	2,872
Office supplies.....	2,000	2,000	1,152	848	2,398
Other operating supplies/parts.....	900	900	877	23	701
Insurance and bonds.....	1,400	1,400	950	450	1,329
Computer equipment.....	1,000	1,000	302	698	1,246
Uniforms and clothing	325	325	99	226	232
Professional services.....	-	-	-	-	216
Improvement teams	200	200	-	200	405
Auto parts/gasoline	<u>450</u>	<u>450</u>	<u>174</u>	<u>276</u>	<u>-</u>
Total Purchasing and Warehouse.....	<u>84,615</u>	<u>84,615</u>	<u>79,721</u>	<u>4,894</u>	<u>86,453</u>
Planning and Development:					
Wages and salaries.....	153,120	153,120	153,119	1	149,830
F. I. C. A.	11,780	11,780	11,635	145	11,348
Retirement.....	22,130	22,130	22,512	(382)	26,433
Hospitalization insurance	21,000	21,000	21,000	-	21,250
Life/AD&D	700	700	618	82	618
Dental insurance	2,570	2,570	2,565	5	2,566
Workmen's compensation.....	400	400	399	1	384
Insurance	2,100	2,100	1,652	448	2,082
Other personnel services	1,000	1,000	1,000	-	1,735
Employee education.....	750	750	75	675	656
Dues and memberships	700	700	843	(143)	740
Mailing.....	100	100	-	100	-

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Function/Activity/Object	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2009
	Budgeted Amounts				
	Original	Final			
GENERAL GOVERNMENT (Continued):					
<u>Planning and Development (Continued):</u>					
Drug testing.....	100	100	-	100	167
Temporary services.....	-	-	462	(462)	-
Professional and consulting services.....	5,000	5,000	-	5,000	32
Travel.....	1,000	1,000	693	307	1,660
Printing.....	4,000	4,000	2,699	1,301	2,780
Planning commission meetings.....	1,200	1,200	1,130	70	666
Utilities.....	1,650	1,650	1,272	378	1,537
Other contractual services.....	1,800	1,800	2,059	(259)	1,801
Advertising/Public relations.....	1,250	1,250	1,175	75	1,477
Office supplies.....	850	850	551	299	943
Repairs and maintenance office.....	150	150	-	150	81
Maintenance contracts.....	500	500	-	500	844
Gasoline/auto parts.....	475	475	200	275	224
Other operating supplies.....	250	250	3	247	94
Total Planning and Development.....	<u>234,575</u>	<u>234,575</u>	<u>225,662</u>	<u>8,913</u>	<u>229,948</u>
<u>Economic and Industrial Development:</u>					
Wages and salaries.....	53,280	53,280	53,279	1	55,626
F. I. C. A.	4,380	4,380	4,044	336	4,141
Retirement.....	7,700	7,700	8,601	(901)	10,392
Hospitalization insurance.....	4,200	4,200	4,200	-	4,250
Life/AD&D.....	200	200	188	12	188
Dental insurance.....	510	510	513	(3)	513
Workmen's compensation.....	400	400	363	37	309
Other personnel services.....	4,020	4,020	4,020	-	4,082
Employee education and training.....	250	250	5	245	5
Professional services.....	60,000	60,000	49,081	10,919	33,387
Mailing.....	100	100	245	(145)	158
Dues and memberships.....	2,800	2,800	3,676	(876)	2,176
Advertising.....	4,500	4,500	2,836	1,664	1,670
Travel.....	6,000	6,000	8,190	(2,190)	10,576
Public relations.....	1,000	1,000	1,445	(445)	1,725
Printing.....	3,600	3,600	2,832	768	3,526
Utilities.....	3,000	3,000	4,603	(1,603)	3,280
Repair and maintenance.....	200	200	-	200	-
Other contractual services.....	2,250	2,250	2,250	-	2,250
Office supplies.....	1,000	1,000	542	458	636
Insurance.....	1,400	1,400	988	412	1,433
Equipment.....	500	500	-	500	603
Sister City Project.....	-	-	455	(455)	6,048
Total Economic and Industrial Development ..	<u>161,290</u>	<u>161,290</u>	<u>152,356</u>	<u>8,934</u>	<u>146,974</u>
TOTAL GENERAL GOVERNMENT.....	<u>1,662,045</u>	<u>1,662,045</u>	<u>1,585,698</u>	<u>76,347</u>	<u>1,647,465</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Function/Activity/Object	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2009
	Budgeted Amounts				
	Original	Final			
PUBLIC WORKS:					
<u>Supervision:</u>					
Wages and salaries – regular	210,790	210,790	190,578	20,212	207,835
Wages and salaries – overtime/temporary	200	200	-	200	181
F. I. C. A.	16,450	16,450	14,589	1,861	15,747
Retirement	40,840	40,840	37,903	2,937	47,209
Hospitalization insurance	29,820	29,820	27,719	2,101	32,575
Life/AD&D	970	970	761	209	831
Dental insurance	3,640	3,640	3,232	408	3,433
Workmen's compensation	750	750	725	25	660
Service center cost	80,000	80,000	65,908	14,092	68,377
Drug/Alcohol testing	-	-	64	(64)	198
Employee education and training	1,000	1,000	1,505	(505)	2,014
Other contractual services	1,800	1,800	65	1,735	6,371
Other personnel services	4,940	4,940	5,914	(974)	333
Mailing	1,000	1,000	1,117	(117)	1,236
Dues and memberships	6,445	6,445	3,164	3,281	5,898
Travel	3,400	3,400	1,165	2,235	2,196
Advertising	200	200	456	(256)	111
Uniforms	1,290	1,290	-	1,290	486
Reproduction and printing	800	800	857	(57)	811
Retiree/Insurance	2,000	2,000	2,050	(50)	-
Professional and consulting	5,000	5,000	-	5,000	-
Rental and maintenance contracts	1,000	1,000	150	850	2,030
Utilities	4,000	4,000	2,024	1,976	4,126
Office supplies	2,500	2,500	1,775	725	1,763
Auto parts	1,000	1,000	281	719	118
Gas	100	100	512	(412)	605
Insurance and bonds	1,350	1,350	1,065	285	1,322
Other supplies	600	600	308	292	305
Safety supplies and materials	400	400	12	388	89
Communication and computer equipment	500	500	674	(174)	21,762
Public relations	600	600	123	477	201
Improvement teams	1,200	1,200	496	704	699
Machinery and equipment	-	-	-	-	242
Repair and maintenance	300	300	314	(14)	515
Small tools	200	200	-	200	-
GIS Systems	25,000	25,000	17,903	7,097	-
Regulatory fees and licenses	2,010	2,010	545	1,465	-
Total Supervision	<u>452,095</u>	<u>452,095</u>	<u>383,954</u>	<u>68,141</u>	<u>430,279</u>
<u>Engineering and Codes Enforcement:</u>					
Wages and salaries	114,030	114,030	114,684	(654)	109,671
F. I. C. A.	9,060	9,060	8,803	257	8,291
Retirement	44,910	44,910	43,518	1,392	40,327
Hospitalization insurance	21,000	21,000	21,000	-	20,500
Life/AD&D	600	600	525	75	514
Dental insurance	2,570	2,570	2,566	4	2,480
Workmen's compensation	4,500	4,500	3,327	1,173	3,948

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

<u>Function/Activity/Object</u>	June 30, 2010				<u>Total 2009</u>
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	
	Original	Final			
PUBLIC WORKS (Continued):					
<u>Engineering and Codes Enforcement(Continued):</u>					
Drug/Alcohol testing.....	200	200	85	115	152
Other personnel services	4,490	4,490	4,490	-	4,412
Wages – Temporary.....	-	-	462	(462)	-
Mailing.....	500	500	373	127	296
Dues and memberships	250	250	468	(218)	278
House demolition.....	5,000	5,000	-	5,000	-
Insurance.....	2,500	2,500	1,805	695	2,345
Advertising/Public relations.....	950	950	94	856	1,626
Travel/employee training	800	800	251	549	1,597
Printing	4,000	4,000	2,744	1,256	2,781
Professional services.....	500	500	50	450	109
Other contractual services	1,000	1,000	1,129	(129)	-
Repairs and maintenance – Office equipment....	100	100	109	(9)	-
Uniforms	400	400	482	(82)	133
Maintenance contracts	-	-	-	-	381
Utilities	2,350	2,350	2,460	(110)	2,884
Office supplies.....	1,000	1,000	512	488	1,315
Small tools.....	50	50	150	(100)	27
Auto parts.....	1,000	1,000	417	583	1,692
Gas.....	1,700	1,700	2,273	(573)	1,860
Other contractual services	-	-	-	-	734
Employee education/training	800	800	461	339	-
Total Engineering and Codes	224,260	224,260	213,238	11,022	208,353
<u>Building and grounds:</u>					
Wages and salaries.....	53,830	53,830	53,830	-	83,196
Wages - overtime and standby.....	500	500	78	422	5,850
F. I. C. A.	4,470	4,470	4,382	88	7,043
Retirement.....	21,620	21,620	21,250	370	40,264
Hospitalization insurance	8,400	8,400	8,400	-	17,700
Life/AD&D	260	260	239	21	408
Dental insurance	1,030	1,030	1,026	4	1,881
Workmen's compensation	4,000	4,000	3,299	701	3,717
Other personnel services	4,090	4,090	4,088	2	4,978
Drug/Alcohol test	75	75	-	75	-
Employee education and training.....	50	50	-	50	213
Professional services.....	50	50	-	50	-
Rental and maintenance contracts.....	2,000	2,000	500	1,500	1,123
Utilities	8,000	8,000	6,099	1,901	8,575
Office supplies.....	50	50	-	50	-
Other operating supplies	50	50	30	20	1,860
Small tools.....	1,000	1,000	35	965	1,061
Uniforms	510	510	241	269	815
Auto parts.....	200	200	16	184	366
Electric, chemical and plumbing supplies	250	250	-	250	-
Gasoline, fuel, and lubricants	2,750	2,750	2,174	576	2,015

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Function/Activity/Object	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2009
	Budgeted Amounts				
	Original	Final			
PUBLIC WORKS (Continued):					
Building and grounds (Continued):					
Construction materials.....	2,000	2,000	-	2,000	994
Insurance	18,000	18,000	15,453	2,547	16,125
Retiree insurance.....	-	-	1,025	(1,025)	-
Repairs and maintenance	4,000	4,000	593	3,407	2,940
Springbrook Corporation Center.....	10,000	10,000	5,509	4,491	9,460
Contract services	4,000	4,000	2,693	1,307	6,830
Chemical supplies	50	50	-	50	-
Other improvements.....	-	-	145	(145)	1,519
Total Building and Grounds.....	151,235	151,235	131,105	20,130	218,933
Municipal Building:					
Rental and maintenance contracts	7,000	7,000	7,743	(743)	7,724
Wages.....	15,270	15,270	15,565	(295)	11,265
F.I.C.A.....	1,170	1,170	1,166	4	804
Drug test.....	50	50	-	50	-
Fringe Benefits.....	8,940	8,940	8,479	461	4,839
Workers Comp.....	1,000	1,000	698	302	-
Other Personnel Services.....	40	40	35	5	68
Auto parts/gas	350	350	270	80	326
Janitorial service	-	-	-	-	6,247
Utilities.....	82,000	82,000	72,117	9,883	72,222
Insurance	4,400	4,400	4,171	229	4,347
Operating supplies.....	5,000	5,000	5,969	(969)	7,876
Repairs and maintenance	10,000	10,000	9,205	795	24,437
Professional and consulting	-	-	-	-	364
Equipment and building improvements.....	-	-	5,160	(5,160)	22,116
Total Municipal Building.....	135,220	135,220	130,578	4,642	162,635
Equipment Shop:					
Wages and salaries	75,680	75,680	75,683	(3)	74,893
Wages – overtime and standby.....	3,600	3,600	2,250	1,350	6,083
F.I.C.A.....	6,410	6,410	6,196	214	6,441
Retirement	31,950	31,950	17,483	14,467	15,788
Hospitalization insurance.....	15,370	15,370	15,371	(1)	15,554
Life/AD&D.....	410	410	384	26	384
Dental insurance.....	1,880	1,880	1,878	2	1,877
Workmen's compensation.....	3,250	3,250	1,696	1,554	2,417
Other personnel services.....	4,620	4,620	4,616	4	5,194
Drug/Alcohol test.....	100	100	21	79	32
Professional services	-	-	70	(70)	2,456
Maintenance contract.....	300	300	-	300	1,309
Utilities.....	250	250	24	226	699
Office supplies	50	50	53	(3)	2
Other operating supplies.....	4,500	4,500	4,346	154	2,923
Small tools	1,300	1,300	2,179	(879)	2,181
Uniforms.....	1,530	1,530	1,240	290	1,705
Auto/electrical parts/materials	10,000	10,000	6,862	3,138	6,531
Other contractual services.....	400	400	-	400	-
Gas, fuel, and lubricants	4,200	4,200	2,881	1,319	3,180

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Function/Activity/Object	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2009
	Budgeted Amounts				
	Original	Final			
PUBLIC WORKS (Continued):					
<u>Equipment Shop (Continued)</u>					
Insurance and bonds.....	2,000	2,000	1,537	463	1,921
Repairs and maintenance.....	500	500	3,882	(3,382)	5,648
Travel.....	100	100	-	100	-
Machinery and equipment.....	-	-	11,000	(11,000)	1,913
Employee education/training.....	400	400	-	400	140
Dues, memberships and subscriptions	1,060	1,060	588	472	230
Improvement teams	150	150	125	25	100
Printing	250	250	106	144	105
Repairs/office equipment	-	-	-	-	130
Total Equipment Shop	<u>170,260</u>	<u>170,260</u>	<u>160,471</u>	<u>9,789</u>	<u>159,836</u>
<u>Streets Supervision:</u>					
Wages and salaries – regular	143,580	143,580	143,582	(2)	134,909
Wages and salaries – overtime and standby	5,000	5,000	8,429	(3,429)	6,508
F. I. C. A.	11,750	11,750	11,816	(66)	11,080
Retirement.....	58,990	58,990	63,128	(4,138)	50,310
Retiree insurance	4,560	4,560	4,620	(60)	4,560
Hospitalization insurance	25,200	25,200	25,200	-	25,500
Life/AD&D	730	730	665	65	665
Dental insurance	3,080	3,080	3,079	1	3,079
Workmen's compensation	9,000	9,000	7,893	1,107	7,844
Dues/travel/memberships	700	700	90	610	35
Other personnel services	5,140	5,140	5,249	(109)	6,223
Employee training.....	100	100	101	(1)	10
Rental and maintenance contracts.....	-	-	-	-	25
Utilities	1,200	1,200	438	762	1,644
Office supplies.....	100	100	-	100	71
Improvement teams	200	200	239	(39)	168
Professional and consulting.....	500	500	217	283	302
Other operating supplies	100	100	139	(39)	54
Automotive parts	-	-	33	(33)	66
Gasoline, fuel and lubricants	1,400	1,400	898	502	1,131
Insurance.....	500	500	908	(408)	465
Uniforms	1,150	1,150	857	293	816
Drug testing.....	250	250	352	(102)	260
Total Streets Supervision.....	<u>273,230</u>	<u>273,230</u>	<u>277,933</u>	<u>(4,703)</u>	<u>255,725</u>
<u>Streets – Repair and Construction:</u>					
Wages and salaries – regular	281,180	281,180	245,435	35,745	274,708
Wages and salaries – overtime and standby	24,000	24,000	19,471	4,529	26,759
F.I.C.A.	24,240	24,240	20,954	3,286	23,650
Retirement.....	77,020	77,020	70,370	6,650	63,716
Hospitalization insurance	63,000	63,000	54,600	8,400	63,100
Life/AD&D	1,610	1,610	1,302	308	1,477

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Function/Activity/Object	June 30, 2010				
	Budgeted Amounts		Actual	Variance with	Total
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)	
PUBLIC WORKS (Continued):					
<u>Streets – Repair and Construction (Continued):</u>					
Dental insurance.....	7,700	7,700	5,975	1,725	6,916
Workmen’s compensation.....	18,500	18,500	16,221	2,279	17,421
Other personnel services.....	12,550	12,550	12,556	(6)	17,027
Employee education/training.....	100	100	125	(25)	36
Rental and maintenance contracts.....	2,500	2,500	-	2,500	19,650
Professional services.....	600	600	578	22	605
Other operating supplies.....	1,000	1,000	656	344	931
Small tools.....	400	400	519	(119)	386
Uniforms.....	3,570	3,570	4,260	(690)	2,445
Auto parts.....	8,000	8,000	8,240	(240)	7,205
Repairs and maintenance.....	17,000	17,000	19,353	(2,353)	1,296
Gasoline, fuel and lubricants.....	15,000	15,000	14,434	566	12,740
Construction materials.....	20,000	20,000	32,182	(12,182)	26,591
Insurance and bonds.....	2,500	2,500	2,032	468	2,478
Dues and memberships.....	300	300	260	40	280
Travel.....	2,560	2,560	2,054	506	470
Christmas light maintenance.....	1,000	1,000	662	338	326
Emergency response.....	500	500	10	490	-
Printing.....	700	700	682	18	746
Utilities.....	-	-	-	-	47
Repairs – sidewalks.....	5,000	5,000	6,169	(1,169)	3,562
Traffic signal maintenance.....	12,000	12,000	6,485	5,515	10,030
Snow removal.....	2,500	2,500	8,183	(5,683)	1,436
Safety supplies.....	1,000	1,000	826	174	1,126
Signs and materials.....	10,000	10,000	9,606	394	6,915
Street resurfacing.....	-	-	-	-	21,021
Landfill services.....	500	500	60	440	-
Total Streets – Repair and Construction.....	<u>616,530</u>	<u>616,530</u>	<u>564,260</u>	<u>52,270</u>	<u>615,096</u>
<u>Street Lighting:</u>					
Utilities.....	<u>450,000</u>	<u>450,000</u>	<u>411,945</u>	<u>38,055</u>	<u>449,371</u>
<u>Right of Way Maintenance:</u>					
Wages and salaries – regular.....	250,540	250,540	227,656	22,884	259,291
Wages and salaries – overtime.....	7,500	7,500	2,087	5,413	4,490
F. I. C. A.....	20,050	20,050	17,468	2,582	20,078
Retirement.....	56,900	56,900	55,563	1,337	61,222
Hospitalization insurance.....	67,200	67,200	60,200	7,000	73,900
Life/AD&D.....	1,590	1,590	1,515	75	2,131
Drug testing.....	-	-	-	-	159
Employee education.....	100	100	21	79	25
Retiree insurance.....	2,400	2,400	2,460	(60)	2,400
Dental insurance.....	8,210	8,210	5,849	2,361	6,687
Workmen's compensation.....	17,000	17,000	13,389	3,661	14,376
Other personnel services.....	4,450	4,450	4,332	118	6,274

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Function/Activity/Object	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total <u>2009</u>
	Budgeted Amounts				
	Original	Final			
PUBLIC WORKS (Continued):					
<u>Right of Way Maintenance (Continued):</u>					
Professional services.....	650	650	650	-	786
Travel.....	200	200	-	200	-
Other contractual services	10,000	10,000	2,126	7,874	5,763
Operating supplies	2,300	2,300	1,706	594	1,634
Small tools.....	2,000	2,000	1,088	912	1,590
Maintenance contract.....	200	200	-	200	-
Uniforms	4,500	4,500	2,858	1,642	2,993
Auto parts.....	20,000	20,000	23,186	(3,186)	16,283
Chemical supplies.....	5,000	5,000	4,034	966	5,452
Gasoline	22,000	22,000	12,752	9,248	15,123
Construction materials	500	500	6	494	4
Insurance.....	2,200	2,200	1,950	250	2,074
Repairs and maintenance.....	1,200	1,200	604	596	525
Mosquito control	1,000	1,000	-	1,000	332
Utilities	900	900	731	169	986
Greenway resurfacing.....	5,000	5,000	-	5,000	-
Greenway maintenance.....	1,000	1,000	891	109	2,858
Safety supplies.....	1,500	1,500	1,214	286	1,412
Total Right of Way Maintenance.....	<u>516,090</u>	<u>516,090</u>	<u>444,336</u>	<u>71,754</u>	<u>508,848</u>
SPECIAL PROJECTS:					
Traffic Signal Improvement.....	1,370,000	1,370,000	40,001	1,329,999	117,950
Bridge Improvements	-	-	-	-	1,655
Alcoa Hwy/Wright Rd Intersection	220,000	220,000	9,175	210,825	273
Street Resurfacing	476,900	476,900	28,181	448,719	-
Road repairs/maintenance.....	60,000	60,000	1,860	58,140	-
Fuel Center Expansion.....	-	-	-	-	15,478
Total Special Projects.....	<u>2,126,900</u>	<u>2,126,900</u>	<u>79,217</u>	<u>2,047,683</u>	<u>135,356</u>
TOTAL PUBLIC WORKS	<u>5,115,820</u>	<u>5,115,820</u>	<u>2,797,037</u>	<u>2,318,783</u>	<u>3,144,432</u>
PUBLIC SAFETY					
<u>Police Administration:</u>					
Wages and salaries.....	142,040	142,040	142,643	(603)	140,418
Wages and salaries – overtime	-	-	-	-	327
F. I. C. A.	10,920	10,920	10,343	577	10,150
Retirement.....	28,120	28,120	27,664	456	32,087
Hospitalization insurance	16,800	16,800	16,800	-	17,000
Retiree Insurance.....	2,400	2,400	2,460	(60)	2,400
Life/AD&D	610	610	557	53	557
Dental insurance	2,050	2,050	2,052	(2)	2,052
Workmen's compensation	3,500	3,500	3,189	311	3,394
Other personnel services	850	850	850	-	828
Dues and memberships	1,065	1,065	1,118	(53)	301
Advertising.....	2,000	2,000	857	1,143	2,075

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

<u>Function/Activity/Object</u>	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total <u>2009</u>
	Budgeted Amounts				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY (Continued)					
<u>Police Administration (Continued):</u>					
Travel, conferences and training.....	4,770	4,770	4,191	579	1,999
Reproduction and printing.....	1,200	1,200	-	1,200	218
Utilities	1,400	1,400	1,295	105	1,513
Office supplies.....	1,000	1,000	236	764	79
Uniforms	600	600	-	600	-
Auto parts.....	750	750	5	745	1,059
Gasoline, fuel and lubricants	900	900	474	426	479
Insurance and bonds.....	1,600	1,600	1,563	37	1,632
Professional and consultation services	5,000	5,000	4,742	258	9,612
Public relations	1,200	1,200	219	981	799
Small Tools	500	500	50	450	-
TIES Terminal services.....	2,240	2,240	2,365	(125)	2,553
Computer equipment.....	-	-	1,315	(1,315)	-
Total Police Administration	<u>231,515</u>	<u>231,515</u>	<u>224,988</u>	<u>6,527</u>	<u>231,532</u>
<u>Administrative Services:</u>					
Wages and salaries – regular	334,320	334,320	340,360	(6,040)	345,487
Wages and salaries – overtime	4,000	4,000	6,223	(2,223)	4,673
F.I.C.A.	26,715	26,715	25,928	787	26,229
Retirement.....	45,670	45,670	51,904	(6,234)	62,384
Hospitalization insurance	67,200	67,200	65,300	1,900	64,250
Life/AD&D	1,815	1,815	1,605	210	1,599
Dental insurance	8,210	8,210	6,927	1,283	6,645
Workmen's compensation	8,000	8,000	7,974	26	8,345
Other personnel services	11,300	11,300	11,708	(408)	12,408
Software license fee	25,800	25,800	15,693	10,107	21,723
Professional and consulting.....	-	-	-	-	675
Mailing.....	2,650	2,650	3,444	(794)	2,047
Dues and memberships	1,250	1,250	918	332	1,202
Travel, conferences and training.....	16,000	16,000	8,777	7,223	10,112
Repair and maintenance	25,000	25,000	23,678	1,322	25,175
Rental/maintenance.....	-	-	-	-	8,577
Printing	14,000	14,000	12,355	1,645	15,627
Rental and maintenance contracts.....	9,500	9,500	9,837	(337)	15,720
Office supplies.....	18,000	18,000	13,075	4,925	11,969
Utilities	5,400	5,400	4,912	488	6,596
Small tools.....	1,500	1,500	270	1,230	973
Uniforms	3,000	3,000	503	2,497	1,663
Insurance.....	5,000	5,000	5,100	(100)	5,396
Other operating supplies	1,500	1,500	1,727	(227)	2,870
Computer software.....	15,000	15,000	1,799	13,201	10,703
Auto parts.....	3,000	3,000	1,811	1,189	626
Gasoline	6,000	6,000	4,122	1,878	5,968
Communication equipment	2,000	2,000	2,015	(15)	1,049

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

<u>Function/Activity/Object</u>	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total <u>2009</u>
	Budgeted Amounts				
	Original	Final			
PUBLIC SAFETY (Continued)					
<u>Administrative Services:(Continued)</u>					
Mock assessment/certificate	-	-	-	-	1,344
Repairs – office equipment	-	-	-	-	240
Certificate of Accreditation.....	2,000	2,000	324	1,676	151
Office/computer machinery and equipment.....	10,400	10,400	8,918	1,482	12,297
Contract fees	4,500	4,500	3,281	1,219	4,195
Safety equipment.....	8,500	8,500	3,984	4,516	3,281
Janitorial services	14,700	14,700	16,740	(2,040)	-
Advertising	-	-	267	(267)	-
Total Administrative Services.....	701,930	701,930	661,479	40,451	702,199
<u>Police Communications:</u>					
911 Communications Center.....	151,070	151,070	151,064	6	151,064
Homeland Security Director	15,000	15,000	2,744	12,256	-
Total Police Communications.....	166,070	166,070	153,808	12,262	151,064
<u>Police Patrol and Traffic Division:</u>					
Wages and salaries – regular.....	1,225,720	1,225,720	1,124,793	100,927	1,202,525
Wages and salaries – overtime.....	140,000	140,000	126,768	13,232	132,373
F. I. C. A.	109,660	109,660	97,872	11,788	104,177
Retiree insurance.....	4,560	4,560	4,620	(60)	4,560
Retirement	286,560	286,560	269,222	17,338	270,540
Hospitalization insurance.....	235,200	235,200	221,900	13,300	239,600
Life/AD&D.....	6,300	6,300	5,290	1,010	5,629
Dental insurance.....	28,740	28,740	25,662	3,078	28,124
Wages – ARRA.....	-	-	21,320	(21,320)	-
Overtime – ARRA.....	-	-	648	(648)	-
FICA – ARRA	-	-	1,658	(1,658)	-
Retirement – ARRA	-	-	3,174	(3,174)	-
Hospitalization insurance – ARRA	-	-	4,200	(4,200)	-
Life/AD&D – ARRA	-	-	98	(98)	-
Dental insurance – ARRA	-	-	339	(339)	-
Workmen's compensation.....	50,000	50,000	44,780	5,220	47,221
Drug/Alcohol testing.....	3,000	3,000	3,428	(428)	2,454
Ammunition.....	16,000	16,000	6,987	9,013	796
Veterinarian	3,000	3,000	783	2,217	2,431
Employee education and training.....	3,000	3,000	-	3,000	3,009
Other personnel services.....	69,130	69,130	62,942	6,188	65,857
Dues and memberships.....	500	500	543	(43)	300
Travel, conferences and training.....	25,000	25,000	11,951	13,049	17,723
Office/other operating supplies.....	9,000	9,000	7,635	1,365	8,605
Small tools and minor equipment.....	500	500	478	22	19
Uniforms and clothing.....	30,000	30,000	23,562	6,438	25,300
Automotive parts.....	65,000	65,000	90,854	(25,854)	77,394
Gasoline, fuel, and lubricants.....	120,000	120,000	86,994	33,006	94,025

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Function/Activity/Object	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2009
	Budgeted Amounts				
	Original	Final			
PUBLIC SAFETY (Continued)					
Police Patrol and Traffic Division (Continued):					
Firing range	2,500	2,500	2,500	-	8,588
Community policing	2,500	2,500	179	2,321	2,295
Mailing.....	500	500	81	419	262
Auto equipment	-	-	105	(105)	300
Insurance	28,000	28,000	26,465	1,535	27,546
Professional services	3,700	3,700	7,900	(4,200)	4,528
Repairs and maintenance – machinery	1,000	1,000	2,171	(1,171)	-
Maintenance contracts.....	1,000	1,000	588	412	9,543
Other equipment	5,000	5,000	13,932	(8,932)	13,906
Printing and photography	4,000	4,000	3,957	43	16,027
Utilities.....	84,000	84,000	71,276	12,724	82,203
Contract services.....	13,000	13,000	12,960	40	12,960
K-9.....	3,000	3,000	1,263	1,737	1,746
Lease equipment	4,000	4,000	4,000	-	3,701
Federal Block Grant.....	-	-	1,075	(1,075)	14,227
Computer equipment.....	11,000	11,000	-	11,000	-
Total Police Patrol and Traffic Control	<u>2,594,070</u>	<u>2,594,070</u>	<u>2,396,953</u>	<u>197,117</u>	<u>2,530,494</u>
Police Investigation:					
Wages and salaries – regular	339,270	339,270	338,738	532	330,722
Undercover operations	500	500	100	400	-
Wages and salaries – overtime/standby.....	52,000	52,000	44,917	7,083	49,068
F. I. C. A.....	30,520	30,520	28,993	1,527	29,177
Retirement.....	84,610	84,610	81,288	3,322	74,254
Hospitalization insurance	58,800	58,800	57,400	1,400	56,900
Life/AD&D	1,710	1,710	1,527	183	1,507
Dental insurance	7,180	7,180	7,013	167	6,842
Workmen's compensation.....	14,500	14,500	11,438	3,062	13,004
Dues/subscriptions/memberships.....	800	800	377	423	1,177
Other personnel services	8,780	8,780	8,250	530	8,908
Mailing.....	400	400	44	356	5
Employee education/training	1,500	1,500	-	1,500	-
Other operating supplies and small tools.....	2,500	2,500	1,848	652	2,479
Travel, conferences, and training	6,000	6,000	3,207	2,793	7,965
Office supplies.....	2,000	2,000	1,216	784	1,326
Professional services	450	450	-	450	103
Uniforms	2,800	2,800	48	2,752	1,764
Auto parts.....	4,000	4,000	2,035	1,965	2,964
Gasoline, fuel and lubricants	12,500	12,500	9,845	2,655	10,287
Insurance	6,000	6,000	5,961	39	6,041
Utilities.....	3,100	3,100	2,774	326	3,260
Equipment	-	-	58	(58)	434
Drug Seizure Expenditures.....	-	-	28,400	(28,400)	25,386
Small tools.....	2,500	2,500	866	1,634	-
Printing.....	800	800	811	(11)	816
Total Police Investigation.....	<u>643,220</u>	<u>643,220</u>	<u>637,154</u>	<u>6,066</u>	<u>634,389</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Function/Activity/Object	June 30, 2010				Total 2009
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	
	Original	Final			
PUBLIC SAFETY - POLICE(Continued):					
Police – Animal Control:					
Wages and salaries – regular	78,420	78,420	78,416	4	77,050
Wages and salaries – overtime.....	2,000	2,000	101	1,899	1,420
F. I. C. A.....	6,190	6,190	5,833	357	5,820
Retirement.....	12,200	12,200	12,097	103	14,279
Hospitalization insurance	16,800	16,800	16,800	-	17,000
Life/AD&D	440	440	405	35	405
Dental insurance	2,050	2,050	1,358	692	1,763
Workmen's compensation.....	3,000	3,000	2,944	56	2,777
Dues and memberships.....	150	150	-	150	200
Other personnel services.....	600	600	747	(147)	958
Utilities.....	1,400	1,400	1,521	(121)	1,605
Office supplies.....	1,000	1,000	1,332	(332)	708
Small tools and equipment	2,500	2,500	153	2,347	120
Veterinarian expenses	500	500	-	500	-
Uniforms	800	800	149	651	71
Auto parts.....	4,500	4,500	328	4,172	447
Professional services	-	-	144	(144)	144
Animal shelter fees	5,000	5,000	2,930	2,070	4,939
Gasoline, fuel and lubricants	5,000	5,000	3,810	1,190	4,492
Other commodities.....	500	500	55	445	118
Insurance	1,500	1,500	1,410	90	1,464
Travel and training.....	1,000	1,000	-	1,000	-
Printing.....	500	500	-	500	1,700
Total Police – Animal Control.....	<u>146,050</u>	<u>146,050</u>	<u>130,533</u>	<u>15,517</u>	<u>137,480</u>
TOTAL PUBLIC SAFETY – POLICE.....	<u>4,482,855</u>	<u>4,482,855</u>	<u>4,204,915</u>	<u>277,940</u>	<u>4,387,158</u>
PUBLIC SAFETY – FIRE:					
Fire Supervision:					
Wages and salaries	258,600	258,600	259,206	(606)	251,577
Overtime.....	5,000	5,000	4,591	409	5,820
F. I. C. A.....	21,650	21,650	21,758	(108)	21,060
Retirement.....	71,780	71,780	74,346	(2,566)	61,292
Hospitalization insurance	33,600	33,600	33,600	-	34,000
Life AD&D.....	1,150	1,150	1,009	141	1,009
Dental insurance	4,110	4,110	3,410	700	3,410
Workmen’s compensation	6,500	6,500	6,009	491	6,422
Retiree insurance.....	2,160	2,160	2,460	(300)	4,560
Employee education.....	-	-	-	-	1,999
Other personnel services.....	25,260	25,260	25,260	-	25,877
Mailing.....	700	700	214	486	273
Dues and memberships.....	650	650	625	25	743
Travel, conferences and training.....	3,000	3,000	2,891	109	2,423
Reproduction and printing.....	4,600	4,600	4,005	595	4,485
Office supplies.....	4,400	4,400	2,045	2,355	2,154
Uniforms	2,100	2,100	532	1,568	1,360

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2008

Function/Activity/Object	June 30, 2010				Total <u>2008</u>
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY – FIRE (Continued):					
<u>Fire Supervision (Continued):</u>					
Auto parts	1,800	1,800	2,266	(466)	2,972
Gasoline, fuel and lubricants	4,400	4,400	4,341	59	3,444
Other commodities	500	500	-	500	39
Insurance	2,900	2,900	2,740	160	2,779
Professional and consultation	15,000	15,000	6,480	8,520	-
Small tools	1,000	1,000	198	802	632
Public relations	3,000	3,000	2,077	923	2,596
Rental and maintenance contracts	1,600	1,600	2,296	(696)	8,594
Utilities	7,250	7,250	8,978	(1,728)	9,034
Repairs and maintenance	500	500	-	500	286
Equipment	-	-	-	-	1,290
Total Fire Supervision	<u>483,210</u>	<u>483,210</u>	<u>471,337</u>	<u>11,873</u>	<u>460,130</u>
<u>Fire Prevention/Inspection:</u>					
Wages and salaries	46,370	46,370	49,546	(3,176)	66,415
Overtime	6,500	6,500	3,764	2,736	-
F. I. C. A.	4,080	4,080	4,211	(131)	5,225
Retirement	17,320	17,320	17,434	(114)	14,818
Hospitalization insurance	8,190	8,190	8,820	(630)	7,650
Life/AD&D	240	240	228	12	240
Dental insurance	1,000	1,000	1,077	(77)	923
Workmen's compensation	3,000	3,000	1,542	1,458	2,803
Dues and memberships	500	500	75	425	46
Other commodities	200	200	-	200	45
Professional services	250	250	-	250	35
Rental and maintenance contracts	100	100	-	100	-
Utilities	800	800	932	(132)	739
Employee education and training	300	300	-	300	183
Other personnel services	500	500	495	5	3,158
Mailing	50	50	11	39	-
Advertising	5,000	5,000	-	5,000	6,653
Reproduction and printing	300	300	-	300	-
Retirement settlement	50,680	50,680	50,700	(20)	-
Retiree insurance	4,560	4,560	3,812	748	-
Repairs and maintenance – office equipment	200	200	-	200	-
Office supplies	500	500	240	260	184
Small tools and minor equipment	2,400	2,400	1,950	450	1,427
Smoke detectors	500	500	136	364	486
Uniforms	700	700	266	434	498
Auto parts	600	600	270	330	731
Gasoline, fuel and lubricants	2,800	2,800	2,504	296	2,806
Insurance	900	900	987	(87)	866
Travel	1,000	1,000	1,002	(2)	1,150
Total Fire Prevention/Inspection	<u>159,540</u>	<u>159,540</u>	<u>150,002</u>	<u>9,538</u>	<u>117,081</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Function/Activity/Object	June 30, 2010				
	Budgeted Amounts		Actual	Variance with	Total 2009
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)	
PUBLIC SAFETY (Continued):					
Fire Fighting:					
Wages and salaries – regular	1,050,760	1,050,760	1,036,803	13,957	1,071,455
Wages and salaries – temporary	-	-	785	(785)	2,835
Wages and salaries – overtime	128,500	76,690	61,634	15,056	111,354
F. I. C. A.	94,020	94,020	84,916	9,104	91,349
Retiree insurance	18,480	18,480	18,370	110	18,480
Retirement.....	271,990	271,990	273,453	(1,463)	277,657
Hospitalization insurance	218,400	218,400	217,000	1,400	228,000
Life/AD&D	5,760	5,760	4,979	781	5,208
Dental insurance	26,680	26,680	23,922	2,758	24,555
Workmen's compensation	37,000	37,000	29,812	7,188	36,552
Drug/Alcohol testing.....	1,000	1,000	789	211	586
Mailing.....	500	500	243	257	210
Advertising.....	100	100	49	51	-
Repairs and maintenance.....	400	400	675	(275)	23,188
Employee education and training.....	8,000	8,000	6,199	1,801	9,024
Other personnel services	53,320	53,320	53,326	(6)	59,940
Dues, subscriptions and memberships	-	-	-	-	7
Maintenance contracts	12,000	12,000	10,787	1,213	-
Travel.....	4,000	4,000	3,654	346	5,596
Office and station supplies	14,100	14,100	11,145	2,955	13,094
Small tools and minor equipment	10,000	10,000	13,406	(3,406)	9,494
Uniforms	27,000	27,000	21,074	5,926	27,273
Automotive parts	22,000	22,000	35,245	(13,245)	17,807
Printing	1,200	1,200	1,940	(740)	1,747
Repairs and maintenance.....	10,000	10,000	9,206	794	-
Gasoline, fuel and lubricants.....	15,000	15,000	13,575	1,425	18,232
Other commodities.....	10,500	10,500	10,981	(481)	11,869
Medical physicals	2,500	2,500	136	2,364	63
Utilities	60,000	60,000	53,359	6,641	58,930
Insurance.....	33,825	33,825	32,608	1,217	33,823
Fire hydrant rental	27,900	27,900	27,900	-	27,900
Building improvements.....	-	-	4,782	(4,782)	-
Other equipment	-	-	-	-	1,200
Station furnishings.....	3,000	3,000	1,741	1,259	-
Professional and consultation	6,500	6,500	3,783	2,717	3,109
Total Fire Fighting.....	<u>2,174,435</u>	<u>2,122,625</u>	<u>2,068,277</u>	<u>54,348</u>	<u>2,190,537</u>
TOTAL PUBLIC SAFETY - FIRE	<u>2,817,185</u>	<u>2,765,375</u>	<u>2,689,616</u>	<u>75,759</u>	<u>2,767,748</u>
CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES:					
Parks and Recreation:					
Little League Park	-	-	160	(160)	5,781
Senior Citizen Center.....	10,700	10,700	11,406	(706)	11,044
Machinery and equipment.....	-	-	-	-	8,067

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Function/Activity/Object	June 30, 2010				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2009
	Original	Final			
CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES (Continued)					
<u>Parks and Recreation (Continued):</u>					
Repairs and maintenance	20,000	20,000	13,168	6,832	10,309
Special events.....	5,000	5,000	824	4,176	20,138
Springbrook pavilion	-	-	-	-	26,686
Support services and projects	450,980	450,980	450,981	(1)	460,185
Total Parks and Recreation	486,680	486,680	476,539	10,141	542,210
Blount County Library.....	179,905	179,905	179,905	-	179,905
Blount County Industrial Development Board.....	328,090	467,500	521,000	(53,500)	520,457
East Tennessee Development District ...	1,240	1,240	1,237	3	1,237
Blount County Family Services.....	15,245	15,245	15,245	-	15,245
Blount County Chamber of Commerce .	2,050	2,050	2,050	-	3,050
Blount County Community Action Agency	10,000	10,000	10,000	-	10,300
Partnership Park North.....	-	39,240	-	39,240	-
Economic Development Board - Blount Partnership.....	-	33,350	18,900	14,450	-
Vocational Rehabilitation	51,815	51,815	51,814	1	35,440
In Lieu of Taxes	209,250	249,060	343,057	(93,997)	227,649
TOTAL CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES	1,284,275	1,536,085	1,619,747	(83,662)	1,535,493
TOTAL EXPENDITURES.....	\$15,362,180	\$15,562,180	\$12,897,013	\$ 2,665,167	\$13,482,296

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EDUCATION SPECIAL REVENUE FUND

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specific purposes.

Education Fund – The Education Fund is used to account for the general operations of the Alcoa City Schools. Major funding for the Education Fund is provided by State education funds, shared revenues provided by Blount County, and transfer of property tax revenue from the General Fund. The Education Fund is presented as a major fund in the basic financial statements.

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CITY OF ALCOA, TENNESSEE
EDUCATION FUND - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Source of Revenue	June 30, 2010				
	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance – With Final Budget Positive (Negative)	Totals 2009
	Original	Final			
TAXES:					
Current city taxes	\$ 4,020,000	\$ 4,020,000	\$ 4,020,000	\$ -	\$ 4,020,000
Current county taxes.....	2,240,000	2,340,000	2,368,101	28,101	2,252,842
Previous year's county taxes	125,000	125,000	132,067	7,067	108,742
Pick-up taxes.....	15,000	15,000	18,557	3,557	20,046
In-lieu of taxes	18,000	18,000	27,226	9,226	18,539
Total Taxes	<u>6,418,000</u>	<u>6,518,000</u>	<u>6,565,951</u>	<u>47,951</u>	<u>6,420,169</u>
MISCELLANEOUS REVENUE:					
Mixed drink tax.....	4,600	4,600	6,001	1,401	7,461
Interest.....	30,000	-	-	-	15,040
Regular tuition	215,000	215,000	225,242	10,242	216,648
Business tax, marriage licenses, fees.....	52,500	52,500	150,459	97,959	54,450
Local sales tax - County	1,500,000	1,400,000	1,425,344	25,344	1,433,046
Contributions/gifts	-	-	21,018	21,018	-
Other services	150,000	150,000	399	(149,601)	-
Total Miscellaneous Revenue	<u>1,952,100</u>	<u>1,822,100</u>	<u>1,828,463</u>	<u>6,363</u>	<u>1,726,645</u>
REVENUE FROM OTHER AGENCIES:					
State of Tennessee:					
Tennessee Foundation Program	5,900,000	5,821,400	5,831,400	10,000	5,665,700
State driver education	3,800	-	3,385	3,385	2,516
Career Ladder Program	184,600	184,600	148,996	(35,604)	177,235
Other Federal	-	8,900	8,792	(108)	-
Grant Revenue	-	-	6,443	6,443	6,750
State Matching	5,800	5,800	6,479	679	6,537
Lottery Pre-K	162,400	162,400	110,020	(52,380)	165,172
Other State Funds.....	118,300	9,300	24,414	15,114	61,962
BEP State Stabilization.....	-	293,600	293,600	-	82,300
Coord. School Health	-	75,000	75,000	-	111,966
Family Resource Center	-	33,300	33,300	-	39,865
Total Revenue from Other Agencies ..	<u>6,374,900</u>	<u>6,594,300</u>	<u>6,541,829</u>	<u>(52,471)</u>	<u>6,320,003</u>
TOTAL REVENUES	<u>\$ 14,745,000</u>	<u>\$ 14,934,400</u>	<u>\$ 14,936,243</u>	<u>\$ 1,843</u>	<u>\$14,466,817</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
EDUCATION FUND - SPECIAL REVENUE FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Activity/Object	June 30, 2010				
	Budgeted Amounts		Actual	Variance with	Totals
	Original	Final	Budgetary	Final Budget	
			Basis	Positive (Negative)	2009
BOARD OF EDUCATION:					
Board member fees	\$ 6,850	\$ 6,850	\$ 5,700	\$ 1,150	\$ 5,700
F.I.C.A./Medicare	524	524	437	87	436
Professional services	28,000	28,000	16,670	11,330	14,220
Dues and memberships	11,000	11,000	11,274	(274)	10,708
Legal services	6,500	6,500	2,371	4,129	2,798
Travel	18,000	18,000	2,778	15,222	17,665
Liability insurance	31,000	31,000	21,668	9,332	28,414
Surety bonds	1,500	1,500	1,102	398	1,103
Commissions – Blount County Trustee.....	50,000	50,000	51,360	(1,360)	49,557
Workmen’s compensation insurance.....	53,000	53,000	48,556	4,444	48,105
Other charges/supplies	12,500	12,500	19,777	(7,277)	12,823
Total Board of Education	<u>218,874</u>	<u>218,874</u>	<u>181,693</u>	<u>37,181</u>	<u>191,529</u>
OFFICE OF SUPERINTENDENT:					
Superintendent	96,706	96,706	97,706	(1,000)	97,706
Assistants	54,497	54,497	54,497	-	53,207
F.I.C.A./Medicare	11,567	11,567	11,335	232	11,232
Retirement	14,601	14,601	15,998	(1,397)	16,974
Employee insurance	23,644	23,644	11,466	12,178	12,370
Communication	15,000	15,000	18,156	(3,156)	20,220
Travel	8,100	8,100	6,078	2,022	9,272
Office supplies	250	250	145	105	95
Other fringe benefits	2,000	2,000	-	2,000	-
Total Office of Superintendent	<u>226,365</u>	<u>226,365</u>	<u>215,381</u>	<u>10,984</u>	<u>221,076</u>
OFFICE OF PRINCIPALS:					
Principals.....	269,252	269,252	265,252	4,000	264,473
Assistant Principals.....	245,144	245,144	241,144	4,000	240,493
Career ladder	9,500	9,500	8,000	1,500	8,000
Secretaries	136,311	136,311	135,731	580	152,443
F.I.C.A./Medicare	50,506	50,506	48,374	2,132	49,286
Retirement	54,626	54,626	76,104	(21,478)	70,315
Employee insurance	77,116	77,116	39,864	37,252	43,032
Communications.....	31,000	31,000	36,565	(5,565)	34,191
Travel.....	3,500	3,500	-	3,500	2,801
Total Office of Principals	<u>876,955</u>	<u>876,955</u>	<u>851,034</u>	<u>25,921</u>	<u>865,034</u>
LOTTERY PRE-K FUNDS:					
Teacher salaries	104,807	104,807	103,941	866	104,464
Education assistant.....	39,518	39,518	26,500	13,018	38,140
F.I.C.A./Medicare	10,803	10,803	9,964	839	10,696
Retirement	12,814	12,814	14,471	(1,657)	12,724
Employee insurance	23,094	23,094	5,400	17,694	23,733
Instructional supplies	2,000	2,000	359	1,641	-
Unemployment compensation	2,093	2,093	-	2,093	2,068
Total Lottery Pre-K Funds.....	<u>195,129</u>	<u>195,129</u>	<u>160,635</u>	<u>34,494</u>	<u>191,825</u>

See accompanying independent auditors’ report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
EDUCATION FUND - SPECIAL REVENUE FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Activity/Object	June 30, 2010		Actual Amounts Budgetary Basis	Variance – with Final Budget Positive (Negative)	Totals 2009
	Budgeted Amounts				
	Original	Final			
FISCAL SERVICES:					
Supervisor/Director.....	85,055	85,055	84,412	643	80,624
Secretaries	45,469	45,469	35,859	9,610	44,692
F.I.C.A/Medicare.....	9,985	9,985	9,069	916	9,487
Retirement.....	12,463	12,463	11,669	794	12,965
Employee insurance.....	7,683	7,683	6,066	1,617	6,520
Travel.....	1,800	1,800	2,956	(1,156)	1,961
Office supplies.....	6,500	6,500	3,150	3,350	5,501
Other charges.....	34,000	34,000	22,481	11,519	36,906
Administration equipment.....	4,000	4,000	-	4,000	-
Total Fiscal Services	<u>206,955</u>	<u>206,955</u>	<u>175,662</u>	<u>31,293</u>	<u>198,656</u>
TRANSPORTATION:					
Bus Drivers.....	6,824	6,824	20,220	(13,396)	11,649
F.I.C.A/Medicare.....	522	522	1,504	(982)	861
Retirement.....	1,051	1,051	3,487	(2,436)	2,008
Employee insurance.....	6,263	6,263	5,722	541	6,173
Gasoline/Diesel.....	3,000	3,000	-	3,000	171
Tires and tubes.....	2,000	2,000	-	2,000	1,711
Vehicle parts.....	2,500	2,500	-	2,500	5,450
Other charges.....	15,000	15,000	1,212	13,788	15,000
Contracts with private agencies	180,000	180,000	150,750	29,250	155,475
Vehicle maintenance and repair.....	4,000	4,000	227	3,773	7,961
Vehicle and equipment insurance	2,000	2,000	-	2,000	-
Total Transportation.....	<u>223,160</u>	<u>223,160</u>	<u>183,122</u>	<u>40,038</u>	<u>206,459</u>
INSTRUCTION ELEMENTARY/ SECONDARY:					
Regular teacher salaries.....	5,434,653	5,434,653	5,488,525	(53,872)	5,338,231
Substitute /homebound teacher salaries.....	71,000	71,000	96,975	(25,975)	122,018
F.I.C.A/Medicare.....	462,632	463,035	457,089	5,946	445,762
Retirement.....	420,645	421,487	449,493	(28,006)	430,039
Employee insurance.....	1,075,164	1,234,697	1,393,060	(158,363)	1,093,067
Unemployment insurance.....	3,000	3,000	7,792	(4,792)	-
Other contractual services	45,000	67,051	75,886	(8,835)	70,915
Other fringe benefits	4,000	4,000	955	3,045	8,100
Instructional supplies/materials	180,000	144,097	123,254	20,843	138,205
Textbooks	150,000	150,000	51,456	98,544	204,991
Educational assistants.	403,311	408,572	419,883	(11,311)	360,094
Other supplies/charges.....	26,000	34,445	17,784	16,661	25,958
Career ladder program	153,000	153,000	111,421	41,579	129,059
ConnecTENN – ARRA.....	-	4,800	5,490	(690)	-
Instruction equipment	<u>145,000</u>	<u>145,000</u>	<u>122,884</u>	<u>22,116</u>	<u>217,235</u>
Total Instruction					
Elementary/Secondary.....	<u>8,573,405</u>	<u>8,738,837</u>	<u>8,821,947</u>	<u>(83,110)</u>	<u>8,583,674</u>

(Continued)

CITY OF ALCOA, TENNESSEE
EDUCATION FUND – SPECIAL REVENUE FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Activity/Object	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2009
	Budgeted Amounts				
	Original	Final			
FAMILY RESOURCE:					
Supervisor/director.....	65,000	65,000	65,000	-	65,000
F.I.C.A./Medicare	4,973	4,973	2,072	2,901	2,898
Retirement	4,173	4,173	1,738	2,435	2,434
Employee insurance	<u>5,895</u>	<u>5,895</u>	<u>-</u>	<u>5,895</u>	<u>5,672</u>
Total Family Resource	<u>80,041</u>	<u>80,041</u>	<u>68,810</u>	<u>11,231</u>	<u>76,004</u>
INSTRUCTION-REGULAR PROGRAM:					
Supervisor/Director	19,508	19,508	29,392	(9,884)	19,508
Career ladder.....	11,000	11,000	13,000	(2,000)	12,958
Librarians	201,101	201,101	190,601	10,500	189,498
Instructional computer.....	140,265	140,265	137,265	3,000	136,028
Education media personnel.....	73,869	73,869	72,869	1,000	72,870
F.I.C.A./Medicare	33,755	33,755	31,965	1,790	31,062
Retirement	28,327	28,327	29,539	(1,212)	27,766
Employee insurance	61,835	61,835	34,375	27,460	37,086
Other fringe benefits	3,500	3,500	1,845	1,655	4,382
Consultants	4,000	4,000	7,575	(3,575)	6,950
Travel	16,500	18,000	14,285	3,715	15,665
Library books.....	28,000	28,000	28,018	(18)	21,621
In Service/staff development	-	1,500	-	1,500	-
Other salaries and wages	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Total Instruction-Regular Program.....	<u>636,660</u>	<u>639,660</u>	<u>590,729</u>	<u>48,931</u>	<u>575,394</u>
OTHER STUDENT SUPPORT:					
Guidance personnel.....	206,838	206,838	195,096	11,742	203,755
Career ladder.....	5,000	5,000	1,000	4,000	2,042
F.I.C.A./Medicare	16,206	16,206	14,593	1,613	15,207
Retirement	13,600	13,600	12,589	1,011	13,212
Employee insurance	24,005	24,005	16,936	7,069	18,244
Evaluation and testing	25,000	25,000	21,575	3,425	30,089
Other supplies/charges	1,000	1,000	-	1,000	8,551
In Service/staff development	<u>20,000</u>	<u>20,000</u>	<u>10,850</u>	<u>9,150</u>	<u>21,625</u>
Total Other Student Support	<u>311,649</u>	<u>311,649</u>	<u>272,639</u>	<u>39,010</u>	<u>312,725</u>
HEALTH SERVICES:					
Wages.....	42,610	42,610	42,610	-	41,579
F.I.C.A./Medicare	3,325	3,325	1,472	1,853	1,855
Retirement	2,736	2,736	1,236	1,500	1,557
Employee insurance	5,670	5,670	-	5,670	5,672
Contractual services	50,000	50,000	61,500	(11,500)	58,291
Medical supplies	23,000	23,000	4,699	18,301	4,852
Other charges.....	<u>31,000</u>	<u>31,000</u>	<u>18,103</u>	<u>12,897</u>	<u>46,339</u>
Total Health Services	<u>158,341</u>	<u>158,341</u>	<u>129,620</u>	<u>28,721</u>	<u>160,145</u>

(Continued)

CITY OF ALCOA, TENNESSEE
EDUCATION FUND – SPECIAL REVENUE FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

<u>Activity/Object</u>	<u>June 30, 2010</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2009</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
OPERATION OF PLANT:					
Custodial personnel	92,652	92,652	94,244	(1,592)	89,655
F.I.C.A/Medicare.....	7,088	7,088	7,198	(110)	8,233
Retirement.....	14,268	14,268	25,662	(11,394)	24,558
Employee insurance.....	23,878	23,878	18,575	5,303	20,235
Contractual services.....	200,000	200,000	186,147	13,853	200,793
Electricity.....	425,000	425,000	436,205	(11,205)	502,193
Natural gas.....	103,350	103,350	52,908	50,442	87,921
Water and sewer.....	59,000	59,000	69,068	(10,068)	72,196
Other supplies	10,000	10,000	4,357	5,643	2,025
Other charges	20,000	20,000	13,046	6,954	13,504
Other fringe benefits.....	-	-	-	-	18,451
Rentals.....	6,500	6,500	10,388	(3,888)	21,669
Custodial supplies	35,000	35,000	46,594	(11,594)	43,580
Building and contents insurance.....	65,000	65,000	64,197	803	55,769
Disposable fees.....	11,000	11,000	9,761	1,239	-
Equipment.....	5,000	5,000	-	5,000	3,977
Total Operation of Plant.....	<u>1,077,736</u>	<u>1,077,736</u>	<u>1,038,350</u>	<u>39,386</u>	<u>1,164,759</u>
MAINTENANCE OF PLANT:					
Maintenance personnel	216,464	216,464	206,657	9,807	213,177
FICA/Medicare	16,560	16,560	15,136	1,424	15,669
Retirement.....	37,335	37,335	42,594	(5,259)	32,342
Employee insurance.....	48,109	48,109	22,621	25,488	24,429
Contractual services.....	60,000	60,000	81,751	(21,751)	80,199
Machinery parts.....	3,800	3,800	-	3,800	231
Building maintenance/repairs.....	60,000	60,000	82,128	(22,128)	71,413
Equipment repairs/maintenance	60,000	60,000	68,739	(8,739)	77,064
Supplies/materials	22,500	22,500	16,622	5,878	18,322
Other charges	71,000	71,000	74,047	(3,047)	83,370
Maintenance equipment.....	5,000	5,000	1,965	3,035	777
Total Maintenance of Plant.....	<u>600,768</u>	<u>600,768</u>	<u>612,260</u>	<u>(11,492)</u>	<u>616,993</u>
FOOD SERVICES:					
Office supplies/staff development.....	<u>650</u>	<u>650</u>	<u>-</u>	<u>650</u>	<u>877</u>
CAPITAL OUTLAY:					
Equipment and other.....	<u>25,000</u>	<u>25,000</u>	<u>28,172</u>	<u>(3,172)</u>	<u>50,113</u>

(Continued)

CITY OF ALCOA, TENNESSEE
EDUCATION FUND - SPECIAL REVENUE FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Activity/Object	June 30, 2010				
	Budgeted Amounts		Actual	Variance with	Totals
	Original	Final	Budgetary	Final Budget	
		Basis	Positive (Negative)		
SPECIAL EDUCATION PROGRAM:					
Supervisor/director	30,149	30,149	51,890	(21,741)	30,150
Teachers	530,908	530,908	530,908	-	526,362
Substitute teachers.....	-	-	-	-	70
Homebound teachers.....	2,000	2,000	-	2,000	-
F.I.C.A./Medicare	54,171	54,172	49,887	4,285	50,680
Retirement	66,420	66,420	60,788	5,632	53,574
Employee insurance	128,748	128,748	84,595	44,153	92,206
Career ladder.....	-	-	-	-	2,084
Educational assistants.....	65,309	65,309	49,838	15,471	55,392
Psychological personnel	60,616	60,616	60,579	37	59,534
Travel	2,500	2,500	2,500	-	4,095
Other supplies & materials	10,269	10,269	8,710	1,559	2,526
Contracts with Others.....	49,499	49,499	46,333	3,166	34,336
Instructional materials.....	-	-	-	-	15,387
Unemployment compensation	1,300	1,300	500	800	-
Clerical personnel	-	20,967	-	20,967	21,179
Total Special Education Program....	<u>1,001,889</u>	<u>1,022,857</u>	<u>946,528</u>	<u>76,329</u>	<u>947,575</u>
VOCATIONAL EDUCATION:					
Teachers	221,341	221,342	227,836	(6,495)	216,070
Substitute teachers.....	2,500	2,500	-	2,500	-
F.I.C.A./Medicare	17,430	17,430	16,632	798	15,866
Retirement	14,467	14,467	14,691	(224)	13,936
Instructional supplies/textbooks.....	15,750	15,750	15,750	-	12,988
Employee insurance	35,435	35,435	22,932	12,503	24,740
Other charges.....	2,500	2,500	2,500	-	2,443
Career ladder.....	4,000	4,000	1,000	3,000	1,000
Vocational equipment	18,000	18,000	18,000	-	20,807
Total Vocational Education	<u>331,423</u>	<u>331,423</u>	<u>319,341</u>	<u>12,082</u>	<u>307,850</u>
TOTAL EXPENDITURES.....	<u>\$14,745,000</u>	<u>\$14,934,400</u>	<u>\$14,595,923</u>	<u>\$ 338,477</u>	<u>\$14,670,688</u>

SCHOOL CONSTRUCTION AND IMPROVEMENT FUND

School construction and improvement fund is used to account for the acquisition and construction of education major capital facilities, improvements and equipment.

School Construction and Improvement Fund – The school construction and improvement fund is presented as a major fund in the basic financial statements.

CITY OF ALCOA, TENNESSEE
SCHOOL CONSTRUCTION AND IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	June 30, 2010				
	Budgeted Amounts		Actual	Variance with	Totals
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)	
REVENUES:					
Investment income.....	\$ -	\$ -	\$ 10,821	\$ 10,821	\$ 127,100
Intergovernmental.....	-	-	439,200	439,200	490,595
Total Revenues	-	-	450,021	450,021	617,695
EXPENDITURES:					
Capital projects.....	117,982	166,982	166,969	13	75,370
Ball fields.....	31,740	-	-	-	3,200
Fire hall renovations	324,611	338,746	338,744	2	126,389
Elementary school renovations.....	1,404,526	3,083,131	3,082,732	399	4,089,474
Total Expenditures.....	1,878,859	3,588,859	3,588,445	414	4,294,433
Net Change in Fund Balance Before Other Financing Sources (Uses)	(1,878,859)	(3,588,859)	(3,138,424)	450,435	(3,676,738)
Other Financing Sources (Uses):					
Transfers In:					
Education	-	-	-	-	1,600,000
Transfers Out:					
General Fund	-	-	(500,000)	(500,000)	(500,000)
Total Other Financing Sources (Uses)	-	-	(500,000)	(500,000)	1,100,000
Net Change in Fund Balance.....	(1,878,859)	(3,588,859)	(3,638,424)	(49,565)	(2,576,738)
Fund Balance, July 1 st	4,966,717	4,966,717	4,966,717	-	7,543,455
Fund Balance, June 30 th	\$ 3,087,858	\$ 1,377,858	\$ 1,328,293	\$ (49,565)	\$ 4,966,717

See accompanying independent auditors' report and notes.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt not being accounted for in the enterprise funds. The Debt Service Fund is presented as a major fund in the basic financial statements.

CITY OF ALCOA, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	June 30, 2010			Variance with Final Budget Positive (Negative)	Totals 2009
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		
	Original	Final			
Revenues	\$ 5,789,414	\$ 5,789,414	\$ 5,789,414	\$ -	\$ 4,608,160
Expenditures:					
Bond/capital outlay note redemptions	2,462,276	2,462,276	2,462,276	-	2,407,416
Interest charges	<u>5,644,637</u>	<u>5,644,637</u>	<u>5,644,637</u>	<u>-</u>	<u>4,664,560</u>
Total Expenditures	<u>8,106,913</u>	<u>8,106,913</u>	<u>8,106,913</u>	<u>-</u>	<u>7,071,976</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,317,499)</u>	<u>(2,317,499)</u>	<u>(2,317,499)</u>	<u>-</u>	<u>(2,463,816)</u>
Other Financing Sources (Uses):					
Operating transfers – In:					
General Fund	<u>2,317,499</u>	<u>2,317,499</u>	<u>2,317,499</u>	<u>-</u>	<u>2,463,816</u>
Total Other Financing Sources (Uses) ..	<u>2,317,499</u>	<u>2,317,499</u>	<u>2,317,499</u>	<u>-</u>	<u>2,463,816</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	-	-	-	-
Fund Balance at Beginning of Year	<u>95,766</u>	<u>95,766</u>	<u>95,766</u>	<u>-</u>	<u>95,766</u>
Fund Balance at End of Year	<u>\$ 95,766</u>	<u>\$ 95,766</u>	<u>\$ 95,766</u>	<u>\$ -</u>	<u>\$ 95,766</u>

See accompanying independent auditors' report and notes.

NON – MAJOR OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specific purposes.

State Street Aid Fund – The State Street Aid Fund is used to account for the State gasoline tax. Proceeds of this tax must be expended for the improvement and maintenance of City streets.

Federal Projects Fund – The Federal Projects Fund is used to account for restricted federal revenues which must be expended on specific education programs.

Extended Day Program – The Extended Day Program Fund is used to account for the revenues (primarily fees) and expenditures of the before – and – after school program at the elementary school.

Alcoa City Schools Cafeteria Fund – The Alcoa City Schools Cafeteria Fund is used to account for the operations of all cafeterias in the Alcoa City School System. Revenues are provided primarily by the sale of meals (breakfasts, lunches, and a la carte items) and reimbursements from the United States Department of Agriculture (USDA).

Special Assessment Fund – The Special Assessment Fund is used to account for the collections of special assessments from prior years.

Solid Waste Sanitation Fund – The Solid Waste Sanitation Fund is used to account for solid waste collection and disposal costs as mandated by State law. Major funding is provided by the transfer of property tax revenue from the General Fund.

Drug Fund – The Drug Fund is used to account for revenues (primarily drug related fines) which must be expended on drug enforcement operations of the City.

Commercial Motor Vehicle Fine Fund – The Commercial Motor Vehicle Fund is used to account for commercial motor vehicle fines and related expenditures.

CITY OF ALCOA, TENNESSEE
STATE STREET AID – NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	June 30, 2010				Totals <u>2009</u>
	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	
	<u>Original</u>	<u>Final</u>			
Revenues:					
State gasoline tax	\$ 200,000	\$ 200,000	\$ 204,677	\$ 4,677	\$ 203,229
Interest	<u>250</u>	<u>250</u>	<u>-</u>	<u>(250)</u>	<u>1,409</u>
Total Revenues	<u>200,250</u>	<u>200,250</u>	<u>204,677</u>	<u>4,427</u>	<u>204,638</u>
Expenditures:					
Streets:					
Resurfacing.....	149,035	149,035	170,332	(21,297)	134,721
Traffic signal maintenance	10,000	10,000	10,000	-	-
Other equipment and vehicles.....	<u>41,215</u>	<u>41,215</u>	<u>11,485</u>	<u>29,730</u>	<u>68,006</u>
Total Expenditures	<u>200,250</u>	<u>200,250</u>	<u>191,817</u>	<u>8,433</u>	<u>202,727</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	12,860	12,860	1,911
Fund Balance at Beginning of Year.....	<u>253,060</u>	<u>253,060</u>	<u>253,060</u>	<u>-</u>	<u>251,149</u>
Fund Balance at End of Year.....	<u>\$ 253,060</u>	<u>\$ 253,060</u>	<u>\$ 265,920</u>	<u>\$ 12,860</u>	<u>\$ 253,060</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS FUND – NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2009</u>
Revenues:				
Grant revenue	<u>\$1,489,876</u>	<u>\$ 947,141</u>	<u>\$ (542,735)</u>	<u>\$ 689,110</u>
Expenditures:				
Personnel and related costs.....	685,369	521,540	163,829	515,756
Seminars/travel/staff development.....	136,633	109,465	27,168	135,301
Contracted services	80,427	3,734	76,693	-
Instructional materials and supplies	434,364	215,605	218,759	30,631
Equipment	22,000	6,400	15,600	7,422
Title I Stimulus	55,669	16,983	38,686	
Other miscellaneous charges	<u>75,414</u>	<u>73,414</u>	<u>2,000</u>	
 Total Expenditures	 <u>1,489,876</u>	 <u>947,141</u>	 <u>542,735</u>	 <u>689,110</u>
 Excess of Revenues Over Expenditures..				
Over Expenditures	-	-	-	-
 Fund Balance at Beginning of Year	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund Balance at End of Year.....	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
CARL PERKINS PROJECT #10-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2009</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 21,085</u>	<u>\$ 20,842</u>	<u>\$ (243)</u>	<u>\$ 22,741</u>
Expenditures:				
Vocational Education Instruction:				
Instructional equipment	6,000	6,400	(400)	8,504
Materials and supplies	3,557	2,045	1,512	2,000
Vocational Education Support:				
Seminars/staff development/Travel	<u>11,528</u>	<u>12,397</u>	<u>(869)</u>	<u>12,237</u>
Total Expenditures.....	<u>\$ 21,085</u>	<u>\$ 20,842</u>	<u>\$ 243</u>	<u>\$ 22,741</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE I STIMULUS PROJECT #10-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2009</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 130,639</u>	<u>\$ 76,908</u>	<u>\$ (53,731)</u>	<u>\$ -</u>
Expenditures:				
Regular Education Instruction:				
Salaries and related costs	20,015	10,692	9,323	-
Materials and supplies	34,955	26,094	8,861	-
Travel/Seminars/staff development	19,000	23,139	(4,139)	-
Title I Stimulus.....	55,669	16,983	38,686	-
Other miscellaneous charges.....	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
 Total Expenditures.....	 <u>\$ 130,639</u>	 <u>\$ 76,908</u>	 <u>\$ 53,731</u>	 <u>\$ -</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE III (PART A) (ESL) PROJECT #09-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2009</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 15,974</u>	<u>\$ 11,919</u>	<u>\$ (4,055)</u>	<u>\$ 3,989</u>
Expenditures:				
Regular Instruction:				
Materials and supplies	12,974	10,324	2,650	3,374
Regular Instruction Support:				
Travel/Seminar/Staff development	<u>3,000</u>	<u>1,595</u>	<u>1,405</u>	<u>615</u>
Total Expenditures	<u>\$ 15,974</u>	<u>\$ 11,919</u>	<u>\$ 4,055</u>	<u>\$ 3,989</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE I PROJECT #09-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2009</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 93,534</u>	<u>\$ 81,969</u>	<u>\$ (11,565)</u>	<u>\$ -</u>
Expenditures:				
Regular Instruction:				
Salaries and related costs.....	68,661	61,334	7,327	-
Instructional supplies and materials	<u>8,438</u>	<u>7,461</u>	<u>977</u>	<u>-</u>
Total Regular Instruction.....	<u>77,099</u>	<u>68,795</u>	<u>8,304</u>	<u>-</u>
Regular Instruction Support:				
In-service/staff development/travel.....	<u>16,435</u>	<u>13,174</u>	<u>3,261</u>	<u>-</u>
Total Expenditures	<u>\$ 93,534</u>	<u>\$ 81,969</u>	<u>\$ 11,565</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE II (PART A) PROJECT #09-21
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2009
Revenues:				
Monies received through the State of Tennessee	<u>\$ 87,250</u>	<u>\$ 63,495</u>	<u>\$ (23,755)</u>	<u>\$ 99,522</u>
Expenditures:				
Regular Education Support:				
Materials and supplies.....	15,548	5,932	9,616	-
In-service/staff development	52,618	40,780	11,838	43,097
Salaries and related costs	16,100	13,799	2,301	55,525
Travel/Training.....	-	-	-	900
Contract services	<u>2,984</u>	<u>2,984</u>	<u>-</u>	<u>-</u>
Total Regular Education Support.....	<u>87,250</u>	<u>63,495</u>	<u>23,755</u>	<u>99,522</u>
 Total Expenditures.....	 <u>\$ 87,250</u>	 <u>\$ 63,495</u>	 <u>\$ 23,755</u>	 <u>\$ 99,522</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE II (PART D) TECHNOLOGY PROJECT #09-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2009
Revenues:				
Stimulus	\$ 7,369	\$ 4,708	\$ (2,661)	\$ -
Monies received through the State of Tennessee	<u>2,997</u>	<u>1,504</u>	<u>(1,493)</u>	<u>2,452</u>
Total Revenues	<u>10,366</u>	<u>6,212</u>	<u>(4,154)</u>	<u>2,452</u>
Expenditures:				
Regular Instruction Support:				
In-service/staff development/travel.....	2,584	576	2,008	2,452
Materials and supplies.....	<u>7,782</u>	<u>5,636</u>	<u>2,146</u>	<u>-</u>
	<u>\$ 10,366</u>	<u>\$ 6,212</u>	<u>\$ 4,154</u>	<u>\$ 2,452</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
DRUG FREE SCHOOLS PROJECT #09-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2009</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 9,181</u>	<u>\$ 7,938</u>	<u>\$ (1,243)</u>	<u>\$ 4,935</u>
Expenditures:				
Regular Instruction Support:				
Travel/training	1,141	486	655	4,935
Materials and supplies	<u>8,040</u>	<u>7,452</u>	<u>588</u>	<u>-</u>
 Total Expenditures	 <u>\$ 9,181</u>	 <u>\$ 7,938</u>	 <u>\$ 1,243</u>	 <u>\$ 4,935</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE X – (ARRA)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2009</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 669</u>	<u>\$ 251</u>	<u>\$ (418)</u>	<u>\$ 1,262</u>
Expenditures:				
Regular Instruction Support: Materials and supplies	<u>\$ 669</u>	<u>\$ 251</u>	<u>\$ (418)</u>	<u>\$ 1,262</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
IDEA PRESCHOOL PROJECT #09-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2009
Revenues:				
Preschool stimulus.....	\$ 7,347	\$ -	\$ (7,347)	\$ -
Monies received through the State of Tennessee	<u>13,331</u>	<u>1,544</u>	<u>(11,787)</u>	<u>4,359</u>
Total Revenues	<u>\$ 20,678</u>	<u>\$ 1,544</u>	<u>\$ (19,134)</u>	<u>\$ 4,359</u>
Expenditures:				
Special Education Instruction:				
Seminars/travel.....	\$ 3,837	\$ 345	\$ 3,492	\$ -
Instructional supplies and materials....	<u>16,841</u>	<u>1,199</u>	<u>15,642</u>	<u>4,359</u>
Total Expenditures.....	<u>\$ 20,678</u>	<u>\$ 1,544</u>	<u>\$ 19,134</u>	<u>\$ 4,359</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
IDEA (PART B) PROJECT #09-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2009
Revenues:				
IDEA (Part B) Stimulus	\$ 359,028	\$ 127,439	\$ (231,589)	\$ -
Monies received through the State of Tennessee	<u>327,830</u>	<u>243,785</u>	<u>(84,045)</u>	<u>270,987</u>
Total Revenues	<u>\$ 686,858</u>	<u>\$ 371,224</u>	<u>\$ (315,634)</u>	<u>\$ 270,987</u>
Expenditures:				
Special Education Instruction:				
Teachers and assistants	\$ 226,014	\$ 198,480	\$ 27,534	\$ 181,465
Seminars/travel	6,000	593	5,407	2,501
Related salary costs.....	153,920	78,227	75,693	73,889
Instructional supplies and materials....	207,481	93,174	114,307	13,132
Contracts with private agencies.....	77,443	750	76,693	-
Equipment	<u>16,000</u>	<u>-</u>	<u>16,000</u>	<u>-</u>
Total Expenditures.....	<u>\$ 686,858</u>	<u>\$ 371,224</u>	<u>\$ 315,634</u>	<u>\$ 270,987</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
E-RATE PROJECT #09-01 (Communications)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2009</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 19,732</u>	<u>\$ 19,732</u>	<u>\$ -</u>	<u>\$ 7,422</u>
Expenditures:				
Special Education Instruction: Instructional supplies and materials.....	<u>\$ 19,732</u>	<u>\$ -</u>	<u>\$ 19,732</u>	<u>7,422</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE I PROJECT #10-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2009</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 393,910</u>	<u>\$ 304,839</u>	<u>\$ (89,071)</u>	<u>\$ 57,925</u>
Expenditures:				
Regular Education Instruction:				
Salaries and related costs	200,659	159,007	41,652	57,295
Materials and supplies	98,347	56,037	42,310	-
Travel/Seminars/Professional development.....	20,490	16,381	4,109	-
Other miscellaneous charges.....	<u>74,414</u>	<u>73,414</u>	<u>1,000</u>	<u>-</u>
Total Expenditures.....	<u>\$ 393,910</u>	<u>\$ 304,839</u>	<u>\$ 89,071</u>	<u>\$ 57,295</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
CAFETERIA FUND – NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	June 30, 2010				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2009
	Original	Final			
Revenues:					
Lunch and breakfast payments - children	\$ 226,200	\$ 266,200	\$ 267,296	\$ 1,096	\$ 270,449
Lunch and breakfast payments - adults	9,200	9,200	4,729	(4,471)	5,732
USDA reimbursements.....	343,000	343,000	388,220	45,220	340,426
Milk sales.....	12,000	12,000	6,415	(5,585)	7,759
Interest	-	-	92	92	95
Ice cream sales and a la carte	<u>129,600</u>	<u>129,600</u>	<u>89,596</u>	<u>(40,004)</u>	<u>105,776</u>
Total Revenues	<u>720,000</u>	<u>760,000</u>	<u>756,348</u>	<u>(3,652)</u>	<u>730,237</u>
Expenditures:					
Food.....	259,000	299,000	295,036	3,964	285,532
Labor	288,000	288,000	305,306	(17,306)	299,925
Non-food supplies	28,000	28,000	34,182	(6,182)	28,478
Transportation	4,000	4,000	3,079	921	2,599
Ice cream and a la carte.....	131,000	131,000	86,930	44,070	96,169
Purchase of equipment.....	<u>10,000</u>	<u>10,000</u>	<u>26,000</u>	<u>(16,000)</u>	<u>22,891</u>
Total Expenditures	<u>720,000</u>	<u>760,000</u>	<u>750,533</u>	<u>9,467</u>	<u>735,594</u>
Excess (Deficit) of Revenues Over Expenditures	-	-	5,815	5,815	(5,357)
Transfer to Education Fund.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over Expenditures.....	-	-	5,815	5,815	(5,357)
Fund Balance at Beginning of Year.....	<u>183,958</u>	<u>183,958</u>	<u>183,958</u>	<u>-</u>	<u>189,315</u>
Fund Balance at End of Year	<u>\$ 183,958</u>	<u>\$ 183,958</u>	<u>\$ 189,773</u>	<u>\$ 5,815</u>	<u>\$ 183,958</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
EXTENDED DAY PROGRAM – NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	June 30, 2010				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2009
	Original	Final			
Revenues:					
Fees	\$ 240,000	\$ 240,000	\$ 142,747	\$ (97,253)	\$ 180,517
Interest	<u>1,400</u>	<u>1,400</u>	<u>12</u>	<u>(1,388)</u>	<u>222</u>
Total Revenues	<u>241,400</u>	<u>241,400</u>	<u>142,759</u>	<u>(98,641)</u>	<u>180,739</u>
Expenditures:					
Salaries	185,700	185,700	132,485	53,215	169,551
Fringe benefits.....	22,700	22,700	11,584	11,116	14,571
Supplies and food	25,000	25,000	11,733	13,267	14,815
Other charges	<u>8,000</u>	<u>8,000</u>	<u>2,193</u>	<u>5,807</u>	<u>5,643</u>
Total Expenditures.....	<u>241,400</u>	<u>241,400</u>	<u>157,995</u>	<u>83,405</u>	<u>204,580</u>
Excess (Deficiency) of Revenues Over Expenditures.....	-	-	(15,236)	(15,236)	(23,841)
Fund Balance at Beginning of Year.....	<u>42,989</u>	<u>42,989</u>	<u>42,989</u>	<u>-</u>	<u>66,830</u>
Fund Balance at End of Year	<u>\$ 42,989</u>	<u>\$ 42,989</u>	<u>\$ 27,753</u>	<u>\$ (15,236)</u>	<u>\$ 42,989</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
SPECIAL ASSESSMENT FUND – NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	June 30, 2010				
	Budgeted Amounts		Actual	Variance With	Total
	Original	Final	Amounts	Final Budget -	
		(Budgetary	Positive		
			Basis)	(Negative)	2009
Revenues:					
Interest on investments/ Assessments	\$ -	\$ -	\$ 9	\$ 9	\$ 13
Expenditures	-	-	-	-	-
Excess of Revenues Over Expenditures	-	-	9	9	13
Fund Balance at Beginning of Year	<u>8,851</u>	<u>8,851</u>	<u>8,851</u>	-	<u>8,838</u>
Fund Balance at End of Year	<u>\$ 8,851</u>	<u>\$ 8,851</u>	<u>\$ 8,860</u>	<u>\$ 9</u>	<u>\$ 8,851</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
SOLID WASTE SANITATION FUND
NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	June 30, 2010				
	Budgeted Amounts		Actual	Variance With	Total
	Original	Final	(Budgetary	Final Budget -	
			Basis)	Positive	2009
				(Negative)	
Revenues:					
Current city taxes	\$ 998,790	\$ 998,790	\$ 998,790	\$ -	\$ 949,715
Charges for services	378,495	378,495	402,569	24,074	356,588
Investment income	250	250	-	(250)	1,257
Sale of equipment.....	-	-	3,091	3,091	45
Total Revenue	<u>1,377,535</u>	<u>1,377,535</u>	<u>1,404,450</u>	<u>26,915</u>	<u>1,307,605</u>
EXPENDITURES:					
Sanitation Supervision:					
Wages and Salaries.....	\$ 62,300	\$ 62,300	\$ 62,296	\$ 4	\$ 60,809
F.I.C.A.....	5,120	5,120	5,005	115	4,972
Retirement	36,810	36,810	36,136	674	30,702
Hospitalization insurance.....	8,400	8,400	8,400	-	8,500
Life/Accidental death insurance...	280	280	255	25	255
Dental insurance.....	1,030	1,030	1,026	4	1,026
Professional and consulting	250	250	171	79	279
Mailing	500	500	185	315	-
Drug/Alcohol test.....	-	-	625	(625)	1,270
Printing	2,100	2,100	2,977	(877)	2,312
Uniforms.....	200	200	-	200	120
Workmen's compensation	3,500	3,500	3,139	361	3,096
Improvement teams	200	200	256	(56)	167
Repair and maintenance.....	150	150	-	150	-
Small tools	100	100	-	100	22
Other personnel services.....	4,720	4,720	8,822	(4,102)	7,209
Maintenance contracts	2,200	2,200	-	2,200	1,270
Utilities	350	350	447	(97)	417
Office supplies	350	350	129	221	123
Auto parts	400	400	53	347	44
Gasoline.....	1,600	1,600	1,113	487	1,233
Insurance	500	500	371	129	500
Operating supplies/tools	500	500	132	368	748
Dues	300	300	15	285	15
Travel/training	1,400	1,400	76	1,324	67
Equipment.....	300	300	-	300	25
Total Sanitation Supervision	<u>133,560</u>	<u>133,560</u>	<u>131,629</u>	<u>1,931</u>	<u>125,181</u>
Sanitation Collection:					
Wages and Salaries.....	60,710	60,710	74,739	(14,029)	90,266
F.I.C.A.....	4,680	4,680	5,559	(879)	6,866
Retirement	15,720	15,720	17,323	(1,603)	22,701

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
SOLID WASTE SANITATION FUND -
NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Function/Activity/Object	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2009
	Budgeted Amounts				
	Original	Final			
EXPENDITURES:					
Sanitation Collection:					
Hospitalization insurance.....	16,800	16,800	22,050	(5,250)	26,450
Life/Accidental death insurance.....	380	380	461	(81)	511
Dental insurance.....	2,050	2,050	1,551	499	2,122
Workmen’s compensation	4,000	4,000	2,781	1,219	4,942
Landfill services.....	106,400	106,400	94,802	11,598	92,657
Other personnel services.....	600	600	2,374	(1,774)	1,226
Utilities	2,200	2,200	74	2,126	1,378
Unemployment benefits.....	-	-	-	-	110
Other supplies	2,000	2,000	65	1,935	450
Small tools and minor equipment.....	250	250	24	226	-
Uniforms.....	2,680	2,680	1,576	1,104	1,498
Advertising	-	-	56	(56)	909
Equipment lease purchase.....	35,990	35,990	35,983	7	8,996
Recycling contracts	125,860	125,860	119,325	6,535	119,979
Automotive parts.....	30,000	30,000	15,119	14,881	23,202
Gasoline, fuel, and lubricants.....	24,000	24,000	18,719	5,281	19,004
Insurance	1,500	1,500	2,187	(687)	1,441
Recycling center.....	500	500	-	500	65
Parts and materials	1,500	1,500	1,007	493	959
Professional services	300	300	307	(7)	289
Equipment.....	1,000	1,000	-	1,000	20,995
Total Sanitation Collection	<u>439,120</u>	<u>439,120</u>	<u>416,082</u>	<u>23,038</u>	<u>447,016</u>
Brush and Demolition:					
Wages and Salaries.....	72,700	72,700	74,862	(2,162)	71,938
F.I.C.A.....	5,820	5,820	5,415	405	5,654
Retirement	18,540	18,540	17,718	822	15,298
Hospitalization insurance.....	16,800	16,800	16,800	-	17,000
Life/Accidental death insurance.....	420	420	388	32	388
Dental insurance.....	2,050	2,050	1,358	692	1,358
Workmen’s compensation	3,600	3,600	3,570	30	3,517
Other personnel services.....	3,510	3,510	2,864	646	5,853
Professional services	150	150	144	6	144
Landfill services.....	96,000	96,000	102,184	(6,184)	73,857
Small tools.....	300	300	371	(71)	215
Uniforms.....	1,290	1,290	893	397	664
Automotive parts.....	6,800	6,800	17,755	(10,955)	11,671
Equipment lease purchase.....	33,945	33,945	29,588	4,357	38,467
Gasoline.....	20,000	20,000	13,340	6,660	16,062

(Continued)

CITY OF ALCOA, TENNESSEE
SOLID WASTE SANITATION FUND -
NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

<u>Function/Activity/Object</u>	June 30, 2010		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2009
	Budgeted Amounts				
	Original	Final			
EXPENDITURES:					
Brush and Demolition (Continued):					
Other operating supplies.....	200	200	102	98	107
Insurance	<u>2,200</u>	<u>2,200</u>	<u>1,602</u>	<u>598</u>	<u>2,174</u>
Total Brush and Demolition.....	<u>284,325</u>	<u>284,325</u>	<u>288,954</u>	<u>(4,629)</u>	<u>264,367</u>
Industrial Collection:					
Wages and Salaries.....	144,780	144,780	144,082	698	140,475
F.I.C.A.....	11,370	11,370	11,051	319	10,784
Retirement	38,860	38,860	38,614	246	36,790
Hospitalization insurance.....	33,600	33,600	33,600	-	34,000
Life/Accidental death insurance.....	830	830	760	70	760
Dental insurance.....	4,110	4,110	3,005	1,105	3,410
Workmen's compensation.....	7,000	7,000	6,983	17	6,864
Uniforms.....	2,240	2,240	1,526	714	1,349
Other personnel services.....	4,020	4,020	5,214	(1,194)	6,480
Automotive parts.....	24,000	24,000	32,787	(8,787)	27,985
Other operating supplies/small tools	575	575	579	(4)	560
Gasoline, fuel, and lubricants.....	38,000	38,000	26,279	11,721	30,092
Insurance	3,100	3,100	2,794	306	2,734
Landfill services.....	235,000	235,000	253,434	(18,434)	200,135
Professional	250	250	289	(39)	289
Equipment lease payments.....	53,190	53,190	40,185	13,005	40,185
Electric, plumbing, and hardware....	1,200	1,200	395	805	673
Equipment.....	<u>6,000</u>	<u>6,000</u>	<u>6,955</u>	<u>(955)</u>	<u>13,217</u>
Total Industrial Collection	<u>608,125</u>	<u>608,125</u>	<u>608,532</u>	<u>(407)</u>	<u>556,782</u>
TOTAL EXPENDITURES	<u>1,465,130</u>	<u>1,465,130</u>	<u>1,445,197</u>	<u>19,933</u>	<u>1,393,346</u>
Excess (Deficit) of Revenues Over					
Expenditures	(87,595)	(87,595)	(40,747)	46,848	(85,741)
Fund Balance at Beginning of Year	<u>143,978</u>	<u>143,978</u>	<u>143,978</u>	<u>-</u>	<u>229,719</u>
Fund Balance at End of Year.....	<u>\$ 56,383</u>	<u>\$ 56,383</u>	<u>\$ 103,231</u>	<u>\$ 46,848</u>	<u>\$ 143,978</u>

(Continued)

CITY OF ALCOA, TENNESSEE
DRUG CONTROL FUND -
NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	June 30, 2010				
	Budgeted Amounts		Actual	Variance With	Total
	Original	Final	Amounts	Final Budget -	
		(Budgetary	Positive		
			Basis)	(Negative)	2009
Revenues:					
Interest on investment/assessments.....	\$ 200	\$ 200	\$ -	\$ (200)	\$ 790
Fines and forfeits:					
Drug Control and seizure	31,500	31,500	43,004	11,504	59,202
Sale of equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,505</u>
Total Revenues	<u>31,700</u>	<u>31,700</u>	<u>43,004</u>	<u>11,304</u>	<u>65,497</u>
Expenditures:					
Drug Control and seizure	<u>112,500</u>	<u>112,500</u>	<u>56,774</u>	<u>55,726</u>	<u>50,187</u>
Excess (Deficiency) of Revenues over					
Expenditures.....	(80,800)	(80,800)	(13,770)	67,030	15,310
Fund Balance at Beginning of Year.....	<u>166,262</u>	<u>166,262</u>	<u>166,262</u>	<u>-</u>	<u>150,952</u>
Fund Balance at End of Year.....	<u>\$ 85,462</u>	<u>\$ 85,462</u>	<u>\$ 152,492</u>	<u>\$ 67,030</u>	<u>\$ 166,262</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
COMMERCIAL MOTOR VEHICLES FINES FUND
NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	June 30, 2010				
	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total <u>2009</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Fines	\$ -	\$ -	\$ 3,429	\$ 3,429	\$ 2,835
Interest	-	-	-	-	<u>135</u>
Total Revenues	-	-	3,429	3,429	2,970
Expenditures	<u>11,000</u>	<u>11,000</u>	<u>2,253</u>	<u>8,747</u>	<u>2,625</u>
Excess of Revenues over Expenditures	(11,000)	(11,000)	1,176	12,176	345
Fund Balance at Beginning of Year ...	<u>25,864</u>	<u>25,864</u>	<u>25,864</u>	-	<u>25,519</u>
Fund Balance at End of Year	<u>\$ 14,864</u>	<u>\$ 14,864</u>	<u>\$ 27,040</u>	<u>\$ 12,176</u>	<u>\$ 25,864</u>

See accompanying independent auditors' report and notes.

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CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the acquisition and construction of major capital facilities and equipment other than those financed by proprietary funds.

Capital Projects Fund –The Capital Projects Fund is used to account for the acquisition of equipment.

Special Projects Fund – The Special Projects Fund is used to account for the acquisition of industrial park development land and facilities.

General Obligation Public Works Construction – The General Obligation Public Works Construction is used to account for the acquisition and construction of major capital facilities.

Greenway Projects Fund – The Greenway Projects Fund is used to account for the acquisition and construction of improvements to bridge and walking trails.

2001 Special Projects Fund – The 2001 Special Projects Fund is used to account for the acquisition and construction of improvements to roads.

Equipment Replacement Fund – The Equipment Replacement Fund is used to account for the acquisition of equipment.

Bessie Harvey Memorial Projects Fund – The Bessie Harvey Memorial Projects Fund is used to account for improvements to parks.

Home Grant Program Fund – The Home Grant Program Fund is used to account for improvements for low income residents.

Landscaping Fund – The Landscaping Fund is used to account for improvements to landscaping areas of the city.

CITY OF ALCOA, TENNESSEE
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	Original and Final Budgeted <u>Amounts</u>	Actual Amounts (Budgetary <u>Basis</u>)	Variance With Final Budget - Positive (Negative)	Total <u>2009</u>
Revenues:				
Investment income	\$ -	\$ -	\$ -	\$ 186
Intergovernmental	<u>15,280</u>	<u>27,240</u>	<u>11,960</u>	<u>27,597</u>
Total Revenues	<u>15,280</u>	<u>27,240</u>	<u>11,960</u>	<u>27,783</u>
Expenditures:				
Capital Outlay	<u>15,280</u>	<u>10,880</u>	<u>4,400</u>	<u>43,917</u>
Net Change in Fund Balance	-	16,360	16,360	(16,134)
Fund Balance, July 1 st	<u>64,558</u>	<u>64,558</u>	<u>-</u>	<u>80,692</u>
Fund Balance, June 30 th	<u>\$ 64,558</u>	<u>\$ 80,918</u>	<u>\$ 16,360</u>	<u>\$ 64,558</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
SPECIAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	Original and Final Budgeted <u>Amounts</u>	Actual Amounts (Budgetary <u>Basis</u>)	Variance With Final Budget - Positive (<u>Negative</u>)	Total <u>2009</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
R & D Park.....	<u>1,198,009</u>	<u>1,024,635</u>	<u>173,374</u>	<u>1,600,000</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	1,198,009	1,024,635	173,374	1,600,000
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out:				
Issuance of debt	<u>1,198,009</u>	<u>1,024,635</u>	<u>173,374</u>	<u>1,600,000</u>
Total Other Financing Sources (Uses)	<u>1,198,009</u>	<u>1,024,635</u>	<u>173,374</u>	<u>1,600,00</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1 st	<u>98,009</u>	<u>98,009</u>	<u>-</u>	<u>98,009</u>
Fund Balance, June 30 th	<u>\$ 98,009</u>	<u>\$ 98,009</u>	<u>\$ -</u>	<u>\$ 98,009</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
GENERAL OBLIGATION PUBLIC WORKS CONSTRUCTION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	Original and Final Budgeted <u>Amounts</u>	Actual Amounts (Budgetary <u>Basis</u>)	Variance With Final Budget - Positive (<u>Negative</u>)	Total <u>2009</u>
Revenues:				
Investment income	\$ -	\$ -	\$ -	\$ 2,364
Expenditures:				
Capital Outlay	108,309	7,507	100,802	403,530
Net Change in Fund Balance Before Other Financing Sources (Uses)	108,309	7,507	100,802	(401,166)
Other Financing Sources (Uses):				
Transfers In:				
General Fund	108,309	-	108,309	96,759
Transfers Out:				
Issuance of debt	-	-	-	-
Total Other Financing Sources (Uses)	108,309	-	108,309	96,759
Net Change in Fund Balance	-	(7,507)	(7,507)	(304,407)
Fund Balance, July 1 st	15,857	15,857	-	320,264
Fund Balance, June 30 th	<u>\$ 15,857</u>	<u>\$ 8,350</u>	<u>\$ (7,507)</u>	<u>\$ 15,857</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
GREENWAY PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	Original and Final Budgeted <u>Amounts</u>	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total <u>2009</u>
Revenues:				
Pedestrian Bridge – American Recovery and Reinvestment Act (ARRA)	\$ 1,615,755	\$ 551,036	\$(1,064,719)	\$ -
Pedestrian Bridge – High Priority Projects (HPP)	333,820	-	(333,820)	-
Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>331</u>
Total Revenues	<u>1,949,575</u>	<u>551,036</u>	<u>(1,398,539)</u>	<u>331</u>
Expenditures:				
Pedestrian Bridge.....	38,312	8,484	29,828	6,438
Pedestrian Bridge – American Recovery and Reinvestment Act (ARRA)	1,615,755	551,036	1,064,719	-
Pedestrian Bridge – High Priority Projects (HPP)	333,820	22,489	311,331	-
Pistol Creek Phase II.....	15,721	-	15,721	-
Culton Creek Extension	135,748	12,363	123,385	24,032
Pistol Creek Phase IV	<u>60,706</u>	<u>-</u>	<u>60,706</u>	<u>-</u>
Total Expenditures	<u>2,200,062</u>	<u>594,372</u>	<u>1,605,690</u>	<u>30,470</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(250,487)</u>	<u>(43,336)</u>	<u>(207,151)</u>	<u>(30,139)</u>
Other Financing Sources (Uses):				
Transfers In:				
General Obligation Public Works	217,131	-	217,131	-
Transfers Out:				
Issuance of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>217,131</u>	<u>-</u>	<u>217,131</u>	<u>-</u>
Net Change in Fund Balance	(33,356)	(43,336)	9,980	(30,139)
Fund Balance, July 1 st	<u>33,687</u>	<u>33,687</u>	<u>-</u>	<u>63,826</u>
Fund Balance, June 30 th	<u>\$ 331</u>	<u>\$ (9,649)</u>	<u>\$ 9,980</u>	<u>\$ 33,687</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
2001 SPECIAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2009
Revenues:				
LGIP Deferred	\$ 576,277	\$ -	\$ (576,277)	\$ -
Investment income	<u>-</u>	<u>551</u>	<u>551</u>	<u>7,499</u>
Total Revenues	<u>576,277</u>	<u>551</u>	<u>(575,726)</u>	<u>7,499</u>
Expenditures:				
Middlesettlements Road	576,277	15,032	561,245	306,368
Intersection Middlesettlements Road/ Bessemer Street/Hamilton Crossing....	<u>213,732</u>	<u>73,605</u>	<u>140,127</u>	<u>-</u>
Total Expenditures	<u>790,009</u>	<u>88,637</u>	<u>701,372</u>	<u>306,368</u>
Net Change in Fund Balance	(217,732)	(88,086)	(125,646)	(298,869)
Fund Balance, July 1 st	<u>38,034</u>	<u>38,034</u>	<u>-</u>	<u>336,903</u>
Fund Balance, June 30 th	<u>\$ (175,698)</u>	<u>\$ (50,052)</u>	<u>\$ (125,646)</u>	<u>\$ 38,034</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
EQUIPMENT REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	Original and Final Budgeted <u>Amounts</u>	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total <u>2009</u>
Revenues:				
Investment income	\$ -	\$ 7	\$ 7	\$ 1,756
Sale of equipment	-	4,142	4,142	33,478
Justice Assistance Grant (JAG) - American Recovery and Reinvestment Act (ARRA)	-	<u>44,941</u>	<u>44,941</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>49,090</u>	<u>49,090</u>	<u>35,234</u>
Expenditures:				
Justice Assistance Grant (JAG) - American Recovery and Reinvestment Act (ARRA)	-	44,941	(44,941)	-
Capital Outlay	<u>100,000</u>	<u>21,571</u>	<u>78,429</u>	<u>140,764</u>
Total Expenditures	<u>100,000</u>	<u>66,512</u>	<u>33,488</u>	<u>140,764</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(17,422)</u>	<u>82,578</u>	<u>(105,530)</u>
Other Financing Sources (Uses):				
Transfers In:				
General Fund	100,000	-	(100,000)	100,000
Transfers Out:				
Issuance of debt	-	-	-	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>	<u>100,000</u>
Net Change in Fund Balance	-	(17,422)	(17,422)	(5,530)
Fund Balance, July 1 st	<u>270,441</u>	<u>270,441</u>	<u>-</u>	<u>275,971</u>
Fund Balance, June 30 th	<u>\$ 270,441</u>	<u>\$ 253,019</u>	<u>\$ (17,422)</u>	<u>\$ 270,441</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
BESSIE HARVEY MEMORIAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	Original and Final Budgeted <u>Amounts</u>	Actual Amounts (Budgetary <u>Basis</u>)	Variance With Final Budget - Positive (Negative)	Total <u>2009</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures.....	-	-	-	-
Net Change in Fund Balance.....	-	-	-	-
Fund Balance, July 1 st	<u>1,968</u>	<u>1,968</u>	-	<u>1,968</u>
Fund Balance, June 30 th	<u>\$ 1,968</u>	<u>\$ 1,968</u>	\$ -	<u>\$ 1,968</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
HOME GRANT PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	Original and Final Budgeted <u>Amounts</u>	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total <u>2009</u>
Revenues:				
State Grant (THDA).....	\$ 500,000	\$ 69,950	\$ (430,050)	\$ -
Expenditures:				
Home Improvements.....	500,000	69,950	430,050	-
Net Change in Fund Balance.....	-	-	-	-
Fund Balance, July 1 st	780	780	-	780
Fund Balance, June 30 th	<u>\$ 780</u>	<u>\$ 780</u>	<u>\$ -</u>	<u>\$ 780</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
LANDSCAPING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	Original and Final Budgeted <u>Amounts</u>	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total <u>2009</u>
Revenues:				
Investment income	\$ -	\$ -	\$ -	\$ 403
Charges for services	<u>-</u>	<u>20,948</u>	<u>20,948</u>	<u>52,364</u>
Total Revenues	<u>-</u>	<u>20,948</u>	<u>20,948</u>	<u>52,767</u>
Expenditures:				
Landscaping Projects	41,540	-	41,540	9,096
Sidewalk Projects.....	9,035	-	9,035	-
Greenway Projects	39,260	-	39,260	1,000
Bank fees	<u>-</u>	<u>4</u>	<u>(4)</u>	<u>-</u>
Total Expenditures	<u>89,835</u>	<u>4</u>	<u>89,831</u>	<u>10,096</u>
Net Change in Fund Balance	(89,835)	20,944	110,779	42,671
Fund Balance, July 1 st	<u>109,942</u>	<u>109,942</u>	<u>-</u>	<u>67,271</u>
Fund Balance, June 30 th	<u>\$ 20,107</u>	<u>\$ 130,886</u>	<u>\$ 110,779</u>	<u>\$ 109,942</u>

See accompanying independent auditors' report and notes.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Stormwater Utility Fund – The Stormwater Utility Fund is used to account for the operations of the City’s stormwater systems and is presented as a major fund in the basic financial statements.

Water and Sewer Utility Fund – The Water and Sewer Utility Fund is used to account for the operation of the City’s water and sewer system. The Water and Sewer Utility Fund is presented as a major fund in the basic financial statements.

Electric Utility Fund – The Electric Department Fund is used to account for the operation of the City’s electric system. The Electric Utility Fund is presented as a major fund in the basic financial statements.

Landfill Fund – The Landfill Fund is used to account for the operation by the City of the Blount County Landfill. The Landfill Fund is presented as a major fund in the basic financial statements.

CITY OF ALCOA, TENNESSEE
STORMWATER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
June 30, 2010 and 2009

ASSETS	<u>Business Type Activities</u>	
	<u>2010</u>	<u>2009</u>
Current Assets:		
Equity in pooled cash.....	\$ 874,268	\$ 626,533
Depreciable Capital Assets:		
Structures, improvements and equipment	379,077	119,855
Less: Allowance for depreciation	<u>(101,342)</u>	<u>(69,915)</u>
Total Net Capital Assets.....	<u>277,735</u>	<u>49,940</u>
Total Assets.....	<u>\$ 1,152,003</u>	<u>\$ 676,473</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accrued salaries	\$ 9,814	\$ 2,444
Compensated absences.....	28,050	17,834
Capital lease payable	<u>49,213</u>	<u>-</u>
Total Current Liabilities.....	<u>87,077</u>	<u>20,278</u>
Long-Term Liabilities:		
Capital lease payable	<u>186,022</u>	<u>-</u>
Net Assets:		
Unrestricted.....	836,404	606,255
Invested in net assets, net of unrelated debt	<u>42,500</u>	<u>49,940</u>
Total Net Assets.....	<u>878,904</u>	<u>656,195</u>
Total Liabilities and Net Assets.....	<u>\$ 1,152,993</u>	<u>\$ 676,473</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
STORMWATER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>Business Type Activities</u>	
	<u>2010</u>	<u>2009</u>
Operating Revenue:		
Residential sales	\$ 127,068	\$ 109,864
Commercial/Industrial sales	<u>779,952</u>	<u>696,193</u>
Total Operating Revenue	<u>907,020</u>	<u>806,057</u>
Operating Expenses:		
Administrative.....	81,708	28,699
Operations and maintenance	473,510	263,698
Street cleaning.....	<u>97,666</u>	<u>103,031</u>
Total Operating Expenses Before Depreciation.....	<u>652,884</u>	<u>395,428</u>
Operating Income Before Depreciation	254,136	410,629
Depreciation.....	<u>(31,427)</u>	<u>(11,985)</u>
Operating Income.....	222,709	398,644
Other Income:		
Interest on Investments	<u>-</u>	<u>1,334</u>
Net Income Before Capital Contributions.....	222,709	399,978
Capital Contributions.....	<u>-</u>	<u>61,925</u>
Change in Net Assets.....	222,709	461,903
Net Assets at Beginning of Year	<u>656,195</u>	<u>194,292</u>
Net Assets at End of Year	<u>\$ 878,904</u>	<u>\$ 656,195</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
STORMWATER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>Business Type Activities</u>	
	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers.....	\$ 907,020	\$ 806,057
Cash payments to suppliers for goods and services	(465,373)	(344,143)
Cash payments to employees for services	<u>(169,925)</u>	<u>(31,007)</u>
Net Cash Flows from Operating Activities.....	<u>271,722</u>	<u>430,907</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additional long-term notes.....	259,222	-
Payments for stormwater acquisitions	(259,222)	-
Principal paid on capital lease	<u>(23,987)</u>	<u>-</u>
Net Cash Flows from Capital and Related Financing Activities.....	(23,987)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends on investments	<u>-</u>	<u>1,334</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	247,735	432,241
Cash and Cash Equivalents at Beginning of Year	<u>626,533</u>	<u>194,292</u>
Cash and Cash Equivalents at End of Year	<u>\$ 874,268</u>	<u>\$ 626,533</u>
Operating Income	<u>\$ 222,709</u>	<u>\$ 398,644</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	31,427	11,985
Change in assets and liabilities:		
Compensated absences.....	10,216	17,834
Accrued salaries.....	<u>7,370</u>	<u>2,444</u>
Total adjustments	<u>49,013</u>	<u>32,263</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 271,722</u>	<u>\$ 430,907</u>

Accounting Policy Note:

Cash and cash equivalents consist of demand deposits and certificates of deposits with original maturities of three (3) months or less.

Schedule of NonCash Investing and Financing Activities:

Acquisition of capital assets that were funded through vendor financing (recorded as capital lease payable), reclassified from construction in progress, or transferred are as follows:

Year Ended June 30,		
2010	\$	-
2009		61,925

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
STORMWATER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF OPERATING AND MAINTENANCE EXPENSES
BY DEPARTMENT
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>Business Type Activities</u>	
	<u>2010</u>	<u>2009</u>
Administrative and General:		
Wages	\$ 40,750	\$ -
FICA	2,811	-
Retirement	5,398	-
Hospitalization insurance	5,600	-
Life/accidental death insurance	162	-
Dental insurance	684	-
Other personal services	6,066	-
Regulatory fees and license	3,860	-
Utilities	423	-
Office supplies	75	-
Other operating supplies	48	-
Gasoline	809	-
Repair and maintenance	250	-
Workmen 's compensation	100	95
Employee education and training	505	235
Professional services	7,971	20,400
Dues and memberships	2,222	2,500
Advertising/public education	600	800
Business/Public relations	30	23
Printing	287	122
Auto parts	541	1,082
Safety supplies	-	89
Insurance	603	259
Vehicles	-	1,200
Computer equipment	1,913	1,894
Total Administrative and General	<u>81,708</u>	<u>28,699</u>
Operations and Maintenance:		
Wages	98,997	11,868
Standby pay	5,253	294
Overtime	1,869	42
F.I.C.A.	7,203	710
Retirement	15,788	1,705
Hospitalization insurance	25,200	2,600
Life/Accidental death insurance	555	61
Dental insurance	3,079	342
Workmen 's compensation	3,000	2,775
Other personal services	5,262	5,685
Professional services	-	3,500
Advertising/public education	52	49
Employee education and training	133	-
Travel	90	-
Gasoline	2,672	-
Equipment lease	4,318	-
Other operating supplies	217	122
Small tools	662	941

(Continued)

CITY OF ALCOA, TENNESSEE
STORMWATER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF OPERATING AND MAINTENANCE EXPENSES
BY DEPARTMENT
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>Business Type Activities</u>	
	<u>2010</u>	<u>2009</u>
Operations and Maintenance (Continued):		
Uniforms	713	20
Auto parts	2,177	331
Safety supplies	446	134
Insurance	1,906	471
Repair and maintenance	90,423	17,855
Cost recovered	203,495	213,290
Communication equipment	-	903
Total Operations and Maintenance	<u>473,510</u>	<u>263,698</u>
Street Cleaning:		
Wages	38,251	37,758
Standby pay	1,784	2,925
Overtime pay	607	842
F.I.C.A.	3,277	3,350
Retirement	13,232	9,522
Hospitalization insurance	8,400	8,500
Life/Accidental death insurance	203	203
Dental insurance	1,026	1,026
Workmen’s compensation	1,709	1,677
Other personal services	2,183	15,262
Professional services	72	66
Landfill services	16,923	10,202
Uniforms	376	330
Auto parts	2,953	3,368
Gasoline	5,778	7,181
Safety	8	-
Insurance	884	819
Total Street Cleaning	<u>97,666</u>	<u>103,031</u>
 Total Operating and Maintenance	 <u>\$ 652,884</u>	 <u>\$ 395,428</u>

See accompanying independent auditors’ report and notes.

CITY OF ALCOA, TENNESSEE
STORMWATER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION
For the Fiscal Year Ended June 30, 2010

	Capital Assets			Allowance for Depreciation				
	Balance <u>6/30/09</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/10</u>	Balance <u>7/1/2009</u>	Depreciation <u>Taken</u>	Additions - <u>Reclassify</u>	Balance <u>6/30/2010</u>
Street Sweeper	\$ 119,855	\$ -	\$ -	\$ 119,855	\$ 69,915	\$ 11,985	\$ -	\$ 81,900
Vacuum Truck	<u>-</u>	<u>259,222</u>	<u>-</u>	<u>259,222</u>	<u>-</u>	<u>19,442</u>	<u>-</u>	<u>19,442</u>
 Total Stormwater Utility	<u>\$ 119,855</u>	<u>\$ 259,222</u>	<u>\$ -</u>	<u>\$ 379,077</u>	<u>\$ 69,915</u>	<u>\$ 31,427</u>	<u>\$ -</u>	<u>\$ 101,342</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
June 30, 2010 and 2009

ASSETS	<u>Business Type Activities</u>	
	<u>2010</u>	<u>2009</u>
Current Assets:		
Equity in pooled cash.....	\$ 5,175,597	\$ 4,462,794
Cash held by bond trustee	2,506,043	2,760,406
Inventory.....	<u>339,785</u>	<u>255,583</u>
Total Current Assets	<u>8,021,425</u>	<u>7,478,783</u>
Capital Assets:		
Non-depreciable Capital Assets:		
Land and easements.....	1,194,235	1,194,235
Construction in progress	<u>350,348</u>	<u>606,248</u>
	<u>1,544,583</u>	<u>1,800,483</u>
Depreciable Capital Assets:		
Structures, improvements, and equipment	67,373,965	64,901,803
Less: Allowance for depreciation	<u>(14,933,814)</u>	<u>(12,853,386)</u>
Net Depreciable Capital Assets	<u>52,440,151</u>	<u>52,048,417</u>
Total Net Capital Assets.....	<u>53,984,734</u>	<u>53,848,900</u>
Deferred Debits:		
Unamortized debt expenses.....	303,418	321,442
Unamortized discount on long-term debt.....	<u>525,593</u>	<u>546,559</u>
Total Deferred Debits.....	<u>829,011</u>	<u>868,001</u>
Total Assets	<u>\$ 62,835,170</u>	<u>\$ 62,195,684</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accrued salaries	\$ 77,530	\$ 83,264
Accounts payable.....	39,025	63,233
Bonds payable – Due within one (1) year	190,000	185,000
Compensated absences.....	82,121	156,333
Revolving loan – Due within one (1) year	<u>327,304</u>	<u>322,276</u>
Total Current Liabilities	<u>715,980</u>	<u>810,106</u>
Long-Term Liabilities:		
General obligation bonds payable.....	44,275,175	44,465,175
Compensated absences.....	202,660	108,029
Revolving loan payable.....	<u>1,242,102</u>	<u>1,569,406</u>
Total Long-Term Liabilities	<u>45,719,937</u>	<u>46,142,610</u>
Net Assets:		
Unrestricted.....	5,943,057	5,175,519
Invested in capital assets, net of related debt.....	<u>10,456,196</u>	<u>10,067,449</u>
Total Net Assets.....	<u>16,399,253</u>	<u>15,242,968</u>
Total Liabilities and Net Assets.....	<u>\$ 62,835,170</u>	<u>\$ 62,195,684</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>Business-Type Activities</u>	
	<u>2010</u>	<u>2009</u>
Operating Revenue:		
Retail water sales	\$ 3,743,454	\$ 3,391,816
Wholesale water sales	1,005,533	987,783
Wholesale water sales – ALCOA.....	1,413,660	1,591,906
Sewer charges	3,956,486	3,407,662
Other Operating Revenue:		
Penalties.....	154,915	142,617
Sewer taps.....	17,865	22,078
Connections	8,803	11,637
Fire hydrant rental.....	27,900	27,900
Miscellaneous	<u>25,886</u>	<u>22,811</u>
Total Operating Revenue	<u>10,354,502</u>	<u>9,606,210</u>
Operating Expenses:		
Administration	653,507	651,883
Accounting and collections.....	633,759	644,648
Supervision	175,674	201,898
Water treatment plant	1,532,703	1,688,614
Environmental compliance	119,637	251,122
Transmission and distribution.....	978,106	901,177
Meter reading and repairs	270,543	309,026
Water maintenance.....	244,965	247,482
Sewer collection/pumping	652,977	735,491
Sewer disposal	<u>1,961,847</u>	<u>1,781,662</u>
Total Operating Expenses	<u>7,223,718</u>	<u>7,413,003</u>
Other Operating Expense:		
Depreciation.....	2,080,428	1,933,099
Taxes and tax equivalents.....	<u>400,000</u>	<u>400,000</u>
Total Other Operating Expense	<u>2,480,428</u>	<u>2,333,099</u>
Operating Income (Loss)	<u>650,356</u>	<u>(139,892)</u>
Other Income:		
Interest on investments.....	<u>145,487</u>	<u>21,887</u>
Other Expense:		
Amortization of Bond Expenses	(38,988)	(29,788)
Interest expense – Bonds and capital leases.....	<u>(1,444,681)</u>	<u>(1,724,138)</u>
Total Other Income (Expense)	<u>(1,453,669)</u>	<u>(1,753,926)</u>
Net Income (Loss) Before Capital Contributions, Transfers, and Extraordinary Item	(657,826)	(1,871,931)
Capital Contributions	<u>1,814,111</u>	<u>503,304</u>
Change in Net Assets.....	1,156,285	(1,368,627)
Net Assets at Beginning of Year	<u>15,242,968</u>	<u>16,611,595</u>
Net Assets at End of Year.....	<u>\$ 16,399,253</u>	<u>\$ 15,242,968</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>Business-Type Activities</u>	
	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 10,354,502	\$ 9,606,210
Cash payments to suppliers for goods and services.....	(5,084,742)	(5,055,242)
Cash payments to employees for services.....	(2,193,713)	(2,367,221)
Cash payments of taxes and tax equivalents	<u>(400,000)</u>	<u>(400,000)</u>
Net Cash Flows From Operating Activities	<u>2,676,047</u>	<u>1,783,747</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid and early extinguishment of bonds.....	(435,999)	(39,221,416)
Interest paid on notes/bonds/capital leases	(1,414,681)	(1,724,138)
Payments for acquisition and construction of capital assets	(2,472,162)	(2,296,225)
Proceeds of notes/bonds	-	39,535,165
Contributions in Aid of Construction	1,814,111	503,304
Capitalization of debt expenses.....	<u>-</u>	<u>(261,000)</u>
Net Cash Flows From (Used by) Capital and Related Financing Activities	<u>(2,508,731)</u>	<u>(3,464,310)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of investments.....	400,000	1,000,000
Interest and dividends on investments.....	<u>145,487</u>	<u>21,887</u>
Net Cash Flows From (Used By) Investing Activities.....	<u>545,487</u>	<u>1,021,887</u>
NET INCREASE IN (DECREASE) CASH AND CASH EQUIVALENTS.....	712,803	(658,676)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,462,794</u>	<u>5,121,470</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 5,175,597</u>	<u>\$ 4,462,794</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>Business-Type Activities</u>	
	<u>2010</u>	<u>2009</u>
Operating Income (loss)	\$ 650,356	\$ (139,892)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,080,428	1,933,099
Amortization of deferred debits	38,988	29,788
Changes in assets and liabilities:		
Retainage payable.....	-	(25,031)
Compensated absences.....	20,419	(5,727)
Inventory	(84,202)	(32,997)
Accrued salaries.....	(5,734)	963
Accounts payable.....	(24,208)	23,544
Total Adjustments.....	2,025,691	1,923,639
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,676,047	\$ 1,783,747

Accounting Policy Note:

Cash and cash equivalents consist of demand deposits and certificates of deposit with original maturities on three (3) months or less.

The Water and Sewer Utility Fund acquired capital assets that were reclassified from construction in progress as follows:

Year Ended <u>June 30,</u>		
2010	\$	678,071
2009	\$	6,011,295

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF OPERATING AND MAINTENANCE
EXPENSES BY DEPARTMENT
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>2010</u>	<u>2009</u>
Administrative and General:		
Wages.....	\$ 316,274	\$ 321,716
Overtime.....	209	421
F.I.C.A.....	23,675	24,095
Retirement.....	56,205	66,782
Retirement settlement.....	2,817	-
Hospitalization insurance.....	38,850	39,950
Life/Accidental death insurance.....	1,208	1,231
Dental insurance.....	4,244	4,396
Workmen’s compensation.....	1,361	1,292
Retiree insurance.....	4,832	4,560
Professional service.....	60,969	19,243
Mailing.....	-	247
Advertising/Public Relations.....	496	1,767
Travel and training.....	1,438	2,150
Dues.....	9,716	27,577
Printing.....	758	717
Maintenance contracts.....	425	2,848
Utilities.....	1,321	2,450
Other contracted services.....	3,171	5,523
Office supplies.....	562	1,058
Insurance.....	10,948	10,924
Other personnel services.....	8,312	15,912
Repair and maintenance.....	1,236	1,220
GIS System.....	17,903	21,762
Operating supplies.....	199	300
Costs recovered.....	69,999	73,290
Computer Equipment.....	1,569	452
Regulatory fees and license.....	14,810	-
Total Administrative and General.....	653,507	651,883
Accounting and Collections:		
Wages.....	300,303	309,476
Overtime.....	43	327
F.I.C.A.....	22,687	23,544
Retirement.....	62,390	67,821
Hospitalization insurance.....	59,972	63,307
Life/Accidental death insurance.....	1,501	1,577
Dental insurance.....	6,557	6,911
Workmen’s compensation.....	793	807
Retiree insurance.....	697	816
Other personnel service.....	19,982	8,237
Drug/alcohol test.....	-	22
Dues.....	25	51
Employee Training.....	1	4
Professional services.....	10,900	18,356
Mailing.....	46,560	42,014

See accompanying independent auditors’ report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF OPERATING AND MAINTENANCE
EXPENSES BY DEPARTMENT (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>2010</u>	<u>2009</u>
Accounting and Collections (Continued):		
Advertising/Public relations	1,889	830
Travel.....	-	485
Repair and maintenance	1,414	85
Printing	4,656	4,757
Maintenance contracts	10,386	10,185
Rent expense	57,000	60,000
Utilities	1,830	2,260
Other contractual services	1,110	1,341
Collection fees.....	13,638	9,418
Office supplies.....	6,394	7,628
Uniforms	-	969
Insurance	2,922	3,020
Computer equipment.....	109	400
Total Accounting and Collections.....	633,759	644,648
Supervision:		
Wages	88,791	105,322
Standby pay.....	3,955	5,956
Overtime	4,167	4,236
F.I.C.A.	7,905	9,277
Retirement.....	41,065	34,279
Hospitalization insurance	13,650	17,000
Life/Accidental death insurance	392	477
Dental insurance.....	1,667	2,052
Workmen’s compensation.....	5,588	5,694
Other personnel service.....	1,815	9,339
Dues and memberships	10	590
Travel and training.....	643	340
Improvement teams	239	168
Utilities	2,290	3,188
Office supplies.....	70	369
Uniforms	549	596
Automotive parts	33	589
Gasoline	838	901
Insurance	1,363	1,525
Regulatory fees and license.....	210	-
Computer equipment.....	434	-
Total Supervision.....	175,674	201,898
Water Treatment:		
Wages	435,885	441,001
Standby	-	1,207
Overtime	2,734	4,940
F.I.C.A.	33,289	34,231
Retirement.....	111,959	117,483
Hospitalization insurance	84,000	84,250
Life/Accidental death insurance	2,124	2,201
Dental insurance.....	8,699	8,787

(Continued)

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF OPERATING AND MAINTENANCE
EXPENSES BY DEPARTMENT (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>2010</u>	<u>2009</u>
Water Treatment (Continued):		
Workmen’s compensation	15,650	19,405
Retiree insurance.....	7,980	9,120
Unemployment benefits.....	5,264	-
Other personnel services.....	15,974	18,613
Drug/alcohol test.....	170	767
Employee education and training.....	1,446	835
Professional fees	5,820	796
Mailing.....	951	717
Dues	175	1,060
Regulatory fees	9,910	8,700
Travel	2,121	2,006
Public relations.....	208	231
Improvement teams.....	174	166
Printing.....	1,371	1,232
Rental/Maintenance contracts.....	2,011	536
Utilities.....	433,704	562,708
Other contractual services.....	13,631	21,435
Office supplies	1,253	1,998
Small tools.....	141	273
Uniforms.....	3,964	3,473
Automotive parts.....	1,009	1,171
Electrical and plumbing.....	2,900	1,040
Chemicals	117,157	243,858
Gasoline.....	3,578	3,336
Safety supplies	4,834	3,768
Insurance	32,196	32,003
Repair and maintenance.....	168,764	54,065
Communication equipment.....	137	-
Computer equipment.....	1,520	1,202
Total Water Treatment.....	<u>1,532,703</u>	<u>1,688,614</u>
Environmental Compliance:		
Wages.....	68,411	81,392
F.I.C.A.....	5,246	6,155
Retirement	17,529	16,610
Hospitalization insurance.....	14,000	17,000
Life/Accidental death insurance.....	355	424
Dental insurance.....	1,710	2,052
Workmen’s compensation	2,800	3,320
Other personnel services.....	20	2,722
Easement	4,294	549
Employee education and training.....	110	-
Mailing.....	37	-
Regulatory fees and license	90	-
Dues	-	250
Travel	390	110
Office supplies	358	632
Small tools.....	95	165
Uniforms.....	-	120

(Continued)

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF OPERATING AND MAINTENANCE
EXPENSES BY DEPARTMENT (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>2010</u>	<u>2009</u>
Environmental Compliance (Continued):		
Utilities	729	845
Repair and maintenance	691	987
Professional and consulting	-	111,378
Automotive parts	248	2,317
Electrical & Plumbing	49	404
Gasoline	1,455	2,102
Insurance	953	1,119
Equipment	-	433
Safety	28	36
Computer equipment	39	-
Total Environmental Compliance	<u>119,637</u>	<u>251,122</u>
Transmission and Distribution:		
Wages	363,479	343,026
Standby pay	18,824	20,965
Overtime	15,725	11,618
F.I.C.A.	30,781	29,136
Retirement	100,060	93,060
Hospitalization insurance	76,269	82,074
Life/Accidental death insurance	1,788	1,898
Dental insurance	8,790	9,481
Workmen's compensation	13,793	15,161
Retiree insurance	13,364	9,120
Regulatory fees and license	4,967	-
Easement	44	-
Employee education and training	205	-
Other personnel services	23,651	4,818
Professional fees	722	722
Dues	131	6,629
Travel	197	271
Printing	682	693
Maintenance contracts	-	1,540
Utilities	53,325	56,491
Office supplies	126	194
Other operating supplies	1,851	2,182
Small tools	3,796	2,036
Uniforms	7,150	4,462
Automotive parts	11,058	15,741
Gasoline	25,808	24,409
Construction materials	63,795	66,540
Safety	3,286	1,532
Insurance	6,587	6,794
Repair and maintenance	95,321	63,227
Water line relocation	13,306	11,153
Costs recovered	4,847	7,067
Machinery and equipment	-	9,137
Deadend lines	14,378	-
Total Transmission and Distribution	<u>978,106</u>	<u>901,177</u>

(Continued)

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF OPERATING AND MAINTENANCE
EXPENSES BY DEPARTMENT (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>2010</u>	<u>2009</u>
Meter Readings and Repairs:		
Wages	98,368	100,283
Standby pay	4,115	4,348
Overtime	11,905	15,254
F.I.C.A.	9,118	9,414
Retirement.....	40,547	35,997
Hospitalization insurance.....	19,249	21,249
Life/Accidental death insurance	470	511
Dental insurance	1,525	1,657
Workmen's compensation	4,415	4,641
Retiree insurance	2,129	2,340
Other personnel services	5,353	5,337
Contract meter reading.....	41,162	33,235
Professional fees	217	218
Drug/Alcohol test	83	66
Maintenance contracts	2,613	3,264
Utilities	1,671	1,445
Office supplies.....	1,036	1,269
Small tools	2,776	1,418
Chemicals.....	82	185
Uniforms.....	1,399	1,719
Automotive parts	4,722	3,909
Gasoline	6,567	6,978
Other commodities	336	307
Insurance.....	2,020	2,314
Repairs and maintenance	215	27,094
Meters and devices	7,746	24,298
Radio equipment.....	41	151
Computer equipment	663	125
Total Meter Readings and Repairs.....	<u>270,543</u>	<u>309,026</u>
Maintenance:		
Wages	123,365	121,553
Standby pay	16,566	14,674
Overtime	4,924	4,184
F.I.C.A.	11,324	11,019
Retirement.....	23,592	26,818
Hospitalization insurance.....	21,000	21,250
Life/Accidental death insurance	574	574
Dental insurance	2,566	2,566
Workmen's compensation	6,219	4,916
Retiree insurance	2,160	2,160
Other personnel services	6,602	6,439
Employee education and training	-	45
Professional fees	217	217
Dues.....	20	250
Travel.....	110	-
Utilities	1,175	1,214

(Continued)

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF OPERATING AND MAINTENANCE
EXPENSES BY DEPARTMENT (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Fiscal Year Ended June 30, 2009

	<u>2010</u>	<u>2009</u>
Maintenance (Continued):		
Other Operating Supplies.....	3	40
Small tools	820	604
Uniforms.....	2,515	1,218
Automotive parts.....	1,564	956
Electrical and plumbing.....	450	31
Gasoline.....	5,060	4,733
Insurance.....	1,643	1,875
Repairs and maintenance	12,496	20,146
Total Maintenance	<u>244,965</u>	<u>247,482</u>
Sewage Collection/Pumping:		
Wages	278,625	325,614
Standby pay.....	16,144	19,102
Overtime	15,167	12,026
F.I.C.A.....	24,453	27,895
Retirement.....	90,648	82,270
Hospitalization insurance.....	63,051	68,396
Life/Accidental death insurance	1,569	1,678
Dental insurance.....	7,397	8,000
Workmen's compensation	8,139	12,189
Other personnel services	18,451	12,529
Professional fees.....	433	6,862
Dues.....	99	50
Regulatory fees and license.....	30	-
Utilities	16,831	18,560
Office supplies	20	-
Other operating supplies	1,068	387
Small tools	1,043	1,659
Uniforms.....	1,798	1,850
Automotive parts.....	10,646	11,403
Gasoline.....	11,845	11,466
Construction materials.....	4,171	-
Safety.....	1,500	327
Insurance.....	2,844	2,845
Repairs and maintenance	286	1,833
Meter and devices.....	24,589	1,273
Sewer rehabilitation.....	45,141	101,062
Costs recovered	4,567	6,215
Retiree insurance	2,422	-
Total Sewage Collection/Pumping	<u>652,977</u>	<u>735,491</u>
Disposal:		
Sewage treatment expense	1,348,051	1,337,177
Treatment plant improvements.....	1,413	34,176
City of Maryville.....	612,383	410,309
Total Disposal	<u>1,961,847</u>	<u>1,781,662</u>
Total Operating and Maintenance.....	<u>\$ 7,223,718</u>	<u>\$ 7,413,003</u>

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION
For the Fiscal Year Ended June 30, 2010

SEWER	CAPITAL ASSETS			ALLOWANCE FOR DEPRECIATION				
	Balance 06/30/09	Additions	Deductions	Balance 06/30/10	Balance 7/1/09	Depreciation Taken	Additions (Deductions)	Balance 6/30/10
Land and easements.....	\$ 174,138	\$ -	\$ -	\$ 174,138	\$ -	\$ -	\$ -	\$ -
Buildings:								
Pumping station.....	218,935	-	-	218,935	154,714	5,352	-	160,066
Leasehold improvements	2,536,361	-	-	2,536,361	760,340	76,091	-	836,431
Service Center	<u>1,502,128</u>	<u>-</u>	<u>-</u>	<u>1,502,128</u>	<u>31,153</u>	<u>33,985</u>	<u>-</u>	<u>65,138</u>
Total Buildings.....	<u>4,257,424</u>	<u>-</u>	<u>-</u>	<u>4,257,424</u>	<u>946,207</u>	<u>115,428</u>	<u>-</u>	<u>1,061,635</u>
Improvements Other Than Buildings:								
Sewer lines and mains.....	<u>10,415,697</u>	<u>868,833</u>	<u>-</u>	<u>11,284,530</u>	<u>3,335,679</u>	<u>243,570</u>	<u>-</u>	<u>3,579,249</u>
Machinery and Equipment:								
Pumping equipment.....	87,203	26,699	-	113,902	76,722	2,644	-	79,366
Tools and working equipment.....	549,491	-	-	549,491	276,225	53,698	-	329,923
Automobile and trucks.....	<u>153,581</u>	<u>-</u>	<u>-</u>	<u>153,581</u>	<u>143,129</u>	<u>6,344</u>	<u>-</u>	<u>149,473</u>
Total Machinery and Equipment.....	<u>790,275</u>	<u>26,699</u>	<u>-</u>	<u>816,974</u>	<u>496,076</u>	<u>62,686</u>	<u>-</u>	<u>558,762</u>
Total Sewer	<u>\$ 15,637,534</u>	<u>\$ 895,532</u>	<u>\$ -</u>	<u>\$ 16,533,066</u>	<u>\$4,777,962</u>	<u>\$ 421,684</u>	<u>\$ -</u>	<u>\$5,199,646</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION (Continued)
For the Fiscal Year Ended June 30, 2010

<u>WATER</u>	CAPITAL ASSETS				ALLOWANCE FOR DEPRECIATION			
	Balance 06/30/09	Additions	Deductions	Balance 06/30/10	Balance 7/1/09	Depreciation Taken	Additions (Deductions)	Balance 6/30/10
Land	\$ 1,020,097	\$ -	\$ -	\$ 1,020,097	\$ -	\$ -	\$ -	\$ -
Buildings:								
Filter and treatment plant	19,053,933	-	-	19,053,933	1,099,447	419,768	-	1,519,215
Improvements Other Than Buildings:								
Water mains	7,042,273	1,162,779	-	8,205,052	2,051,651	153,345	-	2,204,996
Reservoirs	3,154,826	372,298	-	3,527,124	731,974	100,307	-	832,281
Lines to reservoirs	139,187	-	-	139,187	101,609	2,784	-	104,393
Water service connections.....	1,062,215	30,489	-	1,092,704	323,267	21,299	-	344,566
Raw water storage	2,961,770	-	-	2,961,770	1,066,308	59,247	-	1,125,555
Total Improvements Other Than Buildings	14,360,271	1,565,566	-	15,925,837	4,274,809	336,982	-	4,611,791
Machinery and Equipment:								
Water meters	389,721	11,064	-	400,785	209,251	28,053	-	237,304
Fire hydrants	347,500	-	-	347,500	88,954	6,952	-	95,906
Water purification equipment.....	6,168,663	-	-	6,168,663	803,716	359,250	-	1,162,966
Pumping equipment.....	7,287,030	-	-	7,287,030	564,498	364,381	-	928,879
Laboratory equipment.....	176,551	-	-	176,551	40,502	17,554	-	58,056
Tools and working equipment.....	701,000	-	-	701,000	309,530	71,367	-	380,897
Automobile and truck	673,773	-	-	673,773	626,163	25,838	-	652,001
Office furniture and fixtures.....	279,965	-	-	279,965	58,554	28,599	-	87,153
Total Machinery and Equipment	16,024,203	11,064	-	16,035,267	2,701,168	901,994	-	3,603,162
Total Water	<u>\$50,458,504</u>	<u>\$ 1,576,630</u>	<u>\$ -</u>	<u>\$52,035,134</u>	<u>\$ 8,075,424</u>	<u>\$ 1,658,744</u>	<u>\$ -</u>	<u>\$ 9,734,168</u>
TOTAL WATER AND SEWER.....	<u>\$66,096,038</u>	<u>\$ 2,472,162</u>	<u>\$ -</u>	<u>\$68,568,200</u>	<u>\$ 12,853,386</u>	<u>\$ 2,080,428</u>	<u>\$ -</u>	<u>\$ 14,933,814</u>

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
June 30, 2010 and 2009

<u>ASSETS</u>	<u>Business-Type Activities</u>	
	<u>2010</u>	<u>2009</u>
CAPITAL ASSETS:		
Non-depreciable Capital Assets:		
Land and easements	\$ 336,481	\$ 336,481
Construction in progress.....	<u>981,842</u>	<u>1,155,936</u>
	<u>1,318,323</u>	<u>1,492,417</u>
Depreciable Capital Assets:		
Structures, improvements and equipment.....	67,287,420	66,007,003
Less: Allowance for depreciation	<u>(22,222,257)</u>	<u>(20,239,263)</u>
	<u>45,065,163</u>	<u>45,767,740</u>
Net Capital Assets.....	<u>46,383,486</u>	<u>47,260,157</u>
CURRENT ASSETS:		
Bond principal and redemption reserve	3,600,620	3,840,094
Cash	1,676,994	2,347,192
Cash investments	1,371,015	1,353,856
Accounts receivable - Less provision for doubtful accounts of \$265,676 at June 30, 2010 and \$34,579 at June 30, 2009	4,079,152	4,114,482
Accounts receivable - Pole rentals	137,825	129,556
Materials and supplies at average cost	557,484	484,158
Accrued interest receivable.....	730	29,622
Prepaid expenses.....	686	664
Prepaid TVA Power Invoice Program.....	2,832,793	1,333,879
Unamortized debt expense.....	<u>26,000</u>	<u>27,000</u>
Total Current Assets	<u>14,283,299</u>	<u>13,660,503</u>
OTHER ASSETS:		
Receivable from customers for back utilities.....	1,470	13,918
Receivables from customers for conservation loans	1,994,387	1,560,425
Long-term notes receivable	100,000	100,000
Unamortized debt expense.....	<u>528,119</u>	<u>553,506</u>
Total Other Assets	<u>2,623,976</u>	<u>2,227,849</u>
Total Assets.....	<u>\$ 63,290,761</u>	<u>\$ 63,148,509</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS (Continued)
June 30, 2010 and 2009

<u>LIABILITIES AND NET ASSETS</u>	<u>Business-Type Activities</u>	
	<u>2010</u>	<u>2009</u>
LONG-TERM LIABILITIES:		
Compensated absences	\$ 144,441	\$ 102,604
Revenue bonds payable	20,295,000	20,870,000
Deferred credits	671,555	662,177
Conservation – TVA	<u>1,964,013</u>	<u>1,528,940</u>
 Total Long-Term Liabilities	 <u>23,075,009</u>	 <u>23,163,721</u>
CURRENT LIABILITIES:		
Accounts payable	8,106,507	8,216,414
Customer deposits	1,333,386	1,248,395
Accrued payroll	159,431	157,007
Accrued rentals	88,700	83,378
Accrued interest	11,281	53,572
Miscellaneous payables	2,504	4,593
Compensated absences	278,936	286,025
Revenue bonds payable	<u>575,000</u>	<u>235,000</u>
 Total Current Liabilities	 <u>10,555,745</u>	 <u>10,284,384</u>
 Total Liabilities	 <u>33,630,754</u>	 <u>33,448,105</u>
NET ASSETS:		
Invested in capital assets, net of related debt	25,513,486	26,155,157
Unrestricted	<u>4,146,521</u>	<u>3,545,247</u>
 Total Net Assets	 <u>29,660,007</u>	 <u>29,700,404</u>
 Total Liabilities and Net Assets	 <u>\$ 63,290,761</u>	 <u>\$ 63,148,509</u>

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULES OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the Fiscal Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
OPERATING REVENUE:		
Sale of Electric Energy:		
Residential - Non-farm	\$ 32,362,746	\$ 35,365,955
Small lighting and power sales.....	5,052,382	5,561,033
Large lighting and power sales.....	14,421,760	16,596,723
Street and outdoor lighting.....	890,539	989,047
Consumer forfeited discounts.....	378,005	425,551
Rent from electric property	502,969	487,098
Miscellaneous service revenue	223,651	214,478
Other electric revenue	<u>1,156</u>	<u>57,087</u>
Total Operating Revenue	<u>53,833,208</u>	<u>59,696,972</u>
 PURCHASED POWER	 <u>43,373,895</u>	 <u>48,551,844</u>
 OPERATING EXPENSES:		
Distribution expense	1,155,266	1,481,175
Customer accounts expense	1,298,049	1,286,665
Sales expense	75,659	119,759
Administrative and general expense	<u>2,481,862</u>	<u>2,484,261</u>
Total Operating Expenses	<u>5,010,836</u>	<u>5,371,860</u>
 MAINTENANCE EXPENSE:		
Distribution expense	1,711,227	2,040,505
Administrative and general expense	<u>10,969</u>	<u>9,175</u>
Total Maintenance Expense	<u>1,722,196</u>	<u>2,049,680</u>
 OTHER OPERATING EXPENSE:		
Depreciation expense	2,309,630	2,047,769
Taxes and tax equivalents	<u>1,148,497</u>	<u>1,011,774</u>
Total Other Operating Expense	<u>3,458,127</u>	<u>3,059,543</u>
 TOTAL PURCHASED POWER AND OPERATING EXPENSES	 <u>53,565,054</u>	 <u>59,032,927</u>
 OPERATING INCOME	 268,154	 664,045
Interest income on investments	<u>26,501</u>	<u>132,991</u>
 Net Operating Income.....	 <u>294,655</u>	 <u>797,036</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (Continued)
For the Fiscal Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
INTEREST EXPENSE:		
Interest on long-term debt.....	(330,000)	(486,155)
Amortization of long-term debt discount and expense	(26,387)	(26,400)
Total Interest Expense.....	<u>(356,387)</u>	<u>(512,555)</u>
OTHER INCOME (EXPENSE):		
Revenue from merchandise, jobbing and contract work	1,509	513
Gain on sale of transformer	18,000	2,628
State of TN – Unclaimed property returned.....	<u>1,826</u>	<u>6,849</u>
Total Other Income.....	<u>21,335</u>	<u>9,990</u>
NET INCOME BEFORE EXTRAORDINARY ITEM AND TRANSFERS		
Extraordinary Item.....	(40,397)	294,471
	<u>-</u>	<u>(67,465)</u>
NET INCOME	(40,397)	227,006
NET ASSETS – BEGINNING OF YEAR	<u>29,700,404</u>	<u>29,473,398</u>
NET ASSETS – END OF YEAR	<u>\$ 29,660,007</u>	<u>\$ 29,700,404</u>

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULES OF CASH FLOWS
For the Fiscal Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 53,860,269	\$ 59,613,375
Cash payments to suppliers for goods and services	(48,433,758)	(51,822,492)
Cash payments to employees for services	(3,230,227)	(3,463,921)
Payment of taxes and tax equivalents.....	<u>(1,148,497)</u>	<u>(1,011,774)</u>
Net Cash Flows From Operating Activities.....	<u>1,047,787</u>	<u>3,315,188</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Customer deposits received	327,875	269,450
Customer deposits refunded.....	(242,884)	(296,850)
Advances from TVA.....	951,669	698,179
Repayments of advances	(516,596)	(328,360)
Principal paid on bonds/notes	(235,000)	(21,310,000)
Interest paid on bonds/notes	(372,291)	(509,133)
Deferred credits.....	9,378	(24,632)
Merchandise, jobbing, and contract work revenue.....	1,509	513
Additional long-term bonds/notes	-	27,817,710
Acquisition and construction of capital assets	(1,369,379)	(8,787,753)
Removal costs of fixed assets	63,580	60,239
Acquisition of conservation loans	(834,874)	(598,111)
Collection on conservation loans	<u>498,461</u>	<u>323,878</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(1,718,552)</u>	<u>(2,684,870)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(9,677,605)	(9,190,810)
Proceeds from maturities of investments.....	9,639,938	9,008,604
Interest and dividends on investments.....	<u>55,393</u>	<u>173,693</u>
Net Cash Flows From Investing Activities.....	<u>17,726</u>	<u>(8,513)</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULES OF CASH FLOWS (Continued)
For the Fiscal Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(653,039)	621,805
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,701,048</u>	<u>3,079,243</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 3,048,009</u>	<u>\$ 3,701,048</u>
 Operating Income	 <u>\$ 268,154</u>	 <u>\$ 664,045</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation.....	2,309,630	2,047,769
Amortization	26,387	26,400
Changes in assets and liabilities:		
Poles rental	(8,269)	(5,128)
Accounts receivable	35,330	(78,469)
Miscellaneous receivables – back utilities	12,448	13,189
Prepaid expenses	(1,499,666)	468,351
Inventory	(13,326)	150,902
Accrued interest receivables	28,892	40,702
Accounts payable	(109,907)	9,957
Accrued rentals	5,322	3,300
Accrued interest	(42,291)	(22,978)
Accrued payroll.....	2,424	23,429
Miscellaneous Payables	(2,089)	197
Compensated absences	<u>34,748</u>	<u>(26,478)</u>
Total Adjustments.....	<u>779,633</u>	<u>2,651,143</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES.....	 <u>\$ 1,047,787</u>	 <u>\$ 3,315,188</u>

ACCOUNTING POLICY NOTE:

Cash and cash equivalents consist of demand deposits and certificates of deposit with original maturities of three (3) months or less.

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULES OF OPERATING AND MAINTENANCE EXPENSE
For the Fiscal Years Ended June 30, 2010 and 2009

<u>OPERATING EXPENSE</u>	<u>2010</u>	<u>2009</u>
DISTRIBUTION:		
Supervision and engineering	\$ 62,244	\$ 69,510
Station expense.....	48,423	279,781
Overhead line expense	444,270	496,404
Underground expense	34,944	100,182
Meter expense.....	132,484	143,922
Miscellaneous.....	250,173	343,878
Rents	<u>182,728</u>	<u>170,062</u>
Total Distribution Expense	<u>1,155,266</u>	<u>1,603,739</u>
CUSTOMER ACCOUNTS EXPENSE:		
Meter reading expense	411,274	411,961
Customer record and collection expense.....	706,775	694,704
Uncollectible accounts	<u>180,000</u>	<u>180,000</u>
Total Customer Accounts Expense	<u>1,298,049</u>	<u>1,286,665</u>
SALES EXPENSE:		
Demonstrating and selling expense.....	<u>75,659</u>	<u>119,759</u>
ADMINISTRATIVE AND GENERAL EXPENSE:		
Administrative and general salaries	624,260	624,741
Office supplies and expense	36,675	52,164
Outside service employed	72,909	26,148
Property insurance	105,480	110,101
Injuries and damages.....	159,040	165,257
Employee pensions and benefits.....	1,304,750	1,330,366
Duplicate charges – Credit	(7,354)	(11,641)
Rents - City cost recovery	95,700	100,800
Miscellaneous.....	<u>90,402</u>	<u>86,325</u>
Total Administrative and General Expense	<u>2,481,862</u>	<u>2,484,261</u>
Total Operating Expense	<u>5,010,836</u>	<u>5,494,424</u>
 <u>MAINTENANCE EXPENSE</u>		
DISTRIBUTION EXPENSE:		
Supervision and engineering	53,760	62,902
Maintenance of station equipment	68,739	117,357
Maintenance of overhead and underground lines	1,453,696	1,839,128
Maintenance of line transformers	13,472	7,742
Street lighting and signal systems.....	37,318	26,107
Maintenance of meters/miscellaneous distribution plant.....	<u>84,242</u>	<u>68,978</u>
Total Distribution Expense	<u>1,711,227</u>	<u>2,122,214</u>
ADMINISTRATIVE AND GENERAL EXPENSE:		
Maintenance of general plant	<u>10,969</u>	<u>9,175</u>
Total Maintenance Expense.....	<u>1,722,196</u>	<u>2,131,389</u>
Total Operating and Maintenance Expense	<u>\$ 6,733,032</u>	<u>\$ 7,625,813</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ELECTRIC PLANT IN SERVICE
June 30, 2010

	Balance	<u>Additions</u>	<u>Retirements</u>	<u>Reclassify</u>		Balance
	<u>7-01-09</u>			<u>DR</u>	<u>CR</u>	<u>6-30-10</u>
TRANSMISSION:						
Station equipment	\$ 11,354,409	\$ -	\$ -	\$ -	\$ -	\$ 11,354,409
DISTRIBUTION:						
Land and land rights.....	6,853	-	-	-	-	6,853
Station equipment	2,029,131	-	-	-	15,566	2,013,565
Poles, towers and fixtures.....	8,840,827	521,892	109,595	-	-	9,253,124
Overhead conductors and devices	9,199,314	341,460	55,208	-	-	9,485,566
Underground conduit	654,246	5,177	-	-	-	659,423
Underground conductors and devices	2,702,062	147,359	124	-	-	2,849,297
Line transformers.....	10,202,817	158,042	58,459	-	-	10,302,400
Services	1,915,067	31,560	376	-	-	1,946,251
Meters	4,211,448	238,933	12,196	-	-	4,438,185
Street lighting and signal systems	2,729,708	97,607	11,532	-	-	2,815,783
Outdoor lighting on customer premises ..	702,922	-	-	-	-	702,922
GENERAL:						
Land and land rights.....	329,628	-	-	-	-	329,628
Structures and improvements	7,583,663	-	-	-	-	7,583,663
Office furniture and equipment.....	513,172	1,443	-	-	-	514,615
Transportation equipment.....	2,716,133	-	-	-	-	2,716,133
Stores equipment	51,647	-	-	-	-	51,647
Tools, shop and garage equipment.....	90,229	-	-	-	-	90,229
Laboratory equipment	30,456	-	-	-	-	30,456
Communication equipment	464,780	-	-	-	-	464,780
Miscellaneous equipment.....	<u>14,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,972</u>
Totals	66,343,484	1,543,473	247,490	-	15,566	67,623,901
CONSTRUCTION WORK IN PROGRESS	<u>1,155,936</u>	<u>(174,094)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>981,842</u>
Total Electric Plant in Service.....	<u>\$ 67,499,420</u>	<u>\$ 1,369,379</u>	<u>\$ 247,490</u>	<u>\$ -</u>	<u>\$ 15,566</u>	<u>\$ 68,605,743</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ACCUMULATED PROVISION FOR DEPRECIATION
June 30, 2010

	Balance 7-01-09	Depreciation Expense	Retirement	Removal Cost and Other	Reclassify		Balance 6/30/10	Depreciation Rate
					DR	CR		
TRANSMISSION:								
Station equipment	\$ 4,947,024	\$ 345,880	\$ -	\$ -	\$ -	\$ -	\$ 5,292,904	4.09%
DISTRIBUTION PLANT:								
Station equipment	777,476	69,647	-	-	15,566	-	831,557	
Poles, towers, and fixtures	2,909,411	378,920	109,595	56,030	-	-	3,122,706	4.25%
Overhead conductors and devices	801,791	282,988	55,208	6,072	-	-	1,023,499	3.00%
Underground conduit.....	260,807	19,562	-	-	-	-	280,369	3.00%
Underground conductors and devices.....	748,802	82,351	125	83	-	-	830,945	3.00%
Line transformers.....	3,699,153	255,147	58,459	-	-	-	3,895,841	2.50%
Services.....	839,510	62,340	376	217	-	-	901,257	3.25%
Meters	490,082	242,527	12,195	-	-	-	720,414	2.00%
Street lighting and signal systems	1,906,360	103,646	11,533	1,177	-	-	1,997,296	12.00%
Outdoor lighting on customer Premises.....	382,122	-	-	-	-	-	382,122	8.00%
Total Distribution Plant	12,815,514	1,497,128	247,491	63,579	15,566	-	13,986,006	
GENERAL PLANT:								
Structures and improvements	494,214	156,928	-	-	-	-	651,142	2.00%
Office furniture and equipment	293,784	28,663	-	-	-	-	322,447	various
Transportation equipment.....	1,294,316	230,637	-	-	-	-	1,524,953	Various
Tools, shop and garage equipment	72,272	2,526	-	-	-	-	74,798	8.00%
Laboratory equipment	30,178	145	-	-	-	-	30,323	5.00%
Communication equipment.....	290,096	46,726	-	-	-	-	336,822	10.00%
Miscellaneous equipment	1,865	997	-	-	-	-	2,862	8.00%
Total General Plant.....	2,476,725	466,622	-	-	-	-	2,943,347	
Totals.....	\$ 20,239,263	\$ 2,309,630	\$ 247,491	\$ 63,579	\$ 15,566	\$ -	\$ 22,222,257	

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
June 30, 2010 and 2009

ASSETS	Business-Type Activities	
	2010	2009
Current Assets:		
Cash	\$ 500	\$ 500
Cash in bank	2,039,625	1,748,307
Accounts receivable	339,235	284,030
Total Current Assets	2,379,360	2,032,837
Capital Assets:		
Non-depreciable Capital Assets:		
Land	640,851	640,851
Construction in Progress	103,129	-
	743,980	640,851
Depreciable Capital Assets:		
Structures, improvements, and equipment	7,190,212	7,176,687
Less: Allowance for depreciation	(5,661,330)	(5,419,603)
	1,528,882	1,757,084
Net Capital Assets	2,272,862	2,397,935
Non-Current Assets:		
Cash in banks – Restricted	3,049,789	1,792,317
Investments – Certificate of deposit – Restricted for	3,150,119	3,862,764
Construction in Progress	5,839,923	-
Unamortized debt expense	70,361	15,978
Unamortized discount on long-term debt	73,125	19,493
Total Non-Current Assets	12,183,317	5,690,552
Total Assets	\$ 16,835,539	\$ 10,121,324
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 217,000	\$ 32,303
Accrued salaries	27,496	30,807
Bonds payable – Due within one (1) year	525,000	210,000
Compensated absences	75,454	82,406
Capital lease payable	26,360	-
Closure and postclosure costs	526,500	526,500
Total Current Liabilities	1,397,810	882,016
Long-Term Liabilities:		
Capital lease payable	34,123	-
Bonds payable	7,475,000	1,925,000
Compensated absences	18,863	20,601
Estimated liability for landfill closure and		
Postclosure care costs	5,673,408	5,128,581
Total Long-Term Liabilities	13,201,394	7,074,182
Net Assets:		
Invested in capital assets, net of related debt	52,302	262,935
Restricted for property acquisition	1,131,873	1,056,919
Unrestricted	1,052,160	845,272
Total Net Assets	2,236,335	2,165,126
Total Liabilities and Net Assets	\$ 16,835,539	\$ 10,121,324

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	Business-Type Activities	
	2010	2009
Operating Revenue:		
Fees and permits.....	\$ 3,257,580	\$ 2,784,790
Grants	75,926	74,113
Miscellaneous.....	95	7,051
Total Operating Revenue	3,333,601	2,865,954
Operating Expenses:		
Administrative and Operating	2,565,827	2,555,229
Operating Income Before Depreciation	767,774	310,725
Depreciation.....	(525,481)	(481,123)
Operating Income (Loss) After Depreciation.....	242,293	(170,398)
Other Income (Expense):		
Other income.....	18,789	-
Amortization of bond discount.....	(11,721)	-
Interest income	10,113	10,253
Interest expense.....	(188,265)	(110,745)
Total Other Income (Expense).....	(171,084)	(100,492)
Change In Net Assets.....	71,209	(270,890)
Net Assets – Beginning of Year	2,165,126	2,436,016
Net Assets – End of Year.....	\$ 2,236,335	\$ 2,165,126

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	<u>Business-Type Activities</u>	
	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received	\$ 3,278,396	\$ 2,833,234
Cash payments to suppliers for goods and services	(1,581,711)	(1,754,435)
Cash payments to employees for services	<u>(799,699)</u>	<u>(785,244)</u>
Net Cash Flows From Operating Activities	<u>896,986</u>	<u>293,555</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Restricted cash transfer	(1,257,472)	(468,020)
Closure/Postclosure payments	<u>526,500</u>	<u>526,500</u>
Net Cash Flows From Non-Capital Financing Activities	<u>(730,972)</u>	<u>58,480</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest paid on capital leases/bonds	(188,265)	(110,745)
Payments for landfill plant acquisitions	(400,408)	(307,348)
Principal paid on bonds/notes	(229,861)	(210,000)
Additional long-term bonds/notes	<u>6,155,344</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>5,336,810</u>	<u>(628,093)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	10,113	10,253
Purchase of investments	(13,325,728)	(13,153,269)
Proceeds from sale of investments	<u>8,104,109</u>	<u>13,109,856</u>
Net Cash Flows From Investing Activities	<u>(5,211,506)</u>	<u>(33,160)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	291,318	(309,218)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,748,807</u>	<u>2,058,025</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,040,125</u>	<u>\$ 1,748,807</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	Business-Type Activities	
	2010	2009
Operating Income (Loss).....	\$ 242,293	\$ (170,398)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	525,481	481,123
Amortization of bond expense.....	11,721	-
Changes in assets and liabilities:		
Accounts receivable	(55,205)	(32,720)
Accounts payable.....	184,697	15,571
Accrued salaries.....	(3,311)	971
Accrued compensated absences	(8,690)	(992)
Total Adjustments	654,693	463,953
 NET CASH PROVIDED BY OPERATING ACTIVITIES.....	 \$ 896,986	 \$ 293,555

Accounting Policy Note:

Cash and cash equivalents consist of demand deposits and certificates of deposit with original maturities of three (3) months or less.

Schedule of Noncash Financing Activities:

During the year ended June 30, 2010, the Landfill Fund acquired \$80,344 in capital assets that were funded through vendor financing recorded as capital leases payable. None were acquired during the year ended June 30, 2009.

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	<u>Business-Type Activities</u>	
	<u>2010</u>	<u>2009</u>
Administrative and Operating:		
Wages:		
Regular	\$ 755,413	\$ 758,930
Overtime.....	40,975	27,285
F.I.C.A.....	61,578	60,760
Retirement	167,941	162,418
Hospitalization insurance	151,844	165,450
Life/Accidental death insurance.....	3,714	2,651
Dental insurance	17,223	17,964
Workmen’s compensation	23,090	23,225
Retiree insurance.....	11,395	-
Regulatory fees and license	22,370	-
Safety	1,078	-
Cost recovery.....	7,512	8,435
Other personnel services	25,241	35,524
Professional services	66,180	158,703
Postage	1,479	1,580
Public Relations.....	879	380
Travel and training.....	1,556	3,894
Dues	1,171	23,611
Printing.....	6,360	6,421
Maintenance contract	240	9,830
Utilities.....	29,867	26,858
Other contracted services	6,889	9,218
Office supply	9,139	17,505
Solid Waste Authority.....	91,597	95,917
Electric and plumbing	-	25
Uniforms	8,161	5,722
Construction materials.....	169,234	98,208
Slope stabilization.....	997	15,413
Repairs and maintenance.....	71,879	22,040
Small tools.....	2,091	3,031
Insurance	9,910	10,501
Equipment/auto parts	76,210	44,907
Gasoline	110,318	111,787
Waste tire recovery	85,796	100,536
Closure and postclosure expense	<u>526,500</u>	<u>526,500</u>
 Total Administrative and Operating Expenses	 <u>\$ 2,565,827</u>	 <u>\$ 2,555,229</u>

See accompanying independent auditors’ report and notes.

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION
For the Fiscal Year Ended June 30, 2010

	Fixed Assets			
	Balance 7-1-09	Additions	Deductions	Balance 6-30-10
Land	\$ 640,851	\$ -	\$ -	\$ 640,851
Office Buildings and Improvements	<u>4,735,975</u>	-	-	<u>4,735,975</u>
Machinery and Equipment:				
Office equipment	28,737	-	-	28,737
Landfill – working equipment	1,554,413	297,279	(283,754)	1,567,938
Tools and small equipment	554,619	-	-	554,619
Trucks.....	<u>302,943</u>	-	-	<u>302,943</u>
Total Machinery and Equipment	<u>2,440,712</u>	<u>297,279</u>	<u>(283,754)</u>	<u>2,454,237</u>
Construction Work in Progress	-	<u>103,129</u>	-	<u>103,129</u>
Totals.....	<u>\$ 7,817,538</u>	<u>\$ 400,408</u>	<u>\$ (283,754)</u>	<u>\$ 7,934,192</u>

	ALLOWANCE FOR DEPRECIATION				
	Balance 7-1-09	Depreciation Expense	Other Additions (Deductions)	Balance 6-30-10	Depreciation Rates
Land	\$ -	\$ -	\$ -	\$ -	
Office Building and Improvements	<u>3,822,660</u>	<u>269,757</u>	-	<u>4,092,417</u>	3-7%
Machinery and Equipment:					
Office equipment.....	28,737	-	-	28,737	10-20%
Landfill working equipment	819,481	234,325	(283,754)	770,052	17%
Tools and small equipment	472,712	11,605	-	484,317	8-20%
Trucks.....	<u>276,013</u>	<u>9,794</u>	-	<u>285,807</u>	20%
Total Machinery and Equipment	<u>1,596,943</u>	<u>255,724</u>	<u>(283,754)</u>	<u>1,568,913</u>	
Totals	<u>\$ 5,419,603</u>	<u>\$ 525,481</u>	<u>\$ (283,754)</u>	<u>\$ 5,661,330</u>	

See accompanying independent auditors' report and notes.

FIDUCIARY FUND

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for another party. Fiduciary Funds include Pension Trust Funds.

PENSION TRUST FUNDS

Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other employee benefit plans. Pension Trust Funds are accounted for in essentially the same manner as governmental funds – accrual basis of accounting.

Employees' Retirement System Fund – The Employees' Retirement System Fund is used to account for assets held by the City in a fiduciary capacity for employees or former employees of the City. The Employees' Retirement System Fund uses the accrual method of accounting.

AGENCY FUND

City of Alcoa Schools Student Activity Funds – The Agency fund is used to account for assets held by Schools in fiduciary capacity for students.

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM FUND – FIDUCIARY FUND
SCHEDULE OF FIDUCIARY ASSETS, LIABILITIES AND NET ASSETS
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Accrued interest and dividends.....	\$ 120,480	\$ 117,854
Investments, at fair value:		
Cash and cash equivalents.....	225,478	269,958
U.S. Treasury obligations.....	3,780,607	3,905,530
Domestic corporate and foreign bonds.....	6,444,229	5,560,340
Common equity securities.....	9,722,914	9,932,143
Municipal obligations.....	<u>222,269</u>	<u>-</u>
Total Investments.....	<u>20,395,497</u>	<u>19,667,971</u>
Total Assets.....	<u>\$ 20,515,977</u>	<u>\$ 19,785,825</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities.....	\$ -	\$ -
Net assets held in trust for pension benefits.....	<u>20,515,977</u>	<u>19,785,825</u>
Total Liabilities and Net Assets.....	<u>\$ 20,515,977</u>	<u>\$ 19,785,825</u>

Note: Cash equivalents consist of certificates of deposit with original maturities of three (3) months or less.

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM FUND – FIDUCIARY FUND
SCHEDULE OF CHANGES IN FIDUCIARY PLAN NET ASSETS
For the Fiscal Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Additions:		
Employer contributions	\$ 944,582	\$ 484,448
Interest/Dividend income	817,349	766,904
Net appreciation in fair value of investments	1,415,967	-
Net gain on investments sold and matured	-	26,200
Other income	-	<u>2,917</u>
 Total Additions.....	 <u>3,177,898</u>	 <u>1,280,469</u>
Deductions:		
Administrative expenses	88,152	70,791
Benefit payments	2,359,594	2,192,693
Net depreciation in fair value of investments	-	2,545,722
Net loss on investments sold	-	<u>520,717</u>
 Total Deductions	 <u>2,447,746</u>	 <u>5,329,923</u>
 Change in Net Assets	 730,152	 (4,049,454)
 Net Assets – Beginning of Year	 <u>19,785,825</u>	 <u>23,835,279</u>
 Net Assets – End of Year	 <u>\$ 20,515,977</u>	 <u>\$ 19,785,825</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
AGENCY FUND
COMBINED BALANCE SHEET –
CITY OF ALCOA SCHOOLS' STUDENT ACTIVITY FUNDS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	<u>Alcoa High School</u>	<u>Alcoa Middle School</u>	<u>Alcoa Elementary School</u>	<u>Totals 2010</u>	<u>Totals 2009</u>
ASSETS:					
Cash in bank – checking, Savings and CDs	<u>\$ 206,519</u>	<u>\$ 60,481</u>	<u>\$ 63,412</u>	<u>\$ 330,412</u>	<u>\$ 318,940</u>
LIABILITIES AND FUND BALANCES:					
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420</u>
FUND BALANCE:					
General Fund:					
Unrestricted	30,102	29,129	58,994	118,225	123,032
Restricted:					
Reserved for restricted activities	<u>176,417</u>	<u>31,352</u>	<u>4,418</u>	<u>212,187</u>	<u>195,488</u>
Total General and Restricted Fund Balances	<u>206,519</u>	<u>60,481</u>	<u>63,412</u>	<u>330,412</u>	<u>318,520</u>
Total Liabilities and Fund Balances	<u>\$ 206,519</u>	<u>\$ 60,481</u>	<u>\$ 63,412</u>	<u>\$ 330,412</u>	<u>\$ 318,940</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
AGENCY FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
CITY OF ALCOA SCHOOLS' STUDENT ACTIVITY FUNDS
For the Fiscal Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	Fund Balances July 1, 2009	Revenues	Expenditures	Excess (Deficit) of Revenues Over Expenditures	Other Financing Sources (Uses)		Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	Changes in Reserve For Inventory	Fund Balances	
					Operating Transfers In	Operating Transfers Out			June 30, 2010	June 30, 2009
Alcoa High School	\$ 180,812	\$ 802,635	\$ 776,928	\$ 25,707	\$ -	\$ -	\$ 25,707	\$ -	\$ 206,519	\$ 180,812
Alcoa Middle School	66,276	186,799	192,594	(5,795)	6,370	6,370	(5,795)	-	60,481	66,276
Alcoa Elementary School	<u>71,432</u>	<u>117,133</u>	<u>125,153</u>	<u>(8,020)</u>	<u>-</u>	<u>-</u>	<u>(8,020)</u>	<u>-</u>	<u>63,412</u>	<u>71,432</u>
Totals	\$ <u>318,520</u>	\$ <u>1,106,567</u>	\$ <u>1,094,675</u>	\$ <u>11,892</u>	\$ <u>6,370</u>	\$ <u>6,370</u>	\$ <u>11,892</u>	\$ <u>-</u>	\$ <u>330,412</u>	\$ <u>318,520</u>

See accompanying independent auditors' report and notes.

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES

Fixed assets used in Governmental Fund type operations (capital assets used in the operation of governmental activities) are presented in the government-wide financial statements. However, they are presented in the fund financial statements as expenditures when purchased.

CITY OF ALCOA, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Schedule of Changes by Function and Activity
For the Fiscal Year Ended June 30, 2010

<u>Program</u>	<u>CAPITAL ASSETS</u>				
	<u>Balance</u> <u>7/1/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u> <u>In (Out)</u>	<u>Balance</u> <u>6/30/10</u>
Construction in Progress.....	\$ 5,506,072	\$ 878,580	\$ 4,229,155	\$ -	\$ 2,155,497
General Government – Building and Grounds	20,564	-	-	-	20,564
General Government – Bridges.....	5,367,656	-	-	-	5,367,656
General Government – Cemetery.....	4,400	-	-	-	4,400
Fire.....	3,810,537	-	-	-	3,810,537
General Government.....	4,695,956	51,000	64,727	(54,859)	4,627,370
General Government – Codes.....	62,393	-	-	-	62,393
General Government – Finance	149,640	-	-	-	149,640
Police	4,844,356	77,163	90,411	-	4,831,108
Recreation	3,839,745	148,812	-	-	3,988,557
Sanitation	1,701,827	-	-	-	1,701,827
Schools	22,615,917	7,650,632	300,929	54,859	30,020,479
Service Center	5,457,354	-	-	-	5,457,354
Streets	17,464,483	10,000	-	-	17,474,483
	<u>70,034,828</u>	<u>7,937,607</u>	<u>456,067</u>	<u>-</u>	<u>77,516,368</u>
Totals	<u>\$ 75,540,900</u>	<u>\$ 8,816,187</u>	<u>\$ 4,685,222</u>	<u>\$ -</u>	<u>\$ 79,671,865</u>

<u>Program</u>	<u>ACCUMULATED DEPRECIATION</u>					
	<u>Balance</u> <u>7/1/08</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u> <u>In (Out)</u>	<u>Balance</u> <u>6/30/09</u>	<u>Net Book</u> <u>Value</u>
Construction in Progress.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,155,497
General Government – Building and Grounds	20,564	-	-	-	20,564	-
General Government – Bridges.....	2,424,075	106,859	-	-	2,530,934	2,836,722
General Government – Cemetery	-	-	-	-	-	4,400
Fire.....	1,255,370	124,886	-	-	1,380,256	2,430,281
General Government.....	1,362,082	108,216	10,803	(54,859)	1,404,636	3,222,734
General Government – Codes	56,090	4,202	-	-	60,292	2,101
General Government – Finance.....	117,588	13,344	-	-	130,932	18,708
Police.....	1,732,729	245,379	90,410	-	1,887,698	2,943,410
Recreation.....	1,300,818	181,833	-	-	1,482,651	2,505,906
Sanitation.....	1,189,944	117,886	-	-	1,307,830	393,997
Schools	7,510,680	790,949	200,101	54,859	8,156,387	21,864,092
Service center.....	135,395	147,702	-	-	283,097	5,174,257
Streets.....	11,589,113	683,897	-	-	12,273,010	5,201,473
	<u>28,694,448</u>	<u>2,525,153</u>	<u>301,314</u>	<u>-</u>	<u>30,918,287</u>	<u>46,598,081</u>
Totals.....	<u>\$ 28,694,448</u>	<u>\$ 2,525,153</u>	<u>\$ 301,314</u>	<u>\$ -</u>	<u>\$ 30,918,287</u>	<u>\$ 48,753,578</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Schedule of Capital Assets by Function and Activity
For the Fiscal Year Ended June 30, 2010

	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
General Government – Building and Grounds	\$ -	\$ -	\$ -	\$ -	\$ 20,564	\$ -	\$ 20,564
General Government – Bridges.....	-	-	5,367,656	-	-	-	5,367,656
General Government – Cemetery...	4,400	-	-	-	-	-	4,400
Construction in Progress.....	-	-	-	-	-	2,155,497	2,155,497
Service Center	-	5,057,120	-	114,919	285,315	-	5,457,354
Fire.....	146,731	1,631,122	-	-	2,032,684	-	3,810,537
General Government	994,496	2,866,927	-	648,873	117,074	-	4,627,370
General Government – Codes.....	-	-	-	-	62,393	-	62,393
General Government – Finance	-	-	-	-	149,640	-	149,640
Police	-	3,394,528	-	-	1,436,580	-	4,831,108
Recreation	567,105	1,132,794	1,834,808	374,763	79,087	-	3,988,557
Sanitation	-	-	-	-	1,701,827	-	1,701,827
Schools.....	53,000	15,539,191	-	13,341,026	1,087,262	-	30,020,479
Streets	-	-	16,745,634	-	728,849	-	17,474,483
Total Capital Assets	<u>1,765,732</u>	<u>29,621,682</u>	<u>23,948,098</u>	<u>14,479,581</u>	<u>7,701,275</u>	<u>2,155,497</u>	<u>79,671,865</u>
Accumulated Depreciation ...	<u>-</u>	<u>(8,590,685)</u>	<u>(15,134,957)</u>	<u>(2,508,519)</u>	<u>(4,684,126)</u>	<u>-</u>	<u>(30,918,287)</u>
Net Capital Assets.....	<u>\$ 1,765,732</u>	<u>\$21,030,997</u>	<u>\$ 8,813,141</u>	<u>\$11,971,062</u>	<u>\$ 3,017,149</u>	<u>\$ 2,155,497</u>	<u>\$ 48,753,578</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE

MISCELLANEOUS SCHEDULES

June 30, 2010

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CITY OF ALCOA, TENNESSEE
SCHEDULE OF INTERFUND TRANSFERS – ALL FUNDS
For the Fiscal Year Ended June 30, 2010

TRANSFERS TO:

	<u>General Fund</u>	<u>City OPEB Insurance Fund</u>	<u>Debt Service Fund</u>	<u>Internal Service Fund - Schools OPEB Insurance Fund</u>	<u>Total</u>
<u>TRANSFERS FROM:</u>					
General Fund (2).....	\$ -		\$ 2,317,499	\$ -	\$ 2,317,499
School Construction & Improvement Fund (2).....	500,000	-	-	-	500,000
Employee Insurance Fund (1).....	-	63,000	-	-	63,000
Education (1).....	-	-	-	94,000	94,000
Totals.....	<u>\$ 500,000</u>	<u>\$ 63,000</u>	<u>\$ 2,317,499</u>	<u>\$ 94,000</u>	<u>\$ 2,974,499</u>

- (1) To provide monies for annual OPEB liability.
- (2) To provide monies for debt retirement.

CITY OF ALCOA, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2010

	Balance July 1, <u>2009</u>	Levy/ Pick-up/ (Releases)	Write- offs	<u>Collections</u>	Balance June 30, <u>2010</u>
Estimated Levy – January 2010	\$ -	\$ 8,723,479	\$ -	\$ -	\$ 8,723,479
Current Year – 2009	8,396,560	344,460	-	8,173,154	567,866
Prior Years:					
2008	1,540,276	-	-	186,710	1,353,566
2007	258,560	-	-	59,882	198,678
2006	191,788	-	-	3,113	188,675
2005	203,936	-	-	811	203,125
2004	184,816	-	-	203	184,613
2003	122,052	-	-	32,674	89,378
2002	246,990	-	-	99,947	147,043
2001	300,117	-	-	136,838	163,279
2000	8,929	-	-	-	8,929
1999	<u>15,188</u>	<u>-</u>	<u>(15,188)</u>	<u>-</u>	<u>-</u>
Total Taxes Receivable	11,469,212	9,067,939	(15,188)	8,693,332	11,828,631
Less: Allowance for Estimated Uncollectible accounts	<u>(28,250)</u>	<u>-</u>	<u>(1,217)</u>	<u>-</u>	<u>(29,467)</u>
Net Taxes Receivable	<u>\$ 11,440,962</u>	<u>\$ 9,067,939</u>	<u>\$ (16,405)</u>	<u>\$ 8,693,332</u>	<u>\$ 11,799,164</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – ELECTRIC UTILITY
 June 30, 2010

<u>Name of Company</u>	<u>Policy Number</u>	<u>Term of Policy</u>		<u>Annual Premium</u>	<u>Coverage and Liability Limits</u>
		<u>From</u>	<u>To</u>		
Great Northern Insurance Company	(10)78389459	6-30-10	6-30-11	\$ 26,514	<u>AUTOMOBILES AND TRUCKS</u> \$1,000,000 combined single limit for all damages because of bodily injury or property damage Medical payments – \$2,000 Uninsured motorist – \$1,000,000 Physical Damage – actual cash value less deductible
Travelers Casualty Insurance Company	103189899	6-30-10	6-30-11	3,359	<u>CRIME</u> Theft and embezzlement – \$500,000 each loss Deductible – \$5,000
Distributors Self Insurance Fund	WC-014-2010	6-30-10	6-30-11	85,780	<u>WORKMEN’S COMPENSATION</u> Legal – Statutory requirements \$1,000,000 Employer’s Liability Limit
Affiliated FM Insurance Company	GK444	6-30-10	6-30-11	43,846	<u>REAL AND PERSONAL PROPERTY DAMAGE</u> Substations – \$19,602,015 Automotive – \$1,159,129 Contractor’s Equipment – \$1,160,733
North River Insurance Company	5530924548	6-30-10	6-30-11	29,719	<u>COMMERCIAL UMBRELLA</u> Commercial catastrophe liability – \$5,000,000
Distributors Insurance Company	CL-G048-2010	6-30-10	6-30-11	36,558	<u>GENERAL LIABILITY</u> General aggregate – \$750,000 Property damage – \$250,000 Bodily injury – \$250,000 Fire damage limit – \$50,000 Medical expense – \$5,000 Each occurrence limit – \$250,000
Federal Insurance Co.	7987-48-45	6-30-10	6-30-11	13,152	<u>EXCESS GENERAL LIABILITY</u> Each occurrence – \$750,000 Aggregate – \$2,250,000
Public Officials Liability Coverage	TML-0247-12	7-28-10	7-28-11	16,641	<u>DIRECTORS AND OFFICERS</u> Liability – \$1,000,000 per occurrence Deductible – \$5,000
The Hartford Steam Boiler Inspection and Ins. Co.	FBP9450255	6-30-10	6-30-11	50,419	<u>BOILER & MACHINERY</u> Insurance Limits – \$3,000,000
Illinois Union Insurance	PPLG24878685002	6-30-10	6-30-11	2,701	<u>POLLUTION LIABILITY</u> Liability - \$1,000,000

SCHEDULE OF INSURANCE ON REAL PERSONAL PROPERTY:

	<u>Replacement Cost</u>	<u>90% Coverage</u>
Buildings	\$ 7,794,003	\$ 7,014,603
Personal property	<u>844,000</u>	<u>759,600</u>
Total.....	<u>\$ 8,638,003</u>	<u>\$ 7,774,203</u>

CITY OF ALCOA, TENNESSEE
 SCHEDULE OF INSURANCE IN FORCE – GENERAL/ WATER AND SEWER UTILITY
 June 30, 2010

<u>Name of Company</u>	<u>Policy Number</u>	<u>Policy Number</u>		<u>Detail of Coverage</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
		<u>From</u>	<u>To</u>			
TML Risk Management Pool	TML 0247-12	7-28-10	7-28-11	COMPREHENSIVE GENERAL LIABILITY Covers all operations of the City and all officials and employees	\$300,000 per Person as limited by the Tort Liability Act \$700,000 per Occurrence \$100,000 Property Damage \$1,000,000 per Occurrence Each other loss Non-Tort Acts	\$ 75,136
				AUTOMOBILE LIABILITY & PHYSICAL DAMAGE Deductible: Comprehensive - \$1,000 Collision - \$1,000		\$ 70,687
				PUBLIC OFFICIALS' PERSONAL ERRORS AND OMISSIONS LIABILITY Deductible: \$5,000	\$1,000,000 per occurrence	\$ 52,337
TML Risk Management Pool	TWC-0251-13	7-28-10	7-28-11	WORKER'S COMPENSATION State requirements employer's Liability	\$300,000 – each accident \$700,000 – policy limit \$300,000 – each employee	\$ 348,624
TML Risk Management Pool	TMP-5296-13	1-20-10	1-20-11	PROPERTY DAMAGE - Caterpillar compactor, scraper, bulldozer, tractor, and backhoes.	\$1,834,877 - value	\$ 1,968
				CRIME COVERAGE	\$100,000 per occurrence	
TML Risk Management Pool	TMP-5296-13	1-20-10	1-20-11	PROPERTY COVERAGE Physical Damage to Fire Hall Property, fire stations, garage and storage, municipal building, water pump, stations, and other small structures – 90% co-insurance - see schedule	\$71,739,088 limit per occurrence	\$ 75,354

SCHEDULE OF INSURANCE ON REAL AND PERSONAL PROPERTY:

	<u>General</u>	<u>Blount County Landfill</u>	<u>Water</u>	<u>Electric</u>	<u>Total</u>
Building and Contents	\$ 24,023,174	\$ 490,875	\$ 36,102,159	\$ 8,638,003	\$ 69,254,211

CITY OF ALCOA, TENNESSEE
 SCHEDULE OF INSURANCE IN FORCE – SCHOOLS
 June 30, 2010

<u>Name of Company</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
TML Risk Management Pool	TML 0604-12	07/28/09-07/28/11	Comprehensive General Liability	\$250,000 per person as limited by the Tort Liability Act; \$600,000 per occurrence; \$85,000 property damage; \$1,000,000 per occurrence each other loss non-tort acts	\$ 3,600
			Errors & Omissions Liability Deductible - \$5,000	\$1,000,000	\$ 22,000
			Comprehensive Auto Liability Deductible: Comprehensive - \$250 Collision - \$500		\$ 1,700 * 425 **
TML Risk Management Pool	TWC 0581-12	07/28/09-07/28/11	Worker's Compensation	\$ 250,000	\$ 54,000
TML Risk Management Pool	TMP 0317-12	01/20/10-01/20/11	Physical damage to real and personal property Values - \$35,820,408		\$ 350
			Copiers and small office equipment Values - \$221,000		\$ 200
			Mobile equipment Values - \$126,050		\$ 200

* Automobile liability
 ** Auto physical damage

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
June 30, 2010

Fiscal Year Ending June 30,	Total Bond Principal/ Interest Requirements	Bond Total		Series 1998 - General Obligation Bonds		1997 State Revolving Funds Project	
		Bond	Interest	Bond	Interest	Bond	Interest
2011	\$ 8,868,574	\$ 3,267,304	\$ 5,601,270	\$ 250,000	\$ 11,625	\$ 90,228	\$ 4,679
2012	8,941,207	3,487,476	5,453,731	-	-	93,012	1,894
2013	8,936,192	3,642,726	5,293,466	-	-	15,790	240
2014	8,914,825	3,796,900	5,117,925	-	-	-	-
2015	9,121,915	4,175,000	4,946,915	-	-	-	-
Subtotal	<u>44,782,713</u>	<u>18,369,406</u>	<u>26,413,307</u>	<u>250,000</u>	<u>11,625</u>	<u>199,030</u>	<u>6,813</u>
2016	9,169,730	4,430,000	4,739,730	-	-	-	-
2017	9,708,320	4,830,000	4,878,320	-	-	-	-
2018	9,690,696	5,040,000	4,650,696	-	-	-	-
2019	9,717,383	5,305,000	4,412,383	-	-	-	-
2020	9,732,594	5,575,000	4,157,594	-	-	-	-
Subtotal	<u>48,018,723</u>	<u>25,180,000</u>	<u>22,838,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2021	9,732,977	5,845,000	3,887,977	-	-	-	-
2022	9,523,477	5,920,000	3,603,477	-	-	-	-
2023	7,227,063	3,910,000	3,317,063	-	-	-	-
2024	7,196,162	4,075,000	3,121,162	-	-	-	-
2025	7,149,813	4,235,000	2,914,813	-	-	-	-
Subtotal	<u>40,829,492</u>	<u>23,985,000</u>	<u>16,844,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2026	7,115,263	4,415,000	2,700,263	-	-	-	-
2027	6,406,425	3,930,000	2,476,425	-	-	-	-
2028	6,358,425	4,075,000	2,283,425	-	-	-	-
2029	6,418,250	4,335,000	2,083,250	-	-	-	-
2030	6,453,564	4,580,000	1,873,564	-	-	-	-
Subtotal	<u>32,751,927</u>	<u>21,335,000</u>	<u>11,416,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2031	5,442,025	3,790,000	1,652,025	-	-	-	-
2032	4,343,875	2,875,000	1,468,875	-	-	-	-
2033	4,340,050	3,010,000	1,330,050	-	-	-	-
2034	4,379,600	3,195,000	1,184,600	-	-	-	-
2035	4,342,525	3,310,000	1,032,525	-	-	-	-
Subtotal	<u>22,848,075</u>	<u>16,180,000</u>	<u>6,668,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2036	4,390,050	3,515,000	875,050	-	-	-	-
2037	2,862,825	2,155,000	707,825	-	-	-	-
2038	2,864,575	2,260,000	604,575	-	-	-	-
2039	2,866,375	2,370,000	496,375	-	-	-	-
2040	2,872,500	2,490,000	382,500	-	-	-	-
Subtotal	<u>15,856,325</u>	<u>12,790,000</u>	<u>3,066,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2041	2,872,750	2,610,000	262,750	-	-	-	-
2042	2,874,675	2,740,175	134,500	-	-	-	-
Subtotal	<u>5,747,425</u>	<u>5,350,175</u>	<u>397,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$210,834,680</u>	<u>\$123,189,581</u>	<u>\$ 87,645,099</u>	<u>\$ 250,000</u>	<u>\$ 11,625</u>	<u>\$ 199,030</u>	<u>\$ 6,813</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2010

Fiscal Year Ending June 30,	1997 State Revolving Funds Project		General Obligation Refunding Bonds Series 2002		Water & Sewer Revenue and Tax Refunding Bonds Series 2002	
	Bond	Interest	Bond	Interest	Bond	Interest
2011	\$ 77,076	\$ 7,400	\$ 85,000	\$ 25,026	\$ 160,000	\$ 48,306
2012	79,464	5,005	90,000	21,518	170,000	41,706
2013	81,936	2,536	90,000	17,694	175,000	34,482
2014	41,900	641	95,000	13,756	185,000	26,826
2015	-	-	100,000	9,482	195,000	18,500
Subtotal	<u>280,376</u>	<u>15,582</u>	<u>460,000</u>	<u>87,476</u>	<u>885,000</u>	<u>169,820</u>
2016	-	-	105,000	4,855	205,000	9,480
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>105,000</u>	<u>4,855</u>	<u>205,000</u>	<u>9,480</u>
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 280,376</u>	<u>\$ 15,582</u>	<u>\$ 565,000</u>	<u>\$ 92,331</u>	<u>\$ 1,090,000</u>	<u>\$ 179,300</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2010

Fiscal Year Ending June 30,	Local Government Public Improvement Bonds Series IV-B-10		General Obligation Refunding Bonds Series 2006 (Taxable)		Water and Sewer General Obligation Bonds Series 2008	
	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
	2011	\$ 115,000	\$ 100,542	\$ 375,000	\$ 529,174	\$ -
2012	120,000	94,102	400,000	509,488	-	244,375
2013	130,000	87,384	425,000	488,288	-	244,375
2014	135,000	79,972	450,000	465,762	50,000	244,375
2015	<u>145,000</u>	<u>72,278</u>	<u>475,000</u>	<u>441,913</u>	<u>50,000</u>	<u>242,375</u>
Subtotal	<u>645,000</u>	<u>434,278</u>	<u>2,125,000</u>	<u>2,434,625</u>	<u>100,000</u>	<u>1,219,875</u>
2016	150,000	63,940	500,000	416,738	50,000	240,375
2017	160,000	55,240	525,000	390,238	150,000	238,375
2018	170,000	45,880	550,000	361,624	150,000	232,375
2019	180,000	35,340	575,000	331,650	100,000	226,375
2020	<u>190,000</u>	<u>24,180</u>	<u>625,000</u>	<u>299,738</u>	<u>-</u>	<u>221,375</u>
Subtotal	<u>850,000</u>	<u>224,580</u>	<u>2,775,000</u>	<u>1,799,988</u>	<u>450,000</u>	<u>1,158,875</u>
2021	200,000	12,400	650,000	265,050	-	221,375
2022	-	-	700,000	228,000	-	221,375
2023	-	-	750,000	188,100	-	221,375
2024	-	-	800,000	145,350	-	221,375
2025	<u>-</u>	<u>-</u>	<u>850,000</u>	<u>99,750</u>	<u>-</u>	<u>221,375</u>
Subtotal	<u>200,000</u>	<u>12,400</u>	<u>3,750,000</u>	<u>926,250</u>	<u>-</u>	<u>1,106,875</u>
2026	-	-	900,000	51,300	-	221,375
2027	-	-	-	-	-	221,375
2028	-	-	-	-	-	221,375
2029	-	-	-	-	-	221,375
2030	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,375</u>
Subtotal	<u>-</u>	<u>-</u>	<u>900,000</u>	<u>51,300</u>	<u>-</u>	<u>1,106,875</u>
2031	-	-	-	-	200,000	221,375
2032	-	-	-	-	250,000	212,125
2033	-	-	-	-	300,000	199,625
2034	-	-	-	-	200,000	184,625
2035	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>175,225</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,150,000</u>	<u>992,975</u>
2036	-	-	-	-	250,000	165,825
2037	-	-	-	-	250,000	154,075
2038	-	-	-	-	350,000	142,325
2039	-	-	-	-	350,000	125,875
2040	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>109,250</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,600,000</u>	<u>697,350</u>
2041	-	-	-	-	900,000	90,250
2042	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>47,500</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,900,000</u>	<u>137,750</u>
TOTALS	<u>\$ 1,695,000</u>	<u>\$ 671,258</u>	<u>\$ 9,550,000</u>	<u>\$ 5,212,163</u>	<u>\$ 5,200,000</u>	<u>\$ 6,420,575</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2010

Fiscal Year Ending June 30,	General Obligation Bonds Series 2008		Local Government Public Improvement Bonds Series B-17-A		General Obligation Bonds Series E-5-B	
	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
	2011	\$ 50,000	\$ 110,363	\$ 100,000	\$ 116,750	\$ 675,000
2012	50,000	108,363	105,000	113,500	830,000	3,754,000
2013	50,000	106,362	110,000	109,825	930,000	3,712,500
2014	50,000	104,362	115,000	105,975	955,000	3,666,000
2015	<u>50,000</u>	<u>102,363</u>	<u>120,000</u>	<u>101,950</u>	<u>1,130,000</u>	<u>3,618,250</u>
Subtotal	<u>250,000</u>	<u>531,813</u>	<u>550,000</u>	<u>548,000</u>	<u>4,520,000</u>	<u>18,538,500</u>
2016	50,000	100,362	125,000	97,450	1,250,000	3,561,750
2017	-	98,362	135,000	92,450	2,900,000	3,499,250
2018	-	98,362	140,000	87,050	3,070,000	3,354,250
2019	-	98,363	145,000	81,450	3,290,000	3,200,750
2020	<u>-</u>	<u>98,363</u>	<u>155,000</u>	<u>75,288</u>	<u>3,550,000</u>	<u>3,036,250</u>
Subtotal	<u>50,000</u>	<u>493,812</u>	<u>700,000</u>	<u>433,688</u>	<u>14,060,000</u>	<u>16,652,250</u>
2021	-	98,362	160,000	68,700	3,735,000	2,858,750
2022	-	98,362	170,000	61,900	3,925,000	2,672,000
2023	50,000	98,363	180,000	54,675	2,605,000	2,476,000
2024	50,000	96,237	190,000	47,025	2,695,000	2,347,250
2025	<u>50,000</u>	<u>94,088</u>	<u>200,000</u>	<u>38,475</u>	<u>2,775,000</u>	<u>2,212,500</u>
Subtotal	<u>150,000</u>	<u>485,412</u>	<u>900,000</u>	<u>270,775</u>	<u>15,735,000</u>	<u>12,566,500</u>
2026	50,000	91,938	205,000	29,475	2,885,000	2,073,750
2027	75,000	89,750	220,000	20,250	3,245,000	1,929,500
2028	75,000	86,450	230,000	10,350	3,360,000	1,767,250
2029	75,000	83,075	-	-	3,835,000	1,599,250
2030	<u>75,000</u>	<u>79,700</u>	<u>-</u>	<u>-</u>	<u>4,060,000</u>	<u>1,412,064</u>
Subtotal	<u>350,000</u>	<u>430,913</u>	<u>655,000</u>	<u>60,075</u>	<u>17,385,000</u>	<u>8,781,814</u>
2031	200,000	76,250	-	-	2,920,000	1,214,000
2032	200,000	67,000	-	-	1,940,000	1,070,500
2033	200,000	57,000	-	-	2,000,000	976,000
2034	300,000	47,000	-	-	2,160,000	878,500
2035	<u>300,000</u>	<u>32,900</u>	<u>-</u>	<u>-</u>	<u>2,255,000</u>	<u>774,000</u>
Subtotal	<u>1,200,000</u>	<u>280,150</u>	<u>-</u>	<u>-</u>	<u>11,275,000</u>	<u>4,913,000</u>
2036	400,000	18,800	-	-	2,300,000	665,000
2037	-	-	-	-	1,905,000	553,750
2038	-	-	-	-	1,910,000	462,250
2039	-	-	-	-	2,020,000	370,500
2040	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,090,000</u>	<u>273,250</u>
Subtotal	<u>400,000</u>	<u>18,800</u>	<u>-</u>	<u>-</u>	<u>10,225,000</u>	<u>2,324,750</u>
2041	-	-	-	-	1,710,000	172,500
2042	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,740,175</u>	<u>87,000</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,450,175</u>	<u>259,500</u>
TOTALS	<u>\$ 2,400,000</u>	<u>\$ 2,240,900</u>	<u>\$ 2,805,000</u>	<u>\$ 1,312,538</u>	<u>\$ 76,650,175</u>	<u>\$ 64,036,314</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2010

Fiscal Year Ending June 30,	Local Government Public Improvement Bonds Series E-3-E		The Industrial Board of Blount County, TN Series 209		General Obligation Bonds – Landfill Series 2009	
	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>
2011	\$ 990,000	\$ 427,750	\$ -	\$ -	\$ 300,000	\$ 187,530
2012	1,300,000	378,250	-	-	250,000	181,530
2013	1,375,000	313,250	-	-	260,000	176,530
2014	1,445,000	244,500	-	-	270,000	170,030
2015	<u>1,665,000</u>	<u>172,250</u>	-	-	<u>250,000</u>	<u>163,280</u>
Subtotal	<u>6,775,000</u>	<u>1,536,000</u>	-	-	<u>1,330,000</u>	<u>878,900</u>
2016	1,745,000	89,000	-	-	250,000	155,780
2017	35,000	1,750	250,000	354,375	675,000	148,280
2018	-	-	260,000	343,125	700,000	128,030
2019	-	-	275,000	331,425	740,000	107,030
2020	-	-	<u>290,000</u>	<u>319,050</u>	<u>765,000</u>	<u>83,350</u>
Subtotal	<u>1,780,000</u>	<u>90,750</u>	<u>1,075,000</u>	<u>1,347,975</u>	<u>3,130,000</u>	<u>622,470</u>
2021	-	-	300,000	306,000	800,000	57,340
2022	-	-	310,000	292,500	815,000	29,340
2023	-	-	325,000	278,550	-	-
2024	-	-	340,000	263,925	-	-
2025	-	-	<u>360,000</u>	<u>248,625</u>	-	-
Subtotal	-	-	<u>1,635,000</u>	<u>1,389,600</u>	<u>1,615,000</u>	<u>86,680</u>
2026	-	-	375,000	232,425	-	-
2027	-	-	390,000	215,550	-	-
2028	-	-	410,000	198,000	-	-
2029	-	-	425,000	179,550	-	-
2030	-	-	<u>445,000</u>	<u>160,425</u>	-	-
Subtotal	-	-	<u>2,045,000</u>	<u>985,950</u>	-	-
2031	-	-	470,000	140,400	-	-
2032	-	-	485,000	119,250	-	-
2033	-	-	510,000	97,425	-	-
2034	-	-	535,000	74,475	-	-
2035	-	-	<u>555,000</u>	<u>50,400</u>	-	-
Subtotal	-	-	<u>2,555,000</u>	<u>481,950</u>	-	-
2036	-	-	565,000	25,425	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
Subtotal	-	-	<u>565,000</u>	<u>25,425</u>	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
TOTALS	<u>\$ 8,555,000</u>	<u>\$ 1,626,750</u>	<u>\$ 7,875,000</u>	<u>\$ 4,230,900</u>	<u>\$ 6,075,000</u>	<u>\$ 1,588,050</u>

CITY OF ALCOA, TENNESSEE
ELECTRIC UTILITY
SCHEDULE OF UTILITY RATES IN FORCE
For the Fiscal Year Ended June 30, 2010

The basic utility rates in force as of June 30, 2010, are as follows:

BASE RESIDENTIAL RATE – SCHEDULE RS

Customer Charge: \$8.92 per month less \$1.71 Hydro allocation credit
Energy Charge: 8.203 cents per kWh per month

Base General Power Rate – Schedule GSA

Part 1

Customer Charge: \$18.54 per delivery point per month
Energy Charge: 9.207 cents per kWh per month

Part 2

Customer Charge: \$93.00 per delivery point per month
Demand Charge: First 50 kW of billing demand per month, no demand charge
Excess over 50 kW of billing demand per month at 13.40 cents per kWh
Energy Charge: First 15,000 kWh per month at 9.295 cents per kWh
Additional kWh per month at 4.812 cents per kWh

Part 3

Customer Charge: \$232.00 per delivery point per month
Demand Charge: First 1,000 kW of billing demand per month at \$13.07 per kWh
Excess over 1,000 kW of billing demand per month at \$15.01 per kWh, plus an additional \$15.01 per month for each kW, if Any, of the amount by which the customer's billing demand Exceeds the higher of 2,500 kW or its contract demand
Energy Charge: 4.907 cents per kWh per month

(Continued)

CITY OF ALCOA, TENNESSEE
ELECTRIC UTILITY
SCHEDULE OF UTILITY RATES IN FORCE (Continued)
For the Fiscal Year Ended June 30, 2010

ADJUSTMENTS

The customer's bill for each month shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

MINIMUM MONTHLY BILL

The monthly bill under this rate schedule shall not be less than the sum of (a) the base customer charge, (b) the base demand charge, as adjusted, applied to the customer's billing demand, and (c) the base energy charge, as adjusted, applied to the customer's energy takings; provided, however, that under Part 2 of the base charge, the monthly bill shall in no event be less than the sum of (a) the base customer charge and (b) 20 percent of the portion of the base demand charge, as adjusted, applicable to the second block (excess over 50 kW) of billing demand, multiplied by the higher of the customer's currently effective contract demand or its highest billing demand established during the preceding 12 months.

Distributor may require minimum bills higher than those stated above.

PAYMENT

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charge under Distributor's standard policy.

CUSTOMERS

The class and number of customers served by the Electric Utility is as follows:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Residential	23,675	23,605
General Power – under 50 kW	3,397	3,399
General Power – 50 kW and over	319	320
Street and athletics	31	31
Outdoor lighting – code 78	9	9
	<u>27,431</u>	<u>27,364</u>

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY
SCHEDULE OF UTILITY RATES IN FORCE
For the Fiscal Year Ended June 30, 2010

The basic utility rates in force as of June 30, 2010 are as follows:

WATER UTILITY RATES:

Rates per 1,000 gallons for all water used, and minimum charge for water service according to the size of meter employed, except as otherwise provided:

	One Monthly Billing	Inside City Total Charges/Mo.	Meter Size	Outside City Total Charges/Mo.
First	2,000 Gallons	\$ 8.35 per mo.	5/8" to 1"	\$ 12.50 per mo.
		\$ 20.90 per mo.	1-1/2 to 3"	29.65 per mo.
		\$152.90 per mo.	4" to 6"	229.35 per mo.
		\$417.00 per mo.	Greater than 6"	625.50 per mo.
	One Monthly <u>Billing</u>	Inside City Price Per <u>1,000 Gals.</u>		Outside City Price Per <u>1,000 Gals.</u>
Over	2,000 Gallons	\$ 2.50*	All sizes	3.75

A 5% penalty will be imposed on bills not paid within fifteen (15) days from their date.

* - Inside City Manufacturing User whose average cumulative monthly consumption is 2,000,000 gallons per day or greater pays \$1.40 per 1,000 gallons over 2,000 gallons per month.

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY
SCHEDULE OF SANITARY SEWER SERVICE RATES IN FORCE
For the Fiscal Year Ended June 30, 2010

The following are the rates charged by the City of Alcoa for the different classes of service listed below:

SEWER UTILITY RATES:

RATE A. Residential – Inside City

Each and every residential water user connected with the sanitary sewer system of the City be, and is, hereby required to pay a sanitary sewerage disposal charge each month. The base charge for said service shall be \$6.60 per month. In addition to the base charge there shall be a charge of \$3.85 per thousand gallons of water consumption.

RATE A –1. Residential – Outside City

Each and every residential water user connected with the sanitary sewer system of the City be, and is, hereby required to pay sanitary sewerage disposal charge each month. The base charge for said service shall be \$11.25 per month. In addition to the base charge there shall be a charge of \$6.55 per thousand gallons of water consumption.

RATE B. Commercial – Inside City

Each and every commercial water user connected with the sanitary sewer system of the City be, and is, hereby required to pay a sanitary sewerage charge each month. The base charge for said service shall be \$6.60 per month. In addition to the base charge there shall be a charge of \$3.85 per thousand gallons of water consumption.

RATE B –1. Commercial – Outside City

Each and every commercial water user connected with the sanitary sewer system of the City be, and is, hereby required to pay a sanitary sewerage disposal charge each month. The base charge for said service shall be \$11.25 per month. In addition to the charge there shall be a charge of \$6.55 per thousand gallons of water consumption.

RATE C. Industrial – Inside City

Each and every inside industrial water user connected with the sanitary sewer system of the City be, and is, hereby required to pay a sanitary sewerage disposal charge each month. The base charge for said service shall be \$6.60 per month. In addition to the base charge there shall be a charge of \$3.85 per thousand gallons of water consumption.

RATE C –1. Industrial – Outside City

Each and every outside industrial water user connected with the sanitary sewer system of the City be, and is, hereby required to pay a sanitary sewerage disposal charge each month. The base charge for said service shall be \$11.25 per month. In addition to the base charge there shall be a charge of \$6.55 per thousand gallons of water consumption.

(Continued)

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY
SCHEDULE OF SANITARY SEWER SERVICE RATES IN FORCE
For the Fiscal Year Ended June 30, 2010

RATE C -1. Industrial – Outside City (Continued)

When a consumer under Rates B, B-1, C, or C-1 operates a private sanitary sewerage system or by other means does not discharge all of this waste into the sanitary sewerage system of the City, a separate agreement may be approved by the sewerage actually discharged into the sanitary sewerage system.

A 5% penalty will be imposed on all sewer billings not paid within fifteen (15) days from their date.

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY
SCHEDULE OF CUSTOMERS SERVED
For the Fiscal Year Ended June 30, 2010

CUSTOMERS

The class and number of customers served by the Water and Sewer Utility is as follows:

	Water		Sewer	
	June 30, <u>2010</u>	June 30, <u>2009</u>	June 30, <u>2010</u>	June 30, <u>2009</u>
Residential – inside city	3,244	3,250	2,936	2,945
Residential – outside city	5,408	5,470	2,112	2,125
Commercial – inside city	916	911	687	687
Commercial – outside city	451	441	192	188
Industrial – inside city	13	13	3	9
Industrial – outside city	3	3	1	1
	<u>10,035</u>	<u>10,088</u>	<u>5,931</u>	<u>5,955</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER
 June 30, 2010

(All amounts in gallons)

A	Water Treated and Purchased:		
B	Water Pumped (potable)	2,597,510,000	
C	Water Purchased	0	
D	Total Water Treated and Purchased		2,597,510,000
	(Sum Lines B and C)		
E	Accounted for Water:		
F	Water Sold	2,333,336,500	
G	Metered for Consumption (in house usage)	0	
H	Fire Department(s) Usage	900,181	
I	Flushing	2,961,432	
J	Tank Cleaning/Filling	0	
K	Street Cleaning	130,005	
L	Bulk Sales	0	
M	Water Bill Adjustments/plus or (minus)	0	
N	Total Accounted for Water		2,337,328,118
	(Sum Lines F thru M)		
O	Unaccounted for Water		260,181,883
	(Line D minus Line N)		
P	Percent Unaccounted for Water		10.02%
	(Line) divided by Line D times 100)		
Q	Other (explain)	See below	

Explain Other:

None

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if the line item is not applicable, a "0" is shown.

CITY OF ALCOA, TENNESSEE
STORMWATER UTILITY
SCHEDULE OF STORMWATER UTILITY RATES IN FORCE
For the Fiscal Year Ended June 30, 2010

The median Equivalent Residential Unit (ERU) of 2,696 square feet has been established for the calculation of Stormwater Fees within the corporate limits of the City of Alcoa. As outlined in Title 18, Chapter 8, of the Alcoa Municipal Code, the following rates and charges shall apply:

- A. For billings calculated on or after April 1, 2008:
 - a. Detached Dwelling Unit - \$3,00 per month
 - b. Other Developed Land – Prorated at \$4.00 per ERU per month with a minimum charge of one (1) ERU per month.

- B. For billings calculated on or after January 1, 2010:
 - a. Detached Dwelling Unit - \$4.00 per month.
 - b. Other Developed Land – Prorated at \$5.00 per ERU per month with a minimum charge of one (1) ERU per month.

- C. For billings calculated on or after January 1, 2011:
 - a. Detached Dwelling Unit - \$4.00 per ERU per month according to the following schedule:

i.	Class I	0 – 1.0 ERU	\$ 4.00 / month
ii.	Class II	>1.0 – 1.5 ERU	6.00 / month
iii.	Class III	>1.5 – 2.0 ERU	8.00 / month
iv.	Class IV	>2.0 – 2.5 ERU	10.00 / month
v.	Class V	>2.5 ERU	12.00 / month

 - b. Other Developed Land – Prorated at \$6.00 per ERU per month with a minimum charge of one (1) ERU per month.

CITY OF ALCOA, TENNESSEE
SCHEDULE OF ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	<u>Real Property</u>		Utilities And <u>Personal Property</u>		<u>Total</u>		<u>Ratio Of Total Assessed to Total Estimated Actual Value</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Assessed to Total Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
2000	\$ 176,665,110	\$ 552,262,900	\$ 113,335,633	\$ 359,100,231	\$ 290,000,743	\$ 911,363,131	31.8
2001	179,945,745	563,127,900	118,413,409	375,411,731	298,359,154	938,539,631	31.8
2002	182,582,445	573,157,900	114,558,476	386,034,745	297,140,921	959,192,645	31.0
2003	189,969,640	595,289,900	109,450,690	367,337,151	299,420,330	962,627,051	31.1
2004	195,911,200	611,612,300	109,833,495	395,449,529	305,744,695	1,007,061,829	30.4
2005	237,762,945	750,638,900	125,969,481	399,938,360	363,732,426	1,150,577,260	31.6
2006	247,243,080	794,939,100	125,409,074	397,258,006	372,652,154	1,192,197,106	31.3
2007	261,683,945	828,322,800	184,269,568	445,953,513	445,953,513	1,274,276,313	35.0
2008	272,106,130	862,357,800	127,729,625	399,835,755	399,835,755	1,262,193,555	31.7
2009	299,141,245	950,991,200	152,824,814	489,183,401	451,966,059	1,440,174,601	31.4

CITY OF ALCOA, TENNESSEE
SCHEDULE OF PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collection</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collection</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2000	2.40	\$ 6,348,590	\$ 6,136,650	96.7	\$ 141,795	\$ 6,278,445	98.9	\$ 119,518	1.89
2001	2.15	6,672,190	6,418,265	96.2	198,674	6,616,939	99.1	128,828	1.93
2002	2.15	7,096,601	6,547,909	92.3	230,788	6,778,697	95.5	503,136	7.09
2003	2.15	6,781,878	6,431,746	94.8	222,724	6,654,470	98.1	846,699	12.48
2004	2.20	7,128,473	6,739,198	94.5	270,784	7,009,982	98.3	935,910	13.13
2005	2.20	6,769,424	6,489,243	95.9	206,494	6,695,737	98.9	1,116,952	16.50
2006	1.92	7,057,538	6,865,745	97.3	354,535	7,220,280	102.3	1,082,523	15.34
2007	2.10	8,166,570	7,838,879	96.0	20,764	7,859,643	96.2	1,621,431	19.85
2008	2.10	11,063,469	8,126,633	73.5	111,263	8,237,896	74.5	3,044,402	27.5
2009	2.10	9,067,939	8,173,154	90.1	520,178	8,693,332	95.8	3,105,155	34.2

CITY OF ALCOA, TENNESSEE
SCHEDULE OF UNCOLLECTED DELINQUENT
TAXES FILED IN BLOUNT COUNTY, TENNESSEE
CIRCUIT COURT
June 30, 2010

<u>Property Tax Year</u>	Uncollected Delinquent <u>Taxes</u>	<u>Penalty</u>	<u>Total</u>
2008	\$ 82,781	\$ 29,800	\$ 112,581
2007	65,844	23,690	89,534
2006	49,081	13,157	62,238
2005	84,014	20,200	104,214
2004	56,827	14,875	71,702
2003	74,857	19,277	94,134
2002	133,141	33,997	167,138
2001	110,714	31,095	141,809
2000	99,971	28,065	128,036
1999	<u>99,212</u>	<u>28,200</u>	<u>127,412</u>
Totals	<u>\$ 856,442</u>	<u>\$ 242,356</u>	<u>\$ 1,098,798</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF MISCELLANEOUS DATA -
EDUCATION FUND
 June 30, 2010

Education:

Number of Schools	3
Number of Administrative Personnel	13
Number of Instructional Personnel.....	132
Number of Other Personnel (includes 20 lunchroom).....	85
Number of Students enrolled	1,738

Other Ten-Year Statistics:

<u>School Year</u>	<u>Average Daily Attendance</u>	<u>No. of Teachers</u>	<u>Annual Appropriation</u>	<u>Debt Service</u>
2000-01	1,189	113	9,986,427	-
2001-02	1,202	110	9,522,630	-
2002-03	1,181	105	9,839,330	-
2003-04	1,223	108	11,273,200	-
2004-05	1,354	119	11,028,110	-
2005-06	1,414	120	12,114,252	-
2006-07	1,520	121	13,275,000	-
2007-08	1,540	121	14,062,050	-
2008-09	1,569	129	14,697,150	-
2009-10	2,051	132	14,934,400	-

CITY OF ALCOA, TENNESSEE

SECTION FOUR

STATISTICAL SECTION

June 30, 2010

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CITY OF ALCOA, TENNESSEE
STATISTICAL SECTION
June 30, 2010

This part of the City of Alcoa's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS	SCHEDULES
FINANCIAL TRENDS These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1 through 4
REVENUE CAPACITY These schedules contain information to help the reader assess the City's most significant local revenue source.	5 through 8
DEBT CAPACITY These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	9 through 13
DEMOGRAPHIC AND ECONOMIC INFORMATION These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	14 through 15
OPERATING INFORMATION These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	16 through 18

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting governmental-wide information include information beginning in that year.

CITY OF ALCOA, TENNESSEE
SCHEDULE 1
NET ASSETS BY COMPONENT
(Prepared Using the Accrual Basis of Accounting)
Last Eight Fiscal Years*

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
GOVERNMENTAL ACTIVITIES:								
Invested in capital assets, net of related debt	\$ 16,394,858	\$ 15,621,176	\$ 12,958,427	\$ 15,507,157	\$ 15,573,164	\$ 14,011,825	\$ 16,865,890	\$ 16,876,630
Restricted	4,557,091	7,554,419	2,058,850	2,551,554	3,081,114	3,562,716	4,175,046	4,672,124
Unrestricted (deficit)	<u>(12,398,197)</u>	<u>(14,296,838)</u>	<u>4,417,981</u>	<u>10,082,758</u>	<u>9,204,097</u>	<u>8,941,155</u>	<u>8,394,178</u>	<u>9,321,755</u>
Total Governmental Activities Net Assets	<u>\$ 8,553,752</u>	<u>\$ 8,878,757</u>	<u>\$ 1,9435,258</u>	<u>\$ 28,141,469</u>	<u>\$ 27,858,375</u>	<u>\$ 26,515,696</u>	<u>\$ 29,435,114</u>	<u>\$ 30,870,509</u>
BUSINESS-TYPE ACTIVITIES:								
Invested in capital assets, net of related debt	\$ 36,064,484	\$ 36,535,491	\$ 33,482,220	\$ 37,975,646	\$ 35,636,261	\$ 39,715,302	\$ 40,637,583	\$ 37,775,923
Restricted	1,131,873	1,056,919	1,056,919	956,943	849,413	770,800	700,800	630,720
Unrestricted	<u>11,978,142</u>	<u>10,172,283</u>	<u>15,033,590</u>	<u>12,933,442</u>	<u>14,721,108</u>	<u>9,386,939</u>	<u>7,002,882</u>	<u>6,275,010</u>
Total Business-Type Activities Net Assets	<u>\$ 49,174,499</u>	<u>\$ 47,764,693</u>	<u>\$ 49,572,729</u>	<u>\$ 51,866,031</u>	<u>\$ 51,206,782</u>	<u>\$ 49,873,041</u>	<u>\$ 48,341,265</u>	<u>\$ 44,681,653</u>
PRIMARY GOVERNMENT:								
Invested in capital assets, net of related debt	\$ 52,459,342	\$ 52,156,667	\$ 46,440,647	\$ 53,482,803	\$ 51,209,425	\$ 53,727,127	\$ 57,503,473	\$ 54,652,553
Restricted	5,688,964	8,611,338	3,115,769	3,508,497	3,930,527	4,333,516	4,875,846	5,302,844
Unrestricted (deficit)	<u>(420,055)</u>	<u>(4,124,555)</u>	<u>19,451,571</u>	<u>23,016,200</u>	<u>23,925,205</u>	<u>18,328,094</u>	<u>15,397,060</u>	<u>15,596,765</u>
Total Primary Government Net Assets	<u>\$ 57,728,251</u>	<u>\$ 56,643,450</u>	<u>\$ 69,007,987</u>	<u>\$ 80,007,500</u>	<u>\$ 79,065,157</u>	<u>\$ 76,388,737</u>	<u>\$ 77,776,379</u>	<u>\$ 75,552,162</u>

*The requirements for this schedule are effective prospectively. Thus, the schedule will be expanded each year to accumulate ten years of data.

CITY OF ALCOA TENNESSEE
SCHEDULE 2
CHANGES IN NET ASSETS
(Prepared Using the Accrual Basis of Accounting)
Last Eight Fiscal Years*

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses:								
Governmental Activities:								
General Government	\$ 1,522,712	\$ 1,731,014	\$ 2,159,519	\$ 5,623,401	\$ 4,673,272	\$ 6,256,070	\$ 1,207,747	\$2,516,046
Public Safety	7,016,544	7,410,445	7,686,688	7,783,149	7,019,372	6,280,067	5,825,586	5,687,471
Public Works	4,522,688	4,844,146	13,880,225	5,337,366	3,898,648	3,797,348	3,664,140	2,300,506
Culture and Recreation	1,140,865	582,776	699,307	690,163	751,194	248,131	617,760	580,402
Other	-	-	1,026,510	633,967	523,900	509,841	395,104	441,209
Education	16,451,592	16,342,500	16,158,628	14,517,438	12,942,843	14,554,687	16,956,274	15,150,510
Economic Development	2,167,843	2,593,283	1,294,182	1,556,297	1,332,990	1,216,316	1,246,024	966,303
Interest on Long-term debt	<u>5,644,637</u>	<u>4,664,560</u>	<u>5,192,439</u>	<u>1,600,989</u>	<u>797,014</u>	<u>1,017,636</u>	<u>972,465</u>	<u>287,019</u>
Total Governmental Activities Expenses	<u>38,466,881</u>	<u>38,168,724</u>	<u>48,097,498</u>	<u>37,742,710</u>	<u>31,939,233</u>	<u>33,880,096</u>	<u>30,885,100</u>	<u>27,929,466</u>
Business-type Activities:								
Stormwater Utility	684,311	407,413	-	-	-	-	-	-
Water and Sewer	10,757,815	11,500,028	12,085,753	9,547,906	7,625,736	7,191,330	6,493,311	6,382,840
Electric	52,772,944	59,545,482	50,868,625	47,297,957	43,868,951	38,430,174	37,352,976	35,062,874
Landfill	<u>3,291,294</u>	<u>3,147,097</u>	<u>3,176,499</u>	<u>3,349,762</u>	<u>3,103,979</u>	<u>2,944,893</u>	<u>2,946,065</u>	<u>2,959,214</u>
Total Business-type Activities Expenses	<u>67,506,364</u>	<u>74,600,020</u>	<u>66,130,877</u>	<u>60,195,625</u>	<u>54,598,666</u>	<u>48,566,397</u>	<u>46,792,352</u>	<u>44,404,928</u>
Total Primary Government Expenses	<u>105,973,245</u>	<u>112,768,744</u>	<u>114,228,375</u>	<u>97,938,395</u>	<u>86,537,899</u>	<u>82,446,493</u>	<u>77,677,452</u>	<u>72,334,394</u>
Program Revenues:								
Governmental Activities:								
Charges for services:								
General Government	421,735	549,297	6,512,649	5,732,909	4,577,541	4,010,856	3,163,856	2,264,675
Police and Fire	-	-	-	45,140	65,478	53,502	534,645	366,916
Public Works	402,569	356,588	12,797,643	-	235,430	270,432	254,259	1,879,167
Culture and Recreation	20,948	52,364	-	-	9,033	-	-	-
Education	736,025	583,548	605,749	778,208	865,193	697,206	672,424	1,325,659
Solid Waste	-	-	407,610	408,454	1,262,596	1,076,701	1,131,905	-
Operating Grants and contributions	2,285,592	1,591,445	7,161,923	8,667,042	5,773,597	5,294,863	4,909,596	4,886,086
Capital grants and contributions	<u>665,927</u>	<u>-</u>	<u>27,240</u>	<u>27,240</u>	<u>800,061</u>	<u>737,330</u>	<u>1,156,809</u>	<u>15,200</u>
Total Governmental Activities Program Revenues	<u>4,532,796</u>	<u>3,133,242</u>	<u>27,512,814</u>	<u>15,658,993</u>	<u>13,588,929</u>	<u>12,140,890</u>	<u>11,823,494</u>	<u>10,737,703</u>

(Continued)

CITY OF ALCOA TENNESSEE
SCHEDULE 2
CHANGES IN NET ASSETS (Continued)
(Prepared Using the Accrual Basis of Accounting)
Last Eight Fiscal Years*

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Business-type Activities:								
Charges for services:								
Stormwater Utility	907,020	806,057	194,292	-	-	-	-	-
Water and Sewer	10,354,502	9,606,210	9,108,586	8,709,566	7,812,764	6,995,619	8,548,463	8,564,302
Electric	53,854,543	59,706,962	52,196,811	49,367,529	45,816,670	40,961,706	40,282,250	37,670,166
Landfill	3,276,464	2,791,841	3,070,331	3,121,903	2,800,106	2,754,395	2,750,208	2,850,097
Operating grants and contributions	75,926	74,113	75,000	60,776	-	-	-	-
Capital grants and contributions	1,814,111	565,229	531,038	92,556	174,010	445,110	73,756	209,856
Total Business-type Activities	<u>70,282,566</u>	<u>73,550,412</u>	<u>65,176,058</u>	<u>61,352,330</u>	<u>56,603,550</u>	<u>51,156,830</u>	<u>51,654,677</u>	<u>49,294,421</u>
Program Revenues	<u>70,282,566</u>	<u>73,550,412</u>	<u>65,176,058</u>	<u>61,352,330</u>	<u>56,603,550</u>	<u>51,156,830</u>	<u>51,654,677</u>	<u>49,294,421</u>
Total Primary Government	<u>74,815,362</u>	<u>76,683,654</u>	<u>92,688,872</u>	<u>77,011,323</u>	<u>70,192,479</u>	<u>63,297,720</u>	<u>63,478,171</u>	<u>60,032,124</u>
Program Revenues	<u>74,815,362</u>	<u>76,683,654</u>	<u>92,688,872</u>	<u>77,011,323</u>	<u>70,192,479</u>	<u>63,297,720</u>	<u>63,478,171</u>	<u>60,032,124</u>
Net (Expense) / Revenue:								
Governmental Activities:	(33,934,085)	(35,035,482)	(20,584,684)	(22,083,777)	(18,350,304)	(21,739,206)	(19,061,606)	(17,191,763)
Business-type Activities:	2,776,202	(1,049,608)	(954,819)	1,156,705	2,004,884	2,590,433	4,862,235	4,889,493
Total primary government	<u>(31,157,883)</u>	<u>(36,085,090)</u>	<u>(21,539,503)</u>	<u>(20,927,072)</u>	<u>(16,345,420)</u>	<u>(19,148,773)</u>	<u>(14,199,371)</u>	<u>(12,302,270)</u>
(expense) / revenue	<u>(31,157,883)</u>	<u>(36,085,090)</u>	<u>(21,539,503)</u>	<u>(20,927,072)</u>	<u>(16,345,420)</u>	<u>(19,148,773)</u>	<u>(14,199,371)</u>	<u>(12,302,270)</u>
General Revenues and Other Changes								
In Net Assets								
Governmental Activities:								
Sales Taxes	14,134,814	13,950,671	8,500,325	9,469,854	8,546,111	7,607,958	6,410,707	6,101,919
State income taxes and excise taxes	101,659	-	145,505	111,169	85,713	62,171	81,616	78,227
Property taxes	16,986,515	10,680,581	10,693,312	9,465,400	7,868,047	8,196,455	8,468,790	7,689,716
Business taxes	684,788	-	760,459	797,007	762,792	799,659	763,599	557,840
Miscellaneous taxes	-	4,012,543	418,471	929,532	900,332	721,189	544,511	529,530
In lieu of taxes	140,979	-	(199,079)	(112,977)	(82,692)	(138,787)	(75,248)	(56,082)
Interest earned	11,828	173,239	521,908	641,745	454,700	219,843	114,553	52,952
Other general revenue	-	2,128,485	-	-	-	166,038	155,971	157,384
Gain/loss on sale of capital assets	-	-	-	-	-	-	-	956,750
Payment to Maryville College	-	(7,875,000)	-	-	-	-	-	-
Bond proceeds from Blount County	-	490,595	-	-	-	-	-	-
Transfers	1,548,497	857,428	1,562,572	1,290,141	1,157,980	1,185,262	1,064,213	1,025,313
Extraordinary/Special items	-	-	-	(10,750,000)	-	-	-	-
Total governmental activities	<u>33,609,080</u>	<u>24,418,542</u>	<u>22,403,473</u>	<u>11,841,871</u>	<u>19,692,983</u>	<u>18,819,788</u>	<u>17,528,712</u>	<u>17,093,549</u>
Business-type Activities:								
Extraordinary item	-	(67,465)	(304,413)	-	-	-	-	-
Interest earned	182,101	166,465	528,502	792,685	486,837	-	-	-
Transfers	(1,548,497)	(857,428)	(1,562,572)	(1,290,141)	(1,157,980)	(1,185,262)	(1,064,213)	(1,025,313)
Total Business-type Activities	<u>(1,366,396)</u>	<u>(758,428)</u>	<u>(1,338,483)</u>	<u>(497,456)</u>	<u>(671,143)</u>	<u>(1,185,262)</u>	<u>(1,064,213)</u>	<u>(1,025,313)</u>
Total Primary Government	<u>32,242,684</u>	<u>23,660,114</u>	<u>21,064,990</u>	<u>11,344,415</u>	<u>19,021,840</u>	<u>17,634,526</u>	<u>16,464,499</u>	<u>16,068,236</u>
Change in net assets:								
Governmental Activities	(325,005)	(10,616,940)	1,818,789	(10,241,906)	1,342,679	(2,919,418)	(1,532,894)	(98,214)
Business-type Activities	1,409,806	(1,808,036)	(2,293,302)	659,249	1,333,741	1,405,171	3,798,112	3,864,180
Total primary government	<u>\$ 1,084,801</u>	<u>\$ (12,424,976)</u>	<u>\$ (474,513)</u>	<u>\$ (9,582,657)</u>	<u>\$ 2,676,420</u>	<u>\$ (1,514,247)</u>	<u>\$ 2,265,218</u>	<u>\$ 3,765,966</u>

* The requirements for this schedule are effective prospectively. Thus, the schedule will be expanded each year to accumulate ten years of data.

CITY OF ALCOA, TENNESSEE
SCHEDULE 3
FUND BALANCES, GOVERNMENTAL FUNDS
(Prepared Using the Modified Accrual Basis of Accounting)
Last Ten Fiscal Years*

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
GENERAL FUND										
Reserved	\$ 16,495	\$ 19,619	\$ 24,851	\$ 17,555	\$ 47,115	\$ 28,717	\$ 50,036	\$ 62,777	\$ 673,865	\$ 1,817,509
Unreserved	<u>2,392,524</u>	<u>2,482,343</u>	<u>3,312,439</u>	<u>3,643,328</u>	<u>3,741,452</u>	<u>4,514,173</u>	<u>4,828,252</u>	<u>4,409,638</u>	<u>3,295,448</u>	<u>2,878,325</u>
Total General Fund	<u>\$ 2,409,019</u>	<u>\$ 2,501,962</u>	<u>\$ 3,337,290</u>	<u>\$ 3,660,883</u>	<u>\$ 3,788,567</u>	<u>\$ 4,542,890</u>	<u>\$ 4,878,288</u>	<u>\$ 4,472,415</u>	<u>\$ 3,969,313</u>	<u>\$ 4,695,834</u>
All Other Governmental Funds										
Reserved	\$ 1,168,915	\$ 1,590,226	\$ 2,033,999	\$ 2,533,999	\$ 3,033,999	\$ 3,533,999	\$ 4,125,010	\$ 4,609,347	\$ 223,812	\$ 101,430
Unreserved, reported in:										
Debt Service Fund	95,766	95,766	95,766	95,766	-	-	-	-	-	-
Special Revenue Funds	2,576,815	2,395,866	4,289,608	3,721,722	3,090,180	2,347,356	1,280,041	2,237,023	1,873,091	1,255,289
Capital Projects Funds	<u>715,595</u>	<u>4,036,277</u>	<u>6,789,139</u>	<u>2,644,107</u>	<u>2,519,805</u>	<u>2,277,689</u>	<u>2,798,762</u>	<u>3,480,043</u>	<u>6,564,761</u>	<u>3,721,431</u>
Total All Other Governmental Funds	<u>\$ 4,557,091</u>	<u>\$ 8,118,135</u>	<u>\$13,208,512</u>	<u>\$ 8,995,594</u>	<u>\$ 8,643,984</u>	<u>\$ 8,159,044</u>	<u>\$ 8,203,813</u>	<u>\$ 10,326,413</u>	<u>\$ 8,661,664</u>	<u>\$ 5,078,150</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE 4
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(Prepared Using the Modified Accrual Basis of Accounting)
Last Ten Fiscal Years

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
REVENUES:										
Taxes	\$ 20,790,496	\$ 20,716,144	\$ 20,372,567	\$ 18,150,924	\$ 16,755,833	\$ 16,095,222	\$ 15,158,094	\$ 14,840,985	\$ 15,006,864	\$ 14,467,015
Licenses, permits and fees	418,004	107,733	205,155	142,779	116,748	70,249	107,348	112,345	88,280	78,937
Rent	154,744	162,663	158,314	139,200	139,200	139,200	-	-	115	-
Intergovernmental	15,452,554	14,641,516	11,361,713	9,353,782	6,238,740	5,604,951	5,203,130	5,077,136	5,048,089	4,982,764
American Recovery and Reinvestment Act (ARRA)	1,432,448	-	-	-	-	-	-	-	-	-
Fines, forfeitures and costs	580,522	507,517	982,593	756,482	706,697	713,899	646,098	704,572	792,544	667,251
Interest earned	11,828	173,241	521,908	589,814	435,944	219,063	114,392	172,183	230,760	567,955
Other revenue	144,164	427,025	1,820,655	1,151,066	2,696,928	803,748	2,218,595	2,972,189	2,000,660	1,826,638
Grants	-	-	1,575,424	2,111,315	953,434	2,319,282	1,175,464	1,095,758	887,483	1,069,389
Charges for service	<u>1,033,120</u>	<u>1,071,162</u>								
Total Revenues	<u>40,017,880</u>	<u>37,807,001</u>	<u>36,998,329</u>	<u>32,395,362</u>	<u>28,043,524</u>	<u>25,965,614</u>	<u>24,623,121</u>	<u>24,975,168</u>	<u>24,054,795</u>	<u>23,659,949</u>
EXPENDITURES:										
General government	1,585,698	1,647,465	1,872,986	1,792,929	3,656,888	1,450,086	1,242,544	1,137,377	1,101,464	953,922
Public safety	7,145,375	7,410,445	7,296,684	7,631,090	6,945,049	6,185,184	5,901,610	5,655,177	4,966,998	4,777,685
Public Works	4,330,871	4,844,146	17,322,578	8,304,313	4,431,058	4,302,438	4,032,130	3,967,875	5,191,982	7,396,375
Recreation and Arts	1,140,865	582,776	703,805	1,628,659	620,830	467,666	567,674	462,641	587,508	1,631,323
Other Appropriations	-	-	972,937	633,967	523,900	509,841	395,104	441,209	516,312	577,840
Education	16,451,592	16,299,972	15,586,138	14,700,857	14,497,099	13,321,021	4,591,165	12,495,861	16,209,251	14,311,968
Capital Projects	-	-	53,575	129,573	67,649	228,060	42,674	85,403	503,380	50,428
Debt service:										
Principal retirement	2,462,276	2,407,416	2,202,688	1,558,116	1,193,676	1,656,590	1,797,390	2,048,358	1,978,510	2,155,606
Interest and fiscal fees	5,644,637	4,664,560	5,192,439	3,888,231	1,867,191	1,976,097	1,935,218	1,574,392	1,443,876	1,003,783
Capital Outlay	3,673,344	5,161,078	1,670,554	-	-	-	-	-	-	-
Community development/ Culture	<u>2,167,843</u>	<u>10,189,849</u>								
Total Expenditures	<u>44,602,501</u>	<u>53,207,707</u>	<u>52,874,384</u>	<u>40,267,735</u>	<u>33,803,340</u>	<u>30,096,983</u>	<u>30,505,509</u>	<u>27,868,293</u>	<u>32,499,281</u>	<u>32,858,930</u>
Deficiency of Revenue Over Expenditures Before Financing Sources (Uses)	<u>(4,584,621)</u>	<u>(15,400,706)</u>	<u>(15,876,055)</u>	<u>(7,872,373)</u>	<u>(5,759,816)</u>	<u>(4,131,369)</u>	<u>(5,882,388)</u>	<u>(2,893,125)</u>	<u>(8,444,486)</u>	<u>(9,198,981)</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE 4
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(Prepared Using the Modified Accrual Basis of Accounting)
Last Ten Fiscal Years

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
OTHER FINANCING SOURCES (USES)										
Operating Transfers	(94,000)	-	17,806,049	2,941,558	2,690,422	2,080,051	3,065,055	2,670,298	500,051	1,756,196
Issuance of debt	-	-	396,759	4,137,293	3,081,104	761,395	1,003,107	2,390,678	10,801,428	8,062,778
In lieu of taxes	-	-	1,562,572	1,112,984	-	991,703	-	-	-	-
Proceeds-from bonds	1,024,635	34,000,000	-	-	-	-	-	-	-	-
Paid to debt escrow agent	-	(24,525,000)	-	-	-	-	-	-	-	-
Debt Service to Blount Co	-	-	-	(95,536)	(281,093)	(81,947)	-	-	-	-
Total Other Financing Sources	<u>930,635</u>	<u>9,475,000</u>	<u>19,765,380</u>	<u>8,096,299</u>	<u>5,490,433</u>	<u>3,751,202</u>	<u>4,068,162</u>	<u>5,060,976</u>	<u>11,301,479</u>	<u>9,818,974</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(3,653,986)	(5,925,706)	3,889,325	223,926	(269,383)	(380,167)	(1,814,226)	2,167,851	2,856,993	619,993
Change in Reserve for Inventory	-	-	-	-	-	-	-	-	-	(1,586)
Net Change in Fund Balance	<u>\$ (3,653,986)</u>	<u>\$ (5,925,706)</u>	<u>\$ 3,889,325</u>	<u>\$ 223,926</u>	<u>\$ (269,383)</u>	<u>\$ (380,167)</u>	<u>\$ (1,814,226)</u>	<u>\$ 2,167,851</u>	<u>\$ 2,856,993</u>	<u>\$ 618,407</u>
Debt service as a percentage of non-capital expenditures	<u>17.26%</u>	<u>17.16%</u>	<u>18.54%</u>	<u>11.06%</u>	<u>15.62%</u>	<u>14.17%</u>	<u>15.59%</u>	<u>13.00%</u>	<u>10.53%</u>	<u>9.62%</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE 5
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Fiscal Year Ending 30-Jun	Tax Year	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2001	2000	\$176,665,110	\$ 89,438,369	\$ 23,897,264	\$290,000,743	\$ 2.40	\$ 925,298,631	31%
2002	2001	179,945,745	94,524,617	23,888,792	298,359,154	2.15	957,488,031	31%
2003	2002	182,582,445	74,597,741	39,960,735	297,140,921	2.15	977,530,445	30%
2004	2003	189,969,640	67,310,832	42,139,858	299,420,330	2.15	980,369,051	31%
2005	2004	195,911,200	70,254,921	39,578,574	305,744,695	2.20	1,025,070,629	30%
2006	2005	237,762,945	82,828,042	43,141,439	363,732,426	2.20	1,189,271,660	31%
2007	2006	247,243,080	90,081,440	35,327,634	372,652,154	1.92	1,230,266,706	30%
2008	2007	261,683,945	161,502,514	22,767,054	445,953,513	2.10	1,477,865,826	30%
2009	2008	272,106,130	107,305,226	20,424,399	399,835,755	2.10	1,359,312,773	29%
2010	2009	299,141,245	131,234,268	21,590,546	451,966,059	2.10	1,492,090,101	30%

CITY OF ALCOA, TENNESSEE
SCHEDULE 6
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 (Rate per \$100 of Assessed Value)
 Last Ten Calendar Years

Fiscal Year Ending <u>30-Jun</u>	Tax <u>Year</u>	General <u>Fund</u>	Debt Service <u>Fund</u>	General Purpose School <u>Fund</u>	Total Direct Tax <u>Rate</u>	Overlapping Tax Rate - Blount <u>County</u>
2000	1999	\$ 0.20	\$ 0.78	\$1.17	\$2.15	\$2.36
2001	2000	0.43	0.77	1.20	2.40	2.36
2002	2001	0.25	0.80	1.10	2.15	2.15
2003	2002	0.31	0.74	1.10	2.15	2.15
2004	2003	0.31	0.67	1.17	2.15	2.15
2005	2004	0.43	0.58	1.19	2.20	2.43
2006	2005	0.41	0.55	1.24	2.20	2.43
2007	2006	0.22	0.62	1.08	1.92	2.23
2008	2007	0.42	0.63	1.05	2.10	2.23
2009	2008	0.34	0.71	1.05	2.10	2.23

CITY OF ALCOA, TENNESSEE
SCHEDULE 7
PRINCIPAL TAXPAYERS
6/30/2010

FOR TAX YEAR 2009

	<u>ASSESSMENT</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
ALCOA	\$ 99,494,424	1	22%
CMH MANAGEMENT	14,855,857	2	3%
HAMILTON CROSSING, LLC	7,342,080	3	2%
FAULKNER PROPERTIES	6,166,280	4	1%
BELLSOUTH	5,389,597	5	1%
ETMG INVESTMENTS, LLC	4,549,760	6	1%
MIDEB NOMINEES INC #672	4,506,720	7	1%
ALCOA POWER GENERATING, INC.	4,238,131	8	1%
STOCK CREEK, LLC	3,061,800	9	1%
MIDEB NOMINEES INC	<u>3,057,760</u>	10	1%
	<u>\$ 152,662,409</u>		<u>34%</u>
Total City Assessment	<u>\$ 451,966,059</u>		

FOR TAX YEAR 2000

	<u>ASSESSMENT</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
ALCOA	\$ 87,555,584	1	26%
BELLSOUTH	7,661,855	2	2%
CMH SERVICES	6,317,792	3	2%
KINGS FOOD SERVICE, INC.	5,032,192	4	1%
FAULKNER PROPERTIES	4,614,187	5	1%
MIDEB NOMINEES, INC.	3,582,105	6	1%
TWIN CITY MOTORS	2,872,935	7	1%
WEST PROPERTIES, LLC	2,711,151	8	1%
DNSM PARTNERSHIP	2,017,179	9	1%
TAPOCO, INC.	<u>2,009,777</u>	10	1%
	<u>\$ 124,374,757</u>		<u>37%</u>
Total City Assessment	<u>\$ 290,000,743</u>		

CITY OF ALCOA, TENNESSEE
 SCHEDULE 8
 PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the <u>Fiscal year of the Levy</u>		Collections in Subsequent <u>Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	Percentage <u>of Levy</u>		<u>Amount</u>	Percentage <u>of Levy</u>
2001	\$ 6,348,590	\$ 6,136,650	96.7%	\$ 141,795	\$ 6,278,445	98.9%
2002	6,672,190	6,418,265	96.2%	198,674	6,616,939	99.2%
2003	7,096,601	6,547,909	92.3%	230,788	6,778,697	95.5%
2004	6,781,878	6,431,746	94.8%	222,724	6,654,470	98.1%
2005	7,128,473	6,739,198	94.5%	270,784	7,009,982	98.3%
2006	6,769,424	6,489,243	95.9%	206,494	6,695,737	98.9%
2007	7,057,538	6,865,745	97.3%	354,535	7,220,280	102.3%
2008	8,166,570	7,838,879	96.0%	20,764	7,859,643	96.2%
2009	11,063,469	8,126,633	73.5%	111,263	8,237,896	74.5%
2010	9,067,939	8,173,154	90.1%	520,178	8,693,332	95.9%

CITY OF ALCOA, TENNESSEE
SCHEDULE 9
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	<u>Governmental Activities</u>			<u>Business Type Activities</u>							Percentage of Personal Income	Per Capita
	General Obligation/Revenue Bonds	Capital Outlay Notes	Capital Leases	Water & Sewer Bonds	Landfill Bonds	Electric Bonds	Electric Capital Outlay Notes	Water & Sewer Capital Outlay Notes	Capital Leases	Total		
2001	\$17,789,258	\$ 190,000	\$ 110,627	\$ 5,341,951	\$ 1,154,259	\$ 3,802,948	\$ 310,000	\$ 288,889	\$ 40,610	\$ 29,028,542	14.61%	\$ 3,594
2002	22,107,528	100,000	78,310	5,248,163	3,302,259	6,169,160	310,000	216,666	-	37,532,086	19.58%	4,584
2003	23,025,000	-	51,728	4,707,027	3,327,963	8,249,309	160,000	144,444	128,145	39,793,616	19.88%	4,816
2004	22,475,000	-	124,854	9,504,983	3,102,963	10,291,591	-	72,222	72,711	45,644,324	21.53%	5,459
2005	21,940,000	-	303,049	12,273,919	2,867,963	10,483,872	-	-	14,855	47,883,658	21.72%	5,702
2006	23,365,000	-	271,382	28,347,687	2,622,963	13,772,231	-	-	-	68,379,263	27.07%	8,080
2007	36,260,309	-	439,670	37,723,554	2,516,000	13,822,290	-	-	-	90,761,823	33.96%	10,564
2008	41,085,000	-	246,760	46,228,098	2,316,000	21,075,000	-	-	-	110,950,858	40.01%	12,849
2009	48,695,000	-	305,276	46,541,857	2,135,000	21,105,000	-	-	-	118,782,133	42.01%	13,685
2010	48,285,000	-	198,720	46,034,581	8,000,000	20,870,000	-	-	295,718	123,684,019	44.60%	14,249

Notes:

Details regarding the City's outstanding debt may be found in the Notes to the Financial Statements.

See Schedule 14 for personal income and population data for the City. These ratios are calculated using personal income and population for the prior calendar year.

CITY OF ALCOA, TENNESSEE
SCHEDULE 10
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Calendar Years

<u>Fiscal Year</u>	<u>General Obligation/ Revenue Bonds</u>	<u>Capital Outlay Notes</u>	<u>Total</u>	<u>Taxable Value of Property</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2000	\$ 9,360,700	\$ 280,000	\$ 9,640,700	\$ 251,118,371	3.84%	\$ 32,469
2001	17,789,258	190,000	17,979,258	290,000,743	6.20%	35,905
2002	22,107,528	100,000	22,207,528	298,359,154	7.44%	36,439
2003	23,025,000	-	23,025,000	297,140,921	7.75%	35,965
2004	22,475,000	-	22,475,000	299,420,330	7.51%	35,807
2005	21,940,000	-	21,940,000	305,744,695	7.18%	36,407
2006	23,365,000	-	23,365,000	363,732,426	6.42%	42,979
2007	36,260,309	-	36,260,309	372,652,154	9.73%	43,372
2008	41,085,000	-	41,085,000	445,953,513	9.21%	51,645
2009	48,695,000	-	48,695,000	399,835,755	12.18%	60,868

NOTES:

Gross Bonded Debt includes a long-term general obligation debt and loan agreements. Business-Type Activities Debt is not included.

Actual Taxable Value of Property data can be found on Schedule 5.

Population data can be found on Schedule 14.

CITY OF ALCOA, TENNESSEE
SCHEDULE 11
DIRECT AND OVERLAPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Direct Debt:			
General Obligation Bonds	\$ 48,285,000		
Capital Outlay Notes	-		
Less: Debt Service Funds	<u>(95,766)</u>		
Total Direct Debt	48,189,234	100.00%	48,189,234
Overlapping Debt:			
Blount County General Government	202,776,190	15.00%	<u>30,416,429</u>
Total Direct and Overlapping Debt			<u>\$ 78,605,663</u>

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding indebtedness of those overlapping governments that is borne by the residents and business of the City of Alcoa. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of Blount County, Tennessee's taxable assessed value within the City's boundaries and dividing it by Blount County, Tennessee's total taxable assessed value.

Source: Blount County, Tennessee government

CITY OF ALCOA, TENNESSEE
SCHEDULE 12
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Not applicable to the City of Alcoa, Tennessee, as neither the City Charter nor the State of Tennessee has placed any restrictions on the amount of debt that may be issued by the City.

CITY OF ALCOA, TENNESSEE
SCHEDULE 13
PLEDGED – REVENUE COVERAGE
Last Ten Fiscal Years*

Fiscal Year Ending 30-Jun	Landfill Revenue Debt					
	Landfill Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2001	\$ 2,497,451	\$ 2,167,274	\$ 330,177	\$ 190,000	\$ 68,890	\$ 1.28
2002	2,666,350	1,934,282	732,068	670,000	178,987	0.86
2003	2,850,097	2,065,614	784,483	215,000	169,954	2.04
2004	2,750,208	2,105,432	644,776	225,000	168,493	1.64
2005	2,754,395	2,146,297	608,098	235,000	147,552	1.59
2006	2,885,350	2,275,684	609,666	245,000	132,957	1.61
2007	3,182,679	2,564,082	618,597	106,963	133,131	2.58
2008	3,145,331	2,532,914	612,417	210,000	158,106	1.66
2009	2,865,954	2,555,229	310,725	210,000	110,745	0.97
2010	3,333,601	2,565,827	767,774	525,000	188,265	1.08

	Electric Revenue Deb					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2001	\$ 34,762,043	\$ 32,084,507	\$ 2,677,536	\$ 460,200	\$ 167,870	\$ 4.26
2002	34,745,458	32,730,194	2,015,264	188,300	129,248	6.35
2003	37,667,503	34,214,651	3,452,852	688,000	231,043	3.76
2004	40,273,723	36,771,189	3,502,534	375,000	188,069	6.22
2005	40,961,706	37,856,576	3,105,130	215,000	234,463	6.91
2006	45,816,670	42,676,590	3,140,080	70,000	456,088	5.97
2007	49,366,956	45,144,687	4,222,269	75,000	645,166	5.86
2008	52,194,112	48,450,521	3,743,591	225,000	838,000	3.52
2009	59,696,972	55,973,384	3,723,588	235,000	486,155	5.16
2010	53,833,208	50,106,927	3,726,281	575,000	330,000	4.12

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE 13
PLEDGED – REVENUE COVERAGE (Continued)
Last Ten Fiscal Years*

Water and Sewer Revenue Debt						
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2001	\$ 7,307,366	\$ 5,180,183	\$ 2,127,183	\$ 560,606	\$ 260,307	2.59
2002	7,394,697	5,561,936	1,832,761	3,524,411	253,459	0.49
2003	8,564,302	5,229,576	3,334,726	613,358	288,216	3.70
2004	8,548,463	5,488,590	3,059,873	647,390	295,543	3.25
2005	7,390,812	5,956,921	1,433,891	671,592	564,133	1.16
2006	7,812,764	6,222,615	1,590,149	303,664	599,954	1.76
2007	8,709,566	6,598,365	2,111,201	366,153	1,340,686	1.24
2008	9,108,586	7,867,338	1,241,248	477,416	2,034,035	.49
2009	9,606,210	7,413,003	2,193,207	185,000	1,724,138	1.15
2010	10,354,502	7,223,718	3,130,784	190,000	1,414,681	1.95

Notes:

Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF ALCOA, TENNESSEE
SCHEDULE 14
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years

Tax Year Ended June 30,	(1) <u>Population</u>	(2) <u>Personal Income</u>	(3) <u>Per Capita Income</u>	(4) <u>School Enrollment</u>	(5) <u>Unemployment Rate</u>
2000	7,734	\$ 171,903,618	\$ 22,227	1,240	2.30%
2001	8,077	\$ 198,629,584	\$ 24,592	1,189	4.20%
2002	8,188	\$ 191,730,208	\$ 23,416	1,202	4.00%
2003	8,262	\$ 200,130,426	\$ 24,223	1,324	3.00%
2004	8,362	\$ 212,001,786	\$ 25,353	1,309	3.20%
2005	8,398	\$ 220,472,694	\$ 26,253	1,405	4.60%
2006	8,463	\$ 252,569,772	\$ 29,844	1,466	4.20%
2007	8,592	\$ 267,271,344	\$ 31,107	1,594	3.60%
2008	8,635	\$ 277,338,930	\$ 32,118	1,610	5.40%
2009	8,680	\$ (5)	\$ (5)	1,637	10.50%

- Sources:
- (1) 1998-1999 Population Forecast – UT Center for Business and Economic Research
 2000-2006 Bureau of the Census, Actual and Estimated
 200 – 2008 City of Alcoa statistical forecast bases on Census data – estimated
 - (2) 1997-2007 UT Center for Business and Economic Research
 - (4) City of Alcoa Schools
 - (5) Tennessee Department of Labor and Workforce Development – Blount County

CITY OF ALCOA, TENNESSEE
SCHEDULE 15
PRINCIPAL EMPLOYERS
June 30, 2010

<u>Employer</u>	2010			2001 (4)		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City/County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City/County Employment</u>
Clayton Homes (1)	2,511	1	4.32%	2,508	2	4.68%
Denso Manufacturing Tennessee, Inc. (1)	2,500	2	4.30%	2,930	1	5.47%
Blount Memorial Hospital, Inc. (1)	2,198	3	3.78%	1,950	4	3.64%
Blount County School System (1)	1,600	4	2.75%	1,090	5	2.03%
Alcoa, Inc. (2)	1,368	5	2.35%	2,000	3	3.73%
Ruby Tuesday (1)	1,301	6	2.24%	-	-	-
Blount County Government (1)	745	7	1.28%	613	6	1.14%
Maryville City Schools (3)	658	8	1.13%	-	-	-
Wal-Mart Super Center (3)	603	9	1.04%	-	-	-
Marriott Business Services (1)	546	10	0.94%	-	-	-
APAC-TENN Inc. Harrison Division (1)	525	11	0.90%	-	-	-
IJ Company (1)	483	12	0.83%	-	-	-
City of Maryville (3)	336	13	0.58%	-	-	-
Sanford Brand/Rubbermaid (1)	300	14	0.52%	-	-	-
Rockford Manufacturing (1)	300	15	0.52%	325	9	0.61%
City of Alcoa (3)	284	16	0.49%	-	-	-
Alcoa City Schools (3)	227	17	0.39%	-	-	-
	<u>16,485</u>		<u>28.36%</u>	<u>11,091</u>	-	<u>21.30%</u>

(5)

Total Employment 2010 (as of 5/10) 58,100 *
Total Employment 2001 (as of 6/01) 53,570 *

*Total employment for County

- Source: (1) The Knoxville News Sentinel "Book of Lists"
(2) 2010 State of TN Economic & Community Development
(3) 2010 Responses from Employer
(4) The Knoxville News Sentinel "Book of Lists" 2000-2005
(5) Tennessee Department of Labor

CITY OF ALCOA, TENNESSEE
SCHEDULE 16
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years*

	<u>Actual FY 2010</u>	<u>Actual FY 2009</u>	<u>Actual FY 2008</u>	<u>Actual FY 2007</u>	<u>Actual FY 2006</u>	<u>Actual FY 2005</u>	<u>Actual FY 2004</u>	<u>Actual FY 2003</u>	<u>Actual FY 2002</u>	<u>Actual FY 2001</u>
General Government										
Administration / Office	51.00	51.00	53.00	53.00	56.00	53.00	52.00	36.00	42.00	58.00
Police	41.00	43.00	41.00	41.00	42.00	42.00	40.00	40.00	35.00	35.00
Fire	28.00	29.00	29.00	29.00	29.00	29.00	29.00	28.00	26.00	31.00
Public Works and Streets	18.00	20.00	21.00	20.00	22.00	21.00	21.00	18.00	19.00	27.00
Other-support service and maintenance	7.00	10.00	10.00	10.00	10.00	10.00	10.00	11.00	8.00	8.00
Education	227.00	227.00	218.00	214.00	189.00	185.00	180.00	182.00	185.00	200.00
Solid Waste	10.00	11.00	11.00	11.00	11.00	9.00	9.00	10.00	11.00	19.00
Other – inspectors	<u>4.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>4.00</u>	<u>3.00</u>	<u>3.00</u>
Total General Government	<u>386.00</u>	<u>396.00</u>	<u>388.00</u>	<u>383.00</u>	<u>364.00</u>	<u>354.00</u>	<u>346.00</u>	<u>329.00</u>	<u>329.00</u>	<u>381.00</u>
Utilities										
Water and Sewer	33.00	34.00	34.00	36.00	36.00	36.00	36.00	34.00	33.00	33.00
Stormwater	8.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Electric	61.00	63.00	67.00	67.00	65.00	65.00	61.00	60.00	58.00	57.00
Landfill	<u>18.00</u>	<u>18.00</u>	<u>12.00</u>	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>
Total Utilities	<u>120.00</u>	<u>115.00</u>	<u>113.00</u>	<u>114.00</u>	<u>112.00</u>	<u>112.00</u>	<u>108.00</u>	<u>105.00</u>	<u>102.00</u>	<u>101.00</u>
Total General Government and Utilities	<u>506.00</u>	<u>511.00</u>	<u>501.00</u>	<u>497.00</u>	<u>476.00</u>	<u>466.00</u>	<u>454.00</u>	<u>434.00</u>	<u>431.00</u>	<u>482.00</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE 17
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years*

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>Function/Program</u>										
Police										
Physical arrests	1,321	992	954	1,231	926	1,036	942	780	806	1,010
Traffic violations	6,403	7,838	9,282	9,933	5,776	6,165	5,782	5,137	5,738	6,534
Fire										
Emergency responses	1,518	1,510	1,400	1,159	1,126	1,060	1,052	1,056	1,330	1,229
Fires extinguished	63	119	132	130	90	89	74	65	102	102
Inspections	729	383	404	373	557	884	829	586	397	283
Public works/Streets										
Street resurfacing (miles)	0.81	0.50	2.03	1.08	0.303	1.83	1.71	3.01	2.58	2.04
Potholes repaired	203	116	70	163	105	99	114	73	92	69
Education										
Tuition students served	482	468	475	456	446	401	359	383	381	359
Parks and recreation										
Community pool admissions	47,474	53,627	46,097	47,586	41,506	38,517	34,413	32,290	35,567	31,774
Landfill										
Refuse collected (tons per day)	202.00	288.06	321.24	327.13	324.56	322.52	342.54	357.91	375.54	351.27
Recyclables collected (tons per day)	145.00	167.20	172.61	162.59	160.18	155.83	76.02	112.53	126.72	55.71
Water/Sewer										
New connections	79	29	263	275	400	259	322	316	221	169
Water mains breaks-leak repaired	116	171	249	415	394	268	237	517	283	338
Average daily consumption										
(thousands of gallons)	5,858	6,728	3,753	3,638	3,433	3,388	5,299	5,104	5,286	5,276
Peak daily consumption										
(thousands of gallons)	9,890	10,370	12,520	11,440	9,937	10,897	11,819	13,337	13,866	12,877
Average daily sewage treatment										
(thousands of gallons)	1,693	1,674	1,763	1,810	1,730	1,710	1,710	1,760	1,750	1,830
Electric Utility										
Average monthly kwh purchased	54,855,918	54,266,511	55,989,565	54,926,073	53,866,920	50,880,341	51,791,257	51,032,177	48,100,622	48,527,926

Sources: Various City departments.

CITY OF ALCOA, TENNESSEE
SCHEDULE 18
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years*

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>Function/Program</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	-	-	-	-	-	-	-	-	-	1
Patrol units	33	33	33	33	29	29	24	21	17	14
Police Adm./other vehicles	21	21	21	21	20	19	19	17	17	17
Fire stations	3	3	3	3	3	3	3	3	3	3
Landfill										
Collection trucks (customers)	80,784	83,283	80,573	74,890	74,498	75,689	76,760	74,651	70,816	71,223
Public works/Streets										
Highway (miles)	110	110	110	110	109	107.4	107.1	107.1	105.6	104.4
Streetlights										
Traffic signals	21	21	21	21	20	19	19	19	19	18
Education										
High School	1	1	1	1	1	1	1	1	1	1
Middle School	1	1	1	1	1	1	1	1	1	1
Elementary School	1	1	1	1	1	1	1	1	1	1
Parks and recreation										
Acreage	83.8	83.8	83.8	83.8	83.8	83.8	83.8	83.8	83.8	83.8
Playgrounds	3	3	3	3	3	3	3	3	3	3
Community centers	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	213.1	214.0	213.4	213.4	206	202.5	194.4	194	187	184
Storage capacity (thousands of gallons)	13,350	13,350	13,350	13,350	13,350	13,350	13,350	13,350	12,050	12,050
Treatment capacity(thousand of gallons)	16,000	16,000	16,000	16,000	24,000	24,000	24,000	24,000	24,000	24,000
Sewage										
Sanitary sewers (miles)	133.6	133.6	132.9	132.9	132	132	131.5	131.5	131	131
Storm sewers (miles)	47.3	49.8	48.8	48.8	48.7	48.7	48.4	48.4	48.1	48
Electric										
Number of Customers	27,431	27,364	27,557	27,276	26,717	26,196	25,734	25,311	25,009	24,567
Annual KWH sold	621,001,490	620,958,542	641,067,826	626,980,649	615,927,172	580,143,917	586,547,073	582,266,300	543,885,627	552,702,919
Sub Stations	12	12	12	12	12	12	12	12	12	11
Pole line (miles)	1,145	1,107	1,107	1,096	1,078	1,057	1,046	1,038	1,023	1,010

Sources: Various city departments.

CITY OF ALCOA, TENNESSEE

SECTION FIVE

SINGLE AUDIT SECTION

June 30, 2010

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CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2010

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2009</u>	<u>Cash Receipts</u>	<u>Transfers In (Out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2010</u>
FEDERAL ASSISTANCE AWARDS:								
General Fund:								
COPS Hiring Recovery (ARRA)	U.S. Department of Justice		16.710	\$ -	\$ 8,645	\$ -	\$ 31,438	\$ (22,793)
E.Bryne Memorial Justice Assistance	U.S. Department of Justice		16.738	-	11,736	-	11,736	-
Resurfacing (Calderwood from Joule/ Singleton Station)	ARRA through TN Dept. of Transportation	90116	20.205	-	-	-	27,615	(27,615)
Traffic Signal System Coordination and Communication	ARRA through TN Dept. of Transportation	050168	20.200	<u>(117,950)</u>	<u>151,450</u>	<u>-</u>	<u>53,350</u>	<u>(19,850)</u>
Total General Fund Federal Awards				<u>(117,950)</u>	<u>171,831</u>	<u>-</u>	<u>124,139</u>	<u>(70,258)</u>
Capital Projects Funds:								
Greenway Fund:								
Alcoa Pedestrian Bridge (ARRA)	TN Dept. of Transportation		20.205	-	404,615	-	551,036	(146,421)
Equipment Replacement Fund:								
Justice Assistance (ARRA)	U.S. Department of Justice		16.738	-	41,600	-	44,941	(3,341)
Home Grant Fund:								
Home Investment Partnership (ARRA)	TN Housing Development	HM-09-03	14.239	<u>-</u>	<u>69,950</u>	<u>-</u>	<u>69,950</u>	<u>-</u>
Total Capital Projects Funds Federal Awards				<u>-</u>	<u>516,165</u>	<u>-</u>	<u>665,927</u>	<u>(149,762)</u>
Federal Projects Funds:								
Carl Perkins Program Improvement	TN Dept. of Education	2008-2009	84.048A	1,324	-	(1,324)	-	-
Carl Perkins Program Improvement	TN Dept. of Education	2009-2010	84.048A	-	12,737	1,324	20,842	(6,781)
Title I – Stimulus (ARRA)	TN Dept. of Education	ARRA	84.389A	-	51,019	-	76,908	(25,889)
Title III – ESL (Part A)	TN Dept. of Education	09-01	84.365A	(3,720)	18,777	-	11,919	3,138
Title I Part A Improving Basic Programs	TN Dept. of Education	09-01	84.010A	(39,050)	132,584	-	81,969	11,565
Title II Part A Teacher/Principal Training	TN Dept. of Education	09-21	84.367A	(33,960)	71,305	-	63,495	(26,150)
Title II Part D Technology (ARRA)	TN Dept. of Education	ARRA	84.318X	(39)	4,481	-	6,212	(1,770)
Title IV Part A Safe & Drug Free Schools	TN Dept. of Education	09-01	84.186A	186	7,052	-	7,938	(700)
Title X (ARRA)	TN Dept. of Education	ARRA	84.387	-	74	-	251	(177)
Idea Preschool	TN Dept. of Education	09-01	84.173A	(128)	7,880	-	1,544	6,208
Idea Part B/Comp Plan	TN Dept. of Education	09-01	84.027A	(119,359)	339,766	-	243,785	(23,378)
Idea Part B/Comp Plan (ARRA)	TN Dept. of Education	ARRA	84.027A	-	127,439	-	127,439	-
Title I Part A Improving Basic Programs	TN Dept. of Education	10-01	84.010A	-	138,928	-	304,839	(165,911)
E-Rate Project Communications	TN Dept. of Education	09-01	84.151	-	19,732	-	-	19,732
Title V Part A Innovation	TN Dept. of Education	09-01	84.298A	<u>(1,262)</u>	<u>1,262</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Federal Projects Funds				<u>(196,008)</u>	<u>933,036</u>	<u>-</u>	<u>947,141</u>	<u>(210,113)</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the Fiscal Year Ended June 30, 2010

Program	Grantor	State Grant Number	CFDA Number	Balance July 1, 2009	Cash Receipts	Transfers In (Out)	Expenditures	Balance June 30, 2010
FEDERAL ASSISTANCE AWARDS:								
Education Fund:								
Coordinated School Health (ARRA)	TN Dept. of Education		84.397	-	75,000	-	75,000	-
ConnecTenn (ARRA)	TN Dept. of Education		84.397	-	4,707	-	4,707	-
Safe Schools Act (ARRA)	TN Dept. of Education		84.397	-	4,016	-	4,016	-
SSMS (ARRA)	TN Dept. of Education		84.397	-	4,085	-	4,085	-
Career Ladder Extended Contract (ARRA)	TN Dept. of Education		84.397	-	61,900	-	61,900	-
Basic Education Stabilization (ARRA)	TN Dept. of Education		<u>84.394</u>	-	<u>293,600</u>	-	<u>293,600</u>	-
Total Education Funds				-	<u>443,308</u>	-	<u>443,308</u>	-
TOTALS – FEDERAL FINANCIAL ASSISTANCE				(313,958)	<u>2,063,740</u>	-	<u>2,179,915</u>	(430,133)
STATE AWARDS:								
General Fund:								
Aggressive & Impaired Driving Traffic Enforcement	TN Dept. of Transportation	Z-07-035695-0	20.605 20.600	(14,839)	<u>14,839</u>	-	-	-
Proprietary Fund:								
Landfill Fund	TN Dept. of Environment and Conservation		66.000	-	<u>75,926</u>	-	<u>75,926</u>	-
Education Fund:								
Early Childhood	TN Dept. of Education		84.349A	-	41,056	-	41,056	-
Energy Efficient Schools	TN Dept. of Education		81.087	-	5,500	-	5,500	-
Family Resource Center	TN Dept. of Education		84.310A	-	33,300	-	33,300	-
Early Childhood (Lottery)	TN Dept. of Education		94.349A	-	68,964	-	68,964	-
Driver Education	TN Dept. of Education		-	-	<u>2,272</u>	-	<u>2,272</u>	-
Total Education Fund				-	<u>151,092</u>	-	<u>151,092</u>	-
TOTALS – STATE FINANCIAL ASSISTANCE				(14,839)	<u>241,857</u>	-	<u>227,018</u>	-
TOTALS – FEDERAL AND STATE FINANCIAL ASSISTANCE				<u>\$ (328,797)</u>	<u>\$ 2,306,197</u>	<u>\$ -</u>	<u>\$ 2,407,533</u>	<u>\$ (430,133)</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF PERFORMANCE BASED ASSISTANCE, LOANS AND ENTITLEMENTS
For the Fiscal Year Ended June 30, 2010

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2009</u>	<u>Amount Earned</u>	<u>Receipts</u>	<u>Balance June 30, 2010</u>
National School Lunch Program	U.S. Dept. of Agriculture	N/A	10.555	\$ -	\$ 295,119	\$ 233,403	\$ (61,716)
National School Breakfast Program	U.S. Dept. of Agriculture	N/A	10.553	-	93,101	73,381	(19,720)
				<u>\$ -</u>	<u>\$ 388,220</u>	<u>\$ 306,784</u>	<u>\$ (81,436)</u>

Summary of Due from Grantors and Unapplied Grant Funds:

For the fiscal year ended June 30, 2010:

	<u>Due from Grantors</u>	<u>Unapplied Grant Funds</u>	<u>Total</u>
General Fund	\$ (70,258)	\$ -	\$ (70,258)
Federal Projects Funds	(440,655)	230,542	(210,113)
Capital Projects Funds	(149,762)	-	(149,762)
Cafeteria Fund	<u>(81,436)</u>	<u>-</u>	<u>(81,436)</u>
Totals	<u>\$ (742,111)</u>	<u>\$ 230,542</u>	<u>\$ (511,569)</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF NON-CASH ASSISTANCE
For the Fiscal Year Ended June 30, 2010

<u>CFDA No.</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2009</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2010</u>
10.569	U.S. Department Of Agriculture Donated Commodities	Federal Pass Through Tennessee Department Of Agriculture	\$ <u>-</u>	\$ <u>30,045</u>	\$ <u>30,045</u>	\$ <u>-</u>

CITY OF ALCOA, TENNESSEE

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*

AND

SINGLE AUDIT REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

AND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2010

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December 20, 2010

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*

Honorable Mayor, Members of
the Board of Commissioners
and the City Manager
City of Alcoa
Alcoa, Tennessee

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alcoa, Tennessee, as of and for the fiscal year ended June 30, 2010, which collectively comprise the City of Alcoa, Tennessee's basic financial statements and have issued our report thereon dated December 20, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The City of Alcoa, Tennessee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The City of Alcoa, Tennessee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The City of Alcoa, Tennessee's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Alcoa, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 *Governmental Auditing Standards*.

This report is intended solely for the information and use of the management of the City of Alcoa, Tennessee, federal awarding agencies, pass-through entities, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Ingram, Overholt & Bean, PC



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December 20, 2010

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor, Members of
the Board of Commissioners
and City Manager
City of Alcoa
Alcoa, Tennessee

Compliance

We have audited the City of Alcoa, Tennessee's compliance with the types of compliance requirements described in the "OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City of Alcoa, Tennessee's major federal programs for the year ended June 30, 2010. The City of Alcoa, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Alcoa, Tennessee's management. Our responsibility is to express an opinion on the City of Alcoa, Tennessee's compliance based on our audit.

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 of the United States; and OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Alcoa, Tennessee'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. Our audit does not provide a legal determination of the City of Alcoa, Tennessee's compliance with those requirements.

In our opinion, the City of Alcoa, Tennessee complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of the City of Alcoa, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Alcoa, Tennessee's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the City of Alcoa, Tennessee'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management of the City of Alcoa, Tennessee, federal awarding agencies, pass-through entities, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Ingram, Overholt & Bean, PC

CITY OF ALCOA, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the General Fund and the Education Special Revenue Fund financial statements of the City of Alcoa, Tennessee.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance were disclosed during the audit of the financial statements of the City of Alcoa, Tennessee.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to the Major Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The independent auditors' report on compliance for the major federal award programs for the City of Alcoa, Tennessee expresses an unqualified opinion on all major federal programs.
6. Audit findings, if any, that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs determined and tested as major programs include:

<u>Program</u>	<u>Grant CFDA No.</u>
U.S. Department of Transportation	20.205
U.S. Department of Education	
Title I (ARRA)	84.389A
Title I Part A	84.010A
Idea Part B/Comp. Plan	84.027A
Title II	84.367A
Idea Part B (ARRA)	84.027
Idea Part B	84.027
Idea Preschool	84.173
State Stabilization Fund	84.394
U.S. Department of Agriculture Cluster:	
National School Lunch Program	10.555
School Breakfast Program	10.553

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Alcoa, Tennessee did not qualify as a low-risk auditee.

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2010

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

D. PRIOR YEAR FINDINGS

None.