

CITY OF ALCOA

CITY OF ALCOA, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2011



"Excellence in Service - Quality of Life"

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
<u>SECTION ONE – INTRODUCTORY SECTION:</u>	
List of Officials	i
Letter of Transmittal	ii - v
City Organizational Chart	vi
<u>SECTION TWO – FINANCIAL SECTION:</u>	
Independent Auditors’ Report	vii - viii
Management’s Discussion and Analysis (required supplementary information)	ix - xviii
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheets – Governmental Funds	3 – 4
Reconciliations of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets – Governmental Activities	5
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	6 – 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	8
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	9 – 10
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Education Fund – Special Revenue Fund	11
Statement of Net Assets – Proprietary Funds	12 – 13
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	14 – 15
Statement of Cash Flows – Proprietary Funds	16 – 18
Statement of Fiduciary Net Assets Employees’ Retirement System - Fiduciary Funds	19
Statement of Changes in Fiduciary Plan Net Assets Employees’ Retirement System – Fiduciary Funds	20
Notes to Financial Statements	21 – 76
Required Supplementary Information:	
Schedule of Funding Progress for City of Alcoa, Tennessee Consolidated Retirement System	77
Schedule of Funding Progress for Employees’ Retirement System of Alcoa	78
Schedule of Funding Progress for Post-Employment Benefit Plans	79
Other Supplementary Information:	
Combining Fund Financial Statements:	
Non-Major Governmental Funds:	
Combining Balance Sheet – Non-Major Governmental Funds	80 – 81
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds	82 – 83

(Continued)

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
<u>SECTION TWO – FINANCIAL SECTION (Continued):</u>	
Other Supplementary Information (Continued):	
Combining Fund Financial Statements (Continued):	
Internal Service Fund:	
Combining Statement of Net Assets	84
Combining Statement of Revenues, Expenses, and Changes in Net Assets.....	85 – 86
Combining Statement of Cash Flows.....	87 – 88
Fiduciary Fund:	
Employees’ Retirement System:	
Statement of Fiduciary Plan Net Assets	89
Statement of Changes in Fiduciary Plan Net Assets	90
Budgetary Comparison Schedules:	
General Special Revenue and Debt Service Fund Types -	
General Fund – (Major Fund):	
Schedule of Assets, Liabilities and Fund Balances.....	91
Schedule of Revenues – Budget and Actual.....	92 – 93
Schedule of Expenditures – Budget and Actual	94 – 114
Education Fund – Special Revenue Fund (Major Fund):	
Schedule of Revenues – Budget and Actual.....	115
Schedule of Expenditures – Budget and Actual	116 – 120
School Construction and Improvement Fund (Major Fund):	
Schedule of Revenues and Expenditures – Budget and Actual	121
Debt Service Fund – (Major Fund):	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	122
Non-Major Other Governmental Funds:	
State Street Aid Fund (Non-major Special Revenue Fund):	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	123
Federal Projects Fund (Non-major Special Revenue Fund):	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	124
Schedule of Revenues and Expenditures – Budget and Actual:	
Carl Perkins Project #10-01.....	125
Title I Stimulus Project #10-01.....	126
Title III (Part A) (ESL) Project #09-01	127
Title I Project #09-01	128
Title II (Part A) Project #09-21	129
Title II (Part D) Technology Project (ARRA).....	130
Title II NCLB Technology Project	131
Drug Free Schools #09-01.....	132
Title X (ARRA)	133
Idea Preschool #09-01.....	134
Preschool Stimulus	135
Idea Part B #09-01	136
Idea Part B Stimulus	137
E-Rate Project #09-01	138
Title I Project #10-01	139

(Continued)

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
<u>SECTION TWO – FINANCIAL SECTION (Continued):</u>	
Other Supplementary Information (Continued):	
Budgetary Comparison Schedules (Continued):	
Non-Major Other Governmental Funds (Continued):	
Special Revenue Funds – Non-Major:	
Cafeteria Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	140
Extended Day Program:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	141
Special Assessment Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	142
Solid Waste Sanitation Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	143
Drug Control Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	144
Commercial Motor Vehicle Fines Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance	145
Capital Project Fund Types:	
Capital Projects Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	146
Special Projects Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	147
General Obligation Public Works Construction:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	148
Greenway Projects Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	149
2001 Special Project Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	150
Equipment Replacement Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	151
Bessie Harvey Memorial Project:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	152
Home Grant Program Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	153
Landscaping Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	154

(Continued)

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
<u>SECTION TWO – FINANCIAL SECTION (Continued):</u>	
Other Supplementary Information (Continued):	
Enterprise Funds:	
Stormwater Utility Fund (Major Fund):	
Schedule of Assets, Liabilities, and Net Assets.....	155
Schedule of Revenues, Expenses and Changes in Net Assets.....	156
Schedules of Cash Flows	157
Schedule of Operating and Maintenance Expenses by Department	158 – 159
Schedule of Capital Assets and Depreciation.....	160
Water and Sewer Utility Fund (Major Fund):	
Schedule of Assets, Liabilities, and Net Assets.....	161
Schedule of Revenues, Expenses and Changes in Net Assets.....	162
Schedules of Cash Flows	163 – 164
Schedule of Operating and Maintenance Expenses by Department	165 – 170
Schedule of Capital Assets and Depreciation.....	171 – 172
Electric Utility Fund (Major Fund):	
Schedule of Assets, Liabilities, and Net Assets.....	173 – 174
Schedule of Revenues, Expenses and Changes in Net Assets.....	175 – 176
Schedules of Cash Flows	177 – 178
Schedules of Operating and Maintenance Expense	179
Schedule of Electric Plant in Service.....	180
Schedule of Accumulated Provision for Depreciation.....	181
Landfill Fund (Major Fund):	
Schedule of Assets, Liabilities, and Net Assets.....	182
Schedule of Revenues, Expenses and Changes in Net Assets.....	183
Schedules of Cash Flows	184 – 185
Schedule of Administrative and Operating Expenses	186
Schedule of Capital Assets and Depreciation.....	187
Fiduciary Fund:	
Employees’ Retirement System Fund:	
Schedule of Fiduciary Assets, Liabilities, and Net Assets	188
Schedule of Changes in Fiduciary Plan Net Assets.....	189
Capital Assets Used in the Operation of Governmental Funds:	
Schedule of Changes by Function and Activity	190
Schedule of Capital Assets by Function and Activity	191
<u>SECTION THREE – MISCELLANEOUS SCHEDULES:</u>	
Schedule of Interfund Transfers – All Funds	192
Schedule of Changes in Property Taxes Receivable	193
Schedule of Insurance in Force – Electric Utility.....	194
Schedule of Insurance in Force – General/Water and Sewer Utility	195
Schedule of Insurance in Force – Schools	196
Schedule of Bond and Capital Outlay Notes – Principal and Interest Requirements by Fiscal Year	197 – 201
Schedule of Utility Rates in Force – Electric Utility	202-203
Schedule of Utility Rates in Force – Water and Sewer Utility	204
Schedule of Sanitary Sewer Service Rates in Force – Water and Sewer Utility....	205-206

(Continued)

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
<u>SECTION THREE – MISCELLANEOUS SCHEDULES (Continued):</u>	
Schedule of Customers Served – Water and Sewer Utility.....	207
Schedule of Unaccounted For Water.....	208
Schedule of Utility Rates in Force – Stormwater Utility.....	209
Schedule of Assessed and Estimated Actual Value of Taxable Property.....	210
Schedule of Property Tax Levies and Collections.....	211
Schedule of Uncollected Delinquent Taxes Filed in Blount County, Tennessee Circuit Court.....	212
Schedule of Miscellaneous Data – Education Fund.....	213
<u>SECTION FOUR – STATISTICAL INFORMATION:</u>	
Statistical Section.....	214
Schedule 1 – Net Assets by Component.....	215
Schedule 2 – Changes in Net Assets.....	216 – 217
Schedule 3 – Fund Balances, Governmental Funds.....	218
Schedule 4 – Changes in Fund Balances, Governmental Funds.....	219 – 220
Schedule 5 – Assessed Value and Estimated Value of Taxable Property.....	221
Schedule 6 – Direct and Overlapping Property Tax Rates.....	222
Schedule 7 – Principal Property Taxpayers.....	223
Schedule 8 – Property Tax Levies and Collections.....	224
Schedule 9 – Ratios of Outstanding Debt by Type.....	225
Schedule 10 – Ratios of General Bonded Debt Outstanding.....	226
Schedule 11 – Direct and Overlapping Governmental Activities Debt.....	227
Schedule 12 – Legal Debt Margin Information.....	228
Schedule 13 – Pledged Revenue Coverage.....	229 – 230
Schedule 14 – Demographic and Economic Statistics.....	231
Schedule 15 – Principal Employers.....	232
Schedule 16 – Full-Time Equivalent City Government Employees by Function.....	233
Schedule 17 – Operating Indicators by Function/Program.....	234
Schedule 18 – Capital Asset Statistics by Function/Program.....	235
<u>SECTION FIVE – SINGLE AUDIT SECTION:</u>	
Schedule of Expenditures of Federal and State Awards.....	236 – 237
Schedule of Performance Based Assistance, Loans and Entitlements.....	238
Schedule of Non-Cash Assistance.....	239
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	240 – 241
SINGLE AUDIT REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	242 – 243
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	244 – 245

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE
SECTION ONE
INTRODUCTORY SECTION
For the Fiscal Year Ended June 30, 2011

This page intentionally left blank.

CITY OF ALCOA

City Officials

CITY OF ALCOA, TENNESSEE

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

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"

This page intentionally left blank.



January 20, 2012

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, 2011 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 is a unique and culturally diverse community located in the eastern part of Tennessee with a resident population according to the 2010 U.S. Census of 8,449. Blount County, the county in which Alcoa resides, has a population of 123,010 as of 2010. The City is a company town built by ALCOA (Aluminum Company of America) starting 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 energy 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 a staggered 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, among other things, for passing ordinances, 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 and for overseeing the day-to-day operations of the city, as well as appointing heads of the various departments.

The City provides a full range of services, which includes 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 who reside outside of our 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 Schools System provides educational services to students who reside within 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 start meeting in late March and April to discuss proposed budgets. The City Manager in mid-May will present 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 at a called meeting prior to July 1. A Public Hearing on the proposed budget will be 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, effective and 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

The City of Alcoa is dealing with the economic slowdown, but there are some signs of improving based on our local sales tax revenue increase. This is a sign that the general population feels some encouragement about our economy. The City of Alcoa and Blount County has the fourth lowest unemployment rate in the State at 8.4%, compared to the State of Tennessee at 9.8%. The City staff continues to work with our local industrial development board and developers to draw commercial and industrial business to our area.

The City's official population has grown from 6,870 in 1980, to 6,400 in 1990, to 7,734 in 2000, and to 8,449 in the 2010 census. Prior to the slowdown in 2008, the City was averaging around 35 new home constructions a year. Since 2008 the housing market is on hold, although in the last several months we have new homes being constructed. We have about 95 residential lots that are in various stages of completion, which have been put on hold/slowdown due to the down turn of the economy. We feel these developments will be completed as the housing market improves.

The commercial and industrial sections in the City are at various stages of development. 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 boulevard are complete, and the Industrial Development Board has started the process of recruiting clients. Also, the City is working with the State and a developer to establish a 250 acre urbanism development that is located across from the airport. This property has the potential of being transformed into a new downtown area for the City.

Long-term Financial Planning

The City of Alcoa has just completed a pedestrian bridge across a major four lane highway and completed an additional 2 miles of walking trails that will tie all of the city's communities into the City greenway walking trails. This project was completed with ARRA, State and local funding. The next major project the City will be considering will be the building of a new high school for approximately twenty-five million dollars. This project is scheduled to be completed for the start of the 2014 school year. Along with this project, the City is considering building a new fire station, replacing an older station, and due to the location, a new site will be considered to be more centrally located based on how the City has grown in different areas. The City is planning to borrow around two million dollars and combine it with the school bond issue.

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 is 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, 2011 and 2010 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 "Cash and certificates of deposit".

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.

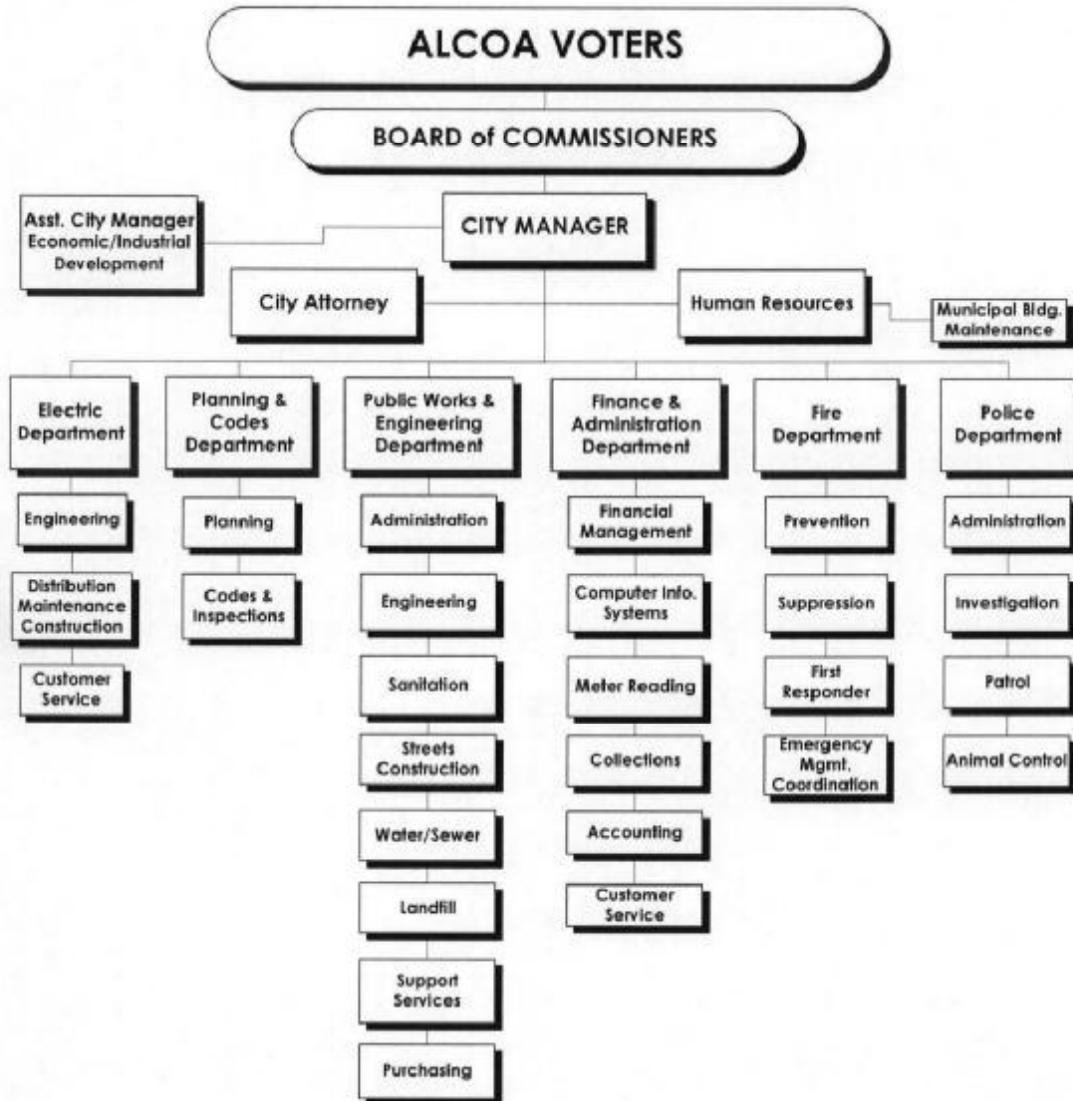
Respectfully submitted,



Ray E. Richesin
Director of Finance & Administration



City of Alcoa



Excellence in Service - Quality of Life

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE

SECTION TWO

FINANCIAL SECTION

For the Fiscal Year Ended June 30, 2011

This page intentionally left blank.



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

January 20, 2012

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, 2011, 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, 2011, 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 pages 77-79, 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 January 20, 2012, 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, 2011. 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 are comprised of 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.

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 the financial statements.

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 the financial statements.

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 \$65.7 million (net assets). The total net assets increased by \$7.95 million compared to the prior year.
- ◆ At June 30, 2011, the City's governmental funds reported combined ending fund balances of \$8.95 million, an increase of \$2 million in comparison to the prior year. Approximately 45% of this total amount (\$3.99 million) is unassigned fund balance available for spending at the government's discretion.
- ◆ At June 30, 2011, total fund balance for the general fund was \$5.1 million. The unassigned portion of the fund balance is \$3.99 million, which is 23.2% of total general fund expenditures of \$16.8 million.
- ◆ At June 30, 2011, the City's proprietary funds reported combined total net assets of \$53.1 million, and total unrestricted net assets of \$14.5 million.
- ◆ The City issued \$1,390,000 in new general obligation debt during the current fiscal year to refund prior general obligation debts.

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</u>		<u>Business-Type Activities</u>		<u>Total 2011</u>	<u>Total 2010</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>		
Current and other assets	\$ 21,764,296	\$ 23,333,419	\$ 38,852,992	\$ 41,194,656	\$ 60,617,288	\$ 64,528,075
Capital assets, net	50,324,028	48,554,858	109,122,882	102,623,099	159,446,910	151,177,957
Capital lease property	10,192,449	9,341,120	409,718	295,718	10,602,167	9,636,838
Total Assets	<u>82,280,773</u>	<u>81,229,397</u>	<u>148,385,592</u>	<u>144,113,473</u>	<u>230,666,365</u>	<u>225,342,870</u>
 <u>Liabilities</u>						
Long-term liabilities	55,702,031	55,942,388	78,216,473	79,546,794	133,918,504	135,489,182
Other liabilities	14,074,092	16,733,257	16,994,631	15,392,180	31,068,723	32,125,437
Total Liabilities	<u>69,776,123</u>	<u>72,675,645</u>	<u>95,211,104</u>	<u>94,938,974</u>	<u>164,987,227</u>	<u>167,614,619</u>
 <u>Net Assets</u>						
Invested in capital assets, Net of related debt	19,139,028	16,394,858	37,476,104	36,064,484	56,615,132	52,459,342
Restricted for:						
Special revenue	2,727,815	2,618,803	-	-	2,727,815	2,618,803
Capital projects	1,004,074	842,522	-	-	1,004,074	842,522
Debt service	95,232	1,095,766	-	-	95,232	1,095,766
Property acquisitions		-	1,200,538	1,131,873	1,200,538	1,131,873
Unrestricted (deficit)	(10,461,499)	(12,398,197)	14,497,846	11,978,142	4,036,347	(420,055)
Total Net Assets	<u>\$ 12,504,650</u>	<u>\$ 8,553,752</u>	<u>\$ 53,174,488</u>	<u>\$ 49,174,499</u>	<u>\$ 65,679,138</u>	<u>\$ 57,728,251</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 \$65.7 million and \$57.7 million at June 30, 2011 and June 30, 2010, respectively.

Analysis of Net Assets (Continued)

The largest portion of the City's net assets (86.2%) reflects its investment of \$56.6 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.

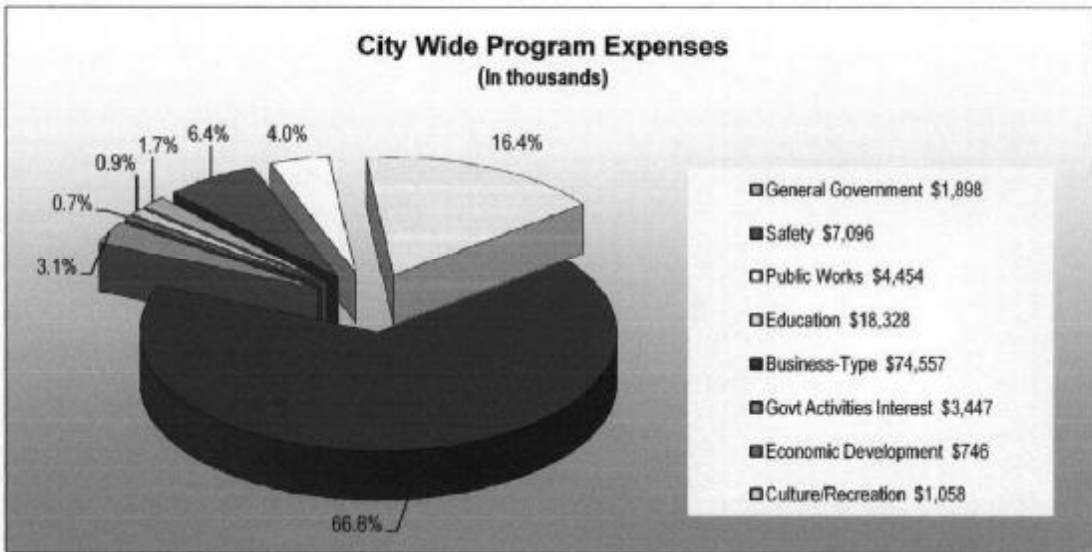
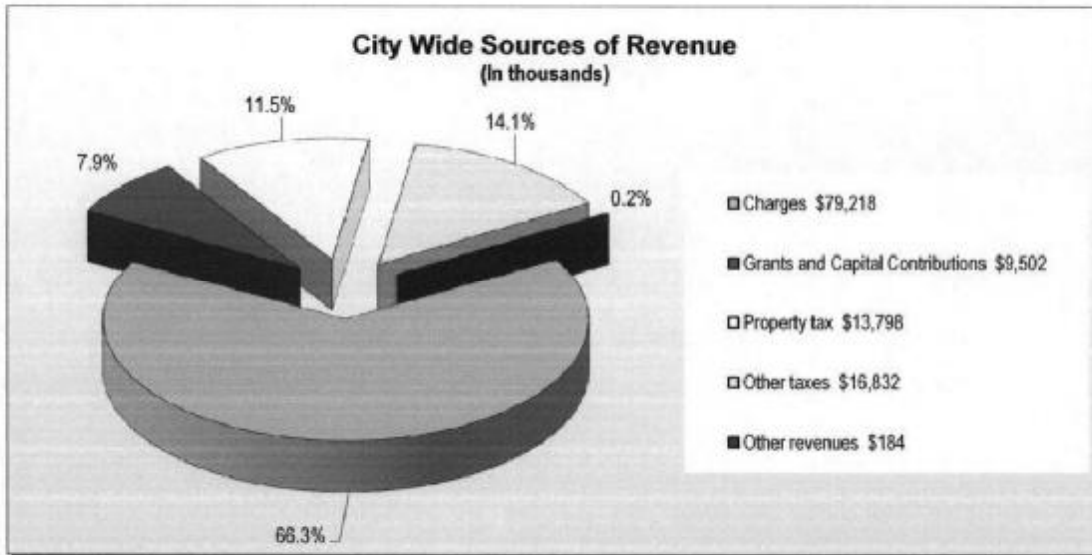
An additional portion of the City's net assets, \$5.03 million (7.6%) represents resources that are subject to external restrictions on how they may be used.

Analysis of Change in Net Assets

The City's net assets increased by \$7,950,887 for the fiscal year 2011. These changes are explained in the government and business-type activities discussion below.

Revenues	<u>Changes in Net Assets</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>		
Program Revenues:						
Charges for services	\$ 1,858,938	\$ 1,581,277	\$ 77,358,881	\$ 68,392,529	\$ 79,217,819	\$ 69,973,806
Operating grants and contributions	3,526,523	2,285,592	69,490	75,926	3,596,013	2,361,518
Capital grants and contributions	3,238,754	665,927	2,667,043	1,814,111	5,905,797	2,480,038
General Revenues:						
Sales taxes	15,808,462	18,667,876	-	-	15,808,462	18,667,876
State income taxes	69,431	101,659	-	-	69,431	101,659
Property taxes	13,797,967	11,768,665	-	-	13,797,967	11,768,665
Business taxes	817,279	825,767	-	-	817,279	825,767
Miscellaneous taxes	138,279	543,809	-	-	138,279	543,809
Investment earnings	19,370	11,828	37,511	182,101	56,881	193,929
In-lieu of taxes	127,037	140,979	-	-	127,037	140,979
Total Revenues	<u>39,402,040</u>	<u>36,593,379</u>	<u>80,132,925</u>	<u>70,464,667</u>	<u>119,534,965</u>	<u>107,058,046</u>
Expenses						
General government	1,897,624	1,522,712	-	-	1,897,624	1,522,712
Police and Fire	7,095,684	7,016,544	-	-	7,095,684	7,016,544
Public works and streets	4,453,578	3,077,491	-	-	4,453,578	3,077,491
Recreation and Culture	1,058,816	1,140,865	-	-	1,058,816	1,140,865
Economic development	746,932	2,167,843	-	-	746,932	2,167,843
Education	18,327,823	16,451,592	-	-	18,327,823	16,451,592
Solid Waste	-	1,445,197	-	-	-	1,445,197
Interest on long-term debt	3,447,121	5,644,637	-	-	3,447,121	5,644,637
Water and Sewer	-	-	10,871,063	10,757,815	10,871,063	10,757,815
Electric Utility	-	-	59,534,420	52,772,944	59,534,420	52,772,944
Landfill	-	-	3,294,204	3,291,294	3,294,204	3,291,294
Stormwater Utility	-	-	856,813	684,311	856,813	684,311
Total expenses	<u>37,027,578</u>	<u>38,466,881</u>	<u>74,556,500</u>	<u>67,506,364</u>	<u>111,584,078</u>	<u>105,973,245</u>
Increase (decrease) in net assets before transfers and other	2,374,462	(1,873,502)	5,576,425	2,958,303	7,950,887	1,084,801
Transfers-in-lieu of tax	1,576,436	1,548,497	(1,576,436)	(1,548,497)	-	-
Change in net assets	3,950,898	(325,005)	3,999,989	1,409,806	7,950,887	1,084,801
Net assets at beginning 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>
Net assets at end of year	<u>\$ 12,504,650</u>	<u>\$ 8,553,752</u>	<u>\$ 53,174,488</u>	<u>\$ 49,174,499</u>	<u>\$ 65,679,138</u>	<u>\$ 57,728,251</u>

**City of Alcoa, Tennessee
for the Fiscal Year Ended June 30, 2011**



This page intentionally left blank.

Governmental activities:

- Governmental activities increased the City governmental net assets by \$3,950,898 (an increase of \$4,275,903 from 2010).
- Governmental activities revenue increased by \$2.809 million primarily due to increases in property tax collections 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 \$812,782.

Business-type activities:

- Business-type activities increased the City's net assets by \$3,999,989, whereas the prior year had produced an increase in net assets of \$1,409,806.
- The Electric Utility is the largest business-type activity of the City, with a total expense of \$59,534,420. 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 expenses of \$10,871,063. 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 expenses of \$3,294,204 and ended with a net income of \$337,132. This gain was mainly due to more revenue generated from private haulers.
- The Stormwater Utility ended the fiscal year with total expenses of \$856,813 and ended with a net gain of \$142,557.
- 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, unassigned 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, 2011, the City's governmental funds reported combined ending fund balances of \$8.96 million, an increase of \$1.99 million from 2010. Approximately \$3.99 million or (45%) of this total amount constitute unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending because it has already been restricted, committed, or assigned to (1) 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 unassigned fund balance of the General Fund was \$3.99 million while total fund balance was \$8.95 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 23.75% of total general fund expenditures of \$16.8 million. The increase in fund balance is due to higher than budgeted collections in the area of local sales tax, property tax, and penalties collected on property tax, etc. The local retail sales had greater signs on improvement than the City had budgeted. City property taxes were on time and residents were catching up on delinquent taxes that were not paid in the prior two years due to the economy slowdown. Another factor for the increase is because the general fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$812,782.

The Education Fund is the operating fund for the Alcoa City Schools. As of June 30, 2011, the fund balance is \$2,101,890 with the assigned fund balance for Education being \$2,059,902. The assigned represents 13% of the schools total budget of \$15,498,000.

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 transfers made by the General Fund and Enterprise Funds. The assigned fund balance at June 30, 2011 is \$95,232 in the debt service fund.

Schedules for Other Non-Major Governmental Funds, Capital Projects, and Special Revenue Funds are also found in the financial statements 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, 2011, the Stormwater Utility net assets totaled \$1,021,461. As stated earlier, this utility has just completed its third year. No major projects have been launched so a fund balance could be created to handle any future ventures. The Utility's revenue fell short of projection, but the department was able to stay under budget and generate \$142,557 increase in net assets.

Net assets for Water and Sewer Utility as of June 30, 2011 were \$17,933,097, an increase of \$1,533,844 from 2010. The increase was primarily due to capital contributions made to the Water and Sewer Utility.

Net assets of the Electric Utility as of June 30, 2011 were \$31,646,463, an increase of \$1,986,456. The electric utility rates, as discussed earlier, were increased during the 2011 fiscal year by Tennessee Valley Authority. The rate increases were passed on to our customers. The City of Alcoa Electric implemented a local retail rate increase of 2.5% effective July 1, 2010.

Net assets of the Landfill Utility as of June 30, 2011 were \$2,573,467, an increase of \$337,132, primarily due to more revenue generated from private haulers.

(Continued)

Budget Highlights – General Fund

The difference between the original budget and the final amended budget increased by \$847,396. This increase was necessary because of the lease purchase agreement for the Public Safety radio equipment and the lease purchase of one (1) Sanitation garbage truck.

Significant difference (greater than \$100k) between the final amended budget and actual amounts can be summarized as follows:

1. Property taxes were \$445,373 more than budgeted projections due to taxpayers paying better than had been anticipated.
2. Delinquent property taxes were \$1,146,572 more than projections due to a tax assessment appeal being finalized.
3. Local sales taxes were \$404,903 more than budgeted projections due to an improvement in the local retail sales.
4. Business taxes were \$209,000 more than budgeted projections due to an improvement in the local economy.
5. Penalties were \$338,786 more than budgeted projections due to better collection than anticipated and the settlement of the property tax assessment appeal.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business type activities as of June 30, 2011 and 2010 amount to \$170,049,077 and \$160,814,795 (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>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 1,765,733	\$ 1,765,733	\$ 2,171,567	\$ 2,171,567	\$ 3,937,300	\$ 3,937,300
Buildings	29,621,681	29,621,681	74,132,814	72,513,848	103,754,495	102,135,529
Infrastructure	28,041,041	25,588,482	-	-	28,041,041	25,588,482
Improvements	14,705,677	12,839,197	41,409,249	38,564,776	56,114,926	51,403,973
Machinery and equipment	7,808,375	7,502,554	30,965,996	30,856,332	38,774,371	38,358,886
Capital lease property	10,192,449	9,341,120	409,718	295,718	10,602,167	9,636,838
Construction in progress	<u>1,757,234</u>	<u>2,155,497</u>	<u>8,068,723</u>	<u>1,435,319</u>	<u>9,825,957</u>	<u>3,590,816</u>
Total Capital Assets	83,892,190	88,814,264	157,158,067	145,837,560	251,050,257	234,651,824
Less: Accumulated						
Depreciation	<u>(33,375,713)</u>	<u>(30,918,286)</u>	<u>(47,625,467)</u>	<u>(42,918,743)</u>	<u>(81,001,180)</u>	<u>(73,837,029)</u>
Capital Assets, net of						
Depreciation	<u>\$ 60,516,477</u>	<u>\$ 57,895,978</u>	<u>\$109,532,600</u>	<u>\$102,918,817</u>	<u>\$ 170,049,077</u>	<u>\$ 160,814,795</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 amounting to \$2,245,341.
- Continued work on an auxiliary water line intake
- Continued work on installation of a new electric meter reading system (TWAC)
- City-wide traffic signalization improvement project

(Continued)

Capital Assets (Continued)

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 current fiscal year, the City had total long-term obligations outstanding of \$138.9 million. Of this amount, \$119.9 million are revenue bonds, general obligation bonds, and capital outlay notes backed by the full faith and credit of the City and \$6.6 million is estimated liability for Landfill closure and post closure costs and capital outlay notes. The remainder includes capital leases of \$10.6 million and compensated absences of \$1.68 million (See Note 6 – Long-Term Liabilities).

	<u>Outstanding Long-Term Obligations</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General Obligation/ Revenue Bonds	\$ 46,625,000	\$ 48,285,000	\$ 73,277,263	\$ 74,904,581	\$119,902,263	\$123,189,581
Capital leases	10,192,449	9,341,120	409,718	295,718	10,602,167	9,636,838
Compensated absences	796,279	54,772	890,563	830,525	1,686,842	885,297
Estimated liability for closure/post-closure care costs	-	-	6,663,341	6,199,908	6,663,341	6,199,908
Total long-term obligations	<u>\$ 57,613,728</u>	<u>\$ 57,680,892</u>	<u>\$ 81,240,885</u>	<u>\$ 82,230,732</u>	<u>\$138,854,613</u>	<u>\$139,911,624</u>

The City of Alcoa's total long-term debt decreased by a net of \$1,057,011 during the current fiscal year. The key factor to this decrease was due to the City only borrowing \$1.39 million in refunding bonds during the year. The City retired debt in the amount of \$4,677,318.

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).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the City of Alcoa is currently 8.4%. This is lower than the State's average unemployment rate of 9.8%.
- The commercial industry has improved in the past twelve months and the City believes it will continue to improve.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Alcoa's budget for the 2012 fiscal year. During the current fiscal year, the total unassigned fund balance in the general fund increased to \$3.99 million. The City of Alcoa has not appropriated any of this amount for spending in the 2012 fiscal year budget. The remaining budgets had very little, if any, changes from the prior year.

(Continued)

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

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE
GOVERNMENT WIDE FINANCIAL STATEMENTS
June 30, 2011

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET ASSETS
June 30, 2011 and 2010

	<u>Primary Government</u>			
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>2011</u>	<u>2010</u>
ASSETS:				
Cash and certificates of deposit.....	\$ 9,079,805	\$ 12,800,369	\$ 21,880,174	\$ 23,814,424
Property taxes received (net of allowance).....	9,922,450	-	9,922,450	11,799,164
Other receivables (net of allowance).....	1,857,023	7,236,112	9,093,135	6,730,520
Due from other governments.....	699,728	-	699,728	2,215,200
Inventories.....	-	1,108,435	1,108,435	897,269
Post-employment benefit prepaid.....	205,290	-	205,290	164,464
Other prepaid items.....	-	4,600,661	4,600,661	2,834,544
Other assets.....	-	1,473,720	1,473,720	1,526,616
Restricted Assets:				
Funds held by bond trustee.....	-	1,630,485	1,630,485	2,506,043
Cash and certificates of deposit.....	-	10,003,210	10,003,210	12,039,831
Capital Assets (Note 5):				
Non-depreciable assets.....	3,522,967	10,240,290	13,763,257	7,528,116
Depreciable assets, net of depreciation.....	46,801,061	98,882,592	145,683,653	143,649,841
Capital lease property (Note 16).....	10,192,449	409,718	10,602,167	9,636,838
Total Capital Assets, net of Depreciation..	<u>60,516,477</u>	<u>109,532,600</u>	<u>170,049,077</u>	<u>160,814,795</u>
Total Assets.....	<u>\$ 82,280,773</u>	<u>\$148,385,592</u>	<u>\$230,666,365</u>	<u>\$ 225,342,870</u>
LIABILITIES:				
Accounts payable.....	\$ 320,295	\$ 9,376,479	\$ 9,696,774	\$ 9,381,885
Accrued liabilities.....	993,999	457,177	1,451,176	587,256
Customer deposits.....	-	1,365,954	1,365,954	1,333,386
Unearned revenue.....	10,017,177	-	10,017,177	11,967,321
Unfunded pension obligation (Note 7).....	774,950	-	774,950	441,594
Post-employment benefit obligation.....	55,974	-	55,974	55,985
Other liabilities.....	-	2,770,609	2,770,609	3,935,568
Long-term Liabilities (Note 6):				
Due within one year.....	1,911,697	3,024,412	4,936,109	4,422,442
Due in more than one year.....	55,702,031	72,079,632	127,781,663	129,815,774
Estimated liability – Landfill closure/ Postclosure.....	<u>-</u>	<u>6,136,841</u>	<u>6,136,841</u>	<u>5,673,408</u>
Total Liabilities.....	<u>69,776,123</u>	<u>95,211,104</u>	<u>164,987,227</u>	<u>167,614,619</u>
NET ASSETS:				
Invested in capital assets, net of related debt (Note 21).....	19,139,028	37,476,104	56,615,132	52,459,342
Restricted for:				
Special Revenue.....	2,727,815	-	2,727,815	2,618,803
Capital Projects.....	1,004,074	-	1,004,074	842,522
Debt Service.....	95,232	-	95,232	1,095,766
Property Acquisitions.....	-	1,200,538	1,200,538	1,131,873
Unrestricted (deficit).....	<u>(10,461,499)</u>	<u>14,497,846</u>	<u>4,036,347</u>	<u>(420,055)</u>
Total Net Assets.....	<u>12,504,650</u>	<u>53,174,488</u>	<u>65,679,138</u>	<u>57,728,251</u>
Total Liabilities and Net Assets.....	<u>\$ 82,280,773</u>	<u>\$148,385,592</u>	<u>\$230,666,365</u>	<u>\$ 225,342,870</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

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			
					Governmental Activities	Business-type Activities	Total 2011	Total 2010
PRIMARY GOVERNMENT								
Governmental Activities:								
General Government	\$ 1,897,624	\$ 1,028,807	\$ 411,984	\$ -	\$ (456,833)	\$ -	\$ (456,833)	\$ (949,223)
Public Safety	7,095,684	-	-	3,301	(7,092,383)	-	(7,092,383)	(7,721,603)
Public Works	4,453,578	34,351	211,413	3,235,453	(972,361)	-	(972,361)	(4,663,722)
Economic Development.....	746,932	-	-	-	(746,932)	-	(746,932)	(2,167,843)
Education	18,327,823	754,043	2,474,859	-	(15,098,921)	-	(15,098,921)	(13,786,406)
Culture and Recreation	1,058,816	41,737	428,267	-	(588,812)	-	(588,812)	(1,049,967)
Interest on long-term debt	3,447,121	-	-	-	(3,447,121)	-	(3,447,121)	(3,595,321)
Total Governmental Activities	37,027,578	1,858,938	3,526,523	3,238,754	(28,403,363)	-	(28,403,363)	(33,934,085)
Business-Type Activities:								
Landfill	3,294,204	3,554,335	69,490	-	-	329,621	329,621	61,096
Electric	59,534,420	62,679,266	-	-	-	3,144,846	3,144,846	1,081,599
Water/Sewer Utility	10,871,063	10,127,771	-	2,667,043	-	1,923,751	1,923,751	1,410,798
Stormwater Utility	856,813	997,509	-	-	-	140,696	140,696	222,709
Total Business-type Activities	74,556,500	77,358,881	69,490	2,667,043	-	5,538,914	5,538,914	2,776,202
Total Primary Government.....	\$111,584,078	\$79,217,819	\$ 3,596,013	\$ 5,905,797	(28,403,363)	5,538,914	(22,864,449)	(31,157,883)
General Revenues:								
Taxes, net of related credits:								
Property tax					13,797,967	-	13,797,967	11,768,665
Sales tax					15,808,462	-	15,808,462	18,667,876
State income and excise tax					69,431	-	69,431	101,659
Business taxes					817,279	-	817,279	825,767
Other taxes					265,316	-	265,316	684,788
Investment earnings					19,370	37,511	56,881	193,929
Transfers – In-lieu-of-tax payments					1,576,436	(1,576,436)	-	-
Total General Revenues and Transfers					32,354,261	(1,538,925)	30,815,336	32,242,684
Change in Net Assets					3,950,898	3,999,989	7,950,887	1,084,801
Net Assets – Beginning					8,553,752	49,174,499	57,728,251	56,643,450
Net Assets – Ending					\$ 12,504,650	\$53,174,488	\$65,679,138	\$57,728,251

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FUND FINANCIAL STATEMENTS
June 30, 2011

This page intentionally left blank.

**CITY OF ALCOA, TENNESSEE
BALANCE SHEET
Governmental Funds
June 30, 2011 and 2010**

<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>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 3,348,435	\$ 1,515,937	\$ 95,232	\$ 286	\$ 1,230,778	\$ 6,190,668	\$ 5,680,374
Investments and certificates of deposit	-	-	-	1,003,210	-	1,003,210	1,000,950
Tennessee Local Government Investment Pool....	-	-	-	-	536,293	536,293	624,569
Receivables:							
Sales Taxes	1,208,693	247,136	-	-	-	1,455,829	1,326,071
Property Taxes (net of allowance for uncollectible taxes).....	9,922,450	-	-	-	-	9,922,450	11,799,164
Accounts.....	150,504	-	-	-	115,595	266,099	75,497
Note.....	1,982	-	-	-	-	1,982	1,982
Due from other governments	3,886	-	-	-	-	3,886	147,017
Due from grantors	132,978	341,695	-	-	354,147	828,820	742,112
Due from other funds	461,057	164,696	-	-	981	626,734	346,241
Due from credit union	135	-	-	-	-	135	242
Prepaid items	-	-	-	-	-	-	1,065
Total Assets	<u>\$ 15,230,120</u>	<u>\$ 2,269,464</u>	<u>\$ 95,232</u>	<u>\$ 1,003,496</u>	<u>\$ 2,237,794</u>	<u>\$ 20,836,106</u>	<u>\$ 21,745,284</u>
 <u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 69,783	\$ 166,593	\$ -	\$ -	\$ 4,271	\$ 240,647	\$ 175,072
Due to other funds.....	-	981	-	360,000	265,753	626,734	333,679
Accrued payroll.....	200,305	-	-	-	-	200,305	210,500
Due to State of Tennessee.....	-	-	-	-	793,694	793,694	792,602
Deferred revenue.....	9,829,604	-	-	-	1,899	9,831,503	11,736,779
Unearned grant revenue.....	-	-	-	-	185,674	185,674	230,542
Grant Anticipation notes payable	-	-	-	-	-	-	1,300,000
Total Liabilities	<u>10,099,692</u>	<u>167,574</u>	<u>-</u>	<u>360,000</u>	<u>1,251,291</u>	<u>11,878,557</u>	<u>14,779,174</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
BALANCE SHEET (Continued)
Governmental Funds
June 30, 2011 and 2010**

	<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>2011</u>	<u>2010</u>
Fund Balances:							
Nonspendable	-	-	-	-	-	-	1,065
Restricted.....	990	41,988	-	-	741,308	784,286	572,712
Committed.....	-	-	-	500,000	-	500,000	185,410
Assigned.....	1,135,718	2,059,902	95,232	143,496	245,195	3,679,543	3,814,399
Unassigned	<u>3,993,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,993,720</u>	<u>2,392,524</u>
 Total Fund Balances.....	 <u>5,130,428</u>	 <u>2,101,890</u>	 <u>95,232</u>	 <u>643,496</u>	 <u>986,503</u>	 <u>8,957,549</u>	 <u>6,966,110</u>
 Total Liabilities and Fund Balances....	 <u>\$15,230,120</u>	 <u>\$ 2,269,464</u>	 <u>\$ 95,232</u>	 <u>\$ 1,003,496</u>	 <u>\$ 2,237,794</u>	 <u>\$ 20,836,106</u>	 <u>\$ 21,745,284</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Fund Balances – Total Governmental Funds	\$ 8,957,549	\$ 6,966,110
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>60,516,477</u>	\$ <u>57,895,978</u>
	60,516,477	57,895,978
(2) Internal service funds are used by management to charge the cost of certain activities, such as employee health, service center, post retirement and flexible spending to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.	1,269,986	1,650,899
(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>46,625,000</u>	<u>48,285,000</u>
Compensated absences	796,279	54,772
Capital Leases	<u>10,192,449</u>	<u>9,341,120</u>
	<u>\$ 57,613,728</u>	<u>\$ 57,680,892</u>
	(57,613,728)	(57,680,892)
(4) The General pension plan has an unfunded liability at 6/30/11 and 6/30/10 not reported in the government funds.	(774,950)	(441,594)
(5) Net OPEB Asset – current year funding for postemployment benefits was required as follows:		
Amount funded	\$ <u>471,459</u>	\$ <u>386,030</u>
Required	<u>(266,169)</u>	<u>(221,565)</u>
Excess OPEB	<u>\$ 205,290</u>	<u>\$ 164,464</u>
	205,290	164,464
(6) OPEB Obligation – Education (not reported in the governmental fund)	(55,974)	(55,985)
(7) Certain earned amounts are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	-	<u>54,772</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 12,504,650</u>	<u>\$ 8,553,752</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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<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>2011</u>	<u>2010</u>
Revenues:							
Taxes.....	\$ 13,763,409	\$ 6,994,985	\$ -	\$ -	\$ -	\$ 20,758,394	\$ 19,241,999
Licenses, permits and fees	61,824	301,056	-	-	-	362,880	418,004
Intergovernmental.....	2,199,372	8,284,667	6,128,436	229,000	2,630,269	19,471,744	15,452,554
American Recovery and Reinvestment Act (ARRA).....	1,635,667	108,429	-	-	1,052,265	2,796,361	1,432,448
Charges for services.....	378,405	-	-	-	523,406	901,811	1,033,120
Fines, forfeitures and costs	799,272	-	-	-	34,351	833,623	580,522
Property rental	154,944	-	-	-	-	154,944	154,744
Investment income.....	9,512	-	-	2,612	3,257	15,381	11,828
Miscellaneous revenue.....	<u>227,360</u>	<u>1,059</u>	<u>-</u>	<u>-</u>	<u>6,919</u>	<u>235,338</u>	<u>144,164</u>
Total Revenues	<u>19,229,765</u>	<u>15,690,196</u>	<u>6,128,436</u>	<u>231,612</u>	<u>4,250,467</u>	<u>45,530,476</u>	<u>38,469,383</u>
Expenditures:							
Current:							
General government	1,621,048	-	-	-	82,499	1,703,547	1,585,698
Public Safety	7,013,185	-	-	-	367,861	7,381,046	7,145,375
Public Works	4,085,717	-	-	-	2,121,203	6,206,920	4,330,871
Education.....	-	15,363,540	-	-	1,940,057	17,303,597	16,451,592
Recreation and Arts.....	583,044	-	-	-	-	583,044	1,140,865
Community Development/Culture.....	790,263	-	-	-	-	790,263	2,167,843
Capital Outlay/Capital Assets/Capital Leases.....	2,790,217	-	-	416,409	176,671	3,383,297	3,673,344
Debt Service:							
Principal Retirement.....	-	-	3,022,318	-	-	3,022,318	2,462,276
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>5,625,452</u>	<u>-</u>	<u>-</u>	<u>5,625,452</u>	<u>5,644,637</u>
Total Expenditures	<u>16,883,474</u>	<u>15,363,540</u>	<u>8,647,770</u>	<u>416,409</u>	<u>4,688,291</u>	<u>45,999,484</u>	<u>44,602,501</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	<u>2,346,291</u>	<u>326,656</u>	<u>(2,519,334)</u>	<u>(184,797)</u>	<u>(437,824)</u>	<u>(469,008)</u>	<u>(6,133,118)</u>

(Continued)

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<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>2011</u>	<u>2010</u>
Other Financing Sources (Uses):							
Transfers to other funds	(2,757,060)	(68,500)	-	(500,000)	-	(3,325,560)	(2,911,499)
Transfer from other funds	500,000	-	2,518,800	-	238,260	3,257,060	2,817,499
Capital leases	952,511	-	-	-	-	952,511	-
Payments in lieu of taxes	1,576,436	-	-	-	-	1,576,436	1,548,497
Bond proceeds.....	470,000	-	-	-	-	470,000	1,024,635
Payment to refunding bond escrow agent	(470,000)	-	-	-	-	(470,000)	-
 Total Other Financing Sources (Uses).....	<u>271,887</u>	<u>(68,500)</u>	<u>2,518,800</u>	<u>(500,000)</u>	<u>238,260</u>	<u>2,460,447</u>	<u>2,479,132</u>
Net Change in Fund Balance	<u>2,618,178</u>	<u>258,156</u>	<u>(534)</u>	<u>(684,797)</u>	<u>(199,564)</u>	<u>1,991,439</u>	<u>(3,653,986)</u>
Fund Balance, July 1 st	2,409,019	1,843,734	95,766	1,328,293	1,289,298	6,966,110	10,620,096
Adjustment (Note 20).....	<u>103,231</u>	-	-	-	<u>(103,231)</u>	-	-
Fund Balance, July 1 as restated	<u>2,512,250</u>	<u>1,843,734</u>	<u>95,766</u>	<u>1,328,293</u>	<u>1,186,067</u>	<u>6,966,110</u>	<u>10,620,096</u>
Fund Balance, June 30th	<u>\$ 5,130,428</u>	<u>\$ 2,101,890</u>	<u>\$ 95,232</u>	<u>\$ 643,496</u>	<u>\$ 986,503</u>	<u>\$ 8,957,549</u>	<u>\$ 6,966,110</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Net Change in Fund Balances – Total Governmental Funds:	\$ 1,991,439	\$ (3,653,986)
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 lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:		
	<u>2011</u>	<u>2010</u>
Capital Outlay	\$ 4,313,978	\$ 5,330,577
Depreciation	<u>(2,726,303)</u>	<u>(2,525,153)</u>
	<u>\$ 1,587,675</u>	<u>\$ 2,805,424</u>
	1,587,675	2,805,424
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>2011</u>	<u>2010</u>
New Leases	\$ 952,511	\$ -
Payments	<u>(101,182)</u>	<u>(106,556)</u>
	<u>\$ 851,329</u>	<u>\$ (106,556)</u>
	(851,329)	106,556
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>2011</u>	<u>2010</u>
Bonds issued	\$ 470,000	\$ 1,100,000
Retired	<u>(2,130,000)</u>	<u>(1,510,000)</u>
	<u>\$ (1,660,000)</u>	<u>\$ (410,000)</u>
	1,660,000	410,000
4) The net revenues (expenditures) of internal service funds activities are reported with governmental activities.		
	(380,913)	62,986
5) OPEB Obligation – Education (this is the amount of the annual postemployment contribution required for the year).		
	<u>(55,974)</u>	<u>(55,985)</u>
Changes in Net Assets of Governmental Activities	<u>\$ 3,950,898</u>	<u>\$ (325,005)</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>June 30,</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>Final Budget</u>	<u>2010</u>
			<u>Basis)</u>	<u>Positive</u>	<u>Actual</u>
				<u>(Negative)</u>	
REVENUES:					
Taxes	\$ 11,596,809	\$11,596,809	\$ 13,763,409	\$ 2,166,600	\$ 10,251,914
Licenses and permits	49,900	49,900	61,824	11,924	36,302
Fines and forfeits	450,000	450,000	799,272	349,272	534,089
Intergovernmental	4,329,120	4,329,120	3,835,039	(494,081)	1,881,354
Interest earned	2,525	2,525	9,512	6,987	336
Public works, labor and material	513,365	408,250	378,405	(29,845)	24,339
Miscellaneous.....	10,000	10,000	20,688	10,688	5,282
CATV franchise fee.....	65,500	65,500	73,240	7,740	65,739
Property rental.....	154,650	154,650	154,944	294	154,744
Department services	100,000	100,000	108,193	8,193	98,820
Fees development.....	7,000	7,000	17,734	10,734	7,078
Insurance refunds	5,000	5,000	2,500	(2,500)	4,500
Sale of property	-	-	5,005	5,005	8,576
Total Revenues	<u>17,283,869</u>	<u>17,178,754</u>	<u>19,229,765</u>	<u>2,051,011</u>	<u>13,073,073</u>
EXPENDITURES:					
General government	1,617,790	1,626,790	1,621,048	5,742	1,585,698
Public works.....	6,576,510	6,590,950	5,923,423	667,527	2,797,037
Public safety – Police.....	4,437,115	4,297,115	4,194,397	102,718	4,204,915
Public safety – Fire.....	2,833,855	2,833,855	2,818,788	15,067	2,689,616
Contributions and grants to other agencies.....	1,395,035	1,395,035	1,373,307	21,728	1,619,747
Capital outlay	-	952,511	952,511	-	-
Total Expenditures.....	<u>16,860,305</u>	<u>17,696,256</u>	<u>16,883,474</u>	<u>812,782</u>	<u>12,897,013</u>
Excess (Deficit) of Revenues Over					
Expenditures.....	<u>423,564</u>	<u>(517,502)</u>	<u>2,346,291</u>	<u>2,863,793</u>	<u>176,060</u>

(Continued)

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010**

	<u>June 30, 2011</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>June 30,</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>	<u>2010</u> <u>Actual</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in (out):					
Payments in lieu of taxes	1,576,436	1,576,436	1,576,436	-	1,548,497
Debt Service.....	(2,520,000)	(2,520,000)	(2,518,800)	1,200	(2,317,499)
School Construction	500,000	500,000	500,000	-	500,000
Greenway Project	(138,260)	(138,260)	(138,260)	-	-
Capital Leases	-	952,511	952,511	-	-
Equipment Replacement Fund	(100,000)	(100,000)	(100,000)	-	-
Total Other Financing Sources (Uses)	<u>(681,824)</u>	<u>270,687</u>	<u>271,887</u>	<u>1,200</u>	<u>(269,002)</u>
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(258,260)</u>	<u>(246,815)</u>	<u>2,618,178</u>	<u>2,864,993</u>	<u>(92,942)</u>
FUND BALANCE AT BEGINNING OF YEAR	2,409,019	2,409,019	2,409,019	-	2,501,961
Adjustment (Note 20).....	-	-	<u>103,231</u>	<u>103,231</u>	-
Fund Balance, July 1 st – as restated.....	<u>2,409,019</u>	<u>2,409,019</u>	<u>2,512,250</u>	<u>103,231</u>	<u>2,501,961</u>
FUND BALANCE AT END OF YEAR	<u>\$ 2,150,759</u>	<u>\$ 2,162,204</u>	<u>\$ 5,130,428</u>	<u>\$ 2,968,224</u>	<u>\$ 2,409,019</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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>June 30,</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>Final Budget</u>	<u>2010</u>
			<u>Basis)</u>	<u>Positive</u>	<u>Actual</u>
				<u>(Negative)</u>	
Revenues:					
Taxes	\$ 6,615,000	\$ 6,977,000	\$ 6,994,985	\$ 17,985	\$ 6,565,951
Miscellaneous	1,885,100	1,735,100	1,770,228	35,128	1,828,463
Revenue from other agencies.....	<u>6,814,900</u>	<u>6,785,900</u>	<u>6,924,983</u>	<u>139,083</u>	<u>6,541,829</u>
Total Revenues.....	<u>15,315,000</u>	<u>15,498,000</u>	<u>15,690,196</u>	<u>192,196</u>	<u>14,936,243</u>
Expenditures:					
Board of Education	215,874	215,874	204,470	11,404	181,693
Office of Superintendent	231,277	231,277	236,141	(4,864)	215,381
Office of Principals	862,714	862,714	899,366	(36,652)	851,034
Fiscal services	213,246	313,246	307,929	5,317	175,662
Transportation.....	223,450	223,450	196,371	27,079	183,122
Instruction/Elementary/Secondary	8,982,646	8,935,646	9,168,325	(232,679)	8,821,947
Instruction – Regular	705,155	705,155	589,763	115,392	590,729
Other student support	308,274	368,274	357,792	10,482	272,639
Health services	160,844	160,844	122,177	38,667	129,620
Operation of plant	1,071,186	1,071,186	1,027,653	43,533	1,038,350
Maintenance of plant.....	609,422	679,422	667,819	11,603	612,260
Food services	650	650	3,161	(2,511)	-
Capital outlay.....	25,000	25,000	16,007	8,993	28,172
Special education	1,080,194	1,080,194	1,034,365	45,829	946,528
Vocational education.....	342,780	342,780	316,962	25,818	319,341
Lottery Pre-K.....	200,323	200,323	134,001	66,322	160,635
Family Resource Center	<u>81,965</u>	<u>81,965</u>	<u>81,238</u>	<u>727</u>	<u>68,810</u>
Total Expenditures	<u>15,315,000</u>	<u>15,498,000</u>	<u>15,363,540</u>	<u>134,460</u>	<u>14,595,923</u>
Excess of Revenues Over					
Expenditures	-	-	326,656	326,656	340,320
Other Financing Sources (Uses)					
Transfer to School OPEB Insurance Fund..	-	-	(68,500)	(68,500)	(94,000)
Net Change in Fund Balance	-	-	258,156	258,156	246,320
Fund Balance at Beginning of Year	<u>1,843,734</u>	<u>1,843,734</u>	<u>1,843,734</u>	-	<u>1,597,414</u>
Fund Balance at End of Year.....	<u>\$ 1,843,734</u>	<u>\$ 1,843,734</u>	<u>\$ 2,101,890</u>	<u>\$ 258,156</u>	<u>\$ 1,843,734</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 June 30, 2011
 With Comparative Totals for June 30, 2010**

	Business-Type Activities – Enterprise Funds					Governmental Activities		
	2011					Internal Service Funds		
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	2010 Total	2011	2010
ASSETS								
Current Assets:								
Cash in bank	\$ 962,913	\$ 5,187,969	\$ 2,990,699	\$ 2,282,097	\$ 11,423,678	\$ 9,766,984	\$ 1,349,634	\$ 1,769,912
Certificate of deposit	-	1,630,485	1,376,691	-	3,007,176	3,877,058	-	-
Accounts receivable – Net	-	-	4,589,476	350,259	4,939,735	4,556,212	-	-
Accrued interest	-	-	4,759	-	4,759	730	-	-
Inventory	-	491,833	616,602	-	1,108,435	897,269	-	-
Prepaid expenses	-	-	668	-	668	686	-	-
Prepaid TVA Power Invoice Program	-	-	4,599,993	-	4,599,993	2,832,793	-	-
Unamortized debt expense.....	-	-	25,000	-	25,000	26,000	-	-
Certificates of deposit – bond redemption reserve	-	-	3,339,869	-	3,339,869	3,600,620	-	-
Total Current Assets.....	<u>962,913</u>	<u>7,310,287</u>	<u>17,543,757</u>	<u>2,632,356</u>	<u>28,449,313</u>	<u>25,558,352</u>	<u>1,349,634</u>	<u>1,769,912</u>
Capital Assets:								
Nondepreciable:								
Land and easements.....	-	1,194,235	336,481	640,851	2,171,567	2,171,567	-	-
Construction in progress	-	1,416,497	812,914	5,839,312	8,068,723	1,435,319	-	-
Plant and equipment – depreciable	418,925	70,110,654	69,145,249	7,242,949	146,917,777	142,230,674	-	-
Accumulated depreciation.....	(141,273)	(17,025,082)	(24,389,955)	(6,069,157)	(47,625,467)	(42,918,743)	-	-
Net Capital Assets.....	<u>277,652</u>	<u>55,696,304</u>	<u>45,904,689</u>	<u>7,653,955</u>	<u>109,532,600</u>	<u>102,918,817</u>	<u>-</u>	<u>-</u>
NonCurrent Assets:								
Receivables from customers for conservation loans/back utilities.....	-	-	2,191,618	-	2,191,618	1,995,857	-	-
Long-term note receivable	-	-	100,000	-	100,000	100,000	-	-
Unamortized debt expense.....	-	309,099	502,733	63,079	874,911	901,898	-	-
Unamortized discount on long-term debt...	-	508,447	-	65,362	573,809	598,718	-	-
Cash in bank – Restricted	-	-	-	3,497,212	3,497,212	3,049,789	-	-
Investments – Certificates of deposits - restricted for construction	-	-	-	3,166,129	3,166,129	5,839,923	-	-
Investments – Certificates of deposits - restricted	-	-	-	-	-	3,150,119	-	-
Total NonCurrent Assets	<u>-</u>	<u>817,546</u>	<u>2,794,351</u>	<u>6,791,782</u>	<u>10,403,679</u>	<u>15,636,304</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,240,565</u>	<u>\$ 63,824,137</u>	<u>\$ 66,242,797</u>	<u>\$ 17,078,093</u>	<u>\$ 148,385,592</u>	<u>\$ 144,113,473</u>	<u>\$ 1,349,634</u>	<u>\$ 1,769,912</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS (Continued)
 June 30, 2011
 With Comparative Totals for June 30, 2010**

	Business-Type Activities – Enterprise Funds					Governmental Activities Internal Service Funds		
	2011					2010 Total	2011	2010
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total			
LIABILITIES AND NET ASSETS								
Current Liabilities:								
Accounts payable	\$ 11,819	\$ 25,155	\$ 9,339,505	\$ -	\$ 9,376,479	\$ 8,362,532	\$ -	\$ -
Medical claims payable	-	-	-	-	-	-	67,086	106,451
Other accrued payables.....	-	77,757	351,334	28,086	457,177	376,756	-	-
Bonds payable – current	-	215,000	630,000	540,000	1,385,000	1,290,000	-	-
Customer deposits	-	-	1,365,954	-	1,365,954	1,333,386	-	-
Due to other funds.....	-	-	-	-	-	-	12,562	12,562
Compensated absences	21,263	213,323	289,307	91,602	615,495	464,561	-	-
Revolving loan payable – current.....	-	352,476	-	-	352,476	327,304	-	-
Capital lease payable – current.....	50,913	-	-	94,028	144,941	75,573	-	-
Closure and postclosure costs.....	-	-	-	526,500	526,500	526,500	-	-
Total Current Liabilities	<u>83,995</u>	<u>883,711</u>	<u>11,976,100</u>	<u>1,280,216</u>	<u>14,224,022</u>	<u>12,756,612</u>	<u>79,648</u>	<u>119,013</u>
Long-Term Liabilities:								
Compensated absences	-	67,542	184,625	22,901	275,068	365,964	-	-
Bonds payable.....	-	44,060,161	19,665,000	6,935,000	70,660,161	72,045,175	-	-
Estimated liability for Landfill closure and postclosure care costs	-	-	-	6,136,841	6,136,841	5,673,408	-	-
Revolving loan payable	-	879,626	-	-	879,626	1,242,102	-	-
Capital lease payable	135,109	-	-	129,668	264,777	220,145	-	-
Advances – TVA Conservation Loans.....	-	-	2,184,503	-	2,184,503	1,964,013	-	-
Deferred Credits.....	-	-	586,106	-	586,106	671,555	-	-
Total Long-Term Liabilities	<u>135,109</u>	<u>45,007,329</u>	<u>22,620,234</u>	<u>13,224,410</u>	<u>80,987,082</u>	<u>82,182,362</u>	<u>-</u>	<u>-</u>
Net Assets:								
Unrestricted	929,831	6,113,571	6,036,774	1,417,670	14,497,846	11,978,142	1,269,986	1,650,899
Restricted for property acquisitions.....	-	-	-	1,200,538	1,200,538	1,131,873	-	-
Invested in capital assets, net of related debt..	91,630	11,819,526	25,609,689	(44,741)	37,476,104	36,064,484	-	-
Total Net Assets.....	<u>1,021,461</u>	<u>17,933,097</u>	<u>31,646,463</u>	<u>2,573,467</u>	<u>53,174,488</u>	<u>49,174,499</u>	<u>1,269,986</u>	<u>1,650,899</u>
Total Liabilities and Net Assets.....	<u>\$ 1,240,565</u>	<u>\$ 63,824,137</u>	<u>\$ 66,242,797</u>	<u>\$ 17,078,093</u>	<u>\$148,385,592</u>	<u>\$144,113,473</u>	<u>\$ 1,349,634</u>	<u>\$ 1,769,912</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 June 30, 2011
 With Comparative Totals for June 30, 2010**

	Business-Type Activities – Enterprise Funds					Governmental Activities Internal Service Funds		
	2011					2010	2011	2010
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	Total		
Operating Revenues:								
Charges for services	\$ 997,509	\$ 9,700,941	\$ 61,988,732	\$ 3,539,323	\$ 76,226,505	\$ 67,723,612	\$ 3,530,789	\$ 3,604,680
Forfeited discounts	-	-	439,295	-	439,295	378,005	-	-
Miscellaneous revenues	-	377,257	249,187	70,102	696,546	326,714	1,822	1,181
Total Operating Revenues	<u>997,509</u>	<u>10,078,198</u>	<u>62,677,214</u>	<u>3,609,425</u>	<u>77,362,346</u>	<u>68,428,331</u>	<u>3,532,611</u>	<u>3,605,861</u>
Operating Expenses:								
Medical claims paid	-	-	-	-	-	-	2,814,594	2,478,309
Insurance premiums/administration	-	-	-	-	-	-	959,268	951,162
Administrative	172,155	592,863	2,539,044	-	3,304,062	3,228,046	-	-
Accounting and collections	-	675,580	-	-	675,580	633,759	-	-
Supervision	-	202,392	-	-	202,392	175,674	-	-
Water plant operation	-	1,512,087	-	-	1,512,087	1,532,703	-	-
Distribution and transmission	-	801,657	1,199,588	-	2,001,245	3,844,599	-	-
Meter reading and repair	-	300,637	-	-	300,637	270,543	-	-
Water maintenance	-	250,084	-	-	250,084	244,965	-	-
Sewage collection/disposal/pumping	-	2,812,943	-	-	2,812,943	2,614,824	-	-
Customer accounts	-	-	1,348,792	-	1,348,792	1,373,708	-	-
Purchased power	-	-	49,832,583	-	49,832,583	43,373,895	-	-
Landfill operation	-	-	-	2,440,878	2,440,878	2,565,827	-	-
Environmental compliance	-	91,824	-	-	91,824	119,637	-	-
Depreciation	39,931	2,120,348	2,304,265	560,151	5,024,695	4,946,966	-	-
Operations and maintenance	519,422	-	1,878,761	-	2,398,183	473,510	-	-
Street cleaning	125,305	-	-	-	125,305	97,666	-	-
Service center operations	-	-	-	-	-	-	208,162	207,404
Total Operating Expenses	<u>856,813</u>	<u>9,360,415</u>	<u>59,103,033</u>	<u>3,001,029</u>	<u>72,321,290</u>	<u>65,496,322</u>	<u>3,982,024</u>	<u>3,636,875</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS (Continued)
 June 30, 2011
 With Comparative Totals for June 30, 2010**

	Business-Type Activities – Enterprise Funds					Governmental Activities Internal Service Funds		
	2011					2010 Total	2011	2010
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total			
Operating Income (loss)	140,696	717,783	3,574,181	608,396	5,041,056	2,932,009	(449,413)	(31,014)
Other Income (Expense):								
Amortization of bond premium.....	-	49,573	-	-	49,573	-	-	-
Other income	-	-	2,052	13,760	15,812	40,124	-	-
Amortization of debt discount and Expense	-	(38,989)	(26,387)	(15,045)	(80,421)	(77,096)	-	-
Interest expense	-	(1,471,659)	(405,000)	(277,490)	(2,154,149)	(1,932,946)	-	-
Interest income	1,861	10,093	18,046	7,511	37,511	182,101	-	-
Total Other Income (Expense).....	1,861	(1,450,982)	(411,289)	(271,264)	(2,131,674)	(1,787,817)	-	-
Net Income (loss) Before Contributions and Transfers.....	142,557	(733,199)	3,162,892	337,132	2,909,382	1,144,192	(449,413)	(31,014)
Transfers In (Out)	-	-	-	-	-	-	68,500	94,000
Capital Contributions	-	2,667,043	-	-	2,667,043	1,814,111	-	-
Payments in Lieu of Taxes	-	(400,000)	(1,176,436)	-	(1,576,436)	(1,548,497)	-	-
Change in Net Assets	142,557	1,533,844	1,986,456	337,132	3,999,989	1,409,806	(380,913)	62,986
Net Assets – Beginning	878,904	16,399,253	29,660,007	2,236,335	49,174,499	47,764,693	1,650,899	1,587,913
Net Assets – Ending.....	\$ 1,021,461	\$ 17,933,097	\$ 31,646,463	\$ 2,573,467	\$ 53,174,488	\$ 49,174,499	\$ 1,269,986	\$ 1,650,899

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2011
 With Comparative Totals for June 30, 2010**

	Business-Type Activities – Enterprise Funds					Governmental Activities Internal Service Funds		
	2011							
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	2010 Total	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash received from customers/employees' insurance	\$ 997,509	\$10,078,198	\$ 62,315,741	\$ 3,598,401	\$ 76,989,849	\$68,400,187	\$ 3,532,611	\$ 3,605,861
Cash payments to suppliers for goods and services/ medical claims	(501,840)	(5,220,848)	(53,987,580)	(1,882,630)	(61,592,898)	(55,565,584)	(4,021,389)	(3,653,069)
Cash payments to employees for services.....	(319,824)	(2,142,005)	(3,259,331)	(739,427)	(6,460,587)	(6,393,564)	-	-
Net Cash Flows From Operating Activities.....	<u>175,845</u>	<u>2,715,345</u>	<u>5,068,830</u>	<u>976,344</u>	<u>8,936,364</u>	<u>6,441,039</u>	<u>(488,778)</u>	<u>(47,208)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
Transfers out – in lieu of taxes	-	(400,000)	(1,176,436)	-	(1,576,436)	(1,548,497)	-	-
Restricted cash transfer	-	-	-	(5,849,092)	(5,849,092)	(1,257,472)	-	-
Closure/postclosure payments.....	-	-	-	526,500	526,500	526,500	-	-
Receipts from other funds.....	-	-	-	-	-	-	131,500	157,000
Payments to other funds	-	-	-	-	-	-	(63,000)	(63,000)
Net Cash Flows From Non-Capital Financing Activities .	<u>-</u>	<u>(400,000)</u>	<u>(1,176,436)</u>	<u>(5,322,592)</u>	<u>(6,899,028)</u>	<u>(2,279,469)</u>	<u>68,500</u>	<u>94,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Advances from TVA.....	-	-	807,030	-	807,030	951,669	-	-
Utility plant removal costs.....	-	-	27,699	-	27,699	63,580	-	-
Principal paid on bonds/notes/capital leases/revolving loan .	(49,213)	(1,090,000)	(575,000)	(361,787)	(2,076,000)	(924,847)	-	-
Interest paid on bonds/notes/capital leases/revolving loan....	-	(1,471,659)	(345,606)	(277,490)	(2,094,755)	(1,975,237)	-	-
Customer deposits received	-	-	324,370	-	324,370	327,875	-	-
Customer deposits refunded.....	-	-	(291,802)	-	(291,802)	(242,884)	-	-
Repayments of advances	-	-	(586,540)	-	(586,540)	(516,596)	-	-
Deferred credits	-	-	(85,449)	-	(85,449)	9,378	-	-
Merchandizing, jobbing, and contract work revenue.....	-	-	406	-	406	1,509	-	-
Collection on conservation loans	-	-	461,553	-	461,553	498,461	-	-
Payments for acquisition and construction of capital assets..	(39,848)	(3,338,616)	(1,797,769)	(205,061)	(5,381,294)	(4,501,171)	-	-
Additional long-term bond/capital outlay notes/ revolving loans.....	-	920,000	-	-	920,000	6,414,566	-	-
Acquisition of conservation loans	-	-	(672,727)	-	(672,727)	(834,874)	-	-
Contributions in aid of construction	-	2,667,043	-	-	2,667,043	1,814,111	-	-
Net Cash Flows From Capital and Related Financing Activities.....	<u>(89,061)</u>	<u>(2,313,232)</u>	<u>(2,733,835)</u>	<u>(844,338)</u>	<u>(5,980,466)</u>	<u>1,085,540</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (Continued)
 For the Fiscal Year Ended June 30, 2011
 With Comparative Totals for June 30, 2010**

	Business-Type Activities – Enterprise Funds					Governmental Activities Internal Service Funds		
	2011					2010 Total	2011	2010
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total			
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchase of investment securities	-	-	(9,183,114)	(4,993,924)	(14,177,038)	(23,003,333)	-	-
Proceeds from sale and maturities of investment Securities.....	-	-	9,329,919	10,418,971	19,748,890	18,144,047	-	-
Interest and dividends on investments.....	1,861	10,093	14,017	7,511	33,482	210,993	-	-
Net Cash Flows From Investing Activities...	1,861	10,093	160,822	5,432,558	5,605,334	(4,648,293)	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	88,645	12,206	1,319,381	241,972	1,662,204	598,817	(420,278)	46,792
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	874,268	5,175,597	3,048,009	2,040,125	11,137,999	10,539,182	1,769,912	1,723,120
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 962,913</u>	<u>\$ 5,187,803</u>	<u>\$ 4,367,390</u>	<u>\$ 2,282,097</u>	<u>\$12,800,203</u>	<u>\$ 11,137,999</u>	<u>\$ 1,349,634</u>	<u>\$ 1,769,912</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by (Used) in Operating Activities:								
Operating Income (loss).....	\$ 140,696	\$ 717,783	\$ 3,574,181	\$ 608,396	\$ 5,041,056	\$ 2,932,009	\$ (449,413)	\$ (31,014)
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation	39,931	2,120,348	2,304,265	560,151	5,024,695	4,946,966	-	-
Amortization	-	38,989	26,387	15,045	80,421	77,096	-	-
Changes in assets and liabilities:								
Accounts receivable.....	-	-	(371,029)	(11,024)	(382,053)	(28,144)	-	-
Prepaid expenses	-	-	(1,767,182)	-	(1,767,182)	(1,499,666)	-	-
Inventory.....	-	(152,048)	(59,118)	-	(211,166)	(97,258)	-	-
Other receivables.....	-	-	(4,029)	-	(4,029)	41,340	-	-
Accounts payable	-	(13,870)	1,232,998	(217,000)	1,002,128	50,582	-	-
Other liabilities.....	-	-	99,157	-	99,157	(34,999)	(39,365)	(16,194)
Accrued payroll.....	2,005	227	22,829	590	25,651	(3,310)	-	-
Compensated absences.....	(6,787)	3,916	10,371	20,186	27,686	56,693	-	-
Total Adjustments	35,149	1,997,562	1,494,649	367,948	3,895,308	3,509,300	(39,365)	(16,194)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	<u>\$ 175,845</u>	<u>\$ 2,715,345</u>	<u>\$ 5,068,830</u>	<u>\$ 976,344</u>	<u>\$ 8,936,364</u>	<u>\$ 6,441,039</u>	<u>\$ (488,778)</u>	<u>\$ (47,208)</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (Continued)
 For the Fiscal Year Ended June 30, 2011
 With Comparative Totals for June 30, 2010**

(1) Cash and cash equivalents are as follows:

	<u>Cash in Bank</u>	<u>Certificates of Deposit/ Cash Equivalents</u>	<u>Total</u>
StormWater Utility	\$ 962,913	\$ -	\$ 962,913
Water/Sewer Utility	5,187,803	-	5,187,803
Electric Utility	2,990,699	1,376,691	4,367,390
Landfill	<u>2,282,097</u>	<u>-</u>	<u>2,282,097</u>
Totals	<u>\$ 11,423,512</u>	<u>\$ 1,376,691</u>	<u>\$ 12,800,203</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:

<u>Year Ended June 30,</u>	<u>Stormwater Utility Fund</u>	<u>Landfill Fund</u>
2011	\$ -	\$ 205,600
2010	339,566	-

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

<u>Year Ended June 30,</u>	
2011	\$ -
2010	678,071

**CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2011 and 2010**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Investments		
Cash and cash equivalents.....	\$ 266,472	\$ 225,478
U.S. Treasury obligations.....	3,599,939	3,780,607
Corporate and foreign bonds	5,534,022	6,444,229
Common equity securities.....	11,564,678	9,722,914
Municipal obligations	616,958	222,269
Accrued interest.....	<u>108,856</u>	<u>120,480</u>
Total Assets	<u>\$ 21,690,925</u>	<u>\$ 20,515,977</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities	\$ -	\$ -
Net Assets:		
Held in trust for pension benefits.....	<u>21,690,925</u>	<u>20,515,977</u>
Total Liabilities and Net Assets	<u>\$ 21,690,925</u>	<u>\$ 20,515,977</u>

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, 2011
With Comparative Totals for June 30, 2010**

	<u>2011</u>	<u>2010</u>
Additions:		
Employer contributions.....	\$ 860,778	\$ 944,582
Interest and dividend income.....	713,601	817,349
Net appreciation in fair value of investments	1,240,269	1,415,967
Realized gain on sale of investments	<u>847,074</u>	<u>-</u>
Total Additions	<u>3,661,722</u>	<u>3,177,898</u>
Deductions:		
Benefit payments	2,423,338	2,359,594
Administrative expenses	<u>63,436</u>	<u>88,152</u>
Total Deductions.....	<u>2,486,774</u>	<u>2,447,746</u>
Change in Net Assets.....	1,174,948	730,152
Net Assets – Beginning of Year	<u>20,515,977</u>	<u>19,785,825</u>
Net Assets – End of Year	<u>\$ 21,690,925</u>	<u>\$ 20,515,977</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
NOTES TO FINANCIAL STATEMENTS:	
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:	
Financial Reporting Entity	23
Basic Financial Statements	24
Basis of Presentation	25
Measurement Focus and Basis of Accounting	27
Budgets and Budgetary Accounting	30
Encumbrances	30
Cash	31
Receivables and Unbilled Revenue	32
Investments	32
Due to and Due from other Funds, and Interfund Transfers	32
Interest Receivable	33
Inventory and Prepaid Items	33
Other Assets	34
Restricted Assets	34
Use of Estimates	34
Compensated Absences	34
Capital Assets	35
Comparative Total Data	35
Implementation of New Accounting Principles	35
Reclassifications/Net Assets Restated	36
NOTE 2 – RECONCILIATION OF GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS	36
NOTE 3 – CASH AND INVESTMENTS	40
NOTE 4 – PROPERTY TAX	43
NOTE 5 – CAPITAL ASSETS	43
NOTE 6 – LONG-TERM LIABILITIES	46
NOTE 7 – RETIREMENT COMMITMENTS:	
Employee’s Retirement System of the City of Alcoa	50
Tennessee Consolidated Retirement System	52
Alcoa City Schools	54
Deferred Compensation Plan	55
City of Alcoa – Post Employment Benefits Other Than Pensions (OPEB)	55
Alcoa City Schools – Post Retirement Benefits Other Than Pensions (OPEB)	58
NOTE 8 – EMPLOYEE HEALTH INSURANCE INTERNAL SERVICE FUND	61
NOTE 9 – FUNDS ESTABLISHED DURING FISCAL YEARS ENDED June 30, 2011 and 2010	61
NOTE 10 – CONTRACTS WITH THE TENNESSEE VALLEY AUTHORITY (TVA)	61

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

TABLE OF CONTENTS (Continued)

	<u>Page</u>
NOTES TO FINANCIAL STATEMENTS (CONTINUED)	
NOTE 11 – JOINT VENTURES:	62
Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee	62
Blount County Public Library	63
Emergency Communications District of Blount County, Tennessee	63
Blount County Cable Television Authority	64
Recreation and Parks Commission	65
Joint Development of Industrial Parks:	
Partnership Park North – Partnership Park South	66
The Pellissippi Research Centre on the Oak Ridge Corridor	67
NOTE 12 – LANDFILL OPERATIONS	68
NOTE 13 – ECONOMIC DEPENDENCY (ALUMINUM COMPANY OF AMERICA)	68
NOTE 14 – REFUNDING OF DEBT	69
NOTE 15 – FUND BALANCES	70
NOTE 16 – COMMITMENTS:	
Capital Leases	71
Committed Construction	71
Springbrook Corporate Center	72
Research and Development Industrial Park	72
Capital Lease Obligation	73
NOTE 17 – LITIGATION	75
NOTE 18 – RISK FINANCING ACTIVITIES	75
NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLE	75
NOTE 20 – CALCULATION OF INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT ..	75
NOTE 21 – SUBSEQUENT EVENTS	76

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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.

A component unit is defined as a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the criteria applicable to *GASB No. 14*, as amended by *GASB Statement No. 39*, for component units, the City has no financial accountability for any component units. Therefore, the financial reporting entity is limited to those funds, departments, and offices which comprise the City's legally adopted jurisdictions.

The following organizations are excluded from the accompanying financial statements in that they do not meet the prescribed GASB Statement 39 criteria:

City of Alcoa Schools' Student Activity Funds:

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. Separate financials (available at the Board of Education Office) are issued for the Student Activity Funds. The City cannot access the Student Activity Funds' resources, nor does the City have any legal obligation to subsidize the Activity Funds. The Student Activity Funds are used only for the benefit of the students.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

(A) FINANCIAL REPORTING ENTITY (Continued):

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.

(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, if any) 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 financial statements (the statement of net assets and the statement of activities) report on the government as a whole. The statements include the City of Alcoa and any applicable component units, except that neither fiduciary funds nor the component units that are fiduciary in nature are included.

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.

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

(B) BASIC FINANCIAL STATEMENTS (Continued):

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 FUND TYPES: 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.

Governmental Funds include the following fund types:

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.

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 as defined by GASB 54 – *Fund Balance Reporting and Governments Fund Type Definition*. 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. Major funding for the Education Fund is provided by State Education funds, shared revenues provided by Blount County, and property tax revenue from the City's General Fund.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

(C) BASIS OF PRESENTATION (Continued)

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 Fund Types: 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 Funds: 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.

The following Enterprise funds are used by the City:

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.

Internal Service Funds: Internal Service Funds are used to account for the providing of goods or services to other governmental operating units such as departments, bureaus, and agencies. The services provided may include duplicating services, data processing, legal services, motor pools, and centralized maintenance. Also, an Internal Service Fund may produce goods as does a manufacturer. For example, products may be provided by government printing shops, repair facilities, and processing facilities.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

(C) BASIS OF PRESENTATION (Continued)

Internal Service Funds (Continued)

The purpose of centralizing certain activities in an Internal Service Fund is to achieve a level of operating efficiency that may not be available if the same activities were performed by multiple units within the governmental organization. Costs associated with the centralized activity are usually recovered from those governmental units that benefit from the goods or services provided through the Internal Service Funds. Thus, the objective of an Internal Service Fund is not to make a profit but rather to recover, over a period of time, the total cost of providing the goods or services.

The following Internal Service Funds are used by the City:

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.

(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

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

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

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.

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

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

Enterprise 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.

Application of Financial Accounting Standards Board Statements:

GASB No. 20 requires that governments with enterprise 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 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 in reporting business-type activities or enterprise funds.

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, 2011

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, 2011

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 and certificates of deposits" in the accompanying combined financial statements includes cash and equity in the pooled cash account described as follows:

	<u>Equity Pooled In Cash Account</u>	<u>Other Cash Accounts</u>	<u>Combined Cash Total</u>
General Fund	\$ 3,347,235	\$ 1,200	\$ 3,348,435
Special Revenue Funds:			
State Street Aid Fund.....	277,679	6,027	283,705
Education Fund	1,515,937	-	1,515,937
Federal Projects.....	90,922	-	90,922
Cafeteria Fund.....	-	195,455	195,455
Extended Day Program Fund.....	23,015	2,454	25,469
Special Assessment Fund.....	8,869	-	8,869
Drug Control Fund	110,085	-	110,085
Commercial Vehicle Fines Fund.....	21,595	-	21,594
Total Special Revenue Funds	<u>2,048,102</u>	<u>203,936</u>	<u>2,252,038</u>
Debt Service Fund	<u>95,232</u>	<u>-</u>	<u>95,232</u>
Capital Projects Funds:			
Capital Projects Fund	-	61,358	61,358
General Obligation Public Works - Construction Fund	9	-	10
School Construction and Improvement Fund	286	1,003,210	1,003,496
2001 Special Projects Fund.....	44,265	530,266	574,531
Equipment Replacement Fund	242,293	-	242,292
Bessie Harvey Memorial Fund.....	3,025	-	3,025
Greenway Fund.....	10,046	-	10,046
Landscaping Fund	134,320	-	134,320
Home Grant Fund.....	1,039	-	1,039
Special Projects	4,349	-	4,349
Total Capital Projects Funds	<u>439,632</u>	<u>1,594,834</u>	<u>2,034,466</u>
Internal Service Funds:			
Employees’ Insurance Fund.....	-	892,652	892,652
Flexible Spending Fund.....	13,307	-	13,307
Service Center	55,175	-	55,175
OPEB Fund.....	226,000	-	226,000
School OPEB Fund	162,500	-	162,500
Total Internal Service Funds	<u>456,982</u>	<u>892,652</u>	<u>1,349,634</u>
Total Governmental Funds	<u>6,387,183</u>	<u>2,692,622</u>	<u>9,079,805</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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:			
Water and Sewer Utility Fund.....	5,187,969	-	5,187,969
Electric Utility Fund.....	-	4,367,390	4,367,390
Landfill Fund	-	2,282,097	2,282,097
Stormwater Utility Fund.....	<u>962,913</u>	<u>-</u>	<u>962,913</u>
Total Proprietary Funds	<u>6,150,882</u>	<u>6,649,487</u>	<u>12,800,369</u>
TOTAL GOVERNMENT	<u>\$ 12,538,065</u>	<u>\$ 9,342,109</u>	<u>\$ 21,880,174</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, 2011 are as follows:

Electric Utility Fund.....	\$ 2,917,902
Water and Sewer Utility Fund	<u>1,135,825</u>
Total.....	<u>\$ 4,053,727</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.

(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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

(J) DUE TO AND DUE FROM OTHER FUNDS, AND INTERFUND 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, 2011, are as follows:

	Due To:			
	<u>Education</u>	<u>General</u>	<u>Federal</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Projects</u>	
<u>Due From:</u>				
Federal Projects Fund	\$ 129,749	\$ -	\$ -	\$ 129,749 (1)
Bessie Harvey Fund	-	1,057	-	1,057 (1)
Cafeteria Fund	34,947	-	-	34,947 (1)
Greenway Fund	-	100,000	-	100,000 (1)
School Construction Fund	-	360,000	-	360,000 (1)
Education Fund	-	-	981	981 (1)
	<u>\$ 164,696</u>	<u>\$ 461,057</u>	<u>\$ 981</u>	<u>\$ 626,734</u>

(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.

(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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

(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, 2011 amount to \$3,339,869 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, 2011 is \$6,663,341.

(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.

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

(P) COMPENSATED ABSENCES (Continued):

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, 2011 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.

(S) IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES:

During the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes new categories for reporting fund balance and revises the definitions for governmental fund types.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

(S) IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES:

Governmental fund equity is classified as fund balance. During the year ended June 30, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement 54, Fund Balance and Government Fund Type Definitions. Under this statement fund balances are classified into the following categories:

- a. Nonspendable fund balances comprise those amounts that are legally or contractually required to be maintained intact.
- b. Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitution provisions or enabling legislation.
- c. Committed fund balances comprise those amounts constrained by the government itself using its highest level of authority (commission) using its highest level of formal action (ordinance).

This amount can also include amounts needed to balance the next year's budget when the budget is approved by ordinance.

- d. Assigned fund balances are amounts intended to be used for a specific purpose by the governing body through action other than the highest level of authority or an official expressly authorized by the governing body.
- e. Unassigned fund balances are any amounts other than those described above and are available for any purpose.

The City has no formal policy with regard to classifying expenditures among the various classifications. Thus, the default provision under GASB Statement 54 apply expenditures first to restricted resources, then to committed resources, then to assigned resources, and finally to unassigned resources. No City official is granted the authority to assign fund balance. In addition, the City has no formal policy with regard to stabilization funds.

Fund Balances at June 30, 2010 have been restated to conform to GASB Statement 54.

(T) 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, 2011 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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

(Continued):

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.

	<u>Balance Sheet/Statement of Net Assets</u>				
	<u>Total</u>	<u>Long-term</u>	<u>Internal</u>	<u>Reclassifications</u>	<u>Statement of</u>
	<u>Governmental</u>	<u>Assets,</u>	<u>Service</u>	<u>and</u>	<u>Net Assets</u>
	<u>Funds</u>	<u>Liabilities</u>	<u>Funds</u>	<u>Eliminations</u>	
		<u>(1)</u>	<u>(2)</u>		
<u>Assets</u>					
Cash on hand/equity in pooled					
Cash/certificates of deposit	\$ 6,190,668	\$ -	\$ 1,349,634	\$ 1,539,503	\$ 9,079,805
Certificates of Deposit.....	1,003,210	-	-	(1,003,210)	-
Tennessee Local					
Government Investment Pool ...	536,293	-	-	(536,293)	-
Receivables:					
Taxes, net.....	11,378,279	-	-	(1,455,829)	9,922,450
Accounts, net.....	266,099	-	-	1,590,924	1,857,023
Note	1,982	-	-	(1,982)	-
Credit Union.....	135	-	-	(135)	-
Internal balances	626,734	-	-	(626,734)	-
Due from other governments	832,706	-	-	(132,978)	699,728
Net OPEB asset	-	-	-	205,290	205,290
Capital Assets, Net.....	-	50,170,524	-	-	50,170,524
Capital lease property.....	-	10,345,953	-	-	10,345,953
Total Assets	<u>\$ 20,836,106</u>	<u>\$ 60,516,477</u>	<u>\$ 1,349,634</u>	<u>\$ (421,444)</u>	<u>\$ 82,280,773</u>
<u>Liabilities and Net Assets</u>					
Accounts payable.....	\$ 240,647	\$ -	\$ 79,648	\$ -	\$ 320,295
Accrued payroll	200,305	-	-	793,694	993,999
Accrued liabilities	-	-	-	-	-
Unapplied grant funds	185,674	-	-	(185,674)	-
Unearned revenue	9,831,503	-	-	185,674	10,017,177
Long-term debt.....	-	57,613,728	-	-	57,613,728
Due to state in Tennessee	793,694	-	-	(793,694)	-
Capital lease payable.....	-	-	-	-	-
Internal balances	626,734	-	-	(626,734)	-
Unfunded pension obligation.....	-	-	-	774,950	774,950
Unfunded OPEB obligation.....	-	-	-	55,974	55,974
Total Liabilities.....	<u>11,878,557</u>	<u>57,613,728</u>	<u>79,648</u>	<u>204,190</u>	<u>69,776,123</u>
Total Fund Balance/Net Assets....	<u>8,957,549</u>	<u>2,902,749</u>	<u>1,269,986</u>	<u>(625,634)</u>	<u>12,504,650</u>
Total Liabilities and Fund					
Balance/Net Assets.....	<u>\$ 20,836,106</u>	<u>\$ 60,516,477</u>	<u>\$ 1,349,634</u>	<u>\$ (421,444)</u>	<u>\$ 82,280,773</u>

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	\$ 93,892,189
Accumulated depreciation	(33,375,712)
	<u>\$ 60,516,477</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

(Continued):

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	\$	796,279
Bonds, capital improvement notes, loans		46,625,000
Capital lease obligations		<u>10,192,449</u>
		<u>\$ 57,613,728</u>

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.

\$ 1,269,986

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 below.

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

<u>Revenues</u>	<u>Total Governmental Funds</u>	<u>Capital- Related Items (4)</u>	<u>Long-term Debt Transactions (5)</u>	<u>Internal Service Funds</u>	<u>Reclass- ifications</u>	<u>Statement of Activities</u>
Taxes	\$ 20,758,394	\$ -	\$ -	\$ -	\$ (6,960,427)	\$ 13,797,967
Sales taxes.....	-	-	-	-	15,808,462	15,808,462
State income & excise tax	-	-	-	-	69,431	69,431
Licenses, permits and fees	362,880	-	-	-	(362,880)	-
Business taxes	-	-	-	-	817,279	817,279
Intergovernmental	19,471,744	-	-	-	(19,471,744)	-
Capital grants/contributions	-	-	-	-	3,238,754	3,238,754
Operating grants/contributions .	-	-	-	-	3,526,523	3,526,523
Charges for services	901,811	-	-	-	957,127	1,858,938
Fines, forfeitures, and costs.....	833,623	-	-	-	(833,623)	-
Investment income	15,381	-	-	-	3,989	19,370
Miscellaneous taxes.....	235,338	-	-	-	29,978	265,316
American Recovery and Reinvestment Act (ARRA)...	2,796,361	-	-	-	(2,796,361)	-
Property rentals	154,944	-	-	-	(154,944)	-
In-lieu of taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,576,436</u>	<u>1,576,436</u>
Total Revenues	<u>45,530,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,552,000)</u>	<u>40,978,476</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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 (Continued):

	Total Governmental Funds	Capital- Related Items (4)	Long-term Debt Transactions (5)	Internal Service Funds	Reclass- ifications	Statement of Activities
Expenditures/Expenses						
Current:						
General government	1,703,547	361,283	-	380,913	(548,119)	1,897,624
Public safety – Police/Fire	7,381,046	365,152	-	-	(650,514)	7,095,684
Public works - Streets	6,250,251	(132,489)	-	-	(1,664,184)	4,453,578
Recreation and Arts	583,044	177,450	-	-	298,322	1,058,816
Economic development	746,932	-	-	-	-	746,932
Education	17,303,597	1,024,226	-	-	-	18,327,823
Debt service - principal retirement	3,022,318	-	(3,022,318)	-	-	-
Debt service - Interest and fiscal fees	5,625,452	-	(2,178,331)	-	-	3,447,121
Capital Outlay	<u>3,383,297</u>	<u>(3,383,297)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>45,999,484</u>	<u>(1,587,675)</u>	<u>(5,200,649)</u>	<u>380,913</u>	<u>(2,564,495)</u>	<u>37,027,578</u>
Other Financing Sources (Uses)/ Changes in Net Assets						
Transfers (Out)	(3,325,560)	-	3,325,560	-	-	-
Transfers In	4,833,496	-	(4,833,496)	-	-	-
Capital Leases	952,511	-	(952,511)	-	-	-
Payment to Refunding Trustee	(470,000)	-	470,000	-	-	-
Bond proceeds	<u>470,000</u>	<u>-</u>	<u>(470,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)/Changes In Net Assets	<u>2,460,447</u>	<u>-</u>	<u>(2,460,447)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change for the Year	<u>\$ 1,991,439</u>	<u>\$ 1,587,675</u>	<u>\$ 2,740,202</u>	<u>\$ (380,913)</u>	<u>\$ (1,987,505)</u>	<u>\$ 3,950,898</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 **\$ 796,279**

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	\$ 4,313,978
Depreciation	<u>(2,726,303)</u>
Net Change	<u>\$ 1,587,675</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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 principal payments were made to holders of long-term debt.

Principal payments made	<u>\$ 2,130,000</u>
-------------------------	---------------------

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 refunding bonds	<u>\$ 1,390,000</u>
------------------------------------	---------------------

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, 2011

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, 2011:

SUMMARY OF CASH AND INVESTMENTS BY FUNDS:

Fiduciary Funds – Pension Trust	<u>\$ 21,690,925</u>
Statement of Net Assets:	
Special Revenue Funds and Capital Projects Funds - Local Government Investment Pool ...	\$ 1,516,294
Enterprise Funds – Restricted Assets	10,003,210
Enterprise Funds - Non-restricted Assets	1,376,857
Funds Held by Bond Trustee	<u>1,630,485</u>
Total Governmental and Enterprise Funds	<u>14,526,846</u>

SUMMARY OF CHECKING ACCOUNTS BY FUNDS:

General Fund (includes cash on hand of \$1,200)	3,348,435
Special Revenue Funds	2,269,265
Debt Service Fund	95,232
Capital Projects Funds	500,991
Internal Service Funds	1,349,588
Enterprise Funds – Non-restricted Assets (includes cash on hand of \$8,300).....	<u>11,423,512</u>
Total Checking Accounts By Funds	<u>18,987,023</u>
Total Checking and Certificates of Deposit – Statement of Net Assets	<u>\$ 33,513,869</u>

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Cash and Certificates of Deposit.....	\$ 9,079,805	\$ 12,800,369	\$ 21,880,174
Restricted Cash/Certificates of Deposit.....	-	10,003,210	10,003,210
Funds held by Bond Trustee	-	1,630,485	1,630,485
Totals	<u>\$ 9,079,805</u>	<u>\$ 24,434,064</u>	33,513,869
Fiduciary Funds – Investments, at fair values (Employees Retirement System).....			<u>21,690,925</u>
Total Cash and Investments			<u>\$ 55,204,794</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, 2011

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, 2011, are described below:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Government Bonds	\$ 3,599,939	\$ 3,599,939
Savings Certificates.....	266,472	266,472
Corporate Securities.....	17,098,700	17,098,700
Municipal Obligations.....	<u>616,958</u>	<u>616,958</u>
Total Retirement System	<u>\$ 21,582,069</u>	<u>\$ 21,582,069</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, 2011

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, 2011 and 2010 was 2.10 per \$100.00 of assessed value.

Property taxes levied for 2010 are recorded as receivables, net of estimated uncollectibles. The taxes collected during the fiscal year 2010-11 and expected to be collected in the subsequent sixty (60) days are recognized as revenues in the fiscal year ended June 30, 2011.

Property taxes for 2011 are recorded (estimated at \$8,219,575) as receivables, since the enforceable legal claim to the asset (2011 taxes) is effective as of January 1, 2011 (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:

	Balance July 1, 2010	Additions	Retirements	Transfer In (Out)	Balance June 30, 2011
Non-depreciable assets:					
Land	\$ 1,765,733	\$ -	\$ -	\$ -	\$ 1,765,733
Depreciable assets:					
Parks & Greenway	843,630	2,245,341	-	-	3,088,971
Accumulated depreciation	(556,214)	(56,936)	-	-	(613,150)
	<u>287,416</u>	<u>2,188,405</u>	<u>-</u>	<u>-</u>	<u>2,475,821</u>
Buildings	29,621,681	-	-	-	29,621,681
Accumulated depreciation	(8,590,684)	(605,972)	-	-	(9,196,656)
	<u>21,030,997</u>	<u>(605,972)</u>	<u>-</u>	<u>-</u>	<u>20,425,025</u>
Swimming Pools	991,178	-	-	-	991,178
Accumulated depreciation	(396,471)	(49,559)	-	-	(446,030)
	<u>594,707</u>	<u>(49,559)</u>	<u>-</u>	<u>-</u>	<u>545,148</u>
Improvements other than buildings	36,592,871	2,073,697	-	-	38,666,568
Accumulated depreciation	(16,690,791)	(1,459,249)	-	-	(18,150,040)
	<u>19,902,080</u>	<u>614,448</u>	<u>-</u>	<u>-</u>	<u>20,516,528</u>
Equipment	7,502,554	574,697	(268,876)	-	7,808,375
Accumulated depreciation	(4,684,126)	(554,586)	268,876	-	(4,969,836)
	<u>2,818,428</u>	<u>20,111</u>	<u>-</u>	<u>-</u>	<u>2,838,539</u>
Construction in progress	<u>2,155,497</u>	<u>1,505,748</u>	<u>(1,904,011)</u>	<u>-</u>	<u>1,757,234</u>
Capital Lease Property:					
Civic Center	9,142,400	-	-	-	9,142,400
Communications Center	-	751,750	-	-	751,750
Other Capital leases	198,720	200,761	(101,182)	-	298,299
	<u>9,341,120</u>	<u>952,511</u>	<u>(101,182)</u>	<u>-</u>	<u>10,192,449</u>
Capital Assets, net of Accumulated depreciation	<u>\$ 57,895,978</u>	<u>\$ 4,625,692</u>	<u>\$(2,005,193)</u>	<u>\$ -</u>	<u>\$ 60,516,477</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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 7-1-10	\$ 336,481	\$ 44,466,516	\$ 11,354,409	\$ 11,466,495	\$ 981,842	\$ 68,605,743
	Additions	-	1,728,577	113,974	124,889	-	1,967,440
	Retirements	-	(109,611)	-	-	(168,928)	(278,539)
	Other reclassify	-	-	-	-	-	-
	Balance 6-30-11	<u>336,481</u>	<u>46,085,482</u>	<u>11,468,383</u>	<u>11,591,384</u>	<u>812,914</u>	<u>70,294,644</u>
WATER	Balance 7-1-10	1,020,097	19,053,933	15,925,837	16,035,267	-	52,035,134
	Additions	-	-	1,165,110	17,379	-	1,182,489
	Retirements	-	-	-	(2,381)	-	(2,381)
	Balance 6-30-11	<u>1,020,097</u>	<u>19,053,933</u>	<u>17,090,947</u>	<u>16,050,265</u>	<u>-</u>	<u>53,215,242</u>
SEWER	Balance 7-1-10	174,138	4,257,424	11,284,530	816,974	350,348	16,883,414
	Additions	-	-	1,565,389	17,891	1,066,149	2,649,429
	Retirements	-	-	-	(26,699)	-	(26,699)
	Balance 6-30-11	<u>174,138</u>	<u>4,257,424</u>	<u>12,849,919</u>	<u>808,166</u>	<u>1,416,497</u>	<u>19,506,144</u>
LANDFILL	Balance 7-1-10	640,851	4,735,975	-	2,454,237	103,129	7,934,192
	Additions	-	-	-	205,061	5,736,183	5,941,244
	Retirements	-	-	-	(152,324)	-	(152,324)
	Balance 6-30-11	<u>640,851</u>	<u>4,735,975</u>	<u>-</u>	<u>2,506,974</u>	<u>5,839,312</u>	<u>13,723,112</u>
STORMWATER	Balance 7-1-10	-	-	-	379,077	-	379,077
	Additions	-	-	-	39,848	-	39,848
	Retirements	-	-	-	-	-	-
	Balance 6-30-11	<u>-</u>	<u>-</u>	<u>-</u>	<u>418,925</u>	<u>-</u>	<u>418,925</u>
TOTALS		<u>\$ 2,171,567</u>	<u>\$ 74,132,814</u>	<u>\$ 41,409,249</u>	<u>\$ 31,375,714</u>	<u>\$ 8,068,723</u>	<u>\$ 157,158,067</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 – CAPITAL ASSETS (Continued):

ACCUMULATED DEPRECIATION:

		<u>Land, Land Rights and Easements</u>	<u>Electric Distribution and Buildings</u>	<u>Electric Station Equipment and Improvements Other than Buildings</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Totals</u>
ELECTRIC	Balance 7-1-10	\$ -	\$ 13,986,006	\$ 5,292,904	\$ 2,943,347	\$ -	\$ 22,222,257
	Additions	-	1,555,596	346,261	402,407	-	2,304,264
	Retirements	-	(108,867)	-	-	-	(108,867)
	Removal Costs	-	(27,699)	-	-	-	(27,699)
	Other reclassify	-	-	-	-	-	-
	Balance 6-30-11	<u>-</u>	<u>15,405,036</u>	<u>5,639,165</u>	<u>3,345,754</u>	<u>-</u>	<u>24,389,955</u>
WATER	Balance 7-1-10	-	1,519,215	4,611,791	3,603,162	-	9,734,168
	Additions	-	419,768	360,168	879,494	-	1,659,430
	Retirements	-	-	-	(2,381)	-	(2,381)
	Balance 6-30-11	<u>-</u>	<u>1,938,983</u>	<u>4,971,959</u>	<u>4,480,275</u>	<u>-</u>	<u>11,391,217</u>
SEWER	Balance 7-1-10	-	1,061,635	3,579,249	558,762	-	5,199,646
	Additions	-	115,427	261,010	84,481	-	460,918
	Retirements	-	-	-	(26,699)	-	(26,699)
	Balance 6-30-11	<u>-</u>	<u>1,177,062</u>	<u>3,840,259</u>	<u>616,544</u>	<u>-</u>	<u>5,633,865</u>
LANDFILL	Balance 7-1-10	-	4,092,417	-	1,568,913	-	5,661,330
	Additions	-	269,757	-	290,394	-	560,151
	Retirements	-	-	-	(152,324)	-	(152,324)
	Balance 6-30-11	<u>-</u>	<u>4,362,174</u>	<u>-</u>	<u>1,706,983</u>	<u>-</u>	<u>6,069,157</u>
STORMWATER	Balance 7-1-10	-	-	-	101,342	-	101,342
	Additions	-	-	-	39,931	-	39,931
	Retirements	-	-	-	-	-	-
	Balance 6-30-11	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,273</u>	<u>-</u>	<u>141,273</u>
	TOTALS	<u>-</u>	<u>22,883,255</u>	<u>14,451,383</u>	<u>10,290,829</u>	<u>-</u>	<u>47,625,467</u>
NET CAPITAL ASSETS		<u>\$ 2,171,567</u>	<u>\$ 51,249,559</u>	<u>\$ 26,957,866</u>	<u>\$ 21,084,885</u>	<u>\$ 8,068,723</u>	<u>\$ 109,532,600</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 – CAPITAL ASSETS (Continued):

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

Governmental activities:	
General Government	\$ 213,580
Police.....	238,816
Fire	126,336
Recreation.....	177,450
Public works/streets.....	700,192
Solid waste.....	98,000
Education.....	1,024,226
Service center.....	147,703
Total depreciation expense – governmental activities	<u>\$ 2,726,303</u>
Business – type activities:	
Water and sewer.....	\$ 2,120,348
Electric	2,304,264
Landfill	560,151
Stormwater.....	39,931
Total depreciation expense – business-type activities	<u>\$ 5,024,694</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:

Class	
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		Retired	Total	Non-Current	Current
	July 1, 2010	Additions	Deletions	Balance	Balance	Balance
				June 30, 2011	June 30, 2011	June 30, 2011
Governmental Activities:						
General Obligation Bonds/						
Revenue Bonds.....	\$ 48,285,000	\$ 470,000	\$ 2,130,000	\$ 46,625,000	\$ 44,865,000	\$ 1,760,000
Compensated Absences.....	54,772	787,707	46,200	796,279	796,279	-
Capital Leases Payable.....	<u>9,341,120</u>	<u>952,511</u>	<u>101,182</u>	<u>10,192,449</u>	<u>10,040,752</u>	<u>151,697</u>
Totals-Governmental Activities	<u>\$ 57,680,892</u>	<u>\$ 2,210,218</u>	<u>\$ 2,277,382</u>	<u>\$ 57,613,728</u>	<u>\$ 55,702,031</u>	<u>\$ 1,911,697</u>
Business-type Activities:						
General Obligation Bonds/						
Revenue Bonds.....	\$ 74,904,581	\$ 920,000	\$ 2,547,318	\$ 73,277,263	\$ 71,539,787	\$ 1,737,476
Compensated absences	830,525	890,563	830,525	890,563	275,068	615,495
Capital leases.....	295,718	205,600	91,600	409,718	264,777	144,941
Estimated liability for closure/ Post-closure care cost	<u>6,199,908</u>	<u>463,433</u>	<u>-</u>	<u>6,663,341</u>	<u>6,136,841</u>	<u>526,500</u>
Totals-Business Type Activities	<u>\$ 82,230,732</u>	<u>\$ 2,479,596</u>	<u>\$ 3,469,443</u>	<u>\$ 81,240,885</u>	<u>\$ 78,216,473</u>	<u>\$ 3,024,412</u>
Totals-Governmental and Business-Type Activities	<u>\$139,911,624</u>	<u>\$ 4,689,814</u>	<u>\$ 5,746,825</u>	<u>\$ 138,854,613</u>	<u>\$133,918,504</u>	<u>\$ 4,936,109</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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, 2011.

	General Obligation Bonds	Revenue Bonds	Total
Debt payable at July 1, 2010.....	\$ 121,620,175	\$ 1,569,406	\$ 123,189,581
Debt retired.....	(2,855,000)	(167,318)	(3,022,318)
Debt refunded	(565,000)	(1,090,000)	(1,655,000)
Issued during fiscal year.....	<u>1,390,000</u>	<u>-</u>	<u>1,390,000</u>
Debt Payable – June 30, 2011.....	<u>\$ 119,590,175</u>	<u>\$ 312,088</u>	<u>\$ 119,902,263</u>

Bonds payable at June 30, 2011, are comprised of the following individual issues:

General Obligation Bonds:	Total	Long-term Amount Outstanding	Current Amount Outstanding
\$2,000,000 – 2006 Public Improvement Bonds due in annual installments of \$100,000 to \$200,000 through June 2021, variable interest.....	\$ 1,580,000	\$ 1,460,000	\$ 120,000
\$10,750,000 – General Obligation Bonds Series 2006 (taxable), due in annual installments of \$225,000 to \$900,000 through June 2026, variable interest	9,175,000	8,775,000	400,000
\$5,200,000 – 2008 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%	2,350,000	2,300,000	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.....	2,705,000	2,600,000	105,000
\$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%	7,565,000	6,265,000	1,300,000
\$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.....	75,975,175	75,145,175	830,000
\$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	-

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 6 – LONG-TERM LIABILITIES (Continued):

	<u>Total</u>	<u>Long-term Amount Outstanding</u>	<u>Current Amount Outstanding</u>
General Obligation Bonds (Continued)			
\$6,075,000 – 2009 Landfill General Obligation Bonds due in annual installments of \$300,000 to \$815,000 through June 2022, variable interest	5,775,000	5,525,000	250,000
\$1,390,000 – General Obligation Refunding Bonds, Series 2011, due in annual installments of \$270,000 to \$300,000 through June 2016, interest at 3%.....	1,390,000	1,120,000	270,000
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%	203,286	123,822	79,464
\$1,092,718 – 1997 State Revolving Funds – due in annual installments of \$62,670 to \$15,790 through August 2012, interest at 3.04%	<u>108,802</u>	<u>15,790</u>	<u>93,012</u>
Total Bonds Outstanding	<u>\$ 119,902,263</u>	<u>\$ 116,404,787</u>	<u>\$ 3,497,476</u>

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

Proprietary Fund Types	\$ 73,277,263
Governmental Activities	46,625,000
Total Bonds Outstanding	<u>\$ 119,902,263</u>

Current Refunding

During the year, the City issued \$1,390,000 of fixed rate bonds to provide resources for the current refunding of a portion of general obligation bond variable rate. The purpose of this transaction 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 with which the debt was associated. The cumulative savings or economic gain from the refunding transaction is not readily determinable due to the variable rate debt instruments involved.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 6 – LONG-TERM LIABILITIES (Continued):

The annual requirements to amortize all Bonds and Capital Outlay Notes outstanding as of June 30, 2011, including interest payments, are \$201,865,134 as follows:

Fiscal Year Ending June 30th	Principal	Interest	Total
2012	\$ 3,497,476	\$ 5,421,898	\$ 8,919,374
2013	3,637,712	5,274,890	8,912,602
2014	3,786,900	5,107,417	8,894,317
2015	4,170,000	4,932,209	9,102,209
2016	<u>4,420,000</u>	<u>4,734,395</u>	<u>9,154,395</u>
Subtotal	<u>19,512,088</u>	<u>25,470,809</u>	<u>44,982,897</u>
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	5,575,000	4,157,594	9,732,594
2021	<u>5,845,000</u>	<u>3,887,977</u>	<u>9,732,977</u>
Subtotal	<u>26,595,000</u>	<u>21,986,970</u>	<u>48,581,970</u>
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	4,235,000	2,914,813	7,149,813
2026	<u>4,415,000</u>	<u>2,700,263</u>	<u>7,115,263</u>
Subtotal	<u>22,555,000</u>	<u>15,656,778</u>	<u>38,211,778</u>
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	4,580,000	1,873,564	6,453,564
2031	<u>3,790,000</u>	<u>1,652,025</u>	<u>5,442,025</u>
Subtotal	<u>20,710,000</u>	<u>10,368,689</u>	<u>31,078,689</u>
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	3,310,000	1,032,525	4,342,525
2036	<u>3,515,000</u>	<u>875,050</u>	<u>4,390,050</u>
Subtotal	<u>15,905,000</u>	<u>5,891,100</u>	<u>21,796,100</u>
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	2,490,000	382,500	2,872,500
2041	<u>2,610,000</u>	<u>262,750</u>	<u>2,872,750</u>
Subtotal	<u>11,885,000</u>	<u>2,454,025</u>	<u>14,339,025</u>
2042	<u>2,740,175</u>	<u>134,500</u>	<u>2,874,675</u>
Totals	<u>\$ 119,902,263</u>	<u>\$ 81,962,871</u>	<u>\$ 201,865,134</u>

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – RETIREMENT COMMITMENTS:

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

(A) Plan Description

The City of Alcoa Employees' Retirement System (the Plan) is a single-employer defined benefit pension plan that covers the employees of the City (except school employees) hired before May 18, 2000. Employees hired after May 18, 2000 can participate in the Tennessee Consolidated Retirement System (TCRS). The Plan provides retirement benefits to plan members and their beneficiaries. Membership of the Plan consisted of the following at July 1, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits.....	154
Terminated plan members entitled to but not yet receiving benefits.....	35
Active plan members.....	<u>74</u>
Total.....	<u><u>263</u></u>
 Number of participating employers.....	 <u><u>1</u></u>

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 years on July 1. For each fiscal year, the financial contribution for the Plan is included in the City's appropriation ordinance in accordance with the budgetary process. Administrative costs are financed through investment earnings. 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.

(B) Realized Gains and Losses Disclosed

Realized gains on investments for the years ended June 30, 2011, were \$847,074. The calculation of these gains is independent of the calculation of the net appreciation (depreciation) in the fair value of Plan investments, and unrealized gains and losses on investments sold in the current year that had been held for more than one year were included in the net appreciation reported in the current year amounting to \$1,240,269.

(C) Summary of Significant Accounting Policies

The financial statements of the Plan are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

(D) Valuation of Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates market. Securities traded on a national exchange are valued at the last reported sales price.

(E) Funded Status of the Plan

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 \$10.391 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%.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

(E) Funded Status of the Plan (Continued)

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%

(F) Actuarial Methods and Assumptions

The funded status of the Plan presents multiyear trend information about whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The required contribution was determined as part of the July 1, 2010 actuarial valuation using the entry age normal method with frozen initial liability (fresh start). The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses), (b) projected salary increases of 2% annually to normal retirement, with adjustment for longevity and sick pay. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2010, was 11 years.

(G) 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 an 11-year period beginning July 1, 2010. The funding level determined by the City for the year ended June 30, 2011 is as follows:

Normal cost	\$ 166,412
Amortization payment (11 years remaining)	981,794
Interest at the valuation rate (8%)	45,928
Annual pension cost	1,194,134
Contributions made	<u>(860,778)</u>
Increase (decrease) in net pension obligation	333,356
Net pension obligation beginning of year	441,594
Net pension obligation end of year	<u>\$ 774,950</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 on a closed basis. 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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

(H) TREND INFORMATION

Six (6) 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
2008	\$ 526,193	95.1%	\$ 25,746
2006	\$ 526,193	43.8%	\$ 2,777,435
2004	\$ 1,393,860	58.7%	\$ 10,694,723
2002	\$ 969,731	48.7%	\$ 2,907,449
2000	\$ 496,884	104.96%	\$ 2,991,814

(2) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM:

(A) PLAN DESCRIPTION

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/>.

(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, 2011 was 15.76% 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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(2) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

(C) ANNUAL PENSION COST

For the year ended June 30, 2011, the City of Alcoa’s annual pension cost of \$1,537,975 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, 2009 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 3.0 percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 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 ten-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, 2009 was 11 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

TREND INFORMATION

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage Of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
June 30, 2011	\$ 1,537,975	100.00%	0.00
June 30, 2010	\$ 1,405,216	100.00%	0.00
June 30, 2009	\$ 1,404,575	100.00%	0.00
June 30, 2008	\$ 1,425,562	100.00%	0.00
June 30, 2007	\$ 1,323,325	100.00%	0.00
June 30, 2006	\$ 1,062,432	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 percent funded. The actuarial accrued liability for benefits was \$22.3 million, and the actuarial value of assets was \$15.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$6.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$9.7 million, and the ratio of the UAAL to the covered payroll was 71.65 percent.

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(2) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

(D) FUNDED STATUS AND FUNDING PROGRESS (Continued)

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	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) ALCOA CITY SCHOOLS

(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/Schools.

(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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(4) **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 \$13,973,598 and \$12,470,777 as of June 30, 2011 and 2010, respectively.

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

Asset balance at July 1, 2010.....	\$ 12,470,777
Deferrals of compensation.....	390,163
Earnings.....	805,816
Investment appreciation/depreciation	1,623,090
Withdrawals.....	(1,293,234)
Administrative expenses.....	<u>(23,014)</u>
Asset balance at June 30, 2011	<u>\$ 13,973,598</u>

(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 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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(5) OTHER POST-EMPLOYMENT BENEFITS (Continued):

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

(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 half 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.

(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, 2011 is as follows:

Annual required contribution (ARC)	
for June 30, 2011	
Normal Cost	\$ 266,519
Interest on Net OPEB Obligation	(2,656)
Adjustment on annual required contributions	2,306
Annual OPEB Costs	266,169
Annual employer contributions	(306,995)
Increase (decrease) in net OPEB obligation.....	(40,826)
Net OPEB obligation – beginning of year	(164,464)
Net OPEB obligation – end of year	\$ (205,290)

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(5) OTHER POST-EMPLOYMENT BENEFITS (Continued):

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

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

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, 2011 (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%
7/01/11*	\$ -	4,231,148	4,231,148	0%	13,540,995	31.2%

* 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 2009-2011 fiscal years 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, 2011

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(5) OTHER POST-EMPLOYMENT BENEFITS (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, 2011 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, 2011.....	28 years

(6) 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, 2011

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(6) 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, 2011 is as follows:

Annual required contribution (ARC) for June 30, 2011	\$ 188,507
Interest on net OPEB obligation.....	516
Adjustment on annual required contribution.....	(532)
Annual OPEB Costs	188,491
Annual employer contributions	(188,502)
Increase (decrease) in net OPEB obligation.....	(11)
Net OPEB obligation – beginning of year	55,985
Net OPEB obligation – end of year	\$ 55,974

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, 2011

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(6) 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%
7/01/11	\$ -	\$ 1,846,396	\$ 1,846,396	0%	\$ 8,396,138	22.0%

* 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 2009-2011 fiscal years 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, 2011 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, 2011	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, 2011

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:

Year Ended <u>June 30,</u>	Beginning of Fiscal Year <u>Liability</u>	Current Year <u>Claims</u>	Liability Balance at Fiscal <u>Year End</u>
2009	\$ 162,968	\$ 2,504,368	\$ 122,645
2010	122,645	2,379,175	106,451
2011	106,451	2,703,271	67,086

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, 2011 and 2010:

JUNE 30, 2010:

SCHOOL OPEB INSURANCE FUND:

The School OPEB Insurance Fund was established to account for the school's annual

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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, 2011, the City of Alcoa contributed \$379,592 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, 2011 is presented below:

Industrial Development Board of Blount County and
the Cities of Alcoa and Maryville, Tennessee (Summary)

Revenues.....	\$ 3,208,558
Expenditures	<u>3,528,708</u>
Excess (Deficiency) of Revenues Over Expenditures	(320,150)
 Net Assets – July 1, 2010	 <u>49,600,047</u>
Net Assets – June 30, 2011.....	<u>\$ 49,279,897</u>
 Total Assets	 <u>\$ 76,202,913</u>
Total Liabilities	<u>\$ 26,923,016</u>
Net Assets.....	<u>\$ 49,279,897</u>

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 11 – JOINT VENTURES:

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, 2011, 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, 2011, is presented below:

Revenues.....	\$ 1,174,504
Other Sources – Operating Transfers.....	899,520
Expenditures	<u>(1,967,149)</u>
Excess of Revenues and Other Sources Over Expenditures	106,875
Fund Balance – July 1, 2010.....	<u>920,869</u>
Fund Balance – June 30, 2011.....	<u>\$ 1,027,744</u>
Total Assets.....	<u>\$ 1,094,031</u>
Total Liabilities	<u>\$ 66,287</u>
Total Fund Balance	<u>\$ 1,027,744</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, 2011. Summary financial information as required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2011, is presented at the top of the next page:

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 11 – JOINT VENTURES (Continued):

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

Operating Revenues	\$ 1,355,074
Operating Expenditures	<u>1,989,254</u>
Operating Income (loss)	(634,180)
Non-Operating Revenues	<u>602,806</u>
Net Income (Loss before transfers)	(31,374)
Transfer to Primary Government – Blount County	<u>(100,000)</u>
Net Income (Loss)	(131,374)
Net Assets – July 1, 2010	<u>3,208,969</u>
Net Assets – June 30, 2011	<u>\$ 3,077,595</u>
Total Assets	<u>\$ 4,351,976</u>
Total Liabilities	<u>\$ 1,274,381</u>
Total Net Assets	<u>\$ 3,077,595</u>

No joint venture debt was reported on the financial statements of the District as of June 30, 2011. 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, 2011, amounted to \$73,240. Summary financial information required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2011, is presented below:

Revenues	\$ 928,054
Expenditures	<u>26,900</u>
Excess of Revenues Over Expenditures Before Franchise	
Fee Distributions	901,154
Franchise Fee Distributions to County and Cities	<u>(904,427)</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,273)
Fund Balance – July 1, 2010	<u>23,823</u>
Fund Balance – June 30, 2011	<u>\$ 20,550</u>
Total Assets	<u>\$ 238,671</u>
Total Liabilities	<u>\$ 218,121</u>
Total Fund Balance	<u>\$ 20,550</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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, 2011. 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 \$403,139 to the operations of the Commission during the fiscal year ended June 30, 2011, and expended an additional \$19,080 for recreation and parks improvements. For the year ended June 30, 2010, the City contributed \$450,981 for Commission operations and \$25,558 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, 2011, is presented below.

Revenues	\$ 2,698,206
Expenditures	<u>2,617,148</u>
Excess of Revenues Over Expenditures	81,058
Fund Balance – July 1, 2010.....	<u>1,080,057</u>
Fund Balance – June 30, 2011	<u>\$ 1,161,115</u>
Total Assets	<u>\$ 1,453,459</u>
Total Liabilities.....	<u>\$ 292,344</u>
Total Fund Balance	<u>\$ 1,161,115</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, 2011**

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>
2012	\$ 9,000	\$ 3,675	\$ 12,675
2013	9,500	3,225	12,725
2014	10,000	2,750	12,750
2015	10,500	2,250	12,750
2016	<u>11,000</u>	<u>1,725</u>	<u>12,725</u>
Subtotal	<u>50,000</u>	<u>13,625</u>	<u>63,625</u>
2017	11,500	1,175	12,675
2018	<u>12,000</u>	<u>600</u>	<u>12,600</u>
Subtotal	<u>23,500</u>	<u>1,775</u>	<u>25,275</u>
Total	<u>\$ 73,500</u>	<u>\$ 15,400</u>	<u>\$ 88,900</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, 2011

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, 2011.

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 \$2,110,539 in operating costs for the year ended June 30, 2011 (June 30, 2010 amount paid \$1,961,847).

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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 \$92,942 and \$91,597 for the years ended June 30, 2011 and June 30, 2010, 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 \$6,663,341 reported as restricted cash and landfill closure and postclosure care liability at June 30, 2011, 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 2011. 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, 2011, the landfill expended \$526,500 in closure and post closure care maintenance.

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, 2011

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, 2011

NOTE 15 – FUND BALANCES:

(A) FUND BALANCES:

At June 30, 2011, fund balances are as follows:

	Fund Balance Summary					Totals
	Major Governmental Funds					
	General Purpose School Fund	Debt Service Fund	Qualified School Construction Fund	Nonmajor Governmental Funds		
Restricted To:						
Streets and Roads	\$ -	\$ -	\$ -	\$ -	\$ 279,435	\$ 279,435
Special Projects	-	41,988	-	-	-	41,988
Drug enforcement.....	990	-	-	-	131,680	132,670
Capital Projects	-	-	-	-	330,193	330,193
Committed To:						
Education.....	-	-	-	500,000	-	500,000
Assigned To:						
Future Projects	1,135,718	-	-	-	-	1,135,718
Education.....	-	2,059,902	-	-	205,941	2,265,843
Debt.....	-	-	95,232	-	-	95,232
School construction	-	-	-	143,496	-	143,496
Special assessment.....	-	-	-	-	8,869	8,869
Capital projects.....	-	-	-	-	30,385	30,385
Unassigned.....	<u>3,993,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,993,720</u>
Totals.....	<u>\$ 5,130,428</u>	<u>\$2,101,890</u>	<u>\$ 95,232</u>	<u>\$ 643,496</u>	<u>\$ 986,503</u>	<u>\$ 8,957,549</u>

(B) CHANGES IN PROPRIETARY FUNDS' NET ASSETS:

	Governmental Activities Internal Service Funds	Enterprise Funds				Total
	Stormwater Utility	Water and Sewer Utility	Electric Utility	Landfill		
Net Assets – Beginning	\$ 1,650,899	\$ 878,904	\$ 16,399,253	\$ 29,660,007	\$ 2,236,335	\$ 49,174,499
Net Income (Loss)	<u>(380,913)</u>	<u>142,557</u>	<u>1,533,844</u>	<u>1,986,456</u>	<u>337,132</u>	<u>3,999,989</u>
Net Assets - Ending	<u>\$ 1,269,986</u>	<u>\$ 1,021,461</u>	<u>\$ 17,933,097</u>	<u>\$ 31,646,463</u>	<u>\$ 2,573,467</u>	<u>\$ 53,174,488</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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, 2011 are as follows:

<u>Assets Recorded Under Capital Leases</u>	<u>Terms</u>	<u>Total Lease Amount</u>	<u>Total Interest/ Interest Rate</u>	<u>Balance of lease Obligation at June 30, 2011</u>
GOVERNMENTAL ACTIVITIES:				
General Fund:				
Civic Center Capital Lease		\$ 9,142,400 (1)		\$ 9,142,400
Communication Equipment		751,750 (2)	\$ 173,706/2.30%	751,750
SunTrust Equipment – Mack Truck	60 mos.	200,761	11,957/2.30%	188,083
First Source – Peterson TL3	60 mos.	91,313	12,229/5.06%	18,511
First Commerce Bank – Freightliner M2.....	60 mos.	159,729	20,199/4.28%	91,705
Subtotal.....		<u>\$ 10,345,953</u>		<u>1,050,049</u>
Total Capital Leases – Governmental Funds.....				<u>\$ 10,192,449</u>
Enterprise Funds:				
Stormwater Utility Fund:				
Stormwater Vacuum Truck.....	60 mos.	\$ 259,222	23,827/3.41%	\$ 186,022
Landfill Fund:				
Case 580 Super M Series 3 Loader/Exthoe.....	36 mos.	80,344	3,478/3.12%	34,123
CAT 9630 Track Loader.....	36 mos.	205,600	11,283/3.50%	189,573
Total Enterprise Funds.....		<u>\$ 545,166</u>		<u>\$ 409,718</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, 2011:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
2012	\$ 151,697	\$ 144,941	\$ 296,638
2013	138,249	128,816	267,065
2014	134,524	108,014	242,538
2015	111,849	27,947	139,796
2016	101,384	-	101,384
2017 - 2021	<u>412,346</u>	<u>-</u>	<u>412,346</u>
Minimum lease payments for all capital leases except Civic Arts Center (1).....	1,050,049	409,718	1,459,767
Less: Amount representing interest at City's incremental borrowing rate of interest	(23,785)	(11,742)	(35,527)
Present Value of Minimum Lease Payments.....	<u>\$ 1,026,264</u>	<u>\$ 397,976</u>	<u>\$ 1,424,240</u>

(1) See Note 16 – (E) (1) Civic Arts Center
(2) See Note 16 – (E) (2) Communication Equipment

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 16 – COMMITMENTS (Continued):

(B) COMMITTED CONSTRUCTION:

As of June 30, 2011, 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, 2011</u>	<u>Estimated Cost to Complete</u>
Landfill – new cell	\$ 5,980,000	\$ 5,839,312	\$ 140,688
Water and Sewer – Springfield Branch sewer shed ..	1,795,000	1,083,592	711,408
(1) Alcoa/Maryville ATMS.....	1,700,000	1,244,886	455,114
(2) Culton Creek Extension.....	405,972	286,337	119,635
Electric Utility - Voltage and substation improvements, and line extensions	1,121,280	812,914	308,366
Bessemer DDI w/s relocation	114,000	112,096	1,904
(3) Overlook Reservoirs Replacement.....	5,500,000	210,344	5,289,656
Old Knoxville Hwy/Pellissippi Place w/s Repl	142,360	2,025	140,335
Liberty Street Lift Station Replacement.....	120,000	8,440	111,560
Hall Road/South Plant Turn Lane.....	60,000	10,148	49,852
Fire Training Facility	86,000	9,017	76,983
Schools –STEM Learning Center feasibility study...	55,000	50,994	4,006
Alcoa High School study.....	175,000	155,853	19,147
Totals.....	<u>\$ 17,254,612</u>	<u>\$ 9,825,958</u>	<u>\$ 7,428,654</u>

- (1) ARRA and CMAQ funds reimburse
- (2) State will reimburse 80%
- (3) State Revolving Fund Loan/ARRA

(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%).

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

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 16 – COMMITMENTS (Continued):

(D) RESEARCH AND DEVELOPMENT INDUSTRIAL PARK (Continued):

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:

(1) Civic Arts Center (Note 16-(A))

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.

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 under 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.

The following presents a summary of the City's Capital Lease commitment as of June 30, 2011:

<u>Present Value of Minimum Lease Payments</u>	<u>Interest</u>	<u>Total Minimum Lease Payments</u>
<u>\$ 9,142,400</u>	<u>\$ 6,213,260</u>	<u>\$ 15,355,660</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 16 – COMMITMENTS (Continued):

(E) CAPITAL LEASE – OBLIGATIONS (Continued):

(1) Civic Arts Center (Continued)

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.

(2) Communications Center Equipment (Note 16-(A))

On August 3, 2010, and subsequently modified on October 21, 2010, the City entered into an inter-governmental agreement with Blount County, Tennessee, and the City of Maryville, Tennessee to acquire certain emergency communications equipment. Under the terms of the agreement, Blount County, Tennessee is the Lessee of the equipment. In turn, the County subleased to the cities of Alcoa and Maryville their prorate share of the equipment. The terms of the agreement require the City to make lease payments totaling \$751,750, plus interest at 3.97%. Title to the equipment will transfer to each governmental entity based upon its share of the actual equipment acquired.

<u>Present Value of Minimum Lease Payments</u>	<u>Interest</u>	<u>Total Minimum Lease Payments</u>
<u>\$ 751,750</u>	<u>\$ 173,706</u>	<u>\$ 925,456</u>

These total minimum lease payments are payable as follows:

<u>Year Ending June 30,</u>	<u>Civic Center</u>	<u>Communication Equipment</u>
2012	\$ 602,327	\$ 92,546
2013	600,791	92,546
2014	598,934	92,546
2015	600,405	92,546
2016	<u>3,080,091</u>	<u>92,546</u>
Subtotal	<u>5,482,548</u>	<u>462,730</u>
2017 – 2021	3,079,700	462,726
2022 – 2026	3,092,636	-
2027 – 2031	3,090,235	-
2032 – 2036	<u>610,541</u>	<u>-</u>
Subtotal	<u>9,873,112</u>	<u>462,726</u>
Total	<u>\$ 15,355,660</u>	<u>\$ 925,456</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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.

NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLE:

For the year ended June 30, 2011, the City implemented Statement No. 54 of the Governmental Accounting Standards Board, which resulted in one of the City’s special revenue funds no longer meeting the definition of a special revenue fund. As a result, the Solid Waste Sanitation Fund is now reported as part of the General Fund. The beginning fund balances have been restated as follows:

	<u>General Fund</u>	<u>Solid Waste Sanitation Fund</u>
Fund Balance, July 1 st		
as previously reported	\$ 2,409,019	\$ 103,231
Adjustment	<u>103,231</u>	<u>(103,231)</u>
Fund Balance, July 1st		
as restated.....	<u>\$ 2,512,250</u>	<u>\$ -</u>

**NOTE 20 – CALCULATION OF INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT
(GOVERNMENTAL FUNDS):**

The following items are used in the calculation of invested in capital assets, net of related debt as follows in the Statement of Net Assets:

	<u>Governmental Activities Invested In Capital Assets, Net of Related Debt</u>
Total Capital Assets	\$ 60,516,477
Long-Term Debt	(57,613,278)
Items in Long-Term Debt:	
Add – compensated absences	796,279
Debt – noncapital related pension funding.....	7,565,000
Civil Center debt.....	<u>7,875,000</u>
June 30, 2011.....	<u>\$ 19,139,028</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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 2012.

The City's Electric Department has started the process for building a new electric substation to relieve the load on the Wildwood Substation. Expected completion would be December 2013 for the substation and four miles of transmission lines. Estimated cost is \$3.5 million to \$4.5 million.

The date to which events occurring after June 30, 2011, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is January 20, 2012, which is the date on which the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2011

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 2007 actuarial valuation date and therefore only the two most current years are presented.

Schedule of employer contributions:

Years Ended June 30,	Annual Required Contribution	Actual Contributions	Percentage of Annual Requirements to Contributions
2011	\$ 1,537,975	\$ 1,537,975	100%
2010	1,425,562	1,425,562	100%
2009	1,404,575	1,404,575	100%
2008	1,425,562	1,425,562	100%
2007	1,323,325	1,323,325	100%
2006	1,062,432	1,062,432	100%

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2011

SCHEDULE OF FUNDING PROGRESS FOR EMPLOYEES' RETIREMENT SYSTEM OF ALCOA:

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued 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	26,291	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%

Schedule of employer contributions:

Years Ended June 30,	Annual Required Contribution	Amount Contributed By Employer	Percentage of Annual Requirement to Contribution
2011	\$ 1,194,134	\$ 860,778	72.1%
2010	939,470	860,778	91.6%
2009	1,008,809	501,664	49.7%
2008	526,193	500,447	95.1%
2007	526,193	8,443,481	1604.6%
2006	1,393,860	2,336,890	167.7%

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2011

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH BENEFITS (OPEB)

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.

(Dollar amounts in thousands)

	Fiscal Year Ended <u>June 30,</u>	Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability <u>(AAL)</u>	Unfunded AAL <u>(UAAL)</u>	Funded <u>Ratio</u>	Annual Covered <u>Payroll</u>	UAAL as a Percentage of Covered <u>Payroll</u>
Primary								
Government	2011 (3)	7/1/2010	\$ -	\$ 4,231	\$ 4,231	0%	\$13,540	31.2%
	2010 (3)	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 (3)	7/1/2010	-	1,846	3,543	0%	8,396	22.0%
	2010 (3)	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.
- (3) Information for the fiscal years 2010 and 2011 is based on results from an actuarial valuation that was performed 7/1/2010.

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
OTHER SUPPLEMENTARY INFORMATION
June 30, 2011

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE
COMBINING FUND FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2011

This page intentionally left blank.

**CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET
Non-Major Governmental Funds
June 30, 2011**

With Comparative Totals for the Fiscal Year Ended June 30, 2010

<u>ASSETS</u>	<u>Special Revenue Funds</u>								2011 Total Special Revenue Funds
	<u>State Street Aid</u>	<u>Federal Projects</u>	<u>Alcoa City Schools Cafeteria</u>	<u>Alcoa Schools Extended Day Program</u>	<u>Special Assessment</u>	<u>Solid Waste Sanitation</u>	<u>Drug Fund</u>	<u>Commercial Motor Vehicle Fines</u>	
Cash and cash equivalents	\$ 277,679	\$ 90,922	\$ 195,455	\$ 25,469	\$ 8,869	\$ -	\$ 110,085	\$ 21,595	\$ 730,074
Local Government Investment Pool	6,027	-	-	-	-	-	-	-	6,027
Accounts and assessments receivable.....	-	-	6,290	15,573	-	-	-	-	21,863
Due from grantors, other governments, and State of Tennessee	-	223,520	-	-	-	-	-	-	223,520
Prepaid items	-	-	-	-	-	-	-	-	-
Due from other funds	-	981	-	-	-	-	-	-	981
Total Assets.....	<u>\$ 283,706</u>	<u>\$ 315,423</u>	<u>\$ 201,745</u>	<u>\$ 41,042</u>	<u>\$ 8,869</u>	<u>\$ -</u>	<u>\$ 110,085</u>	<u>\$ 21,595</u>	<u>\$ 982,465</u>
<u>LIABILITIES AND FUND BALANCE</u>									
Liabilities:									
Salaries payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	4,271	-	-	-	-	-	-	-	4,271
Unapplied grant funds	-	185,674	-	-	-	-	-	-	185,674
Unearned fee income.....	-	-	-	1,899	-	-	-	-	1,899
Accrued compensated absences	-	-	-	-	-	-	-	-	-
Due to other funds.....	-	129,749	34,947	-	-	-	-	-	164,696
Due to State of Tennessee.....	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>4,271</u>	<u>315,423</u>	<u>34,947</u>	<u>1,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,540</u>
Fund Balances									
Restricted.....	279,435	-	-	-	-	-	110,085	21,595	411,115
Assigned.....	-	-	166,798	39,143	8,869	-	-	-	214,810
Total Fund Balances.....	<u>279,435</u>	<u>-</u>	<u>166,798</u>	<u>39,143</u>	<u>8,869</u>	<u>-</u>	<u>110,085</u>	<u>21,595</u>	<u>625,925</u>
Total Liabilities and Fund Balance	<u>\$ 283,706</u>	<u>\$ 315,423</u>	<u>\$ 201,745</u>	<u>\$ 41,042</u>	<u>\$ 8,869</u>	<u>\$ -</u>	<u>\$ 110,085</u>	<u>\$ 21,595</u>	<u>\$ 982,465</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET (Continued)
Non-Major Governmental Funds
June 30, 2011**

With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Capital Project Funds</u>									2011 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 Fund	Landscaping Fund		2011	2010
ASSETS												
Cash and cash equivalents	\$ 61,358	\$ 4,349	\$ 9	\$ 10,046	\$ 44,265	\$ 242,293	\$ 3,025	\$ 1,039	\$ 134,320	\$ 500,704	\$ 1,230,778	\$ 2,167,547
Local Government Investment Pool	-	-	-	-	530,266	-	-	-	-	530,266	536,293	622,907
Accounts and assessments receivable.....	-	93,732	-	-	-	-	-	-	-	93,732	115,595	21,858
Due from grantors, other governments, and State of Tennessee.....	-	-	-	130,627	-	-	-	-	-	130,627	354,147	671,853
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	1,065
Due from other funds.....	-	-	-	-	-	-	-	-	-	-	981	8,726
Total Assets.....	\$ 61,358	\$ 98,081	\$ 9	\$ 140,673	\$ 574,531	\$ 242,293	\$ 3,025	\$ 1,039	\$ 134,320	\$ 1,255,329	\$ 2,237,794	\$ 3,493,956
LIABILITIES AND FUND BALANCE												
Liabilities:												
Salaries payable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,310
Accounts payable	-	-	-	-	-	-	-	-	-	-	4,271	4,259
Unapplied grant funds.....	-	-	-	-	-	-	-	-	-	-	185,674	230,542
Unearned fee income	-	-	-	-	-	-	-	-	-	-	1,899	1,163
Accrued compensated absences	-	-	-	-	-	-	-	-	-	-	-	37,829
Due to other funds.....	-	-	-	100,000	-	-	1,057	-	-	101,057	265,753	324,953
Due to State of Tennessee	-	-	-	-	793,694	-	-	-	-	793,694	793,694	792,602
Grant Anticipation note payable	-	-	-	-	-	-	-	-	-	-	-	800,000
Total Liabilities.....	-	-	-	100,000	793,694	-	1,057	-	-	894,751	1,251,291	2,204,658
Fund Balances:												
Restricted	61,358	98,081	9	40,673	-	-	-	-	130,072	330,193	741,308	126,927
Assigned	-	-	-	-	(219,163)	242,293	1,968	1,039	4,248	30,385	245,195	1,162,371
Total Fund Balances	61,358	98,081	9	40,673	(219,163)	242,293	1,968	1,039	134,320	360,578	986,503	1,289,298
Total Liabilities and Fund Balances...	\$ 61,358	\$ 98,081	\$ 9	\$ 140,673	\$ 574,531	\$ 242,293	\$ 3,025	\$ 1,039	\$ 134,320	\$ 1,255,329	\$ 2,237,794	\$ 3,493,956

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

Special Revenue Funds

	<u>State Street Aid</u>	<u>Federal Projects</u>	<u>Alcoa City Schools Cafeteria</u>	<u>Alcoa Schools Extended Day Program</u>	<u>Special Assessment</u>	<u>Solid Waste Sanitation</u>	<u>Drug Fund</u>	<u>Commercial Motor Vehicle Fines</u>	<u>2011 Total Special Revenue Funds</u>
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-
State gasoline tax.....	211,413	-	-	-	-	-	-	-	211,413
Federal and state grants.....	-	1,014,709	-	-	-	-	-	-	1,014,709
American Recovery and Reinvestment Act (ARRA)	-	-	-	-	-	-	-	-	-
U.S.D.A. reimbursements	-	-	397,818	-	-	-	-	-	397,818
Charges for services	-	-	337,161	178,667	-	-	-	-	515,828
Fines, forfeitures and court cases...	-	-	-	-	-	-	31,403	2,948	34,351
Investment income	690	-	104	13	9	-	251	45	1,112
Sale of equipment.....	-	-	-	-	-	-	-	-	-
Total Revenues.....	<u>212,103</u>	<u>1,014,709</u>	<u>735,083</u>	<u>178,680</u>	<u>9</u>	<u>-</u>	<u>31,654</u>	<u>2,993</u>	<u>2,175,231</u>
Expenditures:									
Current:									
General Government.....	-	-	-	-	-	-	-	-	-
Public Safety.....	-	-	-	-	-	-	74,061	8,438	82,499
Public Works.....	198,588	-	-	-	-	-	-	-	198,588
Culture and Recreation	-	-	-	-	-	-	-	-	-
Economic Development.....	-	-	-	-	-	-	-	-	-
Education.....	-	1,014,709	758,058	167,290	-	-	-	-	1,940,057
Capital Outlay.....	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>198,588</u>	<u>1,014,709</u>	<u>758,058</u>	<u>167,290</u>	<u>-</u>	<u>-</u>	<u>74,061</u>	<u>8,438</u>	<u>2,221,144</u>
Net Change in Fund Balance Before Other Financing Sources (Uses).....	<u>13,515</u>	<u>-</u>	<u>(22,975)</u>	<u>11,390</u>	<u>9</u>	<u>-</u>	<u>(42,407)</u>	<u>(5,445)</u>	<u>(45,913)</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.....	<u>13,515</u>	<u>-</u>	<u>(22,975)</u>	<u>11,390</u>	<u>9</u>	<u>-</u>	<u>(42,407)</u>	<u>(5,445)</u>	<u>(45,913)</u>
Fund Balance, July 1 st	265,920	-	189,773	27,753	8,860	103,231	152,492	27,040	775,069
Adjustment (Note 19).....	-	-	-	-	-	(103,231)	-	-	(103,231)
Fund Balance, July 1 st as restated....	<u>265,920</u>	<u>-</u>	<u>189,773</u>	<u>27,753</u>	<u>8,860</u>	<u>-</u>	<u>152,492</u>	<u>27,040</u>	<u>671,838</u>
Fund Balance, June 30th	<u>\$ 279,435</u>	<u>\$ -</u>	<u>\$ 166,798</u>	<u>\$ 39,143</u>	<u>\$ 8,869</u>	<u>\$ -</u>	<u>\$ 110,085</u>	<u>\$ 21,595</u>	<u>\$ 625,925</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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Capital Project Funds									2010 Total Capital Project Funds	Total Total Non-Major Governmental Funds	
	Capital Projects	Special Projects	General Obligation Public Works Construction	Greenway Projects	2001 Special Project	Equipment Replacemen t	Bessie Harvey Memorial Project	Home Grant Program	Landscapin g		2011	2010
Revenues:												
Taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 998,790
Intergovernmental.....	27,240	-	-	-	-	-	-	-	-	27,240	27,240	27,240
State gasoline tax.....	-	-	-	-	-	-	-	-	-	-	211,413	204,677
Federal and state grants.....	-	-	-	212,682	-	-	-	428,267	-	640,949	1,655,658	736,331
American Recovery and Reinvestment Act of 2009 (ARRA).....	-	-	-	1,048,964	-	3,301	-	-	-	1,052,265	1,052,265	876,737
High Priority Projects (HPP).....	-	-	-	338,140	-	-	-	-	-	338,140	338,140	-
U.S.D.A. reimbursements.....	-	-	-	-	-	-	-	-	-	-	397,818	388,220
Charges for services.....	-	-	-	-	-	-	-	-	7,578	7,578	523,406	934,300
Fines, forfeitures and court cases.....	-	-	-	-	-	-	-	-	-	-	34,351	46,433
Investment income.....	-	72	16	1,038	162	568	-	-	289	2,145	3,257	671
Sale of equipment.....	-	-	-	-	-	6,919	-	-	-	6,919	6,919	7,233
Total Revenues.....	27,240	72	16	1,600,824	162	10,788	-	428,267	7,867	2,075,236	4,250,467	4,220,632
Expenditures:												
Current:												
General Government.....	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety.....	-	-	-	-	-	-	-	-	-	-	82,499	59,027
Public Works.....	-	-	-	-	169,273	-	-	-	-	169,273	367,861	1,725,651
Culture and Recreation.....	-	-	-	1,688,762	-	-	-	428,008	4,433	2,121,203	2,121,203	664,326
Economic Development.....	-	-	-	-	-	-	-	-	-	-	-	1,024,635
Education.....	-	-	-	-	-	-	-	-	-	-	1,940,057	1,855,669
Capital Outlay.....	46,800	-	8,357	-	-	121,514	-	-	-	176,671	176,671	84,899
Total Expenditures.....	46,800	-	8,357	1,688,762	169,273	121,514	-	428,008	4,433	2,467,147	4,688,291	5,414,207
Net Change in Fund Balance Before Other Financing Sources (Uses).....	(19,560)	72	(8,341)	(87,938)	(169,111)	(110,726)	-	259	3,434	(391,911)	(437,824)	
Other Financing Sources (Uses):												
Transfers In:												
Equipment Replacement Fund.....	-	-	-	-	-	-	-	-	-	-	-	-
General Fund.....	-	-	-	138,260	-	100,000	-	-	-	238,260	238,260	-
Transfers Out.....	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Debt.....	-	-	-	-	-	-	-	-	-	-	-	1,024,635
Total Other Financing Sources (Uses).....	-	-	-	138,260	-	100,000	-	-	-	238,260	238,280	1,024,635
Net Change in Fund Balances.....	(19,560)	72	(8,341)	50,322	(169,111)	(10,726)	-	259	3,434	(153,651)	(199,564)	(168,940)
Fund Balance, July 1 st	80,918	98,009	8,350	(9,649)	(50,052)	253,019	1,968	780	130,886	514,229	1,289,298	1,458,238
Adjustment (Note 19).....	-	-	-	-	-	-	-	-	-	-	(103,231)	-
Fund Balance, July 1 st as restated.....	80,918	90,009	8,350	(9,649)	(50,052)	253,019	1,968	780	130,886	414,229	1,186,067	1,458,238
Fund Balance (Deficit), June 30th.....	\$ 61,358	\$ 98,081	\$ 9	\$ 40,673	\$ (219,163)	\$ 242,293	\$ 1,968	\$ 1,039	\$ 134,320	\$ 360,578	\$ 986,503	\$ 1,289,298

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
COMBINING FUND FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS
June 30, 2011

This page intentionally left blank.

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.

This page intentionally left blank.

**CITY OF ALCOA, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2011
With Comparative Totals for June 30, 2010**

<u>ASSETS</u>	<u>Employee Insurance Fund</u>	<u>Flexible Spending Fund</u>	<u>Service Center Fund</u>	<u>City OPEB Insurance Fund</u>	<u>School's OPEB Insurance Fund</u>	<u>Total Internal Service Funds</u>	
						<u>2011</u>	<u>2010</u>
CURRENT ASSETS:							
Cash	\$ 892,652	\$ 13,307	\$ 55,175	\$ 226,000	\$ 162,500	\$ 1,349,634	\$ 1,769,912
<u>LIABILITIES AND NET ASSETS</u>							
CURRENT LIABILITIES:							
Medical claims payable	\$ 67,086	\$ -	\$ -	\$ -	\$ -	\$ 67,086	\$ 106,451
Due to other funds.....	-	12,562	-	-	-	12,562	12,562
Total Current Liabilities.....	67,086	12,562	-	-	-	79,648	119,013
NET ASSETS:							
Unrestricted	825,566	745	55,175	226,000	162,500	1,269,986	1,650,899
Total Liabilities and Net Assets	\$ 892,652	\$ 13,307	\$ 55,175	\$ 226,000	\$ 162,500	\$ 1,349,634	\$ 1,769,912

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, 2011
With Comparative Totals for June 30, 2010**

	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>2011</u>	<u>2010</u>
OPERATING REVENUES:							
Insurance charges.....	\$ 2,931,000	\$ -	\$ -	\$ -	\$ -	\$ 2,931,000	\$ 2,997,207
Refunds – Co-insurance	56,707	-	-	-	-	56,707	32,070
Employee Contributions.....	213,285	111,369	-	-	-	324,654	314,407
Miscellaneous.....	-	-	1,822	-	-	1,822	1,181
Service Center charges.....	-	-	218,428	-	-	218,428	260,996
	<u>3,200,992</u>	<u>111,369</u>	<u>220,250</u>	<u>-</u>	<u>-</u>	<u>3,532,611</u>	<u>3,605,861</u>
Total Operating Revenues							
OPERATING EXPENSES:							
Salaries.....	-	-	39,905	-	-	39,905	34,975
Fringe benefits.....	-	-	7,924	-	-	7,924	10,559
Advertising.....	-	-	-	-	-	-	260
Public relations	-	-	142	-	-	142	-
Improvement teams.....	-	-	8,270	-	-	8,270	-
Maintenance contracts.....	-	-	-	-	-	-	14,209
Contract services.....	-	-	7,125	-	-	7,125	3,808
Utilities	-	-	116,487	-	-	116,487	113,540
Supplies.....	-	-	7,073	-	-	7,073	7,112
Repair and maintenance	-	-	21,236	-	-	21,236	10,314
Insurance claims paid.....	2,703,271	111,323	-	-	-	2,814,594	2,478,309
Insurance claims premiums and administrative expenses.....	946,950	-	12,318	-	-	959,268	951,162
Insurance.....	-	-	-	-	-	-	12,627
	<u>3,650,221</u>	<u>111,323</u>	<u>220,480</u>	<u>-</u>	<u>-</u>	<u>3,982,024</u>	<u>3,636,875</u>
Total Operating Expenses.....							
OPERATING INCOME (LOSS).....	<u>(449,229)</u>	<u>46</u>	<u>(230)</u>	<u>-</u>	<u>-</u>	<u>(449,413)</u>	<u>(31,014)</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, 2011
With Comparative Totals for June 30, 2010**

	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>2011</u>	<u>2010</u>
NON-OPERATING REVENUES (EXPENSES):							
Transfers (out) in	(63,000)	-	-	63,000	68,500	68,500	94,000
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Operating Revenues							
(Expenses).....	<u>(63,000)</u>	<u>-</u>	<u>-</u>	<u>63,000</u>	<u>68,500</u>	<u>68,500</u>	<u>94,000</u>
CHANGE IN NET ASSETS	(512,229)	46	(230)	63,000	68,500	(380,913)	62,986
NET ASSETS – July 1 st	<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>
NET ASSETS. June 30th	<u>\$ 825,566</u>	<u>\$ 745</u>	<u>\$ 55,175</u>	<u>\$ 226,000</u>	<u>\$ 162,500</u>	<u>\$ 1,269,986</u>	<u>\$ 1,650,899</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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010**

	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>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:							
Insurance premiums/reimbursements							
Collected.....	\$ 3,200,992	\$ -	\$ -	\$ -	\$ -	\$ 3,200,992	\$ 3,244,549
Collections from various City departments.....	-	111,369	220,250	-	-	331,619	361,312
Payments to employees and vendors	<u>(3,689,586)</u>	<u>(111,323)</u>	<u>(220,480)</u>	<u>-</u>	<u>-</u>	<u>(4,021,389)</u>	<u>(3,653,069)</u>
Net Cash Provided By (Used In)							
Operating Activities.....	<u>(488,594)</u>	<u>46</u>	<u>(230)</u>	<u>-</u>	<u>-</u>	<u>(488,778)</u>	<u>(47,208)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Receipts from other funds	-	-	-	63,000	68,500	131,500	157,000
Payments to other funds.....	<u>(63,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,000)</u>	<u>(63,000)</u>
Net Cash Provided By (Used In)							
Noncapital Financing Activities.....	<u>(63,000)</u>	<u>-</u>	<u>-</u>	<u>63,000</u>	<u>68,500</u>	<u>68,500</u>	<u>94,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(551,594)	46	(230)	63,000	68,500	(420,278)	46,792
CASH AND CASH EQUIVALENTS – July 1 st	<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>
CASH AND CASH EQUIVALENTS – June 30th ..	<u>\$ 892,652</u>	<u>\$ 13,307</u>	<u>\$ 55,175</u>	<u>\$ 226,000</u>	<u>\$ 162,500</u>	<u>\$ 1,349,634</u>	<u>\$ 1,769,912</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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010**

	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>2011</u>	<u>2010</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating income (loss).....	\$ (449,229)	\$ 46	\$ (230)	\$ -	\$ -	\$ (449,413)	\$ (31,014)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Changes in assets and liabilities:							
Medical claims payable.....	(39,365)	-	-	-	-	(39,365)	(16,194)
NET CASH PROVIDED (USED IN) OPERATING ACTIVITIES	<u>\$ (488,594)</u>	<u>\$ 46</u>	<u>\$ (230)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (488,778)</u>	<u>\$ (47,208)</u>

See accompanying independent auditors' report and notes.

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE
FUND FINANCIAL STATEMENTS
FIDUCIARY FUND
Pension Trust Fund
June 30, 2011

This page intentionally left blank.

**CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND
STATEMENT OF FIDUCIARY PLAN NET ASSETS
June 30, 2011
With Comparative Totals for June 30, 2010**

	Pension Trust Fund Employees' Retirement System	
	<u>2011</u>	<u>2010</u>
ASSETS		
Investments, at fair value:		
Cash and cash equivalents.....	\$ 266,472	\$ 225,478
U.S. Treasury Obligations.....	3,599,939	3,780,607
Domestic corporate and foreign bonds	5,534,022	6,444,229
Common equity securities.....	11,564,678	9,722,914
Municipal obligations	<u>616,958</u>	<u>222,269</u>
Total Investments	21,582,069	20,395,497
Accrued interest	<u>108,856</u>	<u>120,480</u>
Total Assets.....	<u>\$ 21,690,925</u>	<u>\$ 20,515,977</u>
LIABILITIES AND NET ASSETS		
Liabilities	\$ -	\$ -
Net Assets:		
Held in trust for pension benefits.....	<u>21,690,925</u>	<u>20,515,977</u>
Total Liabilities and Net Assets	<u>\$ 21,690,925</u>	<u>\$ 20,515,977</u>

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, 2011
With Comparative Totals for June 30, 2010**

	Pension Trust Fund Employees' Retirement System	
	<u>2011</u>	<u>2010</u>
Additions:		
Employer contributions.....	\$ 860,778	\$ 944,582
Interest/dividend income.....	713,601	817,349
Net appreciation in fair value of investments.....	1,240,269	1,415,967
Realized gain on sale of investments.....	<u>847,074</u>	<u>-</u>
Total Additions.....	<u>3,661,722</u>	<u>3,177,898</u>
Deductions:		
Benefits paid	2,423,338	2,359,594
Administrative expenses	<u>63,436</u>	<u>88,152</u>
Total Deductions	<u>2,486,774</u>	<u>2,447,746</u>
Change in Net Assets.....	1,174,948	730,152
Net Assets – Beginning of Year	<u>20,515,977</u>	<u>19,785,825</u>
Net Assets – End of Year	<u>\$ 21,690,925</u>	<u>\$ 20,515,977</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.

This page intentionally left blank.

**CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
June 30, 2011 and 2010**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash on hand and equity in pooled cash	\$ 3,348,435	\$ 1,901,128
Tennessee Local Government Investment Pool.....	-	1,662
Property taxes receivable (net of allowance for estimated uncollectibles).....	9,922,450	11,799,164
Sales taxes receivable - State of Tennessee.....	1,208,693	1,078,935
Accounts receivable.....	150,504	53,639
Notes receivable	1,982	1,982
Due from Other Governments.....	3,886	-
Due from Flexible Spending Fund.....	-	12,562
Due from Greenway Projects Fund.....	100,000	-
Due from Bessie Harvey Fund	1,057	1,057
Due from School Construction and Improvement Fund.....	360,000	-
Due from Credit Union	135	242
Due from Grantors.....	<u>132,978</u>	<u>70,259</u>
Total Assets	<u>\$ 15,230,120</u>	<u>\$ 14,920,630</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable.....	\$ 69,783	\$ 78,805
Deferred revenue	9,829,604	11,735,616
Wages payable.....	200,305	197,190
Grant anticipation notes payable.....	<u>-</u>	<u>500,000</u>
Total Liabilities.....	<u>10,099,692</u>	<u>12,511,611</u>
Fund Balance:		
Restricted	990	2,595
Assigned.....	1,135,718	13,900
Unassigned	<u>3,993,720</u>	<u>2,392,524</u>
Total Fund Balance	<u>5,130,428</u>	<u>2,409,019</u>
Total Liabilities and Fund Balance	<u>\$ 15,230,120</u>	<u>\$ 14,920,630</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2010
	Budgeted Amounts				
	<u>Original</u>	<u>Final</u>			
TAXES:					
Current property taxes.....	\$ 4,480,000	\$ 4,480,000	\$ 4,925,373	\$ 445,373	\$ 3,211,639
Delinquent property taxes.....	375,000	375,000	1,521,572	1,146,572	412,106
Business tax.....	552,500	552,500	761,500	209,000	534,329
Local sales tax.....	5,844,745	5,844,745	6,249,648	404,903	5,831,489
Gas franchise tax.....	150,000	150,000	152,091	2,091	162,165
Tax equivalent/in lieu.....	94,564	94,564	40,000	(54,564)	-
Hotel/Motel tax.....	<u>100,000</u>	<u>100,000</u>	<u>113,225</u>	<u>13,225</u>	<u>100,186</u>
Total Taxes.....	<u>11,596,809</u>	<u>11,596,809</u>	<u>13,763,409</u>	<u>2,166,600</u>	<u>10,251,914</u>
LICENSES AND PERMITS:					
Animal registration.....	900	900	638	(262)	833
Building permits.....	45,000	45,000	53,203	8,203	31,699
Mechanical and gas permits.....	2,000	2,000	3,970	1,970	2,347
Plumbing permits.....	<u>2,000</u>	<u>2,000</u>	<u>4,013</u>	<u>2,013</u>	<u>1,423</u>
Total Licenses and Permits.....	<u>49,900</u>	<u>49,900</u>	<u>61,824</u>	<u>11,924</u>	<u>36,302</u>
INTERGOVERNMENTAL REVENUE:					
State of Tennessee:					
Beer tax.....	4,000	4,000	4,035	35	3,833
Sales tax.....	500,000	500,000	511,897	11,897	492,300
State Income tax.....	60,000	60,000	69,431	9,431	70,537
Streets and transportation.....	16,600	16,600	16,600	-	16,608
Mixed drink tax.....	80,000	80,000	105,218	25,218	83,191
Alcoholic liquor tax.....	150,000	150,000	160,931	10,931	140,940
TVA - in lieu.....	85,000	85,000	87,037	2,037	85,078
Excise tax.....	31,000	31,000	2,703	(28,297)	31,122
Fire – salary supplement.....	17,400	17,400	16,800	(600)	16,200
Police – salary supplement.....	22,200	22,200	22,200	-	22,200
Local:					
Local beer tax.....	510,000	510,000	522,438	12,438	488,589
Credit Union cost recovery.....	82,000	82,000	87,817	5,817	95,081
Stormwater cost recovery.....	214,000	214,000	180,281	(33,719)	203,495
Grants:					
State/Federal grants.....	735,030	735,030	169,794	(565,236)	53,350
Drug Task Force.....	700	700	782	82	464
ARRA Grant.....	1,700,000	1,700,000	1,635,667	(64,333)	27,615
Federal Grant.....	121,190	121,190	121,192	2	-
Grant COPS.....	-	-	117,083	117,083	31,438
Justice Assistance.....	-	-	-	-	11,736
Cop Grant.....	<u>-</u>	<u>-</u>	<u>3,133</u>	<u>3,133</u>	<u>7,577</u>
Total Intergovernmental Revenue.....	<u>4,329,120</u>	<u>4,329,120</u>	<u>3,835,039</u>	<u>(494,081)</u>	<u>1,881,354</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	June 30, 2011				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2010
	<u>Original</u>	<u>Final</u>			
FINES AND FORFEITS:					
Fines and costs	300,000	300,000	319,286	19,286	287,270
Penalties.....	125,000	125,000	463,786	338,786	206,174
Police Evidence Money/Drug					
Control.....	<u>25,000</u>	<u>25,000</u>	<u>16,200</u>	<u>(8,800)</u>	<u>40,645</u>
Total Fines and Forfeits	<u>450,000</u>	<u>450,000</u>	<u>799,272</u>	<u>349,272</u>	<u>534,089</u>
INTEREST EARNED	<u>2,525</u>	<u>2,525</u>	<u>9,512</u>	<u>6,987</u>	<u>336</u>
MISCELLANEOUS REVENUE:					
Public works, labor, and material ...	513,365	408,250	378,405	(29,845)	24,339
Miscellaneous.....	10,000	10,000	20,688	10,688	5,282
CATV franchise fee.....	65,500	65,500	73,240	7,740	65,739
Fees/development.....	7,000	7,000	17,734	10,734	7,078
Department Services.....	100,000	100,000	108,193	8,193	98,820
Insurance refunds	5,000	5,000	2,500	(2,500)	4,500
Property rental.....	154,650	154,650	154,944	294	154,744
Sale of property.....	-	-	5,005	5,005	8,576
Total Miscellaneous Revenue...	<u>855,515</u>	<u>750,400</u>	<u>760,709</u>	<u>10,309</u>	<u>369,078</u>
TOTAL REVENUES.....	<u>\$ 17,283,869</u>	<u>\$ 17,178,754</u>	<u>\$ 19,229,765</u>	<u>\$ 2,051,011</u>	<u>\$ 13,073,073</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	<u>Total</u> <u>2010</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>	
GENERAL GOVERNMENT:					
<u>Board of Commissioners:</u>					
Wages and salaries	\$ 11,400	\$ 11,400	\$ 11,400	\$ -	\$ 11,400
FICA.....	1,205	1,205	1,203	2	1,203
Other personnel services	100	100	-	100	-
Mailing	50	50	12	38	32
Dues, memberships, and subscriptions	4,000	4,000	3,937	63	3,968
Advertising and publicity.....	3,500	3,500	4,020	(520)	3,341
Travel, conferences, and training	5,000	5,000	913	4,087	412
Reproduction and printing	3,000	3,000	2,866	134	2,832
Office supplies	500	500	162	338	552
Insurance.....	23,000	23,000	28,271	(5,271)	21,050
Computer Equipment.....	-	-	978	(978)	-
Election Services	2,000	2,000	-	2,000	-
Utilities	3,600	3,600	3,696	(96)	3,583
Other contractual services	4,320	4,320	4,320	-	4,320
Uniform and Clothing.....	-	-	69	(69)	-
Total Board of Commissioners.....	<u>61,675</u>	<u>61,675</u>	<u>61,847</u>	<u>(172)</u>	<u>52,693</u>
<u>City Manager's Office:</u>					
Wages and salaries	98,850	98,850	99,417	(567)	98,838
F. I. C. A.	7,880	7,880	7,246	634	7,020
Retirement.....	20,640	22,140	22,103	37	21,700
Hospitalization insurance.....	11,760	11,760	11,760	-	11,760
Life/AD&D.....	430	430	397	33	398
Dental insurance.....	1,440	1,440	742	698	742
Workmen's compensation.....	500	500	449	51	464
Professional and Consulting.....	-	-	214	(214)	-
Other personnel services	4,190	4,190	4,904	(714)	4,257
Mailing	250	250	51	199	65
Dues, memberships, and subscriptions	5,000	5,000	5,117	(117)	4,422
Computer equipment	-	490	482	8	755
Travel, conferences, training, gas and parts .	6,200	6,200	7,210	(1,010)	7,417
Public relations.....	2,000	2,000	1,932	68	1,748
Repairs and maintenance	200	200	-	200	-
Employee education and training	800	800	140	660	823
Reproduction and printing	3,000	3,000	2,865	135	2,832
Utilities	5,200	5,200	4,093	1,107	4,584
Other contractual services	-	-	-	-	2,040
Insurance.....	1,400	1,400	1,026	374	1,074
Office supplies/other supplies	1,200	1,200	1,708	(508)	1,459
Lease.....	<u>2,650</u>	<u>2,650</u>	<u>2,649</u>	<u>1</u>	<u>-</u>
Total City Manager's Office.....	<u>173,590</u>	<u>175,580</u>	<u>174,505</u>	<u>1,075</u>	<u>172,398</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Human Resources:</u>					
Wages and salaries	193,760	194,260	194,196	64	193,842
Overtime	-	-	64	(64)	
F. I. C. A.	15,240	15,240	14,917	323	14,894
Retirement	30,230	30,230	30,430	(200)	29,003
Hospitalization insurance.....	16,130	16,130	16,134	(4)	16,211
Life/AD&D.....	520	520	487	33	483
Dental insurance.....	1,970	1,970	1,634	336	1,868
Workmen's compensation.....	350	350	273	77	304
Maintenance contracts	250	250	176	74	240
Professional services	-	-	540	(540)	-
Other personnel services.....	5,730	5,730	5,871	(141)	5,515
Mailing	1,000	1,000	494	506	788
Dues, memberships, and subscriptions	500	500	461	39	319
Travel, conferences, and training	1,000	1,000	578	422	481
Reproduction and printing	3,000	5,600	5,549	51	3,505
Utilities	2,800	2,800	2,813	(13)	2,817
Office supplies	4,500	6,910	7,861	(951)	4,469
Repairs and maintenance	350	350	557	(207)	204
Business/Public relations	-	-	165	(165)	84
Employee education and training	1,200	1,200	1,081	119	392
Insurance	2,100	2,100	1,249	851	1,751
Other operating supplies.....	-	-	667	(667)	-
Computer equipment.....	-	-	170	(170)	572
Other contractual services.....	810	810	929	(119)	1,110
Improvement teams/service awards.....	2,000	3,500	3,331	169	1,974
Safety supplies	400	400	193	207	691
Drug/alcohol testing	-	-	23	(23)	-
Total Personnel Office.....	<u>283,840</u>	<u>290,850</u>	<u>290,843</u>	<u>7</u>	<u>281,517</u>
<u>Judicial/Legal:</u>					
Retirement	1,400	1,400	1,419	(19)	1,300
FICA.....	700	700	637	63	637
Medical Insurance	9,000	9,000	8,400	600	8,400
Dental Insurance	1,060	1,060	1,026	34	1,026
City Attorney	100,000	84,000	56,882	27,118	82,434
Other Legal Services	15,000	15,000	12,415	2,585	10,000
Wages – City Judge.....	<u>9,000</u>	<u>9,000</u>	<u>8,999</u>	<u>1</u>	<u>9,000</u>
Total Judicial/Legal.....	<u>136,160</u>	<u>120,160</u>	<u>89,778</u>	<u>30,382</u>	<u>112,797</u>
<u>Finance:</u>					
Wages and salaries	138,240	138,240	138,304	(64)	138,123
F. I. C. A.	11,070	11,070	10,673	397	10,631
Retirement	36,680	36,680	37,529	(849)	35,583

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Finance (Continued):</u>					
Hospitalization insurance	22,680	22,680	22,680	-	22,680
Life/AD&D	680	680	639	41	631
Dental insurance	2,770	2,770	2,376	394	2,371
Workmen's compensation	450	450	339	111	372
Bonds	-	-	473	(473)	490
Other personnel services	6,580	6,580	6,192	388	6,631
Employee education and training	300	300	-	300	-
Professional services	500	500	277	223	-
Mailing	5,000	5,000	4,863	137	4,820
Dues, memberships, and subscriptions	1,000	1,000	1,509	(509)	794
Accounting and auditing	15,500	15,500	14,100	1,400	15,930
Advertising	300	300	340	(40)	315
Travel	3,000	3,000	3,929	(929)	2,912
Public relations	300	300	388	(88)	334
Repairs and maintenance	365	365	-	365	1,066
Reproduction and printing	2,000	2,000	1,841	159	1,854
Utilities	2,800	2,800	2,787	13	2,765
Other contractual services	810	810	810	-	810
Office supplies	7,000	7,000	2,774	4,226	5,288
Insurance	2,000	2,000	1,347	653	1,864
Property tax assessment fees	40,900	56,900	60,900	(4,000)	31,180
Auto parts/gas	350	350	-	350	-
Computer equipment	-	-	256	(256)	-
Debt service fees	1,500	1,500	3,134	(1,634)	3,632
Maintenance contracts	3,200	3,200	3,200	-	3,200
Total Finance	305,975	321,975	321,660	315	294,276
<u>Information Systems:</u>					
Wages and salaries	91,470	91,470	91,320	150	92,156
F. I. C. A.	7,040	7,040	6,804	236	6,877
Retirement	19,680	19,680	19,825	(145)	18,804
Hospitalization insurance	16,800	16,800	16,806	(6)	16,883
Life/AD&D	480	480	447	33	437
Dental insurance	2,050	2,050	2,053	(3)	2,062
Workmen's compensation	260	260	216	44	239
Mailing	50	50	48	2	24
Other operating supplies	250	250	195	55	186
Other personnel services	1,140	1,140	2,570	(1,430)	1,662
Travel, conference and training	1,000	1,000	752	248	192
Rental and maintenance contracts	54,000	54,000	62,324	(8,324)	52,515
Utilities	12,000	12,000	11,685	315	12,371
Employee education training	-	-	104	(104)	-

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

Function/Activity/Object	June 30, 2011				
	Budgeted Amounts		Actual	Variance with	Total
	Original	Final	Amounts	Final Budget	
			(Budgetary	Positive	
			Basis)	(Negative)	2010
GENERAL GOVERNMENT (Continued):					
Information Systems (Continued):					
Office supplies.....	5,000	5,000	5,245	(245)	6,278
Insurance.....	2,600	2,600	1,798	802	2,260
Repair and maintenance office	500	500	-	500	-
Drug/alcohol testing.....	150	150	22	128	64
Computer equipment.....	-	-	2,236	(2,236)	270
Auto parts and gasoline.....	1,100	1,100	910	190	998
Total Information Systems	<u>215,570</u>	<u>215,570</u>	<u>225,360</u>	<u>(9,790)</u>	<u>214,278</u>
Purchasing and Warehouse:					
Wages and salaries.....	36,260	36,260	36,279	(19)	47,328
F. I. C. A.	2,790	2,790	2,793	(3)	3,596
Retirement.....	11,540	11,540	11,639	(99)	12,650
Hospitalization insurance	5,630	5,630	5,803	(173)	7,728
Life/AD&D	170	170	168	2	214
Dental insurance	690	690	416	274	492
Workmen's compensation.....	150	150	83	67	123
Other personnel services	270	270	269	1	275
Employee education/training/testing.....	150	150	72	78	90
Mailing.....	100	100	91	9	134
Dues, memberships, and subscriptions ...	850	850	576	274	813
Advertising.....	200	200	1,637	(1,437)	241
Travel and training.....	100	100	22	78	27
Repair and maintenance office	50	50	-	50	-
Reproduction and printing.....	200	200	-	200	102
Utilities	2,200	2,200	2,301	(101)	2,354
Office supplies.....	1,700	1,700	1,251	449	1,152
Other operating supplies/parts.....	400	400	388	12	877
Insurance and bonds.....	1,100	1,100	661	439	950
Computer equipment.....	1,000	1,000	64	936	302
Uniforms and clothing	125	125	72	53	99
Professional services.....	-	-	283	(283)	-
Improvement teams	200	200	150	50	-
Auto parts/gasoline.....	-	-	-	-	174
Total Purchasing and Warehouse.....	<u>65,875</u>	<u>65,875</u>	<u>65,018</u>	<u>857</u>	<u>79,721</u>
Planning and Development:					
Wages and salaries.....	153,120	153,120	153,213	(93)	153,119
F. I. C. A.	11,810	11,810	11,635	175	11,635
Retirement.....	24,130	24,130	24,612	(482)	22,512
Hospitalization insurance	21,000	21,000	21,000	-	21,000
Life/AD&D	700	700	652	48	618
Dental insurance	2,570	2,570	2,566	4	2,565
Workmen's compensation.....	450	450	360	90	399

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Planning and Development (Continued):</u>					
Insurance	2,100	2,100	1,209	891	1,652
Other personnel services	1,400	1,400	1,375	25	1,000
Employee education.....	500	500	83	417	75
Dues and memberships	750	750	779	(29)	843
Mailing.....	100	100	-	100	-
Drug/alcohol testing.....	100	100	-	100	-
Temporary services.....	-	-	-	-	462
Professional and consulting services.....	2,500	2,500	600	1,900	-
Travel.....	1,000	1,000	454	546	693
Printing	2,550	2,550	1,772	778	2,699
Planning commission meetings	1,100	1,100	1,056	44	1,130
Utilities	1,400	1,400	1,115	285	1,272
Other contractual services	1,800	1,800	1,801	(1)	2,059
Advertising/Public relations	1,550	1,550	1,483	67	1,175
Office supplies.....	660	660	863	(203)	551
Repairs and maintenance office.....	150	150	-	150	-
Maintenance contracts	500	500	-	500	-
Gasoline/auto parts	475	475	218	257	200
Other operating supplies	150	150	9	141	3
Computer equipment.....	-	-	138	(138)	-
Total Planning and Development.....	<u>232,565</u>	<u>232,565</u>	<u>226,993</u>	<u>5,572</u>	<u>225,662</u>
<u>Economic and Industrial Development:</u>					
Wages and salaries.....	53,280	53,280	53,312	(32)	53,279
F. I. C. A.	4,380	4,380	4,169	211	4,044
Retirement.....	8,400	8,400	9,381	(981)	8,601
Hospitalization insurance	4,200	4,200	4,200	-	4,200
Life/AD&D	200	200	185	15	188
Dental insurance	510	510	513	(3)	513
Workmen's compensation.....	400	400	331	69	363
Other personnel services	4,020	4,020	4,021	(1)	4,020
Employee education and training.....	-	-	154	(154)	5
Professional services.....	40,000	40,000	58,329	(18,329)	49,081
Mailing.....	200	200	499	(299)	245
Dues and memberships	3,800	3,800	2,527	1,273	3,676
Advertising.....	3,500	3,500	3,150	350	2,836
Travel.....	6,000	6,000	13,696	(7,696)	8,190
Public relations	1,500	1,500	509	991	1,445
Printing	3,000	3,000	2,866	134	2,832
Utilities	4,000	4,000	2,956	1,044	4,603
Other contractual services	2,250	2,250	2,250	-	2,250
Office supplies.....	1,000	1,000	1,179	(179)	542

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Economic and Industrial Development (Cont.)</u>					
Insurance.....	1,400	1,400	627	773	988
Equipment.....	500	500	-	500	-
Sister City Project.....	-	-	190	(190)	455
Total Economic and Industrial Development	<u>142,540</u>	<u>142,540</u>	<u>165,044</u>	<u>(22,504)</u>	<u>152,356</u>
TOTAL GENERAL GOVERNMENT.....	<u>1,617,790</u>	<u>1,626,790</u>	<u>1,621,048</u>	<u>5,742</u>	<u>1,585,698</u>
PUBLIC WORKS:					
<u>Supervision:</u>					
Wages and salaries – regular.....	165,580	165,580	165,825	(245)	190,578
F. I. C. A.	13,070	13,070	12,733	337	14,589
Retirement.....	35,630	35,630	36,495	(865)	37,903
Hospitalization insurance.....	23,940	23,940	24,009	(69)	27,719
Life/AD&D.....	770	770	712	58	761
Dental insurance.....	2,930	2,930	2,792	138	3,232
Workmen's compensation	750	750	538	212	725
Service center cost.....	70,000	70,000	71,217	(1,217)	65,908
Drug/Alcohol testing	100	100	43	57	64
Employee education and training	200	200	-	200	1,505
Other contractual services.....	250	250	-	250	65
Other personnel services.....	5,390	5,390	4,346	1,044	5,914
Mailing	1,000	1,000	966	34	1,117
Dues and memberships.....	4,705	4,705	2,513	2,192	3,164
Travel.....	2,820	2,820	1,364	1,456	1,165
Advertising.....	200	200	49	151	456
Uniforms.....	200	200	43	157	-
Reproduction and printing	800	800	930	(130)	857
Retiree/Insurance.....	-	-	-	-	2,050
Professional and consulting.....	1,000	1,000	-	1,000	-
Rental and maintenance contracts	1,000	1,000	150	850	150
Utilities	2,200	2,200	1,722	478	2,024
Office supplies	2,700	2,700	1,434	1,266	1,775
Auto parts.....	500	500	780	(280)	281
Gas.....	400	400	925	(525)	512
Insurance and bonds	1,250	1,250	893	357	1,065
Other supplies	400	400	65	335	308
Safety supplies and materials.....	400	400	9	391	12
Communication and computer equipment	500	500	588	(88)	674
Public relations.....	250	250	91	159	123
Improvement teams	1,200	1,200	1,193	7	496
Machinery and equipment.....	1,750	1,750	-	1,750	-
Repair and maintenance.....	200	200	272	(72)	314

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued)					
<u>Supervision (Continued)</u>					
Small tools	200	200	-	200	-
GIS Systems.....	12,240	12,240	13,537	(1,297)	17,903
Regulatory fees and licenses	2,010	2,010	2,506	(496)	545
Total Supervision	<u>356,535</u>	<u>356,535</u>	<u>348,740</u>	<u>7,795</u>	<u>383,954</u>
<u>Engineering and Codes Enforcement:</u>					
Wages and salaries	114,930	114,930	114,998	(68)	114,684
F. I. C. A.	9,160	9,160	8,827	333	8,803
Retirement.....	44,950	44,950	45,041	(91)	43,518
Hospitalization insurance.....	21,000	21,000	21,000	-	21,000
Life/AD&D.....	600	600	561	39	525
Dental insurance.....	2,570	2,570	2,566	4	2,566
Workmen's compensation	4,000	4,000	3,780	220	3,327
Drug/Alcohol testing	200	200	43	157	85
Other personnel services.....	4,860	4,860	4,864	(4)	4,490
Wages – Temporary	-	-	-	-	462
Mailing	450	450	328	122	373
Dues and memberships.....	400	400	346	54	468
House demolition	5,000	5,000	-	5,000	-
Insurance.....	2,100	2,100	1,352	748	1,805
Advertising/Public relations.....	800	800	100	700	94
Travel/employee training.....	500	500	246	254	251
Printing.....	2,700	2,700	1,772	928	2,744
Professional services.....	250	250	14	236	50
Other contractual services.....	1,200	1,200	4,447	(3,247)	1,129
Repairs and maintenance – Office equipment.	150	150	150	-	109
Uniforms.....	400	400	243	157	482
Maintenance contracts	-	-	-	-	-
Utilities	2,550	2,550	2,425	125	2,460
Office supplies	500	500	220	280	512
Small tools	200	200	55	145	150
Auto parts.....	1,000	1,000	1,002	(2)	417
Gas.....	1,850	1,850	2,800	(950)	2,273
Employee education/training	650	650	273	377	461
Total Engineering and Codes	<u>222,970</u>	<u>222,970</u>	<u>217,453</u>	<u>5,517</u>	<u>213,238</u>
<u>Building and Grounds:</u>					
Wages and salaries	53,830	53,830	52,517	1,313	53,830
Wages - overtime and standby	250	250	-	250	78
F. I. C. A.	4,450	4,450	4,384	66	4,382
Retirement.....	21,820	21,820	21,715	105	21,250
Hospitalization insurance.....	8,400	8,400	4,900	3,500	8,400

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>				<u>Total 2010</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Building and Grounds (Continued):</u>					
Life/AD&D	260	260	142	118	239
Dental insurance	1,030	1,030	599	431	1,026
Workmen's compensation	3,750	3,750	1,995	1,755	3,299
Other personnel services	4,090	4,090	4,334	(244)	4,088
Drug/Alcohol test	75	75	-	75	-
Rental and maintenance contracts.....	1,100	1,100	500	600	500
Utilities	1,200	1,200	994	206	6,099
Other operating supplies	50	50	223	(173)	30
Small tools.....	400	400	81	319	35
Uniforms	375	375	-	375	241
Auto parts.....	200	200	25	175	16
Electric, chemical and plumbing supplies	100	100	-	100	-
Gasoline, fuel, and lubricants	2,000	2,000	1,137	863	2,174
Construction materials	1,000	1,000	-	1,000	-
Insurance.....	17,000	17,000	11,621	5,379	15,453
Retiree insurance	-	-	1,230	(1,230)	1,025
Repairs and maintenance.....	2,000	2,000	532	1,468	593
Springbrook Corporation Center	5,500	5,500	8,806	(3,306)	5,509
Contract services	4,000	4,000	-	4,000	2,693
Maintenance – Associates Boulevard	-	-	5,087	(5,087)	-
Other improvements	-	-	20	(20)	145
Total Building and Grounds	<u>132,880</u>	<u>132,880</u>	<u>120,842</u>	<u>12,038</u>	<u>131,105</u>
<u>Municipal Building:</u>					
Rental and maintenance contracts.....	7,000	7,000	7,811	(811)	7,743
Wages	15,650	15,650	15,661	(11)	15,565
F.I.C.A.	1,200	1,200	1,173	27	1,166
Fringe Benefits	9,200	9,200	9,307	(107)	8,479
Workers Comp	1,000	1,000	-	1,000	698
Other Personnel Services	40	40	84	(44)	35
Auto parts/gas.....	350	1,550	1,394	156	270
Utilities	82,000	85,000	85,637	(637)	72,117
Insurance.....	4,400	4,400	3,826	574	4,171
Operating supplies	5,500	6,500	6,511	(11)	5,969
Repairs and maintenance.....	10,000	15,800	16,183	(383)	9,205
Equipment and building improvements	650	650	-	650	5,160
Total Municipal Building	<u>136,990</u>	<u>147,990</u>	<u>147,587</u>	<u>403</u>	<u>130,578</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Equipment Shop:</u>					
Wages and salaries.....	75,680	75,680	77,052	(1,372)	75,683
Wages – overtime and standby.....	2,500	2,500	5,660	(3,160)	2,250
F.I.C.A.	6,330	6,330	6,407	(77)	6,196
Retirement.....	18,130	18,130	18,912	(782)	17,483
Retiree supplement	13,450	13,450	17,305	(3,855)	-
Retiree insurance	4,620	4,620	1,409	3,211	-
Hospitalization insurance	15,370	15,370	15,371	(1)	15,371
Life/AD&D	410	410	390	20	384
Dental insurance	1,880	1,880	1,878	2	1,878
Workmen's compensation	2,750	2,750	2,729	21	1,696
Other personnel services	4,620	4,620	2,619	2,001	4,616
Drug/Alcohol test	100	100	43	57	21
Professional services.....	-	-	85	(85)	70
Maintenance contract.....	900	900	-	900	-
Utilities	-	-	484	(484)	24
Office supplies.....	50	50	-	50	53
Other operating supplies	2,200	2,200	6,082	(3,882)	4,346
Small tools.....	1,000	1,000	1,476	(476)	2,179
Uniforms	1,000	1,000	560	440	1,240
Auto/electrical parts/materials.....	7,000	7,000	8,939	(1,939)	6,862
Other contractual services	900	900	638	262	-
Gas, fuel, and lubricants.....	3,000	3,000	3,702	(702)	2,881
Insurance and bonds.....	1,800	1,800	1,170	630	1,537
Repairs and maintenance.....	3,000	3,000	187	2,813	3,882
Travel.....	100	100	-	100	-
Fuel pump equipment	-	-	1,562	(1,562)	11,000
Computer equipment.....	-	-	848	(848)	-
Dues, memberships and subscriptions	120	120	-	120	588
Improvement teams	100	100	120	(20)	125
Printing	200	200	208	(8)	106
Mailing.....	100	100	-	100	-
Advertising.....	-	-	99	(99)	-
Total Equipment Shop	<u>167,310</u>	<u>167,310</u>	<u>175,935</u>	<u>(8,625)</u>	<u>160,471</u>
<u>Streets Supervision:</u>					
Wages and salaries – regular.....	143,580	143,580	142,785	795	143,582
Wages and salaries – overtime and standby.....	9,250	9,250	8,899	351	8,429
F. I. C. A.	12,090	12,090	11,860	230	11,816
Retirement.....	65,090	65,090	65,005	85	63,128
Retiree insurance	4,620	4,620	4,620	-	4,620
Hospitalization insurance	25,200	25,200	25,200	-	25,200
Life/AD&D	730	730	687	43	665
Dental insurance	3,080	3,080	3,079	1	3,079
Workmen's compensation	8,500	8,500	8,432	68	7,893

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>				<u>Total 2010</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Streets Supervision (Continued):</u>					
Dues/travel/memberships.....	700	700	-	700	90
Other personnel services.....	5,390	5,390	6,295	(905)	5,249
Employee training.....	100	100	100	-	101
Utilities.....	450	450	497	(47)	438
Office supplies.....	100	100	87	13	-
Improvement teams.....	200	200	156	44	239
Professional and consulting.....	250	250	217	33	217
Other operating supplies.....	100	100	6	94	139
Automotive parts.....	1,000	1,000	612	388	33
Gasoline, fuel and lubricants.....	1,000	1,000	1,065	(65)	898
Insurance.....	1,000	1,000	846	154	908
Uniforms.....	800	800	270	530	857
Drug/alcohol testing.....	250	250	312	(62)	352
Total Streets Supervision.....	<u>283,480</u>	<u>283,480</u>	<u>281,030</u>	<u>2,450</u>	<u>277,933</u>
<u>Streets – Repair and Construction:</u>					
Wages and salaries – regular.....	181,190	181,190	181,618	(428)	245,435
Wages and salaries – overtime and standby.....	14,000	14,000	18,363	(4,363)	19,471
F.I.C.A.....	15,610	15,610	15,608	2	20,954
Retirement.....	54,720	54,720	55,810	(1,090)	70,370
Hospitalization insurance.....	37,800	37,800	37,800	-	54,600
Life/AD&D.....	1,000	1,000	947	53	1,302
Dental insurance.....	4,620	4,620	3,923	697	5,975
Workmen’s compensation.....	17,500	17,500	7,092	10,408	16,221
Other personnel services.....	9,140	9,140	9,764	(624)	12,556
Employee education/training.....	100	100	135	(35)	125
Professional services.....	600	600	578	22	578
Other operating supplies.....	500	500	441	59	656
Small tools.....	300	300	348	(48)	519
Uniforms.....	1,625	1,625	241	1,384	4,260
Auto parts.....	6,000	6,000	18,181	(12,181)	8,240
Repairs and maintenance.....	10,000	10,000	9,442	558	19,353
Gasoline, fuel and lubricants.....	8,000	8,000	14,717	(6,717)	14,434
Construction materials.....	20,000	20,000	9,819	10,181	32,182
Insurance and bonds.....	2,250	2,250	1,693	557	2,032
Dues and memberships.....	300	300	180	120	260
Travel.....	2,560	2,560	147	2,413	2,054
Christmas light maintenance.....	1,000	1,000	62	938	662
Emergency response.....	500	500	-	500	10
Printing.....	700	700	749	(49)	682
Repairs – sidewalks.....	10,000	10,000	10,857	(857)	6,169
Traffic signal maintenance.....	12,000	12,000	10,509	1,491	6,485

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>				<u>Total 2010</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Streets – Repair and Construction (Continued):</u>					
Snow removal	5,000	5,000	15,913	(10,913)	8,183
Safety supplies	800	800	527	273	826
Signs and materials.....	13,500	13,500	12,634	866	9,606
Landfill services	200	200	118	82	60
Total Streets – Repair and Construction	<u>431,515</u>	<u>431,515</u>	<u>438,216</u>	<u>(6,701)</u>	<u>564,260</u>
<u>Street Lighting:</u>					
Utilities	<u>460,000</u>	<u>460,000</u>	<u>452,226</u>	<u>7,774</u>	<u>411,945</u>
<u>Right of Way Maintenance:</u>					
Wages and salaries – regular.....	223,770	223,770	227,314	(3,544)	227,656
Wages and salaries – overtime and temporary	8,500	8,500	1,785	6,715	2,087
F. I. C. A.	17,790	17,790	17,145	645	17,468
Retirement.....	57,930	57,930	57,512	418	55,563
Hospitalization insurance.....	58,800	58,800	58,800	-	60,200
Life/AD&D.....	1,400	1,400	1,343	57	1,515
Drug/alcohol testing	100	100	146	(46)	-
Employee education	-	-	32	(32)	21
Retiree insurance.....	2,460	2,460	2,460	-	2,460
Dental insurance.....	7,180	7,180	5,446	1,734	5,849
Workmen's compensation	15,000	15,000	10,424	4,576	13,389
Other personnel services.....	4,580	4,580	4,997	(417)	4,332
Professional services.....	650	650	735	(85)	650
Travel.....	200	200	-	200	-
Other contractual services.....	8,000	8,000	7,419	581	2,126
Operating supplies.....	2,000	2,000	2,249	(249)	1,706
Small tools	2,000	2,000	1,858	142	1,088
Maintenance contract.....	200	200	-	200	-
Uniforms.....	2,850	2,850	944	1,906	2,858
Auto parts.....	24,500	24,500	18,404	6,096	23,186
Chemical supplies.....	5,000	5,000	3,341	1,659	4,034
Gasoline.....	15,000	15,000	15,680	(680)	12,752
Construction materials.....	500	500	-	500	6
Other equipment.....	-	-	282	(282)	-
Insurance.....	2,200	2,200	1,752	448	1,950
Repairs and maintenance	1,200	1,200	117	1,083	604
Mosquito control	1,000	1,000	-	1,000	-
Utilities	900	900	860	40	731
Greenway resurfacing.....	5,000	5,000	-	5,000	-
Greenway maintenance.....	1,200	1,200	1,946	(746)	891
Safety supplies	1,500	1,500	1,116	384	1,214
Total Right of Way Maintenance	<u>471,410</u>	<u>471,410</u>	<u>444,107</u>	<u>27,303</u>	<u>444,336</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>				<u>Total 2010</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Sanitation Supervision:</u>					
Wages and Salaries.....	62,300	62,300	62,333	(33)	-
F.I.C.A.....	5,120	5,120	4,825	295	-
Retirement.....	36,580	36,580	36,575	5	-
Hospitalization insurance.....	8,400	8,400	8,400	-	-
Life/Accidental death insurance.....	280	280	264	16	-
Dental insurance.....	1,030	1,030	1,026	4	-
Professional and consulting.....	300	300	239	61	-
Mailing.....	200	200	1,115	(915)	-
Drug/Alcohol test.....	-	-	312	(312)	-
Printing.....	2,300	2,300	2,530	(230)	-
Uniforms.....	100	100	125	(25)	-
Workmen's compensation.....	3,500	3,500	2,921	579	-
Improvement teams.....	200	200	207	(7)	-
Repair and maintenance.....	150	150	-	150	-
Small tools.....	50	50	65	(15)	-
Other personnel services.....	4,720	4,720	277	4,443	-
Utility processing.....	-	-	311	(311)	-
Utilities.....	360	360	497	(137)	-
Office supplies.....	250	250	171	79	-
Auto parts.....	200	200	1,258	(1,058)	-
Gasoline.....	1,100	1,100	1,216	(116)	-
Insurance.....	500	500	298	202	-
Operating supplies/tools.....	300	300	172	128	-
Dues.....	100	100	15	85	-
Travel/training.....	600	600	162	438	-
Equipment.....	800	800	-	800	-
Computer equipment.....	300	300	283	17	-
Total Sanitation Supervision.....	<u>129,740</u>	<u>129,740</u>	<u>125,597</u>	<u>4,143</u>	<u>-</u>
<u>Sanitation Collection:</u>					
Wages and salaries.....	81,300	81,300	79,492	1,808	-
F.I.C.A.....	6,260	6,260	6,070	190	-
Retirement.....	19,410	19,410	19,451	(41)	-
Hospitalization insurance.....	25,200	25,200	23,400	1,800	-
Life/Accidental death insurance.....	550	550	490	60	-
Dental insurance.....	3,080	3,080	1,896	1,184	-
Workmen's compensation.....	3,500	3,500	4,658	(1,158)	-
Landfill services.....	109,800	109,800	97,504	12,296	-
Other personnel services.....	650	650	3,565	(2,915)	-
Utilities.....	-	-	-	-	-
Materials.....	1,000	1,000	-	1,000	-
Other supplies.....	1,000	1,000	125	875	-
Small tools and minor equipment.....	250	250	-	250	-
Uniforms.....	2,100	2,100	972	1,128	-
Advertising.....	-	-	-	-	-

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>				<u>Total 2010</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Sanitation Collection (Continued):</u>					
Equipment lease purchase.....	35,990	35,990	35,983	7	-
Recycling contracts	125,000	125,000	113,974	11,026	-
Automotive parts.....	24,000	24,000	12,657	11,343	-
Gasoline, fuel, and lubricants.....	24,000	24,000	24,800	(800)	-
Insurance.....	3,000	3,000	1,937	1,063	-
Recycling center.....	500	500	65	435	-
Parts and materials.....	1,500	1,500	1,235	265	-
Professional services.....	300	300	289	11	-
Utility processing	-	-	35	(35)	-
Total Sanitation Collection	<u>468,390</u>	<u>468,390</u>	<u>428,598</u>	<u>39,792</u>	<u>-</u>
<u>Brush and Demolition:</u>					
Wages and Salaries.....	75,900	75,900	79,950	(4,050)	-
F.I.C.A.....	5,600	5,600	5,360	240	-
Retirement.....	18,450	18,450	18,191	259	-
Hospitalization insurance.....	16,800	16,800	16,800	-	-
Life/Accidental death insurance.....	410	410	388	22	-
Dental insurance.....	2,050	2,050	1,705	345	-
Workmen's compensation.....	4,000	4,000	3,046	954	-
Other personnel services.....	3,360	3,360	2,173	1,187	-
Professional services.....	150	150	144	6	-
Landfill services.....	72,000	72,000	71,722	278	-
Recycling contracts	30,000	30,000	30,640	(640)	-
Small tools	500	500	323	177	-
Uniforms.....	950	950	-	950	-
Automotive parts.....	6,800	6,800	7,671	(871)	-
Equipment lease purchase.....	20,800	20,800	20,708	92	-
Gasoline.....	17,500	17,500	14,340	3,160	-
Other operating supplies	200	200	184	16	-
Insurance.....	2,200	2,200	1,848	352	-
Total Brush and Demolition.....	<u>277,670</u>	<u>277,670</u>	<u>275,193</u>	<u>2,477</u>	<u>-</u>
<u>Industrial Collection:</u>					
Wages and salaries	144,790	144,790	143,258	1,532	-
F.I.C.A.....	11,520	11,520	11,011	509	-
Retirement.....	40,970	44,410	40,474	3,936	-
Hospitalization insurance.....	33,600	33,600	33,600	-	-
Life/Accidental death insurance.....	830	830	783	47	-
Dental insurance.....	4,110	4,110	2,715	1,395	-
Workmen's compensation.....	7,500	7,500	6,801	699	-
Uniforms.....	1,840	1,840	127	1,713	-
Other personnel services.....	5,970	5,970	4,691	1,279	-
Automotive parts.....	28,000	28,000	36,935	(8,935)	-
Other operating supplies/small tools.....	875	875	594	281	-
Gasoline, fuel, and lubricants.....	30,000	30,000	23,744	6,256	-

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Industrial Collection (Continued):</u>					
Insurance.....	3,200	3,200	2,654	546	-
Landfill services	217,000	217,000	262,847	(45,847)	-
Professional.....	290	290	289	1	-
Equipment lease payments.....	66,195	66,195	54,366	11,829	-
Electric, plumbing, and hardware.....	1,000	1,000	740	260	-
Equipment.....	4,750	4,750	4,564	186	-
Travel.....	150	150	-	150	-
Total Industrial Collection.....	<u>602,590</u>	<u>606,030</u>	<u>630,193</u>	<u>(24,163)</u>	<u>-</u>
<u>SPECIAL PROJECTS:</u>					
Traffic Signal Improvement.....	1,700,000	1,700,000	1,244,886	455,114	40,001
Hall Road/South Plant Turn	-	-	10,147	(10,147)	-
Alcoa Hwy/Wright Rd Intersection	220,000	220,000	138,490	81,510	9,175
Street Resurfacing	515,030	515,030	444,183	70,847	28,181
Road repairs/maintenance	-	-	-	-	1,860
Total Special Projects.....	<u>2,435,030</u>	<u>2,435,030</u>	<u>1,837,706</u>	<u>597,324</u>	<u>79,217</u>
TOTAL PUBLIC WORKS	<u>6,576,510</u>	<u>6,590,950</u>	<u>5,923,423</u>	<u>667,527</u>	<u>2,797,037</u>
PUBLIC SAFETY					
<u>Police Administration:</u>					
Wages and salaries	142,640	142,640	142,730	(90)	142,643
F.I.C.A.	10,970	10,970	10,320	650	10,343
Retirement.....	29,380	29,380	29,594	(214)	27,664
Hospitalization insurance	16,800	16,800	16,800	-	16,800
Retiree Insurance	2,460	2,460	2,460	-	2,460
Life/AD&D	610	610	569	41	557
Dental insurance	2,050	2,050	2,052	(2)	2,052
Workmen's compensation	3,500	3,500	3,364	136	3,189
Other personnel services	850	850	850	-	850
Dues and memberships	1,065	1,065	1,264	(199)	1,118
Advertising.....	1,000	1,000	286	714	857
Travel, conferences and training.....	3,200	3,200	3,001	199	4,191
Reproduction and printing.....	1,200	1,200	-	1,200	-
Utilities	1,400	1,400	1,467	(67)	1,295
Office supplies.....	500	500	631	(131)	236
Uniforms	600	600	179	421	-
Auto parts.....	650	650	96	554	5
Gasoline, fuel and lubricants	800	800	616	184	474
Insurance and bonds.....	1,650	1,650	1,243	407	1,563
Professional and consultation services.....	5,000	5,000	982	4,018	4,742
Public relations.....	800	800	734	66	219
Small Tools	500	500	-	500	50
TIES Terminal services.....	2,240	2,240	2,315	(75)	2,365
Computer equipment.....	-	-	-	-	1,315
Total Police Administration	<u>229,865</u>	<u>229,865</u>	<u>221,553</u>	<u>8,312</u>	<u>224,988</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY (Continued)					
<u>Administrative Services:</u>					
Wages and salaries – regular	361,280	361,280	324,939	36,341	340,360
Wages and salaries – overtime and temporary..	14,000	14,000	10,889	3,111	6,223
F.I.C.A.....	28,870	28,870	24,357	4,513	25,928
Retirement	57,190	57,190	53,316	3,874	51,904
Hospitalization insurance	67,200	60,200	59,500	700	65,300
Life/AD&D.....	1,880	1,880	1,578	302	1,605
Dental insurance	8,210	8,210	6,243	1,967	6,927
Workmen's compensation.....	8,500	8,500	8,810	(310)	7,974
Other personnel services.....	12,460	12,460	13,359	(899)	11,708
Software license fee	25,800	25,800	15,493	10,307	15,693
Professional and consulting	-	-	193	(193)	-
Mailing.....	2,500	2,500	1,460	1,040	3,444
Dues and memberships.....	1,000	1,000	1,356	(356)	918
Travel, conferences and training.....	12,000	3,000	2,460	540	8,777
Repair and maintenance	27,000	27,000	29,950	(2,950)	23,678
Printing.....	14,000	14,000	13,024	976	12,355
Rental and maintenance contracts	9,500	9,500	9,127	373	9,837
Office supplies	15,000	15,000	10,687	4,313	13,075
Utilities.....	6,000	6,000	4,529	1,471	4,912
Small tools.....	1,500	1,500	1,236	264	270
Uniforms.....	6,000	910	100	810	503
Insurance	5,500	5,500	4,321	1,179	5,100
Other operating supplies.....	4,500	4,500	2,699	1,801	1,727
Computer software.....	15,000	15,000	6,720	8,280	1,799
Auto parts	3,000	3,000	2,189	811	1,811
Gasoline.....	6,000	6,000	4,566	1,434	4,122
Communication equipment.....	2,000	2,000	1,085	915	2,015
Mock assessment/certificate	1,500	1,500	-	1,500	-
Certificate of Accreditation	14,900	14,900	8,482	6,418	324
Office/computer machinery and equipment.....	8,400	6,490	5,082	1,408	8,918
Building and improvements.....	-	-	6,903	(6,903)	-
Contract fees.....	-	-	-	-	3,281
Safety equipment	-	-	-	-	3,984
Janitorial services.....	14,700	14,700	17,213	(2,513)	16,740
Advertising	-	-	-	-	267
Total Administrative Services.....	<u>752,390</u>	<u>732,390</u>	<u>651,866</u>	<u>80,524</u>	<u>661,479</u>
<u>Police Communications:</u>					
911 Communications Center	151,070	151,070	151,064	6	151,064
Homeland Security Director	<u>15,000</u>	<u>15,000</u>	<u>11,280</u>	<u>3,720</u>	<u>2,744</u>
Total Police Communications.....	<u>166,070</u>	<u>166,070</u>	<u>162,344</u>	<u>3,726</u>	<u>153,808</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

Function/Activity/Object	June 30, 2011				Total 2010
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	
	Original	Final			
PUBLIC SAFETY (Continued)					
Police Patrol and Traffic Division:					
Wages and salaries – regular.....	1,179,175	1,085,425	1,084,779	646	1,124,793
Wages and salaries – overtime.....	135,000	101,900	101,819	81	126,768
F. I. C. A.	105,590	92,690	92,550	140	97,872
Retiree insurance.....	4,620	4,620	4,620	-	4,620
Retirement	291,290	278,490	276,844	1,646	269,222
Hospitalization insurance.....	235,200	218,400	216,300	2,100	221,900
Life/AD&D.....	6,260	5,860	5,484	376	5,290
Dental insurance.....	28,740	27,365	24,688	2,677	25,662
Wages – ARRA.....	-	66,750	66,580	170	21,320
Overtime – ARRA.....	-	11,100	11,074	26	648
FICA – ARRA	-	5,900	5,842	58	1,658
Retirement – ARRA	-	12,800	12,238	562	3,174
Hospitalization insurance – ARRA	-	16,800	16,800	-	4,200
Life/AD&D – ARRA	-	400	375	25	98
Dental insurance – ARRA	-	1,375	1,358	17	339
Workmen’s compensation – ARRA	-	2,850	2,815	35	-
Workmen’s compensation.....	50,000	37,150	36,594	556	44,780
Drug/Alcohol testing.....	3,000	3,000	1,932	1,068	3,428
Ammunition.....	16,000	16,000	14,375	1,625	6,987
Veterinarian	1,500	1,500	1,083	417	783
Employee education and training.....	3,000	3,000	4,000	(1,000)	-
Other personnel services.....	67,540	67,540	64,897	2,643	62,942
Dues and memberships.....	500	500	480	20	543
Travel, conferences and training.....	25,000	15,000	14,183	817	11,951
Office/other operating supplies.....	9,000	9,000	5,486	3,514	7,635
Small tools and minor equipment.....	500	500	198	302	478
Uniforms and clothing.....	30,000	30,000	30,321	(321)	23,562
Automotive parts.....	65,000	53,000	50,462	2,538	90,854
Gasoline, fuel, and lubricants.....	120,000	103,000	101,957	1,043	86,994
Firing range.....	3,500	3,500	3,139	361	2,500
Community policing.....	2,500	2,500	1,215	1,285	179
Mailing	500	500	213	287	81
Auto equipment.....	-	-	2,380	(2,380)	105
Insurance	28,500	22,500	22,180	320	26,465
Professional services	8,700	8,700	5,610	3,090	7,900
Repairs and maintenance – machinery	1,750	1,750	222	1,528	2,171
Maintenance contracts.....	1,000	1,000	564	436	588
Other equipment.....	84,000	-	143	(143)	13,932
Printing and photography.....	4,000	4,000	4,146	(146)	3,957
Utilities.....	-	80,000	79,677	323	71,276
Contract services	13,000	13,000	12,960	40	12,960
K-9	1,500	1,500	1,148	352	1,263
Lease equipment	4,000	4,000	4,800	(800)	4,000
Federal Block Grant.....	-	-	-	-	1,075
Computer equipment.....	11,000	6,000	1,293	4,707	-
Total Police Patrol and Traffic Control....	2,540,865	2,420,865	2,389,824	31,041	2,396,953

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

Function/Activity/Object	June 30, 2011				Total 2010
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	
	Original	Final			
PUBLIC SAFETY (Continued)					
<u>Police Investigation:</u>					
Wages and salaries – regular	308,200	308,200	347,272	(39,072)	338,738
Undercover operations	500	500	232	268	100
Wages and salaries – overtime/standby.....	52,500	52,500	41,699	10,801	44,917
F. I. C. A.....	28,210	28,210	29,368	(1,158)	28,993
Retirement	82,150	82,150	87,268	(5,118)	81,288
Hospitalization insurance	50,400	50,400	58,800	(8,400)	57,400
Life/AD&D	1,500	1,500	1,621	(121)	1,527
Dental insurance	6,160	6,160	7,184	(1,024)	7,013
Workmen's compensation.....	14,000	14,000	11,673	2,327	11,438
Dues/subscriptions/memberships.....	800	800	2,783	(1,983)	377
Other personnel services	8,370	8,370	8,870	(500)	8,250
Mailing.....	400	400	327	73	44
Employee education/training.....	1,500	1,500	-	1,500	-
Other operating supplies.....	2,500	2,500	2,305	195	1,848
Travel, conferences, and training.....	6,000	6,000	2,233	3,767	3,207
Office supplies.....	2,000	2,000	1,977	23	1,216
Professional services	450	450	-	450	-
Uniforms	4,100	4,100	759	3,341	48
Auto parts.....	5,000	5,000	4,897	103	2,035
Gasoline, fuel and lubricants	12,500	12,500	11,177	1,323	9,845
Insurance	6,100	6,100	4,679	1,421	5,961
Utilities.....	3,100	3,100	2,642	458	2,774
Equipment	-	-	640	(640)	58
Drug Seizure Expenditures.....	-	-	-	-	28,400
Small tools.....	2,500	2,500	2,874	(374)	866
Printing.....	800	800	797	3	811
Repair and maintenance	2,000	2,000	-	2,000	-
Total Police Investigation.....	601,740	601,740	632,077	(30,337)	637,154
<u>Police – Animal Control:</u>					
Wages and salaries – regular	78,420	78,420	82,375	(3,955)	78,416
Wages and salaries – overtime.....	1,000	1,000	61	939	101
F. I. C. A.....	6,150	6,150	6,131	19	5,833
Retirement	13,180	13,180	13,781	(601)	12,097
Hospitalization insurance	16,800	16,800	16,800	-	16,800
Life/AD&D	440	440	416	24	405
Dental insurance	2,050	2,050	1,358	692	1,358
Workmen's compensation.....	3,500	3,500	2,751	749	2,944
Dues and memberships.....	150	150	220	(70)	-
Other personnel services	1,100	1,100	1,100	-	747
Utilities.....	1,400	1,400	1,230	170	1,521
Office supplies.....	1,000	1,000	101	899	1,332
Small tools and equipment	1,500	1,500	1,161	339	153
Veterinarian expenses	500	500	-	500	-
Uniforms	800	800	-	800	149

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY - POLICE(Continued):					
<u>Police – Animal Control (Continued):</u>					
Auto parts.....	4,500	4,500	714	3,786	328
Professional services.....	145	145	144	1	144
Animal shelter fees	5,000	5,000	2,907	2,093	2,930
Gasoline, fuel and lubricants.....	5,000	5,000	4,294	706	3,810
Other commodities.....	500	500	37	463	55
Insurance.....	1,550	1,550	1,152	398	1,410
Travel and training.....	1,000	1,000	-	1,000	-
Printing	500	500	-	500	-
Total Police – Animal Control.....	<u>146,185</u>	<u>146,185</u>	<u>136,733</u>	<u>9,452</u>	<u>130,533</u>
TOTAL PUBLIC SAFETY – POLICE	<u>4,437,115</u>	<u>4,297,115</u>	<u>4,194,397</u>	<u>102,718</u>	<u>4,204,915</u>
PUBLIC SAFETY – FIRE:					
<u>Fire Supervision:</u>					
Wages and salaries.....	258,610	258,610	259,362	(752)	259,206
Overtime	3,500	3,500	5,643	(2,143)	4,591
F. I. C. A.	21,970	21,970	21,836	134	21,758
Retirement.....	75,630	75,630	77,600	(1,970)	74,346
Hospitalization insurance.....	33,600	33,600	33,600	-	33,600
Life AD&D	1,150	1,150	1,076	74	1,009
Dental insurance	4,110	4,110	3,410	700	3,410
Workmen’s compensation.....	6,500	6,500	5,824	676	6,009
Retiree insurance	2,460	2,460	2,460	-	2,460
Other personnel services	25,260	25,260	25,780	(520)	25,260
Mailing.....	700	700	154	546	214
Dues and memberships	650	650	621	29	625
Travel, conferences and training.....	3,000	3,000	2,557	443	2,891
Reproduction and printing.....	4,600	4,600	4,214	386	4,005
Office supplies.....	3,400	3,400	780	2,620	2,045
Uniforms	2,100	2,100	1,295	805	532
Auto parts.....	1,800	1,800	4,296	(2,496)	2,266
Gasoline, fuel and lubricants.....	4,400	4,400	5,140	(740)	4,341
Other commodities.....	500	500	30	470	-
Insurance.....	2,900	2,900	2,238	662	2,740
Professional and consultation	11,000	11,000	216	10,784	6,480
Small tools.....	1,000	1,000	898	102	198
Public relations.....	3,000	3,000	1,312	1,688	2,077
Rental and maintenance contracts.....	2,300	2,300	2,036	264	2,296
Utilities	8,100	8,100	9,615	(1,515)	8,978
Repairs and maintenance.....	500	500	-	500	-
Computer equipment.....	-	-	116	(116)	-
Total Fire Supervision.....	<u>482,740</u>	<u>482,740</u>	<u>472,109</u>	<u>10,631</u>	<u>471,337</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010**

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY – FIRE (Continued):					
Fire Prevention/Inspection:					
Wages and salaries	42,890	42,890	43,453	(563)	49,546
Overtime.....	4,500	4,500	2,753	1,747	3,764
F. I. C. A.....	3,660	3,660	3,512	148	4,211
Retirement	14,760	14,760	14,491	269	17,434
Hospitalization insurance	7,560	7,560	7,560	-	8,820
Life/AD&D.....	220	220	205	15	228
Dental insurance	920	920	923	(3)	1,077
Workmen's compensation.....	2,500	2,500	3,831	(1,331)	1,542
Dues and memberships.....	500	500	191	309	75
Other commodities.....	200	200	30	170	-
Professional services	250	250	-	250	-
Rental and maintenance contracts	100	100	-	100	-
Utilities.....	800	800	1,254	(454)	932
Employee education and training.....	300	300	-	300	-
Other personnel services.....	500	500	495	5	495
Mailing.....	50	50	8	42	11
Advertising	2,500	2,500	1,396	1,104	-
Retirement settlement.....	-	-	-	-	50,700
Retiree insurance.....	4,160	4,160	4,158	2	3,812
Repairs and maintenance – office equipment ...	200	200	-	200	-
Office supplies	500	500	63	437	240
Small tools and minor equipment.....	2,400	2,400	1,532	868	1,950
Smoke detectors	500	500	188	312	136
Uniforms.....	700	700	952	(252)	266
Auto parts	600	600	1,417	(817)	270
Gasoline, fuel and lubricants	2,800	2,800	2,462	338	2,504
Insurance	1,000	1,000	560	440	987
Travel	1,800	1,800	1,150	650	1,002
Total Fire Prevention/Inspection.....	<u>96,870</u>	<u>96,870</u>	<u>92,584</u>	<u>4,286</u>	<u>150,002</u>
Fire Fighting:					
Wages and salaries – regular	1,043,270	1,043,270	1,050,791	(7,521)	1,036,803
Wages and salaries – temporary.....	-	-	1,855	(1,855)	785
Wages and salaries – overtime.....	90,000	90,000	93,747	(3,747)	61,634
F. I. C. A.....	90,680	90,680	88,375	2,305	84,916
Retiree insurance.....	16,320	16,320	16,620	(300)	18,370
Retirement	280,530	280,530	291,336	(10,806)	273,453
Hospitalization insurance	218,400	218,400	218,400	-	217,000
Life/AD&D.....	5,740	5,740	5,422	318	4,979
Dental insurance	26,680	26,680	24,316	2,364	23,922
Workmen's compensation.....	35,000	35,000	27,867	7,133	29,812
Drug/Alcohol testing.....	750	750	531	219	789
Mailing.....	500	500	216	284	243
Advertising	-	-	-	-	49

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY – FIRE (Continued):					
Fire Fighting (Continued):					
Repairs and maintenance.....	400	400	-	400	675
Employee education and training.....	8,000	8,000	3,153	4,847	6,199
Other personnel services.....	53,430	53,430	56,602	(3,172)	53,326
Maintenance contracts.....	12,000	12,000	14,414	(2,414)	10,787
Travel.....	4,000	4,000	2,588	1,412	3,654
Office and station supplies.....	14,100	14,100	13,407	693	11,145
Small tools and minor equipment.....	12,500	12,500	11,730	770	13,406
Uniforms.....	27,000	27,000	19,522	7,478	21,074
Automotive parts.....	22,000	22,000	21,832	168	35,245
Printing.....	2,150	2,150	2,104	46	1,940
Repairs and maintenance.....	10,000	10,000	16,598	(6,598)	9,206
Gasoline, fuel and lubricants.....	15,000	15,000	14,843	157	13,575
Other commodities.....	10,500	10,500	5,931	4,569	10,981
Medical physicals.....	-	-	2,395	(2,395)	136
Utilities.....	54,000	54,000	58,247	(4,247)	53,359
Insurance.....	33,825	33,825	28,557	5,268	32,608
Fire hydrant rental.....	27,900	27,900	20,670	7,230	27,900
Building improvements.....	-	-	-	-	4,782
Fire training facilities.....	-	-	9,017	(9,017)	-
Station furnishings.....	3,000	3,000	3,115	(115)	1,741
Grant equipment.....	127,570	127,570	127,245	325	
Medical surveillance.....	2,500	2,500	-	2,500	
Professional and consultation.....	6,500	6,500	2,649	3,851	3,783
Total Fire Fighting.....	<u>2,254,245</u>	<u>2,254,245</u>	<u>2,254,095</u>	<u>150</u>	<u>2,068,277</u>
TOTAL PUBLIC SAFETY - FIRE.....	<u>2,833,855</u>	<u>2,833,855</u>	<u>2,818,788</u>	<u>15,067</u>	<u>2,689,616</u>
CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES:					
Parks and Recreation:					
Little League Park.....	-	-	194	(194)	160
Senior Citizen Center.....	12,000	12,000	12,262	(262)	11,406
Repairs and maintenance.....	20,000	20,000	5,694	14,306	13,168
Special events.....	2,500	2,500	930	1,570	824
Support services and projects.....	446,470	446,470	446,470	-	450,981
Total Parks and Recreation.....	<u>480,970</u>	<u>480,970</u>	<u>465,550</u>	<u>15,420</u>	<u>476,539</u>
Blount County Library.....	<u>179,905</u>	<u>179,905</u>	<u>179,905</u>	<u>-</u>	<u>179,905</u>
Blount County Industrial Development Board.....	<u>385,595</u>	<u>385,595</u>	<u>379,592</u>	<u>6,003</u>	<u>521,000</u>
East Tennessee Development District.....	<u>1,240</u>	<u>1,240</u>	<u>1,237</u>	<u>3</u>	<u>1,237</u>
Blount County Family Services.....	<u>15,245</u>	<u>15,245</u>	<u>15,245</u>	<u>-</u>	<u>15,245</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010**

<u>Function/Activity/Object</u>	<u>June 30, 2011</u>				<u>Total 2010</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY (Continued):					
Blount County Chamber of Commerce.....	<u>2,050</u>	<u>2,050</u>	<u>2,050</u>	<u>-</u>	<u>2,050</u>
Blount County Community Action Agency.....	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Economic Development Board - Blount Partnership	<u>18,900</u>	<u>18,900</u>	<u>18,900</u>	<u>-</u>	<u>18,900</u>
Vocational Rehabilitation.....	<u>36,130</u>	<u>36,130</u>	<u>36,130</u>	<u>-</u>	<u>51,814</u>
In Lieu of Taxes.....	<u>265,000</u>	<u>265,000</u>	<u>264,698</u>	<u>302</u>	<u>343,057</u>
TOTAL CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES....	<u>1,395,035</u>	<u>1,395,035</u>	<u>1,373,307</u>	<u>21,728</u>	<u>1,619,747</u>
CAPITAL OUTLAY	<u>-</u>	<u>952,511</u>	<u>952,511</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES.....	<u>\$16,860,305</u>	<u>\$ 17,696,256</u>	<u>\$ 16,883,474</u>	<u>\$ 812,782</u>	<u>\$12,897,013</u>

(Continued)

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.

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE
EDUCATION FUND - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Source of Revenue</u>	<u>June 30, 2011</u>				<u>Totals 2010</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance – With Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
TAXES:					
Current city taxes.....	\$ 4,020,000	\$ 4,020,000	\$ 4,020,000	\$ -	\$ 4,020,000
Current county taxes.....	2,450,000	2,650,000	2,648,170	(1,830)	2,368,101
Previous year's county taxes.....	112,000	274,000	292,438	18,438	132,067
Pick-up taxes.....	15,000	15,000	12,494	(2,506)	18,557
In-lieu of taxes.....	<u>18,000</u>	<u>18,000</u>	<u>21,883</u>	<u>3,883</u>	<u>27,226</u>
Total Taxes.....	<u>6,615,000</u>	<u>6,977,000</u>	<u>6,994,985</u>	<u>17,985</u>	<u>6,565,951</u>
MISCELLANEOUS REVENUE:					
Mixed drink tax.....	4,600	4,600	7,062	2,462	6,001
Interest.....	13,000	13,000	3,989	(9,011)	-
Regular tuition.....	215,000	215,000	238,215	23,215	225,242
Business tax, marriage licenses, fees....	52,500	52,500	55,779	3,279	150,459
Local sales tax - County.....	1,450,000	1,450,000	1,464,124	14,124	1,425,344
Contributions/gifts/miscellaneous.....	-	-	1,059	1,059	21,018
Other services.....	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>399</u>
Total Miscellaneous Revenue.....	<u>1,885,100</u>	<u>1,735,100</u>	<u>1,770,228</u>	<u>35,128</u>	<u>1,828,463</u>
REVENUE FROM OTHER AGENCIES:					
State of Tennessee:					
Tennessee Foundation Program.....	6,340,000	5,819,710	5,863,710	44,000	5,831,400
State driver education.....	3,800	3,800	4,344	544	3,385
Career Ladder Program.....	184,600	146,600	148,372	1,772	148,996
Other Federal.....	-	-	12,190	12,190	8,792
Grant Revenue.....	-	-	-	-	6,443
State Matching.....	5,800	5,800	7,141	1,341	6,479
Lottery Pre-K.....	162,400	162,400	225,151	62,751	110,020
Other State Funds.....	118,300	10,000	2,056	(7,944)	11,606
BEP State Stabilization.....	-	520,290	520,290	-	293,600
Coord. School Health - ARRA.....	-	75,000	83,098	8,098	75,000
ConnecTENN – ARRA.....	-	4,700	6,029	1,329	4,707
Statewide Student Management					
System – ARRA.....	-	4,300	4,302	2	4,085
Safe Schools Grant – ARRA.....	-	-	8,000	8,000	4,016
USDA – ARRA.....	-	-	7,000	7,000	-
Family Resource Center.....	<u>-</u>	<u>33,300</u>	<u>33,300</u>	<u>-</u>	<u>33,300</u>
Total Revenue from Other Agencies..	<u>6,814,900</u>	<u>6,785,900</u>	<u>6,924,983</u>	<u>139,083</u>	<u>6,541,829</u>
TOTAL REVENUES.....	<u>\$ 15,315,000</u>	<u>\$ 15,498,000</u>	<u>\$ 15,690,196</u>	<u>\$ 192,196</u>	<u>\$14,936,243</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

Activity/Object	June 30, 2011				
	Budgeted Amounts		Actual	Variance with	Totals
	Original	Final	Amounts	Final Budget	
			Budgetary	Positive	2010
			Basis	(Negative)	
BOARD OF EDUCATION:					
Board member fees	\$ 6,850	\$ 6,850	\$ 5,700	\$ 1,150	\$ 5,700
F.I.C.A./Medicare	524	524	436	88	437
Professional services	28,000	28,000	23,570	4,430	16,670
Dues and memberships	11,000	11,000	10,910	90	11,274
Legal services	6,500	6,500	6,145	355	2,371
Travel	15,000	15,000	3,918	11,082	2,778
Liability insurance	31,000	31,000	20,116	10,884	21,668
Surety bonds	1,500	1,500	1,103	397	1,102
Commissions – Blount County Trustee.....	50,000	50,000	61,245	(11,245)	51,360
Workmen’s compensation insurance.....	53,000	53,000	51,063	1,937	48,556
Other charges/supplies	<u>12,500</u>	<u>12,500</u>	<u>20,264</u>	<u>(7,764)</u>	<u>19,777</u>
Total Board of Education	<u>215,874</u>	<u>215,874</u>	<u>204,470</u>	<u>11,404</u>	<u>181,693</u>
OFFICE OF SUPERINTENDENT:					
Superintendent	96,706	96,706	116,356	(19,650)	97,706
Assistants	55,828	55,828	55,828	-	54,497
F.I.C.A./Medicare	11,669	11,669	12,913	(1,244)	11,335
Retirement	17,684	17,684	22,514	(4,830)	15,998
Employee insurance	25,040	25,040	11,722	13,318	11,466
Communication	15,000	15,000	15,748	(748)	18,156
Travel	7,100	7,100	895	6,205	6,078
Office supplies	250	250	165	85	145
Other fringe benefits	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Total Office of Superintendent	<u>231,277</u>	<u>231,277</u>	<u>236,141</u>	<u>(4,864)</u>	<u>215,381</u>
OFFICE OF PRINCIPALS:					
Principals.....	271,676	271,676	269,322	2,354	265,252
Assistant Principals.....	245,795	245,795	241,795	4,000	241,144
Career ladder	9,500	9,500	8,000	1,500	8,000
Secretaries	107,927	107,927	109,233	(1,306)	135,731
F.I.C.A./Medicare	48,570	48,570	46,727	1,843	48,374
Retirement	64,960	64,960	78,809	(13,849)	76,104
Employee insurance	79,786	79,786	101,402	(21,616)	39,864
Communications.....	31,000	31,000	43,983	(12,983)	36,565
Travel	<u>3,500</u>	<u>3,500</u>	<u>95</u>	<u>3,405</u>	<u>-</u>
Total Office of Principals	<u>862,714</u>	<u>862,714</u>	<u>899,366</u>	<u>(36,652)</u>	<u>851,034</u>
LOTTERY PRE-K FUNDS:					
Teacher salaries	105,838	105,838	58,761	47,077	103,941
Education assistant.....	39,518	39,518	40,314	(796)	26,500
F.I.C.A./Medicare	10,867	10,867	7,516	3,351	9,964
Retirement	15,901	15,901	16,088	(187)	14,471
Employee insurance	24,091	24,091	10,722	13,369	5,400
Instructional supplies	2,000	2,000	600	1,400	359
Unemployment compensation	<u>2,108</u>	<u>2,108</u>	<u>-</u>	<u>2,108</u>	<u>-</u>
Total Lottery Pre-K Funds.....	<u>200,323</u>	<u>200,323</u>	<u>134,001</u>	<u>66,322</u>	<u>160,635</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance – with Final Budget Positive (Negative)</u>	<u>Totals 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
FISCAL SERVICES:					
Supervisor/Director.....	88,486	88,486	87,486	1,000	84,412
Secretaries.....	46,592	46,592	46,922	(330)	35,859
F.I.C.A/Medicare.....	10,334	10,334	10,090	244	9,069
Retirement.....	15,463	15,463	16,711	(1,248)	11,669
Employee insurance.....	8,071	8,071	6,212	1,859	6,066
Travel.....	1,800	1,800	2,997	(1,197)	2,956
Office supplies.....	5,500	5,500	4,667	833	3,150
Other charges.....	34,000	134,000	128,185	5,815	22,481
Administration equipment.....	3,000	3,000	4,659	(1,659)	-
Total Fiscal Services.....	<u>213,246</u>	<u>313,246</u>	<u>307,929</u>	<u>5,317</u>	<u>175,662</u>
TRANSPORTATION:					
Bus Drivers.....	6,824	6,824	6,611	213	20,220
F.I.C.A/Medicare.....	523	523	491	32	1,504
Retirement.....	1,092	1,092	1,226	(134)	3,487
Employee insurance.....	6,511	6,511	16,170	(9,659)	5,722
Gasoline/Diesel.....	3,000	3,000	7	2,993	-
Tires and tubes.....	2,000	2,000	218	1,782	-
Vehicle parts.....	2,500	2,500	1,246	1,254	-
Other charges.....	15,000	15,000	-	15,000	1,212
Contracts with private agencies.....	180,000	180,000	169,325	10,675	150,750
Vehicle maintenance and repair.....	4,000	4,000	1,077	2,923	227
Vehicle and equipment insurance.....	2,000	2,000	-	2,000	-
Total Transportation.....	<u>223,450</u>	<u>223,450</u>	<u>196,371</u>	<u>27,079</u>	<u>183,122</u>
INSTRUCTION ELEMENTARY/ SECONDARY:					
Regular teacher salaries.....	5,620,342	5,435,342	5,598,972	(163,630)	5,488,525
Substitute /homebound teacher salaries.....	71,000	71,000	95,484	(24,484)	96,975
F.I.C.A/Medicare.....	477,972	477,972	446,711	31,261	457,089
Retirement.....	589,690	589,690	585,962	3,728	449,493
Employee insurance.....	1,189,505	1,189,505	1,299,728	(110,223)	1,393,060
Unemployment insurance.....	3,000	3,000	6,157	(3,157)	7,792
Other contractual services.....	45,000	45,000	59,052	(14,052)	75,886
Other fringe benefits.....	4,000	102,000	77,992	24,008	955
Instructional supplies/materials.....	150,000	150,000	133,159	16,841	123,254
Textbooks.....	120,000	190,000	181,552	8,448	51,456
Educational assistants.....	408,137	408,137	385,777	22,360	419,883
Other supplies/charges.....	26,000	26,000	22,122	3,878	17,784
Career ladder program.....	153,000	123,000	106,956	16,044	111,421
ConnecTENN – ARRA.....	-	-	7,045	(7,045)	5,490
Other salaries and wages.....	10,000	10,000	-	10,000	-
Statewide Student Management System ...	-	-	4,302	(4,302)	-
Instruction equipment.....	115,000	115,000	157,354	(42,354)	122,884
Total Instruction Elementary/Secondary.....	<u>8,982,646</u>	<u>8,935,646</u>	<u>9,168,325</u>	<u>(232,679)</u>	<u>8,821,947</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Activity/Object</u>	<u>June 30, 2011</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Total</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	
		<u>(Budgetary</u>	<u>Positive</u>		
			<u>Basis)</u>	<u>(Negative)</u>	
FAMILY RESOURCE:					
Supervisor/director	65,000	65,000	64,999	1	65,000
F.I.C.A./Medicare.....	4,973	4,973	4,587	386	2,072
Retirement.....	5,883	5,883	5,852	31	1,738
Employee insurance	<u>6,109</u>	<u>6,109</u>	<u>5,800</u>	<u>309</u>	<u>-</u>
Total Family Resource.....	<u>81,965</u>	<u>81,965</u>	<u>81,238</u>	<u>727</u>	<u>68,810</u>
INSTRUCTION-REGULAR PROGRAM:					
Supervisor/Director	19,508	19,508	19,508	-	29,392
Career ladder	11,000	11,000	10,000	1,000	13,000
Librarians.....	203,235	203,235	187,803	15,432	190,601
Instructional computer.....	141,502	141,502	138,502	3,000	137,265
Education media personnel.....	111,218	111,218	74,026	37,192	72,869
F.I.C.A./Medicare.....	36,870	36,870	31,234	5,636	31,965
Retirement.....	43,617	43,617	38,900	4,717	29,539
Employee insurance.....	71,205	71,205	40,528	30,677	34,375
Other fringe benefits.....	3,500	3,500	1,785	1,715	1,845
Consultants	4,000	4,000	6,016	(2,016)	7,575
Travel	16,500	16,500	12,016	4,484	14,285
Library books	28,000	28,000	29,445	(1,445)	28,018
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>705,155</u>	<u>705,155</u>	<u>589,763</u>	<u>115,392</u>	<u>590,729</u>
OTHER STUDENT SUPPORT:					
Guidance personnel	198,178	198,178	198,635	(457)	195,096
Career ladder	5,000	5,000	1,000	4,000	1,000
F.I.C.A./Medicare.....	15,543	15,543	14,823	720	14,593
Retirement.....	18,388	18,388	18,067	321	12,589
Employee insurance.....	25,165	25,165	17,386	7,779	16,936
Evaluation and testing.....	25,000	25,000	31,898	(6,898)	21,575
Other supplies/charges.....	21,000	81,000	75,983	5,017	-
In Service/staff development.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,850</u>
Total Other Student Support.....	<u>308,274</u>	<u>368,274</u>	<u>357,792</u>	<u>10,482</u>	<u>272,639</u>
HEALTH SERVICES:					
Wages	43,641	43,641	43,639	2	42,610
F.I.C.A./Medicare.....	3,404	3,404	3,048	356	1,472
Retirement.....	3,949	3,949	3,939	10	1,236
Employee insurance.....	5,850	5,850	5,800	50	-
Contractual services.....	50,000	50,000	38,940	11,060	61,500
Medical supplies.....	23,000	23,000	4,359	18,641	4,699
Other charges	<u>31,000</u>	<u>31,000</u>	<u>22,452</u>	<u>8,548</u>	<u>18,103</u>
Total Health Services.....	<u>160,844</u>	<u>160,844</u>	<u>122,177</u>	<u>38,667</u>	<u>129,620</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
OPERATION OF PLANT:					
Custodial personnel	94,939	94,939	89,159	5,780	94,244
F.I.C.A/Medicare.....	7,263	7,263	6,796	467	7,198
Retirement.....	15,190	15,190	26,158	(10,968)	25,662
Employee insurance.....	24,944	24,944	19,063	5,881	18,575
Contractual services.....	200,000	200,000	182,789	17,211	186,147
Electricity.....	425,000	425,000	437,938	(12,938)	436,205
Natural gas.....	93,350	93,350	64,054	29,296	52,908
Water and sewer.....	59,000	59,000	69,559	(10,559)	69,068
Other supplies	10,000	10,000	4,065	5,935	4,357
Other charges	20,000	20,000	7,766	12,234	13,046
Rentals.....	6,500	6,500	11,678	(5,178)	10,388
Custodial supplies	35,000	35,000	43,902	(8,902)	46,594
Building and contents insurance.....	65,000	65,000	55,524	9,476	64,197
Disposable fees.....	11,000	11,000	9,202	1,798	9,761
Equipment.....	4,000	4,000	-	4,000	-
Total Operation of Plant.....	<u>1,071,186</u>	<u>1,071,186</u>	<u>1,027,653</u>	<u>43,533</u>	<u>1,038,350</u>
MAINTENANCE OF PLANT:					
Maintenance personnel	221,143	221,143	206,610	14,533	206,657
FICA/Medicare	16,918	16,918	15,139	1,779	15,136
Retirement.....	39,383	39,383	45,002	(5,619)	42,594
Employee insurance.....	50,678	50,678	23,285	27,393	22,621
Contractual services.....	-	130,000	139,358	(9,358)	81,751
Machinery parts.....	3,800	3,800	765	3,035	-
Building maintenance/repairs.....	60,000	60,000	55,898	4,102	82,128
Equipment repairs/maintenance	60,000	60,000	71,802	(11,802)	68,739
Vehicle repairs/maintenance	60,000	-	-	-	-
Supplies/materials	22,500	22,500	8,227	14,273	16,622
Other charges	71,000	71,000	101,733	(30,733)	74,047
Maintenance equipment.....	4,000	4,000	-	4,000	1,965
Total Maintenance of Plant.....	<u>609,422</u>	<u>679,422</u>	<u>667,819</u>	<u>11,603</u>	<u>612,260</u>
FOOD SERVICES:					
Office supplies/staff development.....	<u>650</u>	<u>650</u>	<u>3,161</u>	<u>(2,511)</u>	<u>-</u>
CAPITAL OUTLAY:					
Equipment and other.....	<u>25,000</u>	<u>25,000</u>	<u>16,007</u>	<u>8,993</u>	<u>28,172</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

<u>Activity/Object</u>	<u>June 30, 2011</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
SPECIAL EDUCATION PROGRAM:					
Supervisor/director	33,696	33,696	33,400	296	51,890
Teachers	621,785	621,785	543,998	77,787	530,908
Career ladder.....	-	-	2,000	(2,000)	-
Homebound teachers.....	2,000	2,000	5,845	(3,845)	-
Other salaries and wages	15,845	15,845	-	15,845	-
F.I.C.A./Medicare	57,445	57,445	51,849	5,596	49,887
Retirement	73,868	73,868	70,254	3,614	60,788
Employee insurance	132,144	132,144	85,600	46,544	84,595
In-service/Staff development	-	-	10,408	(10,408)	-
In-service/Staff development	2,500	2,500	-	2,500	-
Educational assistants.....	66,145	66,145	37,202	28,943	49,838
Psychological personnel	-	-	61,699	(61,699)	60,579
Travel	2,500	2,500	3,615	(1,115)	2,500
Other supplies & materials	-	-	22,070	(22,070)	8,710
Contracts with Others.....	49,500	49,500	84,239	(34,739)	46,333
Unemployment compensation	1,300	1,300	-	1,300	500
Clerical personnel	21,466	21,466	22,186	(720)	-
Total Special Education Program....	<u>1,080,194</u>	<u>1,080,194</u>	<u>1,034,365</u>	<u>45,829</u>	<u>946,528</u>
VOCATIONAL EDUCATION:					
Teachers	224,434	224,434	221,002	3,432	227,836
Substitute teachers.....	2,500	2,500	-	2,500	-
F.I.C.A./Medicare	17,667	17,667	16,259	1,408	16,632
Retirement	20,673	20,673	18,855	1,818	14,691
Instructional supplies/textbooks.....	15,750	15,750	15,750	-	15,750
Employee insurance	37,256	37,256	23,596	13,660	22,932
Other charges.....	2,500	2,500	2,500	-	2,500
Career ladder.....	4,000	4,000	1,000	3,000	1,000
Vocational equipment	18,000	18,000	18,000	-	18,000
Total Vocational Education	<u>342,780</u>	<u>342,780</u>	<u>316,962</u>	<u>25,818</u>	<u>319,341</u>
TOTAL EXPENDITURES	<u>\$15,315,000</u>	<u>\$15,498,000</u>	<u>\$15,363,540</u>	<u>\$ 134,460</u>	<u>\$14,595,923</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	June 30, 2011				
	Budgeted Amounts		Actual	Variance with	Totals
	Original	Final	Amounts	Final Budget	
			Budgetary	Positive	2010
			Basis	(Negative)	
REVENUES:					
Investment income.....	\$ -	\$ -	\$ 2,612	\$ 2,612	\$ 10,821
Intergovernmental.....	<u>229,000</u>	<u>229,000</u>	<u>229,000</u>	<u>-</u>	<u>439,200</u>
Total Revenues	<u>229,000</u>	<u>229,000</u>	<u>231,612</u>	<u>2,612</u>	<u>450,021</u>
EXPENDITURES:					
Capital projects.....	192,000	192,000	187,409	4,591	166,969
Equipment.....	229,000	229,000	229,000	-	-
Fire hall renovations	-	-	-	-	338,744
Elementary school renovations.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,082,732</u>
Total Expenditures.....	<u>421,000</u>	<u>421,000</u>	<u>416,409</u>	<u>4,591</u>	<u>3,588,445</u>
Net Change in Fund Balance Before					
Other Financing Sources (Uses)	<u>(192,000)</u>	<u>(192,000)</u>	<u>(184,797)</u>	<u>7,203</u>	<u>(3,138,424)</u>
Other Financing Sources (Uses):					
Transfers Out:					
General Fund.....	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>
Total Other Financing Sources					
(Uses).....	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>
Net Change in Fund Balance.....	(192,000)	(192,000)	(684,797)	(492,797)	(3,638,424)
Fund Balance, July 1 st	<u>1,328,293</u>	<u>1,328,293</u>	<u>1,328,293</u>	<u>-</u>	<u>4,966,717</u>
Fund Balance, June 30th.....	<u>\$ 1,136,293</u>	<u>\$ 1,136,293</u>	<u>\$ 643,496</u>	<u>\$ (492,797)</u>	<u>\$ 1,328,293</u>

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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>				<u>Totals 2010</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
Revenues	\$ 6,128,436	\$ 6,128,436	\$ 6,128,436	\$ -	\$ 5,789,414
Expenditures:					
Bond/capital outlay note redemptions	3,022,318	3,022,318	3,022,318	-	2,462,276
Interest charges	<u>5,625,452</u>	<u>5,625,452</u>	<u>5,625,452</u>	-	<u>5,644,637</u>
Total Expenditures	<u>8,647,770</u>	<u>8,647,770</u>	<u>8,647,770</u>	-	<u>8,106,913</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,519,334)</u>	<u>(2,519,334)</u>	<u>(2,519,334)</u>	-	<u>(2,317,499)</u>
Other Financing Sources (Uses):					
Operating transfers – In:					
General Fund	<u>2,518,800</u>	<u>2,518,800</u>	<u>2,518,800</u>	-	<u>2,317,499</u>
Total Other Financing Sources (Uses) ..	<u>2,518,800</u>	<u>2,518,800</u>	<u>2,518,800</u>	-	<u>2,317,499</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(534)	(534)	(534)	-	-
Fund Balance at Beginning of Year	<u>95,766</u>	<u>95,766</u>	<u>95,766</u>	-	<u>95,766</u>
Fund Balance at End of Year	<u>\$ 95,232</u>	<u>\$ 95,232</u>	<u>\$ 95,232</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
Revenues:					
State gasoline tax.....	\$ 200,250	\$ 200,250	\$ 211,413	\$ 11,163	\$ 204,677
Investment income.....	-	-	690	690	-
Total Revenues	<u>200,250</u>	<u>200,250</u>	<u>212,103</u>	<u>11,853</u>	<u>204,677</u>
Expenditures:					
Streets:					
Resurfacing.....	177,446	177,446	168,935	8,511	170,332
Traffic signal maintenance	5,000	5,000	923	4,077	10,000
Other equipment and vehicles.....	12,804	12,804	8,209	4,595	11,485
Snow removal.....	<u>5,000</u>	<u>5,000</u>	<u>20,521</u>	<u>(15,521)</u>	<u>-</u>
Total Expenditures	<u>200,250</u>	<u>200,250</u>	<u>198,588</u>	<u>1,662</u>	<u>191,817</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	13,515	13,515	12,860
Fund Balance at Beginning of Year.....	<u>265,920</u>	<u>265,920</u>	<u>265,920</u>	<u>-</u>	<u>253,060</u>
Fund Balance at End of Year	<u>\$ 265,920</u>	<u>\$ 265,920</u>	<u>\$ 279,435</u>	<u>\$ 13,515</u>	<u>\$ 265,920</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2010
Revenues:				
Grant revenue	<u>\$1,372,502</u>	<u>\$1,014,709</u>	<u>\$ (357,793)</u>	<u>\$ 947,141</u>
Expenditures:				
Personnel and related costs.....	820,529	569,848	250,681	521,540
Seminars/travel/staff development.....	166,234	120,286	45,948	109,465
Contracted services	14,593	4,795	9,798	3,734
Instructional materials and supplies	217,246	156,905	60,341	215,605
Equipment	36,000	88,684	(52,684)	6,400
Title I Stimulus	1,500	2,567	(1,067)	16,983
Other miscellaneous charges	<u>116,400</u>	<u>71,624</u>	<u>44,776</u>	<u>73,414</u>
 Total Expenditures	 <u>1,372,502</u>	 <u>1,014,709</u>	 <u>357,793</u>	 <u>947,141</u>
 Excess of Revenues Over Expenditures..				
Over Expenditures	-	-	-	-
 Fund Balance at Beginning of Year	 -	 -	 -	 -
 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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 20,565</u>	<u>\$ 20,565</u>	<u>\$ -</u>	<u>\$ 20,842</u>
Expenditures:				
Vocational Education Instruction:				
Instructional equipment	6,000	6,000	-	6,400
Materials and supplies	3,037	3,037	-	2,045
Vocational Education Support:				
Seminars/staff development/Travel	<u>11,528</u>	<u>11,528</u>	<u>-</u>	<u>12,397</u>
Total Expenditures.....	<u>\$ 20,565</u>	<u>\$ 20,565</u>	<u>\$ -</u>	<u>\$ 20,842</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 53,732</u>	<u>\$ 32,570</u>	<u>\$ (21,162)</u>	<u>\$ 76,908</u>
Expenditures:				
Regular Education Instruction:				
Salaries and related costs	-	-	-	10,692
Materials and supplies	20,000	14,270	5,730	26,094
Travel/Seminars/staff development	24,332	15,369	8,963	23,139
Title I Stimulus.....	-	-	-	16,983
Other miscellaneous charges.....	<u>9,400</u>	<u>2,931</u>	<u>6,469</u>	<u>-</u>
Total Expenditures.....	<u>\$ 53,732</u>	<u>\$ 32,570</u>	<u>\$ 21,162</u>	<u>\$ 76,908</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 14,704</u>	<u>\$ 12,359</u>	<u>\$ (2,345)</u>	<u>\$ 11,919</u>
Expenditures:				
Regular Instruction:				
Materials and supplies	8,379	8,379	-	10,324
Regular Instruction Support:				
Travel/Seminar/Staff development	<u>6,325</u>	<u>3,980</u>	<u>2,345</u>	<u>1,595</u>
Total Expenditures	<u>\$ 14,704</u>	<u>\$ 12,359</u>	<u>\$ 2,345</u>	<u>\$ 11,919</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 121,014</u>	<u>\$ 99,701</u>	<u>\$ (21,313)</u>	<u>\$ 81,969</u>
Expenditures:				
Regular Instruction:				
Salaries and related costs.....	68,191	59,133	9,058	61,334
Instructional supplies and materials	<u>33,289</u>	<u>18,703</u>	<u>14,586</u>	<u>7,461</u>
Total Regular Instruction.....	<u>101,480</u>	<u>77,836</u>	<u>23,644</u>	<u>68,795</u>
Regular Instruction Support:				
In-service/staff development/travel.....	<u>19,534</u>	<u>21,865</u>	<u>(2,331)</u>	<u>13,174</u>
Total Expenditures	<u>\$ 121,014</u>	<u>\$ 99,701</u>	<u>\$ 21,313</u>	<u>\$ 81,969</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2010
Revenues:				
Monies received through the State of Tennessee	<u>\$ 73,202</u>	<u>\$ 28,546</u>	<u>\$ (44,656)</u>	<u>\$ 99,522</u>
Expenditures:				
Regular Education Support:				
Materials and supplies.....	\$ 13,934	\$ -	\$ 13,934	\$ -
In-service/staff development	47,985	21,719	26,266	43,097
Salaries and related costs	8,292	5,845	2,447	55,525
Contract services	<u>2,991</u>	<u>982</u>	<u>2,009</u>	<u>900</u>
Total Regular Education Support.....	<u>73,202</u>	<u>28,546</u>	<u>44,656</u>	<u>99,522</u>
 Total Expenditures.....	 <u>\$ 73,202</u>	 <u>\$ 28,546</u>	 <u>\$ 44,656</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 (ARRA)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
Stimulus	\$ -	\$ -	\$ -	\$ 4,708
Monies received through the State of Tennessee	<u>2,623</u>	<u>2,623</u>	-	<u>1,504</u>
Total Revenues	<u>\$ 2,623</u>	<u>\$ 2,623</u>	<u>\$ -</u>	<u>\$ 6,212</u>
Expenditures:				
Regular Instruction Support:				
In-service/staff development/travel.....	2,623	2,623	-	576
Materials and supplies.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,636</u>
	<u>\$ 2,623</u>	<u>\$ 2,623</u>	<u>\$ -</u>	<u>\$ 6,212</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE II NCLB (PART D) TECHNOLOGY PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 2,396</u>	<u>\$ 2,396</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
In-service/staff development/travel.....	<u>\$ 2,396</u>	<u>\$ 2,396</u>	<u>\$ -</u>	<u>\$ -</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 1,684</u>	<u>\$ 1,684</u>	<u>\$ -</u>	<u>\$ 7,938</u>
Expenditures:				
Regular Instruction Support:				
Travel/training	-	-	-	486
Materials and supplies	<u>1,684</u>	<u>1,684</u>	<u>-</u>	<u>7,452</u>
Total Expenditures	<u>\$ 1,684</u>	<u>\$ 1,684</u>	<u>\$ -</u>	<u>\$ 7,938</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 418</u>	<u>\$ 418</u>	<u>\$ -</u>	<u>\$ 251</u>
Expenditures:				
Regular Instruction Support: Materials and supplies	<u>\$ 418</u>	<u>\$ 418</u>	<u>\$ -</u>	<u>\$ 251</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2010
Revenues:				
Monies received through the State of Tennessee	<u>\$ 8,374</u>	<u>\$ 1,697</u>	<u>\$ (6,677)</u>	<u>\$ 1,544</u>
Expenditures:				
Salaries and related costs	\$ 2,356	\$ -	\$ 2,356	\$ -
Special Education Instruction:				
Seminars/travel.....	2,000	32	1,968	345
Instructional supplies and materials....	<u>4,018</u>	<u>1,665</u>	<u>2,353</u>	<u>1,199</u>
Total Expenditures.....	<u>\$ 8,374</u>	<u>\$ 1,697</u>	<u>\$ 6,677</u>	<u>\$ 1,544</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
PRESCHOOL STIMULUS
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2010
Revenues:				
Preschool stimulus.....	<u>\$ 7,347</u>	<u>\$ 7,347</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Seminars/travel.....	\$ 1,847	\$ 1,780	\$ 67	\$ -
Instructional supplies.....	4,000	3,000	1,000	-
Preschool stimulus.....	<u>1,500</u>	<u>2,567</u>	<u>(1,067)</u>	<u>-</u>
Total Expenditures.....	<u>\$ 7,347</u>	<u>\$ 7,347</u>	<u>\$ -</u>	<u>\$ -</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2010
Revenues:				
IDEA (Part B) Stimulus	\$ -	\$ -	\$ -	\$ 127,439
Monies received through the State of Tennessee	<u>463,679</u>	<u>279,938</u>	<u>(183,741)</u>	<u>243,785</u>
Total Revenues	<u>\$ 463,679</u>	<u>\$ 279,938</u>	<u>\$ (183,741)</u>	<u>\$ 371,224</u>
Expenditures:				
Special Education Instruction:				
Teachers and assistants	\$ 223,080	\$ 213,392	\$ 9,688	\$ 198,480
Seminars/travel	6,000	-	6,000	593
Related salary costs.....	231,061	66,546	164,515	78,227
Instructional supplies and materials....	1,936	-	1,936	93,174
Contracts with private agencies	<u>1,602</u>	<u>-</u>	<u>1,602</u>	<u>750</u>
Total Expenditures.....	<u>\$ 463,679</u>	<u>\$ 279,938</u>	<u>\$ 183,741</u>	<u>\$ 371,224</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
IDEA (PART B) STIMULUS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2010
Revenues:				
IDEA (Part B) Stimulus	<u>\$ 196,354</u>	<u>\$ 186,410</u>	<u>\$ (9,944)</u>	<u>\$ -</u>
Expenditures:				
Teachers/assistants.....	\$ 110,354	\$ 42,681	\$ 67,673	\$ -
Seminars/travel.....	16,000	15,450	550	-
Contracted services.....	10,000	3,813	6,187	-
Instructional materials.....	30,000	41,782	(11,782)	-
Equipment.....	<u>30,000</u>	<u>82,684</u>	<u>(52,684)</u>	<u>-</u>
Total Expenditures.....	<u>\$ 196,354</u>	<u>\$ 186,410</u>	<u>\$ 9,944</u>	<u>\$ -</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 49,732</u>	<u>\$ 48,027</u>	<u>\$ (1,705)</u>	<u>\$ 19,732</u>
Expenditures:				
Special Education Instruction: Instructional supplies and materials.....	<u>\$ 49,732</u>	<u>\$ 48,027</u>	<u>\$ 1,705</u>	<u>-</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 356,683</u>	<u>\$ 290,428</u>	<u>\$ (66,255)</u>	<u>\$ 304,839</u>
Expenditures:				
Regular Education Instruction:				
Salaries and related costs	\$ 189,234	\$ 182,251	\$ 6,983	\$ 159,007
Materials and supplies	23,289	15,940	7,349	56,037
Travel/Seminars/Professional development.....	37,160	23,544	13,616	16,381
Other miscellaneous charges.....	<u>107,000</u>	<u>68,693</u>	<u>38,307</u>	<u>73,414</u>
Total Expenditures.....	<u>\$ 356,683</u>	<u>\$ 290,428</u>	<u>\$ 66,255</u>	<u>\$ 304,839</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>	<u>Total</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>	
		<u>(Budgetary</u>	<u>Positive</u>		
			<u>Basis)</u>	<u>(Negative)</u>	<u>2010</u>
Revenues:					
Lunch and breakfast payments - children	\$ 257,299	\$ 257,299	\$ 257,299	\$ -	\$ 267,296
Lunch and breakfast payments - adults	3,951	3,951	3,951	-	4,729
USDA reimbursements	397,818	397,818	397,818	-	388,220
Milk sales	5,419	5,419	5,419	-	6,415
Interest	104	104	104	-	92
Ice cream sales and a la carte	<u>70,492</u>	<u>70,492</u>	<u>70,492</u>	-	<u>89,596</u>
Total Revenues	<u>735,083</u>	<u>735,083</u>	<u>735,083</u>	-	<u>756,348</u>
Expenditures:					
Food	318,958	318,958	318,958	-	295,036
Labor	321,775	321,775	321,775	-	305,306
Non-food supplies	33,035	33,035	33,035	-	34,182
Transportation	3,929	3,929	3,929	-	3,079
Ice cream and a la carte	67,594	67,594	67,594	-	86,930
Purchase of equipment	<u>12,767</u>	<u>12,767</u>	<u>12,767</u>	-	<u>26,000</u>
Total Expenditures	<u>758,058</u>	<u>758,058</u>	<u>758,058</u>	-	<u>750,533</u>
Excess (Deficit) of Revenues Over Expenditures	(22,975)	(22,975)	(22,975)	-	5,815
Fund Balance at Beginning of Year	<u>189,773</u>	<u>189,773</u>	<u>189,773</u>	-	<u>183,958</u>
Fund Balance at End of Year	<u>\$ 166,798</u>	<u>\$ 166,798</u>	<u>\$ 166,798</u>	<u>\$ -</u>	<u>\$ 189,773</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>	<u>Total</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>Final Budget -</u>	
			<u>Basis)</u>	<u>Positive</u>	<u>2010</u>
				<u>(Negative)</u>	
Revenues:					
Fees	\$ 185,000	\$ 185,000	\$ 178,667	\$ (6,333)	\$ 142,747
Interest	-	-	13	13	12
Total Revenues	<u>185,000</u>	<u>185,000</u>	<u>178,680</u>	<u>(6,320)</u>	<u>142,759</u>
Expenditures:					
Salaries	145,287	145,287	140,191	5,096	132,485
Fringe benefits.....	21,613	21,613	11,813	9,800	11,584
Supplies and food	14,900	14,900	13,085	1,815	11,733
Other charges	<u>3,200</u>	<u>3,200</u>	<u>2,201</u>	<u>999</u>	<u>2,193</u>
Total Expenditures.....	<u>185,000</u>	<u>185,000</u>	<u>167,290</u>	<u>17,710</u>	<u>157,995</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	11,390	11,390	(15,236)
Fund Balance at Beginning of Year.....	<u>27,753</u>	<u>27,753</u>	<u>27,753</u>	-	<u>42,989</u>
Fund Balance at End of Year	<u>\$ 27,753</u>	<u>\$ 27,753</u>	<u>\$ 39,143</u>	<u>\$ 11,390</u>	<u>\$ 27,753</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>	<u>Total</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>	
			<u>(Budgetary</u>	<u>Positive</u>	
			<u>Basis)</u>	<u>(Negative)</u>	<u>2010</u>
Revenues:					
Interest on investments/ Assessments	\$ -	\$ -	\$ 9	\$ 9	\$ 9
Expenditures	-	-	-	-	-
Excess of Revenues Over Expenditures.....	-	-	9	9	9
Fund Balance at Beginning of Year	<u>8,860</u>	<u>8,860</u>	<u>8,860</u>	-	<u>8,851</u>
Fund Balance at End of Year	<u>\$ 8,860</u>	<u>\$ 8,860</u>	<u>\$ 8,869</u>	<u>\$ 9</u>	<u>\$ 8,860</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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>				<u>Total 2010</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>	
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>	
Revenues:					
Current city taxes	\$ -	\$ -	\$ -	\$ -	\$ 998,790
Charges for services	-	-	-	-	402,569
Sale of equipment.....	-	-	-	-	3,091
Total Revenue	-	-	-	-	1,404,450
Expenditures:					
Sanitation Supervision	-	-	-	-	131,629
Sanitation collection	-	-	-	-	416,082
Brush and demolition.....	-	-	-	-	288,954
Industrial collection	-	-	-	-	608,532
Total Expenditures.....	-	-	-	-	1,445,197
Net Change in Fund					
Balance Before Other Financing					
Financing Sources (Uses).....	-	-	-	-	(40,747)
Other Financing Sources (Uses):					
Adjustment (Note 19).....	(103,231)	(103,231)	(103,231)	-	-
Net Change in Fund Balance.....	-	-	-	-	(40,747)
Fund Balance at Beginning of Year.....	<u>103,231</u>	<u>103,231</u>	<u>103,231</u>	<u>-</u>	<u>143,978</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,231</u>

See accompanying independent auditors' report and notes.

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, 2011
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>	<u>Total</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>Final Budget -</u>	
			<u>Basis)</u>	<u>Positive</u>	<u>2010</u>
				<u>(Negative)</u>	
Revenues:					
Interest on investments/assessments....	\$ -	\$ -	\$ 251	\$ 251	\$ -
Fines and forfeits:					
Drug Control and seizure	<u>36,500</u>	<u>36,500</u>	<u>31,403</u>	<u>(5,097)</u>	<u>43,004</u>
Total Revenues	<u>36,500</u>	<u>36,500</u>	<u>31,654</u>	<u>(4,846)</u>	<u>43,004</u>
Expenditures:					
Drug control and seizure.....	<u>129,000</u>	<u>129,000</u>	<u>74,061</u>	<u>54,939</u>	<u>56,774</u>
Excess (Deficiency) of Revenues					
Over Expenditures.....	(92,500)	(92,500)	(42,407)	(50,093)	(13,770)
Fund Balance at Beginning of Year.....	<u>152,492</u>	<u>152,492</u>	<u>152,492</u>	-	<u>166,262</u>
Fund Balance at End of Year	<u>\$ 59,992</u>	<u>\$ 59,992</u>	<u>\$ 110,085</u>	<u>\$ (50,093)</u>	<u>\$ 152,492</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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010**

	<u>June 30, 2011</u>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Fines	\$ 2,000	\$ 2,000	\$ 2,948	\$ 948	\$ 3,429
Interest	-	-	45	45	-
Total Revenues.....	2,000	2,000	2,993	993	3,429
Expenditures	<u>12,000</u>	<u>12,000</u>	<u>8,438</u>	<u>3,562</u>	<u>2,253</u>
Excess (Deficiency) of Revenues Over Expenditures.....	(10,000)	(10,000)	(5,445)	(4,555)	1,176
Fund Balance at Beginning of Year ...	<u>27,040</u>	<u>27,040</u>	<u>27,040</u>	-	<u>25,864</u>
Fund Balance at End of Year.....	<u>\$ 17,040</u>	<u>\$ 17,040</u>	<u>\$ 21,595</u>	<u>\$ (4,555)</u>	<u>\$ 27,040</u>

See accompanying independent auditors' report and notes.

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
Intergovernmental.....	\$ 27,240	\$ 27,240	\$ -	\$ 27,240
Expenditures:				
Capital Outlay.....	64,580	46,704	17,876	10,880
Bank Charges	-	96	(96)	-
Total Expenditures	<u>64,580</u>	<u>46,800</u>	<u>17,780</u>	<u>10,880</u>
Net Change in Fund Balance.....	(37,340)	(19,560)	17,780	16,360
Fund Balance, July 1 st	<u>80,918</u>	<u>80,918</u>	-	<u>64,558</u>
Fund Balance, June 30th	<u>\$ 43,578</u>	<u>\$ 61,358</u>	<u>\$ 17,780</u>	<u>\$ 80,918</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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
Investment income	\$ -	\$ 72	\$ 72	\$ -
Expenditures:				
R & D Park	98,009	-	-	1,024,635
Net Change in Fund Balance Before Other Financing Sources (Uses)	(98,009)	72	98,081	1,024,635
Other Financing Sources (Uses):				
Transfers Out:				
Issuance of debt	-	-	-	1,024,635
Net Change in Fund Balance	(98,009)	72	98,081	-
Fund Balance, July 1 st	98,009	98,009	-	98,009
Fund Balance, June 30th	<u>\$ -</u>	<u>\$ 98,081</u>	<u>\$ 98,081</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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2010
Revenues:				
Investment income.....	\$ -	\$ 16	\$ 16	\$ -
Rent.....	<u>8,349</u>	<u>-</u>	<u>(8,349)</u>	<u>-</u>
Total Revenue.....	<u>8,349</u>	<u>16</u>	<u>8,333</u>	<u>-</u>
Expenditures:				
Capital Outlay.....	<u>8,349</u>	<u>8,357</u>	<u>(8)</u>	<u>7,507</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>-</u>	<u>(8,341)</u>	<u>(8,341)</u>	<u>7,507</u>
Net Change in Fund Balance.....	-	(8,341)	(8,341)	(7,507)
Fund Balance, July 1 st	<u>8,350</u>	<u>8,350</u>	<u>-</u>	<u>15,857</u>
Fund Balance, June 30th	<u>\$ 8,350</u>	<u>\$ 9</u>	<u>\$ (8,341)</u>	<u>\$ 8,350</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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
State Grants	\$ 453,680	\$ 212,682	\$ (240,998)	\$ -
Pedestrian Bridge – American Recovery and Reinvestment Act (ARRA)	1,064,719	1,048,964	(15,755)	551,036
Pedestrian Bridge – High Priority Projects (HPP)	333,820	338,140	4,320	-
Investment income	-	1,038	1,038	-
Total Revenues	<u>1,852,219</u>	<u>1,600,824</u>	<u>(251,395)</u>	<u>551,036</u>
Expenditures:				
Pedestrian Bridge.....	29,828	188	29,640	8,484
Pedestrian Bridge – American Recovery and Reinvestment Act (ARRA)	1,064,719	1,048,964	15,755	551,036
Pedestrian Bridge – High Priority Projects (HPP)	311,331	344,943	(33,612)	22,489
Pistol Creek Phase III.....	52,970	52,970	-	-
Culton Creek Extension	<u>509,142</u>	<u>241,697</u>	<u>267,445</u>	<u>12,363</u>
Total Expenditures	<u>1,967,990</u>	<u>1,688,762</u>	<u>279,228</u>	<u>594,372</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	(115,771)	(87,938)	27,833	(43,336)
Other Financing Sources (Uses):				
Transfers In:				
General Fund	<u>138,260</u>	<u>138,260</u>	-	-
Net Change in Fund Balance	22,489	50,322	27,833	(43,336)
Fund Balance, July 1 st	<u>(9,649)</u>	<u>(9,649)</u>	-	<u>33,687</u>
Fund Balance, June 30th	<u>\$ 12,840</u>	<u>\$ 40,673</u>	<u>\$ 27,833</u>	<u>\$ (9,649)</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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
LGIP Deferred	\$ 561,244	\$ -	\$ (561,244)	\$ -
Investment income	<u>-</u>	<u>162</u>	<u>162</u>	<u>551</u>
Total Revenues	<u>561,244</u>	<u>162</u>	<u>(561,082)</u>	<u>551</u>
Expenditures:				
Middlesettlements Road	561,244	87,717	473,527	15,032
Intersection Middlesettlements Road/ Bessemer Street/Hamilton Crossing....	<u>125,659</u>	<u>81,556</u>	<u>44,103</u>	<u>73,605</u>
Total Expenditures	<u>686,903</u>	<u>169,273</u>	<u>517,630</u>	<u>88,637</u>
Net Change in Fund Balance	(125,659)	(169,111)	(43,452)	(88,086)
Fund Balance (Deficit), July 1 st	<u>(50,052)</u>	<u>(50,052)</u>	<u>-</u>	<u>38,034</u>
Fund Balance (Deficit), June 30th	<u>\$ (175,711)</u>	<u>\$ (219,163) (1)</u>	<u>\$ (43,452)</u>	<u>\$ (50,052)</u>

(1) This project deficit will be cleared in a subsequent year when finalized with the Tennessee Department of Transportation.

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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2010</u>
Revenues:				
Investment income	\$ -	\$ 568	\$ 568	\$ 7
Sale of equipment	-	6,919	6,919	4,142
Justice Assistance Grant (JAG) - American Recovery and Reinvestment Act (ARRA)	-	3,301	3,301	44,941
Total Revenues	<u>-</u>	<u>10,788</u>	<u>10,788</u>	<u>49,090</u>
Expenditures:				
Justice Assistance Grant (JAG) - American Recovery and Reinvestment Act (ARRA)	-	5,049	(5,049)	44,941
Capital Outlay	150,000	116,465	33,535	21,571
Total Expenditures	<u>150,000</u>	<u>121,514</u>	<u>28,486</u>	<u>66,512</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	(150,000)	(110,726)	39,274	(17,422)
Other Financing Sources (Uses):				
Transfers In:				
General Fund	100,000	100,000	-	-
Net Change in Fund Balance	(50,000)	(10,726)	39,274	(17,422)
Fund Balance, July 1 st	253,019	253,019	-	270,441
Fund Balance, June 30th	<u>\$ 203,019</u>	<u>\$ 242,293</u>	<u>\$ 39,274</u>	<u>\$ 253,019</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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2010
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1 st	1,968	1,968	-	1,968
Fund Balance, June 30th	<u>\$ 1,968</u>	<u>\$ 1,968</u>	<u>\$ -</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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010**

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2010
Revenues:				
State Grant (THDA).....	\$ 430,050	\$ 428,267	\$ (1,783)	\$ 69,960
Expenditures:				
Home Improvements.....	430,050	428,008	2,042	69,960
Net Change in Fund Balance.....	-	259	259	-
Fund Balance, July 1 st	780	780	-	780
Fund Balance, June 30th.....	<u>\$ 780</u>	<u>\$ 1,039</u>	<u>\$ 259</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, 2011
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2010
Revenues:				
Investment income	\$ -	\$ 289	\$ 289	\$ -
Charges for services	<u>-</u>	<u>7,578</u>	<u>7,578</u>	<u>20,948</u>
Total Revenues	<u>-</u>	<u>7,867</u>	<u>7,867</u>	<u>20,948</u>
Expenditures:				
Landscaping Projects	39,000	1,800	37,200	-
Sidewalk Projects	40,000	2,633	37,367	-
Greenway Projects	8,000	-	8,000	-
Bank fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
Total Expenditures	<u>87,000</u>	<u>4,433</u>	<u>82,567</u>	<u>4</u>
Net Change in Fund Balance	(87,000)	3,434	90,434	20,944
Fund Balance, July 1 st	<u>130,886</u>	<u>130,886</u>	<u>-</u>	<u>109,942</u>
Fund Balance, June 30th	<u>\$ 43,886</u>	<u>\$ 134,320</u>	<u>\$ 90,434</u>	<u>\$ 130,886</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, 2011 and 2010**

<u>ASSETS</u>	<u>Business Type Activities</u>	
	<u>2011</u>	<u>2010</u>
Current Assets:		
Equity in pooled cash.....	\$ 962,913	\$ 874,268
Depreciable Capital Assets:		
Structures, improvements and equipment	418,925	379,077
Less: Allowance for depreciation	<u>(141,273)</u>	<u>(101,342)</u>
Total Net Capital Assets.....	<u>277,652</u>	<u>277,735</u>
Total Assets.....	<u>\$ 1,240,565</u>	<u>\$ 1,152,003</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Accrued salaries	\$ 11,819	\$ 9,814
Compensated absences.....	21,263	28,050
Capital lease payable	<u>50,913</u>	<u>49,213</u>
Total Current Liabilities.....	<u>83,995</u>	<u>87,077</u>
Long-Term Liabilities:		
Capital lease payable	<u>135,109</u>	<u>186,022</u>
Net Assets:		
Unrestricted.....	929,831	836,404
Invested in net assets, net of unrelated debt	<u>91,630</u>	<u>42,500</u>
Total Net Assets.....	<u>1,021,461</u>	<u>878,904</u>
Total Liabilities and Net Assets	<u>\$ 1,240,565</u>	<u>\$ 1,152,993</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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Business Type Activities</u>	
	<u>2011</u>	<u>2010</u>
Operating Revenue:		
Residential sales	\$ 145,764	\$ 127,068
Commercial/Industrial sales	<u>851,745</u>	<u>779,952</u>
Total Operating Revenue	<u>997,509</u>	<u>907,020</u>
Operating Expenses:		
Administrative.....	172,155	81,708
Operations and maintenance	519,422	473,510
Street cleaning.....	<u>125,305</u>	<u>97,666</u>
Total Operating Expenses Before Depreciation.....	<u>816,882</u>	<u>652,884</u>
Operating Income Before Depreciation	180,627	254,136
Depreciation.....	<u>(39,931)</u>	<u>(31,427)</u>
Operating Income.....	140,696	222,709
Other Income:		
Interest on Investments	<u>1,861</u>	<u>-</u>
Net Income Before Capital Contributions.....	142,557	222,709
Capital Contributions.....	<u>-</u>	<u>-</u>
Change in Net Assets.....	142,557	222,709
Net Assets at Beginning of Year	<u>878,904</u>	<u>656,195</u>
Net Assets at End of Year.....	<u>\$ 1,021,461</u>	<u>\$ 878,904</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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Business Type Activities</u>	
	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers.....	\$ 997,509	\$ 907,020
Cash payments to suppliers for goods and services	(501,840)	(465,373)
Cash payments to employees for services	<u>(319,824)</u>	<u>(169,925)</u>
Net Cash Flows from Operating Activities.....	<u>175,845</u>	<u>271,722</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additional long-term notes.....	-	259,222
Payments for stormwater acquisitions	(39,848)	(259,222)
Principal paid on capital lease	<u>(49,213)</u>	<u>(23,987)</u>
Net Cash Flows from Capital and Related Financing Activities.....	(89,061)	(23,987)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends on investments	<u>1,861</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	88,645	247,735
Cash and Cash Equivalents at Beginning of Year	<u>874,268</u>	<u>626,533</u>
Cash and Cash Equivalents at End of Year	<u>\$ 962,913</u>	<u>\$ 874,268</u>
Operating Income	<u>\$ 140,696</u>	<u>\$ 222,709</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	39,931	31,427
Change in assets and liabilities:		
Compensated absences.....	(6,787)	10,216
Accrued salaries.....	<u>2,005</u>	<u>7,370</u>
Total adjustments.....	<u>35,149</u>	<u>49,013</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 175,845</u>	<u>\$ 271,722</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,		
2011	\$	-
2010		339,566

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Business Type Activities</u>	
	<u>2011</u>	<u>2010</u>
Administrative and General:		
Wages	\$ 101,778	\$ 40,750
FICA	7,683	2,811
Retirement	16,236	5,398
Hospitalization insurance	14,609	5,600
Life/accidental death insurance	436	162
Dental insurance	1,766	684
Other personal services	994	6,066
Regulatory fees and license	3,860	3,860
Utilities	973	423
Office supplies	19	75
Other operating supplies	-	48
Gasoline	704	809
Repair and maintenance	-	250
Workmen’s compensation	1,418	100
Employee education and training	1,420	505
Professional services	263	7,971
Dues and memberships	1,563	2,222
Advertising/public education	-	600
Business/Public relations	52	30
Printing	344	287
Auto parts	51	541
Safety supplies	8	-
Insurance	2,001	603
Utility processing	1,040	-
Computer equipment	1,299	1,913
Improvement teams	101	-
GIS - System	13,537	-
Total Administrative and General	<u>172,155</u>	<u>81,708</u>
Operations and Maintenance:		
Wages	168,171	98,997
Standby pay	8,267	5,253
Overtime	2,997	1,869
F.I.C.A.	13,063	7,203
Retirement	35,680	15,788
Hospitalization insurance	42,000	25,200
Life/Accidental death insurance	965	555
Dental insurance	5,131	3,079
Workmen’s compensation	7,393	3,000
Other personal services	11,739	5,262
Drug/Alcohol test	39	-
Advertising/public education	-	52
Employee education and training	15	133
Travel	405	90
Gasoline	8,916	2,672

(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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Business Type Activities</u>	
	<u>2011</u>	<u>2010</u>
Operations and Maintenance (Continued):		
Equipment lease.....	7,397	4,318
Other operating supplies.....	357	217
Small tools.....	974	662
Uniforms	755	713
Auto parts.....	5,400	2,177
Safety supplies.....	745	446
Insurance	2,665	1,906
Repair and maintenance	15,890	90,423
Cost recovered.....	180,280	203,495
Communication equipment	160	-
Dues and memberships	18	-
Total Operations and Maintenance	<u>519,422</u>	<u>473,510</u>
Street Cleaning:		
Wages	38,093	38,251
Standby pay.....	1,742	1,784
Overtime pay.....	781	607
F.I.C.A.	2,989	3,277
Retirement.....	11,823	13,232
Retiree supplement	26,209	-
Retiree insurance	2,310	-
Hospitalization insurance	9,100	8,400
Life/Accidental death insurance	221	203
Dental insurance	1,112	1,026
Workmen 's compensation.....	1,422	1,709
Other personal services	-	2,183
Professional services.....	72	72
Landfill services	14,858	16,923
Uniforms	130	376
Auto parts.....	6,464	2,953
Gasoline	6,048	5,778
Safety	34	8
Insurance.....	1,038	884
Repair and maintenance	724	-
Improvement teams.....	20	-
Other operating supplies.....	69	-
Small tools.....	46	-
Total Street Cleaning.....	<u>125,305</u>	<u>97,666</u>
Total Operating and Maintenance.....	<u>\$ 816,882</u>	<u>\$ 652,884</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, 2011

	<u>Capital Assets</u>			<u>Allowance for Depreciation</u>				
	<u>Balance 6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/11</u>	<u>Balance 7/1/2010</u>	<u>Depreciation Taken</u>	<u>Additions - Reclassify</u>	<u>Balance 6/30/2011</u>
Street Sweeper	\$ 119,855	\$ -	\$ -	\$ 119,855	\$ 81,900	\$ 11,986	\$ -	\$ 93,886
Vacuum Truck	259,222	-	-	259,222	19,442	25,922	-	45,364
Geocollector XH6000 ...	-	9,500	-	9,500	-	-	-	-
2011 Ford F250 4x4.....	-	30,348	-	30,348	-	2,023	-	2,023
Total Stormwater								
Utility.....	<u>\$ 379,077</u>	<u>\$ 39,848</u>	<u>\$ -</u>	<u>\$ 418,925</u>	<u>\$ 101,342</u>	<u>\$ 39,931</u>	<u>\$ -</u>	<u>\$ 141,273</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, 2011 and 2010

ASSETS	<u>Business Type Activities</u>	
	<u>2011</u>	<u>2010</u>
Current Assets:		
Equity in pooled cash.....	\$ 5,187,969	\$ 5,175,597
Cash held by bond trustee	1,630,485	2,506,043
Inventory.....	491,833	339,785
Total Current Assets	7,310,287	8,021,425
Capital Assets:		
Non-depreciable Capital Assets:		
Land and easements.....	1,194,235	1,194,235
Construction in progress	1,416,497	350,348
	2,610,732	1,544,583
Depreciable Capital Assets:		
Structures, improvements, and equipment	70,110,654	67,373,965
Less: Allowance for depreciation	(17,025,082)	(14,933,814)
Net Depreciable Capital Assets	53,085,572	52,440,151
Total Net Capital Assets.....	55,696,304	53,984,734
Deferred Debits:		
Unamortized debt expenses.....	309,099	303,418
Unamortized discount on long-term debt.....	508,447	525,593
Total Deferred Debits.....	817,546	829,011
Total Assets	\$ 63,824,137	\$ 62,835,170
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accrued salaries	\$ 77,757	\$ 77,530
Accounts payable.....	25,155	39,025
Bonds payable – Due within one (1) year	215,000	190,000
Compensated absences.....	213,323	82,121
Revolving loan – Due within one (1) year	352,476	327,304
Total Current Liabilities	883,711	715,980
Long-Term Liabilities:		
General obligation bonds payable.....	44,060,161	44,275,175
Compensated absences.....	67,542	202,660
Revolving loan payable.....	879,626	1,242,102
Total Long-Term Liabilities	45,007,329	45,719,937
Net Assets:		
Unrestricted.....	6,113,571	5,943,057
Invested in capital assets, net of related debt.....	11,819,526	10,456,196
Total Net Assets.....	17,933,097	16,399,253
Total Liabilities and Net Assets	\$ 63,824,137	\$ 62,835,170

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>
Operating Revenue:		
Retail water sales	\$ 3,717,542	\$ 3,743,454
Wholesale water sales	739,550	1,005,533
Wholesale water sales – ALCOA.....	1,125,826	1,413,660
Sewer charges	3,901,603	3,956,486
Other Operating Revenue:		
Penalties.....	153,226	154,915
Sewer taps.....	25,000	17,865
Connections	17,524	8,803
Fire hydrant rental.....	20,670	27,900
Miscellaneous	<u>377,257</u>	<u>25,886</u>
Total Operating Revenue	<u>10,078,198</u>	<u>10,354,502</u>
Operating Expenses:		
Administration	592,863	653,507
Accounting and collections.....	675,580	633,759
Supervision	202,392	175,674
Water treatment plant	1,512,087	1,532,703
Environmental compliance	91,824	119,637
Transmission and distribution.....	801,657	978,106
Meter reading and repairs	300,637	270,543
Water maintenance.....	250,084	244,965
Sewer collection/pumping	702,404	652,977
Sewer disposal	<u>2,110,539</u>	<u>1,961,847</u>
Total Operating Expenses	<u>7,240,067</u>	<u>7,223,718</u>
Other Operating Expense:		
Depreciation.....	<u>2,120,348</u>	<u>2,080,428</u>
Operating Income.....	<u>717,783</u>	<u>1,050,356</u>
Other Income:		
Interest on investments	10,093	145,487
Amortization of bond premium.....	<u>49,573</u>	<u>-</u>
Total Other Income	<u>59,666</u>	<u>145,487</u>
Other Expense:		
Amortization of Bond Expenses	(38,989)	(38,988)
Interest expense – Bonds and capital leases.....	<u>(1,471,659)</u>	<u>(1,414,681)</u>
Total Other Expense	<u>(1,510,648)</u>	<u>(1,453,669)</u>
Net Income (Loss) Before Contributions and Transfers.....	(733,199)	(257,826)
Transfer in lieu of taxes.....	(400,000)	(400,000)
Capital Contributions	<u>2,667,043</u>	<u>1,814,111</u>
Change in Net Assets.....	1,533,844	1,156,285
Net Assets at Beginning of Year	<u>16,399,253</u>	<u>15,242,968</u>
Net Assets at End of Year	<u>\$ 17,933,097</u>	<u>\$ 16,399,253</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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers.....	\$ 10,078,198	\$ 10,354,502
Cash payments to suppliers for goods and services	(5,220,848)	(5,084,742)
Cash payments to employees for services	<u>(2,142,005)</u>	<u>(2,193,713)</u>
Net Cash Flows From Operating Activities.....	<u>2,715,345</u>	<u>3,076,047</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid and early extinguishment of bonds	(1,090,000)	(435,999)
Interest paid on notes/bonds/capital leases.....	(1,471,659)	(1,414,681)
Payments for acquisition and construction of capital assets.....	(3,338,616)	(2,472,162)
Proceeds of notes/bonds.....	920,000	-
Contributions in Aid of Construction.....	<u>2,667,043</u>	<u>1,814,111</u>
Net Cash Flows From (Used by) Capital and Related Financing Activities.....	<u>(2,313,232)</u>	<u>(2,508,731)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer out - In lieu of tax	<u>(400,000)</u>	<u>(400,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of investments	-	400,000
Interest and dividends on investments	<u>10,093</u>	<u>145,487</u>
Net Cash Flows From (Used By) Investing Activities	<u>10,093</u>	<u>545,487</u>
NET INCREASE IN (DECREASE) CASH AND CASH EQUIVALENTS	12,206	712,803
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>5,175,597</u>	<u>4,462,794</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 5,187,803</u>	<u>\$ 5,175,597</u>

(Continued)

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>
Operating Income (loss)	\$ 717,783	\$ 1,050,356
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,120,348	2,080,428
Amortization of deferred debits	38,989	38,988
Changes in assets and liabilities:		
Retainage payable	-	-
Compensated absences	3,916	20,419
Inventory	(152,048)	(84,202)
Accrued salaries	227	(5,734)
Accounts payable	<u>(13,870)</u>	<u>(24,208)</u>
Total Adjustments	<u>1,997,562</u>	<u>2,025,691</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,715,345</u>	<u>\$ 3,076,047</u>

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>		
2011	\$	-
2010	\$	678,071

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
Administrative and General:		
Wages	\$ 299,794	\$ 316,274
Overtime	153	209
F.I.C.A.	22,667	23,675
Retirement	56,555	56,205
Retirement settlement	-	2,817
Hospitalization insurance	36,490	38,850
Life/Accidental death insurance	1,207	1,208
Dental insurance	3,969	4,244
Workmen’s compensation	1,334	1,361
Retiree insurance	3,591	4,832
Professional service	19,206	60,969
Mailing	193	-
Advertising/Public Relations	242	496
Travel and training	1,500	1,438
Dues	10,756	9,716
Printing	794	758
Maintenance contracts	425	425
Utilities	1,137	1,321
Other contracted services	1,449	3,171
Office supplies	743	562
Insurance	12,373	10,948
Other personnel services	10,075	8,312
Repair and maintenance	896	1,236
GIS System	13,537	17,903
Operating supplies	125	199
Costs recovered	75,968	69,999
Computer Equipment	2,458	1,569
Regulatory fees and license	15,226	14,810
Total Administrative and General	<u>592,863</u>	<u>653,507</u>
Accounting and Collections:		
Wages	306,470	300,303
Overtime	76	43
F.I.C.A.	23,156	22,687
Retirement	68,349	62,390
Hospitalization insurance	61,050	59,972
Life/Accidental death insurance	1,560	1,501
Dental insurance	6,479	6,557
Workmen’s compensation	741	793
Retiree insurance	-	697
Other personnel service	10,958	19,982
Drug/alcohol test	6	-
Dues	117	25
Employee Training	1	1
Professional services	41,425	10,900
Mailing	46,376	46,560

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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
Accounting and Collections (Continued):		
Advertising/Public relations.....	1,595	1,889
Credit card processing	15,820	-
Repair and maintenance.....	91	1,414
Printing.....	4,201	4,656
Maintenance contracts.....	9,501	10,386
Rent expense.....	57,000	57,000
Utilities.....	1,704	1,830
Other contractual services.....	1,056	1,110
Collection fees	6,245	13,638
Office supplies	5,607	6,394
Billing process	3,423	-
Insurance	2,309	2,922
Computer equipment.....	264	109
Total Accounting and Collections	<u>675,580</u>	<u>633,759</u>
Supervision:		
Wages.....	104,302	88,791
Standby pay	5,610	3,955
Overtime.....	5,624	4,167
F.I.C.A.....	9,182	7,905
Retirement	40,133	41,065
Hospitalization insurance.....	16,450	13,650
Life/Accidental death insurance.....	468	392
Dental insurance.....	2,009	1,667
Workmen’s compensation	1,763	5,588
Other personnel service	9,661	1,815
Dues and memberships.....	50	10
Travel and training	369	643
Improvement teams.....	290	239
Utilities.....	2,229	2,290
Office supplies	8	70
Uniforms.....	642	549
Automotive parts.....	85	33
Gasoline.....	1,101	838
Insurance	945	1,363
Regulatory fees and license	60	210
Costs recovered.....	843	-
Computer equipment.....	568	434
Total Supervision	<u>202,392</u>	<u>175,674</u>
Water Treatment:		
Wages.....	436,142	435,885
Overtime.....	934	2,734
F.I.C.A.....	33,116	33,289
Retirement	117,392	111,959
Hospitalization insurance.....	84,000	84,000
Life/Accidental death insurance.....	2,186	2,124
Dental insurance.....	8,178	8,699

(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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
Water Treatment (Continued):		
Workmen’s compensation	15,976	15,650
Retiree insurance.....	7,080	7,980
Unemployment benefits.....	2,227	5,264
Other personnel services.....	14,171	15,974
Drug/alcohol test.....	276	170
Employee education and training.....	920	1,446
Professional fees	3,868	5,820
Mailing.....	912	951
Dues	175	175
Regulatory fees	9,110	9,910
Travel	2,559	2,121
Public relations.....	221	208
Improvement teams.....	136	174
Printing.....	1,669	1,371
Rental/Maintenance contracts.....	1,882	2,011
Utilities.....	481,233	433,704
Other contractual services.....	6,815	13,631
Office supplies	1,183	1,253
Small tools	461	141
Uniforms.....	1,326	3,964
Automotive parts.....	511	1,009
Electrical and plumbing.....	1,944	2,900
Chemicals	122,996	117,157
Gasoline.....	4,157	3,578
Safety supplies	3,211	4,834
Insurance	30,315	32,196
Repair and maintenance.....	114,662	168,764
Communication equipment.....	114	137
Computer equipment.....	29	1,520
Total Water Treatment.....	<u>1,512,087</u>	<u>1,532,703</u>
Environmental Compliance:		
Wages.....	50,214	68,411
F.I.C.A.....	3,807	5,246
Retirement	15,240	17,529
Hospitalization insurance.....	9,660	14,000
Life/Accidental death insurance.....	251	355
Dental insurance.....	1,180	1,710
Workmen’s compensation	1,396	2,800
Other personnel services.....	3,331	20
Easement	1,467	4,294
Employee education and training.....	112	110
Mailing.....	39	37
Regulatory fees and license	215	90
Dues	10	-
Travel	1,029	390
Office supplies	405	358
Small tools	138	95
Uniforms.....	390	-

(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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
Environmental Compliance (Continued):		
Utilities	437	729
Repair and maintenance	676	691
Automotive parts	23	248
Electrical & Plumbing	3	49
Gasoline	1,037	1,455
Insurance	632	953
Safety	53	28
Computer equipment	79	39
Total Environmental Compliance	<u>91,824</u>	<u>119,637</u>
Transmission and Distribution:		
Wages	302,570	363,479
Standby pay	16,951	18,824
Overtime	21,487	15,725
F.I.C.A.	26,178	30,781
Retirement	93,450	100,060
Retirement settlement	2,271	-
Hospitalization insurance	69,786	76,269
Life/Accidental death insurance	1,666	1,788
Dental insurance	7,408	8,790
Workmen's compensation	12,715	13,793
Retiree insurance	14,452	13,364
Regulatory fees and license	8,713	4,967
Easement	1,000	44
Employee education and training	379	205
Other personnel services	4,735	23,651
Professional fees	722	722
Dues	158	131
Travel	498	197
Printing	750	682
Utilities	52,249	53,325
Office supplies	204	126
Other operating supplies	3,011	1,851
Small tools	2,726	3,796
Uniforms	2,127	7,150
Automotive parts	25,524	11,058
Gasoline	23,956	25,808
Construction materials	20,276	63,795
Safety	4,345	3,286
Insurance	5,088	6,587
Repair and maintenance	59,679	95,321
Water line relocation	7,387	13,306
Costs recovered	5,820	4,847
Machinery and equipment	999	-
Deadend lines	2,377	14,378
Total Transmission and Distribution	<u>801,657</u>	<u>978,106</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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
Meter Readings and Repairs:		
Wages	101,585	98,368
Standby pay	6,584	4,115
Overtime	14,417	11,905
F.I.C.A.	9,470	9,118
Retirement.....	40,331	40,547
Hospitalization insurance.....	18,703	19,249
Life/Accidental death insurance	464	470
Dental insurance	1,661	1,525
Workmen's compensation	3,182	4,415
Retiree insurance	1,519	2,129
Other personnel services	9,058	5,353
Contract meter reading.....	28,589	41,162
Professional fees	270	217
Drug/Alcohol test	27	83
Maintenance contracts	2,018	2,613
Utilities	1,739	1,671
Office supplies.....	1,170	1,036
Small tools	505	2,776
Chemicals.....	47	82
Uniforms.....	1,211	1,399
Automotive parts	3,506	4,722
Gasoline	6,346	6,567
Other commodities	285	336
Insurance.....	1,733	2,020
Repairs and maintenance	32,592	215
Meters and devices	13,378	7,746
Radio equipment.....	-	41
Computer equipment	247	663
Total Meter Readings and Repairs.....	<u>300,637</u>	<u>270,543</u>
Maintenance:		
Wages	122,093	123,365
Standby pay	16,466	16,566
Overtime	6,668	4,924
F.I.C.A.	11,469	11,324
Retirement.....	25,871	23,592
Hospitalization insurance.....	21,000	21,000
Life/Accidental death insurance	581	574
Dental insurance	2,566	2,566
Workmen's compensation	6,499	6,219
Retiree insurance	2,460	2,160
Other personnel services	-	6,602
Professional fees	217	217
Dues.....	130	20
Travel.....	110	110
Utilities	1,230	1,175

(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, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
Maintenance (Continued):		
Other Operating Supplies.....	224	3
Small tools	329	820
Uniforms.....	414	2,515
Automotive parts	3,222	1,564
Electrical and plumbing	-	450
Gasoline.....	7,026	5,060
Insurance.....	1,438	1,643
Safety.....	1,111	-
Repairs and maintenance	18,960	12,496
Total Maintenance.....	<u>250,084</u>	<u>244,965</u>
Sewage Collection/Pumping:		
Wages	289,976	278,625
Standby pay.....	15,724	16,144
Overtime	18,392	15,167
F.I.C.A.	25,266	24,453
Retirement.....	89,591	90,648
Retirement settlement	2,270	-
Hospitalization insurance.....	59,424	63,051
Life/Accidental death insurance	1,503	1,569
Dental insurance	6,605	7,397
Workmen's compensation	10,342	8,139
Other personnel services	13,362	18,451
Professional fees.....	433	433
Dues.....	-	99
Regulatory fees and license.....	60	30
Utilities	18,643	16,831
Office supplies.....	-	20
Other operating supplies	984	1,068
Small tools	1,584	1,043
Uniforms.....	741	1,798
Automotive parts	11,709	10,646
Gasoline	13,752	11,845
Construction materials	9,292	4,171
Safety.....	1,411	1,500
Insurance.....	2,957	2,844
Repairs and maintenance	11,306	286
Meter and devices	9,397	24,589
Easement.....	8	-
Sewer rehabilitation.....	78,989	45,141
Costs recovered	5,546	4,567
Retiree insurance	3,137	2,422
Total Sewage Collection/Pumping.....	<u>702,404</u>	<u>652,977</u>
Disposal:		
Sewage treatment expense	1,279,782	1,348,051
Treatment plant improvements.....	44	1,413
City of Maryville	830,713	612,383
Total Disposal.....	<u>2,110,539</u>	<u>1,961,847</u>
Total Operating and Maintenance.....	<u>\$ 7,240,067</u>	<u>\$ 7,223,718</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, 2011

<u>SEWER</u>	<u>CAPITAL ASSETS</u>				<u>ALLOWANCE FOR DEPRECIATION</u>			
	<u>Balance 06/30/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/11</u>	<u>Balance 7/1/10</u>	<u>Depreciation Taken</u>	<u>Additions (Deductions)</u>	<u>Balance 6/30/11</u>
Land and easements.....	\$ 174,138	\$ -	\$ -	\$ 174,138	\$ -	\$ -	\$ -	\$ -
Buildings:								
Pumping station.....	218,935	-	-	218,935	160,066	5,351	-	165,417
Leasehold improvements	2,536,361	-	-	2,536,361	836,431	76,091	-	912,522
Service Center	<u>1,502,128</u>	-	-	<u>1,502,128</u>	<u>65,138</u>	<u>33,985</u>	-	<u>99,123</u>
Total Buildings.....	<u>4,257,424</u>	-	-	<u>4,257,424</u>	<u>1,061,635</u>	<u>115,427</u>	-	<u>1,177,062</u>
Improvements Other Than Buildings:								
Sewer lines and mains.....	<u>11,284,530</u>	<u>1,565,389</u>	-	<u>12,849,919</u>	<u>3,579,249</u>	<u>261,010</u>	-	<u>3,840,259</u>
Machinery and Equipment:								
Pumping equipment.....	113,902	17,891	(26,699)	105,094	79,366	26,676	(26,699)	79,343
Tools and working equipment.....	549,491	-	-	549,491	329,923	53,698	-	383,621
Automobile and trucks.....	<u>153,581</u>	-	-	<u>153,581</u>	<u>149,473</u>	<u>4,107</u>	-	<u>153,580</u>
Total Machinery and Equipment.....	<u>816,974</u>	<u>17,891</u>	<u>(26,699)</u>	<u>808,166</u>	<u>558,762</u>	<u>84,481</u>	<u>(26,699)</u>	<u>616,544</u>
Total Sewer	<u>\$ 16,533,066</u>	<u>\$ 1,583,280</u>	<u>\$ (26,699)</u>	<u>\$ 18,089,647</u>	<u>\$5,199,646</u>	<u>\$ 460,918</u>	<u>\$ (26,699)</u>	<u>\$ 5,633,865</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, 2011

<u>WATER</u>	<u>CAPITAL ASSETS</u>				<u>ALLOWANCE FOR DEPRECIATION</u>			
	<u>Balance 06/30/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/11</u>	<u>Balance 7/1/10</u>	<u>Depreciation Taken</u>	<u>Additions (Deductions)</u>	<u>Balance 6/30/11</u>
Land.....	\$ 1,020,097	\$ -	\$ -	\$ 1,020,097	\$ -	\$ -	\$ -	\$ -
Buildings:								
Filter and treatment plant	19,053,933	-	-	19,053,933	1,519,215	419,768	-	1,938,983
Improvements Other Than Buildings:								
Water mains	8,205,052	1,139,812	-	9,344,864	2,204,996	171,089	-	2,376,085
Reservoirs	3,527,124	-	-	3,527,124	832,281	105,147	-	937,428
Lines to reservoirs	139,187	-	-	139,187	104,393	2,784	-	107,177
Water service connections.....	1,092,704	25,298	-	1,118,002	344,566	21,901	-	366,467
Raw water storage	2,961,770	-	-	2,961,770	1,125,555	59,247	-	1,184,802
Total Improvements Other Than Buildings	15,925,837	1,165,110	-	17,090,947	4,611,791	360,168	-	4,971,959
Machinery and Equipment:								
Water meters	400,785	11,278	(2,381)	409,682	237,304	28,677	(2,381)	263,600
Fire hydrants	347,500	-	-	347,500	95,906	6,951	-	102,857
Water purification equipment.....	6,168,663	-	-	6,168,663	1,162,966	359,249	-	1,522,215
Pumping equipment.....	7,287,030	-	-	7,287,030	928,879	364,381	-	1,293,260
Laboratory equipment.....	176,551	-	-	176,551	58,056	17,554	-	75,610
Tools and working equipment.....	701,000	6,101	-	707,101	380,897	55,426	-	436,323
Automobile and truck	673,773	-	-	673,773	652,001	19,317	-	671,318
Office furniture and fixtures.....	279,965	-	-	279,965	87,153	27,939	-	115,092
Total Machinery and Equipment	16,035,267	17,379	(2,381)	16,050,265	3,603,162	879,494	(2,381)	4,480,275
Total Water	\$52,035,134	\$ 1,182,489	\$ (2,381)	\$53,215,242	\$ 9,734,168	\$ 1,659,430	\$ (2,381)	\$ 11,391,217
TOTAL WATER AND SEWER.....	\$68,568,200	\$ 2,765,769	\$ (29,080)	\$71,304,889	\$ 14,933,814	\$ 2,120,348	\$ (29,080)	\$ 17,025,082

**CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
June 30, 2011 and 2010**

<u>ASSETS</u>	<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>
CAPITAL ASSETS:		
Non-depreciable Capital Assets:		
Land and easements	\$ 336,481	\$ 336,481
Construction in progress.....	<u>812,914</u>	<u>981,842</u>
	1,149,395	1,318,323
Depreciable Capital Assets:		
Structures, improvements and equipment.....	69,145,249	67,287,420
Less: Allowance for depreciation	<u>(24,389,955)</u>	<u>(22,222,257)</u>
	44,755,294	45,065,163
Net Capital Assets.....	<u>45,904,689</u>	<u>46,383,486</u>
CURRENT ASSETS:		
Bond principal and redemption reserve	3,339,869	3,600,620
Cash	2,990,699	1,676,994
Cash investments	1,376,691	1,371,015
Accounts receivable - Less provision for doubtful accounts of \$229,489 at June 30, 2011 and \$265,676 at June 30, 2010	4,440,625	4,079,152
Accounts receivable - Pole rentals	148,851	137,825
Materials and supplies at average cost	616,602	557,484
Accrued interest receivable.....	4,759	730
Prepaid expenses.....	668	686
Prepaid TVA Power Invoice Program.....	4,599,993	2,832,793
Unamortized debt expense.....	<u>25,000</u>	<u>26,000</u>
Total Current Assets	<u>17,543,757</u>	<u>14,283,299</u>
OTHER ASSETS:		
Receivable from customers for back utilities.....	-	1,470
Receivables from customers for conservation loans	2,191,618	1,994,387
Long-term notes receivable	100,000	100,000
Unamortized debt expense.....	<u>502,733</u>	<u>528,119</u>
Total Other Assets	<u>2,794,351</u>	<u>2,623,976</u>
Total Assets.....	<u>\$ 66,242,797</u>	<u>\$ 63,290,761</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, 2011 and 2010**

<u>LIABILITIES AND NET ASSETS</u>	<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>
LONG-TERM LIABILITIES:		
Compensated absences	\$ 184,625	\$ 144,441
Revenue bonds payable	19,665,000	20,295,000
Deferred credits	586,106	671,555
Conservation – TVA	<u>2,184,503</u>	<u>1,964,013</u>
 Total Long-Term Liabilities	 <u>22,620,234</u>	 <u>23,075,009</u>
CURRENT LIABILITIES:		
Accounts payable	9,339,505	8,106,507
Customer deposits	1,365,954	1,333,386
Accrued payroll	182,260	159,431
Accrued rentals	95,796	88,700
Accrued interest	70,675	11,281
Miscellaneous payables	2,603	2,504
Compensated absences	289,307	278,936
Revenue bonds payable	<u>630,000</u>	<u>575,000</u>
 Total Current Liabilities	 <u>11,976,100</u>	 <u>10,555,745</u>
 Total Liabilities	 <u>34,596,334</u>	 <u>33,630,754</u>
NET ASSETS:		
Invested in capital assets, net of related debt	25,609,689	25,513,486
Unrestricted	<u>6,036,774</u>	<u>4,146,521</u>
 Total Net Assets	 <u>31,646,463</u>	 <u>29,660,007</u>
 Total Liabilities and Net Assets	 <u>\$ 66,242,797</u>	 <u>\$ 63,290,761</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, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
OPERATING REVENUE:		
Sale of Electric Energy:		
Residential - Non-farm	\$ 38,352,043	\$ 32,362,746
Small lighting and power sales.....	5,559,605	5,052,382
Large lighting and power sales.....	16,586,668	14,421,760
Street and outdoor lighting.....	975,038	890,539
Consumer forfeited discounts.....	439,295	378,005
Rent from electric property	515,378	502,969
Miscellaneous service revenue	248,659	223,651
Other electric revenue	<u>528</u>	<u>1,156</u>
Total Operating Revenue	<u>62,677,214</u>	<u>53,833,208</u>
PURCHASED POWER	<u>49,832,583</u>	<u>43,373,895</u>
OPERATING EXPENSES:		
Distribution expense	1,199,588	1,155,266
Customer accounts expense	1,348,792	1,298,049
Sales expense	66,893	75,659
Administrative and general expense	<u>2,472,151</u>	<u>2,481,862</u>
Total Operating Expenses	<u>5,087,424</u>	<u>5,010,836</u>
MAINTENANCE EXPENSE:		
Distribution expense	1,853,469	1,711,227
Administrative and general expense	<u>25,292</u>	<u>10,969</u>
Total Maintenance Expense	<u>1,878,761</u>	<u>1,722,196</u>
OTHER OPERATING EXPENSE:		
Depreciation expense	<u>2,304,265</u>	<u>2,309,630</u>
TOTAL PURCHASED POWER AND OPERATING EXPENSES	<u>59,103,033</u>	<u>52,516,557</u>
OPERATING INCOME	3,574,181	1,416,651
Interest income on investments	<u>18,046</u>	<u>26,501</u>
Net Operating Income.....	<u>3,592,227</u>	<u>1,443,152</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULES OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (Continued)
For the Fiscal Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
INTEREST EXPENSE:		
Interest on long-term debt.....	(405,000)	(330,000)
Amortization of long-term debt discount and expense	(26,387)	(26,387)
Total Interest Expense.....	<u>(431,387)</u>	<u>(356,387)</u>
OTHER INCOME (EXPENSE):		
Revenue from merchandise, jobbing and contract work	406	1,509
Gain on sale of transformer	-	18,000
State of TN – Unclaimed property returned.....	1,646	1,826
Total Other Income.....	<u>2,052</u>	<u>21,335</u>
NET INCOME BEFORE TRANSFERS	3,162,892	1,108,100
Transfer in lieu of tax	<u>(1,176,436)</u>	<u>(1,148,497)</u>
NET INCOME.....	1,986,456	(40,397)
NET ASSETS – BEGINNING OF YEAR	<u>29,660,007</u>	<u>29,700,404</u>
NET ASSETS – END OF YEAR.....	<u>\$ 31,646,463</u>	<u>\$ 29,660,007</u>

**CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULES OF CASH FLOWS
For the Fiscal Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 62,315,741	\$ 53,860,269
Cash payments to suppliers for goods and services	(53,987,580)	(48,407,369)
Cash payments to employees for services	<u>(3,259,331)</u>	<u>(3,230,227)</u>
Net Cash Flows From Operating Activities.....	<u>5,068,830</u>	<u>2,222,673</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Customer deposits received	324,370	327,875
Customer deposits refunded.....	(291,802)	(242,884)
Advances from TVA.....	807,030	951,669
Repayments of advances	(586,540)	(516,596)
Principal paid on bonds/notes	(575,000)	(235,000)
Interest paid on bonds/notes	(345,606)	(372,291)
Deferred credits.....	(85,449)	9,378
Merchandise, jobbing, and contract work revenue.....	406	1,509
Acquisition and construction of capital assets	(1,797,769)	(1,369,379)
Removal costs of fixed assets	27,699	63,580
Acquisition of conservation loans	(672,727)	(834,874)
Collection on conservation loans	<u>461,553</u>	<u>498,461</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(2,733,835)</u>	<u>(1,718,552)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(9,183,114)	(9,677,605)
Proceeds from maturities of investments.....	9,329,919	9,613,549
Interest and dividends on investments.....	<u>14,017</u>	<u>55,393</u>
Net Cash Flows From Investing Activities.....	<u>160,822</u>	<u>(8,663)</u>
CASH FLOWS FROM NON-CAPITAL ACTIVITIES:		
Transfers – In lieu of Tax	<u>(1,176,436)</u>	<u>(1,148,497)</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, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,319,381	(653,039)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,048,009</u>	<u>3,701,048</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 4,367,390</u>	<u>\$ 3,048,009</u>
 Operating Income	 <u>\$ 3,574,181</u>	 <u>\$ 1,416,651</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation.....	2,304,265	2,309,630
Amortization	26,387	26,387
Changes in assets and liabilities:		
Poles rental	(11,026)	(8,269)
Accounts receivable	(361,473)	35,330
Miscellaneous receivables – back utilities	1,470	12,448
Prepaid expenses	(1,767,182)	(1,473,279)
Inventory	(59,118)	(13,326)
Accrued interest receivables	(4,029)	28,892
Accounts payable	1,232,998	(109,907)
Accrued rentals	7,096	5,322
Accrued interest	59,394	(42,291)
Accrued payroll.....	22,829	2,424
Miscellaneous Payables	32,667	(2,087)
Compensated absences	<u>10,371</u>	<u>34,748</u>
Total Adjustments.....	<u>1,494,649</u>	<u>806,022</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES.....	 <u>\$ 5,068,830</u>	 <u>\$ 2,222,673</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, 2011 and 2010**

<u>OPERATING EXPENSE</u>	<u>2011</u>	<u>2010</u>
DISTRIBUTION:		
Supervision and engineering	\$ 59,852	\$ 62,244
Station expense	55,363	48,423
Overhead line expense	424,200	444,270
Underground expense	44,503	34,944
Meter expense	134,902	132,484
Miscellaneous	282,074	250,173
Rents	<u>198,694</u>	<u>182,728</u>
Total Distribution Expense	<u>1,199,588</u>	<u>1,155,266</u>
CUSTOMER ACCOUNTS EXPENSE:		
Meter reading expense	420,742	411,274
Customer record and collection expense	748,050	706,775
Uncollectible accounts	<u>180,000</u>	<u>180,000</u>
Total Customer Accounts Expense	<u>1,348,792</u>	<u>1,298,049</u>
SALES EXPENSE:		
Demonstrating and selling expense	<u>66,893</u>	<u>75,659</u>
ADMINISTRATIVE AND GENERAL EXPENSE:		
Administrative and general salaries	647,598	624,260
Office supplies and expense	37,871	36,675
Outside service employed	45,824	72,909
Property insurance	102,784	105,480
Injuries and damages	156,768	159,040
Employee pensions and benefits	1,318,277	1,304,750
Duplicate charges – Credit	(5,133)	(7,354)
Rents - City cost recovery	95,700	95,700
Miscellaneous	<u>72,462</u>	<u>90,402</u>
Total Administrative and General Expense	<u>2,472,151</u>	<u>2,481,862</u>
Total Operating Expense	<u>5,087,424</u>	<u>5,010,836</u>
 <u>MAINTENANCE EXPENSE</u>		
DISTRIBUTION EXPENSE:		
Supervision and engineering	51,741	53,760
Maintenance of station equipment	110,287	68,739
Maintenance of overhead and underground lines	1,545,690	1,453,696
Maintenance of line transformers	32,430	13,472
Street lighting and signal systems	36,829	37,318
Maintenance of meters/miscellaneous distribution plant	<u>76,492</u>	<u>84,242</u>
Total Distribution Expense	1,853,469	1,711,227
ADMINISTRATIVE AND GENERAL EXPENSE:		
Maintenance of general plant	<u>25,292</u>	<u>10,969</u>
Total Maintenance Expense	<u>1,878,761</u>	<u>1,722,196</u>
 Total Operating and Maintenance Expense	 <u>\$ 6,966,185</u>	 <u>\$ 6,733,032</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ELECTRIC PLANT IN SERVICE
June 30, 2011

	Balance	<u>Additions</u>	<u>Retirements</u>	Reclassify		Balance
	<u>7-01-10</u>			<u>DR</u>	<u>CR</u>	<u>6-30-11</u>
TRANSMISSION:						
Station equipment	\$ 11,354,409	\$ 113,974	\$ -	\$ -	\$ -	\$ 11,468,383
DISTRIBUTION:						
Land and land rights.....	6,853	-	-	-	-	6,853
Station equipment	2,013,565	-	8,029	-	-	2,005,536
Poles, towers and fixtures.....	9,253,124	484,251	40,595	-	-	9,696,780
Overhead conductors and devices	9,485,566	299,810	13,469	-	-	9,771,907
Underground conduit	659,423	(743)	-	-	-	658,680
Underground conductors and devices	2,849,297	2,275	-	-	-	2,851,572
Line transformers.....	10,302,400	254,813	26,762	-	-	10,530,451
Services	1,946,251	41,806	642	-	-	1,987,415
Meters	4,438,185	221,193	10,565	-	-	4,648,813
Street lighting and signal systems	2,815,783	424,429	8,806	-	-	3,231,406
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.....	514,615	1,636	-	-	-	516,251
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	123,253	-	-	-	588,033
Miscellaneous equipment.....	<u>14,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,972</u>
Totals	67,623,901	1,966,697	108,868	-	-	69,481,730
CONSTRUCTION WORK IN PROGRESS	<u>981,842</u>	<u>(168,928)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>812,914</u>
Total Electric Plant in Service...	<u>\$ 68,605,743</u>	<u>\$ 1,797,769</u>	<u>\$ 108,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,294,644</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ACCUMULATED PROVISION FOR DEPRECIATION
June 30, 2011

	Balance 7-01-10	Depreciation Expense	Retirement	Removal Cost and Other	Reclassify		Balance 6/30/11	Depreciation Rate
					DR	CR		
TRANSMISSION:								
Station equipment.....	\$ 5,292,904	\$ 346,261	\$ -	\$ -	\$ -	\$ -	\$ 5,639,165	4.09%
DISTRIBUTION PLANT:								
Station equipment.....	831,557	69,648	8,028	-	-	-	893,177	
Poles, towers, and fixtures.....	3,122,706	397,847	40,595	20,147	-	-	3,459,811	4.25%
Overhead conductors and devices	1,023,499	291,031	13,469	4,888	-	-	1,296,173	3.00%
Underground conduit.....	280,369	19,857	-	-	-	-	300,226	3.00%
Underground conductors and devices	830,945	85,794	-	-	-	-	916,739	3.00%
Line transformers	3,895,841	258,298	26,763	-	-	-	4,127,376	2.50%
Services.....	901,257	63,416	641	124	-	-	963,908	3.25%
Meters.....	720,414	259,894	10,564	-	-	-	969,744	2.00%
Street lighting and signal systems	1,997,296	109,811	8,807	2,540	-	-	2,095,760	12.00%
Outdoor lighting on customer premises	382,122	-	-	-	-	-	382,122	8.00%
Total Distribution Plant.....	13,986,006	1,555,596	108,867	27,699	-	-	15,405,036	
GENERAL PLANT:								
Structures and improvements	651,142	156,927	-	-	-	-	808,069	2.00%
Office furniture and equipment.....	322,447	26,498	-	-	-	-	348,945	various
Transportation equipment	1,524,953	172,094	-	-	-	-	1,697,047	various
Tools, shop and garage equipment.....	74,798	2,443	-	-	-	-	77,241	8.00%
Laboratory equipment.....	30,323	134	-	-	-	-	30,457	5.00%
Communication equipment	336,822	43,315	-	-	-	-	380,137	10.00%
Miscellaneous equipment.....	2,862	996	-	-	-	-	3,858	8.00%
Total General Plant	2,943,347	402,407	-	-	-	-	3,345,754	
Totals.....	\$ 22,222,257	\$ 2,304,264	\$ 108,867	\$ 27,699	\$ -	\$ -	\$ 24,389,955	

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
June 30, 2011 and 2010

<u>ASSETS</u>	<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash.....	\$ 500	\$ 500
Cash in bank.....	2,281,597	2,039,625
Accounts receivable.....	<u>350,259</u>	<u>339,235</u>
Total Current Assets	<u>2,632,356</u>	<u>2,379,360</u>
Capital Assets:		
Non-depreciable Capital Assets:		
Land.....	640,851	640,851
Construction in Progress	<u>5,839,312</u>	<u>103,129</u>
	6,480,163	743,980
Depreciable Capital Assets:		
Structures, improvements, and equipment	7,242,949	7,190,212
Less: Allowance for depreciation	<u>(6,069,157)</u>	<u>(5,661,330)</u>
	<u>1,173,792</u>	<u>1,528,882</u>
Net Capital Assets	<u>7,653,955</u>	<u>2,272,862</u>
Non-Current Assets:		
Cash in banks – Restricted.....	3,497,212	3,049,789
Investments – Certificate of deposit – Restricted	3,166,129	3,150,119
Investments – Restricted for Construction in Progress	-	5,839,923
Unamortized debt expense.....	63,079	70,361
Unamortized discount on long-term debt.....	<u>65,362</u>	<u>73,125</u>
Total Non-Current Assets.....	<u>6,791,782</u>	<u>12,183,317</u>
Total Assets.....	<u>\$ 17,078,093</u>	<u>\$ 16,835,539</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ -	\$ 217,000
Accrued salaries	28,086	27,496
Bonds payable – Due within one (1) year	540,000	525,000
Compensated absences	91,602	75,454
Capital lease payable	94,028	26,360
Closure and postclosure costs	<u>526,500</u>	<u>526,500</u>
Total Current Liabilities	<u>1,280,216</u>	<u>1,397,810</u>
Long-Term Liabilities:		
Capital lease payable	129,668	34,123
Bonds payable	6,935,000	7,475,000
Compensated absences	22,901	18,863
Estimated liability for landfill closure and Postclosure care costs	<u>6,136,841</u>	<u>5,673,408</u>
Total Long-Term Liabilities	<u>13,224,410</u>	<u>13,201,394</u>
Net Assets:		
Invested in capital assets, net of related debt.....	(44,741)	52,302
Restricted for property acquisition	1,200,538	1,131,873
Unrestricted.....	<u>1,417,670</u>	<u>1,052,160</u>
Total Net Assets	<u>2,573,467</u>	<u>2,236,335</u>
Total Liabilities and Net Assets	<u>\$ 17,078,093</u>	<u>\$ 16,835,539</u>

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, 2011
With Comparative Totals for the Year Ended June 30, 2010

	<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>
Operating Revenue:		
Fees and permits	\$ 3,539,323	\$ 3,257,580
Grants	69,490	75,926
Miscellaneous	<u>612</u>	<u>95</u>
Total Operating Revenue.....	3,609,425	3,333,601
Operating Expenses:		
Administrative and Operating.....	<u>2,440,878</u>	<u>2,565,827</u>
Operating Income Before Depreciation.....	1,168,547	767,774
Depreciation	<u>(560,151)</u>	<u>(525,481)</u>
Operating Income (Loss) After Depreciation	<u>608,396</u>	<u>242,293</u>
Other Income (Expense):		
Other income	14,400	18,789
Amortization of bond discount.....	(15,045)	(11,721)
Interest income.....	7,511	10,113
Interest expense.....	(277,490)	(188,265)
Debt service fees	<u>(640)</u>	<u>-</u>
Total Other Income (Expense)	<u>(271,264)</u>	<u>(171,084)</u>
Change In Net Assets	337,132	71,209
Net Assets – Beginning of Year.....	<u>2,236,335</u>	<u>2,165,126</u>
Net Assets – End of Year.....	<u>\$ 2,573,467</u>	<u>\$ 2,236,335</u>

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, 2011
With Comparative Totals for the Year Ended June 30, 2010

	Business-Type Activities	
	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received	\$ 3,598,401	\$ 3,278,396
Cash payments to suppliers for goods and services	(1,882,630)	(1,581,711)
Cash payments to employees for services	<u>(739,427)</u>	<u>(799,699)</u>
Net Cash Flows From Operating Activities	<u>976,344</u>	<u>896,986</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Restricted cash transfer	(5,849,092)	(1,257,472)
Closure/Postclosure payments	<u>526,500</u>	<u>526,500</u>
Net Cash Flows From Non-Capital Financing Activities	<u>(5,322,592)</u>	<u>(730,972)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest paid on capital leases/bonds	(277,490)	(188,265)
Payments for landfill plant acquisitions	(205,061)	(400,408)
Principal paid on bonds/notes	(361,787)	(229,861)
Additional long-term bonds/notes	<u>-</u>	<u>6,155,344</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(844,338)</u>	<u>5,336,810</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	7,511	10,113
Purchase of investments	(4,993,924)	(13,325,728)
Proceeds from sale of investments	<u>10,418,971</u>	<u>8,104,109</u>
Net Cash Flows From Investing Activities	<u>5,432,558</u>	<u>(5,211,506)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	241,972	291,318
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,040,125</u>	<u>1,748,807</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,282,097</u>	<u>\$ 2,040,125</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, 2011
With Comparative Totals for the Year Ended June 30, 2010

	Business-Type Activities	
	2011	2010
Operating Income.....	\$ 608,396	\$ 242,293
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation.....	560,151	525,481
Amortization of bond expense	15,045	11,721
Changes in assets and liabilities:		
Accounts receivable.....	(11,024)	(55,205)
Accounts payable.....	(217,000)	184,697
Accrued salaries	590	(3,311)
Accrued compensated absences.....	20,186	(8,690)
Total Adjustments.....	367,948	654,693
 NET CASH PROVIDED BY OPERATING ACTIVITIES.....	 \$ 976,344	 \$ 896,986

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, 2011, the Landfill Fund acquired \$205,600 in capital assets that were funded through vendor financing recorded as capital leases payable. \$80,344 was acquired during the year ended June 30, 2010.

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Year Ended June 30, 2010

	<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>
Administrative and Operating:		
Wages:		
Regular	\$ 688,427	\$ 755,413
Overtime.....	51,590	40,975
F.I.C.A.....	56,338	61,578
Retirement	163,604	167,941
Hospitalization insurance	142,127	151,844
Life/Accidental death insurance.....	3,593	3,714
Dental insurance	16,489	17,223
Workmen’s compensation	23,576	23,090
Retiree insurance.....	12,000	11,395
Regulatory fees and license	29,956	22,370
Safety	2,832	1,078
Cost recovery.....	8,340	7,512
Other personnel services	44,660	25,241
Professional services	38,420	66,180
Postage	1,317	1,479
Public Relations.....	212	879
Travel and training.....	1,545	1,556
Dues	1,434	1,171
Printing.....	6,707	6,360
Maintenance contract	244	240
Utilities.....	37,112	29,867
Other contracted services	5,649	6,889
Office supply	7,331	9,139
Solid Waste Authority.....	92,942	91,597
Computer equipment.....	4,891	-
Uniforms	2,129	8,161
Construction materials.....	86,426	169,234
Slope stabilization.....	2,576	997
Repairs and maintenance.....	72,321	71,879
Small tools.....	2,305	2,091
Insurance	9,636	9,910
Equipment/auto parts	47,452	76,210
Gasoline	152,481	110,318
Waste tire recovery	91,972	85,796
Closure and postclosure expense	526,500	526,500
Drug/alcohol test.....	308	-
Improvement teams.....	266	-
Equipment lease.....	4,806	-
Communication equipment.....	364	-
	<hr/>	<hr/>
Total Administrative and Operating Expenses	<u>\$ 2,440,878</u>	<u>\$ 2,565,827</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, 2011**

Fixed Assets				
	Balance 7-1-10	Additions	Deductions	Balance 6-30-11
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	1,567,938	205,061	(152,324)	1,620,675
Tools and small equipment	554,619	-	-	554,619
Trucks.....	<u>302,943</u>	-	-	<u>302,943</u>
Total Machinery and Equipment	<u>2,454,237</u>	<u>205,061</u>	<u>(152,324)</u>	<u>2,506,974</u>
Construction Work in Progress	<u>103,129</u>	<u>5,736,183</u>	-	<u>5,839,312</u>
Totals	<u>\$ 7,934,192</u>	<u>\$ 5,941,244</u>	<u>\$ (152,324)</u>	<u>\$ 13,723,112</u>

ALLOWANCE FOR DEPRECIATION					
	Balance 7-1-10	Depreciation Expense	Other Additions (Deductions)	Balance 6-30-11	Depreciation Rates
Land	\$ -	\$ -	\$ -	\$ -	
Office Building and Improvements	<u>4,092,417</u>	<u>269,757</u>	-	<u>4,362,174</u>	3-7%
Machinery and Equipment:					
Office equipment.....	28,737	-	-	28,737	10-20%
Landfill working equipment	770,052	270,927	(152,324)	888,655	17%
Tools and small equipment	484,317	11,077	-	495,394	8-20%
Trucks.....	<u>285,807</u>	<u>8,390</u>	-	<u>294,197</u>	20%
Total Machinery and Equipment	<u>1,568,913</u>	<u>290,394</u>	<u>(152,324)</u>	<u>1,706,983</u>	
Totals.....	<u>\$ 5,661,330</u>	<u>\$ 560,151</u>	<u>\$ (152,324)</u>	<u>\$ 6,069,157</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.

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM FUND – FIDUCIARY FUND
SCHEDULE OF FIDUCIARY ASSETS, LIABILITIES AND NET ASSETS
June 30, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Accrued interest and dividends.....	\$ 108,856	\$ 120,480
Investments, at fair value:		
Cash and cash equivalents.....	266,472	225,478
U.S. Treasury obligations.....	3,599,939	3,780,607
Domestic corporate and foreign bonds.....	5,534,022	6,444,229
Common equity securities.....	11,564,678	9,722,914
Municipal obligations.....	<u>616,958</u>	<u>222,269</u>
 Total Investments.....	 <u>21,582,069</u>	 <u>20,395,497</u>
 Total Assets	 <u>\$ 21,690,925</u>	 <u>\$ 20,515,977</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities	\$ -	\$ -
Net assets held in trust for pension benefits	<u>21,690,925</u>	<u>20,515,977</u>
 Total Liabilities and Net Assets.....	 <u>\$ 21,690,925</u>	 <u>\$ 20,515,977</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Additions:		
Employer contributions	\$ 860,778	\$ 944,582
Interest/Dividend income	713,601	817,349
Net appreciation in fair value of investments	1,240,269	1,415,967
Net gain on investments sold and matured	<u>847,074</u>	<u>-</u>
Total Additions.....	<u>3,661,722</u>	<u>3,177,898</u>
Deductions:		
Administrative expenses	63,436	88,152
Benefit payments	<u>2,423,338</u>	<u>2,359,594</u>
Total Deductions	<u>2,486,774</u>	<u>2,447,746</u>
Change in Net Assets	1,174,948	730,152
Net Assets – Beginning of Year	<u>20,515,977</u>	<u>19,785,825</u>
Net Assets – End of Year	<u>\$ 21,690,925</u>	<u>\$ 20,515,977</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, 2011

<u>Program</u>	CAPITAL ASSETS				
	<u>Balance 7/1/10</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Balance 6/30/11</u>
Construction in Progress.....	\$ 2,155,497	\$ 1,505,748	\$ 1,904,011	\$ -	\$ 1,757,234
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	90,000	-	-	3,900,537
General Government	4,627,370	5,300	-	-	4,632,670
General Government – Codes	62,393	-	-	-	62,393
General Government – Finance	149,640	-	-	-	149,640
Police	4,831,108	169,903	78,454	-	4,922,557
Recreation	3,988,557	2,245,341	-	-	6,233,898
Sanitation	1,701,827	200,761	190,423	-	1,712,165
Schools.....	30,020,479	434,409	-	-	30,454,888
Service Center	5,457,354	-	-	-	5,457,354
Streets	17,474,483	1,847,600	-	-	19,322,083
	<u>77,516,368</u>	<u>4,993,314</u>	<u>268,877</u>	<u>-</u>	<u>82,240,805</u>
Totals.....	<u>\$ 79,671,865</u>	<u>\$ 6,499,062</u>	<u>\$ 2,172,888</u>	<u>\$ -</u>	<u>\$ 83,998,039</u>

<u>Program</u>	ACCUMULATED DEPRECIATION					
	<u>Balance 7/1/10</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Balance 6/30/11</u>	<u>Net Book Value</u>
Construction in Progress.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Government – Building and Grounds	20,564	-	-	-	20,564	-
General Government – Bridges.....	2,530,934	106,859	-	-	2,637,793	2,729,863
General Government – Cemetery.....	-	-	-	-	-	4,400
Fire.....	1,380,256	126,336	-	-	1,506,592	2,393,945
General Government.....	1,404,636	93,367	-	-	1,498,003	3,134,667
General Government – Codes	60,292	2,101	-	-	62,393	-
General Government – Finance.....	130,932	11,254	-	-	142,186	7,454
Police.....	1,887,698	238,816	78,454	-	2,048,060	2,874,497
Recreation.....	1,482,651	177,450	-	-	1,660,101	4,573,797
Sanitation.....	1,307,830	97,999	190,423	-	1,215,406	496,759
Schools.....	8,156,387	1,024,225	-	-	9,180,612	21,274,276
Service center.....	283,097	147,703	-	-	430,800	5,026,554
Streets.....	12,273,010	700,192	-	-	12,973,202	6,348,881
	<u>30,918,287</u>	<u>2,726,302</u>	<u>268,877</u>	<u>-</u>	<u>33,375,712</u>	<u>48,865,093</u>
Totals	<u>\$ 30,918,287</u>	<u>\$ 2,726,302</u>	<u>\$ 268,877</u>	<u>\$ -</u>	<u>\$ 33,375,712</u>	<u>\$ 50,622,327</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, 2011

	<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.....	-	-	-	-	-	1,757,234	1,757,234
Service Center.....	-	5,057,120	-	114,919	285,315	-	5,457,354
Fire.....	146,731	1,631,122	-	90,000	2,032,684	-	3,900,537
General Government	994,496	2,866,927	-	654,173	180,880	-	4,696,476
General Government – Codes.....	-	-	-	-	62,393	-	62,393
General Government – Finance....	-	-	-	-	149,640	-	149,640
Police	-	3,394,528	-	-	1,528,029	-	4,922,557
Recreation.....	567,105	1,132,794	4,080,150	374,763	79,087	-	6,233,899
Sanitation.....	-	-	-	-	1,712,165	-	1,712,165
Schools	53,000	15,539,191	-	13,471,822	1,390,874	-	30,454,887
Streets.....	-	-	18,593,235	-	665,043	-	19,258,278
Total Capital Assets	<u>1,765,732</u>	<u>29,621,682</u>	<u>28,041,041</u>	<u>14,705,677</u>	<u>8,106,674</u>	<u>1,757,234</u>	<u>83,998,040</u>
Accumulated Depreciation .	<u>-</u>	<u>(9,196,656)</u>	<u>(16,012,218)</u>	<u>(3,197,003)</u>	<u>-</u>	<u>-</u>	<u>(33,375,713)</u>
Net Capital Assets	<u>\$ 1,765,732</u>	<u>\$20,425,026</u>	<u>\$12,028,823</u>	<u>\$ 11,508,674</u>	<u>\$ 3,136,838</u>	<u>\$ 1,757,234</u>	<u>\$ 50,622,327</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
MISCELLANEOUS SCHEDULES

June 30, 2011

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INTERFUND TRANSFERS – ALL FUNDS
For the Fiscal Year Ended June 30, 2011

TRANSFERS TO:

	<u>General Fund</u>	<u>City OPEB Insurance Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Replacement Fund</u>	<u>Internal Service Fund - Schools OPEB Insurance Fund</u>	<u>Greenway Project</u>	<u>Total</u>
TRANSFERS FROM:							
Employee Insurance Fund ..	\$ -	\$ 63,000 (1)	\$ -	\$ -	\$ -	\$ -	\$ 63,000
Education Fund.....	-		-	-	68,500 (1)	-	68,500
General Fund	-		2,518,800 (2)	100,000 (3)		138,260 (4)	2,757,060
School Construction Fund..	<u>500,000 (2)</u>	_____	_____	_____	_____	_____	<u>500,000</u>
Totals.....	<u>\$ 500,000</u>	<u>\$ 63,000</u>	<u>\$ 2,518,800</u>	<u>\$ 100,000</u>	<u>\$ 68,500</u>	<u>\$ 138,260</u>	<u>\$ 3,388,560</u>

- (1) To provide monies for annual OPEB liability.
- (2) To provide monies for debt retirement.
- (3) To provide monies for equipment replacements
- (4) To provide monies for Greenway Projects

CITY OF ALCOA, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2011

	Balance July 1, <u>2010</u>	Levy/ Pick-up/ (Releases)	Write- offs	<u>Collections</u>	Balance June 30, <u>2011</u>
Estimated Levy – January 2011	\$ -	\$ 8,219,575	\$ -	\$ -	\$ 8,219,575
Current Year – 2010	8,723,479	409,382	-	8,864,975	267,886
Prior Years:					
2009	567,866	344,460	-	322,091	590,235
2008	1,353,566	-	-	587,635	765,931
2007	198,678	-	-	186,080	12,598
2006	188,675	-	-	180,523	8,152
2005	203,125	-	-	187,095	16,030
2004	184,613	-	-	158,990	25,623
2003	89,378	-	-	76,347	13,031
2002	147,043	-	-	129,604	17,439
2001	163,279	-	-	146,620	16,659
2000	<u>8,929</u>	<u>-</u>	<u>(8,929)</u>	<u>-</u>	<u>-</u>
Total Taxes Receivable	11,828,631	8,973,417	(8,929)	10,839,960	9,953,159
Less: Allowance for Estimated Uncollectible accounts	<u>(29,467)</u>	<u>-</u>	<u>(1,242)</u>	<u>-</u>	<u>(30,709)</u>
Net Taxes Receivable	<u>\$ 11,799,164</u>	<u>\$ 8,973,417</u>	<u>\$ (10,171)</u>	<u>\$ 10,839,960</u>	<u>\$ 9,922,450</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – ELECTRIC UTILITY
June 30, 2011

<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	(11)78389459	6-30-11	6-30-12	\$ 30,468	<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 – \$100,000 Physical Damage – actual cash value less deductible
Travelers Casualty Insurance Company	103189899	6-30-11	6-30-12	3,359	<u>CRIME</u> Theft and embezzlement – \$500,000 each loss Deductible – \$5,000
Distributors Self Insurance Fund	WC-014-2011	6-30-11	6-30-12	89,245	<u>WORKMEN’S COMPENSATION</u> Legal – Statutory requirements \$1,000,000 Employer’s Liability Limit
Affiliated FM Insurance Company	GK-763	6-30-11	6-30-12	43,901	<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	5530943313	6-30-11	6-30-12	31,098	<u>COMMERCIAL UMBRELLA</u> Commercial catastrophe liability – \$5,000,000
Distributors Insurance Company	CL-G048-2011	6-30-11	6-30-12	41,130	<u>GENERAL LIABILITY</u> General aggregate – \$750,000 Property damage – \$250,000 Bodily injury – \$250,000 Fire damage limit – \$250,000 Medical expense – \$50,000 Each occurrence limit – \$250,000
Federal Insurance Co.	7987-48-45	6-30-11	6-30-12	12,875	<u>EXCESS GENERAL LIABILITY</u> Each occurrence – \$750,000 Aggregate – \$2,250,000
Public Officials Liability Coverage	TML-0247-12	7-28-11	7-28-12	9,103	<u>DIRECTORS AND OFFICERS</u> Liability – \$1,000,000 per occurrence Deductible – \$5,000
The Hartford Steam Boiler Inspection and Ins. Co.	FBP9450255	6-30-11	6-30-12	48,906	<u>BOILER & MACHINERY</u> Insurance Limits – \$3,000,000
Illinois Union Insurance	PPLG24878685003	6-30-11	6-30-12	2,767	<u>POLLUTION LIABILITY</u> Liability - \$1,000,000

SCHEDULE OF INSURANCE ON REAL PERSONAL PROPERTY:

	<u>Replacement Cost</u>	<u>90% Coverage</u>
Buildings	\$ 7,988,854	\$ 7,189,969
Personal property	869,000	782,100
Total	<u>\$ 8,857,854</u>	<u>\$ 7,972,069</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – GENERAL/ WATER AND SEWER UTILITY
June 30, 2011

<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	7-28-11	7-28-12	<p>COMPREHENSIVE GENERAL LIABILITY</p> <p>Covers all operations of the City and all officials and employees</p> <p>AUTOMOBILE LIABILITY & PHYSICAL DAMAGE Deductible: Comprehensive - \$1,000 Collision - \$1,000</p> <p>PUBLIC OFFICIALS' PERSONAL ERRORS AND OMISSIONS LIABILITY Deductible: \$5,000</p>	<p>\$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</p>	\$ 59,838
						\$ 52,359
TML Risk Management Pool	TWC-0251-13	7-28-11	7-28-12	<p>WORKER'S COMPENSATION State requirements employer's Liability</p>	<p>\$300,000 – each accident \$700,000 – policy limit \$300,000 – each employee</p>	\$ 253,086
TML Risk Management Pool	TMP-5296-13	1-20-11	1-20-12	<p>PROPERTY DAMAGE - Caterpillar compactor, scraper, bulldozer, tractor, and backhoes.</p> <p>CRIME COVERAGE</p>	<p>\$1,783,757 - value</p> <p>\$100,000 per occurrence</p>	\$ 1,913
TML Risk Management Pool	TMP-5296-13	1-20-11	1-20-12	<p>PROPERTY COVERAGE Physical Damage to Public Safety Building, fire stations, garage and storage, municipal building, service center, landfill buildings, water treatment plant, pump stations, and other small structures – 90% co-insurance - see schedule</p>	<p>\$70,228,794 limit per occurrence</p>	\$ 49,935

SCHEDULE OF INSURANCE ON REAL AND PERSONAL PROPERTY:

	<u>General</u>	Blount County <u>Landfill</u>	<u>Water</u>	<u>Electric</u>	<u>Total</u>
Building and Contents	<u>\$ 21,224,217</u>	<u>\$ 502,144</u>	<u>\$ 37,210,822</u>	<u>\$ 8,857,854</u>	<u>\$ 67,795,037</u>

**CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – SCHOOLS
June 30, 2011**

<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	\$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	\$ 3,634
			Errors & Omissions Liability Deductible - \$5,000	\$1,000,000	\$ 19,485
			Comprehensive Auto Liability Deductible: Comprehensive - \$250 Collision - \$500		\$ 1,810 * 635 **
TML Risk Management Pool	TWC 0581-12	07/28/09-07/28/11	Worker's Compensation	\$ 300,000	\$ 55,764
TML Risk Management Pool	TMP 0317-12	01/20/10-01/20/11	Physical damage to real and personal property Values - \$46,289,213		\$ 62,603
			Copiers and small office equipment Values - \$227,000		\$ 307
			Mobile equipment Values - \$126,050		\$ 171

* 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, 2011

Fiscal Year Ending June 30,	Total Bond Principal/ Interest Requirements	Bond Total		1997 State Revolving Funds Project	
		Bond	Interest	Bond	Interest
		2012	\$ 8,919,374	\$ 3,497,476	\$ 5,421,898
2013	8,912,602	3,637,712	5,274,890	15,790	240
2014	8,894,317	3,786,900	5,107,417	-	-
2015	9,102,209	4,170,000	4,932,209	-	-
2016	<u>9,154,395</u>	<u>4,420,000</u>	<u>4,734,395</u>	<u>-</u>	<u>-</u>
Subtotal	<u>44,982,897</u>	<u>19,512,088</u>	<u>25,470,809</u>	<u>108,802</u>	<u>2,134</u>
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	-	-
2021	<u>9,732,977</u>	<u>5,845,000</u>	<u>3,887,977</u>	<u>-</u>	<u>-</u>
Subtotal	<u>48,581,970</u>	<u>26,595,000</u>	<u>21,986,970</u>	<u>-</u>	<u>-</u>
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	-	-
2026	<u>7,115,263</u>	<u>4,415,000</u>	<u>2,700,263</u>	<u>-</u>	<u>-</u>
Subtotal	<u>38,211,778</u>	<u>22,555,000</u>	<u>15,656,778</u>	<u>-</u>	<u>-</u>
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	-	-
2031	<u>5,442,025</u>	<u>3,790,000</u>	<u>1,652,025</u>	<u>-</u>	<u>-</u>
Subtotal	<u>31,078,689</u>	<u>20,710,000</u>	<u>10,368,689</u>	<u>-</u>	<u>-</u>
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	-	-
2036	<u>4,390,050</u>	<u>3,515,000</u>	<u>875,050</u>	<u>-</u>	<u>-</u>
Subtotal	<u>21,796,100</u>	<u>15,905,000</u>	<u>5,891,100</u>	<u>-</u>	<u>-</u>
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	-	-
2041	<u>2,872,750</u>	<u>2,610,000</u>	<u>262,750</u>	<u>-</u>	<u>-</u>
Subtotal	<u>14,339,025</u>	<u>11,885,000</u>	<u>2,454,025</u>	<u>-</u>	<u>-</u>
2042	<u>2,874,675</u>	<u>2,740,175</u>	<u>134,500</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$201,865,134</u>	<u>\$119,902,263</u>	<u>\$ 81,962,871</u>	<u>\$ 108,802</u>	<u>\$ 2,134</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
June 30, 2011

Fiscal Year Ending	1997 State Revolving Funds Project		General Obligation Refunding Bonds Series 2011		Local Government Public Improvement Bonds Series IV-B-10	
	Bond	Interest	Bond	Interest	Bonds	Interest
June 30,						
2012	\$ 79,464	\$ 5,005	\$ 270,000	\$ 31,391	\$ 120,000	\$ 94,102
2013	81,922	2,536	260,000	33,600	130,000	87,384
2014	41,900	641	275,000	25,800	135,000	79,972
2015	-	-	285,000	17,550	145,000	72,278
2016	-	-	300,000	9,000	150,000	63,940
Subtotal	<u>203,286</u>	<u>8,182</u>	<u>1,390,000</u>	<u>117,341</u>	<u>680,000</u>	<u>397,676</u>
2017	-	-	-	-	160,000	55,240
2018	-	-	-	-	170,000	45,880
2019	-	-	-	-	180,000	35,340
2020	-	-	-	-	190,000	24,180
2021	-	-	-	-	200,000	12,400
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>900,000</u>	<u>173,040</u>
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2042	-	-	-	-	-	-
TOTALS	<u>\$ 203,286</u>	<u>\$ 8,182</u>	<u>\$ 1,390,000</u>	<u>\$ 117,341</u>	<u>\$ 1,580,000</u>	<u>\$ 570,716</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2011

Fiscal Year Ending June 30,	General Obligation Refunding Bonds Series 2006 (Taxable)		Water and Sewer General Obligation Bonds Series 2008		General Obligation Bonds Series 2008	
	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
2012	\$ 400,000	\$ 509,488	\$ -	\$ 244,375	\$ 50,000	\$ 108,363
2013	425,000	488,288	-	244,375	50,000	106,362
2014	450,000	465,762	50,000	244,375	50,000	104,362
2015	475,000	441,913	50,000	242,375	50,000	102,363
2016	<u>500,000</u>	<u>416,738</u>	<u>50,000</u>	<u>240,375</u>	<u>50,000</u>	<u>100,362</u>
Subtotal	<u>2,250,000</u>	<u>2,322,189</u>	<u>150,000</u>	<u>1,215,875</u>	<u>250,000</u>	<u>521,812</u>
2017	525,000	390,238	150,000	238,375	-	98,362
2018	550,000	361,624	150,000	232,375	-	98,362
2019	575,000	331,650	100,000	226,375	-	98,363
2020	625,000	299,738	-	221,375	-	98,363
2021	<u>650,000</u>	<u>265,050</u>	<u>-</u>	<u>221,375</u>	<u>-</u>	<u>98,362</u>
Subtotal	<u>2,925,000</u>	<u>1,648,300</u>	<u>400,000</u>	<u>1,139,875</u>	<u>-</u>	<u>491,812</u>
2022	700,000	228,000	-	221,375	-	98,362
2023	750,000	188,100	-	221,375	50,000	98,363
2024	800,000	145,350	-	221,375	50,000	96,237
2025	850,000	99,750	-	221,375	50,000	94,088
2026	<u>900,000</u>	<u>51,300</u>	<u>-</u>	<u>221,375</u>	<u>50,000</u>	<u>91,938</u>
Subtotal	<u>4,000,000</u>	<u>712,500</u>	<u>-</u>	<u>1,106,875</u>	<u>200,000</u>	<u>478,988</u>
2027	-	-	-	221,375	75,000	89,750
2028	-	-	-	221,375	75,000	86,450
2029	-	-	-	221,375	75,000	83,075
2030	-	-	-	221,375	75,000	79,700
2031	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>221,375</u>	<u>200,000</u>	<u>76,250</u>
Subtotal	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>1,106,875</u>	<u>500,000</u>	<u>415,225</u>
2032	-	-	250,000	212,125	200,000	67,000
2033	-	-	300,000	199,625	200,000	57,000
2034	-	-	200,000	184,625	300,000	47,000
2035	-	-	200,000	175,225	300,000	32,900
2036	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>165,825</u>	<u>400,000</u>	<u>18,800</u>
Subtotal	<u>-</u>	<u>-</u>	<u>1,200,000</u>	<u>937,425</u>	<u>1,400,000</u>	<u>222,700</u>
2037	-	-	250,000	154,075	-	-
2038	-	-	350,000	142,325	-	-
2039	-	-	350,000	125,875	-	-
2040	-	-	400,000	109,250	-	-
2041	<u>-</u>	<u>-</u>	<u>900,000</u>	<u>90,250</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>2,250,000</u>	<u>621,775</u>	<u>-</u>	<u>-</u>
2042	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>47,500</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 9,175,000</u>	<u>\$ 4,682,989</u>	<u>\$ 5,200,000</u>	<u>\$ 6,176,200</u>	<u>\$ 2,350,000</u>	<u>\$ 2,130,537</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2011

Fiscal Year Ending June 30,	Local Government Public Improvement Bonds Series B-17-A		General Obligation Bonds Series E-5-B		Local Government Public Improvement Bonds Series E-3-E	
	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
2012	\$ 105,000	\$ 113,500	\$ 830,000	\$ 3,754,000	\$ 1,300,000	\$ 378,250
2013	110,000	109,825	930,000	3,712,500	1,375,000	313,250
2014	115,000	105,975	955,000	3,666,000	1,445,000	244,500
2015	120,000	101,950	1,130,000	3,618,250	1,665,000	172,250
2016	<u>125,000</u>	<u>97,450</u>	<u>1,250,000</u>	<u>3,561,750</u>	<u>1,745,000</u>	<u>89,000</u>
Subtotal	<u>575,000</u>	<u>528,700</u>	<u>5,095,000</u>	<u>18,312,500</u>	<u>7,530,000</u>	<u>1,197,250</u>
2017	135,000	92,450	2,900,000	3,499,250	35,000	1,750
2018	140,000	87,050	3,070,000	3,354,250	-	-
2019	145,000	81,450	3,290,000	3,200,750	-	-
2020	155,000	75,288	3,550,000	3,036,250	-	-
2021	<u>160,000</u>	<u>68,700</u>	<u>3,735,000</u>	<u>2,858,750</u>	-	-
Subtotal	<u>735,000</u>	<u>404,938</u>	<u>16,545,000</u>	<u>15,949,250</u>	<u>35,000</u>	<u>1,750</u>
2022	170,000	61,900	3,925,000	2,672,000	-	-
2023	180,000	54,675	2,605,000	2,476,000	-	-
2024	190,000	47,025	2,695,000	2,347,250	-	-
2025	200,000	38,475	2,775,000	2,212,500	-	-
2026	<u>205,000</u>	<u>29,475</u>	<u>2,885,000</u>	<u>2,073,750</u>	-	-
Subtotal	<u>945,000</u>	<u>231,550</u>	<u>14,885,000</u>	<u>11,781,500</u>	-	-
2027	220,000	20,250	3,245,000	1,929,500	-	-
2028	230,000	10,350	3,360,000	1,767,250	-	-
2029	-	-	3,835,000	1,599,250	-	-
2030	-	-	4,060,000	1,412,064	-	-
2031	<u>-</u>	<u>-</u>	<u>2,920,000</u>	<u>1,214,000</u>	-	-
Subtotal	<u>450,000</u>	<u>30,600</u>	<u>17,420,000</u>	<u>7,922,064</u>	-	-
2032	-	-	1,940,000	1,070,500	-	-
2033	-	-	2,000,000	976,000	-	-
2034	-	-	2,160,000	878,500	-	-
2035	-	-	2,255,000	774,000	-	-
2036	<u>-</u>	<u>-</u>	<u>2,300,000</u>	<u>665,000</u>	-	-
Subtotal	-	-	<u>10,655,000</u>	<u>4,364,000</u>	-	-
2037	-	-	1,905,000	553,750	-	-
2038	-	-	1,910,000	462,250	-	-
2039	-	-	2,020,000	370,500	-	-
2040	-	-	2,090,000	273,250	-	-
2041	<u>-</u>	<u>-</u>	<u>1,710,000</u>	<u>172,500</u>	-	-
Subtotal	-	-	<u>9,635,000</u>	<u>1,832,250</u>	-	-
2042	-	-	1,740,175	87,000	-	-
TOTALS	<u>\$ 2,705,000</u>	<u>\$ 1,195,788</u>	<u>\$ 75,975,175</u>	<u>\$ 60,248,564</u>	<u>\$ 7,565,000</u>	<u>\$ 1,199,000</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2011

Fiscal Year Ending June 30,	The Industrial Board of Blount County, TN Series 2009		General Obligation Bonds – Landfill Series 2009	
	<u>Bonds</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>
2012	\$ -	\$ -	\$ 250,000	\$ 181,530
2013	-	-	260,000	176,530
2014	-	-	270,000	170,030
2015	-	-	250,000	163,280
2016	-	-	<u>250,000</u>	<u>155,780</u>
Subtotal	<u>-</u>	<u>-</u>	<u>1,280,000</u>	<u>847,150</u>
2017	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	290,000	319,050	765,000	83,350
2021	<u>300,000</u>	<u>306,000</u>	<u>800,000</u>	<u>57,340</u>
Subtotal	<u>1,375,000</u>	<u>1,653,975</u>	<u>3,680,000</u>	<u>524,030</u>
2022	310,000	292,500	815,000	29,340
2023	325,000	278,550	-	-
2024	340,000	263,925	-	-
2025	360,000	248,625	-	-
2026	<u>375,000</u>	<u>232,425</u>	<u>-</u>	<u>-</u>
Subtotal	<u>1,710,000</u>	<u>1,316,025</u>	<u>815,000</u>	<u>29,340</u>
2027	390,000	215,550	-	-
2028	410,000	198,000	-	-
2029	425,000	179,550	-	-
2030	445,000	160,425	-	-
2031	<u>470,000</u>	<u>140,400</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,140,000</u>	<u>893,925</u>	<u>-</u>	<u>-</u>
2032	485,000	119,250	-	-
2033	510,000	97,425	-	-
2034	535,000	74,475	-	-
2035	555,000	50,400	-	-
2036	<u>565,000</u>	<u>25,425</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,650,000</u>	<u>366,975</u>	<u>-</u>	<u>-</u>
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2042	-	-	-	-
TOTALS	<u>\$ 7,875,000</u>	<u>\$ 4,230,900</u>	<u>\$ 5,775,000</u>	<u>\$ 1,400,520</u>

**CITY OF ALCOA, TENNESSEE
ELECTRIC UTILITY
SCHEDULE OF UTILITY RATES IN FORCE
For the Fiscal Year Ended June 30, 2011**

The basic utility rates in force as of June 30, 2011, are as follows:

Base Residential Rate – Schedule RS

Customer Charge: \$12.85 per month less \$1.60 Hydro allocation credit

Energy Charge: 9.227 cents per kWh per month

Base General Power Rate – Schedule GSA

Part 1

Customer Charge: \$18.54 per delivery point per month

Energy Charge: 10.276 cents per kWh per month

Part 2

Customer Charge: \$93.00 per delivery point per month

Demand Charge: First 50 kWh of billing demand per month, no demand charge
Excess over 50 kW of billing demand per month at 12.34 cents per kWh

Energy Charge: First 15,000 kWh per month at 10.054 cents per kWh
Additional kWh per month at 6.315 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 \$11.70 per kWh
Excess over 1,000 kW of billing demand per month at \$12.34 per kWh, plus an additional \$12.34 per month for each kW, if any, of the amount by which the customer's billing demand Exceeds the higher of 1,500 kW or its contract demand

Energy Charge: 6.315 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, 2011**

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, 2011</u>	<u>June 30, 2010</u>
Residential	23,519	23,675
General Power – under 50 kW	3,547	3,397
General Power – 50 kW and over	339	319
Street and athletics	29	31
Outdoor lighting – code 78	<u>9</u>	<u>9</u>
	<u>27,443</u>	<u>27,431</u>

**CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY
SCHEDULE OF UTILITY RATES IN FORCE
For the Fiscal Year Ended June 30, 2011**

The basic utility rates in force as of June 30, 2011 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	\$ 9.60 per mo.	5/8" to 1"	\$ 14.40 per mo.
		\$ 24.00 per mo.	1-1/2 to 3"	36.00 per mo.
		\$175.80 per mo.	4" to 6"	263.70 per mo.
		\$479.50 per mo.	Greater than 6"	719.25 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	\$ 2.85*	All sizes	4.30

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 \$1.60 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, 2011**

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 \$7.60 per month. In addition to the base charge there shall be a charge of \$4.40 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 \$12.95 per month. In addition to the base charge there shall be a charge of \$7.80 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 \$7.60 per month. In addition to the base charge there shall be a charge of \$4.40 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 \$12.95 per month. In addition to the charge there shall be a charge of \$7.50 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 \$7.60 per month. In addition to the base charge there shall be a charge of \$4.40 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 \$12.95 per month. In addition to the base charge there shall be a charge of \$7.50 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, 2011**

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, 2011**

CUSTOMERS

The class and number of customers served by the Water and Sewer Utility is as follows:

	Water		Sewer	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Residential – inside city	3,185	3,244	2,905	2,936
Residential – outside city	5,043	5,408	2,103	2,112
Commercial – inside city	950	916	720	687
Commercial – outside city.....	451	451	206	192
Industrial – inside city.....	13	13	3	3
Industrial – outside city.....	3	3	1	1
Totals	9,645	10,035	5,938	5,931

CITY OF ALCOA, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER
June 30, 2011

(All amounts in gallons)

A	Water Treated and Purchased:		
B	Water Pumped (potable)	2,213,692,000	
C	Water Purchased	0	
D	Total Water Treated and Purchased		2,213,692,000
	(Sum Lines B and C)		
E	Accounted for Water:		
F	Water Sold	1,839,614,300	
G	Metered for Consumption (in house usage)	0	
H	Fire Department(s) Usage	992,977	
I	Flushing	3,420,410	
J	Tank Cleaning/Filling	5,750	
K	Street Cleaning	151,280	
L	Bulk Sales	0	
M	Water Bill Adjustments/plus or (minus)	4,312,900	
N	Total Accounted for Water		1,848,497,617
	(Sum Lines F thru M)		
O	Unaccounted for Water		365,194,383
	(Line D minus Line N)		
P	Percent Unaccounted for Water		16.50%
	(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, 2011**

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 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.

- B. 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	Real Property		Utilities And Personal Property		Total		Ratio Of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated	Assessed Value	Assessed to	Assessed Value	Estimated	
		Actual Value		Total Estimated Actual Value		Actual Value	
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	31.5
2010	298,353,980	949,602,400	142,874,963	456,023,662	441,228,943	1,405,626,062	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 Collections</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>
2001	2.15	\$ 6,672,190	\$ 6,418,265	96.2	\$ 237,266	\$ 6,655,531	99.8	\$ 16,659	0.25%
2002	2.15	7,096,601	6,547,909	92.3	531,253	7,079,162	99.8	17,439	0.24%
2003	2.15	6,781,878	6,431,746	94.8	337,101	6,768,847	99.8	13,031	0.19%
2004	2.20	7,128,473	6,739,198	94.5	363,652	7,102,850	99.8	25,623	0.36%
2005	2.20	6,769,424	6,489,243	95.9	264,151	6,753,394	99.8	16,030	0.24%
2006	1.92	7,457,538	6,865,745	97.3	583,641	7,449,386	99.9	8,152	0.11%
2007	2.10	8,166,570	7,838,879	96.0	315,093	8,153,972	99.8	12,598	0.15%
2008	2.10	11,063,469	8,126,633	73.5	2,170,905	10,297,538	93.1	765,931	6.92%
2009	2.10	9,067,939	8,173,154	90.1	3304,550	8,477,704	93.5	590,235	6.50%
2010	1.96	9,132,861	8,864,975	97.1	-	8,864,975	97.1	267,886	2.93%

**CITY OF ALCOA, TENNESSEE
 SCHEDULE OF UNCOLLECTED DELINQUENT
 TAXES FILED IN BLOUNT COUNTY, TENNESSEE
 CIRCUIT COURT
 June 30, 2011**

<u>Property Tax Year</u>	<u>Uncollected Delinquent Taxes</u>	<u>Penalty</u>	<u>Total</u>
2009	\$ 108,826	\$ 39,142	\$ 147,968
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	<u>99,971</u>	<u>28,065</u>	<u>128,036</u>
Totals	<u>\$ 866,056</u>	<u>\$ 253,298</u>	<u>\$ 1,119,354</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF MISCELLANEOUS DATA -
EDUCATION FUND
June 30, 2011

Education:

Number of Schools	3
Number of Administrative Personnel	13
Number of Instructional Personnel.....	134
Number of Other Personnel (includes 20 lunchroom).....	85
Number of Students enrolled	1,707

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>
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	-
2010-11	1,624	134	15,498,000	-

CITY OF ALCOA, TENNESSEE

SECTION FOUR

STATISTICAL SECTION

June 30, 2011

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE
STATISTICAL SECTION
June 30, 2011

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

1 through 4

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY

5 through 8

These schedules contain information to help the reader assess the City's most significant local revenue source.

DEBT CAPACITY

9 through 13

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.

DEMOGRAPHIC AND ECONOMIC INFORMATION

14 through 15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION

16 through 18

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.

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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
GOVERNMENTAL ACTIVITIES:								
Invested in capital assets, net of related debt.....	\$ 19,139,028	\$ 16,394,858	\$ 15,621,176	\$ 12,958,427	\$ 15,507,157	\$ 15,573,164	\$ 14,011,825	\$ 16,865,890
Restricted	3,827,121	4,557,091	7,554,419	2,058,850	2,551,554	3,081,114	3,562,716	4,175,046
Unrestricted (deficit).....	<u>(10,461,499)</u>	<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>
Total Governmental Activities Net Assets.....	<u>\$ 12,504,650</u>	<u>\$ 8,553,752</u>	<u>\$ 8,878,757</u>	<u>\$ 19,435,258</u>	<u>\$ 28,141,469</u>	<u>\$ 27,858,375</u>	<u>\$ 26,515,696</u>	<u>\$ 29,435,114</u>
BUSINESS-TYPE ACTIVITIES:								
Invested in capital assets, net of related debt.....	\$ 37,476,104	\$ 36,064,484	\$ 36,535,491	\$ 33,482,220	\$ 37,975,646	\$ 35,636,261	\$ 39,715,302	\$ 40,637,583
Restricted	1,200,538	1,131,873	1,056,919	1,056,919	956,943	849,413	770,800	700,800
Unrestricted.....	<u>14,497,846</u>	<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>
Total Business-Type Activities Net Assets.....	<u>\$ 53,174,488</u>	<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>
PRIMARY GOVERNMENT:								
Invested in capital assets, net of related debt.....	\$ 56,615,132	\$ 52,459,342	\$ 52,156,667	\$ 46,440,647	\$ 53,482,803	\$ 51,209,425	\$ 53,727,127	\$ 57,503,473
Restricted	5,027,659	5,688,964	8,611,338	3,115,769	3,508,497	3,930,527	4,333,516	4,875,846
Unrestricted (deficit).....	<u>4,036,347</u>	<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>
Total Primary Government Net Assets.....	<u>\$ 65,679,138</u>	<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>

*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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses:								
Governmental Activities:								
General Government	\$ 1,897,624	\$ 1,522,712	\$ 1,731,014	\$ 2,159,519	\$ 5,623,401	\$ 4,673,272	\$ 6,256,070	\$ 1,207,747
Public Safety.....	7,095,684	7,016,544	7,410,445	7,686,688	7,783,149	7,019,372	6,280,067	5,825,586
Public Works	4,453,578	4,522,688	4,844,146	13,880,225	5,337,366	3,898,648	3,797,348	3,664,140
Culture and Recreation.....	1,058,816	1,140,865	582,776	699,307	690,163	751,194	248,131	617,760
Other	-	-	-	1,026,510	633,967	523,900	509,841	395,104
Education.....	18,327,823	16,451,592	16,342,500	16,158,628	14,517,438	12,942,843	14,554,687	16,956,274
Economic Development	746,932	2,167,843	2,593,283	1,294,182	1,556,297	1,332,990	1,216,316	1,246,024
Interest on Long-term debt	<u>3,447,121</u>	<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>
Total Governmental Activities								
Expenses.....	<u>37,027,578</u>	<u>38,466,881</u>	<u>38,168,724</u>	<u>48,097,498</u>	<u>37,742,770</u>	<u>31,939,233</u>	<u>33,880,096</u>	<u>30,885,100</u>
Business-type Activities:								
Stormwater Utility.....	856,813	684,311	407,413	-	-	-	-	-
Water and Sewer.....	10,871,063	10,757,815	11,500,028	12,085,753	9,547,906	7,625,736	7,191,330	6,493,311
Electric.....	59,534,420	52,772,944	59,545,482	50,868,625	47,297,957	43,868,951	38,430,174	37,352,976
Landfill.....	<u>3,294,204</u>	<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>
Total Business- type Activities								
Expenses.....	<u>74,556,500</u>	<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>
Total Primary Government								
Expenses.....	<u>111,584,078</u>	<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>
Program Revenues:								
Governmental Activities:								
Charges for services:								
General Government	1,028,807	421,735	549,297	6,512,649	5,732,909	4,577,541	4,010,856	3,163,856
Police and Fire	-	-	-	-	45,140	65,478	53,502	534,645
Public Works	34,351	402,569	356,588	12,797,643	-	235,430	270,432	254,259
Culture and Recreation	41,737	20,948	52,364	-	-	9,033	-	-
Education.....	754,043	736,025	583,548	605,749	778,208	865,193	697,206	672,424
Solid Waste.....	-	-	-	407,610	408,454	1,262,596	1,076,701	1,131,905
Operating Grants and contributions	3,526,523	2,285,592	1,591,445	7,161,923	8,667,042	5,773,597	5,294,863	4,909,596
Capital grants and contributions.....	<u>3,238,754</u>	<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>
Total Governmental Activities								
Program Revenues.....	<u>8,624,215</u>	<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>

(Continued)

CITY OF ALCOA TENNESSEE
SCHEDULE 2
CHANGES IN NET ASSETS (Continued)
(Prepared Using the Accrual Basis of Accounting)
Last Eight Fiscal Years*

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Business-type Activities:								
Charges for services:								
Stormwater Utility.....	997,509	907,020	806,057	194,292	-	-	-	-
Water and Sewer	10,127,771	10,354,502	9,606,210	9,108,586	8,709,566	7,812,764	6,995,619	8,548,463
Electric	62,679,266	53,854,543	59,706,962	52,196,811	49,367,529	45,816,670	40,961,706	40,282,250
Landfill.....	3,554,335	3,276,464	2,791,841	3,070,331	3,121,903	2,800,106	2,754,395	2,750,208
Operating grants and contributions	69,490	75,926	74,113	75,000	60,776	-	-	-
Capital grants and contributions.....	2,667,043	1,814,111	565,229	531,038	92,556	174,010	445,110	73,756
Total Business- type Activities								
Program Revenues	<u>80,095,414</u>	<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>
Total Primary Government								
Program Revenues	<u>88,719,629</u>	<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>
Net (Expense) / Revenue:								
Governmental Activities	(28,403,363)	(33,934,085)	(35,035,482)	(20,584,684)	(22,083,777)	(18,350,304)	(21,739,206)	(19,061,606)
Business-type Activities	<u>5,538,914</u>	<u>2,776,202</u>	<u>(1,049,608)</u>	<u>(954,819)</u>	<u>1,156,705</u>	<u>2,004,884</u>	<u>2,590,433</u>	<u>4,862,235</u>
Total primary government								
(expense) / revenue	<u>(22,864,449)</u>	<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>
General Revenues and Other Changes								
In Net Assets								
Governmental Activities:								
Sales Taxes	15,808,462	18,667,876	13,950,671	8,500,325	9,469,854	8,546,111	7,607,958	6,410,707
State income taxes and excise taxes.....	69,431	101,659	-	145,505	111,169	85,713	62,171	81,616
Property taxes	13,797,967	11,768,876	10,680,581	10,693,312	9,465,400	7,868,047	8,196,455	8,468,790
Business taxes.....	817,279	684,788	-	760,459	797,007	762,792	799,659	763,599
Miscellaneous taxes	265,316	684,577	4,012,543	418,471	929,532	900,332	721,189	544,511
In lieu of taxes	-	140,979	-	(199,079)	(112,977)	(82,692)	(138,787)	(75,248)
Interest earned	19,370	11,828	173,239	521,908	641,745	454,700	219,843	114,553
Other general revenue	-	-	2,128,485	-	-	-	166,038	155,971
Gain/loss on sale of capital assets	-	-	-	-	-	-	-	-
Payment to Maryville College.....	-	-	(7,875,000)	-	-	-	-	-
Bond proceeds from Blount County	-	-	490,595	-	-	-	-	-
Transfers	1,576,436	1,548,497	857,428	1,562,572	1,290,141	1,157,980	1,185,262	1,064,213
Extraordinary/Special items	-	-	-	-	(10,750,000)	-	-	-
Total governmental activities	<u>32,354,261</u>	<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>
Business-type Activities:								
Extraordinary item	-	-	(67,465)	(304,413)	-	-	-	-
Interest earned	37,511	182,101	166,465	528,502	792,685	486,837	-	-
Transfers	<u>(1,576,436)</u>	<u>(1,548,497)</u>	<u>(857,428)</u>	<u>(1,562,572)</u>	<u>(1,290,141)</u>	<u>(1,157,980)</u>	<u>(1,185,262)</u>	<u>(1,064,213)</u>
Total Business-type Activities	<u>(1,538,925)</u>	<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>
Total Primary Government	<u>30,815,336</u>	<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>
Change in net assets:								
Governmental Activities	3,950,898	(325,005)	(10,616,940)	1,818,789	(10,241,906)	1,342,679	(2,919,418)	(1,532,894)
Business-type Activities	3,999,989	1,409,806	(1,808,036)	(2,293,302)	659,249	1,333,741	1,405,171	3,798,112
Total primary government	<u>\$ 7,950,887</u>	<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>

* 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>2011</u>	<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>
GENERAL FUND										
Assigned.....	\$ 1,135,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	990	16,495	19,619	24,851	17,555	47,115	28,717	50,036	62,777	673,865
Unassigned	<u>3,993,720</u>	<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>
Total General Fund	<u>\$ 5,130,428</u>	<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>
All Other Governmental Funds										
Restricted.....	\$ 41,988	\$ 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
Assigned, reported in:										
Debt Service Fund.....	95,232	95,766	95,766	95,766	95,766	-	-	-	-	-
Special Revenue Funds.....	2,685,827	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
Capital Projects Funds.....	<u>1,004,074</u>	<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>
Total All Other Governmental Funds.....	<u>\$ 3,827,121</u>	<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>

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>2011</u>	<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>
REVENUES:										
Taxes.....	\$ 20,758,394	\$ 19,241,999	\$ 19,304,370	\$ 20,372,567	\$ 18,150,924	\$ 15,597,853	\$ 16,095,222	\$ 14,093,881	\$ 13,674,056	\$ 13,981,551
Licenses, permits and fees.....	362,880	418,004	107,733	205,155	142,779	116,748	70,249	107,348	112,345	88,280
Rent.....	154,944	154,744	162,663	158,314	139,200	139,200	139,200	-	-	115
Intergovernmental.....	19,471,744	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
American Recovery and Reinvestment Act (ARRA)	2,796,361	1,432,448	-	-	-	-	-	-	-	-
Fines, forfeitures and costs.....	833,623	580,522	507,517	982,593	756,482	706,697	713,899	646,098	704,572	792,544
Interest earned.....	15,381	11,828	173,241	521,908	589,814	435,944	219,063	114,392	172,183	230,760
Other revenue.....	235,338	144,164	427,025	1,820,655	1,151,066	2,696,928	803,748	2,218,595	2,972,189	2,000,660
Grants	-	-	-	1,575,424	2,111,315	953,434	2,319,282	1,175,464	1,095,758	887,483
Charges for service.....	<u>901,811</u>	<u>1,033,120</u>	<u>1,071,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>45,530,476</u>	<u>38,469,383</u>	<u>36,395,227</u>	<u>36,998,329</u>	<u>32,395,362</u>	<u>26,885,544</u>	<u>25,965,614</u>	<u>23,558,908</u>	<u>23,808,239</u>	<u>23,029,482</u>
EXPENDITURES:										
General government	1,703,547	1,585,698	1,647,465	1,872,986	1,318,684	1,060,638	1,402,171	1,242,544	1,137,377	1,101,464
Public safety	7,381,046	7,145,375	7,410,445	7,296,684	7,397,238	3,811,738	6,024,656	4,883,506	5,365,106	4,966,998
Public Works.....	6,206,920	4,330,871	4,844,146	17,322,578	7,400,825	4,300,074	3,796,771	4,032,130	1,093,202	4,179,198
Recreation and Arts	583,044	1,140,865	582,776	703,805	1,628,659	620,830	104,504	567,674	462,641	587,508
Other Appropriations.....	-	-	-	972,937	633,967	523,900	509,841	395,104	441,209	516,312
Education.....	17,303,597	16,451,592	16,299,972	15,586,138	14,527,226	12,464,318	10,650,033	14,591,165	1,701,743	16,209,251
Capital Projects	-	-	-	53,575	129,573	67,649	228,060	42,674	85,403	503,380
Debt service:										
Principal retirement	3,022,318	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
Interest and fiscal fees	5,625,452	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
Capital Outlay	3,383,297	3,673,344	5,161,078	1,670,554	1,785,216	7,893,326	3,748,260	1,018,104	13,958,862	1,012,784
Community development/ Culture	<u>790,263</u>	<u>2,167,843</u>	<u>10,189,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures.....	<u>45,999,484</u>	<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>
Deficiency of Revenue Over Expenditures Before Financing Sources (Uses).....	<u>(469,008)</u>	<u>(6,133,118)</u>	<u>(16,812,480)</u>	<u>(15,876,055)</u>	<u>(7,872,373)</u>	<u>(6,917,796)</u>	<u>(4,131,369)</u>	<u>(6,946,601)</u>	<u>(4,060,054)</u>	<u>(9,469,799)</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>2011</u>	<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>
OTHER FINANCING SOURCES (USES)										
Operating Transfers	(68,500)	(94,000)	-	17,806,049	2,941,558	2,690,422	2,080,051	3,065,055	2,670,298	506,051
Issuance of debt/capital lease.....	952,511	-	-	396,759	4,137,293	3,081,104	761,395	1,003,107	2,390,678	10,801,428
In lieu of taxes	1,576,436	1,548,497	1,411,774	1,562,572	1,112,984	1,157,980	991,703	1,064,213	1,166,929	1,025,313
Proceeds-from bonds.....	470,000	1,024,635	34,000,000	-	-	-	-	-	-	-
Paid to debt escrow agent.....	(470,000)	-	(24,525,000)	-	-	-	-	-	-	-
Debt Service to Blount Co	-	-	-	-	(95,536)	(281,093)	(81,947)	-	-	-
Total Other Financing Sources.....	<u>2,460,447</u>	<u>2,479,132</u>	<u>10,886,774</u>	<u>19,765,380</u>	<u>8,096,299</u>	<u>6,648,413</u>	<u>3,751,202</u>	<u>5,132,375</u>	<u>6,227,905</u>	<u>12,332,792</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses.....	<u>\$ 1,991,439</u>	<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>
Debt service as a percentage of non-capital expenditures.....	<u>23.15%</u>	<u>22.21%</u>	<u>15.33%</u>	<u>16.26%</u>	<u>15.64%</u>	<u>9.96%</u>	<u>13.73%</u>	<u>13.94%</u>	<u>14.94%</u>	<u>11.77%</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
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	1.96	1,492,090,101	30%
2011	2010	298,353,980	121,632,050	21,242,913	441,228,943	1.96	1,468,493,462	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 30-Jun	Tax Year	General Fund	Debt Service Fund	General Purpose School Fund	Total Direct Tax Rate	Overlapping Tax Rate - Blount County
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
2010	2009	0.48	0.55	0.93	1.96	2.04
2011	2010	0.48	0.55	0.93	1.96	2.15

CITY OF ALCOA, TENNESSEE
SCHEDULE 7
PRINCIPAL TAXPAYERS
June 30, 2011

FOR TAX YEAR 2011

FOR TAX YEAR 2002

	<u>ASSESSMENT</u>	<u>Rank</u>	Percentage of Total City Taxable Assessed <u>Value</u>
ALCOA	\$ 123,073,036	1	27.90%
CMH MANAGEMENT	15,739,817	2	3.57%
HAMILTON CROSSING, LLC	7,357,640	3	1.67%
FAULKNER PROPERTIES	6,391,400	4	1.45%
ETMG INVESTMENTS, LLC	5,506,120	5	1.25%
MIDEB NOMINEES INC #672	4,536,200	6	1.03%
MIDEB NOMINEES INC	3,202,000	7	.73%
STOCK CREEK, LLC	3,302,440	8	.74%
REHOLD ALCOA, LLC	<u>2,604,800</u>	9	<u>.59%</u>
	<u>\$ 171,713,453</u>		<u>38.93%</u>
Total City Assessment	<u>\$ 441,228,943</u>		

	<u>ASSESSMENT</u>	<u>Rank</u>	Percentage of Total City Taxable Assessed <u>Value</u>
ALCOA	\$ 114,288,119	1	38.46%
BELLSOUTH	8,592,783	2	2.89%
CMH SERVICES	4,690,360	3	1.58%
FAULKNER PROPERTIES	4,490,072	4	1.51%
WAL-MART	4,356,560	5	1.47%
BIGGER BROTHERS, INC.	3,029,480	6	1.02%
TAPOCO, INC.	2,945,092	7	1.00%
MIDEB NOMINEES, INC.	2,753,230	8	.93%
WEST PROPERTIES, LLC	2,741,200	9	.93%
INSTITUTIONAL JOBBERS	<u>2,604,809</u>	10	<u>.88%</u>
	<u>\$ 150,491,705</u>		<u>50.67%</u>
Total City Assessment	<u>\$ 297,140,921</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>
2002	\$ 6,672,190	\$ 6,418,265	96.2%	\$ 237,266	\$ 6,655,531	99.8%
2003	7,096,601	6,547,909	92.3%	531,253	7,079,162	99.8%
2004	6,781,878	6,431,746	94.8%	337,101	6,768,847	99.8%
2005	7,128,473	6,739,198	94.5%	363,652	7,102,850	99.6%
2006	6,769,424	6,489,243	95.9%	264,151	6,753,394	99.8%
2007	7,457,538	6,865,745	92.1%	583,641	7,449,386	99.9%
2008	8,166,570	7,838,879	96.0%	315,093	8,153,972	99.8%
2009	11,063,469	8,126,633	73.5%	2,170,905	10,297,538	93.1%
2010	9,067,939	8,173,154	90.1%	304,550	8,477,704	93.5%
2011	9,132,861	8,864,975	97.1%	-	8,864,975	97.1%

CITY OF ALCOA, TENNESSEE
SCHEDULE 9
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business Type Activities						Total	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			
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%	8,079
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	-	9,389,160	46,228,098	2,316,000	21,075,000	-	-	-	120,093,258	43.30%	13,907
2009	48,695,000	-	9,447,676	46,541,857	2,135,000	21,105,000	-	-	-	127,924,533	42.01%	13,685
2010	48,285,000	-	9,341,120	46,034,581	8,000,000	20,870,000	-	-	295,718	132,826,419	67.85%	15,720
2011	46,625,000	-	10,192,449	45,507,263	7,475,000	20,295,000	-	-	409,718	130,504,430	(1)	(1)

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.

(1) Data not available

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>
2001	\$ 17,789,258	\$ 190,000	\$ 17,979,258	\$ 290,000,743	6.20%	\$ 2,226
2002	22,107,528	100,000	22,207,528	298,359,154	7.44%	2,712
2003	23,025,000	-	23,025,000	297,140,921	7.75%	2,787
2004	22,475,000	-	22,475,000	299,420,330	7.51%	2,688
2005	21,940,000	-	21,940,000	305,744,695	7.18%	2,612
2006	23,365,000	-	23,365,000	363,732,426	6.42%	2,761
2007	36,260,309	-	36,260,309	372,652,154	9.73%	4,220
2008	41,085,000	-	41,085,000	445,953,513	9.21%	4,758
2009	48,695,000	-	48,695,000	399,835,755	12.18%	5,610
2010	46,625,000	-	46,625,000	451,966,059	10.32%	5,518

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, 2011

<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	\$ 46,625,000		
Capital Outlay Notes	-		
Less: Debt Service Funds	<u>(95,232)</u>		
Total Direct Debt	46,529,768	100.00%	46,529,768
Overlapping Debt:			
Blount County General Government	215,085,999	15.00%	<u>32,262,900</u>
Total Direct and Overlapping Debt			<u>\$ 78,792,668</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
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
2011	3,609,425	2,440,878	1,168,547	525,000	277,490	1.46

	Electric Revenue Debt					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
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	52,416,557	1,416,651	575,000	330,000	1.57
2011	62,677,214	59,103,033	3,574,181	575,000	405,000	3.65

(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
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
2011	10,078,198	7,240,067	2,838,131	190,014	1,471,659	1.71

Notes:

Operating expenses do not include interest, depreciation, transfers, 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>	Personal Income	(2) <u>Per Capita Income</u>	(3) <u>School Enrollment</u>	(4) <u>Unemployment Rate</u>
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%
2010	8,449	\$ 195,754,881	\$ 23,169	1,775	8.00%

- Sources:
- (1) 1998-1999 Population Forecast – UT Center for Business and Economic Research
2000-2006 Bureau of the Census, Actual and Estimated
2007 City of Alcoa statistical forecast bases on Census data
2010 U.S. Census Bureau
 - (2) 1997-2007 UT Center for Business and Economic Research
 - (5) City of Alcoa Schools
 - (4) Tennessee Department of Labor and Workforce Development
 - (5) – Data not available

**CITY OF ALCOA, TENNESSEE
SCHEDULE 15
PRINCIPAL EMPLOYERS
June 30, 2011**

<u>Employer</u>	2011			2002 (3)		
	<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>
Denso Manufacturing Tennessee, Inc. (1)	2,700	1	4.50%	2,930	1	5.29%
Clayton Homes (1)	2,542	2	4.24%	2,508	2	4.52%
Blount Memorial Hospital, Inc. (1)	2,256	3	3.76%	1,950	4	3.52%
Blount County School System (1)	1,500	4	2.50%	1,090	5	1.97%
Ruby Tuesday (1)	1,242	5	2.07%	-	-	-
Alcoa, Inc. (1)	1,218	6	2.03%	2,000	3	3.61%
Maryville City Schools (2)	660	7	1.10%	-	-	-
Blount County Government (2)	630	8	1.05%	613	7	1.11%
Marriott Business Services (1)	600	9	1.00%	-	-	-
Wal-Mart Super Center (2)	559	10	0.93%	-	-	-
IJ Company (1)	483	11	0.81%	-	-	-
Newell Rubbermaid (1)	350	12	0.58%	-	-	-
City of Maryville (2)	308	13	0.51%	-	-	-
Rockford Manufacturing (1)	300	14	0.50%	325	9	0.59%
Standard Aero, Inc. (1)	270	15	0.45%	-	-	-
City of Alcoa (2)	257	16	0.43%	-	-	-
Maryville College (2)	253	17	0.42%	-	-	-
U.S. Food Service (1)	244	18	0.41%	-	-	-
Alcoa City Schools (2)	208	19	0.35%	-	-	-
	<u>16,580</u>		<u>27.64%</u>	<u>11,416</u>	-	<u>20.61%</u>

(4)
Total Employment 2010 (as of 5/10) 59,959 *
Total Employment 2001 (as of 6/01) 55,580 *

*Total employment for County

Source: (1) The Knoxville News Sentinel "Book of Lists"
(2) 2010 Responses from Employer
(3) The Knoxville News Sentinel "Book of Lists" 2000-2005
(6) U.S. Bureau of Labor Statistics

CITY OF ALCOA, TENNESSEE
SCHEDULE 16
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years*

	<u>Actual FY 2011</u>	<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>
General Government										
Administration / Office	51.00	51.00	51.00	53.00	53.00	56.00	53.00	52.00	36.00	42.00
Police	42.00	41.00	43.00	41.00	41.00	42.00	42.00	40.00	40.00	35.00
Fire	30.00	28.00	29.00	29.00	29.00	29.00	29.00	29.00	28.00	26.00
Public Works and Streets	18.00	18.00	20.00	21.00	20.00	22.00	21.00	21.00	18.00	19.00
Other-support service and maintenance	7.00	7.00	10.00	10.00	10.00	10.00	10.00	10.00	11.00	8.00
Education	228.00	227.00	227.00	218.00	214.00	189.00	185.00	180.00	182.00	185.00
Solid Waste	10.00	10.00	11.00	11.00	11.00	11.00	9.00	9.00	10.00	11.00
Other – inspectors	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	3.00
Total General Government	<u>390.00</u>	<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>
Utilities										
Water and Sewer	33.00	33.00	34.00	34.00	36.00	36.00	36.00	36.00	34.00	33.00
Stormwater	8.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Electric	61.00	61.00	63.00	67.00	67.00	65.00	65.00	61.00	60.00	58.00
Landfill	16.00	18.00	18.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00
Total Utilities	<u>118.00</u>	<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>
Total General Government and Utilities	<u>508.00</u>	<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>

CITY OF ALCOA, TENNESSEE
SCHEDULE 17
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years*

	<u>2011</u>	<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>Function/Program</u>										
Police										
Physical arrests	1,449	1,321	992	954	1,231	926	1,036	942	780	806
Traffic violations	8,067	6,403	7,838	9,282	9,933	5,776	6,165	5,782	5,137	5,738
Fire										
Emergency responses	1,591	1,518	1,510	1,400	1,159	1,126	1,060	1,052	1,056	1,330
Fires extinguished	99	63	119	132	130	90	89	74	65	102
Inspections	131	729	383	404	373	557	884	829	586	397
Public works/Streets										
Street resurfacing (miles)	3.3	0.81	0.50	2.03	1.08	0.303	1.83	1.71	3.01	2.58
Potholes repaired	38	203	116	70	163	105	99	114	73	92
Education										
Tuition students served	490	482	468	475	456	446	401	359	383	381
Parks and recreation										
Community pool admissions	44,506	47,474	53,627	46,097	47,586	41,506	38,517	34,413	32,290	35,567
Landfill										
Refuse collected (tons per day)	295.60	202.00	288.06	321.24	327.13	324.56	322.52	342.54	357.91	375.54
Recyclables collected (tons per day)	150.00	145.00	167.20	172.61	162.59	160.18	155.83	76.02	112.53	126.72
Water/Sewer										
New connections	81	79	29	263	275	400	259	322	316	221
Water mains breaks-leak repaired	194	116	171	249	415	394	268	237	517	283
Average daily consumption										
(thousands of gallons)	5,040	5,858	6,728	3,753	3,638	3,433	3,388	5,299	5,104	5,286
Peak daily consumption										
(thousands of gallons)	9,550	9,890	10,370	12,520	11,440	9,937	10,897	11,819	13,337	13,866
Average daily sewage treatment										
(thousands of gallons)	1,227	1,693	1,674	1,763	1,810	1,730	1,710	1,710	1,760	1,750
Electric Utility										
Average monthly kwh purchased	55,409,355	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

Sources: Various City departments.

CITY OF ALCOA, TENNESSEE
SCHEDULE 18
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years*

	<u>2011</u>	<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>Function/Program</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	-	-	-	-	-	-	-	-	-	-
Patrol units	42	33	33	33	33	29	29	24	21	17
Police Adm./other vehicles	15	21	21	21	21	20	19	19	17	17
Fire stations	3	3	3	3	3	3	3	3	3	3
Landfill										
Collection trucks (customers)	71,500	80,784	83,283	80,573	74,890	74,498	75,689	76,760	74,651	70,816
Public works/Streets										
Highway (miles)	110.5	110	110	110	110	109	107.4	107.1	107.1	105.6
Streetlights										
Traffic signals	24	21	21	21	21	20	19	19	19	19
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	213.1	214.0	213.4	213.4	206	202.5	194.4	194	187
Storage capacity (thousands of gallons)	13,350	13,350	13,350	13,350	13,350	13,350	13,350	13,350	13,350	12,050
Treatment capacity (thousands of gallons)	16,000	16,000	16,000	16,000	16,000	24,000	24,000	24,000	24,000	24,000
Sewage										
Sanitary sewers (miles)	133.6	133.6	133.6	132.9	132.9	132	132	131.5	131.5	131
Storm sewers (miles)	47.3	47.3	49.8	48.8	48.8	48.7	48.7	48.4	48.4	48.1
Electric										
Number of Customers	27,443	27,431	27,364	27,557	27,276	26,717	26,196	25,734	25,311	25,009
Annual KWH sold	632,856,770	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
Sub Stations	12	12	12	12	12	12	12	12	12	12
Pole line (miles)	1,145	1,145	1,107	1,107	1,096	1,078	1,057	1,046	1,038	1,023
Sources: Various city departments.										

CITY OF ALCOA, TENNESSEE

SECTION FIVE

SINGLE AUDIT SECTION

June 30, 2011

This page intentionally left blank

CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2011

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Transfers In (Out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2011</u>
FEDERAL ASSISTANCE AWARDS:								
General Fund:								
COPS Hiring GHSO	U.S. Department of Justice		16.710	\$ -	\$ 2,605	\$ -	\$ 3,133	\$ (528)
COPS Hiring Recovery (ARRA)	U.S. Department of Justice		16.710	(22,793)	22,793	-	29,217	(29,217)
E.Bryne Memorial Justice Assistance	U.S. Department of Justice		16.738	-	-	-	-	-
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	(19,850)	19,850	-	18,725	(18,725)
TIMING ATMS System	ARRA through TN Dept. of Transportation		20.200	-	-	-	84,508	(84,508)
Total General Fund Federal Awards				<u>(70,258)</u>	<u>72,863</u>	<u>-</u>	<u>135,583</u>	<u>(132,978)</u>
Capital Projects Funds:								
Greenway Fund:								
Alcoa Pedestrian Bridge (ARRA)	TN Dept. of Transportation		20.205	(146,421)	1,195,385	-	1,048,964	-
Alcoa Pedestrian Bridge (HPP)	TN Dept. of Transportation		20.205	-	338,140	-	378,224	(40,084)
Equipment Replacement Fund:								
Justice Assistance (ARRA)	U.S. Department of Justice		16.738	(3,341)	8,390	-	5,049	-
Home Grant Fund:								
Home Investment Partnership (ARRA)	TN Housing Development	HM-09-03	14.239	-	428,267	-	428,008	259
Total Capital Projects Funds Federal Awards				<u>(149,762)</u>	<u>1,970,182</u>	<u>-</u>	<u>1,860,245</u>	<u>(39,825)</u>
Federal Projects Funds:								
Carl Perkins Program Improvement	TN Dept. of Education	2008-2009	84.048	-	20,565	-	20,565	-
Carl Perkins Program Improvement	TN Dept. of Education	2009-2010	84.048A	(6,781)	6,781	-	-	-
Title I – Stimulus (ARRA)	TN Dept. of Education	ARRA	84.389A	(25,889)	52,001	-	32,570	(6,458)
Title III – ESL (Part A)	TN Dept. of Education	09-01	84.365A	3,138	9,066	-	12,359	(155)
Title I Part A Improving Basic Programs	TN Dept. of Education	09-01	84.010A	11,565	88,136	-	99,701	-
Title II Part A Teacher/Principal Training	TN Dept. of Education	09-21	84.367A	(26,150)	54,656	-	28,546	(40)
Title II Part D Technology (ARRA)	TN Dept. of Education	ARRA	84.318X	(1,770)	4,393	-	2,623	-
Title IV Part A Safe & Drug Free Schools	TN Dept. of Education	09-01	84.186A	(700)	3,365	-	1,684	981
Title X (ARRA)	TN Dept. of Education	ARRA	84.387	(177)	595	-	418	-
Idea Preschool	TN Dept. of Education	09-01	84.173A	6,208	12,278	-	1,697	16,789
Idea Part B/Comp Plan	TN Dept. of Education	09-01	84.027A	(23,378)	377,449	-	279,938	74,133
Title I Part A Improving Basic Programs	TN Dept. of Education	10-01	84.010A	(165,911)	381,920	-	290,428	(74,419)

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the Fiscal Year Ended June 30, 2011

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Transfers In (Out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2011</u>
FEDERAL ASSISTANCE AWARDS:								
<u>Federal Projects Fund (Continued):</u>								
E-Rate Project Communications	TN Dept. of Education	09-01	84.151	19,732	28,295	-	48,027	-
Idea Stimulus	TN Dept. of Education	09-01	84.024	-	140,453	-	186,410	(45,957)
Preschool Stimulus	TN Dept. of Education		84.173	-	5,210	-	7,347	(2,137)
Title 1 Part D Technology	TN Dept. of Education		84.318	-	1,813	-	2,396	(583)
Total Federal Projects Funds				<u>(210,113)</u>	<u>1,186,976</u>	<u>-</u>	<u>1,014,709</u>	<u>(37,846)</u>
<u>Education Fund:</u>								
Coordinated School Health (ARRA)	TN Dept. of Education		84.397	-	83,098	-	114,814	(31,716)
ConnecTenn (ARRA)	TN Dept. of Education		84.397	-	6,029	-	6,029	-
Safe Schools Act (ARRA)	TN Dept. of Education		84.397	-	8,000	-	8,000	-
SSMS (ARRA)	TN Dept. of Education		84.397	-	4,302	-	4,302	-
Career Ladder Extended Contract (ARRA)	TN Dept. of Education		84.397	-	798	-	63,748	(62,950)
Basic Education Stabilization	TN Dept. of Education		84.394	-	520,290	-	680,015	(159,725)
USDA (ARRA)				-	7,000	-	7,000	-
Total Education Funds				<u>-</u>	<u>629,517</u>	<u>-</u>	<u>883,908</u>	<u>(254,391)</u>
TOTALS – FEDERAL FINANCIAL ASSISTANCE				<u>(430,133)</u>	<u>3,859,538</u>	<u>-</u>	<u>3,894,445</u>	<u>(465,040)</u>
STATE AWARDS:								
<u>Greenway Capital Project Fund:</u>								
Greenway Extension TDOT	TN Dept. of Transportation			-	122,139	-	212,682	(90,543)
<u>Proprietary Fund:</u>								
Landfill Fund	TN Dept. of Environment and Conservation		66.000	-	69,490	-	69,490	-
<u>Education Fund:</u>								
Family Resource Center	TN Dept. of Education		84.310A	-	-	-	33,300	(33,300)
Early Childhood (Lottery – Pre K)	TN Dept. of Education		94.349A	-	134,001	-	188,005	(54,004)
Driver Education	TN Dept. of Education		-	-	4,344	-	4,344	-
Total Education Fund				<u>-</u>	<u>138,345</u>	<u>-</u>	<u>225,649</u>	<u>(87,304)</u>
TOTALS – STATE FINANCIAL ASSISTANCE				<u>-</u>	<u>329,974</u>	<u>-</u>	<u>507,821</u>	<u>(177,847)</u>
TOTALS – FEDERAL AND STATE FINANCIAL ASSISTANCE				<u>\$ (430,133)</u>	<u>\$ 4,189,512</u>	<u>\$ -</u>	<u>\$ 4,402,266</u>	<u>\$ (642,887)</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF PERFORMANCE BASED ASSISTANCE, LOANS AND ENTITLEMENTS
For the Fiscal Year Ended June 30, 2011

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2010</u>	<u>Amount Earned</u>	<u>Receipts</u>	<u>Balance June 30, 2011</u>
National School Lunch Program	U.S. Dept. of Agriculture	N/A	10.555	\$ (61,716)	\$ 240,988	\$ 302,704	\$ -
National School Breakfast Program	U.S. Dept. of Agriculture	N/A	10.553	(19,720)	75,394	95,114	-
				<u>\$ (81,436)</u>	<u>\$ 316,382</u>	<u>\$ 397,818</u>	<u>\$ -</u>

Summary of Due from Grantors and Unapplied Grant Funds:

For the fiscal year ended June 30, 2011:

	<u>Due from Grantors</u>	<u>Unapplied Grant Funds</u>	<u>Total</u>
General Fund	\$ (132,978)	\$ -	\$ (132,978)
Federal Projects Funds	(223,520)	185,674	(37,846)
Capital Projects Funds	(130,627)	259	(130,368)
Education Fund	<u>(341,695)</u>	<u>-</u>	<u>(341,695)</u>
Totals	<u>\$ (828,820)</u>	<u>\$ 185,933</u>	<u>\$ (642,887)</u>

**CITY OF ALCOA, TENNESSEE
 SCHEDULE OF NON-CASH ASSISTANCE
 For the Fiscal Year Ended June 30, 2011**

<u>CFDA No.</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2010</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2011</u>
10.569	U.S. Department Of Agriculture Donated Commodities	Federal Pass Through Tennessee Department Of Agriculture	\$ <u>-</u>	\$ <u>36,725</u>	\$ <u>36,725</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, 2011

This page intentionally left blank .



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

January 20, 2012

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, 2011, which collectively comprise the City of Alcoa, Tennessee's basic financial statements and have issued our report thereon dated January 20, 2012. 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



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

January 20, 2012

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, 2011. 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, 2011.

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, 2011

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 Cluster	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, 2011

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

D. PRIOR YEAR FINDINGS

None.