

CITY OF ALCOA

CITY OF ALCOA, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2014



"Excellence in Service - Quality of Life"

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
<u>SECTION ONE – INTRODUCTORY SECTION:</u>	
List of Officials	i
Certificate of Achievement for Excellence in Financial Reporting	ii
City Organizational Chart	iii
<u>SECTION TWO – FINANCIAL SECTION:</u>	
Independent Auditors’ Report	iv - v
Management’s Discussion and Analysis (required supplementary information)	vi – xv
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	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 Position – 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 Position – Proprietary Funds.....	12 – 13
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	14 – 15
Statement of Cash Flows – Proprietary Funds.....	16 – 18
Statement of Fiduciary Net Position – Employees’ Retirement System – Fiduciary Funds	19
Statement of Changes in Fiduciary Plan Net Position – Employees’ Retirement System – Fiduciary Funds.....	20
Notes to Financial Statements	21 – 77
Required Supplementary Information:	
Schedule of Funding Progress for City of Alcoa, Tennessee Consolidated Retirement System.....	78
Schedule of Funding Progress for Employees’ Retirement System of Alcoa	79
Schedule of Funding Progress for the Retiree Health Benefits (OPEB).....	80
Other Supplementary Information:	
Combining Fund Financial Statements:	
Non-Major Governmental Funds:	
Combining Balance Sheet – Non-Major Governmental Funds	81 – 82
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds	83 – 84

(Continued)

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2014

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 Position	85
Combining Statement of Revenues, Expenses, and Changes in Net Position	86 – 87
Combining Statement of Cash Flows	88 – 89
Fiduciary Fund:	
Employees’ Retirement System:	
Statement of Fiduciary Plan Net Position	90
Statement of Changes in Fiduciary Plan Net Position	91
Budgetary Comparison Schedules:	
General, Special Revenue and Debt Service Fund Types -	
General Fund – (Major Fund):	
Schedule of Assets, Liabilities and Fund Balances	92
Schedule of Revenues – Budget and Actual	93 – 94
Schedule of Expenditures – Budget and Actual	95 – 116
Education Fund – Special Revenue Fund (Major Fund):	
Schedule of Revenues – Budget and Actual	117
Schedule of Expenditures – Budget and Actual	118 – 122
School Construction and Improvement Fund (Major Fund):	
Schedule of Revenues and Expenditures – Budget and Actual	123
Alcoa High School Construction Fund (Major Fund):	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	124
Debt Service Fund – (Major Fund):	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	125
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	126
Federal Projects Fund (Non-major Special Revenue Fund):	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	127
Schedule of Revenues and Expenditures – Budget and Actual:	
Carl Perkins Project #12-01	128
Title I Stimulus Project #12-01	129
Title III (Part A) (ESL) Project #12-01	130
Title I Project #12-01	131
Title II (Part A) Training #12-21	132
Title II (Part D) Technology Project #12-01	133
Title IV NCLB Drug Free	134
Idea Preschool Project #13-01	135
IDEA (Part B) #12-01	136
E-Rate Project #12-01	137

(Continued)

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2014

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	138
Extended Day Program:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	139
Special Assessment Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	140
Drug Control Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	141
Commercial Motor Vehicle Fines Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance	142
 Capital Project Fund Types:	
General Obligation Public Works Construction:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	143
Greenway Projects Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	144
2001 Special Project Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	145
Equipment Replacement Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	146
Bessie Harvey Memorial Project:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	147
Home Grant Program Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	148
Landscaping Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	149
Capital Projects Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	150

(Continued)

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2014

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 Position	151
Schedule of Revenues, Expenses and Changes in Net Position	152
Schedules of Cash Flows.....	153
Schedule of Operating and Maintenance Expenses by Department	154– 155
Schedule of I and Depreciation	156
Water and Sewer Utility Fund (Major Fund):	
Schedule of Assets, Liabilities, and Net Position	157
Schedule of Revenues, Expenses and Changes in Net Position	158
Schedules of Cash Flows.....	159 – 160
Schedule of Operating and Maintenance Expenses by Department	161 – 166
Schedule of Capital Assets and Depreciation.....	167 – 168
Electric Utility Fund (Major Fund):	
Schedule of Assets, Liabilities, and Net Position	169 – 170
Schedule of Revenues, Expenses and Changes in Net Position	171 – 172
Schedules of Cash Flows.....	173 – 174
Schedules of Operating and Maintenance Expense.....	175
Schedule of Electric Plant in Service	176
Schedule of Accumulated Provision for Depreciation	177
Landfill Fund (Major Fund):	
Schedule of Assets, Liabilities, and Net Position	178
Schedule of Revenues, Expenses and Changes in Net Position	179
Schedules of Cash Flows.....	180 – 181
Schedule of Administrative and Operating Expenses	182 – 185
Schedule of Capital Assets and Depreciation.....	186
Fiduciary Fund:	
Employees’ Retirement System Fund:	
Schedule of Fiduciary Assets, Liabilities, and Net Position	187
Schedule of Changes in Fiduciary Plan Net Position.....	188
Capital Assets Used in the Operation of Governmental Funds:	
Schedule of Changes by Function and Activity	189
Schedule of Capital Assets by Function and Activity.....	190
<u>SECTION THREE – MISCELLANEOUS SCHEDULES:</u>	
Schedule of Interfund Transfers – All Funds.....	191
Schedule of Changes in Property Taxes Receivable.....	192
Schedule of Insurance in Force – Electric Utility.....	193
Schedule of Insurance in Force – General/Water and Sewer Utility	194
Schedule of Insurance in Force – Schools	195
Schedule of Bond and Capital Outlay Notes – Principal and Interest Requirements by Fiscal Year.....	196 – 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, 2014

TABLE OF CONTENTS

	<u>Page</u>
<u>SECTION THREE – MISCELLANEOUS SCHEDULES (Continued):</u>	
Schedule of Customers Served – Water and Sewer Utility	207
AWWA Water Loss Control Report.....	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 Position by Component	215
Schedule 2 – Changes in Net Position.....	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
 INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>.....	
	240 – 241
 INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133.....	
	242 – 243
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	244

CITY OF ALCOA, TENNESSEE
SECTION ONE
INTRODUCTORY SECTION
For the Fiscal Year Ended June 30, 2014

CITY OF ALCOA

City Officials

CITY OF ALCOA, TENNESSEE

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014

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
John Troyer, Director of Finance & Administration

"Excellence in Service - Quality of Life"



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Alcoa
Tennessee**

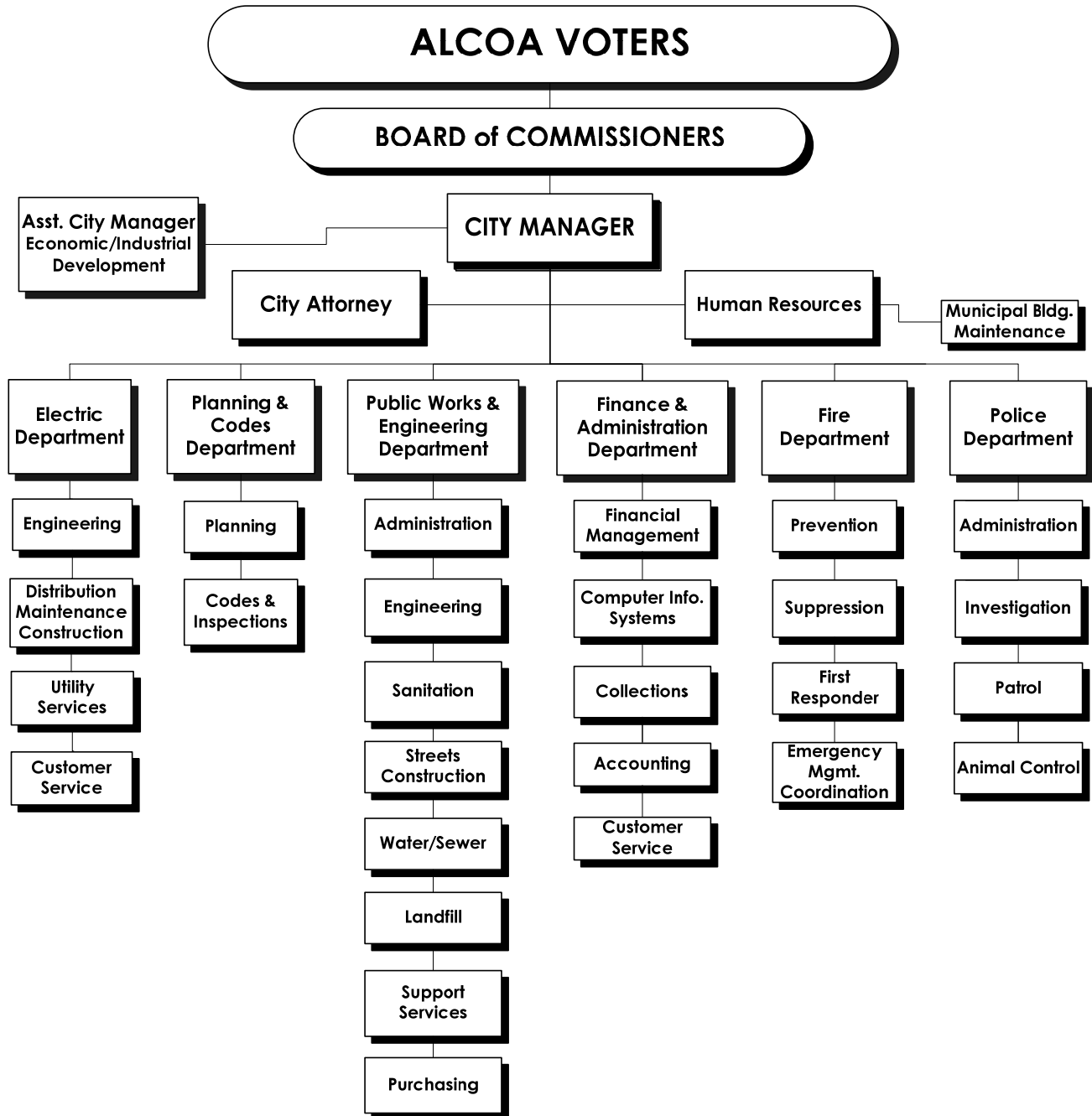
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



City of Alcoa



“Excellence in Service - Quality of Life”

CITY OF ALCOA, TENNESSEE

SECTION TWO

FINANCIAL SECTION

For the Fiscal Year Ended June 30, 2014



Joe S. Ingram, CPA (1948 - 2011)
Lonas D. Overholt, CPA
Robert L. Bean, CPA

428 Marilyn Lane
Alcoa, Tennessee 37701

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alcoa, Tennessee (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Education Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages x through xix, and required supplementary schedules pages 78 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City of Alcoa, Tennessee's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other supplementary information, statistical section, miscellaneous schedules section, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other supplementary information, statistical schedules, miscellaneous schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

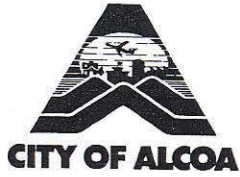
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 17, 2014, on our consideration of the City of Alcoa, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the City of Alcoa, Tennessee's internal control over financial reporting and compliance.

Ingram, Overholt & Bean, PC

Alcoa, Tennessee

December 17, 2014



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, 2014. 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 position** presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the current fiscal year. All changes in net position 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 \$75.6 million (net position). The total net position increased by \$5.9 million compared to the prior year.
- ◆ At June 30, 2014, the City's governmental funds reported combined ending fund balances of \$22.1 million, an increase of \$5.7 million in comparison to the prior year. Approximately 16% of this total amount (\$3.53 million) is unassigned fund balance available for spending at the government's discretion.
- ◆ At June 30, 2014, total fund balance for the general fund was \$3.8 million. The unassigned portion of the fund balance is \$3.14 million, which is 18.7% of total general fund expenditures of \$16.8 million.
- ◆ At June 30, 2014, the City's proprietary funds reported combined total net position of \$59.6 million, and total unrestricted net position of \$16.6 million.
- ◆ The City issued \$22 million in bonds for the Alcoa High School Construction Project and Public Works Projects.

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 POSITION

<u>Assets</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other Assets	\$ 38,387,970	\$ 29,761,208	\$ 43,546,548	\$ 44,182,381	\$ 81,934,518	\$ 73,943,589
Capital assets (net)	66,114,763	49,042,035	113,863,144	111,404,198	179,977,907	160,446,233
Capital lease property	<u>10,198,992</u>	<u>10,379,548</u>	<u>27,947</u>	<u>130,285</u>	<u>10,226,939</u>	<u>10,509,833</u>
Total Assets	<u>114,701,725</u>	<u>89,182,791</u>	<u>157,437,639</u>	<u>155,716,864</u>	<u>272,139,364</u>	<u>244,899,655</u>
Deferred Outflows of Resources:						
Deferred regulatory Charges - bond issuance costs	-	-	<u>1,217,990</u>	<u>1,294,585</u>	<u>1,217,990</u>	<u>1,294,585</u>
<u>Liabilities</u>						
Long-term liabilities	83,213,832	61,561,407	79,016,205	79,744,176	162,230,037	141,305,583
Other liabilities	<u>6,700,795</u>	<u>8,006,445</u>	<u>20,078,831</u>	<u>18,318,704</u>	<u>26,779,626</u>	<u>26,325,149</u>
Total Liabilities	<u>89,914,627</u>	<u>69,567,852</u>	<u>99,095,036</u>	<u>98,062,880</u>	<u>189,009,663</u>	<u>167,630,732</u>
Deferred Inflows of Resources:						
Deferred Revenue	<u>8,757,435</u>	<u>8,833,086</u>	-	-	<u>8,757,435</u>	<u>8,833,086</u>
<u>Net Position</u>						
Net investment in capital Assets	6,206,361	9,138,604	41,602,343	38,763,375	47,808,704	47,901,979
Restricted for:						
General Fund	633,361	2,096	-	-	633,361	2,096
Special revenue	1,007,601	1,372,178	-	-	1,007,601	1,372,178
Capital projects	15,531,647	10,712,010	-	-	15,531,647	10,712,010
Debt service	1,787,413	804,120	-	-	1,787,413	804,120
Property acquisitions	-	-	1,407,958	1,338,590	1,407,958	1,338,590
Unrestricted (deficit)	<u>(9,136,720)</u>	<u>(11,247,155)</u>	<u>16,550,292</u>	<u>18,846,604</u>	<u>7,413,572</u>	<u>7,599,449</u>
Total Net Position	<u>\$ 16,029,663</u>	<u>\$ 10,781,853</u>	<u>\$ 59,560,593</u>	<u>\$ 58,948,569</u>	<u>\$ 75,590,256</u>	<u>\$ 69,730,422</u>

Analysis of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$75.6 million and \$69.7 million at June 30, 2014 and June 30, 2013, respectively.

The largest portion of the City's net position reflects its investment of \$47.8 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.

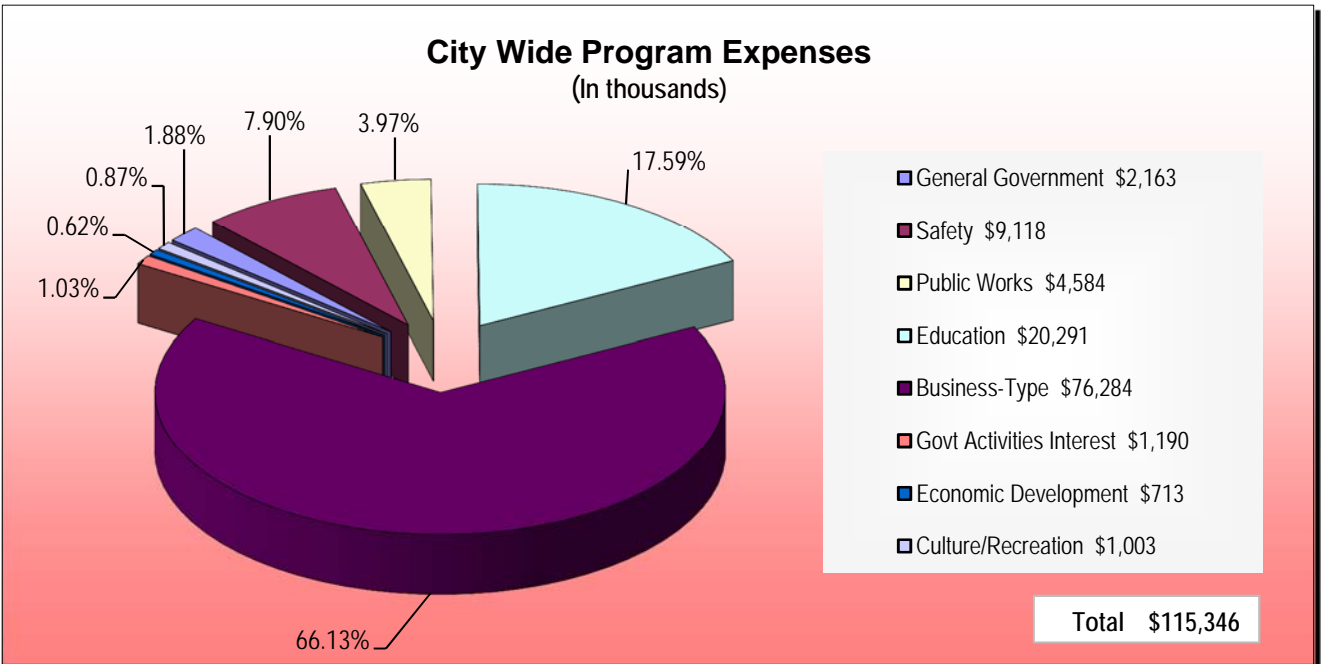
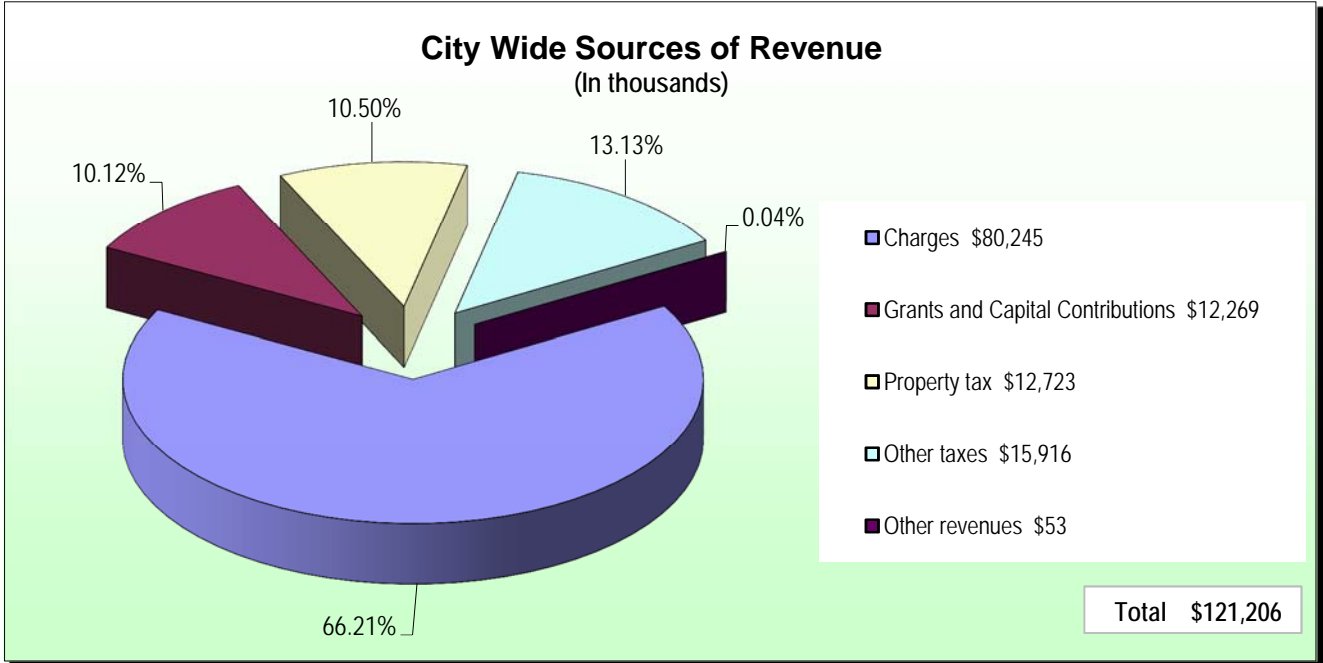
An additional portion of the City's net position, \$20.4 million (27%) represents resources that are subject to external restrictions on how they may be used.

Analysis of Change in Net Position

The City's net position increased by \$5,859,834 for the fiscal year 2014. These changes are explained in the government and business-type activities presented below.

Revenues	<u>Changes in Net Position</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Program Revenues:						
Charges for services	\$ 1,724,608	\$ 1,138,918	\$ 78,520,302	\$ 76,888,513	\$ 80,244,910	\$ 78,027,431
Operating grants and contributions	9,071,291	8,823,444	90,559	105,603	9,161,850	8,929,047
Capital grants and contributions	3,107,392	223,478	-	473,138	3,107,392	696,616
General Revenues:						
Sales taxes	14,256,596	15,445,336	-	-	14,256,596	15,445,336
State income taxes	87,636	104,705	-	-	87,636	104,705
Property taxes	12,723,141	12,129,571	-	-	12,723,141	12,129,571
Business taxes/licenses	902,658	284,263	-	-	902,658	284,263
Miscellaneous taxes	512,845	467,396	-	-	512,845	467,396
Investment earnings	17,032	3,476	22,752	23,213	39,784	26,689
In-lieu of taxes	155,929	255,535	-	-	155,929	255,535
Gain(loss) on sale of assets	64,258	13,296	(50,755)	45,783	13,503	59,079
Total Revenues	<u>42,623,386</u>	<u>38,889,418</u>	<u>78,582,858</u>	<u>77,536,250</u>	<u>121,206,244</u>	<u>116,425,668</u>
<u>Expenses</u>						
General government	2,163,198	1,263,547	-	-	2,163,198	1,263,547
Police and Fire	9,118,341	7,641,666	-	-	9,118,341	7,641,666
Public works and streets	4,583,593	5,110,915	-	-	4,583,593	5,110,915
Recreation and Culture	1,003,749	1,270,427	-	-	1,003,749	1,270,427
Economic development	713,405	748,075	-	-	713,405	748,075
Education	20,290,532	21,048,665	-	-	20,290,532	21,048,665
Interest on long-term debt	1,189,641	1,166,010	-	-	1,189,641	1,166,010
Water and Sewer	-	-	10,247,877	10,647,505	10,247,877	10,647,505
Electric Utility	-	-	61,009,610	59,171,822	61,009,610	59,171,822
Landfill	-	-	3,943,753	3,629,673	3,943,753	3,629,673
Stormwater Utility	-	-	1,082,711	901,571	1,082,711	901,571
Total expenses	<u>39,062,459</u>	<u>38,249,305</u>	<u>76,283,951</u>	<u>74,350,571</u>	<u>115,346,410</u>	<u>112,599,876</u>
Increase (decrease) in net position before transfers and other sources	3,560,927	640,113	2,298,907	3,185,679	5,859,834	3,825,792
Transfers-in-lieu of tax	1,686,883	1,629,657	(1,686,883)	(1,629,657)	-	-
Change in net position	5,247,810	2,269,770	612,024	1,556,022	5,859,834	3,825,792
Net position at beginning of year	10,781,853	9,899,878	58,948,569	57,392,547	69,730,422	67,292,425
Prior period adjustment	-	(1,387,795)	-	-	-	(1,387,795)
Net position at end of year	<u>\$ 16,029,663</u>	<u>\$ 10,781,853</u>	<u>\$ 59,560,593</u>	<u>\$ 58,948,569</u>	<u>\$ 75,590,256</u>	<u>\$ 69,730,422</u>

City of Alcoa, Tennessee for the Fiscal Year Ended June 30, 2014



Governmental activities:

- Governmental activities increased the City governmental net position by \$5,247,810.
- Governmental activities revenue increased by \$3.73 million over the prior year primarily due to increases in property tax collections, sales tax increase, and grant items.
- Investment earnings were greater because of the market interest rate increases.
- The General Fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$430,605.

Business-type activities:

- Business-type activities increased the City's net position by \$612,024, whereas the prior year had produced an increase in net position of \$1,556,022.
- The Electric Utility is the largest business-type activity of the City, with a total expense of \$61,009,610. 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 \$10,247,877. 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 position.
- The Landfill Utility ended the fiscal year with total expenses of \$3,943,753 and ended with a net loss of \$533,503. This loss over the prior year ended June 30, 2013, was mainly due to less revenue generated from private haulers.
- The Stormwater Utility ended the fiscal year with total expenses of \$1,082,711 and ended with a net loss of \$56,387.
- 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, 2014, the City's governmental funds reported combined ending fund balances of \$22.1 million, an increase of \$5.7 million from 2013. Approximately \$3.5 million or (16%) 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 \$3.1 million while total fund balance was \$3.8 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 18.5% of total general fund expenditures of \$16.78 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 Education Fund is the operating fund for the Alcoa City Schools. As of June 30, 2014, the fund balance is \$399,133 with the unassigned fund balance for Education being \$399,133. The unassigned represents 2.3% of the schools total budget of \$17,180,500. The primary reason for the decline is the one-time planning and design costs for the new Alcoa High School.

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, 2014 is \$1,787,413 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, 2014, the Stormwater Utility net position totaled \$1,127,061. As stated earlier, this utility has just completed its sixth year. No major projects have been launched so a fund balance could be created to handle any future ventures. The Utility's expenses exceeded revenue and generated a net loss of \$56,387.

Net position for Water and Sewer Utility as of June 30, 2014 were \$19,468,901, an increase of \$314,766 from 2013. The increase was primarily due to rate increases made in the Water and Sewer Utility.

Net position of the Electric Utility as of June 30, 2014 was \$36,522,292, an increase of \$887,148. 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. In addition, the City of Alcoa Electric implemented a local retail rate increase of 2.5% effective July 1, 2010. Expenditures during the current year were approximately \$1,923,000 more than the prior year, while revenues were up approximately \$1,390,000.

Net position of the Landfill Utility as of June 30, 2014 was \$2,442,339, a decrease of \$533,503, primarily due to less revenue generated from private haulers.

(Continued)

Budget Highlights – General Fund

The difference between the original budget and the final amended budget decreased by \$2,446.

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

1. Tax revenues were increased by \$447,924 due to public works labor and materials.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business type activities as of June 30, 2014 and 2013 amount to \$190,177,846 and \$170,956,066 (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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 1,999,450	\$ 1,999,450	\$ 2,204,363	\$ 2,171,567	\$ 4,203,813	\$ 4,171,017
Buildings	29,672,905	29,672,905	85,226,075	83,204,309	114,898,980	112,877,214
Infrastructure	29,209,051	29,107,217	-	-	29,209,051	29,107,217
Improvements	14,989,944	14,236,546	51,814,420	50,195,488	66,804,364	64,432,034
Machinery and equipment	7,594,050	8,631,386	32,065,896	31,689,741	39,659,946	40,321,127
Capital lease property	10,657,168	10,379,548	259,222	130,285	10,916,390	10,509,833
Construction in progress	<u>23,179,825</u>	<u>4,047,349</u>	<u>4,056,879</u>	<u>1,036,674</u>	<u>27,236,704</u>	<u>5,084,023</u>
Total Capital Assets	117,302,393	98,074,401	175,626,855	168,428,064	292,929,248	266,502,465
Less: Accumulated						
Depreciation	<u>(40,988,638)</u>	<u>(38,652,818)</u>	<u>(61,762,764)</u>	<u>(56,893,581)</u>	<u>(102,751,402)</u>	<u>(95,546,399)</u>
Capital Assets, net of						
Depreciation	<u>\$ 76,313,755</u>	<u>\$ 59,421,583</u>	<u>\$113,864,091</u>	<u>\$111,534,483</u>	<u>\$ 190,177,846</u>	<u>\$ 170,956,066</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 on an auxiliary water line intake
- Continued work on installation of a new electric meter reading system (TWAC)
- City-wide traffic signalization improvement project
- Alcoa High School construction 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 \$163.9 million. Of this amount, \$143.4 million are revenue bonds, general obligation bonds, and capital outlay notes backed by the full faith and credit of the City and \$8.2 million is estimated liability for Landfill closure and post closure costs and capital outlay notes. The remainder includes capital leases of \$9.8 million and compensated absences of \$2.45 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General Obligation/ Revenue Bonds	\$ 70,550,000	\$ 52,975,000	\$ 72,833,801	\$ 73,640,824	\$143,383,801	\$126,615,824
Capital leases	9,802,394	10,072,979	27,947	130,285	9,830,341	10,203,264
Compensated absences	1,203,808	1,032,466	1,250,891	1,008,943	2,454,699	2,041,409
Estimated liability for closure/post-closure care costs	-	-	<u>8,248,362</u>	<u>7,748,577</u>	<u>8,248,362</u>	<u>7,748,577</u>
Total long-term obligations	<u>\$ 81,556,202</u>	<u>\$ 64,080,445</u>	<u>\$ 82,361,001</u>	<u>\$ 82,528,629</u>	<u>\$163,917,203</u>	<u>\$146,609,074</u>

The City of Alcoa's total long-term debt increased by a net of \$17,308,129 during the current fiscal year. The key factor to this increase was due to the City borrowed \$20,000,000 to finance Alcoa High School Construction during the year. The City retired debt in the amount of \$5,232,023.

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 2015 fiscal year. During the current fiscal year, the total unassigned fund balance in the general fund increased by \$549,441 primarily due to tax revenue increases due to the overall economy upswing. The City of Alcoa has not appropriated any of this amount for spending in the 2015 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

CITY OF ALCOA, TENNESSEE
GOVERNMENT WIDE FINANCIAL STATEMENTS
June 30, 2014

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2014 and 2013

	Primary Government		Total 2014	Total 2013
	Governmental Activities	Business-type Activities		
ASSETS:				
Cash and certificates of deposit	\$ 11,123,930	\$ 16,777,432	\$ 27,901,362	\$ 26,303,693
Investments	13,751,466	-	13,751,466	8,570,318
Property taxes receivable (net of allowance)	10,299,429	-	10,299,429	10,403,273
Other receivables (net of allowance)	902,674	9,835,969	10,738,643	10,968,230
Due from other governments	2,310,471	-	2,310,471	1,903,891
Inventories	-	1,447,121	1,447,121	1,294,125
Prepaid items	-	3,780,211	3,780,211	3,423,113
Restricted Assets:				
Cash and certificates of deposit.....	-	11,732,815	11,732,815	11,076,946
Capital Assets (Note 5):				
Non-depreciable assets.....	25,179,275	6,261,243	31,440,518	9,255,041
Depreciable assets, net of depreciation.....	40,935,488	107,574,901	148,510,389	151,191,192
Capital lease property.....	10,198,992	27,947	10,226,939	10,509,833
Total Capital Assets, net of Depreciation.....	76,313,755	113,864,091	190,177,846	170,956,066
Total Assets	114,701,725	157,437,639	272,139,364	244,899,655
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Regulatory Charges - bond Issuance costs	-	1,217,990	1,217,990	1,294,585
LIABILITIES:				
Accounts payable.....	4,958,247	12,187,682	17,145,929	13,073,892
Accrued liabilities.....	182,521	334,788	517,309	472,339
Customer deposits.....	-	1,561,606	1,561,606	1,504,850
Unearned revenue	1,560,027	-	1,560,027	1,641,151
Other liabilities	-	2,649,959	2,649,959	2,743,078
Long-term Liabilities:				
Due within one year (Note 6).....	2,729,883	3,344,796	6,074,679	5,303,491
Due in more than one year (Note 6)	78,826,319	70,767,843	149,594,162	133,557,006
Estimated liability – Landfill closure/ Postclosure (Note 6).....	-	8,248,362	8,248,362	7,748,577
Unfunded pension obligation (Note 7).....	1,151,457	-	1,151,457	1,158,067
Post-employment benefit obligation (Note 7)	506,173	-	506,173	428,281
Total Liabilities	89,914,627	99,095,036	189,009,663	167,630,732
DEFERRED INFLOWS OF RESOURCES:				
Deferred revenue.....	8,757,435	-	8,757,435	8,833,086
NET POSITION:				
Net investment in capital assets, (Note 19).....	6,206,361	41,602,343	47,808,704	47,901,979
Restricted for:				
General Fund.....	633,361	-	633,361	2,096
Special Revenue Funds:				
Education	564,199	-	564,199	879,036
Streets.....	389,625	-	389,625	402,596
Drug Enforcement	44,901	-	44,901	76,516
Vehicle enforcement	8,876	-	8,876	14,030
Capital Projects:				
Education	12,514,975	-	12,514,975	8,170,984
Public Works/Safety.....	3,016,672	-	3,016,672	2,541,026
Debt Service.....	1,787,413	-	1,787,413	804,120
Property Acquisitions.....	-	1,407,958	1,407,958	1,338,590
Unrestricted (deficit).....	(9,136,720)	16,550,292	7,413,572	7,599,449
Total Net Position	\$ 16,029,663	\$ 59,560,593	\$ 75,590,256	\$ 69,730,422

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total 2014	Total 2013
PRIMARY GOVERNMENT								
Governmental Activities:								
General Government.....	\$ 2,163,198	\$ 467,325	\$ 55,100	\$ -	\$ (1,640,773)	\$ -	\$ (1,640,773)	\$(2,465,348)
Public Safety	9,118,341	15,087	-	91,207	(9,012,047)	-	(9,012,047)	(8,112,677)
Public Works	4,583,593	349,703	-	3,016,185	(1,217,705)	-	(1,217,705)	(2,101,176)
Economic Development	713,405	28,680	-	-	(684,725)	-	(684,725)	(748,075)
Education	20,290,532	849,379	9,016,191	-	(10,424,962)	-	(10,424,962)	(12,171,091)
Culture and Recreation	1,003,749	14,434	-	-	(989,315)	-	(989,315)	(1,299,088)
Interest on long-term debt	1,189,641	-	-	-	(1,189,641)	-	(1,189,641)	(1,166,010)
Total Governmental Activities	39,062,459	1,724,608	9,071,291	3,107,392	(25,159,168)	-	(25,159,168)	(28,063,465)
Business-Type Activities:								
Landfill.....	3,943,753	3,319,691	90,559	-	-	(533,503)	(533,503)	(62,775)
Electric	61,009,610	63,215,476	-	-	-	2,205,866	2,205,866	2,655,239
Water/Sewer Utility	10,247,877	10,958,811	-	-	-	710,934	710,934	409,891
Stormwater Utility	1,082,711	1,026,324	-	-	-	(56,387)	(56,387)	114,328
Total Business-type Activities	76,283,951	78,520,302	90,559	-	-	2,326,910	2,326,910	3,116,683
Total Primary Government.....	\$ 115,346,410	\$ 80,244,910	\$ 9,161,850	\$ 3,107,392	(25,159,168)	2,326,910	(22,832,258)	(24,946,782)
General Revenues:								
Taxes, net of related credits:								
Property tax					12,723,141	-	12,723,141	12,385,106
Sales tax					14,256,596	-	14,256,596	15,912,732
State income and excise tax					87,636	-	87,636	104,705
Business taxes/licenses					902,658	-	902,658	284,263
In-lieu-of taxes					155,929	-	155,929	-
Miscellaneous taxes					512,845	-	512,845	-
Gain (loss) on sale of capital assets					64,258	(50,755)	13,503	59,079
Investment earnings					17,032	22,752	39,784	26,689
Transfers – In-lieu-of-tax payments					1,686,883	(1,686,883)	-	-
Total General Revenues and Transfers					30,406,978	(1,714,886)	28,692,092	28,772,574
Change in Net Position					5,247,810	612,024	5,859,834	3,825,792
Net Position – Beginning					10,781,853	58,948,569	69,730,422	67,292,425
Prior Period Adjustment to Net Position					-	-	-	(1,387,795)
Adjusted Net Position - Beginning					10,781,853	58,948,569	69,730,422	65,904,630
Net Position – Ending					\$16,029,663	\$59,560,593	\$75,590,256	\$69,730,422

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FUND FINANCIAL STATEMENTS
June 30, 2014

CITY OF ALCOA, TENNESSEE
BALANCE SHEET
Governmental Funds
June 30, 2014 and 2013

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>General</u>	<u>Education</u>	<u>Debt Service</u>	<u>School Construction and Improvement Fund</u>	<u>Alcoa High School Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
							<u>2014</u>	<u>2013</u>
Assets:								
Cash and cash equivalents.....	\$ 2,948,628	\$ 774,146	\$ 1,309,293	\$ -	\$ 985,138	\$ 4,047,184	\$ 10,064,389	\$ 6,638,735
Investments and certificates of deposit.....	-	-	-	-	13,448,267	-	13,448,267	8,266,737
Tennessee Local Government Investment Pool .	-	-	-	-	-	303,199	303,199	303,581
Receivables:								
Sales Taxes.....	1,228,721	317,700	-	-	-	-	1,546,421	1,443,472
Property Taxes (net of allowance for uncollectible taxes).....	10,299,429	-	-	-	-	-	10,299,429	10,403,273
Accounts	785,171	17,144	-	-	-	9,058	811,373	586,923
Note.....	1,982	-	-	-	-	-	1,982	1,982
Due from other governments.....	-	70,457	-	-	-	20,069	90,526	174,295
Due from grantors	3,024	-	-	-	-	670,500	673,524	1,055,228
Due from other funds	1,310	385,564	478,120	480,000	-	-	1,344,994	589,186
Due from credit union	<u>265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265</u>	<u>1,418</u>
Total Assets.....	15,268,530	1,565,011	1,787,413	480,000	14,433,405	5,050,010	38,584,369	29,464,830
Deferred Outflows of Resources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources.....	<u>\$15,268,530</u>	<u>\$ 1,565,011</u>	<u>\$ 1,787,413</u>	<u>\$ 480,000</u>	<u>\$ 14,433,405</u>	<u>\$ 5,050,010</u>	<u>\$ 38,584,369</u>	<u>\$ 29,464,830</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>								
Liabilities:								
Accounts payable.....	\$ 625,012	\$ 215,230	\$ -	\$ -	\$ 2,398,430	\$ 862,813	\$ 4,101,485	\$ 1,744,203
Due to other funds.....	453,120	480,000	-	-	-	385,564	1,318,684	592,277
Accrued payroll.....	182,521	-	-	-	-	-	182,521	161,107
Due to State of Tennessee.....	-	470,648	-	-	-	-	470,648	-
Deferred revenue.....	1,477,173	-	-	-	-	2,081	1,479,254	1,507,181
Unearned grant revenue	-	-	-	-	-	80,773	80,773	133,970
Due to Blount County	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,639</u>	<u>93,639</u>	<u>97,282</u>
Total Liabilities	<u>2,737,826</u>	<u>1,165,878</u>	<u>-</u>	<u>-</u>	<u>2,398,430</u>	<u>1,424,870</u>	<u>7,727,004</u>	<u>4,236,020</u>
Deferred Inflows of Resources:								
Deferred Revenue	<u>8,757,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,757,435</u>	<u>8,833,086</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
BALANCE SHEET (Continued)
Governmental Funds
June 30, 2014 and 2013**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Debt Service Fund</u>	<u>School Construction and Improvement Fund</u>	<u>Alcoa High School Construction Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
							<u>2014</u>	<u>2013</u>
Fund Balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	2,222	-	-	-	-	2,774,092	2,776,314	3,215,522
Committed	-	-	-	-	-	-	-	-
Assigned	631,139	-	1,787,413	480,000	12,034,975	851,048	15,784,575	9,709,956
Unassigned.....	<u>3,139,908</u>	<u>399,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,539,041</u>	<u>3,470,246</u>
 Total Fund Balances	 <u>3,773,269</u>	 <u>399,133</u>	 <u>1,787,413</u>	 <u>480,000</u>	 <u>12,034,975</u>	 <u>3,625,140</u>	 <u>22,099,930</u>	 <u>16,395,724</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$15,268,530</u>	 <u>\$ 1,565,011</u>	 <u>\$1,787,413</u>	 <u>\$ 480,000</u>	 <u>\$ 14,433,405</u>	 <u>\$ 5,050,010</u>	 <u>\$ 38,584,369</u>	 <u>\$ 29,464,830</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 POSITION – GOVERNMENTAL ACTIVITIES
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Fund Balances – Total Governmental Funds	\$ 22,099,930	\$ 16,395,724
Amounts to be reported for governmental activities in the statement of net position 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>2014</u> <u>\$ 76,313,755</u>	<u>2013</u> <u>\$ 59,421,583</u>
	76,313,755	59,421,583
(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 position.	829,810	631,339
(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 position as follows:		
Bonds Payable	<u>2014</u> \$ 70,550,000	<u>2013</u> 52,975,000
Compensated absences	1,203,808	1,032,466
Capital Leases	9,802,394 <u>9,802,394</u>	10,072,979 <u>10,072,979</u>
	<u>\$ 81,556,202</u>	<u>\$ 64,080,445</u>
	(81,556,202)	(64,080,445)
(4) The General pension plan has an unfunded liability at 6/30/14 and 6/30/13 not reported in the government funds.	(1,151,457)	(1,158,067)
(5) Net OPEB Obligation – current year funding for the City’s postemployment benefits was required as follows:		
Amount funded	<u>2014</u> \$ 391,998	<u>2013</u> \$ 165,332
Required	(374,493)	(341,190)
Excess OPEB	<u>17,505</u>	<u>(175,858)</u>
	(158,353)	(175,858)
(6) OPEB Obligation – Education (not reported in the governmental fund)	(347,820)	(252,423)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 16,029,663</u>	<u>\$ 10,781,853</u>

See accompanying independent auditors’ report and notes.

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>General Fund</u>	<u>Education Fund</u>	<u>Debt Service Fund</u>	<u>School Construction and Improvement Fund</u>	<u>Alcoa High School Construction Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
							<u>2014</u>	<u>2013</u>
Revenues:								
Taxes	\$ 16,653,983	\$ 7,495,047	\$ -	\$ -	\$ -	\$ -	\$ 24,149,030	\$ 22,449,030
Licenses, permits and fees	163,953	363,260	-	-	-	-	527,213	448,607
Intergovernmental	2,173,709	9,314,840	-	-	-	4,503,528	15,992,077	14,337,120
Charges for services	474,484	-	-	-	-	551,305	1,025,789	942,279
Fines, forfeitures and costs	464,448	-	-	-	-	43,472	507,920	467,396
Property rental	143,547	-	-	-	-	-	143,547	143,389
Investment income	-	-	-	-	16,978	54	17,032	3,476
Miscellaneous revenue	32,850	3,158	-	-	-	18,726	54,734	84,825
Sale of property/equipment	64,258	-	-	-	-	11,815	76,073	13,296
Total Revenues	<u>20,171,232</u>	<u>17,176,305</u>	<u>-</u>	<u>-</u>	<u>16,978</u>	<u>5,128,900</u>	<u>42,493,415</u>	<u>38,889,418</u>
Expenditures:								
Current:								
General government	1,726,638	-	-	-	-	-	1,726,638	1,703,606
Public Safety	8,663,677	-	-	-	-	28,070	8,691,747	8,047,944
Public Works	4,934,270	-	-	-	-	233,064	5,167,334	4,913,515
Education	-	17,107,708	-	-	-	1,761,392	18,869,100	18,468,873
Recreation and Culture	739,419	-	-	-	-	8,308	747,727	1,060,417
Community Development	713,405	-	-	-	-	-	713,405	748,075
Capital Outlay/Capital Assets/Capital Leases	-	-	-	12,559	16,140,428	4,121,947	20,274,934	4,403,369
Debt Service:								
Principal Retirement	-	-	4,157,023	-	-	-	4,157,023	3,354,834
Interest and Fiscal Charges	-	-	3,433,555	-	-	-	3,433,555	3,118,018
Total Expenditures	<u>16,777,409</u>	<u>17,107,708</u>	<u>7,590,578</u>	<u>12,559</u>	<u>16,140,428</u>	<u>6,152,781</u>	<u>63,781,463</u>	<u>45,818,651</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,393,823</u>	<u>68,597</u>	<u>(7,590,578)</u>	<u>(12,559)</u>	<u>(16,123,450)</u>	<u>(1,023,881)</u>	<u>(21,288,048)</u>	<u>(6,929,233)</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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>General</u>	<u>Education</u>	<u>Debt Service</u>	<u>School Construction and Improvement Fund</u>	<u>Alcoa High School Construction Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
							<u>2014</u>	<u>2013</u>
Other Financing Sources (Uses):								
Transfers to other funds	(4,050,000)	(548,500)	-	-	-	-	(4,598,500)	(4,890,599)
Transfer from other funds	-	-	8,573,871	480,000	-	-	9,053,871	8,669,079
Payments in lieu of taxes	1,686,883	-	-	-	-	-	1,686,883	1,629,657
Bond proceeds.....	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>	<u>700,000</u>	<u>20,850,000</u>	<u>10,000,000</u>
Total Other Financing Sources (Uses)	<u>(2,213,117)</u>	<u>(548,500)</u>	<u>8,573,871</u>	<u>480,000</u>	<u>20,000,000</u>	<u>700,000</u>	<u>26,992,254</u>	<u>15,408,137</u>
Net Change in Fund Balance.....	1,180,706	(479,903)	983,293	467,441	3,876,550	(323,881)	5,704,206	8,478,904
Fund Balance, July 1 st	<u>2,592,563</u>	<u>879,036</u>	<u>804,120</u>	<u>12,559</u>	<u>8,158,425</u>	<u>3,949,021</u>	<u>16,395,724</u>	<u>7,916,820</u>
Fund Balance, June 30th.....	<u>\$ 3,773,269</u>	<u>\$ 399,133</u>	<u>\$ 1,787,413</u>	<u>\$ 480,000</u>	<u>\$ 12,034,975</u>	<u>\$ 3,625,140</u>	<u>\$ 22,099,930</u>	<u>\$ 16,395,724</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Net Change in Fund Balances – Total Governmental Funds:	\$ 5,704,206	\$ 8,478,904
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>2014</u>	<u>2013</u>
Capital Outlay	\$19,856,114	\$ 3,987,779
Depreciation	<u>(2,882,114)</u>	<u>(2,866,036)</u>
	<u>\$16,974,000</u>	<u>\$ (1,121,743)</u>
	16,974,000	1,121,743
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 position 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>2014</u>	<u>2013</u>
New Leases	\$ -	\$ -
Payments	<u>(270,585)</u>	<u>(370,305)</u>
	<u>\$ (270,585)</u>	<u>\$ (370,305)</u>
	270,585	370,305
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 position. This is the amount by which the bond proceeds (exceed) or are less than retirement in the current period:		
	<u>2014</u>	<u>2013</u>
Bonds issued	\$ 22,000,000	\$ 10,000,000
Retired	<u>(4,157,023)</u>	<u>(1,890,000)</u>
	<u>\$ 17,842,977</u>	<u>\$ 8,110,000</u>
	(17,842,977)	(8,110,000)
4) The net revenues (expenditures) of internal service funds activities are reported with governmental activities.		
	129,971	(503,965)
5) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental fund:		
a. OPEB Obligation – Education	(347,820)	(252,423)
b. OPEB Obligation – City	(158,353)	(175,858)
c. Unfunded Pension obligation	(1,151,457)	(1,158,067)
d. Change in compensated absences	(171,342)	(123,408)
e. Construction in-progress	<u>1,840,997</u>	<u>2,622,539</u>
Changes in Net Position of Governmental Activities	<u>\$ 5,247,810</u>	<u>\$ 2,269,770</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, 2014
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013**

	<u>June 30, 2014</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>June 30, 2013 Actual</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
REVENUES:					
Taxes	\$ 15,615,166	\$ 15,615,166	\$ 16,653,983	\$ 1,038,817	\$ 15,260,887
Licenses and permits	117,900	117,900	163,953	46,053	107,319
Fines and forfeits	500,000	500,000	464,448	(35,552)	435,732
Intergovernmental	2,094,075	2,135,528	2,058,508	(77,020)	2,017,241
Interest earned	15,000	15,050	-	(15,050)	-
Public works, labor and material	5,000	407,120	349,703	(57,417)	372,895
Miscellaneous	10,341	10,241	32,850	22,609	26,703
CATV franchise fee	76,000	76,000	83,521	7,521	78,188
Property rental	139,910	139,910	143,547	3,637	143,389
Department services	125,000	125,000	127,781	2,781	122,495
Fees development	9,000	9,000	28,680	19,680	6,629
Insurance refunds	-	5,000	-	(5,000)	25,490
Sale of property	10,000	14,401	64,258	49,857	13,296
Contributions and donations – business ..	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total Revenues	<u>18,722,392</u>	<u>19,170,316</u>	<u>20,171,232</u>	<u>1,000,916</u>	<u>18,660,264</u>
EXPENDITURES:					
General government	1,791,500	1,791,500	1,726,638	64,862	1,703,606
Public works	5,225,234	5,225,234	4,934,270	290,964	4,739,978
Public safety – Police	5,253,509	5,245,955	5,229,276	16,679	4,851,070
Public safety – Fire	3,454,878	3,464,878	3,434,401	30,477	3,150,579
Contributions and grants to other agencies	<u>1,480,447</u>	<u>1,480,447</u>	<u>1,452,824</u>	<u>27,623</u>	<u>1,447,573</u>
Total Expenditures	<u>17,205,568</u>	<u>17,208,014</u>	<u>16,777,409</u>	<u>430,605</u>	<u>15,892,806</u>
Excess of Revenues Over Expenditures	<u>1,516,824</u>	<u>1,962,302</u>	<u>3,393,823</u>	<u>1,431,521</u>	<u>2,767,458</u>

See accompanying independent auditors' report and notes.

(Continued)

**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, 2014
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013**

	<u>June 30, 2014</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>June 30, 2013 Actual</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
OTHER FINANCING SOURCES (USES):					
Operating transfers in (out):					
Payments in lieu of taxes.....	1,680,000	1,680,000	1,686,883	6,883	1,629,657
Debt Service	(4,050,000)	(4,050,000)	(4,050,000)	-	(3,370,431)
School Construction	-	-	-	-	250,000
Equipment Replacement Fund	(2,446)	-	-	-	(200,000)
Proceeds from bonds	-	147,500	150,000	2,500	-
General Obligation Public Works Construction	-	-	-	-	(1,001,668)
Total Other Financing Sources (Uses)	<u>(2,372,446)</u>	<u>(2,222,500)</u>	<u>(2,213,117)</u>	<u>9,383</u>	<u>(2,692,442)</u>
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses.....	<u>(855,622)</u>	<u>(260,198)</u>	<u>1,180,706</u>	<u>1,440,904</u>	<u>75,016</u>
FUND BALANCE AT BEGINNING OF YEAR.....	<u>2,592,563</u>	<u>2,592,563</u>	<u>2,592,563</u>	<u>-</u>	<u>2,517,547</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,736,941</u>	<u>\$ 2,332,365</u>	<u>\$ 3,773,269</u>	<u>\$ 1,440,904</u>	<u>\$ 2,592,563</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, 2014
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	<u>June 30, 2014</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>2013</u> <u>Actual</u>
Revenues:					
Taxes.....	\$ 7,576,000	\$ 7,496,000	\$ 7,495,047	\$ (953)	\$ 7,188,143
Miscellaneous	2,072,500	2,122,500	2,173,264	50,764	2,082,547
Revenue from other agencies.....	<u>7,354,500</u>	<u>7,501,500</u>	<u>7,507,994</u>	<u>6,494</u>	<u>7,057,677</u>
Total Revenues.....	<u>17,003,000</u>	<u>17,120,000</u>	<u>17,176,305</u>	<u>56,305</u>	<u>16,328,367</u>
Expenditures:					
Board of Education	215,874	241,374	240,498	876	210,797
Office of the Director.....	242,802	157,412	154,079	3,333	245,240
Office of Principals	929,177	1,058,179	1,055,757	2,422	983,414
Fiscal services	170,015	145,932	145,479	453	176,465
Transportation	219,683	258,581	258,313	268	210,127
Instruction/Elementary/Secondary.....	10,093,080	10,065,784	10,057,212	8,572	9,637,187
Instruction – Regular.....	549,631	438,694	436,071	2,623	475,921
Other student support.....	375,802	381,498	381,005	493	362,539
Health services	177,493	197,709	197,701	8	177,477
Operation of plant	1,114,513	1,076,731	1,075,284	1,447	1,077,612
Maintenance of plant.....	572,341	685,521	685,482	39	667,457
Food services	650	28,712	27,015	1,697	592
Capital outlay	25,000	71,800	71,704	96	109,000
Special education	1,103,786	1,142,018	1,100,953	41,065	1,103,727
Vocational education	345,234	305,317	299,485	5,832	326,847
Lottery Pre-K.....	215,738	224,189	223,117	1,072	220,300
Central and other.....	421,114	455,244	454,822	422	443,619
Human services	-	150,785	150,152	633	
Family Resource Center.....	<u>98,067</u>	<u>95,020</u>	<u>93,579</u>	<u>1,441</u>	<u>91,487</u>
Total Expenditures	<u>16,870,000</u>	<u>17,180,500</u>	<u>17,107,708</u>	<u>72,792</u>	<u>16,519,808</u>
Excess (Deficiency) of Revenues Over Expenditures	133,000	(60,500)	68,597	129,097	(191,441)
Other Financing Sources (Uses):					
Transfer to School Construction and Improvement Fund.....	(480,000)	(480,000)	(480,000)	-	-
Transfer to School OPEB Insurance Fund ..	<u>(68,500)</u>	<u>(68,500)</u>	<u>(68,500)</u>	<u>-</u>	<u>(68,500)</u>
Net Change in Fund Balance	(415,500)	(609,000)	(479,903)	129,097	(259,941)
Fund Balance at Beginning of Year.....	<u>879,036</u>	<u>879,036</u>	<u>879,036</u>	<u>-</u>	<u>1,138,977</u>
Fund Balance at End of Year.....	<u>\$ 463,536</u>	<u>\$ 270,036</u>	<u>\$ 399,133</u>	<u>\$ 129,097</u>	<u>\$ 879,036</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 June 30, 2014
 With Comparative Totals for June 30, 2013**

Business-Type Activities –

Enterprise Funds

2014

Governmental Activities

Internal Service Funds

	<u>Stormwater Utility</u>	<u>Water/ Sewer Utility</u>	<u>Electric Utility</u>	<u>Landfill</u>	<u>Total</u>	<u>2013 Total</u>	<u>2014</u>	<u>2013</u>
ASSETS								
Current Assets:								
Cash in bank/Certificate of deposit	\$ 714,126	\$ 6,391,840	\$ 7,519,469	\$ 2,151,997	\$ 16,777,432	\$ 18,809,925	\$ 1,059,541	\$ 855,033
Accounts receivable – Net	85,596	1,008,572	5,948,057	419,171	7,461,396	7,313,923	89,054	30,531
Due from other funds	-	-	-	-	-	-	65,000	-
Accrued interest	-	-	18,683	-	18,683	1,615	-	-
Inventory	-	848,435	598,686	-	1,447,121	1,294,125	-	-
Prepaid TVA Power Invoice Program	-	-	3,780,211	-	3,780,211	3,423,113	-	-
Certificates of deposit – bond redemption reserve	-	-	3,329,396	-	3,329,396	3,328,369	-	-
Total Current Assets	<u>799,722</u>	<u>8,248,847</u>	<u>21,194,502</u>	<u>2,571,168</u>	<u>32,814,239</u>	<u>34,171,070</u>	<u>1,213,595</u>	<u>885,564</u>
NonCurrent Assets:								
Capital Assets:								
Nondepreciable:								
Land and easements	-	1,194,236	336,481	673,647	2,204,364	2,171,568	-	-
Construction in progress	-	306,805	3,750,074	-	4,056,879	1,036,674	-	-
Plant and equipment – depreciable	650,242	81,313,909	73,837,811	13,563,650	169,365,612	165,219,825	-	-
Accumulated depreciation	(232,126)	(23,026,436)	(30,565,810)	(7,938,392)	(61,762,764)	(56,893,584)	-	-
Net Capital Assets	<u>418,116</u>	<u>59,788,514</u>	<u>47,358,556</u>	<u>6,298,905</u>	<u>113,864,091</u>	<u>111,534,483</u>	<u>-</u>	<u>-</u>
Other NonCurrent Assets:								
Receivables from customers for conservation loans/back utilities	-	-	2,255,890	-	2,255,890	2,162,734	-	-
Long-term note receivable	-	-	100,000	-	100,000	100,000	-	-
Cash in bank – Restricted	-	-	-	5,042,162	5,042,162	4,542,376	-	-
Investments – Certificates of deposits - restricted for construction	-	-	-	3,361,257	3,361,257	3,206,201	-	-
Total Other NonCurrent Assets	<u>-</u>	<u>-</u>	<u>2,355,890</u>	<u>8,403,419</u>	<u>10,759,309</u>	<u>10,011,311</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>1,217,838</u>	<u>68,037,361</u>	<u>70,908,948</u>	<u>17,273,492</u>	<u>157,437,639</u>	<u>155,716,864</u>	<u>1,213,595</u>	<u>885,564</u>
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred regulatory charges - bond issuance costs	-	687,394	448,573	82,023	1,217,990	1,294,585	-	-

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION (Continued)
 June 30, 2014
 With Comparative Totals for June 30, 2013**

	Business-Type Activities – Enterprise Funds					Governmental Activities Internal Service Funds		
	2014					2013 Total	2014	2013
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total			
LIABILITIES								
Current Liabilities:								
Accounts payable.....	20,841	643,362	11,426,410	97,069	12,187,682	10,963,973	12,562	12,562
Medical claims payable.....	-	-	-	-	-	-	306,223	241,663
Other accrued payables.....	7,836	51,629	255,956	19,367	334,788	311,232	-	-
Bonds payable – current.....	-	914,964	-	745,000	1,659,964	1,021,848	-	-
Customer deposits.....	-	-	1,561,606	-	1,561,606	1,504,850	-	-
Due to other funds.....	3,382	-	-	34,047	37,429	11,118	65,000	-
Compensated absences.....	30,771	285,634	389,015	111,465	816,885	725,267	-	-
Revolving loan payable – current	-	110,000	730,000	-	840,000	935,000	-	-
Capital lease payable – current	27,947	-	-	-	27,947	102,338	-	-
Retainage payable.....	-	-	-	-	-	221,256	-	-
Total Current Liabilities.....	<u>90,777</u>	<u>2,005,589</u>	<u>14,362,987</u>	<u>1,006,948</u>	<u>17,466,301</u>	<u>15,796,882</u>	<u>383,785</u>	<u>254,225</u>
Long-Term Liabilities:								
Compensated absences.....	-	96,428	309,712	27,866	434,006	283,676	-	-
Bonds payable.....	-	43,600,000	17,550,000	5,630,000	66,780,000	71,298,976	-	-
Estimated liability for Landfill closure and postclosure care costs.....	-	-	-	8,248,362	8,248,362	7,748,577	-	-
Revolving loan payable.....	-	3,553,837	-	-	3,553,837	385,000	-	-
Capital lease payable	-	-	-	-	-	27,947	-	-
Advances – TVA Conservation Loans.....	-	-	2,334,992	-	2,334,992	2,235,490	-	-
Deferred Credits.....	-	-	277,538	-	277,538	286,332	-	-
Total Long-Term Liabilities.....	<u>-</u>	<u>47,250,265</u>	<u>20,472,242</u>	<u>13,906,228</u>	<u>81,628,735</u>	<u>82,262,998</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>90,777</u>	<u>49,255,854</u>	<u>34,835,229</u>	<u>14,913,176</u>	<u>99,095,036</u>	<u>98,062,880</u>	<u>383,785</u>	<u>254,225</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION:								
Unrestricted.....	736,892	7,859,188	7,443,736	510,476	16,550,292	18,846,604	829,810	631,339
Restricted for property acquisitions	-	-	-	1,407,958	1,407,958	1,338,590	-	-
Net investment in capital assets	390,169	11,609,713	29,078,556	523,905	41,602,343	38,763,375	-	-
TOTAL NET POSITION.....	<u>\$ 1,127,061</u>	<u>\$ 19,468,901</u>	<u>\$ 36,522,292</u>	<u>\$ 2,442,339</u>	<u>\$ 59,560,593</u>	<u>\$ 58,948,569</u>	<u>\$ 829,810</u>	<u>\$ 631,339</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 June 30, 2014
 With Comparative Totals for June 30, 2013**

	Business-Type Activities – Enterprise Funds					Governmental Activities Internal Service Funds		
	2014					2013 Total	2014	2013
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total			
Operating Revenues:								
Charges for services.....	\$ 1,026,324	\$ 10,937,689	\$ 61,910,679	\$ 3,310,821	\$ 77,185,513	\$ 75,592,486	\$ 5,219,750	\$ 4,877,440
Forfeited discounts	-	-	451,428	-	451,428	425,046	-	-
Miscellaneous revenues	-	21,122	853,369	372	874,863	969,584	4,939	1,937
Total Operating Revenues.....	<u>1,026,324</u>	<u>10,958,811</u>	<u>63,215,476</u>	<u>3,311,193</u>	<u>78,511,804</u>	<u>76,987,116</u>	<u>5,224,689</u>	<u>4,879,377</u>
Operating Expenses:								
Medical claims paid.....	-	-	-	-	-	-	3,444,629	3,726,164
Insurance premiums/administration	-	-	-	-	-	-	1,363,814	1,347,728
Administrative	246,170	729,133	3,132,213	421,028	4,528,544	4,122,952	-	-
Accounting and collections.....	-	805,409	-	-	805,409	740,753	-	-
Supervision	-	254,265	-	-	254,265	232,104	-	-
Water plant operation	-	1,568,618	-	-	1,568,618	1,542,722	-	-
Distribution and transmission	-	296,367	1,462,995	-	1,759,362	2,271,666	-	-
Meter reading and repair.....	-	305,468	-	-	305,468	358,834	-	-
Water maintenance	-	229,214	-	-	229,214	177,093	-	-
Sewage collection/disposal/pumping.....	-	61,837	-	-	61,837	2,218,637	-	-
Customer accounts.....	-	1,945,940	1,371,308	-	3,317,248	1,312,066	-	-
Purchased power	-	-	49,618,161	-	49,618,161	48,108,297	-	-
Landfill operation	-	-	-	2,440,926	2,440,926	2,194,047	-	-
Environmental compliance	-	115,683	-	120,523	236,206	222,451	-	-
Depreciation	72,169	2,258,876	2,422,746	716,110	5,469,901	5,467,515	-	-
Operations and maintenance	645,268	-	2,599,057	-	3,244,325	-	-	-
Street cleaning	119,104	-	-	-	119,104	-	-	-
Service center operations	-	-	-	-	-	-	286,275	309,450
Total Operating Expenses	<u>1,082,711</u>	<u>8,570,810</u>	<u>60,606,480</u>	<u>3,698,587</u>	<u>73,958,588</u>	<u>72,146,888</u>	<u>5,094,718</u>	<u>5,383,342</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION (Continued)
 June 30, 2014
 With Comparative Totals for June 30, 2013**

	Business-Type Activities – Enterprise Funds					2013 Total	Governmental Activities Internal Service Funds	
	2014						2014	2013
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total			
Operating Income (loss)	(56,387)	2,388,001	2,608,996	(387,394)	4,553,216	4,840,228	129,971	(503,965)
Other Income (Expense):								
Grant	-	-	-	90,559	90,559	105,603	-	-
Other income (expense)	-	3,832	(52,997)	8,498	(40,667)	44,728	-	-
Amortization of debt discount and expense	-	(39,643)	(26,387)	(17,009)	(83,039)	(93,209)	-	-
Interest expense	-	(1,637,424)	(378,333)	(228,157)	(2,243,914)	(2,105,629)	-	-
Interest income	-	-	22,752	-	22,752	23,213	-	-
Total Other Income (Expense)	-	(1,673,235)	(434,965)	(146,109)	(2,254,309)	(2,025,294)	-	-
Net Income (loss) Before Contributions and Transfers	(56,387)	714,766	2,174,031	(533,503)	2,298,907	2,814,934	129,971	(503,965)
Transfers In (Out)	-	-	-	-	-	-	68,500	68,500
Capital Contributions	-	-	-	-	-	370,745	-	-
Payments in Lieu of Taxes	-	(400,000)	(1,286,883)	-	(1,686,883)	(1,629,657)	-	-
Change in Net Position	(56,387)	314,766	887,148	(533,503)	612,024	1,556,022	198,471	(435,465)
Net Position – Beginning	1,183,448	19,154,135	35,635,144	2,975,842	58,948,569	57,392,547	631,339	1,066,804
Net Position – Ending	\$ 1,127,061	\$ 19,468,901	\$ 36,522,292	\$ 2,442,339	\$ 59,560,593	\$ 58,948,569	\$ 829,810	\$ 631,339

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2014
 With Comparative Totals for June 30, 2013**

	<u>Business-Type Activities – Enterprise Funds</u>					<u>Governmental Activities Internal Service Funds</u>		
	<u>2014</u>					<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>Stormwater Utility</u>	<u>Water/ Sewer Utility</u>	<u>Electric Utility</u>	<u>Landfill</u>	<u>Total</u>	<u>Total</u>		
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash received from customers/employees' insurance	\$1,026,085	\$11,014,984	\$63,053,972	\$ 3,269,291	\$ 78,364,332	\$ 76,927,987	\$ 5,015,368	\$ 4,848,846
Cash payments to suppliers for goods and services/ medical claims	(606,884)	(4,902,029)	(53,744,598)	(808,212)	(60,061,723)	(58,512,458)	(4,814,360)	(5,306,609)
Cash payments to employees for services.....	<u>(390,296)</u>	<u>(1,552,806)</u>	<u>(3,638,881)</u>	<u>(2,121,090)</u>	<u>(7,703,073)</u>	<u>(7,474,550)</u>	<u>-</u>	<u>-</u>
Net Cash Flows From Operating Activities	<u>28,905</u>	<u>4,560,149</u>	<u>5,670,493</u>	<u>339,989</u>	<u>10,599,536</u>	<u>10,940,979</u>	<u>201,008</u>	<u>(457,763)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
Transfers out – in lieu of taxes.....	-	(400,000)	(1,286,883)	-	(1,686,883)	(1,629,657)	-	-
Closure/postclosure payments	-	-	-	499,785	499,785	544,905	-	-
Receipts from other funds.....	-	-	-	-	-	-	68,500	68,500
Net Cash Flows From Non-Capital Financing Activities.....	<u>-</u>	<u>(400,000)</u>	<u>(1,286,883)</u>	<u>499,785</u>	<u>(1,187,098)</u>	<u>(1,084,752)</u>	<u>68,500</u>	<u>68,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Advances from TVA	-	-	617,242	-	617,242	606,339	-	-
Utility plant removal costs.....	-	-	(8,082)	-	(8,082)	(44,530)	-	-
Principal paid on bonds/notes/capital leases/revolving loan ..	(54,491)	(657,023)	(705,000)	(590,000)	(2,006,514)	(1,584,666)	-	-
Interest paid on bonds/notes/capital leases/revolving loan ...	-	(1,637,424)	(378,333)	(228,157)	(2,243,914)	(2,105,629)	-	-
Customer deposits received	-	-	334,399	-	334,399	339,760	-	-
Customer deposits refunded	-	-	(277,643)	-	(277,643)	(304,419)	-	-
Repayments of advances.....	-	-	(523,775)	-	(523,775)	(576,433)	-	-
Deferred credits	-	-	(8,794)	-	(8,794)	(100,375)	-	-
Merchandizing, jobbing, and contract work revenue.....	-	-	473	8,498	8,971	9,180	-	-
Collection on conservation loans	-	-	617,242	-	617,242	648,788	-	-
Payments for acquisition and construction of capital assets ..	(34,929)	(2,386,590)	(5,151,641)	(435,775)	(8,008,935)	(4,465,827)	-	-
Additional long-term bond/capital outlay notes/ revolving loans	-	545,000	-	600,000	1,145,000	-	-	-
Acquisition of conservation loans.....	-	-	(531,539)	-	(531,539)	(617,548)	-	-
Proceeds from sale of assets	-	3,832	-	-	3,832	21,750	-	-
Grant proceeds.....	-	-	-	90,559	90,559	105,603	-	-
Contributions in aid of construction	-	-	-	-	-	370,745	-	-
Net Cash Flows From Capital and Related Financing Activities.....	<u>(89,420)</u>	<u>(4,132,205)</u>	<u>(6,015,451)</u>	<u>(554,875)</u>	<u>(10,791,951)</u>	<u>(7,697,262)</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, 2014
 With Comparative Totals for June 30, 2013**

**Business-Type Activities –
 Enterprise Funds**

	2014					2013 Total	Governmental Activities Internal Service Funds	
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total		2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchase of investment securities.....	-	-	(3,261,499)	(4,334,743)	(7,596,242)	(13,751,833)	-	-
Proceeds from sale and maturities of investment Securities.....	-	-	3,262,826	3,657,684	6,920,510	13,300,102	-	-
Interest and dividends on investments.....	-	-	<u>22,752</u>	<u>-</u>	<u>22,752</u>	<u>23,213</u>	-	-
Net Cash Flows From Investing Activities..	-	-	<u>24,079</u>	<u>(677,059)</u>	<u>(652,980)</u>	<u>(428,518)</u>	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(60,515)	27,944	(1,607,762)	(392,160)	(2,032,493)	(1,730,447)	269,508	(389,263)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>774,641</u>	<u>6,363,896</u>	<u>9,127,231</u>	<u>2,544,157</u>	<u>18,809,925</u>	<u>17,079,478</u>	<u>855,033</u>	<u>1,244,296</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 714,126</u>	<u>\$ 6,391,840</u>	<u>\$ 7,519,469</u>	<u>\$ 2,151,997</u>	<u>\$16,777,432</u>	<u>\$18,809,925</u>	<u>\$ 1,124,541</u>	<u>\$ 855,033</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by (Used) in Operating Activities:								
Operating Income (loss)	<u>\$ (56,387)</u>	<u>\$ 2,388,001</u>	<u>\$ 2,608,996</u>	<u>\$ (387,394)</u>	<u>\$ 4,553,216</u>	<u>\$ 4,840,228</u>	<u>\$ 129,971</u>	<u>\$ (503,965)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation	72,169	2,258,876	2,422,746	716,110	5,469,901	5,467,515	-	-
Amortization	-	-	26,387	-	26,387	93,209	-	-
Changes in assets and liabilities:								
Accounts receivable.....	(239)	56,173	(161,504)	(41,902)	(147,472)	(105,646)	(58,523)	(30,531)
Prepaid expenses	-	-	(357,098)	-	(357,098)	350,279	-	-
Inventory	-	(166,671)	13,675	-	(152,996)	(184,374)	-	-
Other receivables	-	-	(17,068)	-	(17,068)	8,892	-	-
Accounts payable.....	4,736	148,047	1,042,669	28,257	1,223,709	341,720	64,560	(11,283)
Other liabilities	-	-	50,453	-	50,453	78,248	65,000	88,016
Accrued payroll	1,740	11,584	12,258	4,277	29,859	7,171	-	-
Retainage payable.....	-	(221,256)	-	-	(221,256)	3,883	-	-
Due to employee insurance fund	-	-	-	-	-	3,382	-	-
Compensated absences	6,886	85,395	28,979	20,641	141,901	36,472	-	-
Total Adjustments	<u>85,292</u>	<u>2,172,148</u>	<u>3,061,497</u>	<u>727,383</u>	<u>6,046,320</u>	<u>6,100,751</u>	<u>71,037</u>	<u>46,202</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 28,905</u>	<u>\$ 4,560,149</u>	<u>\$ 5,670,493</u>	<u>\$ 339,989</u>	<u>\$10,599,536</u>	<u>\$10,940,979</u>	<u>\$ 201,008</u>	<u>\$ (457,763)</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (Continued)
 For the Fiscal Year Ended June 30, 2014
 With Comparative Totals for June 30, 2013**

(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	\$ 714,126	\$ -	\$ 714,126
Water/Sewer Utility	6,391,840	-	6,391,840
Electric Utility	6,127,189	1,392,280	7,519,469
Landfill	<u>2,151,997</u>	<u>-</u>	<u>2,151,997</u>
Totals.....	<u>\$ 15,385,152</u>	<u>\$ 1,392,280</u>	<u>\$ 16,777,432</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.

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
ASSETS:		
Investments		
Cash and cash equivalents.....	\$ 890,505	\$ 1,367,559
U.S. Treasury obligations.....	3,538,433	2,755,088
Corporate and foreign bonds.....	5,345,952	5,198,605
Common equity securities.....	11,308,475	11,225,252
Municipal obligations.....	2,116,289	1,211,277
Accrued interest	<u>129,752</u>	<u>132,193</u>
Total Assets.....	<u>23,329,406</u>	<u>21,889,974</u>
LIABILITIES.....	<u>-</u>	<u>-</u>
NET POSITION:		
Held in trust for pension benefits	<u>23,329,406</u>	<u>21,889,974</u>
Total Net Position.....	<u>\$ 23,329,406</u>	<u>\$ 21,889,974</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY PLAN NET POSITION
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	<u>2014</u>	<u>2013</u>
Additions:		
Employer contributions	\$ 1,451,649	\$ 1,144,180
Interest and dividend income	667,231	633,591
Net appreciation in fair value of investments	1,781,486	1,424,073
Realized gain on sale of investments	<u>163,898</u>	<u>102,180</u>
Total Additions.....	<u>4,064,264</u>	<u>3,304,024</u>
Deductions:		
Benefit payments	2,549,182	2,523,916
Administrative expenses	<u>75,650</u>	<u>74,004</u>
Total Deductions	<u>2,624,832</u>	<u>2,597,920</u>
Change in Net Position	1,439,432	706,104
Net Position – Beginning of Year.....	<u>21,889,974</u>	<u>21,183,870</u>
Net Position – End of Year.....	<u>\$ 23,329,406</u>	<u>\$ 21,889,974</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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.....	30
Receivables and Unbilled Revenue.....	32
Investments.....	32
Due to and Due from other Funds, and Interfund Transfers.....	33
Interest Receivable.....	33
Inventory and Prepaid Items.....	33
Other Assets.....	34
Restricted Assets.....	34
Use of Estimates.....	34
Compensated Absences.....	34
Capital Assets.....	35
Long Term Obligations.....	35
Comparative Total Data.....	36
Implementation of New Accounting Principles.....	36
Reclassifications/Net Position Restated.....	37
NOTE 2 – RECONCILIATION OF GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS.....	37
NOTE 3 – CASH AND INVESTMENTS.....	41
NOTE 4 – PROPERTY TAX.....	44
NOTE 5 – CAPITAL ASSETS.....	44
NOTE 6 – LONG-TERM LIABILITIES.....	47
NOTE 7 – RETIREMENT COMMITMENTS:	
Employee’s Retirement System of the City of Alcoa.....	50
Tennessee Consolidated Retirement System.....	53
Alcoa City Schools Pension Plan.....	55
Deferred Compensation Plan.....	56
City of Alcoa – Post Employment Benefits Other Than Pensions (OPEB).....	56
Alcoa City Schools – Post Retirement Benefits Other Than Pensions (OPEB).....	59
NOTE 8 – EMPLOYEE HEALTH INSURANCE INTERNAL SERVICE FUND.....	62
NOTE 9 – CONTRACTS WITH THE TENNESSEE VALLEY AUTHORITY (TVA).....	62

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

TABLE OF CONTENTS (Continued)

	<u>Page</u>
NOTES TO FINANCIAL STATEMENTS (Continued)	
NOTE 10 – JOINT VENTURES:	
Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee	63
Blount County Public Library	64
Emergency Communications District of Blount County, Tennessee	64
Blount County Cable Television Authority	65
Recreation and Parks Commission	66
Joint Development of Industrial Parks:	
Partnership Park North – Partnership Park South.....	67
The Pellissippi Research Centre on the Oak Ridge Corridor	68
NOTE 11 – LANDFILL OPERATIONS	69
NOTE 12 – ECONOMIC DEPENDENCY (ALUMINUM COMPANY OF AMERICA)	69
NOTE 13 – REFUNDING OF DEBT	70
NOTE 14 – FUND BALANCES.....	71
NOTE 15 – COMMITMENTS:	
Capital Leases.....	72
Committed Construction.....	73
Springbrook Corporate Center.....	73
Research and Development Industrial Park.....	73
Capital Lease Obligation	74
NOTE 16 – LITIGATION.....	76
NOTE 17 – RISK FINANCING ACTIVITIES.....	76
NOTE 18 – NEW FUNDS	76
NOTE 19 – CALCULATION OF NET INVESTMENT IN CAPITAL ASSETS	76
NOTE 20 – PRIOR PERIOD ADJUSTMENT	77
NOTE 21 – INVESTIGATIVE AUDIT.....	77
NOTE 22 – SUBSEQUENT EVENTS	77

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014

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 position 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, 2014

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, 2014

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 are two capital project funds presented as major funds in the basic financial statements:

- (1) 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.
- (2) Alcoa High School Construction Fund: This fund is used to account for expenditures incurred for the construction of a new high school.

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 position, financial position and cash flows. Each proprietary fund is reported as a major fund 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, 2014

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, 2014

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, 2014

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.

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 Position – The statement of net position 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 position and reports depreciation expense – the cost of "using up" capital assets – in the statement of activities. The net position of the City are broken down into three categories – 1) net investment in capital assets; 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 position, 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, 2014

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 restrict that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as restricted, since the commitments will be honored through subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities. Restrictions of fund equities at June 30, 2014 are as follows: General Fund \$633,361; Special Revenue Funds \$1,007,601; Capital Projects Funds \$15,531,647; Enterprise Funds \$1,407,958; and Debt Service \$1,787,413.

(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, 2014

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

	Equity Pooled In Cash Account	Other Cash Accounts	Combined Cash Total
General Fund	\$ 2,947,428	\$ 1,200	\$ 2,948,628
Special Revenue Funds:			
State Street Aid Fund.....	395,244	-	395,244
Education Fund.....	774,146	-	774,146
Cafeteria Fund	432,270	-	432,270
Extended Day Program Fund.....	111,096	-	111,096
Federal Projects Fund	113,458	-	113,458
Drug Control Fund.....	44,901	-	44,901
Commercial Vehicle Fines Fund	8,876	-	8,876
Total Special Revenue Funds	<u>1,879,991</u>	<u>-</u>	<u>1,879,991</u>
Debt Service Fund	<u>1,309,293</u>	<u>-</u>	<u>1,309,293</u>
Capital Projects Funds:			
Capital Projects Fund.....	74,760	-	74,760
Alcoa High School Construction Fund.....	985,138	13,448,267	14,433,405
2001 Special Projects Fund	41,774	303,199	344,973
Equipment Replacement Fund.....	341,375	-	341,375
General Obligation Public Works.....	2,254,361	-	2,254,361
Landscaping Fund.....	134,687	-	134,687
Home Grant Fund	743	-	743
Special Projects.....	93,639	-	93,639
Total Capital Projects Funds.....	<u>3,926,477</u>	<u>13,751,466</u>	<u>17,677,943</u>
Internal Service Funds:			
Employees’ Insurance Fund	-	352,265	352,265
Flexible Spending Fund.....	12,628	-	12,628
Service Center.....	55,648	-	55,648
City OPEB Fund.....	280,000	-	280,000
School OPEB Fund.....	359,000	-	359,000
Total Internal Service Funds.....	<u>707,276</u>	<u>352,265</u>	<u>1,059,541</u>
Total Governmental Funds	<u>10,770,465</u>	<u>14,104,931</u>	<u>24,875,396</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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	6,391,840	-	6,391,840
Electric Utility Fund	-	10,848,865	10,848,865
Landfill Fund	-	2,151,997	2,151,997
Stormwater Utility Fund	714,126	-	714,126
Total Proprietary Funds	7,105,966	13,000,862	20,106,828
TOTAL GOVERNMENT	<u>\$ 17,876,431</u>	<u>\$ 27,105,793</u>	<u>\$ 44,982,224</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, 2014 are as follows:

Electric Utility Fund	\$ 3,603,535
Water and Sewer Utility Fund	795,576
Total	<u>\$ 4,399,111</u>

(I) CASH AND INVESTMENTS:

Cash and cash equivalents in governmental type funds consist of petty cash demand deposits, and all highly liquid investments with original maturities of three months or less. 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.

In order to provide a safe temporary medium for investment of idle funds, the City adopted an investment policy that allows investment in the following:

1. Bonds, notes and treasury bills of the United States;
2. Non-convertible debt securities of certain government sponsored enterprises that are chartered by the Congress of the United States;
3. Other obligations which are guaranteed as to principal and interest by the United States or any of its agencies;
4. Certificates of Deposit at state and federal chartered banks and savings and loan associations;
5. The Local Government Investment Pool created by TCA, Title 9, Chapter 4, Part 2;

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

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

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

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, 2014, are as follows:

<u>Fund</u>	<u>Amount</u>	<u>Fund</u>	<u>Amount</u>
<u>INTERFUND</u>		<u>INTERFUND</u>	
<u>RECEIVABLES:</u>		<u>PAYABLES:</u>	
General Fund	\$ 1,310	Education Fund	\$ 480,000
Education Fund	385,564	Cafeteria Fund	385,564
Debt Service	478,120	General Fund	453,120
School Construction and Improvement Fund	<u>480,000</u>	Landfill Fund	<u>26,310</u>
	<u>\$1,344,994 (1)</u>		<u>\$ 1,344,994 (1)</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, 2014

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, 2014 amount to \$3,328,369 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, 2014 is \$7,748,577.

(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, Tennessee, accounts for compensated absences in conformity with the *Governmental Accounting Standards Board (GASB) Statement Number 16*, whereby a liability is accrued for the amounts employees are entitled to receive for future absences. Such accruals include related costs such as payroll taxes and retirement contributions as required by *GASB Statement Number 16*.

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, 2014

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

(P) COMPENSATED ABSENCES (Continued):

Accumulated unpaid vacation and vested sick pay are accrued in the Government-wide and all Proprietary Fund statements. Long-term liabilities of the governmental funds are not shown on the fund financial statements, as these benefits are not expected to be liquidated with expendable available financial resources.

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) LONG-TERM OBLIGATIONS:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type. Debt issuance costs which are recovered through rate charges established by regulatory authority are deferred and amortized over the life of the debt. Debt payable is reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, in the period in which the debt is issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

(R) LONG-TERM OBLIGATIONS (Continued):

Proprietary fund financial statements recognize debt issuance costs recovered through rate charges as deferrals that are amortized to interest expense over the life of the debt. Debt payable is reported net of the applicable premium discount. Under GASB statement No. 62, debt issue costs that are recovered through rate charges established by the regulatory authority are recognized as deferred regulatory charges. They are amortized over the life of the debt.

(S) 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, 2014 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.

(T) IMPLEMENTATION OF NEW ACCOUNTING STANDARDS:

The City follows Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental 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. Only the City Council has the authority to assign funds for specified purposes, by a majority vote system.
- 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.

The Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and also requires related disclosures. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

In addition, the GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resource, or inflows of resources. Since this Statement closely correlates to Statement No. 63, the City has elected to early implement the provisions of this statement.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

(U) RECLASSIFICATIONS/NET POSITION 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, 2014 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 position.

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

Balance Sheet/Statement of Net Position

	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities (1)</u>	<u>Internal Service Funds (2)</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position</u>
<u>Assets</u>					
Cash on hand/equity in pooled					
Cash/certificates of deposit.....	\$ 10,064,389	\$ -	\$ 1,059,541	\$ -	\$ 11,123,930
Investments	13,448,267	-	-	303,199	13,751,466
Tennessee Local					
Government Investment Pool	303,199	-	-	(303,199)	-
Receivables:					
Property Taxes, net	10,299,429	-	-	-	10,299,429
Accounts, net	811,373	-	89,054	2,247	902,674
Note	1,982	-	-	(1,982)	-
Credit Union	265	-	-	(265)	-
Internal balances.....	1,344,994	-	65,000	(1,409,994)	-
Due from other governments.....	2,310,471	-	-	-	2,310,471
Capital Assets, Net	-	66,114,763	-	-	66,114,763
Capital lease property.....	-	10,198,992	-	-	10,198,992
Total Assets.....	<u>38,584,369</u>	<u>76,313,755</u>	<u>1,213,595</u>	<u>(1,409,994)</u>	<u>114,701,725</u>
Deferred Outflows of Resources.....	-	-	-	-	-
<u>Liabilities</u>					
Accounts payable	4,101,485	-	318,785	537,977	4,958,247
Accrued payroll	182,521	-	-	-	182,521
Accrued liabilities	-	-	-	-	-
Unapplied grant funds	80,773	-	-	(80,773)	-
Unearned revenue.....	1,479,254	-	-	80,773	1,560,027
Long-term debt.....	-	81,556,202	-	-	81,556,202
Due to state in Tennessee/					
Blount County.....	564,287	-	-	(564,287)	-
Internal balances.....	1,318,684	-	65,000	(1,383,684)	-
Unfunded pension obligation	-	1,151,457	-	-	1,151,457
Unfunded OPEB obligation.....	-	506,173	-	-	506,173
Total Liabilities	<u>7,727,004</u>	<u>83,213,832</u>	<u>383,785</u>	<u>(1,409,994)</u>	<u>89,914,627</u>
Deferred Inflow of Resources.....	8,757,435	-	-	-	8,757,435
Net Position.....	<u>\$ 22,099,930</u>	<u>\$(6,900,077)</u>	<u>\$ 829,810</u>	<u>\$ -</u>	<u>\$ 16,029,663</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

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

Cost of Capital Assets/Lease Property	\$ 117,302,393
Accumulated depreciation	(40,988,638)
	<u>\$ 76,313,755</u>

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

	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
Compensated absences	\$ 38,617	\$ 1,165,191	\$ 1,203,808
Bonds, capital improvement notes, loans	2,545,000	68,005,000	70,550,000
Capital lease obligations	<u>146,266</u>	<u>9,656,128</u>	<u>9,802,394</u>
	<u>\$2,729,883</u>	<u>\$ 78,826,319</u>	<u>\$ 81,556,202</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 position.

Cash	\$ 1,059,541
Accounts receivable	89,054
Accounts payable	(318,785)
Net Position	<u>\$ 829,810</u>

The net change in fund balances for governmental funds differ from the change in net position 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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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:

<u>Revenues</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>	<u>Capital-</u> <u>Related</u> <u>Items</u> (4)	<u>Long-term</u> <u>Debt</u> <u>Transactions</u> (5)	<u>Internal</u> <u>Service</u> <u>Funds</u>	<u>Reclass-</u> <u>ifications</u>	<u>Statement</u> <u>of</u> <u>Activities</u>
Taxes.....	\$ 24,149,030	\$ -	\$ -	\$ -	\$ (11,425,889)	\$ 12,723,141
Sales taxes.....	-	-	-	-	12,824,908	12,824,908
State income & excise tax.....	-	-	-	-	87,636	87,636
Licenses, permits and fees	527,213	-	-	-	(363,260)	163,953
Business taxes.....	-	-	-	-	738,705	738,705
Intergovernmental.....	15,992,077	-	-	-	(15,992,077)	-
Intergovernmental:						
State sales taxes	-	-	-	-	1,431,688	1,431,688
Federal grants.....	-	-	-	-	1,073,278	1,073,278
USDA revenues	-	-	-	-	478,346	478,346
Other state revenues.....	-	-	-	-	7,405,703	7,405,703
Other local revenues	18,726	-	-	-	-	18,726
Capital grants/contributions	-	-	-	-	3,016,185	3,016,185
Charges for services.....	1,025,789	-	-	129,971	568,848	1,724,608
Fines, forfeitures, and costs.....	507,920	-	-	-	-	507,920
Investment income	17,032	-	-	-	-	17,032
Miscellaneous taxes	36,008	-	-	-	-	36,008
Property rentals.....	143,547	-	-	-	-	143,547
Gain (loss) on sale/deletion of capital assets	76,073	-	-	-	-	76,073
In-lieu of taxes	-	-	-	-	155,929	155,929
Total Revenues	<u>42,493,415</u>	<u>-</u>	<u>-</u>	<u>129,971</u>	<u>-</u>	<u>42,623,386</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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	1,726,638	436,560	-	-	-	2,163,198
Public safety – Police/Fire	8,691,747	426,594	-	-	-	9,118,341
Public works - Streets	5,167,334	760,295	-	-	(1,344,036)	4,583,593
Recreation and Culture	747,727	256,022	-	-	-	1,003,749
Community development	713,405	-	-	-	-	713,405
Education	18,869,100	1,421,432	-	-	-	20,290,532
Debt service - principal retirement	4,157,023	-	(4,157,023)	-	-	-
Debt service - interest and fiscal fees	3,433,555	-	(2,243,914)	-	-	1,189,641
Capital Outlay	<u>20,274,934</u>	<u>(20,274,934)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>63,781,463</u>	<u>(16,974,031)</u>	<u>(6,400,937)</u>	<u>-</u>	<u>(1,344,036)</u>	<u>39,062,459</u>
Other Financing Sources (Uses)/ Changes in Net Position						
Transfers (Out)	(4,598,500)	-	4,598,500	-	-	-
Transfers In	9,053,871	-	(9,053,871)	-	-	-
Bond proceeds	20,850,000	-	(20,850,000)	-	-	-
In lieu of tax payments	<u>1,686,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,686,883</u>
Total Other Financing Sources (Uses)/Changes In Net Position	<u>26,992,254</u>	<u>-</u>	<u>(25,305,371)</u>	<u>-</u>	<u>-</u>	<u>1,686,883</u>
Net Change for the Year	<u>\$ 5,704,206</u>	<u>\$ 16,974,031</u>	<u>\$(18,904,434)</u>	<u>\$ 129,971</u>	<u>\$ 1,344,036</u>	<u>\$ 5,247,810</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.

Accrual for compensated absences **\$ 1,203,808**

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 position decrease by the amount of depreciation expense charged for the year, and the loss on disposal of capital assets.

Capital expenditures	\$ 19,856,144
Depreciation	<u>(2,882,113)</u>
Net Change	<u>\$ 16,974,031</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 position 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>\$ 4,157,023</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.

The City's investment policy allows investments in obligations of the U.S. Treasury and other authorized investments as more fully explained in Note 1.

Cash and investments 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.

Investments are shown at fair value; except that investments that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost (none at June 30, 2014). Fair value is based on quoted market prices.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014:

SUMMARY OF CASH AND INVESTMENTS BY FUNDS:

Fiduciary Funds – Pension Trust.....	<u>\$ 23,329,406</u>
--------------------------------------	-----------------------------

Statement of Net Position:

Capital Projects Funds – Investments and Local Government Investment Pool.....	\$ 13,751,466
Enterprise Funds – Restricted Assets	11,723,815
Enterprise Funds - Non-restricted Assets	<u>16,777,432</u>
 Total Governmental and Enterprise Funds.....	 <u>42,252,713</u>

SUMMARY OF CHECKING ACCOUNTS BY FUNDS:

General Fund (includes cash on hand of \$1,200)	2,948,628
Special Revenue Funds	1,879,991
Debt Service Fund	1,309,293
Capital Projects Funds.....	3,926,477
Internal Service Funds.....	<u>1,059,541</u>
 Total Checking Accounts By Funds.....	 <u>11,123,930</u>

Total Checking/ Certificates of Deposit/Investments/Restricted Cash –

Statement of Net Position	<u>\$ 53,376,643</u>
---------------------------------	-----------------------------

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Investments	\$ 13,751,466	\$ -	\$ 13,751,466
Cash and Certificates of Deposit	11,123,930	11,723,815	22,847,745
Restricted Cash/Certificates of Deposit.....	<u>-</u>	<u>16,777,432</u>	<u>16,777,432</u>
Totals	<u>\$ 24,875,396</u>	<u>\$ 28,501,247</u>	53,376,643

Fiduciary Funds – Investments, at fair values

(Employees Retirement System)	<u>23,329,406</u>
-------------------------------------	-------------------

Total Cash and Investments.....	<u>\$ 76,706,049</u>
---------------------------------	-----------------------------

As of June 30, 2014 the City had the following investments and maturities:

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 – 5 Years</u>	<u>6 – 10 Years</u>	<u>More Than 10 Years</u>
Investments	\$13,448,267	\$13,448,267	\$ -	\$ -	\$ -
State of Tennessee Local Government Investment Pool	<u>303,199</u>	<u>303,199</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investment and Maturities	<u>\$13,751,466</u>	<u>\$13,751,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 – CASH AND INVESTMENTS (Continued):

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.

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, 2014, are described below:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Government Bonds.....	\$ 3,538,433	\$ 3,538,433
Savings Certificates.....	890,505	890,505
Corporate Securities.....	16,654,427	16,654,427
Accrued interest.....	129,752	129,752
Municipal Obligations.....	<u>2,116,289</u>	<u>2,116,289</u>
Total Retirement System ...	<u>\$ 23,329,406</u>	<u>\$ 23,329,406</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. No separate audited GAAP-based benefit plan report is available for the defined benefit plan. 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, 2014

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 through 2014 was 1.96 per \$100.00 of assessed value.

Property taxes levied for 2013 are recorded as receivables, net of estimated uncollectibles. The taxes collected during the fiscal year 2013-14 and expected to be collected in the subsequent sixty (60) days are recognized as revenues in the fiscal year ended June 30, 2014.

Property taxes for 2014 are recorded (estimated at \$8,757,435) as receivables, since the enforceable legal claim to the asset (2014 taxes) is effective as of January 1, 2014 (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, 2013	Additions	Retirements	Transfer In (Out)	Balance June 30, 2014
Non-depreciable assets:					
Land	\$ 1,999,450	\$ -	\$ -	\$ -	\$ 1,999,450
Depreciable assets:					
Parks & Greenway	3,640,849	-	-	-	3,640,849
Accumulated depreciation	<u>(876,665)</u>	<u>(138,197)</u>	<u>-</u>	<u>-</u>	<u>(1,014,862)</u>
	<u>2,764,184</u>	<u>(138,197)</u>	<u>-</u>	<u>-</u>	<u>2,625,987</u>
Buildings	29,672,905	-	-	-	29,672,905
Accumulated depreciation	<u>(10,411,376)</u>	<u>(575,358)</u>	<u>-</u>	<u>-</u>	<u>(10,986,734)</u>
	<u>19,261,529</u>	<u>(575,358)</u>	<u>-</u>	<u>-</u>	<u>18,686,171</u>
Swimming Pools	991,178	-	-	-	991,178
Accumulated depreciation	<u>(545,148)</u>	<u>(49,559)</u>	<u>-</u>	<u>-</u>	<u>(594,707)</u>
	<u>446,030</u>	<u>(49,559)</u>	<u>-</u>	<u>-</u>	<u>396,471</u>
Improvements other than buildings	39,412,563	154,405	-	-	39,566,968
Accumulated depreciation	<u>(21,181,607)</u>	<u>(1,530,254)</u>	<u>-</u>	<u>-</u>	<u>(22,711,861)</u>
	<u>18,230,956</u>	<u>(1,375,849)</u>	<u>-</u>	<u>-</u>	<u>16,855,107</u>
Equipment	7,652,940	466,392	(509,757)	(15,525)	7,594,050
Accumulated depreciation	<u>(5,360,403)</u>	<u>(408,189)</u>	<u>551,333</u>	<u>(5,039)</u>	<u>(5,222,298)</u>
	<u>2,292,537</u>	<u>58,203</u>	<u>41,576</u>	<u>(20,564)</u>	<u>2,371,752</u>
Construction in progress	<u>4,047,349</u>	<u>19,235,317</u>	<u>(102,841)</u>	<u>-</u>	<u>23,179,825</u>
Capital Lease Property:					
Civic Center	9,142,400	-	-	-	9,142,400
Communications Center	751,750	-	-	-	751,750
Other Capital leases	763,018	-	-	-	763,018
Accumulated depreciation	<u>(277,620)</u>	<u>(180,556)</u>	<u>-</u>	<u>-</u>	<u>(458,176)</u>
	<u>10,379,548</u>	<u>(180,556)</u>	<u>-</u>	<u>-</u>	<u>10,198,992</u>
Capital Assets, net of					
Accumulated depreciation	<u>\$ 59,421,583</u>	<u>\$ 16,974,001</u>	<u>\$ (61,265)</u>	<u>\$ (20,564)</u>	<u>\$ 76,313,755</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 7-1-13	\$ 336,481	\$ 48,638,944	\$11,468,383	\$ 11,841,500	\$ 982,846	\$ 73,268,154
	Additions	-	1,980,643	-	277,056	2,767,228	5,024,927
	Retirements	-	(244,839)	-	(48,184)	-	(293,023)
	Other reclassify	-	(75,692)	-	-	-	(75,692)
	Balance 6-30-14	<u>336,481</u>	<u>50,299,056</u>	<u>11,468,383</u>	<u>12,070,372</u>	<u>3,750,074</u>	<u>77,924,366</u>
WATER	Balance 7-1-13	1,020,097	19,219,761	22,705,777	16,041,574	-	58,987,209
	Additions	-	-	874,184	121,692	-	995,876
	Retirements	-	-	(221,255)	(21,322)	-	(242,577)
	Balance 6-30-14	<u>1,020,097</u>	<u>19,219,761</u>	<u>23,358,706</u>	<u>16,141,944</u>	<u>-</u>	<u>59,740,508</u>
SEWER	Balance 7-1-13	174,138	4,366,481	15,995,757	878,033	53,828	21,468,237
	Additions	-	361,654	991,574	-	306,805	1,660,033
	Retirements	-	-	-	-	(53,828)	(53,828)
	Balance 6-30-14	<u>174,138</u>	<u>4,728,135</u>	<u>16,987,331</u>	<u>878,033</u>	<u>306,805</u>	<u>23,074,442</u>
LANDFILL	Balance 7-1-13	640,851	10,979,123	-	2,489,743	-	14,109,717
	Additions	32,796	-	-	402,979	-	435,775
	Retirements	-	-	-	(308,195)	-	(308,195)
	Balance 6-30-14	<u>673,647</u>	<u>10,979,123</u>	<u>-</u>	<u>2,584,527</u>	<u>-</u>	<u>14,237,297</u>
STORMWATER	Balance 7-1-13	-	-	-	594,749	-	594,749
	Additions	-	-	-	55,493	-	55,493
	Retirements	-	-	-	-	-	-
	Balance 6-30-14	<u>-</u>	<u>-</u>	<u>-</u>	<u>650,242</u>	<u>-</u>	<u>650,242</u>
TOTALS		<u>\$ 2,204,363</u>	<u>\$ 85,226,075</u>	<u>\$ 51,814,420</u>	<u>\$ 32,325,118</u>	<u>\$ 4,056,879</u>	<u>\$ 175,626,855</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 5 – CAPITAL ASSETS (Continued):

ACCUMULATED DEPRECIATION:

		Land, Land Rights and Easements	Electric Distribution and Buildings	Electric Station Equipment and Improvements Other than Buildings	Equipment	Construction in Progress	Totals
ELECTRIC	Balance 7-1-13	\$ -	\$ 18,090,111	\$ 6,332,614	\$ 4,012,103	\$ -	\$ 28,434,828
	Additions	-	1,704,112	345,129	373,505	-	2,422,746
	Retirements	-	(244,837)	-	(48,184)	-	(293,021)
	Removal Costs	-	1,682	-	6,400	-	8,082
	Other reclassify	-	(6,825)	-	-	-	(6,825)
	Balance 6-30-14	<u>-</u>	<u>19,544,243</u>	<u>6,677,743</u>	<u>4,343,824</u>	<u>-</u>	<u>30,565,810</u>
WATER	Balance 7-1-13	-	2,778,519	5,328,495	6,118,165	-	14,225,179
	Additions	-	423,416	477,426	857,766	-	1,758,608
	Retirements	-	-	-	(21,323)	-	(21,323)
	Balance 6-30-14	<u>-</u>	<u>3,201,935</u>	<u>5,805,921</u>	<u>6,954,608</u>	<u>-</u>	<u>15,962,464</u>
SEWER	Balance 7-1-13	-	1,407,917	4,464,836	690,951	-	6,563,704
	Additions	-	116,331	349,851	34,086	-	500,268
	Retirements	-	-	-	-	-	-
	Balance 6-30-14	<u>-</u>	<u>1,524,248</u>	<u>4,814,687</u>	<u>725,037</u>	<u>-</u>	<u>7,063,972</u>
LANDFILL	Balance 7-1-13	-	5,509,118	-	2,021,359	-	7,530,477
	Additions	-	527,749	-	188,361	-	716,110
	Retirements	-	-	-	(308,195)	-	(308,195)
	Balance 6-30-14	<u>-</u>	<u>6,036,867</u>	<u>-</u>	<u>1,901,525</u>	<u>-</u>	<u>7,938,392</u>
STORMWATER	Balance 7-1-13	-	-	-	139,393	-	139,393
	Additions	-	-	-	92,733	-	92,733
	Retirements	-	-	-	-	-	-
	Balance 6-30-14	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,126</u>	<u>-</u>	<u>232,126</u>
	TOTALS	<u>-</u>	<u>30,307,293</u>	<u>17,298,351</u>	<u>14,157,120</u>	<u>-</u>	<u>61,762,764</u>
NET CAPITAL ASSETS		<u>\$ 2,204,363</u>	<u>\$ 54,918,782</u>	<u>\$ 34,516,069</u>	<u>\$ 18,167,998</u>	<u>\$ 4,056,879</u>	<u>\$ 113,864,091</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 5 – CAPITAL ASSETS (Continued):

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

Governmental activities:	
General Government.....	\$ 221,274
Police	274,068
Fire.....	152,526
Recreation.....	256,022
Public works/streets.....	760,295
Solid waste.....	73,046
Education	1,002,643
Service center.....	142,240
Total depreciation expense – governmental activities	<u>\$ 2,882,114</u>
Business – type activities:	
Water and sewer.....	\$ 2,258,876
Electric.....	2,422,746
Landfill	716,110
Stormwater.....	92,733
Total depreciation expense – business-type activities	<u>\$ 5,490,465</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:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Retired</u> <u>Deletions</u>	<u>Total</u> <u>Balance</u> <u>June 30, 2014</u>	<u>Non-Current</u> <u>Balance</u> <u>June 30, 2014</u>	<u>Current</u> <u>Balance</u>
Governmental Activities:						
General Obligation Bonds/ Revenue Bonds.....	\$ 52,975,000	\$20,850,000	\$(3,275,000)	\$ 70,550,000	\$ 68,005,000	\$ 2,545,000
Compensated Absences.....	1,032,466	243,570	(72,228)	1,203,808	1,165,191	38,617
Capital Leases Payable.....	10,072,979	-	(270,585)	9,802,394	9,656,128	146,266
Totals-Governmental Activities	<u>\$ 64,080,445</u>	<u>\$21,093,570</u>	<u>\$(3,617,813)</u>	<u>\$ 81,556,202</u>	<u>\$ 78,826,319</u>	<u>\$ 2,729,883</u>
Business-type Activities:						
General Obligation Bonds/ Revenue Bonds.....	\$ 73,640,824	\$ 1,150,000	\$(1,957,023)	\$ 72,833,801	\$ 70,333,837	\$ 2,499,964
Compensated absences.....	1,008,943	1,250,891	(1,008,943)	1,250,891	434,006	816,885
Capital leases.....	130,285	-	(102,338)	27,947	-	27,947
Estimated liability for closure/ Post-closure care cost.....	7,748,577	499,785	-	8,248,362	8,248,362	-
Totals-Business Type Activities.....	<u>\$ 82,528,629</u>	<u>\$ 2,900,676</u>	<u>\$(3,068,304)</u>	<u>\$ 82,361,001</u>	<u>\$ 79,016,205</u>	<u>\$ 3,344,796</u>
Totals-Governmental and Business-Type Activities	<u>\$ 146,609,074</u>	<u>\$23,994,246</u>	<u>\$(6,686,117)</u>	<u>\$ 163,917,203</u>	<u>\$ 157,842,524</u>	<u>\$ 6,074,679</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014.

	General Obligation Bonds	Revenue Bonds	Total
Debt payable at July 1, 2013.....	\$ 122,725,175	\$ 3,890,649	\$ 126,615,824
Debt retired	(3,970,175)	(186,848)	(4,157,023)
Issued during fiscal year	22,000,000	-	22,000,000
Debt released by Maryville College	<u>(1,075,000)</u>	<u>-</u>	<u>(1,075,000)</u>
Debt Payable – June 30, 2014	<u>\$ 139,680,000</u>	<u>\$ 3,703,801</u>	<u>\$ 143,383,801</u>

Bonds payable at June 30, 2014, are comprised of the following individual issues:

General Obligation Bonds:	<u>Total</u>	<u>Long-term Amount Outstanding</u>	<u>Current Amount Outstanding</u>
\$2,000,000 – 2006 Public Improvement Bonds due in annual installments of \$100,000 to \$200,000 through June 2021, variable interest	\$ 1,195,000	\$ 1,050,000	\$ 145,000
\$10,750,000 – General Obligation Bonds Series 2006 (taxable), due in annual installments of \$225,000 to \$900,000 through June 2026, variable interest.....	7,900,000	7,425,000	475,000
\$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%	5,150,000	5,100,000	50,000
\$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%	2,200,000	2,150,000	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	2,375,000	2,255,000	120,000
\$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%	3,445,000	1,780,000	1,665,000
\$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	73,260,000	72,130,000	1,130,000
\$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%	6,800,000	6,800,000	-

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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	4,995,000	4,745,000	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%.....	585,000	300,000	285,000
\$10,000,000 – 2012 General Obligation Bonds – due in annual installments of \$225,000 to \$650,000 through June 2043, variable interest.....	9,775,000	9,550,000	225,000
\$10,000,000 – 2013A General Obligation Bonds due in annual installments of \$25,000 to \$700,000 through June 2043	10,000,000	9,975,000	25,000
\$2,000,000 – 2013B General Obligation Bonds due in annual installments of \$400,000 through June 2019	2,000,000	1,600,000	400,000
\$10,000,000 – 2014 General Obligation Bonds due in annual installments of \$75,000 to \$750,000 through June 2043	10,000,000	9,925,000	75,000
Revenue Bonds:			
\$4,064,166 – 2011 State Revolving Funds – due in annual installments of \$35,642 to \$207,313 through March 2033, interest at 3.4%	<u>3,703,801</u>	<u>3,553,837</u>	<u>149,964</u>
Total Bonds Outstanding	<u>\$ 143,383,801</u>	<u>\$ 138,338,837</u>	<u>\$ 5,044,964</u>

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

Proprietary Fund Types	\$ 72,833,801
Governmental Activities.....	70,550,000
Total Bonds Outstanding	<u>\$ 143,383,801</u>

The annual requirements to amortize all Bonds and Capital Outlay Notes outstanding as of June 30, 2014, including interest payments, are \$232,053,613 as follows:

<u>Fiscal Year Ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 5,044,964	\$ 6,175,415	\$ 11,220,379
2016	5,300,136	5,954,179	11,254,315
2017	5,290,500	5,720,115	11,010,615
2018	5,496,032	5,486,959	10,982,991
2019	5,751,768	5,239,359	10,991,127
Subtotal	<u>26,883,400</u>	<u>28,576,027</u>	<u>55,459,427</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 – LONG-TERM LIABILITIES (Continued):

Fiscal Year Ending June 30th	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	5,612,708	4,974,819	10,587,527
2021	6,178,840	5,013,933	11,192,773
2022	6,285,188	4,718,897	11,004,085
2023	4,881,752	4,422,231	9,303,983
2024	<u>5,103,556</u>	<u>4,200,026</u>	<u>9,303,582</u>
Subtotal	<u>28,062,044</u>	<u>23,329,906</u>	<u>51,391,950</u>
2025	5,295,576	3,965,907	9,261,483
2026	5,532,848	3,720,585	9,253,433
2027	5,105,372	3,464,411	8,569,783
2028	5,283,160	3,235,673	8,518,833
2029	<u>5,626,212</u>	<u>2,997,259</u>	<u>8,623,471</u>
Subtotal	<u>26,843,168</u>	<u>17,383,835</u>	<u>44,227,003</u>
2030	5,929,540	2,745,270	8,674,810
2031	5,198,156	2,478,465	7,676,621
2032	4,342,072	2,247,961	6,590,033
2033	4,307,265	2,062,926	6,370,191
2034	<u>4,543,156</u>	<u>1,871,663</u>	<u>6,414,819</u>
Subtotal	<u>24,320,189</u>	<u>11,406,285</u>	<u>35,726,474</u>
2035	4,685,000	1,671,244	6,356,244
2036	4,940,000	1,463,581	6,403,581
2037	3,805,000	1,240,794	5,045,794
2038	3,935,000	1,073,044	5,008,044
2039	<u>4,120,000</u>	<u>899,563</u>	<u>5,019,563</u>
Subtotal	<u>21,485,000</u>	<u>6,348,226</u>	<u>27,833,226</u>
2040	4,365,000	713,531	5,078,531
2041	4,535,000	516,375	5,051,375
2042	4,790,000	307,876	5,097,876
2043	<u>2,100,000</u>	<u>87,751</u>	<u>2,187,751</u>
Subtotal	<u>15,790,000</u>	<u>1,625,533</u>	<u>17,415,533</u>
Totals	<u>\$ 143,383,801</u>	<u>\$ 88,669,812</u>	<u>\$ 232,053,613</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.

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).

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

(A) Plan Description (Continued)

The Plan provides retirement benefits to plan members and their beneficiaries. Membership of the Plan consisted of the following at July 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits.....	166
Terminated plan members entitled to but not yet receiving benefits	22
Active plan members	62
Total	250
Number of participating employers	1

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. A separate, audited GAAP-basis postemployment benefit plan report is not available for the defined benefit plan. An actuarial report for the financial contribution of the Plan is made every two years on July 1 and available, on request, at the City of Alcoa.

(B) Realized Gains and Losses Disclosed

Realized gains on investments for the year ended June 30, 2014, were \$563. 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 \$170,110.

(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, 2014, the most recent actuarial valuation date, the plan was 58% funded. The actuarial accrued liability for benefits was \$35.8 million, and the actuarial value of assets was \$20.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$15.2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3.7 million, and the ratio of the UAAL to the covered payroll was 402%.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014	\$ 21,358	\$ 36,953	\$ 15,595	58%	\$ 3,747	416%
July 1, 2012	20,602	35,824	15,222	58%	3,788	402%
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, 2014 actuarial valuation using the frozen entry age method. 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, 2014, was 30 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 a 9-year period beginning July 1, 2012. The funding level determined by the City for the year ended June 30, 2014 is as follows:

Required contribution.....	\$ 164,473
Amortization payment (30 years remaining)	1,228,334
Interest at the valuation rate (8%)	<u>52,230</u>
Annual pension cost	1,445,037
Contributions made	<u>(1,451,647)</u>
Increase (decrease) in net pension obligation	(6,610)
Net pension obligation beginning of year	<u>1,158,067</u>
Net pension obligation end of year	<u>\$ 1,151,457</u>

The annual required contribution (\$1,445,037) for the current year was determined by the City using the frozen entry age method. 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, 2014

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

(H) TREND INFORMATION

Eight (8) 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>
2014	\$ 1,445,037	100.5%	\$ 1,151,457
2013	\$ 1,194,134	95.8%	\$ 1,158,067
2012	\$ 1,194,134	72.1%	\$ 1,108,113
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

(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, 15th 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, 2014 was 15.94% 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, 2014**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(2) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

(C) ANNUAL PENSION COST

For the year ended June 30, 2014, the City of Alcoa’s annual pension cost of \$1,770,618 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, 2011 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, 2011 was 8 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

TREND INFORMATION

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	Percentage Of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
June 30, 2014	\$ 1,770,618	100.00%	0.00
June 30, 2012	\$ 1,771,632	100.00%	0.00
June 30, 2011	\$ 1,651,396	100.00%	0.00

(D) FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2013, the most recent actuarial valuation date, the plan was 86.88 percent funded. The actuarial accrued liability for benefits was \$29.45 million, and the actuarial value of assets was \$25.59 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.86 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.8 million, and the ratio of the UAAL to the covered payroll was 35.76 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.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(2) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

(D) FUNDED STATUS AND FUNDING PROGRESS (Continued)

(Dollar amounts in thousands)

Actuarial Valuation <u>Date</u>	Actuarial Value of Plan <u>Assets</u> (a)	Actuarial Accrued Liability (AAL) <u>-Entry Age</u> (b)	Unfunded AAL <u>(UAAL)</u> (b)-(a)	Funded <u>Ratio</u> (a/b)	Covered <u>Payroll</u> (c)	UAAL as a Percentage of Covered <u>Payroll</u> (b-a)/c)
7/01/13	\$ 25,586	\$ 29,448	\$ 3,862	86.88%	\$ 10,801	35.76%
7/01/11	\$ 20,882	\$ 25,366	\$ 4,484	82.32%	\$ 9,796	45.77%
7/01/09	\$ 15,353	\$ 15,412	\$ 59	99.62%	\$ 9,692	0.61%

(3) ALCOA CITY SCHOOLS – DEFINED BENEFIT PLAN

(A) Plan Description

The Alcoa City Schools contribute to the State Employees, Teachers, and Higher Education Employees' Pension Plan (SETHEPP), 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 SETHEPP. 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, 2014 was 8.88% 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, 2014, 2013, and 2012 were \$773,044, \$754,044, and \$756,771, respectively, equal to the required contributions for each year.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 \$15,816,218 and \$14,864,619 as of June 30, 2014 and 2013, respectively.

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

Asset balance at July 1, 2013.....	\$ 14,864,619
Deferrals of compensation.....	996,599
Loan repayments/rollovers	191,563
Investment appreciation/depreciation.....	2,266,340
Withdrawals.....	<u>(356,373)</u>
Asset balance at June 30, 2014.....	<u>\$ 17,962,748</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, 2014

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, 2014 the date of the actuarial valuation, membership included:

	<u>Primary Government</u>
Retirees and beneficiaries receiving benefits	30
Terminated employees entitled to, but not yet receiving benefits.....	0
Active employees	272

(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 is as follows for June 30:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual required contribution (ARC) for June 30			
Normal Cost	\$ 149,775	\$ 147,947	\$ 147,947
Interest on Net OPEB Obligation.....	7,272	6,781	6,781
Amortization of unfunded accrued liability	<u>217,446</u>	<u>194,462</u>	<u>194,462</u>
Annual OPEB Costs	374,493	349,190	349,190
Annual employer contributions	<u>(391,998)</u>	<u>(93,075)</u>	<u>(224,157)</u>
Percentage of annual postemployment benefit			
Cost contributed	104.68%	26.65%	64.19%
Increase (decrease) in net OPEB obligation.....	(17,505)	256,115	125,033
Net OPEB obligation – beginning of year.....	<u>175,858</u>	<u>(80,257)</u>	<u>(205,290)</u>
Net OPEB obligation – end of year.....	<u>\$ 158,353</u>	<u>\$ 175,858</u>	<u>\$ (80,257)</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014 (based on an actuarial as of July 1, 2014), 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)
7/01/10	\$ -	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%
7/01/12	\$ -	5,424,471	5,424,471	0%	12,441,103	43.6%
7/01/13	\$ -	5,561,497	5,561,497	0%	12,441,103	44.7%
7/01/14	\$ -	5,655,719	5,655,719	0%	13,076,017	43.3%

* Information for the 2010-2011 fiscal years is based on results from an actuarial valuation that was performed as of July 1, 2010, information for the 2012 and 2013 fiscal years is based on an actuarial valuation as of July 1, 2012, and information for the 2014 fiscal year is based on an actuarial valuation as of July 1, 2014.

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, 2014**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

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

(E) ACTUARIAL METHOD AND ASSUMPTION

The ARC for fiscal year ended June 30, 2014 was determined as part of the July 1, 2012, 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 Investment Rate	4%
Medical Trend Rate	10% graded down to 6% after 8 years, and 6% thereafter
Inflation Rate Assumption	3%
Ultimate Trend Rate	5%
Actuarial Cost Method	Entry Age Normal
Annual Payroll Growth Rate	4.00%
Remaining amortization period at June 30, 2014.....	26 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, 2014

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

(C) FUNDING POLICY

At July 1, 2014 the date of the actuarial valuation, membership included:

	<u>Alcoa City Schools</u>
Retirees and beneficiaries receiving benefits	28
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 is as follows for June 30:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual required contribution (ARC) for June 30, 2014.....	\$ 223,969	\$ 182,546	\$ 182,546
Interest on net OPEB obligation	10,097	2,239	2,239
Adjustment on annual required contribution....	(10,144)	(2,249)	(2,249)
Annual OPEB Costs.....	223,922	182,536	182,536
Annual employer contributions.....	(128,525)	(68,500)	(100,123)
Percentage of annual postemployment benefit cost contributed	57.4%	37.53%	54.85%
Increase (decrease) in net OPEB obligation.....	95,397	114,036	82,413
Net OPEB obligation – beginning of year	252,423	138,387	55,974
Net OPEB obligation – end of year.....	\$ 347,820	\$ 252,423	\$ 138,387

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, 2014

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, 2014, 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%
7/01/12	\$ -	\$ 1,799,973	\$ 1,799,973	0%	\$ 8,519,194	21.1%
7/01/13	\$ -	\$ 1,849,957	\$ 1,849,957	0%	\$ 8,519,194	21.1%
7/01/14	\$ -	\$ 2,291,375	\$ 2,291,375	0%	\$ 8,507,101	27%

* Information for the 2009 fiscal year is based on results from an actuarial valuation that was performed as of July 1, 2010 and information for the 2010-2011 fiscal years is based on an actuarial performed as of July 1, 2010. Information for the 2012 and 2013 fiscal years is based on an actuarial valuation performed as of July 1, 2012. Information for the 2014 fiscal year is based on an actuarial valuation performed as of July 1, 2014.

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, 2014 was determined as part of the July 1, 2012 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:

Investment Return Rate	4%
Medical Trend Rate	10% graded down to 6% over 8 years, and 6% thereafter
Inflation Assumption	3%
Ultimate Trend Rate.....	5%
Actuarial Cost Method.....	Entry Age Normal
Annual Payroll Growth Rate.....	3.00%
Remaining amortization period at June 30, 2014	27 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, 2014

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>
2012	\$ 67,086	\$ 3,423,382	\$ 153,647
2013	153,647	3,613,331	241,663
2014	241,663	3,311,882	306,223

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 – 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, 2014

NOTE 10 – 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, 2014, the City of Alcoa contributed \$407,252 to the Industrial Development Board of Blount County.

Summary financial information, as required by accounting principles generally accepted in the United States of America, for the fiscal year ended June 30, 2014 is presented below:

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

Revenues	\$ 5,056,511
Expenditures	<u>(5,474,112)</u>
Excess (deficit) of Expenditures Over Revenues	(417,601)
Net Position – July 1, 2013.....	<u>46,664,586</u>
Net Position – June 30, 2014.....	<u>\$ 46,246,985</u>
Total Assets	<u>\$ 74,728,232</u>
Total Liabilities	<u>\$ 28,481,247</u>
Net Position	<u>\$ 46,246,985</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, 2014

NOTE 10 – JOINT VENTURES (Continued):

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, a component unit of Blount County, Tennessee. 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, 2014, the City of Alcoa contributed \$183,910 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, 2014, is presented below:

Revenues	\$ 1,130,741
Other Sources – Operating Transfers	899,520
Expenditures	<u>(2,040,851)</u>
Excess of Revenues and Other Sources Over Expenditures	(10,590)
Fund Balance – July 1, 2013	<u>1,222,043</u>
Fund Balance – June 30, 2014.....	<u>\$ 1,211,453</u>
Total Assets	<u>\$ 1,253,587</u>
Total Liabilities	<u>\$ 42,134</u>
Total Fund Balance	<u>\$ 1,211,453</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 nine directors, whom are appointed by the Blount County Board of County Commissioners. The City of Alcoa has control over budget and financing of the joint venture only to the extent of representation by the committee members 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, 2014. Summary financial information as required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2014, is presented at the top of the next page:

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 11 – JOINT VENTURES (Continued):

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

Operating Revenues.....	\$ 1,396,414
Operating Expenses.....	<u>(2,139,799)</u>
Operating Income (loss).....	(743,385)
Non-Operating Revenues.....	<u>703,341</u>
Change in Net Position.....	(40,044)
Net Position – July 1, 2013.....	<u>3,338,809</u>
Net Position – June 30, 2014.....	<u>\$ 3,298,765</u>
Total Assets.....	<u>\$ 5,049,754</u>
Total Liabilities.....	<u>\$ 1,750,989</u>
Total Net Position.....	<u>\$ 3,298,765</u>

The Emergency Communications District of Blount County issues a publicly available financial report. The 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, 2014, amounted to \$83,521. Summary financial information required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2014, is presented below:

Revenues.....	\$ 962,765
Expenditures.....	<u>(25,151)</u>
Excess of Revenues Over Expenditures Before Franchise	
Fee Distributions.....	937,614
Franchise Fee Distributions to County and Cities.....	<u>(937,654)</u>
Excess (Deficiency) of Revenues Over Expenditures.....	(40)
Fund Balance – July 1, 2013.....	<u>18,482</u>
Fund Balance – June 30, 2014.....	<u>\$ 18,442</u>
Total Assets.....	<u>\$ 249,165</u>
Total Liabilities.....	<u>\$ 230,723</u>
Total Fund Balance.....	<u>\$ 18,442</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 10 – 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, 2014. Publically available 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 \$462,150 to the operations of the Commission during the fiscal year ended June 30, 2014, and expended an additional \$32,479 for recreation and parks improvements. For the year ended June 30, 2013, the City contributed \$452,268 for Commission operations and \$67,325 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, 2014, is presented below.

Revenues.....	\$ 2,702,279
Expenditures	<u>2,659,362</u>
Excess of Revenues Over Expenditures	42,917
Fund Balance – July 1, 2013.....	<u>1,275,496</u>
Fund Balance – June 30, 2014.....	<u>\$ 1,318,413</u>
Total Assets	<u>\$ 1,579,508</u>
Total Liabilities.....	<u>\$ 261,095</u>
Total Fund Balance.....	<u>\$ 1,318,413</u>

Complete publically available 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, 2014

NOTE 10 – 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>
2014	\$ 10,000	\$ 2,750	\$ 12,750
2015	10,500	2,250	12,750
2016	11,000	1,725	12,725
2017	11,500	1,175	12,675
2018	<u>12,000</u>	<u>600</u>	<u>12,600</u>
Total	<u>\$ 55,000</u>	<u>\$ 8,500</u>	<u>\$ 63,500</u>

JOINT DEVELOPMENT OF INDUSTRIAL PARKS:

PARTNERSHIP PARK NORTH – PARTNERSHIP PARK SOUTH:

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>\$ 81,000</u>	<u>\$ 5,000</u>	<u>\$ 86,000</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, 2014

NOTE 10 – 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, 2014.

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 \$1,945,440 in operating costs for the year ended June 30, 2014 (June 30, 2013 amount paid \$2,149,862).

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 11 –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 \$118,628 and \$101,799 for the years ended June 30, 2014 and June 30, 2013, 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 \$8,403,419 reported as restricted cash and landfill closure and postclosure care liability at June 30, 2014, represents the cumulative amount reported to date based on the use of twenty-eight (28%) percent of the estimated capacity of the Landfill. The amounts are based on what it would cost to perform all closure and postclosure care in 2014. 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.

NOTE 12 – ECONOMIC DEPENDENCY (ALUMINUM COMPANY OF AMERICA):

The Aluminum Company of America (ALCOA) provides the City of Alcoa with substantial property tax revenues, approximately 28%. Eight additional entities provide an additional 10% in property tax revenues.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 13 – 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 position. 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, 2014

NOTE 14 – FUND BALANCES:

(A) FUND BALANCES:

At June 30, 2014, fund balances are as follows:

Fund Balance Summary								
Major Governmental Funds								
	General Fund	General Purpose School Fund	Debt Service Fund	School Construction And Improvement Fund	Alcoa High School Construction Fund	Nonmajor Governmental Funds	Sub-totals	Description
NONSPENDABLE								
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Nonspendable
RESTRICTED TO:								
General Fund	2,222	-	-	-	-	-	2,222	
Education	-	-	-	-	-	-	-	
Streets and Roads	-	-	-	-	-	389,625	389,625	
Vehicle enforcement	-	-	-	-	-	8,876	8,876	
Drug enforcement	-	-	-	-	-	44,901	44,901	
Public Works								
Construction	-	-	-	-	-	2,121,243	2,121,243	
Capital projects	-	-	-	-	-	74,760	74,760	Restricted
ASSIGNED TO:								
Education Construction	-	-	-	480,000	12,034,975	-	12,514,975	
General fund	631,139	-	-	-	-	-	631,139	
Education – Cafeteria	-	-	-	-	-	49,508	49,508	
Education -								
Extended Day	-	-	-	-	-	115,558	115,558	
Debt Service	-	-	1,787,413	-	-	-	1,787,413	
Home Grant Program	-	-	-	-	-	743	743	
2001 Special projects	-	-	-	-	-	344,295	344,295	
Equipment replacement	-	-	-	-	-	340,944	340,944	
Landscaping	-	-	-	-	-	134,687	134,687	Assigned
UNASSIGNED	<u>3,139,908</u>	<u>399,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,539,041</u>	Unassigned
Totals	<u>\$ 3,773,269</u>	<u>\$ 399,133</u>	<u>\$1,787,413</u>	<u>\$ 480,000</u>	<u>\$12,034,975</u>	<u>\$ 3,625,140</u>	<u>\$ 22,099,930</u>	

(B) CHANGES IN PROPRIETARY FUNDS' NET POSITION:

	Governmental Activities Internal Service Funds	Enterprise Funds				Total
	Stormwater Utility	Water and Sewer Utility	Electric Utility	Landfill		
Net Position – Beginning	\$ 631,339	\$ 1,183,448	\$ 19,154,135	\$ 35,635,144	\$ 2,975,842	\$ 58,948,569
Change in Net Position	<u>198,471</u>	<u>(56,387)</u>	<u>314,766</u>	<u>887,148</u>	<u>(533,503)</u>	<u>612,024</u>
Net Position - Ending	<u>\$ 829,810</u>	<u>\$ 1,127,061</u>	<u>\$ 19,468,901</u>	<u>\$ 36,522,292</u>	<u>\$ 2,442,339</u>	<u>\$ 59,560,593</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 15 – 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, 2014 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, 2014</u>
GOVERNMENTAL ACTIVITIES:				
General Fund:				
Civic Center Capital Lease		\$ 9,142,400 (1)		\$ 9,142,400
Communication Equipment		751,750 (2)	\$ 173,706/2.3%	556,079
SunTrust Equipment – Mack Truck.....	60 mos.	200,761	11,957/2.3%	69,499
SunTrust Equipment – Police cruisers & SUVs	36 mos.	<u>402,528</u>	12,448/1.88%	<u>34,416</u>
Subtotal		<u>1,355,039</u>		<u>659,994</u>
Total Capital Leases – Governmental Funds		<u>\$ 10,497,439</u>		<u>\$ 9,802,394</u>
Enterprise Funds:				
Stormwater Utility Fund:				
Stormwater Vacuum Truck.....	60 mos.	<u>\$ 259,222</u>	23,827/3.41%	<u>\$ 27,947</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, 2014:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
2015	\$ 146,266	\$ 27,947	\$ 174,213
2016	101,385	-	101,385
2017	76,176	-	76,176
2018	79,200	-	79,200
2019	82,344	-	82,344
2020 - 2021	<u>174,623</u>	<u>-</u>	<u>174,623</u>
Minimum lease payments for all capital leases except Civic Arts Center (1).....	659,994	27,947	687,941
Less: Amount representing interest at City's incremental borrowing rate of interest.....	(19,800)	(838)	(20,638)
Present Value of Minimum Lease Payments.....	<u>\$ 640,194</u>	<u>\$ 27,109</u>	<u>\$ 667,303</u>

(1) See Note 15 – (E) (1) Civic Arts Center

(2) See Note 15 – (E) (2) Communication Equipment

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 15 – COMMITMENTS (Continued):

(B) COMMITTED CONSTRUCTION:

As of June 30, 2014, 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, 2014</u>	<u>Estimated Cost to Complete</u>
West Plant Development.....	\$ 5,020,000	\$ 174,943	\$ 4,845,057
Old Knoxville Highway Improvements	5,789,324	4,801,413	987,911
Water and Sewer:			
Water lines and extensions.....	350,000	306,805	43,195
Electric Utility:			
Voltage and substation improvements, and line extensions.....	7,694,665	3,750,074	3,944,591
MLK Center Renovation.....	26,280	6,310	19,970
Fire Department Construction Project.....	250,000	60,575	189,425
New Alcoa High School	<u>33,448,404</u>	<u>18,136,584</u>	<u>15,311,820</u>
Totals.....	<u>\$ 52,578,673</u>	<u>\$ 27,236,704</u>	<u>\$ 25,341,969</u>

(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 related to the operation of the Industrial Park; and approve all guidelines, restrictive covenants, and management policies regarding the Industrial Park.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 15 – COMMITMENTS (Continued):

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

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 Civic Arts Center Capital Lease commitment as of June 30, 2014:

<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, 2014

NOTE 15 – COMMITMENTS (Continued):

(E) CAPITAL LEASE – OBLIGATIONS (Continued):

(1) Civic Arts Center (Continued)

The City has a 28.57% ownership interest in the Civic Center building for 50 years – the asset will then transfer to Maryville College. The City appropriately recognizes the long-term community benefit of its ownership interest as an asset in the government wide financial statements, and the corresponding long-term obligation of the lease payments. Without that long-term community benefit, the City would not have been authorized to issue long-term debt under State law. The asset rights expire after 50 years, but the financial obligation will be satisfied long before that.

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

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 prorated 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.

Present Value of Minimum Lease Payments	Interest	Communication Equipment: Total Minimum Lease Payments
<u>\$ 556,079</u>	<u>\$ 101,157</u>	<u>\$ 657,236</u>

These total minimum lease payments are payable as follows:

Year Ending June 30,	Civic Center	Communication Equipment
2015	\$ 605,100	\$ 70,470
2016	610,650	73,267
2017	605,525	76,176
2018	605,175	79,200
2019	<u>604,375</u>	<u>82,344</u>
Subtotal	<u>3,030,825</u>	<u>381,457</u>
2020 – 2024	3,027,100	174,622
2025 – 2029	3,029,075	-
2030 – 2034	3,032,625	-
2035 – 2037	<u>3,236,035</u>	<u>-</u>
Subtotal	<u>12,324,835</u>	<u>174,622</u>
Total	<u>\$ 15,355,660</u>	<u>\$ 556,079</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 16 – 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 17 – 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.

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 City maintains its funds with financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks determine the aggregate balance of their public funds accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must be equal to at least one hundred five percent (105%) of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public funds accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in aggregate rather than against each individual account. Under this assessment agreement, public funds accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

NOTE 18 – NEW FUND:

The Alcoa High School Construction Fund has been established as a Capital Projects Fund to account for the acquisition and construction of the new Alcoa High School and is presented as a major fund.

NOTE 19 – CALCULATION OF NET INVESTMENT IN CAPITAL ASSETS (GOVERNMENTAL FUNDS):

The following items are used in the calculation of net investment in capital assets as follows in the Statement of Net Position:

	<u>Governmental Activities Invested In Capital Assets, Net of Related Debt</u>
Total Capital Assets	\$ 76,313,755
Long-Term Debt and Current Debt.....	(81,556,202)
Items in Long-Term Debt:	
Add – compensated absences.....	1,203,808
Debt – noncapital related pension funding.....	3,445,000
Civic Center debt.....	6,800,000
June 30, 2014	\$ 6,206,361

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 20 – PRIOR PERIOD ADJUSTMENT:

For the fiscal year ended June 30, 2013, the City of Alcoa implemented Statement 63 of the Governmental Accounting Standards Board, which resulted in debt issuance costs and losses on the advance refunding of debt being expensed on the government-wide financial statements in the same manner as on the governmental fund financial statements.

The government-wide financial statements for the fiscal year ended June 30, 2012, have been restated. The beginning net position of the governmental activities and the government-wide Statement of Activities for the fiscal year ended June 30, 2013, has been restated as follows:

Net Position – Beginning	\$ 9,899,878
Adjustment	<u>(1,387,795)</u>
Adjusted Net Position – Beginning 7/01/12	<u>\$ 8,512,083</u>

Proprietary funds recognize debt issuance costs recovered through rate charges through amortization over the life of the debt in accordance with GASB 62 and State of Tennessee regulatory requirements.

NOTE 21 – INVESTIGATIVE AUDIT BY THE TENNESSEE COMPTROLLER OF THE TREASURY

The Comptroller of the Treasury, Division of Investigations, in conjunction with the Tennessee Bureau of Investigations, performed an investigative audit of selected records of the City of Alcoa. The audit focused primarily on the period from July 1, 2007 through May 16, 2013. The investigation revealed that the former school employee misappropriated school cash of at least \$344, 204. A plea agreement was filed in the Eastern District Knoxville U.S. District Court on May 20, 2014. The plea agreement included an agreement of restitution, although as of December 17, 2014 no funds were received from the former employee of the schools.

Additionally, the City of Alcoa will seek restitution through the court system and through the City's insurer, but as of December 1, 2014, no determination has been made regarding insurance reimbursement.

NOTE 22 – SUBSEQUENT EVENTS:

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 June 2015 for the substation and four miles of transmission lines. Estimated cost is \$7.6 million with \$3.75 million expended through June 30, 2014.

In July, 2014, the Board of Commissioners of the City passed a resolution authorizing the issuance of the City of Alcoa General Obligation Refunding Bonds Series 2014 (federally taxable) not to exceed nine million dollars, which were issued in September 2014.

An ordinance and taxpayer referendum vote approved a local sales tax rate increase of .25% to be used for funding the building of a new Alcoa High School expected to be completed in 2015, at a cost of \$33.4 million, with \$18.1 million expended through June 30, 2014.

The date to which events occurring after June 30, 2014, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 17, 2014, which is the date on which the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2014**

**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, 2013	\$ 25,589	\$ 29,448	\$ 3,862	86.88%	\$10,801	35.76%
July 1, 2011	\$ 20,882	\$ 25,366	\$ 4,484	82.32%	\$ 9,796	45.77%
July 1, 2009	\$ 15,353	\$ 15,412	\$ 59	99.62%	\$ 9,692	0.61%

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 three most current years are presented.

Schedule of employer contributions:

Years Ended June 30,	Annual Required Contribution	Actual Contributions	Percentage of Annual Requirements to Contributions
2014	\$ 1,770,618	\$ 1,770,618	100%
2013	1,711,632	1,711,632	100%
2012	1,651,396	1,651,396	100%
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%

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2014

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, 2014	\$ 21,358	\$ 36,953	\$ 15,595	58%	\$ 3,747	416%
July 1, 2012	20,602	35,824	15,222	58%	3,788	402%
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%

Schedule of employer contributions:

Years Ended June 30,*	Annual Required Contribution	Amount Contributed By Employer	Percentage of Annual Requirement to Contribution
2013	\$ 1,427,703	\$ 1,143,590	80.1%
2011	1,194,134	860,778	72.1%
2009	1,008,809	501,664	49.7%
2007	526,193	8,443,481	1604.6%
2005	1,393,860	818,196	58.7%
2003	969,731	472,259	48.7%
2001	496,884	480,487	96.7%
1999	682,263	1,032,946	151.4%
1997	1,089,556	1,259,527	115.6%

*Biennial valuations

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2014

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.

PRIMARY GOVERNMENT

(Dollar amounts in thousands)

Fiscal Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2014 (5)	7/1/2014	\$ -	\$ 5,656	\$ 5,656	0%	\$ 13,076	31.2%
2013 (4)	7/1/2012	-	5,424	5,424	0%	12,441	43.6%
2012 (4)	7/1/2012	-	5,424	5,424	0%	12,441	43.6%
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%

Schedule of Employer Contributions:

Fiscal Year	Annual OPEB Cost	Total Contributions	Percent Contributed
2010 - 2011	266,169	306,995	115%
2011 - 2012	328,633	224,157	68%
2012 - 2013	347,563	246,573	71%
2013 - 2014	376,035	238,500	63%

EDUCATION

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2014 (5)	7/1/2014	\$ -	\$ 2,291	\$ 2,291	0%	\$ 8,507	27.0%
2013 (4)	7/1/2012	-	1,849	1,849	0%	8,519	21.1%
2012 (4)	7/1/2012	-	1,799	1,799	0%	8,519	21.1%
2011 (3)	7/1/2010	-	1,846	1,846	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%

Schedule of Employer Contributions:

Fiscal Year	Annual OPEB Cost	Total Contributions	Percent Contributed
2010 - 2011	188,491	188,502	100%
2011 - 2012	182,536	100,123	55%
2012 - 2013	182,536	68,500	37%
2013 - 2014	223,924	128,525	57%

- (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.
- (4) Information for the fiscal year 2012 and 2013 is based on results from an actuarial valuation performed as of July 1, 2012.
- (5) Information for the fiscal year 2014 is based on results from an actuarial valuation performed as of July 1, 2014.

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
OTHER SUPPLEMENTARY INFORMATION
June 30, 2014

CITY OF ALCOA, TENNESSEE
COMBINING FUND FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2014

**CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET
Non-Major Governmental Funds
June 30, 2014**

With Comparative Totals for the Fiscal Year Ended June 30, 2013

	Special Revenue Funds						2014 Total Special Revenue Funds
ASSETS	State Street Aid	Federal Projects	Alcoa City Schools Cafeteria	Alcoa Schools Extended Day Program	Drug Fund	Commercial Motor Vehicle Fines	
Cash and cash equivalents.....	\$ 395,244	\$ 113,458	\$ 432,270	\$ 111,096	\$ 44,901	\$ 8,876	\$ 1,105,845
Local Government Investment Pool.....	-	-	-	-	-	-	-
Accounts and assessments receivable	-	-	1,085	7,973	-	-	9,058
Due from grantors, other governments, and State of Tennessee.....	20,069	16,628	19,831	-	-	-	56,528
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets.....	<u>\$ 415,313</u>	<u>\$ 130,086</u>	<u>\$ 453,186</u>	<u>\$ 119,069</u>	<u>\$ 44,901</u>	<u>\$ 8,876</u>	<u>\$ 1,171,431</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Accounts payable.....	\$ 25,688	\$ 49,313	\$ 18,114	\$ 1,430	\$ -	\$ -	\$ 94,545
Unapplied grant funds.....	-	80,773	-	-	-	-	80,773
Unearned fee income	-	-	-	2,081	-	-	2,081
Due to other funds.....	<u>-</u>	<u>-</u>	<u>385,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,564</u>
Total Liabilities.....	<u>25,688</u>	<u>130,086</u>	<u>403,678</u>	<u>3,511</u>	<u>-</u>	<u>-</u>	<u>562,963</u>
 Fund Balances							
Nonspendable.....	-	-	-	-	-	-	-
Restricted	389,625	-	-	-	44,901	8,876	443,402
Assigned	<u>-</u>	<u>-</u>	<u>49,508</u>	<u>115,558</u>	<u>-</u>	<u>-</u>	<u>165,066</u>
Total Fund Balances	<u>389,625</u>	<u>-</u>	<u>49,508</u>	<u>115,558</u>	<u>44,901</u>	<u>8,876</u>	<u>608,468</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 415,313</u>	<u>\$ 130,086</u>	<u>\$ 453,186</u>	<u>\$ 119,069</u>	<u>\$ 44,901</u>	<u>\$ 8,876</u>	<u>\$ 1,171,431</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET (Continued)
Non-Major Governmental Funds
June 30, 2014**

With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>Capital Project Funds</u>								2014 Total Capital Project Funds	Total Non-Major Governmental Funds	
	Capital Projects	Special Projects	General Obligation Public Works Construction	2001 Special Projects	Equipment Replacement Fund	Bessie Harvey Memorial Project	Home Grant Program Fund	Landscaping Fund		2014	2013
ASSETS											
Cash and cash equivalents.....	\$ 74,760	\$ 93,639	\$ 2,254,361	\$ 41,774	\$ 341,375	\$ -	\$ 743	\$ 134,687	\$ 2,941,339	\$ 4,047,184	\$ 3,375,830
Local Government Investment Pool.....	-	-	-	303,199	-	-	-	-	303,199	303,199	303,581
Accounts and assessments receivable ..	-	-	-	-	-	-	-	-	-	9,058	19,177
Due from grantors, other governments, and State of Tennessee	-	-	634,041	-	-	-	-	-	634,041	690,569	1,054,260
Due from other funds.....	-	-	-	-	-	-	-	-	-	-	224,915
Total Assets	\$ 74,760	\$ 93,639	\$2,888,402	\$ 344,973	\$ 341,375	\$ -	\$ 743	\$ 134,687	\$ 3,878,579	\$ 5,050,010	\$ 4,977,763
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES											
Liabilities:											
Accounts payable.....	\$ -	\$ -	\$ 767,159	\$ 678	\$ 431	\$ -	\$ -	\$ -	\$ 768,268	\$ 862,813	\$ 474,151
Unapplied grant funds	-	-	-	-	-	-	-	-	-	80,773	133,970
Unearned fee income.....	-	-	-	-	-	-	-	-	-	2,081	1,899
Due to other funds	-	-	-	-	-	-	-	-	-	385,564	321,440
Due to Blount County.....	-	93,639	-	-	-	-	-	-	93,639	93,639	97,282
Total Liabilities	-	93,639	767,159	678	431	-	-	-	861,907	1,424,870	1,028,742
Fund Balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	74,760	-	2,121,243	-	-	-	-	134,687	2,330,690	2,774,092	3,213,426
Assigned	-	-	-	344,295	340,944	-	743	-	685,982	851,048	734,852
Unassigned.....	-	-	-	-	-	-	-	-	-	-	743
Total Fund Balances.....	74,760	-	2,121,243	344,295	340,944	-	743	134,687	3,016,672	3,625,140	3,949,021
Total Liabilities and Fund Balances.....	\$ 74,760	\$ 93,639	\$2,888,402	\$ 344,973	\$ 341,375	\$ -	\$ 743	\$ 134,687	\$ 3,878,579	\$ 5,050,010	\$ 4,977,763

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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013**

	<u>Special Revenue Funds</u>						
	<u>State Street Aid</u>	<u>Federal Projects</u>	<u>Alcoa City Schools Cafeteria</u>	<u>Alcoa Schools Extended Day Program</u>	<u>Drug Fund</u>	<u>Commercial Motor Vehicle Fines</u>	<u>2014 Total Special Revenue Funds</u>
Revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State gasoline tax	219,421	-	-	-	-	-	219,421
Federal and state grants	-	762,336	-	-	-	-	762,336
U.S.D.A. reimbursements	-	-	478,346	-	-	-	478,346
Charges for services	-	-	367,240	169,631	-	-	536,871
Fines, forfeitures and court cases ..	-	-	-	-	42,670	802	43,472
Investment income	-	-	54	-	-	-	54
Sale of equipment.....	-	-	-	-	7,510	-	7,510
Total Revenues.....	<u>219,421</u>	<u>762,336</u>	<u>845,640</u>	<u>169,631</u>	<u>50,180</u>	<u>802</u>	<u>2,048,010</u>
Expenditures:							
Current:							
Public Safety	-	-	-	-	22,114	5,956	28,070
Public Works	232,392	-	-	-	-	-	232,392
Culture and Recreation.....	-	-	-	-	-	-	-
Education	-	762,336	847,053	152,003	-	-	1,761,392
Capital Outlay	-	-	-	-	59,681	-	59,681
Total Expenditures	<u>232,392</u>	<u>762,336</u>	<u>847,053</u>	<u>152,003</u>	<u>81,795</u>	<u>5,956</u>	<u>2,081,535</u>
Net Change in Fund Balance Before Other Financing Sources (Uses).....	<u>(12,971)</u>	<u>-</u>	<u>(1,413)</u>	<u>17,628</u>	<u>(31,615)</u>	<u>(5,154)</u>	<u>(33,525)</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>
Net Change in Fund Balance.....	(12,971)	-	(1,413)	17,628	(31,615)	(5,154)	(33,525)
Fund Balance, July 1 st	<u>402,596</u>	<u>-</u>	<u>50,921</u>	<u>97,930</u>	<u>76,516</u>	<u>14,030</u>	<u>641,993</u>
Fund Balance, June 30th.....	<u>\$ 389,625</u>	<u>\$ -</u>	<u>\$ 49,508</u>	<u>\$ 115,558</u>	<u>\$ 44,901</u>	<u>\$ 8,876</u>	<u>\$ 608,468</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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>Capital Project Funds</u>							2014 Capital Project Funds	Total Non-Major Governmental Funds		Total
	Capital Projects	Special Projects	General Obligation Public Works Construction	2001 Special Project	Equipment Replacement	Bessie Harvey Memorial Project	Home Grant Program		Landscaping	2014	
Revenues:											
Intergovernmental	\$ 27,240	\$ -	\$ -	\$ -	\$ 18,726	\$ -	\$ -	\$ -	\$ 45,966	\$ 45,966	\$ 27,240
State gasoline tax	-	-	-	-	-	-	-	-	-	219,421	223,478
Federal and state grants	-	-	3,016,185	-	-	-	-	-	3,016,185	3,778,521	2,568,337
U.S.D.A. reimbursements	-	-	-	-	-	-	-	-	-	478,346	477,208
Charges for services	-	-	-	-	-	-	14,434	14,434	551,305	569,384	
Fines, forfeitures and court cases .	-	-	-	-	-	-	-	-	43,472	31,664	
Investment income	-	-	-	-	-	-	-	-	54	3,476	
Sale of equipment.....	-	-	-	-	4,305	-	-	4,305	11,815	-	
Total Revenues.....	27,240	-	3,016,185	-	23,031	-	14,434	3,080,890	5,128,900	3,900,787	
Expenditures:											
Current:											
Public Safety	-	-	-	-	-	-	-	-	-	28,070	46,295
Public Works.....	-	-	-	672	-	-	-	672	233,064	173,537	
Culture and Recreation.....	-	-	-	-	-	1,968	-	8,308	8,308	360,919	
Education	-	-	-	-	-	-	-	-	1,761,392	1,949,065	
Capital Outlay	5,145	-	3,435,968	-	621,153	-	-	4,062,266	4,121,947	1,889,367	
Total Expenditures	5,145	-	3,435,968	672	621,153	1,968	6,340	4,071,246	6,152,781	4,419,183	
Net Change in Fund Balance Before Other Financing Sources (Uses)....	22,095	-	(419,783)	(672)	(598,122)	(1,968)	-	8,094	(990,356)	(1,023,881)	(518,396)
Other Financing Sources (Uses):											
Transfers In:											
General Fund.....	-	-	-	-	-	-	-	-	-	-	1,236,804
Transfers Out	-	-	-	-	-	-	-	-	-	-	-
Issuance of Debt – Bond Proceeds	-	-	-	-	700,000	-	-	700,000	700,000	700,000	-
Total Other Financing Sources (Uses).....	-	-	-	-	700,000	-	-	700,000	700,000	700,000	1,236,804
Net Change in Fund Balances	22,095	-	(419,783)	(672)	101,878	(1,968)	-	8,094	(290,356)	(323,881)	718,408
Fund Balance, July 1 st	52,665	-	2,541,026	344,967	239,066	1,968	743	126,593	3,307,028	3,949,021	3,230,613
Fund Balance, June 30th.....	\$ 74,760	\$ -	\$ 2,121,243	\$ 344,295	\$ 340,944	\$ -	\$ 743	\$ 134,687	\$ 3,016,672	\$ 3,625,140	\$ 3,949,021

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
COMBINING FUND FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS
June 30, 2014

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.

**CITY OF ALCOA, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2014
With Comparative Totals for June 30, 2013**

	Employee Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	School's OPEB Insurance Fund	Total Internal Service Funds	
						<u>2014</u>	<u>2013</u>
ASSETS:							
Cash.....	\$ 352,265	\$ 12,628	\$ 55,648	\$ 280,000	\$ 359,000	\$ 1,059,541	\$ 855,033
Accounts receivable	84,154	4,900	-	-	-	89,054	30,531
Due from other funds	-	-	-	65,000	-	65,000	-
Total Assets	<u>436,419</u>	<u>17,528</u>	<u>55,648</u>	<u>345,000</u>	<u>359,000</u>	<u>1,213,595</u>	<u>885,564</u>
LIABILITIES:							
Medical claims payable	306,223	-	-	-	-	306,223	241,663
Accounts payable	-	12,562	-	-	-	12,562	12,562
Due to other funds	65,000	-	-	-	-	65,000	-
Total Liabilities.....	<u>371,223</u>	<u>12,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>383,785</u>	<u>254,225</u>
NET POSITION:							
Unrestricted	65,196	4,966	55,648	345,000	359,000	829,810	631,339
Total Net Position	<u>\$ 65,196</u>	<u>\$ 4,966</u>	<u>\$ 55,648</u>	<u>\$ 345,000</u>	<u>\$ 359,000</u>	<u>\$ 829,810</u>	<u>\$ 631,339</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for June 30, 2013**

	Employee Insurance <u>Fund</u>	Flexible Spending <u>Fund</u>	Service Center <u>Fund</u>	City OPEB Insurance <u>Fund</u>	School's OPEB Insurance <u>Fund</u>	<u>Total Internal Service Funds</u>	
						<u>2014</u>	<u>2013</u>
OPERATING REVENUES:							
Insurance charges.....	\$ 4,417,857	\$ -	\$ -	\$ -	\$ -	\$ 4,417,857	\$ 4,156,983
Refunds – Co-insurance.....	112,960	-	-	-	-	112,960	42,632
Employee Contributions	273,699	133,637	-	-	-	407,336	369,842
Miscellaneous	-	-	4,939	-	-	4,939	1,937
Service Center charges.....	-	-	281,597	-	-	281,597	307,983
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>4,804,516</u>	<u>133,637</u>	<u>286,536</u>	<u>-</u>	<u>-</u>	<u>5,224,689</u>	<u>4,879,377</u>
OPERATING EXPENSES:							
Salaries	-	-	50,103	-	-	50,103	50,116
Fringe benefits	-	-	25,262	-	-	25,262	25,654
Building improvements.....	-	-	2,040	-	-	2,040	54,790
Improvement teams/training	-	-	232	-	-	232	100
Maintenance contracts	-	-	15,877	-	-	15,877	13,957
Contract services.....	-	-	3,029	-	-	3,029	4,202
Utilities	-	-	130,253	-	-	130,253	116,229
Supplies	-	-	7,336	-	-	7,336	6,680
Repair and maintenance.....	-	-	32,378	-	-	32,378	20,895
Insurance claims paid.....	3,311,882	132,747	-	-	-	3,444,629	3,726,164
Insurance claims, premiums and administrative expenses	1,363,814	-	-	-	-	1,363,814	1,347,728
Insurance.....	<u>-</u>	<u>-</u>	<u>19,765</u>	<u>-</u>	<u>-</u>	<u>19,765</u>	<u>16,827</u>
Total Operating Expenses.....	<u>4,675,696</u>	<u>132,747</u>	<u>286,275</u>	<u>-</u>	<u>-</u>	<u>5,094,718</u>	<u>5,383,342</u>
OPERATING INCOME (LOSS).....	128,820	890	261	-	-	129,971	(503,965)

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 POSITION (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for June 30, 2013**

	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>2014</u>	<u>2013</u>
NON-OPERATING REVENUES (EXPENSES):							
Transfers (out) in	(65,000)	-	-	65,000	68,500	68,500	68,500
CHANGE IN NET POSITION.....	63,820	890	261	65,000	68,500	198,471	(435,465)
NET POSITION – July 1 st	<u>1,376</u>	<u>4,076</u>	<u>55,387</u>	<u>280,000</u>	<u>290,500</u>	<u>631,339</u>	<u>1,066,804</u>
NET POSITION. June 30th	<u>\$ 65,196</u>	<u>\$ 4,966</u>	<u>\$ 55,648</u>	<u>\$ 345,000</u>	<u>\$ 359,000</u>	<u>\$ 829,810</u>	<u>\$ 631,339</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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013**

	<u>Employee Insurance Fund</u>	<u>Flexible Spending Fund</u>	<u>Service Center Fund</u>	<u>City OPEB Insurance Fund</u>	<u>Schools OPEB Insurance Fund</u>	<u>Total Internal Service Funds</u>	
						<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:							
Insurance premiums/reimbursements							
Collected.....	\$ 4,595,195	\$ -	\$ -	\$ -	\$ -	\$ 4,595,195	\$ 4,430,077
Collections from various City departments.....	-	133,637	286,536	-	-	420,173	418,769
Payments to employees and vendors	<u>(4,395,338)</u>	<u>(132,747)</u>	<u>(286,275)</u>	<u>-</u>	<u>-</u>	<u>(4,814,360)</u>	<u>(5,306,609)</u>
Net Cash Provided By (Used In)							
Operating Activities	<u>199,857</u>	<u>890</u>	<u>261</u>	<u>-</u>	<u>-</u>	<u>201,008</u>	<u>(457,763)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Receipts from other funds.....	-	-	-	65,000	68,500	133,500	68,500
Payments to other funds.....	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>
Net Cash Provided By (Used In)							
Noncapital Financing Activities	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>68,500</u>	<u>68,500</u>	<u>68,500</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	134,857	890	261	65,000	68,500	269,508	(389,263)
CASH AND CASH EQUIVALENTS – July 1 st	<u>217,408</u>	<u>11,738</u>	<u>55,387</u>	<u>280,000</u>	<u>290,500</u>	<u>855,033</u>	<u>1,244,296</u>
CASH AND CASH EQUIVALENTS – June 30th ..	<u>\$ 352,265</u>	<u>\$ 12,628</u>	<u>\$ 55,648</u>	<u>\$ 345,000</u>	<u>\$ 359,000</u>	<u>\$ 1,124,541</u>	<u>\$ 855,033</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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013**

	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>2014</u>	<u>2013</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating income (loss).....	\$ 128,820	\$ 890	\$ 261	\$ -	\$ -	\$ 129,971	\$ (503,965)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Changes in assets and liabilities:							
Accounts receivable.....	(58,523)	-	-	-	-	(58,523)	(30,531)
Accounts payable.....	-	-	-	-	-	-	(11,283)
Medical claims payable	64,560	-	-	-	-	64,560	88,016
Due to other funds	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>-</u>
NET CASH PROVIDED (USED IN) OPERATING ACTIVITIES	<u>\$ 199,857</u>	<u>\$ 890</u>	<u>\$ 261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,008</u>	<u>\$ (457,763)</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FUND FINANCIAL STATEMENTS
FIDUCIARY FUND
Pension Trust Fund
June 30, 2014

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND
STATEMENT OF FIDUCIARY PLAN NET POSITION
June 30, 2014
With Comparative Totals for June 30, 2013

	Pension Trust Fund Employees' Retirement System	
	<u>2014</u>	<u>2013</u>
ASSETS:		
Investments, at fair value:		
Cash and cash equivalents	\$ 890,505	\$ 1,367,559
U.S. Treasury Obligations	3,538,433	2,755,088
Domestic corporate and foreign bonds	5,345,952	5,198,605
Common equity securities	11,308,475	11,225,252
Municipal obligations	<u>2,116,289</u>	<u>1,211,277</u>
Total Investments.....	23,199,654	21,757,781
Accrued interest.....	<u>129,752</u>	<u>132,193</u>
Total Assets	<u>23,329,406</u>	<u>21,889,974</u>
LIABILITIES:		
Liabilities	\$ -	\$ -
NET POSITION:		
Held in trust for pension benefits.....	<u>23,329,406</u>	<u>21,889,974</u>
Total Net Position	<u>\$ 23,329,406</u>	<u>\$ 21,889,974</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY PLAN NET POSITION
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	Pension Trust Fund Employees' Retirement System	
	<u>2014</u>	<u>2013</u>
Additions:		
Employer contributions	\$ 1,451,649	\$ 1,144,180
Interest/dividend income	667,231	633,591
Net appreciation in fair value of investments	1,781,486	1,424,073
Realized gain on sale of investments	<u>163,898</u>	<u>102,180</u>
Total Additions.....	<u>4,064,264</u>	<u>3,304,024</u>
Deductions:		
Benefits paid	2,549,182	2,523,916
Administrative expenses	<u>75,650</u>	<u>74,004</u>
Total Deductions	<u>2,624,832</u>	<u>2,597,920</u>
Change in Net Position	1,439,432	706,104
Net Position – Beginning of Year.....	<u>21,889,974</u>	<u>21,183,870</u>
Net Position – End of Year.....	<u>\$ 23,329,406</u>	<u>\$ 21,889,974</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.

**CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF ASSETS, DEFERRED OUTFLOWS OF RESOURCES AND
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES
June 30, 2014 and 2013**

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2014</u>	<u>2013</u>
Cash on hand and equity in pooled cash.....	\$ 2,948,628	\$ 1,513,775
Property taxes receivable (net of allowance for estimated uncollectibles).....	10,299,429	10,403,273
Sales taxes receivable – State of Tennessee	1,228,721	1,176,544
Accounts receivable.....	785,171	564,696
Notes receivable	1,982	1,982
Due from other governments.....	-	72,400
Due from Greenway Projects Fund	-	5,058
Due from credit union	265	1,418
Due from landfill	-	1,121
Due from electric.....	-	19,958
Due from grantors.....	3,024	968
Due from other funds.....	1,310	-
Deferred Outflows of Resources	-	-
Total Assets and Deferred Outflows of Resources.....	<u>\$ 15,268,530</u>	<u>\$ 13,761,193</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>		
Liabilities:		
Accounts payable.....	\$ 625,012	\$ 644,985
Deferred revenue	1,477,173	1,505,282
Wages payable.....	182,521	161,107
Due to Water Utility	-	24,170
Due to other funds	453,120	-
Total Liabilities	<u>2,737,826</u>	<u>2,335,544</u>
Deferred Inflows of Resources:		
Deferred Revenue.....	8,757,435	8,833,086
Fund Balance:		
Restricted.....	2,222	2,096
Assigned	631,139	-
Unassigned	3,139,908	2,590,467
Total Fund Balance.....	<u>3,773,269</u>	<u>2,592,563</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 15,268,530</u>	<u>\$ 13,761,193</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	<u>June 30, 2014</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>2013</u>
TAXES:					
Current property taxes.....	\$ 4,818,000	\$ 4,818,000	\$ 4,785,577	\$ (32,423)	\$ 4,759,118
Delinquent property taxes	225,000	225,000	472,514	247,514	210,061
Business tax	785,466	785,466	643,759	(141,707)	743,633
Local sales tax.....	6,525,000	6,525,000	7,268,999	743,999	6,964,984
Local sales tax – city.....	2,900,000	2,900,000	3,146,979	246,979	2,253,745
Gas franchise tax.....	135,000	135,000	169,151	34,151	131,433
Tax equivalent/in lieu	91,700	91,700	32,456	(59,244)	69,151
Hotel/Motel tax	<u>135,000</u>	<u>135,000</u>	<u>134,548</u>	<u>(452)</u>	<u>128,762</u>
Total Taxes	<u>15,615,166</u>	<u>15,615,166</u>	<u>16,653,983</u>	<u>1,038,817</u>	<u>15,260,887</u>
LICENSES AND PERMITS:					
Animal registration	600	600	468	(132)	563
Building permits	110,000	110,000	145,176	35,176	96,598
Mechanical and gas permits.....	3,500	3,500	5,157	1,657	5,474
Plumbing permits.....	3,000	3,000	11,762	8,762	3,544
Sanitary sewer inspection	<u>800</u>	<u>800</u>	<u>1,390</u>	<u>590</u>	<u>1,140</u>
Total Licenses and Permits	<u>117,900</u>	<u>117,900</u>	<u>163,953</u>	<u>46,053</u>	<u>107,319</u>
INTERGOVERNMENTAL REVENUE:					
State of Tennessee:					
Beer/liquor privilege tax	9,300	24,500	23,659	(841)	9,292
Sales tax	595,000	595,000	602,084	7,084	581,730
State Income tax.....	90,000	90,000	83,404	(6,596)	101,854
Streets and transportation.....	18,000	18,000	17,295	(705)	17,313
Mixed drink tax.....	123,000	123,000	111,434	(11,566)	113,966
Alcoholic liquor tax	215,200	241,453	199,793	(41,660)	231,816
TVA - in lieu.....	99,000	99,000	93,476	(5,524)	96,351
Excise tax	5,321	5,321	4,232	(1,089)	2,851
Fire – salary supplement	16,800	16,800	15,600	(1,200)	17,400
Police – salary supplement.....	22,000	22,000	22,800	800	23,400
Local:					
Local beer tax.....	590,000	590,000	529,147	(60,853)	578,887
Credit Union cost recovery	90,200	90,200	92,639	2,439	92,923
Stormwater cost recovery	205,000	205,000	103,358	(101,642)	103,716
Grants:					
State/Federal grants.....	14,554	14,554	159,191	144,637	24,280
Drug Task Force	700	700	396	(304)	365
Federal Grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,097</u>
Total Intergovernmental Revenue.....	<u>2,094,075</u>	<u>2,135,528</u>	<u>2,058,508</u>	<u>(77,020)</u>	<u>2,017,241</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	June 30, 2014				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2013
	<u>Original</u>	<u>Final</u>			
FINES AND FORFEITS:					
Fines and costs	330,000	330,000	339,423	9,423	296,475
Penalties	150,000	150,000	109,938	(40,062)	121,111
Police Evidence Money/Drug					
Control	<u>20,000</u>	<u>20,000</u>	<u>15,087</u>	<u>(4,913)</u>	<u>18,146</u>
Total Fines and Forfeits	<u>500,000</u>	<u>500,000</u>	<u>464,448</u>	<u>(35,552)</u>	<u>435,732</u>
INTEREST EARNED	<u>15,000</u>	<u>15,050</u>	<u>-</u>	<u>(15,050)</u>	<u>-</u>
MISCELLANEOUS REVENUE:					
Public works, labor, and material....	5,000	407,120	349,703	(57,417)	372,895
Miscellaneous	10,341	10,241	32,850	22,609	26,703
CATV franchise fee/video service ..	76,000	76,000	83,521	7,521	78,188
Fees/development	9,000	9,000	28,680	19,680	6,629
Department Services	125,000	125,000	127,781	2,781	122,495
Insurance refunds	-	5,000	-	(5,000)	25,490
Property rental.....	139,910	139,910	143,547	3,637	143,389
Sale of property/equipment	10,000	14,401	64,258	49,857	13,296
Contributions and donations -					
Business	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total Miscellaneous Revenue ...	<u>380,251</u>	<u>786,672</u>	<u>830,340</u>	<u>43,668</u>	<u>839,085</u>
TOTAL REVENUES	<u>\$ 18,722,392</u>	<u>\$ 19,170,316</u>	<u>\$ 20,171,232</u>	<u>\$ 1,000,916</u>	<u>\$ 18,660,264</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	June 30, 2014				
	Budgeted Amounts		Actual	Variance with	Total
	Original	Final	(Budgetary	Final Budget	
			Basis)	Positive	(Negative)
GENERAL GOVERNMENT:					
<u>Board of Commissioners:</u>					
Wages and salaries.....	\$ 11,400	\$ 11,400	\$ 11,400	\$ -	\$ 11,400
FICA	1,210	1,210	1,203	7	1,203
Other personnel services.....	100	100	-	100	-
Mailing	50	50	11	39	12
Dues, memberships, and subscriptions	4,500	4,500	3,860	640	3,935
Advertising and publicity	3,500	3,500	1,116	2,384	1,594
Travel, conferences, and training.....	7,000	7,000	300	6,700	7,193
Reproduction and printing	3,000	3,000	855	2,145	835
Office supplies.....	500	500	1,190	(690)	256
Insurance.....	22,000	22,000	26,258	(4,258)	21,580
Computer Equipment.....	-	-	-	-	450
Utilities	4,050	4,050	3,970	80	3,853
Other contractual services.....	4,320	4,320	4,320	-	4,320
Election services.....	1,000	1,000	-	1,000	2,924
Maintenance contract.....	-	-	172	(172)	589
Total Board of Commissioners	<u>62,630</u>	<u>62,630</u>	<u>54,655</u>	<u>7,975</u>	<u>60,144</u>
<u>City Manager's Office:</u>					
Wages and salaries.....	116,676	116,676	115,169	1,507	106,859
F. I. C. A.	9,478	9,478	7,811	1,667	7,828
Retirement	26,333	26,333	27,889	(1,556)	25,199
Hospitalization insurance.....	16,800	16,800	19,040	(2,240)	15,435
Life/AD&D.....	420	420	401	19	401
Dental insurance	1,622	1,622	837	785	837
Workmen's compensation	450	450	352	98	354
Auto parts/Gas	5,000	5,000	3,776	1,224	4,788
Other personnel services.....	7,290	7,290	4,126	3,164	7,482
Mailing	150	150	149	1	116
Dues, memberships, and subscriptions	6,750	6,750	4,635	2,115	7,175
Computer equipment	-	-	948	(948)	1,650
Travel, conferences, and training.....	7,500	7,500	5,653	1,847	7,953
Public relations	-	2,000	2,642	(642)	3,635
Repairs and maintenance	2,200	200	74	126	-
Employee education and training	-	-	-	-	135
Reproduction and printing	3,000	3,000	855	2,145	835
Utilities	4,600	4,600	3,808	792	4,069
Insurance.....	1,400	1,400	1,140	260	996
Office supplies/other supplies.....	1,200	1,200	929	271	1,624
Lease.....	3,300	3,300	2,865	435	2,792
Maintenance contract.....	285	285	143	142	491
Advertising	-	-	-	-	237
Total City Manager's Office	<u>214,454</u>	<u>214,454</u>	<u>203,242</u>	<u>11,212</u>	<u>200,891</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2013</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Human Resources:</u>					
Wages and salaries	202,639	202,639	206,883	(4,244)	198,680
F. I. C. A.....	16,071	16,071	15,893	178	15,318
Retirement	43,376	43,376	43,140	236	35,988
Hospitalization insurance	22,560	22,560	25,568	(3,008)	20,727
Life/AD&D	501	501	482	19	483
Dental insurance	2,177	2,177	1,801	376	1,801
Workmen's compensation	300	300	177	123	204
Maintenance contracts.....	700	700	422	278	977
Professional services	1,500	1,500	32	1,468	1,204
Other personnel services	7,532	7,532	5,868	1,664	5,879
Mailing	1,100	1,100	717	383	652
Dues, memberships, and subscriptions.....	1,250	1,250	670	580	1,702
Travel, conferences, and training	2,000	2,000	1,885	115	497
Reproduction and printing.....	5,500	5,500	1,092	4,408	1,730
Utilities	2,800	2,800	2,353	447	2,478
Office supplies.....	5,500	5,500	3,427	2,073	3,558
Repairs and maintenance – office equip...	500	500	367	133	170
Business/Public relations.....	250	250	35	215	70
Employee education and training	2,800	2,800	3,102	(302)	1,149
Insurance	1,500	1,500	1,208	292	1,162
Other operating supplies.....	-	-	-	-	432
Computer equipment	-	-	1,447	(1,447)	1,700
Other contractual services	1,500	1,500	1,926	(426)	1,422
Improvement teams/service awards	4,000	4,000	4,525	(525)	4,946
Safety supplies.....	500	500	192	308	232
Total Personnel Office.....	<u>326,556</u>	<u>326,556</u>	<u>323,212</u>	<u>3,344</u>	<u>303,161</u>
<u>Judicial/Legal:</u>					
Retirement	1,450	1,450	1,435	15	1,435
FICA.....	700	700	591	109	619
Medical Insurance	10,200	10,200	13,600	(3,400)	10,600
Dental Insurance.....	1,150	1,150	1,158	(8)	1,158
City Attorney.....	80,000	80,000	71,622	8,378	76,303
Other Legal Services	15,000	15,000	12,875	2,125	10,000
Wages – City Judge.....	9,000	9,000	9,000	-	9,000
Total Judicial/Legal.....	<u>117,500</u>	<u>117,500</u>	<u>110,281</u>	<u>7,219</u>	<u>109,115</u>
<u>Finance:</u>					
Wages and salaries	149,763	149,763	151,442	(1,679)	144,022
F. I. C. A.....	11,678	11,678	11,473	205	10,942
Retirement	46,720	46,720	46,703	17	42,187

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2013</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Finance (Continued):</u>					
Retiree Insurance.....	1,110	1,110	1,202	(92)	1,107
Hospitalization insurance.....	30,960	30,960	35,088	(4,128)	28,445
Life/AD&D.....	653	653	632	21	632
Dental insurance.....	2,988	2,988	2,596	392	2,596
Workmen's compensation.....	400	400	215	185	253
Bonds.....	-	-	578	(578)	590
Other personnel services.....	3,015	3,015	2,987	28	2,740
Employee education and training.....	300	300	-	300	180
Professional services.....	500	500	-	500	-
Mailing.....	5,000	5,000	5,689	(689)	6,495
Dues, memberships, and subscriptions.....	2,930	2,930	1,892	1,038	3,484
Accounting and auditing.....	16,000	16,000	12,030	3,970	15,000
Advertising.....	300	300	2,746	(2,446)	432
Travel.....	6,000	6,000	4,046	1,954	5,142
Public relations.....	300	300	308	(8)	12
Repairs and maintenance.....	360	360	205	155	369
Reproduction and printing.....	2,000	2,000	1,753	247	2,163
Utilities.....	2,000	2,000	1,698	302	1,678
Other contractual services.....	1,100	1,100	1,233	(133)	1,497
Office supplies.....	6,000	6,000	4,362	1,638	5,264
Insurance.....	1,800	1,800	1,800	-	1,061
Property tax assessment fees.....	26,000	26,000	21,704	4,296	10,600
Computer equipment.....	-	-	1,105	(1,105)	402
Debt service fees.....	4,000	4,000	-	4,000	2,000
Maintenance contracts.....	3,925	3,925	3,487	438	3,981
Internet services.....	-	-	200	(200)	-
Uniforms.....	-	-	299	(299)	-
Professional lab testing.....	-	-	2	(2)	137
Total Finance.....	<u>325,802</u>	<u>325,802</u>	<u>317,475</u>	<u>8,327</u>	<u>293,411</u>
<u>Information Systems:</u>					
Wages and salaries.....	70,756	70,756	71,423	(667)	68,285
F. I. C. A.	5,446	5,446	5,350	96	5,173
Retirement.....	20,720	20,720	20,847	(127)	17,611
Hospitalization insurance.....	16,680	16,680	18,904	(2,224)	15,525
Life/AD&D.....	328	328	315	13	316
Dental insurance.....	1,610	1,610	1,610	-	1,610
Workmen's compensation.....	200	200	102	98	117
Mailing.....	100	100	35	65	51
Other operating supplies.....	250	250	716	(466)	143
Other personnel services.....	1,103	1,103	1,136	(33)	1,213
Travel, conference and training.....	2,000	2,000	1,929	71	1,218
Rental and maintenance contracts.....	73,350	73,350	75,764	(2,414)	75,368
Utilities.....	13,000	13,000	11,606	1,394	11,236
Employee education training.....	10,000	10,000	2,420	7,580	9,890
Dues, memberships, and subscriptions.....	1,260	1,260	-	1,260	2,314
Professional services.....	-	-	-	-	312

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

Function/Activity/Object	June 30, 2014		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2013
	Budgeted Amounts				
	Original	Final			
GENERAL GOVERNMENT (Continued):					
<u>Information Systems (Continued):</u>					
Printing.....	-	-	-	-	29
Office supplies	6,000	6,000	5,566	434	5,305
Insurance	2,300	2,300	1,910	390	1,946
Drug/alcohol testing	100	100	45	55	93
Computer equipment	-	-	1,311	(1,311)	10,035
Auto parts and gasoline	<u>1,300</u>	<u>1,300</u>	<u>792</u>	<u>508</u>	<u>1,419</u>
Total Information Systems	<u>226,503</u>	<u>226,503</u>	<u>221,781</u>	<u>4,722</u>	<u>229,209</u>
<u>Purchasing and Warehouse:</u>					
Wages and salaries	38,569	38,569	38,792	(223)	37,596
F. I. C. A.	2,976	2,976	2,929	47	2,860
Retirement.....	12,371	12,371	12,329	42	12,281
Hospitalization insurance	8,040	8,040	9,112	(1,072)	7,387
Life/AD&D.....	169	169	165	4	165
Dental insurance.....	776	776	462	314	462
Workmen’s compensation.....	150	150	56	94	65
Other personnel services	369	369	368	1	369
Employee education/training/testing.....	450	450	166	284	-
Mailing.....	100	100	113	(13)	54
Dues, memberships, and subscriptions.....	1,200	1,200	1,490	(290)	1,203
Advertising.....	200	200	197	3	118
Travel and training	1,300	1,300	206	1,094	725
Repair and maintenance office.....	1,500	1,500	439	1,061	5,390
Reproduction and printing.....	100	100	276	(176)	380
Utilities.....	2,200	2,200	2,333	(133)	2,167
Office supplies	1,000	1,000	531	469	616
Other operating supplies/parts.....	475	475	488	(13)	500
Insurance and bonds.....	1,500	1,500	1,500	-	689
Computer equipment.....	-	-	626	(626)	1,765
Uniforms and clothing.....	250	250	108	142	210
Professional services	150	150	-	150	-
Other contracted services	-	-	35	(35)	570
Auto parts/gas	675	675	352	323	-
Rental/Maintenance contracts	4,950	4,950	4,915	35	-
Improvement teams.....	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total Purchasing and Warehouse	<u>79,570</u>	<u>79,570</u>	<u>77,988</u>	<u>1,582</u>	<u>75,572</u>
<u>Planning and Development:</u>					
Wages and salaries	165,668	165,668	166,922	(1,254)	159,803
F. I. C. A.	12,788	12,788	12,392	396	12,076
Retirement.....	31,377	31,377	31,621	(244)	28,500
Hospitalization insurance	30,000	30,000	34,000	(4,000)	27,563
Life/AD&D.....	683	683	658	25	658
Dental insurance.....	2,896	2,896	2,896	-	2,896
Workmen’s compensation.....	350	350	234	116	274
SNAP Grant costs	-	-	-	-	2,470

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2013</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Planning and Development (Continued):</u>					
Insurance	1,600	1,600	1,198	402	1,134
Other personnel services	1,625	1,625	1,625	-	1,625
Employee education	1,000	1,000	382	618	-
Dues and memberships	1,620	1,620	1,080	540	2,084
Mailing	100	100	-	100	-
Drug/alcohol testing	100	100	-	100	21
Temporary services	-	-	-	-	-
Professional and consulting services	2,000	2,000	40	1,960	4,052
Travel	1,200	1,200	1,260	(60)	249
Printing	1,700	1,700	356	1,344	1,355
Planning commission meetings	800	800	1,095	(295)	1,009
Utilities	1,200	1,200	828	372	809
Other contractual services	2,400	2,400	2,602	(202)	2,400
Advertising/Public relations	1,250	1,250	970	280	464
Office supplies	500	500	327	173	316
Repairs and maintenance office	150	150	-	150	-
Maintenance contracts	715	715	86	629	294
Gasoline/auto parts	800	800	177	623	295
Other operating supplies	100	100	16	84	42
Computer equipment	-	-	578	(578)	-
Total Planning and Development	<u>262,622</u>	<u>262,622</u>	<u>261,343</u>	<u>1,279</u>	<u>250,389</u>
<u>Economic and Industrial Development:</u>					
Wages and salaries	55,318	55,318	55,842	(524)	54,943
F. I. C. A.	4,549	4,549	4,406	143	4,326
Retirement	10,478	10,478	11,470	(992)	10,725
Hospitalization insurance	6,000	6,000	6,800	(800)	5,513
Life/AD&D	189	190	187	3	187
Dental insurance	580	579	579	-	579
Workmen's compensation	300	300	240	60	229
Other personnel services	4,174	4,174	4,146	28	4,846
Employee education and training	200	200	149	51	149
Professional services	60,000	60,000	36,772	23,228	64,568
Mailing	200	200	175	25	121
Dues and memberships	4,130	4,130	2,631	1,499	3,334
Advertising	4,000	4,000	3,125	875	2,300
Travel	13,000	13,000	22,252	(9,252)	18,488
Public relations	1,500	1,500	666	834	1,407
Printing	2,000	2,000	1,050	950	835
Utilities	4,000	4,000	2,432	1,568	2,826
Other contractual services	3,000	3,000	2,576	424	2,550
Office supplies	700	700	239	461	1,251
Maintenance contract	145	145	143	2	491
Regulatory fees and license	-	-	-	-	250
Uniforms	-	-	-	-	64

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>				<u>Total 2013</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>	
GENERAL GOVERNMENT (Continued):					
<u>Economic and Industrial Development (Cont.)</u>					
Insurance.....	900	900	651	249	661
Computer equipment	500	500	130	370	829
Sister City Project.....	-	-	-	-	242
Total Economic and Industrial Development.....	<u>175,863</u>	<u>175,863</u>	<u>156,661</u>	<u>19,202</u>	<u>181,714</u>
TOTAL GENERAL GOVERNMENT	<u>1,791,500</u>	<u>1,791,500</u>	<u>1,726,638</u>	<u>64,862</u>	<u>1,703,606</u>
PUBLIC WORKS:					
<u>Supervision:</u>					
Wages and salaries – regular	184,047	184,047	186,053	(2,006)	172,096
F. I. C. A.	14,453	14,453	13,992	461	13,134
Retirement	42,986	42,986	43,864	(878)	40,315
Hospitalization insurance.....	32,760	32,760	40,239	(7,479)	28,215
Life/AD&D.....	753	753	735	18	675
Dental insurance	3,162	3,162	3,162	-	2,930
Workmen's compensation.....	500	500	384	116	398
Service center cost	86,000	86,000	81,663	4,337	86,706
Drug/Alcohol testing	-	-	136	(136)	64
Employee education and training	2,733	2,733	432	2,301	163
Other contractual services.....	1,920	1,920	2,063	(143)	1,920
Other personnel services.....	5,030	5,030	5,006	24	4,889
Mailing.....	1,000	1,000	646	354	863
Dues and memberships	5,072	5,072	5,356	(284)	6,695
Travel.....	5,383	5,383	4,716	667	3,023
Advertising	500	500	158	342	1,164
Uniforms.....	250	250	-	250	506
Reproduction and printing	500	500	267	233	302
Professional and consulting	400	400	-	400	186
Rental and maintenance contracts.....	485	485	6,250	(5,765)	544
Utilities	1,700	1,700	1,947	(247)	2,340
Office supplies	1,500	1,500	1,540	(40)	2,113
Auto parts	1,500	1,500	453	1,047	1,054
Gas	1,000	1,000	509	491	898
Insurance and bonds	900	900	877	23	882
Other supplies	300	300	232	68	252
Safety supplies and materials.....	250	250	18	232	198
Communication and computer equipment	-	-	67	(67)	25,725
Public relations	100	100	109	(9)	166
Improvement teams	1,200	1,200	820	380	667
Machinery and equipment	-	-	266	(266)	2,499
Repair and maintenance.....	4,749	4,749	253	4,496	9
Radio system – annual fee	-	-	3,491	(3,491)	375

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</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>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>	
PUBLIC WORKS (Continued)					
<u>Supervision (Continued)</u>					
Small tools	150	150	212	(62)	159
GIS Systems	23,195	23,195	15,824	7,371	25,338
Regulatory fees and licenses.....	<u>2,050</u>	<u>2,050</u>	<u>1,210</u>	<u>840</u>	<u>950</u>
Total Supervision.....	<u>426,528</u>	<u>426,528</u>	<u>422,950</u>	<u>3,578</u>	<u>428,413</u>
<u>Engineering and Codes Enforcement:</u>					
Wages and salaries.....	126,496	126,496	127,044	(548)	121,592
F. I. C. A.	10,259	10,259	9,779	480	9,425
Retirement	61,908	61,908	61,380	528	53,551
Hospitalization insurance.....	30,000	30,000	34,000	(4,000)	27,563
Life/AD&D.....	589	589	569	20	568
Dental insurance	2,896	2,896	2,896	-	2,895
Workmen's compensation.....	4,000	4,000	3,090	910	3,107
Drug/Alcohol testing	200	200	-	200	-
Other personnel services.....	7,731	7,731	4,057	3,674	7,737
Mailing.....	400	400	354	46	221
Dues and memberships	1,050	1,050	793	257	1,408
House demolition.....	5,000	5,000	-	5,000	15
Insurance.....	1,800	1,800	356	1,444	1,333
Advertising/Public relations	250	250	35	215	-
Travel.....	1,000	1,000	512	488	650
Printing	1,800	1,800	1,456	344	1,355
Professional services.....	250	250	-	250	60
Other contractual services.....	2,000	2,000	1,485	515	1,563
Repairs and maintenance – Office equipment .	650	650	86	564	295
Uniforms.....	600	600	585	15	436
Utilities	2,960	2,960	2,405	555	1,510
Office supplies	1,700	1,700	974	726	643
Small tools	100	100	-	100	150
Auto parts	2,000	2,000	173	1,827	2,574
Gas.....	4,000	4,000	3,773	227	3,745
Computer equipment	-	-	-	-	1,551
Employee education/training	<u>2,000</u>	<u>2,000</u>	<u>1,245</u>	<u>755</u>	<u>793</u>
Total Engineering and Codes.....	<u>271,639</u>	<u>271,639</u>	<u>257,047</u>	<u>14,592</u>	<u>244,740</u>
<u>Building and Grounds:</u>					
Wages and salaries.....	33,202	33,202	27,855	5,347	20,570
Wages - overtime and standby.....	4,100	4,100	3,538	562	2,670
F. I. C. A.	2,932	2,932	2,369	563	1,745
Retirement	15,265	15,265	14,134	1,131	7,363
Hospitalization insurance.....	8,400	8,400	8,160	240	4,538
Life/AD&D.....	160	160	131	29	93
Dental insurance	811	811	538	273	385
Workmen's compensation.....	1,250	1,250	1,120	130	872

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2013</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Building and Grounds (Continued):</u>					
Other personnel services	1,043	1,043	180	863	575
Other contracted services	-	-	37	(37)	-
Utilities	1,000	1,000	1,010	(10)	1,018
Other operating supplies.....	150	150	-	150	77
Small tools.....	50	50	-	50	-
Electric, chemical and plumbing supplies	50	50	-	50	-
Gasoline, fuel, and lubricants	250	250	-	250	-
Construction materials.....	500	500	-	500	-
Insurance	12,000	12,000	14,746	(2,746)	19,151
Retiree insurance	2,460	2,460	-	2,460	2,460
Repairs and maintenance.....	1,000	1,000	-	1,000	-
Springbrook Corporation Center	9,000	9,000	15,725	(6,725)	7,142
Maintenance – Associates Boulevard.....	8,300	8,300	7,638	662	6,300
Cedar Lawn Cemetery.....	500	500	-	500	-
Total Building and Grounds	<u>102,423</u>	<u>102,423</u>	<u>97,181</u>	<u>5,242</u>	<u>74,959</u>
<u>Municipal Building:</u>					
Rental and maintenance contracts	-	-	-	-	7,885
Wages.....	18,652	18,652	15,632	3,020	17,247
F.I.C.A.....	1,440	1,440	938	502	1,278
Fringe Benefits	12,884	12,884	9,888	2,996	11,116
Workers Comp	700	700	623	77	578
Other Personnel Services.....	210	210	185	25	131
Auto parts/gas.....	825	825	175	650	296
Utilities	92,000	92,000	89,073	2,927	95,936
Insurance	5,000	5,000	7,780	(2,780)	4,906
Operating supplies.....	5,000	5,000	6,165	(1,165)	6,936
Repairs and maintenance.....	16,500	16,500	12,216	4,284	10,132
Rental/Maintenance contract.....	9,400	9,400	7,679	1,721	-
Employee education	-	-	325	(325)	-
Contract services	-	-	8,534	(8,534)	-
Equipment and building improvements.....	-	-	1,055	(1,055)	13,331
Total Municipal Building	<u>162,611</u>	<u>162,611</u>	<u>160,268</u>	<u>2,343</u>	<u>169,772</u>
<u>Fleet Services:</u>					
Wages and salaries	67,717	67,717	68,312	(595)	63,453
Wages – overtime and standby.....	4,100	4,100	3,819	281	3,875
F.I.C.A.....	5,506	5,506	5,328	178	5,024
Retirement.....	16,585	16,585	15,974	611	14,968
Retiree insurance	2,820	2,820	2,397	423	2,818
Hospitalization insurance	21,960	21,960	21,777	183	20,176
Life/AD&D	372	372	355	17	355
Dental insurance	2,120	2,120	1,641	479	1,641
Workmen’s compensation.....	2,500	2,500	1,966	534	1,609

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2013</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Fleet Services (Continued):</u>					
Other personnel services	245	245	244	1	244
Drug/Alcohol test	-	-	45	(45)	106
Professional services	100	100	-	100	-
Machinery and equipment	36,085	36,085	39,345	(3,260)	8,720
Utilities	800	800	948	(148)	1,022
Office supplies.....	25	25	141	(116)	108
Other operating supplies.....	7,000	7,000	12,524	(5,524)	10,560
Small tools.....	2,500	2,500	3,037	(537)	3,303
Uniforms	1,500	1,500	1,744	(244)	1,482
Auto/electrical parts/materials.....	4,000	4,000	1,077	2,923	4,500
Other contractual services	200	200	96	104	-
Gas, fuel, and lubricants	2,800	2,800	2,439	361	2,750
Insurance and bonds	1,200	1,200	3,009	(1,809)	1,059
Repairs and maintenance.....	1,200	1,200	886	314	1,720
Travel	1,000	1,000	-	1,000	255
Fuel pump equipment.....	-	-	-	-	93
Computer equipment	-	-	1,240	(1,240)	1,724
Dues, memberships and subscriptions.....	2,500	2,500	1,500	1,000	2,224
Improvement teams	120	120	75	45	125
Printing	50	50	-	50	29
Mailing	100	100	-	100	-
Employee education and training	5,385	5,385	1,513	3,872	177
Regulatory fees and licenses	530	530	45	485	26
Safety supplies.....	300	300	220	80	337
Maintenance contract	1,438	1,438	143	1,295	-
Advertising	240	240	77	163	224
Total Fleet Services	<u>192,998</u>	<u>192,998</u>	<u>191,917</u>	<u>1,081</u>	<u>154,707</u>
<u>Streets Supervision:</u>					
Wages and salaries – regular	78,035	78,035	78,953	(918)	74,932
Wages and salaries – overtime and standby	9,700	9,700	4,504	5,196	4,747
F. I. C. A.....	6,980	6,980	6,433	547	6,205
Retirement	56,161	56,161	53,978	2,183	51,689
Retiree insurance	4,620	4,620	5,520	(900)	4,620
Hospitalization insurance	18,000	18,000	20,400	(2,400)	16,538
Life/AD&D	358	358	346	12	346
Dental insurance	1,737	1,737	1,737	-	1,737
Workmen's compensation	6,000	6,000	3,865	2,135	4,227
Travel	700	700	694	6	445
Other personnel services	3,581	3,581	3,581	-	3,526
Employee training	200	200	262	(62)	102
Utilities	400	400	622	(222)	541
Office supplies.....	100	100	10	90	166
Dues.....	800	800	-	800	786
Maintenance contracts.....	415	415	86	329	294
Improvement teams	200	200	75	125	263

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>					<u>Total 2013</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>						
Professional and consulting.....	288	288	426	(138)		314
Other operating supplies.....	100	100	-	100		58
Automotive parts.....	625	625	415	210		4,085
Gasoline, fuel and lubricants.....	1,400	1,400	1,253	147		1,386
Insurance.....	1,500	1,500	1,124	376		730
Uniforms.....	1,200	1,200	502	698		520
Regulatory fees and license.....	250	250	22	228		-
Drug/alcohol testing.....	<u>250</u>	<u>250</u>	<u>354</u>	<u>(104)</u>		<u>344</u>
Total Streets Supervision.....	<u>193,600</u>	<u>193,600</u>	<u>185,162</u>	<u>8,438</u>		<u>178,601</u>
<u>Streets – Repair and Construction:</u>						
Wages and salaries – regular.....	210,043	210,043	191,648	18,395		235,924
Wages and salaries – overtime and standby	10,800	10,800	15,898	(5,098)		19,010
F.I.C.A.....	17,255	17,255	15,661	1,594		19,971
Retirement.....	78,558	78,558	70,065	8,493		75,957
Hospitalization insurance.....	69,600	69,600	72,243	(2,643)		65,845
Life/AD&D.....	1,165	1,165	1,025	140		1,213
Dental insurance.....	6,718	6,718	5,112	1,606		6,005
Workmen’s compensation.....	12,500	12,500	11,283	1,217		11,429
Other personnel services.....	4,986	4,986	4,924	62		12,250
Employee education/training.....	400	400	306	94		422
Professional services.....	766	766	925	(159)		836
Other operating supplies.....	600	600	-	600		515
Small tools.....	400	400	430	(30)		591
Uniforms.....	2,000	2,000	1,143	857		1,445
Auto parts.....	5,000	5,000	9,254	(4,254)		8,290
Repairs and maintenance.....	20,195	20,195	21,497	(1,302)		21,179
Gasoline, fuel and lubricants.....	15,000	15,000	15,526	(526)		14,693
Construction materials.....	15,000	15,000	297	14,703		17,150
Insurance and bonds.....	1,750	1,750	2,028	(278)		1,848
Dues and memberships.....	275	275	-	275		262
Travel.....	1,400	1,400	893	507		882
Christmas light maintenance.....	4,100	4,100	986	3,114		443
Emergency response.....	500	500	-	500		-
Printing.....	500	500	22	478		-
Repairs – sidewalks.....	10,000	10,000	3,899	6,101		2,081
Traffic signal maintenance.....	10,000	-	-	-		237
Street resurfacing.....	100,000	100,000	99,976	24		92,180
Easements.....	-	-	1,954	(1,954)		-
Regulatory fees and license.....	100	100	53	47		63
Retirement supplement.....	16,585	16,585	-	16,585		-
Traffic calming.....	12,000	12,000	-	12,000		-
Utilities.....	-	-	122	(122)		39
Retires insurance.....	-	-	4,200	(4,200)		-
Drug/Alcohol test.....	-	-	15	(15)		-

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>				<u>Total 2013</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	-	10,000	10,542	(542)	8,958
Safety supplies	800	800	640	160	231
Signs and materials	22,500	22,500	14,204	8,296	-
Other improvements	-	-	15,362	(15,362)	-
Landfill services.....	100	100	352	(252)	-
Total Streets – Repair and Construction	<u>651,596</u>	<u>651,596</u>	<u>592,485</u>	<u>59,111</u>	<u>619,949</u>
<u>Street Lighting:</u>					
Utilities	<u>580,865</u>	<u>580,865</u>	<u>558,641</u>	<u>22,224</u>	<u>558,407</u>
<u>Right of Way Maintenance:</u>					
Wages and salaries – regular	283,744	283,744	240,116	43,628	244,192
Wages and salaries – overtime and temporary.....	6,000	6,000	3,117	2,883	1,727
F. I. C. A.	22,364	22,364	18,358	4,006	18,721
Retirement	82,002	82,002	72,923	9,079	67,534
Hospitalization insurance.....	96,000	96,000	88,179	7,821	77,600
Life/AD&D.....	1,593	1,593	1,285	308	1,369
Drug/alcohol testing.....	400	400	394	6	582
Employee education.....	420	420	90	330	-
Dental insurance	9,266	9,266	5,982	3,284	5,755
Workmen's compensation.....	13,250	13,250	11,629	1,621	12,680
Other personnel services.....	6,990	6,990	5,993	997	6,703
Professional services.....	870	870	1,129	(259)	985
Travel.....	800	800	-	800	-
Other contractual services.....	8,000	8,000	4,179	3,821	4,849
Operating supplies	2,000	2,000	2,055	(55)	2,107
Small tools	1,500	1,500	2,131	(631)	1,549
Contract mowing	40,000	40,000	-	40,000	98
Uniforms.....	4,120	4,120	1,911	2,209	1,932
Auto parts	18,000	18,000	36,878	(18,878)	23,359
Chemical supplies.....	5,000	5,000	4,054	946	3,569
Gasoline	26,000	26,000	25,683	317	26,276
Construction materials	500	500	-	500	-
Other equipment	-	-	59,083	(59,083)	14,497
Insurance.....	4,200	4,200	1,717	2,483	2,053
Repairs and maintenance	1,350	1,350	177	1,173	234
Mosquito control.....	100	100	4,620	(4,520)	-
Utilities	900	900	916	(16)	746
Greenway maintenance.....	1,200	1,200	501	699	9,564
Dues.....	525	525	-	525	262
Greenway resurfacing.....	-	-	1,450	(1,450)	-
Safety supplies	1,500	1,500	1,628	(128)	1,251
Total Right of Way Maintenance.....	<u>638,594</u>	<u>638,594</u>	<u>596,178</u>	<u>42,416</u>	<u>530,194</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>				<u>Total 2013</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>Traffic Operations:</u>					
Wages and Salaries.....	48,243	48,243	50,595	(2,352)	16,466
Standby and overtime.....	3,150	3,150	8,822	(5,672)	3,310
F.I.C.A.....	4,350	4,350	4,759	(409)	1,486
Retirement.....	9,398	9,398	11,419	(2,021)	3,646
Hospitalization insurance.....	10,800	10,800	12,240	(1,440)	4,163
Life/Accidental death insurance.....	218	218	215	3	72
Dental insurance.....	1,042	1,042	1,042	-	347
Advertising.....	-	-	223	(223)	-
Professional services.....	-	-	-	-	862
Printing.....	50	50	-	50	-
Traffic signal maintenance.....	22,500	22,500	23,597	(1,097)	9,608
Workmen's compensation.....	3,000	3,000	747	2,253	2,273
Uniforms.....	425	425	-	425	64
Regulatory fees.....	120	120	-	120	-
Small tools.....	200	200	-	200	-
Other personnel services.....	5,518	5,518	5,475	43	77
Traffic signal improvements.....	17,300	17,300	7,730	9,570	-
Utilities.....	9,000	9,000	9,275	(275)	9,793
Safety supplies.....	200	200	-	200	-
Auto parts.....	500	500	262	238	10
Gasoline.....	6,800	6,800	2,429	4,371	1,138
Insurance.....	250	250	276	(26)	115
Operating supplies/tools.....	150	150	-	150	38
Dues.....	210	210	280	(70)	210
Travel/training.....	2,760	2,760	1,031	1,729	-
Maintenance contract.....	50	50	29	21	98
Landfill services.....	-	-	142	(142)	-
Repairs and maintenance.....	-	-	901	(901)	-
Cost recovery.....	39,177	39,177	36,660	2,517	22,811
Total Traffic Operations.....	<u>185,411</u>	<u>185,411</u>	<u>178,149</u>	<u>7,262</u>	<u>76,587</u>
<u>Sanitation Supervision:</u>					
Wages and Salaries.....	68,184	68,184	68,489	(305)	65,904
Regulatory fees.....	200	200	101	99	26
F.I.C.A.....	5,607	5,607	5,275	332	5,102
Retirement.....	44,577	44,577	44,248	329	36,179
Hospitalization insurance.....	12,000	12,000	13,600	(1,600)	11,025
Life/Accidental death insurance.....	278	278	266	12	266
Dental insurance.....	1,158	1,158	1,158	-	1,158
Professional and consulting.....	300	300	115	185	502
Mailing.....	200	200	2,863	(2,663)	-
Drug/Alcohol test.....	300	300	256	44	364
Printing.....	3,000	3,000	3,924	(924)	2,824
Uniforms.....	150	150	-	150	255
Workmen's compensation.....	3,500	3,500	2,690	810	3,090
Improvement teams.....	250	250	260	(10)	137
Repair and maintenance.....	200	200	-	200	-
Office supplies.....	200	200	64	136	-

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</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>(Budgetary</u>	<u>Final Budget</u> <u>Positive</u>	
			<u>Basis)</u>	<u>(Negative)</u>	<u>2013</u>
PUBLIC WORKS (Continued):					
<u>Sanitation Supervision (Continued):</u>					
Small tools	125	125	42	83	-
Other personnel services	5,164	5,164	5,108	56	7,308
Utility processing	1,500	1,500	1,183	317	1,183
Utilities	500	500	586	(86)	702
Safety supplies	-	-	-	-	263
Auto parts	200	200	262	(62)	3,107
Gasoline	1,900	1,900	1,352	548	1,354
Insurance	600	600	322	278	301
Operating supplies/tools	150	150	-	150	-
Dues	700	700	134	566	374
Travel/training	1,200	1,200	47	1,153	27
Retiree insurance	2,460	2,460	1,050	1,410	2,460
Computer equipment	300	300	-	300	110
Maintenance contract	236	236	57	179	196
Safety supplies	175	175	118	57	175
Total Sanitation Supervision	<u>155,314</u>	<u>155,314</u>	<u>153,570</u>	<u>1,744</u>	<u>144,392</u>
<u>Sanitation Residential Collection:</u>					
Wages and salaries	109,862	109,862	111,043	(1,181)	101,756
Overtime	3,200	3,200	2,614	586	1,377
F.I.C.A.	8,688	8,688	9,044	(356)	7,737
Retirement	27,131	27,131	28,566	(1,435)	24,626
Hospitalization insurance	48,000	48,000	48,000	-	39,600
Life/Accidental death insurance	720	720	765	(45)	641
Dental insurance	4,633	4,633	4,235	398	2,974
Workmen's compensation	7,000	7,000	5,099	1,901	6,319
Landfill services	100,000	100,000	96,077	3,923	95,705
Other personnel services	700	700	1,919	(1,219)	3,526
Other supplies	500	500	174	326	131
Small tools and minor equipment	100	100	29	71	-
Uniforms	2,000	2,000	1,643	357	1,650
Equipment lease purchase	36,000	36,000	26,988	9,012	35,983
Recycling contracts	155,000	155,000	171,466	(16,466)	186,629
Safety supplies	1,200	1,200	1,811	(611)	2,298
Printing/Solid waste sanitation	50	50	-	50	887
Utilities	-	-	25	(25)	28
Automotive parts	18,000	18,000	18,000	-	29,198
Gasoline, fuel, and lubricants	31,500	31,500	24,723	6,777	25,208
Insurance	2,000	2,000	2,375	(375)	1,430
Recycling center	3,700	3,700	-	3,700	2,056
Parts and materials	1,000	1,000	16	984	-
Communications equipment	1,800	1,800	1,753	47	-
Professional services	383	383	750	(367)	418
Total Sanitation Collection	<u>563,167</u>	<u>563,167</u>	<u>557,115</u>	<u>6,052</u>	<u>570,177</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>				<u>Total 2013</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Amounts (Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>	
PUBLIC WORKS (Continued):					
<u>Brush and Demolition Collection:</u>					
Wages and Salaries	73,086	73,086	83,411	(10,325)	69,417
Wages – temporary	15,000	15,000	6,833	8,167	7,185
Wages – overtime	1,200	1,200	727	473	429
F.I.C.A.	6,067	6,067	5,827	240	5,403
Retirement	30,844	30,844	30,114	730	22,889
Hospitalization insurance.....	24,000	24,000	38,939	(14,939)	22,050
Life/Accidental death insurance	403	403	377	26	378
Dental insurance	2,316	2,316	2,311	5	2,316
Workmen’s compensation	4,000	4,000	3,616	384	2,995
Other personnel services.....	5,122	5,122	2,553	2,569	4,540
Professional services.....	191	191	285	(94)	208
Landfill services.....	70,000	70,000	53,580	16,420	61,087
Recycling contracts.....	37,000	37,000	32,930	4,070	35,040
Small tools	100	100	106	(6)	27
Uniforms	1,000	1,000	426	574	521
Automotive parts	15,000	15,000	55,626	(40,626)	21,816
Equipment and machinery	135,000	135,000	-	135,000	-
Gasoline	26,000	26,000	19,030	6,970	19,790
Other operating supplies/safety supplies	600	600	695	(95)	387
Utilities	-	-	24	(24)	28
Travel.....	150	150	-	150	-
Insurance.....	2,300	2,300	964	1,336	1,651
Total Brush and Demolition Collection	<u>449,379</u>	<u>449,379</u>	<u>338,374</u>	<u>111,005</u>	<u>278,157</u>
<u>Industrial Collection:</u>					
Wages and salaries.....	143,163	143,163	144,160	(997)	139,809
Wages – overtime	6,000	6,000	7,162	(1,162)	6,294
F.I.C.A.	11,811	11,811	11,461	350	11,132
Retirement	50,072	50,072	49,649	423	42,108
Retiree insurance	2,460	2,460	1,495	965	2,460
Hospitalization insurance.....	48,000	48,000	54,333	(6,333)	42,889
Life/Accidental death insurance	800	800	778	22	760
Dental insurance	4,633	4,633	3,062	1,571	3,017
Workmen’s compensation	5,500	5,500	5,834	(334)	4,851
Uniforms.....	1,407	1,407	1,772	(365)	1,272
Other personnel services.....	5,435	5,435	5,457	(22)	1,529
Automotive parts	26,000	26,000	26,000	-	27,056
Travel.....	150	150	-	150	-
Utilities	-	-	49	(49)	58
Other operating supplies/small tools.....	500	500	586	(86)	444
Gasoline, fuel, and lubricants	44,000	44,000	37,319	6,681	40,270
Insurance.....	2,600	2,600	1,782	818	2,594
Landfill services.....	241,000	241,000	237,626	3,374	238,592
Professional services.....	383	383	680	(297)	418
Equipment lease payments.....	45,545	45,545	42,544	3,001	42,544
Communication equipment.....	5,400	5,400	5,261	139	-

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2013</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Industrial Collection (Continued):</u>					
Repair and maintenance	750	750	50	700	895
Equipment and machinery.....	5,000	5,000	7,952	(2,952)	8,946
Safety supplies	500	500	221	279	302
Total Industrial Collection	<u>651,109</u>	<u>651,109</u>	<u>645,233</u>	<u>5,876</u>	<u>618,240</u>
<u>Special Projects:</u>					
Traffic Signal Improvement.....	-	-	-	-	5,132
Hall Road/South Plant Turn	-	-	-	-	87,477
Street Resurfacing – Ind. Devel.	-	-	-	-	74
Greenway and sidewalks.....	-	-	-	-	-
Total Special Projects.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,683</u>
TOTAL PUBLIC WORKS	<u>5,225,234</u>	<u>5,225,234</u>	<u>4,934,270</u>	<u>290,964</u>	<u>4,739,978</u>
PUBLIC SAFETY					
<u>Police Administration:</u>					
Wages and salaries	149,718	149,718	113,702	36,016	148,266
F.I.C.A.	11,530	11,530	8,264	3,266	10,844
Retirement.....	34,209	34,209	27,058	7,151	32,919
Hospitalization insurance	24,000	24,000	32,200	(8,200)	22,050
Retiree Insurance.....	-	-	2,670	(2,670)	-
Life/AD&D	586	586	349	237	574
Dental insurance.....	2,316	2,316	1,737	579	2,316
Workmen's compensation	2,500	2,500	2,833	(333)	1,361
Other personnel services	1,100	1,100	985	115	1,160
Dues and memberships	2,550	2,550	513	2,037	2,646
Medical physical	4,500	4,500	-	4,500	-
Travel, conferences and training	25,000	25,000	3,569	21,431	3,807
Reproduction and printing.....	3,000	3,000	4,166	(1,166)	3,921
Utilities.....	10,500	10,500	6,070	4,430	1,263
Office supplies	500	500	646	(146)	171
Uniforms	400	400	2,328	(1,928)	34
Auto parts.....	650	650	1,238	(588)	467
Gasoline, fuel and lubricants.....	820	820	892	(72)	739
Insurance and bonds.....	1,400	1,400	2,270	(870)	1,361
Professional and consultation services.....	7,000	7,000	13,441	(6,441)	453
Public relations.....	800	800	2,316	(1,516)	1,482
Small Tools	300	300	124	176	119
Rental, maintenance contracts.....	215	215	115	100	392
Mailing.....	-	-	-	-	55
Advertising.....	750	750	-	750	-
Equipment replacement.....	-	-	50,213	(50,213)	-
Computer equipment.....	-	-	1,030	(1,030)	-
TIES Terminal services.....	2,240	2,240	2,340	(100)	2,365
Total Police Administration	<u>286,584</u>	<u>286,584</u>	<u>281,069</u>	<u>5,515</u>	<u>238,765</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>				<u>Total 2013</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)					
<u>Administrative Services:</u>					
Wages and salaries – regular	421,519	421,519	434,974	(13,455)	405,047
Wages and salaries – overtime and temporary ..	22,800	22,800	12,417	10,383	4,429
F.I.C.A.....	35,035	35,035	32,362	2,673	30,365
Retirement	79,828	79,828	83,370	(3,542)	73,422
Hospitalization insurance	108,000	108,000	117,440	(9,440)	97,625
Life/AD&D	2,032	2,032	2,020	12	1,929
Dental insurance	10,424	10,424	10,104	320	10,231
Workmen's compensation.....	5,000	5,000	8,289	(3,289)	3,608
Other personnel services.....	14,160	14,160	14,327	(167)	13,540
Other contractual services	-	-	525	(525)	-
Credit card processing fees.....	-	-	1,351	(1,351)	-
Software license fee.....	25,800	25,800	24,824	976	33,987
Employee education/training	-	-	1,114	(1,114)	-
Mailing	2,000	2,000	1,653	347	2,015
Dues and memberships.....	4,600	4,600	2,873	1,727	4,167
Travel, conferences and training.....	9,051	9,051	3,397	5,654	10,781
Repair and maintenance.....	25,449	25,449	32,519	(7,070)	28,904
Printing	10,500	10,500	3,487	7,013	3,076
Rental and maintenance contracts	10,500	10,500	10,519	(19)	15,466
Office supplies.....	15,000	15,000	15,316	(316)	15,489
Utilities	6,000	6,000	5,115	885	4,637
Small tools.....	4,290	4,290	2,053	2,237	2,701
Uniforms.....	1,500	1,500	1,851	(351)	1,622
Insurance	5,103	5,103	7,237	(2,134)	5,118
Other operating supplies.....	2,500	2,500	3,406	(906)	1,921
Computer software	15,000	15,000	2,309	12,691	-
Auto parts	3,000	3,000	4,814	(1,814)	1,757
Gasoline.....	6,765	6,765	5,681	1,084	6,203
Communication equipment.....	-	-	-	-	2,750
Certificate of Accreditation expenses	20,800	20,800	13,691	7,109	-
Office/computer machinery and equipment	-	-	5,409	(5,409)	27,618
Safety equipment	-	-	-	-	4,668
Community policing.....	-	-	-	-	83
Janitorial services	-	-	-	-	16,740
Total Administrative Services	<u>866,656</u>	<u>866,656</u>	<u>864,447</u>	<u>2,209</u>	<u>829,899</u>
<u>Police Communications:</u>					
911 Communications Center	158,624	151,070	151,064	6	151,064
Homeland Security Director	-	-	-	-	10,622
Total Police Communications	<u>158,624</u>	<u>151,070</u>	<u>151,064</u>	<u>6</u>	<u>161,686</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>				<u>Total 2013</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Amounts (Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>	
PUBLIC SAFETY (Continued)					
<u>Police Patrol and Traffic Division:</u>					
Wages and salaries – regular	1,281,980	1,281,980	1,290,756	(8,776)	1,185,434
Wages and salaries – overtime	135,000	135,000	148,403	(13,403)	129,109
F. I. C. A.	114,144	114,144	106,503	7,641	101,736
Retiree insurance	4,620	4,620	9,780	(5,160)	4,620
Retirement	516,881	516,881	438,255	78,626	350,250
Hospitalization insurance	378,000	378,000	386,200	(8,200)	300,913
Life/AD&D	6,966	6,966	5,826	1,140	5,462
Dental insurance	36,485	36,485	31,164	5,321	31,002
Wages – ARRA	-	-	-	-	11,207
Overtime – ARRA	-	-	-	-	2,925
FICA – ARRA	-	-	-	-	1,061
Retirement – ARRA	-	-	-	-	2,253
Hospitalization insurance – ARRA	-	-	-	-	3,200
Life/AD&D – ARRA	-	-	-	-	386
Dental insurance – ARRA	-	-	-	-	65
Workmen's compensation	47,500	47,500	40,067	7,433	42,464
Drug/Alcohol testing	3,000	3,000	1,381	1,619	2,058
Ammunition	19,000	19,000	13,001	5,999	15,977
Veterinarian	1,500	1,500	2,013	(513)	4,819
Employee education and training	2,000	2,000	2,211	(211)	2,000
Other personnel services	76,670	76,670	68,051	8,619	69,958
Dues and memberships	12,650	12,650	601	12,049	11,980
Travel, conferences and training	22,000	22,000	17,046	4,954	22,568
Office/other operating supplies	10,000	10,000	3,782	6,218	5,313
Small tools and minor equipment	500	500	184	316	97
Uniforms and clothing	30,000	30,000	32,126	(2,126)	29,613
Automotive parts	50,000	50,000	30,633	19,367	36,469
Gasoline, fuel, and lubricants	112,750	112,750	119,514	(6,764)	134,122
Firing range	3,500	3,500	3,122	378	3,746
Community policing	1,500	1,500	493	1,007	380
Mailing	500	500	505	(5)	212
Insurance	30,000	30,000	37,338	(7,338)	29,999
Professional services	5,700	5,700	10,102	(4,402)	5,658
Repairs and maintenance – machinery	3,000	3,000	1,929	1,071	1,258
Maintenance contracts	3,000	3,000	1,153	1,847	3,532
Other equipment	-	-	78,844	(78,844)	20,417
Printing and photography	1,500	1,500	1,381	119	1,381
Utilities	82,000	82,000	95,733	(13,733)	87,980
Contract services	15,420	15,420	15,420	-	15,420
K-9	1,500	1,500	1,514	(14)	1,536
Lease equipment	52,075	52,075	52,086	(11)	52,072
Computer equipment	-	-	-	-	10,763
Federal block grant	-	-	17,179	(17,179)	-
Radio systems annual contract	17,080	17,080	11,385	5,695	14,106
Total Police Patrol and Traffic Control	<u>3,078,421</u>	<u>3,078,421</u>	<u>3,075,681</u>	<u>2,740</u>	<u>2,755,521</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2013</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY (Continued)					
<u>Police Investigation:</u>					
Wages and salaries – regular	331,340	331,340	331,438	(98)	360,190
Undercover operations	500	500	126	374	-
Wages and salaries – overtime/standby	59,000	59,000	52,285	6,715	52,147
F. I. C. A.	30,314	30,314	32,140	(1,826)	31,343
Retirement	108,943	108,943	105,857	3,086	100,633
Hospitalization insurance	78,000	78,000	83,200	(5,200)	76,963
Life/AD&D	1,527	1,527	1,622	(95)	1,622
Dental insurance	7,529	7,529	8,108	(579)	8,108
Workmen’s compensation	15,000	15,000	11,276	3,724	13,636
Dues/subscriptions/memberships	4,100	4,100	3,738	362	3,949
Other personnel services	6,255	6,255	9,377	(3,122)	10,625
Mailing	400	400	361	39	120
Other operating supplies	2,000	2,000	1,078	922	950
Travel, conferences, and training	11,600	11,600	9,556	2,044	9,498
Office supplies	3,000	3,000	3,013	(13)	1,646
Professional services	450	450	341	109	500
Uniforms	4,100	4,100	2,370	1,730	2,267
Auto parts	4,000	4,000	7,779	(3,779)	3,632
Gasoline, fuel and lubricants	14,094	14,094	15,869	(1,775)	13,923
Insurance	5,000	5,000	6,667	(1,667)	4,990
Utilities	5,200	5,200	5,498	(298)	5,004
Equipment	-	-	-	-	11,930
Computer equipment	-	-	200	(200)	-
Small tools	2,000	2,000	920	1,080	2,055
Printing	1,300	1,300	1,260	40	1,260
Rental/maintenance contracts	360	360	143	217	-
Repair and maintenance	1,000	1,000	69	931	490
Total Police Investigation	<u>697,012</u>	<u>697,012</u>	<u>694,291</u>	<u>2,721</u>	<u>717,481</u>
<u>Police – Animal Control:</u>					
Wages and salaries – regular	89,725	89,725	90,126	(401)	86,108
Wages and salaries – overtime	520	520	3,034	(2,514)	179
F. I. C. A.	6,981	6,981	6,843	138	6,371
Retirement	17,782	17,782	18,051	(269)	15,735
Hospitalization insurance	24,000	24,000	27,200	(3,200)	22,050
Life/AD&D	443	443	429	14	429
Dental insurance	2,316	2,316	1,532	784	1,663
Workmen's compensation	3,250	3,250	2,245	1,005	2,617
Dues and memberships	425	425	110	315	372
Other personnel services	1,100	1,100	1,100	-	1,100
Utilities	1,100	1,100	850	250	758
Office supplies	1,000	1,000	860	140	119
Small tools and equipment	1,300	1,300	1,654	(354)	672
Veterinarian expenses	500	500	-	500	-
Uniforms	800	800	550	250	479
Rental/Maintenance contracts	-	-	86	(86)	294

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2013</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY - POLICE(Continued):					
<u>Police – Animal Control (Continued):</u>					
Auto parts	1,500	1,500	74	1,426	722
Professional services.....	145	145	335	(190)	208
Animal shelter fees	5,000	5,000	1,678	3,322	1,847
Gasoline, fuel and lubricants.....	5,125	5,125	4,078	1,047	4,665
Other commodities.....	500	500	116	384	42
Insurance.....	1,550	1,550	1,773	(223)	1,288
Travel and training.....	750	750	-	750	-
Printing	400	400	-	400	-
Total Police – Animal Control.....	<u>166,212</u>	<u>166,212</u>	<u>162,724</u>	<u>3,488</u>	<u>147,718</u>
TOTAL PUBLIC SAFETY – POLICE ..	<u>5,253,509</u>	<u>5,245,955</u>	<u>5,229,276</u>	<u>16,679</u>	<u>4,851,070</u>
PUBLIC SAFETY – FIRE:					
<u>Fire Supervision:</u>					
Wages and salaries.....	291,033	291,033	292,618	(1,585)	278,627
Overtime	3,510	3,510	739	2,771	1,415
F. I. C. A.	24,193	24,193	23,853	340	22,966
Retirement	118,032	118,032	120,934	(2,902)	94,530
Hospitalization insurance.....	48,000	48,000	79,400	(31,400)	44,100
Life AD&D.....	1,150	1,150	1,103	47	1,102
Dental insurance	4,633	4,633	3,849	784	3,849
Workmen’s compensation	6,000	6,000	5,743	257	4,326
Retiree insurance	2,460	2,460	-	2,460	2,460
Other personnel services.....	21,892	21,892	30,305	(8,413)	16,564
Mailing.....	700	700	159	541	97
Dues and memberships	1,950	1,950	789	1,161	2,101
Travel, conferences and training.....	11,000	11,000	7,978	3,022	5,875
Reproduction and printing	4,800	4,800	4,109	691	3,514
Office supplies	3,400	3,400	1,655	1,745	1,353
Uniforms	2,100	2,100	1,651	449	1,981
Auto parts	1,800	1,800	1,791	9	2,117
Gasoline, fuel and lubricants.....	6,500	6,500	7,928	(1,428)	8,571
Machinery and equipment	-	-	10,419	(10,419)	-
Insurance.....	2,700	2,700	2,567	133	2,582
Professional and consultation	5,000	5,000	5,327	(327)	8,309
Small tools	1,500	1,500	1,238	262	211
Public relations	3,000	3,000	1,883	1,117	1,949
Rental and maintenance contracts.....	5,150	5,150	2,442	2,708	2,730
Utilities	12,700	12,700	9,573	3,127	12,638
Repairs and maintenance	500	500	-	500	219
Retirement supplement	56,100	56,100	-	56,100	-
Computer equipment	-	-	1,221	(1,221)	450
Total Fire Supervision	<u>639,803</u>	<u>639,803</u>	<u>619,274</u>	<u>20,529</u>	<u>524,636</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2013</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY – FIRE (Continued):					
<u>Fire Prevention/Inspection:</u>					
Wages and salaries.....	52,261	52,261	57,227	(4,966)	50,841
Overtime	5,000	5,000	5,638	(638)	4,565
F. I. C. A.	4,438	4,438	4,740	(302)	4,205
Retirement	35,879	35,879	37,695	(1,816)	29,011
Hospitalization insurance.....	12,000	12,000	13,600	(1,600)	11,025
Life/AD&D.....	239	239	230	9	230
Dental insurance	1,158	1,158	1,158	-	1,158
Workmen's compensation.....	2,500	2,500	1,873	627	1,952
Dues and memberships	850	850	75	775	622
Professional services.....	2,500	2,500	2,008	492	-
Rental and maintenance contracts.....	3,550	3,550	29	3,521	98
Utilities	2,300	2,300	1,207	1,093	1,505
Employee education and training.....	1,300	1,300	-	1,300	40
Other personnel services	800	800	800	-	550
Mailing.....	50	50	53	(3)	27
Advertising	2,500	2,500	816	1,684	673
Computer equipment	750	750	250	500	1,098
Retiree insurance	4,160	4,160	4,968	(808)	4,158
Repairs and maintenance – office equipment	200	200	-	200	-
Office supplies	500	500	193	307	293
Small tools and minor equipment	2,400	2,400	780	1,620	906
Smoke detectors.....	500	500	-	500	-
Uniforms.....	700	700	671	29	647
Auto parts	1,800	1,800	290	1,510	2,231
Gasoline, fuel and lubricants.....	3,600	3,600	2,965	635	3,305
Insurance.....	800	800	634	166	581
Travel.....	4,000	4,000	4,079	(79)	2,792
Total Fire Prevention/Inspection.....	<u>146,735</u>	<u>146,735</u>	<u>141,979</u>	<u>4,756</u>	<u>122,513</u>
<u>Emergency Management Coordination:</u>					
Repair and maintenance – vehicle	-	-	-	-	10,655
Vehicle.....	-	-	-	-	15,286
Professional and consulting	11,000	11,000	10,419	581	-
Total Emergency Management Coordination ..	<u>11,000</u>	<u>11,000</u>	<u>10,419</u>	<u>581</u>	<u>25,941</u>
<u>Fire Fighting:</u>					
Wages and salaries – regular.....	1,187,175	1,187,175	1,205,052	(17,877)	1,138,132
Wages and salaries – temporary	43,272	43,272	29,852	13,420	150
Wages and salaries – overtime.....	95,000	105,000	98,295	6,705	98,563
F. I. C. A.	103,530	103,530	102,476	1,054	95,759
Retiree insurance	10,880	10,880	10,035	845	14,160
Retirement	385,159	385,159	390,392	(5,233)	345,927
Hospitalization insurance.....	336,000	336,000	342,200	(6,200)	297,675
AFG Grant	-	-	60,206	(60,206)	-
Fire equipment testing	-	8,500	7,989	511	-

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2013</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY – FIRE (Continued):					
<u>Fire Fighting (Continued):</u>					
Life/AD&D.....	6,071	6,071	5,695	376	5,679
Dental insurance	32,431	32,431	28,135	4,296	28,104
Workmen's compensation	35,000	35,000	26,533	8,467	30,198
Drug/Alcohol testing	750	750	616	134	255
Mailing.....	500	500	52	448	168
Radio system annual contract	15,880	15,880	10,741	5,139	13,449
Equipment – lease purchase.....	46,275	46,275	46,272	3	46,272
Employee education and training.....	8,000	8,000	9,233	(1,233)	5,857
Other personnel services.....	62,555	62,555	62,501	54	61,235
Maintenance contracts	9,500	9,000	9,389	111	15,985
Travel.....	12,792	12,792	5,724	7,068	6,064
Office and station supplies.....	14,100	14,100	12,810	1,290	11,692
Small tools and minor equipment	12,500	12,500	12,391	109	10,378
Uniforms.....	28,500	28,500	14,923	13,577	24,098
Automotive parts	28,000	28,000	25,056	2,944	23,147
Printing	2,100	2,100	1,410	690	2,691
Repairs and maintenance	5,400	5,400	2,422	2,978	8,314
Gasoline, fuel and lubricants.....	18,500	18,500	16,738	1,762	17,033
Other commodities.....	11,600	11,600	10,909	691	20,628
General expense.....	16,900	8,400	-	8,400	-
Utilities	62,000	62,000	62,902	(902)	63,638
Insurance.....	28,500	28,500	18,172	10,328	18,768
Fire hydrant rental.....	20,670	20,670	20,670	-	20,670
Building improvements.....	-	-	-	-	2,238
Fire training facilities.....	5,000	5,000	5,121	(121)	3,265
Station furnishings	-	-	-	-	7,134
Dues	5,200	5,200	-	5,200	4,192
Medical physicals	3,100	3,100	56	3,044	939
Professional and consultation	4,500	4,500	6,161	(1,661)	4,225
Other equipment	-	-	-	-	8,464
Computer equipment	-	-	1,600	(1,600)	22,343
Total Fire Fighting.....	<u>2,657,340</u>	<u>2,667,340</u>	<u>2,662,729</u>	<u>4,611</u>	<u>2,477,489</u>
TOTAL PUBLIC SAFETY - FIRE.....	<u>3,454,878</u>	<u>3,464,878</u>	<u>3,434,401</u>	<u>30,477</u>	<u>3,150,579</u>
CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES:					
Parks and Recreation:					
Little League Park.....	-	-	44	(44)	105
Senior Citizen Center.....	12,725	12,725	10,761	1,964	12,935
Repairs and maintenance	12,000	12,000	2,141	9,859	1,744
Special events	12,500	12,500	19,533	(7,033)	52,541
Support services and projects.....	462,150	462,150	462,150	-	452,268
Total Parks and Recreation.....	<u>499,375</u>	<u>499,375</u>	<u>494,629</u>	<u>4,746</u>	<u>519,593</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Function/Activity/Object</u>	<u>June 30, 2014</u>				<u>Total 2013</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>			
CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES (Continued):					
Blount County Library	<u>183,910</u>	<u>183,910</u>	<u>183,910</u>	<u>-</u>	<u>179,905</u>
Blount County Industrial Development Board.....	<u>419,252</u>	<u>407,252</u>	<u>407,252</u>	<u>-</u>	<u>377,670</u>
Development Agreements	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
East Tennessee Development District	<u>1,355</u>	<u>1,355</u>	<u>1,354</u>	<u>1</u>	<u>1,352</u>
Blount County Family Services.....	<u>15,245</u>	<u>15,245</u>	<u>15,245</u>	<u>-</u>	<u>15,245</u>
Blount County Chamber of Commerce	<u>3,250</u>	<u>3,250</u>	<u>3,250</u>	<u>-</u>	<u>2,900</u>
Blount County Community Action Agency.....	<u>10,300</u>	<u>10,300</u>	<u>-</u>	<u>10,300</u>	<u>10,300</u>
Economic Development Board - Blount Partnership.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,675</u>
Vocational Rehabilitation.....	<u>45,635</u>	<u>45,635</u>	<u>45,635</u>	<u>-</u>	<u>45,635</u>
In Lieu of Taxes	<u>302,125</u>	<u>302,125</u>	<u>289,549</u>	<u>12,576</u>	<u>282,298</u>
TOTAL CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES ...	<u>1,480,447</u>	<u>1,480,447</u>	<u>1,452,824</u>	<u>27,623</u>	<u>1,447,573</u>
TOTAL EXPENDITURES	<u>\$17,205,568</u>	<u>\$17,208,014</u>	<u>\$16,777,409</u>	<u>\$ 430,605</u>	<u>\$15,892,806</u>

See accompanying independent auditors' report and notes.

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.

CITY OF ALCOA, TENNESSEE
EDUCATION FUND - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Source of Revenue</u>	<u>June 30, 2014</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance – With Final Budget Positive (Negative)</u>	<u>Totals 2013</u>
	<u>Budgeted Amounts</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.....	3,320,000	3,320,000	3,317,901	(2,099)	2,976,212
Previous year's county taxes.....	195,000	125,000	126,367	1,367	159,768
Pick-up taxes	20,000	1,000	782	(218)	4,412
In-lieu of taxes.....	<u>21,000</u>	<u>30,000</u>	<u>29,997</u>	<u>(3)</u>	<u>27,751</u>
Total Taxes.....	<u>7,576,000</u>	<u>7,496,000</u>	<u>7,495,047</u>	<u>(953)</u>	<u>7,188,143</u>
MISCELLANEOUS REVENUE:					
Mixed drink tax	5,000	5,000	10,664	5,664	10,651
Regular tuition.....	265,000	265,000	257,650	(7,350)	256,335
Business tax, marriage licenses, fees.....	70,500	95,500	94,946	(554)	74,302
Local sales tax - County	1,732,000	1,757,000	1,806,846	49,846	1,733,137
Contributions/gifts/miscellaneous	-	-	3,158	3,158	8,122
Total Miscellaneous Revenue.....	<u>2,072,500</u>	<u>2,122,500</u>	<u>2,173,264</u>	<u>50,764</u>	<u>2,082,547</u>
REVENUE FROM OTHER AGENCIES:					
State of Tennessee:					
Tennessee Foundation Program.....	6,928,000	6,964,000	6,964,000	-	6,595,595
State driver education	3,800	3,800	-	(3,800)	10,545
Career Ladder Program	133,900	133,900	103,587	(30,313)	111,511
Other state appropriation	12,600	81,600	81,204	(396)	-
State Matching.....	5,800	5,800	7,482	1,682	7,286
Lottery Pre-K.....	162,400	162,400	170,445	8,045	170,445
Other State Funds	-	-	29,525	29,525	89,689
Coord. School Health	80,000	80,000	80,000	-	-
Education Handicapped ACT.....	-	42,000	42,139	139	42,994
Family Resource Center	<u>28,000</u>	<u>28,000</u>	<u>29,612</u>	<u>1,612</u>	<u>29,612</u>
Total Revenue from Other Agencies..	<u>7,354,500</u>	<u>7,501,500</u>	<u>7,507,994</u>	<u>6,494</u>	<u>7,057,677</u>
TOTAL REVENUES	<u>\$ 17,003,000</u>	<u>\$ 17,120,000</u>	<u>\$ 17,176,305</u>	<u>\$ 56,305</u>	<u>\$ 16,328,367</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

Activity/Object	June 30, 2014					Totals 2013
	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)		
	Original	Final				
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	436	
Professional services.....	28,000	28,000	8,421	19,579	13,172	
Dues and memberships.....	11,000	11,000	16,559	(5,559)	10,462	
Legal services.....	6,500	12,000	44,956	(32,956)	15,793	
Travel.....	15,000	15,000	7,688	7,312	9,776	
Liability insurance.....	31,000	31,000	28,168	2,832	23,642	
Surety bonds.....	1,500	1,500	1,350	150	1,350	
Commissions – Blount County Trustee....	50,000	70,000	71,105	(1,105)	65,289	
Workmen’s compensation insurance.....	53,000	53,000	49,647	3,353	43,270	
Other charges/supplies.....	12,500	12,500	6,468	6,032	21,907	
Total Board of Education.....	<u>215,874</u>	<u>241,374</u>	<u>240,498</u>	<u>876</u>	<u>210,797</u>	
OFFICE OF THE DIRECTOR:						
Administrative Officer.....	102,500	104,038	104,038	-	102,500	
Assistants.....	61,070	-	-	-	61,917	
F.I.C.A./Medicare.....	12,513	7,959	8,664	(705)	12,636	
Retirement.....	18,873	9,239	9,239	-	21,197	
Employee insurance.....	19,496	6,826	6,525	301	21,244	
Communication.....	15,000	15,000	14,683	317	17,287	
Travel.....	7,100	7,100	6,854	246	5,567	
Office supplies.....	250	250	76	174	17	
Other fringe benefits.....	6,000	6,000	3,000	3,000	1,875	
Career ladder.....	-	1,000	1,000	-	1,000	
Total Office of the Director.....	<u>242,802</u>	<u>157,412</u>	<u>154,079</u>	<u>3,333</u>	<u>245,240</u>	
OFFICE OF PRINCIPALS:						
Principals.....	287,933	293,087	289,087	4,000	283,933	
Assistant Principals.....	257,193	380,037	363,133	16,904	262,693	
Career ladder.....	9,500	9,500	8,500	1,000	8,000	
Secretaries.....	116,812	108,882	113,965	(5,083)	119,757	
Clerical personnel.....	38,518	39,930	-	39,930	38,779	
F.I.C.A./Medicare.....	54,311	54,042	54,528	(486)	52,416	
Retirement.....	67,941	66,938	99,939	(33,001)	100,661	
Employee insurance.....	56,969	65,763	76,840	(11,077)	73,528	
Communications.....	31,000	31,000	41,862	(10,862)	38,761	
Travel.....	9,000	9,000	7,903	1,097	4,886	
Total Office of Principals.....	<u>929,177</u>	<u>1,058,179</u>	<u>1,055,757</u>	<u>2,422</u>	<u>983,414</u>	
LOTTERY PRE-K FUNDS:						
Teacher salaries.....	110,307	115,166	117,346	(2,180)	113,454	
Education assistant.....	41,037	42,468	40,288	2,180	42,256	
F.I.C.A./Medicare.....	11,238	12,060	10,719	1,341	11,381	
Retirement.....	16,361	17,022	17,001	21	22,993	
Employee insurance.....	32,601	35,447	36,535	(1,088)	29,342	
Instructional supplies.....	2,000	1,500	1,228	272	874	
Education.....	-	526	-	526	-	
Unemployment compensation.....	2,194	-	-	-	-	
Total Lottery Pre-K Funds.....	<u>215,738</u>	<u>224,189</u>	<u>223,117</u>	<u>1,072</u>	<u>220,300</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Activity/Object</u>	<u>June 30, 2014</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance – with Final Budget Positive (Negative)</u>	<u>Totals 2013</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
FISCAL SERVICES:					
Finance Director	46,125	46,817	46,817	-	46,125
Secretaries	52,810	41,035	41,039	(4)	55,046
F.I.C.A/Medicare	7,659	6,721	3,454	3,267	9,274
Retirement	8,450	6,566	7,758	(1,192)	12,516
Employee insurance.....	14,761	6,493	7,177	(684)	12,733
Travel.....	1,800	1,800	1,613	187	977
Office supplies.....	5,500	5,500	5,400	100	3,917
Other charges.....	30,000	28,000	30,413	(2,413)	33,020
Administration equipment	3,000	3,000	1,808	1,192	2,857
Total Fiscal Services.....	<u>170,015</u>	<u>145,932</u>	<u>145,479</u>	<u>453</u>	<u>176,465</u>
TRANSPORTATION:					
Bus Drivers.....	9,024	9,702	9,702	-	9,024
F.I.C.A/Medicare.....	690	743	249	494	559
Retirement	1,444	1,552	637	915	1,444
Employee insurance.....	25	84	583	(499)	607
Gasoline/Diesel.....	3,000	3,000	-	3,000	20
Tires and tubes.....	2,000	2,000	-	2,000	1,593
Vehicle parts.....	2,500	2,500	3,229	(729)	8,807
Other charges.....	15,000	15,000	13,302	1,698	5,164
Contracts with private agencies.....	180,000	218,000	216,804	1,196	182,625
Vehicle maintenance and repair.....	4,000	4,000	13,807	(9,807)	284
Vehicle and equipment insurance.....	2,000	2,000	-	2,000	-
Total Transportation	<u>219,683</u>	<u>258,581</u>	<u>258,313</u>	<u>268</u>	<u>210,127</u>
INSTRUCTION ELEMENTARY/ SECONDARY:					
Regular teacher salaries.....	7,211,210	6,328,473	6,248,087	80,386	6,073,026
Substitute /homebound teacher salaries....	-	80,000	109,752	(29,752)	117,620
F.I.C.A/Medicare.....	508,113	537,342	498,204	39,138	488,154
Retirement	610,991	660,424	660,406	18	615,377
Employee insurance.....	1,286,766	1,399,063	1,474,721	(75,658)	1,407,136
Unemployment insurance	3,000	3,000	7,785	(4,785)	3,209
Other contractual services	33,000	32,900	29,465	3,435	25,876
Other fringe benefits.....	4,000	4,000	750	3,250	250
Instructional supplies/materials	150,000	140,000	136,368	3,632	132,427
Textbooks	130,000	132,800	141,011	(8,211)	140,254
Educational assistants.....	-	396,078	448,378	(52,300)	393,121
Other supplies/charges.....	16,500	26,000	16,224	9,776	24,873
Career ladder program.....	-	113,900	61,551	52,349	78,011
Other salaries and wages	9,500	13,200	12,578	622	6,256
Instruction equipment.....	130,000	198,604	211,932	(13,328)	131,597
Total Instruction Elementary/Secondary	<u>10,093,080</u>	<u>10,065,784</u>	<u>10,057,212</u>	<u>8,572</u>	<u>9,637,187</u>
FAMILY RESOURCE CENTER:					
Supervisor/director	67,691	68,706	68,706	-	67,691
F.I.C.A/Medicare.....	5,179	5,256	3,510	1,746	4,524
Retirement	6,011	6,101	4,068	2,033	4,007
Travel.....	-	1,000	-	1,000	-
Other charges.....	-	2,975	647	2,328	-
Employee insurance.....	19,186	10,982	16,648	(5,666)	15,265
Total Family Resource.....	<u>98,067</u>	<u>95,020</u>	<u>93,579</u>	<u>1,441</u>	<u>91,487</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

Activity/Object	June 30, 2014		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2013
	Budgeted Amounts				
	Original	Final			
INSTRUCTION-REGULAR PROGRAM:					
Supervisor/Director	115,207	116,930	115,930	1,000	114,207
Career ladder	11,000	11,000	7,000	4,000	6,625
Librarians	184,951	190,983	185,483	5,500	180,526
Inservice/Staff Development	-	-	5,625	(5,625)	-
Education media personnel	78,100	-	-	-	-
F.I.C.A./Medicare.....	29,255	23,849	22,849	1,000	20,800
Retirement	35,898	29,651	27,387	2,264	25,178
Employee insurance	42,720	31,981	30,734	1,247	31,139
Other fringe benefits.....	3,500	3,500	435	3,065	1,792
Consultants	4,000	800	537	263	-
Travel	2,000	2,000	2,330	(330)	1,422
Library books	28,000	28,000	25,167	2,833	29,088
Other supplies and materials	-	-	-	-	64,400
Other salaries and wages	<u>15,000</u>	<u>-</u>	<u>12,594</u>	<u>(12,594)</u>	<u>744</u>
Total Instruction-Regular Program.....	<u>549,631</u>	<u>438,694</u>	<u>436,071</u>	<u>2,623</u>	<u>475,921</u>
OTHER STUDENT SUPPORT:					
Guidance personnel	210,962	225,919	227,825	(1,906)	212,467
Career ladder	5,000	5,000	1,000	4,000	1,000
F.I.C.A./Medicare.....	16,521	17,665	17,393	272	16,724
Retirement	19,177	20,506	20,675	(169)	19,755
Employee insurance	26,142	28,408	32,593	(4,185)	28,171
Evaluation and testing	25,000	20,000	20,894	(894)	7,593
Other contracted services	22,000	13,000	12,036	964	40,410
In service/staff development	30,000	30,000	29,961	39	30,761
Other supplies/charges	<u>21,000</u>	<u>21,000</u>	<u>18,628</u>	<u>2,372</u>	<u>5,658</u>
Total Other Student Support.....	<u>375,802</u>	<u>381,498</u>	<u>381,005</u>	<u>493</u>	<u>362,539</u>
HEALTH SERVICES:					
Wages.....	47,601	49,409	49,409	-	47,601
F.I.C.A./Medicare.....	3,706	3,844	3,830	14	3,642
Retirement	4,227	4,388	4,450	(62)	4,227
Employee insurance	5,959	6,572	6,698	(126)	5,940
Contractual services	62,000	101,396	101,212	184	88,758
Medical supplies.....	4,000	5,100	8,494	(3,394)	5,184
Other supplies and materials	19,000	6,000	3,274	2,726	4,530
Other charges.....	<u>31,000</u>	<u>21,000</u>	<u>20,334</u>	<u>666</u>	<u>17,595</u>
Total Health Services	<u>177,493</u>	<u>197,709</u>	<u>197,701</u>	<u>8</u>	<u>177,477</u>
HUMAN SERVICES:					
Secretaries	-	114,206	115,061	(855)	-
F.I.C.A./Medicare.....	-	8,737	5,657	3,080	-
Retirement	-	18,273	15,840	2,433	-
Employee insurance	-	9,069	13,395	(4,326)	-
Travel	-	500	199	301	-
Total Human Services	<u>-</u>	<u>150,785</u>	<u>150,152</u>	<u>633</u>	<u>-</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

Activity/Object	June 30, 2014		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2013
	Budgeted Amounts				
	Original	Final			
OPERATION OF PLANT:					
Custodial personnel.....	101,339	104,301	105,665	(1,364)	100,528
F.I.C.A./Medicare	7,752	7,979	7,724	255	7,646
Retirement.....	16,214	16,688	27,432	(10,744)	26,908
Employee insurance	25,708	28,063	32,037	(3,974)	27,353
Contractual services	200,000	180,000	182,818	(2,818)	183,615
Electricity	475,000	475,000	464,048	10,952	466,520
Natural gas	60,000	60,000	62,391	(2,391)	63,289
Water and sewer.....	77,000	72,000	66,930	5,070	53,122
Other supplies	10,000	-	-	-	3,091
Other charges	20,000	18,000	10,306	7,694	11,173
Rentals	6,500	6,500	8,473	(1,973)	14,345
Custodial supplies	35,000	35,000	32,465	2,535	45,719
Building and contents insurance	65,000	65,000	67,680	(2,680)	66,874
Disposable fees	11,000	8,200	7,315	885	7,429
Equipment.....	4,000	-	-	-	-
Total Operation of Plant.....	<u>1,114,513</u>	<u>1,076,731</u>	<u>1,075,284</u>	<u>1,447</u>	<u>1,077,612</u>
MAINTENANCE OF PLANT:					
Maintenance personnel	237,216	245,482	237,011	8,471	222,645
FICA/Medicare	18,147	18,779	17,260	1,519	16,347
Retirement.....	41,955	43,277	68,601	(25,324)	55,948
Employee insurance	50,423	55,383	53,831	1,552	50,807
Contractual services	60,000	143,000	180,735	(37,735)	158,800
Machinery parts	4,000	4,000	-	4,000	225
Building maintenance/repairs.....	60,000	60,000	57,263	2,737	62,410
Equipment repairs/maintenance	60,000	60,000	46,717	13,283	75,631
Supplies/materials	22,500	22,500	5,365	17,135	8,640
Other charges	14,100	14,100	18,699	(4,599)	16,004
Maintenance equipment	4,000	19,000	-	19,000	-
Total Maintenance of Plant	<u>572,341</u>	<u>685,521</u>	<u>685,482</u>	<u>39</u>	<u>667,457</u>
FOOD SERVICES:					
Supervisor/Director.....	-	20,346	20,000	346	-
F.I.C.A./Medicare	-	3,316	2,701	615	-
Retirement.....	-	3,849	3,800	49	-
Employee insurance	-	551	-	551	-
Inservice/staff development	-	500	514	(14)	-
Office supplies/staff development.....	650	150	-	150	592
Total Food Services	<u>650</u>	<u>28,712</u>	<u>27,015</u>	<u>1,697</u>	<u>592</u>
CENTRAL AND OTHER					
Supervisor/Director.....	79,825	80,986	77,985	3,001	76,825
Data processing personnel.....	40,977	37,685	44,834	(7,149)	40,976
Clerical personnel	12,000	12,000	900	11,100	30,650
Other salaries and wages.....	70,005	72,369	72,573	(204)	70,005
FICA/Medicare	13,731	13,762	16,549	(2,787)	14,709
Retirement.....	20,927	20,713	27,798	(7,085)	19,414
Maintenance and repair.....	110,000	120,000	119,259	741	114,274

(Continued)

CITY OF ALCOA, TENNESSEE
EDUCATION FUND - SPECIAL REVENUE FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

<u>Activity/Object</u>	<u>June 30, 2014</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2013</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
CENTRAL AND OTHER (Continued)					
Travel	4,000	4,000	7,634	(3,634)	6,772
Other contracted services	25,000	46,000	44,755	1,245	38,805
Other charges.....	12,000	12,000	9,974	2,026	6,166
Employee insurance	<u>32,649</u>	<u>35,729</u>	<u>32,561</u>	<u>3,168</u>	<u>25,023</u>
Total Central and other.....	<u>421,114</u>	<u>455,244</u>	<u>454,822</u>	<u>422</u>	<u>443,619</u>
CAPITAL OUTLAY:					
Equipment and other	<u>25,000</u>	<u>71,800</u>	<u>71,704</u>	<u>96</u>	<u>109,000</u>
SPECIAL EDUCATION PROGRAM:					
Supervisor/director	32,321	32,812	32,812	-	32,324
Teachers	515,063	514,888	513,459	1,429	510,655
Career ladder	-	-	1,500	(1,500)	1,500
Speech pathologist.....	51,889	58,128	45,049	13,079	43,206
Homebound teachers	-	-	-	-	7,361
Other salaries and wages	7,363	-	-	-	6,314
F.I.C.A./Medicare.....	55,790	57,763	52,804	4,959	54,229
Retirement	72,593	68,829	69,261	(432)	70,726
Employee insurance	137,110	164,764	158,508	6,256	124,214
In-service/Staff development.....	1,450	1,450	730	720	2,362
Special Education equipment	5,000	5,000	4,997	3	12,400
Educational assistants.....	47,444	60,247	54,873	5,374	59,559
Psychological personnel	67,635	68,664	69,808	(1,144)	73,369
Travel	1,500	1,500	1,402	98	1,747
Other supplies & materials	2,000	3,050	2,960	90	13,388
Contracts with Others.....	80,000	80,000	71,242	8,758	63,915
Instructional supplies and materials ..	2,000	2,000	1,886	114	8,971
Unemployment compensation	1,937	-	-	-	-
Clerical personnel.....	<u>22,691</u>	<u>22,923</u>	<u>19,662</u>	<u>3,261</u>	<u>17,487</u>
Total Special Education Program ...	<u>1,103,786</u>	<u>1,142,018</u>	<u>1,100,953</u>	<u>41,065</u>	<u>1,103,727</u>
VOCATIONAL EDUCATION:					
Teachers	233,712	193,752	195,930	(2,178)	223,157
Substitute teachers.....	2,500	2,500	-	2,500	-
F.I.C.A./Medicare.....	18,376	15,320	12,993	2,327	16,314
Retirement	21,109	17,560	15,517	2,043	19,905
Instructional supplies/textbooks	15,750	15,750	15,750	-	15,750
Employee insurance	29,287	35,935	38,455	(2,520)	29,837
Other charges.....	2,500	2,500	1,840	660	2,884
Career ladder	4,000	4,000	1,000	3,000	1,000
Vocational equipment.....	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
Total Vocational Education.....	<u>345,234</u>	<u>305,317</u>	<u>299,485</u>	<u>5,832</u>	<u>326,847</u>
TOTAL EXPENDITURES.....	<u>\$16,870,000</u>	<u>\$17,180,500</u>	<u>\$17,107,708</u>	<u>\$ 72,792</u>	<u>\$16,519,808</u>

See accompanying independent auditors' report and notes.

SCHOOL CONSTRUCTION AND IMPROVEMENT FUND

School construction and improvement funds are 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.

Alcoa High School Construction Fund – The Alcoa High School construction 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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	<u>June 30, 2014</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Totals</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>	
			<u>Basis</u>	<u>Positive</u>	<u>2013</u>
				<u>(Negative)</u>	
REVENUES:					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:					
Capital projects.....	-	-	12,550	(12,550)	142,470
Equipment	-	-	-	-	-
High School Project	-	-	-	-	529,957
Bank Charges	-	-	9	(9)	-
 Total Expenditures	 -	 -	 12,559	 (12,559)	 672,427
Net Change in Fund Balance Before Other Financing Sources (Uses).....	 -	 -	 (12,559)	 (12,559)	 (672,427)
Other Financing Sources (Uses):					
Transfers In:					
Education	-	-	480,000	480,000	-
Transfers Out:					
General Fund	-	-	-	-	(250,000)
 Total Other Financing Sources (Uses)	 -	 -	 480,000	 480,000	 (250,000)
Net Change in Fund Balance.....	-	-	467,441	467,441	(922,427)
Fund Balance, July 1 st	12,559	12,559	12,559	-	934,986
Fund Balance, June 30th.....	\$ 12,559	\$ 12,559	\$ 480,000	\$ 467,441	\$ 12,559

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
ALCOA HIGH SCHOOL CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	<u>June 30, 2014</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Totals</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>	
			<u>Basis</u>	<u>Positive</u>	<u>2013</u>
				<u>(Negative)</u>	
REVENUES:					
Investment income	\$ -	\$ -	\$ 16,978	\$ 16,978	\$ -
Intergovernmental	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>16,978</u>	<u>16,978</u>	<u>-</u>
EXPENDITURES:					
High School Project.....	27,818,117	27,818,117	15,800,120	12,017,997	1,597,312
Bond Issue Costs	<u>340,308</u>	<u>340,308</u>	<u>340,308</u>	-	<u>244,263</u>
Total Expenditures	<u>28,158,425</u>	<u>28,158,425</u>	<u>16,140,428</u>	<u>12,017,997</u>	<u>1,841,575</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(28,158,425)</u>	<u>(28,158,425)</u>	<u>(16,123,450)</u>	<u>12,034,975</u>	<u>(1,841,575)</u>
Other Financing Sources (Uses):					
Bond Proceeds	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	-	<u>10,000,000</u>
Total Other Financing Sources (Uses)	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	-	<u>10,000,000</u>
Net Change in Fund Balance	(8,158,425)	(8,158,425)	3,876,550	12,034,975	8,158,425
Fund Balance, July 1 st	<u>8,158,425</u>	<u>8,158,425</u>	<u>8,158,425</u>	-	-
Fund Balance, June 30th	<u>\$ -</u>	<u>\$ -</u>	<u>\$12,034,975</u>	<u>\$12,034,975</u>	<u>\$ 8,158,425</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	<u>June 30, 2014</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Totals</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	
			<u>(Budgetary</u>	<u>Positive</u>	<u>2013</u>
			<u>Basis)</u>	<u>(Negative)</u>	
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Bond/capital outlay note redemptions.....	4,209,132	4,209,132	4,157,023	52,109	3,354,834
Interest charges	<u>5,762,414</u>	<u>5,762,414</u>	<u>3,433,555</u>	<u>2,268,859</u>	<u>3,118,018</u>
Total Expenditures	<u>9,971,546</u>	<u>9,971,546</u>	<u>7,590,578</u>	<u>2,380,968</u>	<u>6,472,852</u>
Excess (Deficiency) of Revenues Over					
Expenditures	<u>(9,971,546)</u>	<u>(9,971,546)</u>	<u>(7,590,578)</u>	<u>2,380,968</u>	<u>(6,472,852)</u>
Other Financing Sources (Uses):					
Operating transfers – In:					
General Fund.....	4,099,923	4,099,923	4,050,000	(49,923)	3,335,295
Water Utility	3,001,826	3,001,826	2,289,580	(712,246)	2,010,503
Electric Utility.....	1,947,294	1,947,294	1,367,163	(580,131)	1,034,632
Landfill.....	<u>847,503</u>	<u>847,503</u>	<u>867,128</u>	<u>19,625</u>	<u>801,845</u>
Total Other Financing Sources (Uses) ..	<u>9,896,546</u>	<u>9,896,546</u>	<u>8,573,871</u>	<u>(1,322,675)</u>	<u>7,182,275</u>
Excess of Revenues and Other Sources					
Over Expenditures and Other Uses	(75,000)	(75,000)	983,293	1,058,293	709,423
Fund Balance at Beginning of Year	<u>804,120</u>	<u>804,120</u>	<u>804,120</u>	-	<u>94,697</u>
Fund Balance at End of Year	<u>\$ 729,120</u>	<u>\$ 729,120</u>	<u>\$ 1,787,413</u>	<u>\$ 1,058,293</u>	<u>\$ 804,120</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	<u>June 30, 2014</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2013</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
Revenues:					
State gasoline tax	\$ 220,000	\$ 220,000	\$ 219,421	\$ (579)	\$ 223,478
Investment income	<u>700</u>	<u>700</u>	<u>-</u>	<u>(700)</u>	<u>3,446</u>
Total Revenues.....	<u>220,700</u>	<u>220,700</u>	<u>219,421</u>	<u>(1,279)</u>	<u>226,924</u>
Expenditures:					
Streets:					
Traffic signal improvements	-	50,000	-	50,000	-
Resurfacing/stripping	193,000	223,000	211,002	11,998	145,520
Traffic signal maintenance	52,500	2,500	-	2,500	-
Other equipment and vehicles.....	100,000	70,000	18,916	51,084	27,320
Snow removal	<u>5,000</u>	<u>5,000</u>	<u>2,474</u>	<u>2,526</u>	<u>-</u>
Total Expenditures	<u>350,500</u>	<u>350,500</u>	<u>232,392</u>	<u>118,108</u>	<u>172,840</u>
Excess (Deficiency) of Revenues Over Expenditures.....	(129,800)	(129,800)	(12,971)	116,829	54,084
Fund Balance at Beginning of Year.....	<u>402,596</u>	<u>402,596</u>	<u>402,596</u>	<u>-</u>	<u>348,512</u>
Fund Balance at End of Year	<u>\$ 272,796</u>	<u>\$ 272,796</u>	<u>\$ 389,625</u>	<u>\$ 116,829</u>	<u>\$ 402,596</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
Revenues:				
Grant revenue.....	\$ 986,165	\$ 762,336	\$ (223,829)	\$ 908,496
Expenditures:				
Personnel and related costs	602,333	534,755	67,578	627,729
Seminars/travel/staff development.....	132,383	77,078	55,305	135,849
Contracted services	75,000	26,603	48,397	-
Instructional materials and supplies	149,648	101,859	47,789	136,362
Equipment.....	10,000	7,268	2,732	-
Vocational equipment	6,684	6,684	-	6,477
Other miscellaneous charges.....	<u>10,117</u>	<u>8,089</u>	<u>2,028</u>	<u>2,151</u>
Total Expenditures	<u>986,165</u>	<u>762,336</u>	<u>223,829</u>	<u>908,568</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	(72)
Fund Balance at Beginning of Year	-	-	-	72
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 #12-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2013</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 19,812</u>	<u>\$ 19,937</u>	<u>\$ 125</u>	<u>\$ 20,754</u>
Expenditures:				
Vocational Education Instruction:				
Personnel and related costs	-	-	-	6,477
Instructional equipment.....	6,684	6,684	-	1,893
Vocational Education Support:				
Seminars/staff development/Travel....	<u>13,128</u>	<u>13,253</u>	<u>(125)</u>	<u>12,384</u>
Total Expenditures	<u>\$ 19,812</u>	<u>\$ 19,937</u>	<u>\$ (125)</u>	<u>\$ 20,754</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE I CARRY OVER PROJECT #12-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
Revenues:				
Monies received through the State of Tennessee	<u>\$ 77,076</u>	<u>\$ 72,091</u>	<u>\$ (4,985)</u>	<u>\$ 97,575</u>
Expenditures:				
Regular Education Instruction:				
Salaries and related costs.....	64,076	64,572	(496)	64,604
Inservice/Staff development.....	2,000	250	1,750	17,894
Travel	4,000	2,725	1,275	-
Materials and supplies	<u>7,000</u>	<u>4,544</u>	<u>2,456</u>	<u>15,077</u>
 Total Expenditures	 <u>\$ 77,076</u>	 <u>\$ 72,091</u>	 <u>\$ 4,985</u>	 <u>\$ 97,575</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE III (PART A) (ESL) PROJECT #12-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 8,360</u>	<u>\$ 7,776</u>	<u>\$ (584)</u>	<u>\$ -</u>
Expenditures:				
Regular Instruction:				
Instructional supplies	6,085	5,601	484	-
Travel/Training	869	886	(17)	-
Inservice/Staff development	1,289	1,289	-	-
Other charges	117	-	117	-
Total Expenditures.....	<u>\$ 8,360</u>	<u>\$ 7,776</u>	<u>\$ 584</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
NCLB TITLE I PROJECT #12-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 258,812</u>	<u>\$ 202,095</u>	<u>\$ (56,717)</u>	<u>\$ 371,790</u>
Expenditures:				
Regular Instruction:				
Salaries and related costs	144,043	143,925	118	242,142
Instructional equipment.....	10,000	7,268	2,732	-
Instructional supplies and materials	<u>69,269</u>	<u>31,168</u>	<u>38,101</u>	<u>93,268</u>
Total Regular Instruction	<u>223,312</u>	<u>182,361</u>	<u>40,951</u>	<u>335,410</u>
Regular Instruction Support:				
In-service/staff development/travel.....	31,500	15,473	16,027	36,240
Other charges	<u>4,000</u>	<u>4,261</u>	<u>(261)</u>	<u>140</u>
Total Regular Instruction Support.....	<u>35,500</u>	<u>19,734</u>	<u>15,766</u>	<u>36,380</u>
Total Expenditures	<u>\$ 258,812</u>	<u>\$ 202,095</u>	<u>\$ 56,717</u>	<u>\$ 371,790</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE II (PART A) TRAINING #12-21
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2012
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 71,387</u>	<u>\$ 37,381</u>	<u>\$ (34,006)</u>	<u>\$ 59,103</u>
Expenditures:				
Regular Education Support:				
Travel/training	\$ 27,110	\$ 15,439	\$ 11,671	\$ -
In-service/staff development.....	25,000	8,506	16,494	46,002
Materials and supplies	5,830	-	5,830	-
Salaries and related costs	<u>13,447</u>	<u>13,436</u>	<u>11</u>	<u>13,101</u>
Total Expenditures.....	<u>\$ 71,387</u>	<u>\$ 37,381</u>	<u>\$ 34,006</u>	<u>\$ 59,103</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
NCLB TITLE II (PART D) TECHNOLOGY PROJECT #12-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2013</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Regular Instruction Support: In-service/staff development/travel	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
NCLB TITLE IV NCLB DRUG FREE
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2013</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 1,400</u>	<u>\$ 1,400</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
In-service/staff development/travel.....	<u>\$ 1,400</u>	<u>\$ 1,400</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
IDEA PRESCHOOL PROJECT #13-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 20,460</u>	<u>\$ 14,503</u>	<u>\$ (5,957)</u>	<u>\$ 10,547</u>
Expenditures:				
Seminars/travel	\$ 4,087	\$ 422	\$ 3,665	\$ 2,780
Instructional supplies and materials	10,373	10,253	120	6,507
Other charges	<u>6,000</u>	<u>3,828</u>	<u>2,172</u>	<u>1,260</u>
 Total Expenditures	 <u>\$ 20,460</u>	 <u>\$ 14,503</u>	 <u>\$ 5,957</u>	 <u>\$ 10,547</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
IDEA (PART B) PROJECT #12-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2013</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 487,767</u>	<u>\$ 366,062</u>	<u>\$ (121,705)</u>	<u>\$ 348,727</u>
Expenditures:				
Special Education Instruction:				
Teachers and assistants	\$ 194,903	\$ 194,903	\$ -	\$ 194,516
Seminars/travel	12,000	11,924	76	21,228
Related salary costs.....	185,864	117,919	67,945	113,373
Instructional supplies and materials.....	10,000	9,202	798	19,610
Contracts with private agencies/others .	75,000	26,603	48,397	-
In service staff development	<u>10,000</u>	<u>5,511</u>	<u>4,489</u>	<u>-</u>
Total Expenditures	<u>\$ 487,767</u>	<u>\$ 366,062</u>	<u>\$ 121,705</u>	<u>\$ 348,727</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
E-RATE PROJECT #12-01 (Communications)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2013</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 41,091</u>	<u>\$ 41,091</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Special Education Instruction: Instructional supplies and equipment/materials.....	<u>\$ 41,091</u>	<u>\$ 41,091</u>	<u>\$ -</u>	<u>\$ -</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	<u>June 30, 2014</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>(Negative)</u>
Revenues:					
Lunch and breakfast payments - children	\$ 223,000	\$ 223,000	\$ 158,295	\$ (64,705)	\$ 156,937
Lunch and breakfast payments - adults	11,000	11,000	12,500	1,500	9,066
USDA reimbursements	500,000	500,000	478,346	(21,654)	477,208
Milk sales	5,000	5,000	2,952	(2,048)	4,536
Interest	-	-	54	54	30
A la carte and other income	<u>191,000</u>	<u>191,000</u>	<u>193,493</u>	<u>2,493</u>	<u>176,401</u>
Total Revenues.....	<u>930,000</u>	<u>930,000</u>	<u>845,640</u>	<u>(84,360)</u>	<u>824,178</u>
Expenditures:					
Food	385,000	385,000	379,445	5,555	330,369
Labor.....	395,000	395,000	405,187	(10,187)	398,560
Non-food supplies.....	50,000	50,000	33,116	16,884	36,785
Transportation	5,000	5,000	3,412	1,588	2,727
Ice cream and other expenses.....	85,000	85,000	21,131	63,869	94,680
Purchase of equipment.....	<u>10,000</u>	<u>10,000</u>	<u>4,762</u>	<u>5,238</u>	<u>9,161</u>
Total Expenditures	<u>930,000</u>	<u>930,000</u>	<u>847,053</u>	<u>82,947</u>	<u>872,282</u>
Excess (Deficit) of Revenues Over Expenditures	-	-	(1,413)	(1,413)	(48,104)
Fund Balance at Beginning of Year	<u>50,921</u>	<u>50,921</u>	<u>50,921</u>	<u>-</u>	<u>99,025</u>
Fund Balance at End of Year	<u>\$ 50,921</u>	<u>\$ 50,921</u>	<u>\$ 49,508</u>	<u>\$ (1,413)</u>	<u>\$ 50,921</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	June 30, 2014				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
	Original	Final			
Revenues:					
Fees	\$ 206,000	\$ 206,000	\$ 169,631	\$ (36,369)	\$ 205,094
Expenditures:					
Salaries	132,082	132,082	109,462	22,620	122,546
Fringe benefits	27,768	27,768	20,436	7,332	23,647
Supplies and food.....	25,000	25,000	14,359	10,641	11,451
Other charges	<u>21,150</u>	<u>21,150</u>	<u>7,746</u>	<u>13,404</u>	<u>10,571</u>
Total Expenditures	<u>206,000</u>	<u>206,000</u>	<u>152,003</u>	<u>53,997</u>	<u>168,215</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	17,628	17,628	36,879
Fund Balance at Beginning of Year	<u>97,930</u>	<u>97,930</u>	<u>97,930</u>	<u>-</u>	<u>61,051</u>
Fund Balance at End of Year	<u>\$ 97,930</u>	<u>\$ 97,930</u>	<u>\$ 115,558</u>	<u>\$ 17,628</u>	<u>\$ 97,930</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	<u>June 30, 2014</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>2013</u>
				<u>(Negative)</u>	
Revenues:					
Interest on investments/ Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-	8,878
Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	(8,878)
Fund Balance at Beginning of Year	-	-	-	-	8,878
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2014
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013

	<u>June 30, 2014</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>(Budgetary</u>	<u>Final Budget -</u> <u>Positive</u>	
			<u>Basis)</u>	<u>(Negative)</u>	<u>2013</u>
Revenues:					
Interest on investments/assessments	\$ 200	\$ 200	\$ -	\$ (200)	\$ -
Fines and forfeits:					
Sale of equipment.....	-	-	7,510	7,510	-
Drug Control and seizure	<u>32,000</u>	<u>32,000</u>	<u>42,670</u>	<u>10,670</u>	<u>28,204</u>
Total Revenues.....	<u>32,200</u>	<u>32,200</u>	<u>50,180</u>	<u>17,980</u>	<u>28,204</u>
Expenditures:					
Capital outlay	57,000	57,000	59,681	(2,681)	-
Drug control and seizure	30,210	30,210	21,566	8,644	32,386
Repair and maintenance	-	-	525	(525)	-
Bank charges	-	-	23	(23)	-
Total expenditures.....	<u>87,210</u>	<u>87,210</u>	<u>81,795</u>	<u>5,415</u>	<u>32,386</u>
Excess (Deficiency) of Revenues					
Over Expenditures.....	(55,010)	(55,010)	(31,615)	23,395	(4,182)
Fund Balance at Beginning of Year	<u>76,516</u>	<u>76,516</u>	<u>76,516</u>	<u>-</u>	<u>80,698</u>
Fund Balance at End of Year	<u>\$ 21,506</u>	<u>\$ 21,506</u>	<u>\$ 44,901</u>	<u>\$ 23,395</u>	<u>\$ 76,516</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, 2014
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013**

	<u>June 30, 2014</u>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2013</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Fines.....	\$ 2,800	\$ 2,800	\$ 802	\$ (1,998)	\$ 3,460
Interest	<u>50</u>	<u>50</u>	<u>-</u>	<u>(50)</u>	<u>-</u>
Total Revenues	2,850	2,850	802	(2,048)	3,460
Expenditures	<u>8,000</u>	<u>8,000</u>	<u>5,956</u>	<u>2,044</u>	<u>5,031</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,150)	(5,150)	(5,154)	(4)	(1,571)
Fund Balance at Beginning of Year...	<u>14,030</u>	<u>14,030</u>	<u>14,030</u>	<u>-</u>	<u>15,601</u>
Fund Balance at End of Year.....	<u>\$ 8,880</u>	<u>\$ 8,880</u>	<u>\$ 8,876</u>	<u>\$ (4)</u>	<u>\$ 14,030</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.

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.

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

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, 2014
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
Revenues:				
TDOT West Plant Development	\$ 2,000,000	\$ -	\$(2,000,000)	\$ -
State Grant	3,016,142	3,016,185	43	1,285,315
Contribution from Developer.....	<u>1,020,000</u>	<u>-</u>	<u>(1,020,000)</u>	<u>-</u>
Total Revenue	<u>6,036,142</u>	<u>3,016,185</u>	<u>(3,019,957)</u>	<u>1,285,315</u>
Expenditures:				
Capital Outlay	7,876,780	3,435,197	4,441,583	1,608,044
Bank charges	<u>-</u>	<u>771</u>	<u>(771)</u>	<u>9</u>
Total Expenditures	<u>7,876,780</u>	<u>3,435,968</u>	<u>4,440,812</u>	<u>1,608,053</u>
Net Change in Fund Balance Before Other Financing Sources (Uses).....	<u>(1,840,638)</u>	<u>(419,783)</u>	<u>1,420,855</u>	<u>(322,738)</u>
Other Financing Sources:				
Transfers In:				
General Fund.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,001,668</u>
Net Change in Fund Balance	(1,840,638)	(419,783)	1,420,855	678,930
Fund Balance, July 1 st	<u>2,541,026</u>	<u>2,541,026</u>	<u>-</u>	<u>1,862,096</u>
Fund Balance, June 30th	<u>\$ 700,388</u>	<u>\$ 2,121,243</u>	<u>\$ 1,420,855</u>	<u>\$ 2,541,026</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, 2014
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013**

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
Net Change in Fund Balance Before				
Other Financing Sources (Uses)	-	-	-	7,442
Other Financing Sources (Uses):				
Transfers In:				
General Fund	-	-	-	35,136
Net Change in Fund Balance	-	-	-	42,578
Fund Balance, July 1 st	-	-	-	(42,578)
Fund Balance, June 30th	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2014
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
Revenues:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Middlesettlements Road.....	-	655	(655)	697
Bank charges.....	-	17	(17)	-
Total Expenditures	<u>-</u>	<u>672</u>	<u>(672)</u>	<u>697</u>
 Net Change in Fund Balance	 -	 (672)	 (672)	 (697)
Fund Balance, July 1 st	<u>344,967</u>	<u>344,967</u>	<u>-</u>	<u>345,664</u>
Fund Balance, June 30th	<u>\$ 344,967</u>	<u>\$ 344,295</u>	<u>\$ (672)</u>	<u>\$ 344,967</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
EQUIPMENT REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
Revenues:				
State grant	\$ 80,000	\$ -	\$ (80,000)	\$ -
Other revenue.....	-	18,726	18,726	-
Sale of equipment	-	4,305	4,305	-
Total Revenues	<u>80,000</u>	<u>23,031</u>	<u>(56,969)</u>	<u>-</u>
Expenditures:				
Capital Outlay	1,070,367	603,104	467,263	251,720
Bank charges.....	-	53	(53)	-
Bond issue costs.....	-	17,996	(17,996)	-
Total expenditures	<u>1,070,367</u>	<u>621,153</u>	<u>449,214</u>	<u>251,720</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	(990,367)	(598,122)	392,245	(251,720)
Other Financing Sources (Uses):				
Bond Proceeds	700,000	700,000	-	-
General Fund – transfer in	-	-	-	200,000
Total Other Financing Sources (Uses).....	<u>700,000</u>	<u>700,000</u>	<u>-</u>	<u>200,000</u>
Net Change in Fund Balance	(290,367)	101,878	392,245	(51,720)
Fund Balance, July 1 st	<u>239,066</u>	<u>239,066</u>	<u>-</u>	<u>290,786</u>
Fund Balance, June 30th	<u><u>\$ (51,301)</u></u>	<u><u>\$ 340,944</u></u>	<u><u>\$ 392,245</u></u>	<u><u>\$ 239,066</u></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, 2014
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	1,968	(1,968)	-
Net Change in Fund Balance	-	(1,968)	(1,968)	-
Fund Balance, July 1 st	1,968	1,968	-	1,968
Fund Balance, June 30th	<u>\$ 1,968</u>	<u>\$ -</u>	<u>\$ (1,968)</u>	<u>\$ 1,968</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
HOME GRANT PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013**

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
Revenues:				
State Grant (THDA)	\$ _____ -	\$ _____ -	\$ _____ -	\$ <u>366,964</u>
Expenditures:				
Home Improvements	_____ -	_____ -	_____ -	_____ <u>332,225</u>
Net Change in Fund Balance	-	-	-	34,739
Fund Balance, July 1 st	_____ <u>743</u>	_____ <u>743</u>	_____ -	_____ <u>(33,996)</u>
Fund Balance, June 30th	\$ _____ <u>743</u>	\$ _____ <u>743</u>	\$ _____ -	\$ _____ <u>743</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, 2014
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
Revenues:				
Charges for services.....	-	14,434	14,434	17,350
Expenditures:				
Landscaping Projects	39,000	2,830	36,170	1,000
Sidewalk Projects.....	40,000	500	39,500	14,488
Bank charges.....	-	55	(55)	-
Greenway Projects	<u>8,000</u>	<u>2,955</u>	<u>5,045</u>	<u>13,086</u>
Total Expenditures.....	<u>87,000</u>	<u>6,340</u>	<u>80,660</u>	<u>28,574</u>
Net Change in Fund Balance	(87,000)	8,094	95,094	(11,224)
Fund Balance, July 1 st	<u>126,593</u>	<u>126,593</u>	-	<u>137,817</u>
Fund Balance, June 30th	<u>\$ 39,593</u>	<u>\$ 134,687</u>	<u>\$ 95,094</u>	<u>\$ 126,593</u>

See accompanying independent auditors' report and notes.

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, 2014
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2013
Revenues:				
Intergovernmental	\$ 27,240	\$ 27,240	\$ -	\$ 27,240
Expenditures:				
Capital Outlay	29,500	5,000	24,500	29,444
Bank Charges	-	145	(145)	150
Total Expenditures	<u>29,500</u>	<u>5,145</u>	<u>24,355</u>	<u>29,594</u>
Net Change in Fund Balance	(2,260)	22,095	24,355	(2,354)
Fund Balance, July 1 st	<u>52,665</u>	<u>52,665</u>	-	<u>55,019</u>
Fund Balance, June 30th	<u>\$ 50,405</u>	<u>\$ 74,760</u>	<u>\$ 24,355</u>	<u>\$ 52,665</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 POSITION
June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>Business Type Activities</u>	
	<u>2014</u>	<u>2013</u>
ASSETS:		
Current Assets:		
Equity in pooled cash.....	\$ 714,126	\$ 774,641
Accounts receivable.....	<u>85,596</u>	<u>85,357</u>
Total Current Assets	<u>799,722</u>	<u>859,998</u>
Depreciable Capital Assets:		
Structures, improvements and equipment.....	650,242	594,749
Less: Allowance for depreciation	<u>(232,126)</u>	<u>(139,393)</u>
Total Net Capital Assets	<u>418,116</u>	<u>455,356</u>
TOTAL ASSETS	<u>1,217,838</u>	<u>1,315,354</u>
DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES:		
Current Liabilities:		
Accounts payable.....	20,841	16,105
Accrued salaries.....	7,836	6,096
Compensated absences	30,771	23,885
Due to Employee Insurance Fund.....	3,382	3,382
Capital lease payable	<u>27,947</u>	<u>54,491</u>
Total Current Liabilities.....	<u>90,777</u>	<u>103,959</u>
Long-Term Liabilities:		
Capital lease payable	-	<u>27,947</u>
TOTAL LIABILITIES	<u>90,777</u>	<u>131,906</u>
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION:		
Unrestricted	736,892	810,530
Invested in net assets, net of related debt.....	<u>390,169</u>	<u>372,918</u>
TOTAL NET POSITION	<u>\$ 1,127,061</u>	<u>\$ 1,183,448</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 POSITION
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>Business Type Activities</u>	
	<u>2014</u>	<u>2013</u>
Operating Revenue:		
Residential sales	\$ 155,391	\$ 152,588
Commercial/Industrial sales	<u>870,933</u>	<u>863,311</u>
Total Operating Revenue.....	<u>1,026,324</u>	<u>1,015,899</u>
Operating Expenses:		
Administrative	246,170	244,072
Operations and maintenance.....	645,268	510,061
Street cleaning	<u>119,104</u>	<u>79,375</u>
Total Operating Expenses Before Depreciation	<u>1,010,542</u>	<u>833,508</u>
Operating Income Before Depreciation.....	15,782	182,391
Depreciation	<u>(72,169)</u>	<u>(68,063)</u>
Operating Income (Loss).....	<u>(56,387)</u>	<u>114,328</u>
Other Income (Expense):		
Sale of equipment.....	<u>-</u>	<u>21,750</u>
Change in Net Position.....	(56,387)	136,078
Net Position at Beginning of Year.....	<u>1,183,448</u>	<u>1,047,370</u>
Net Position at End of Year	<u>\$ 1,127,061</u>	<u>\$ 1,183,448</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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>Business Type Activities</u>	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 1,026,085	\$ 1,014,819
Cash payments to suppliers for goods and services	(606,884)	(498,912)
Cash payments to employees for services	<u>(390,296)</u>	<u>(334,109)</u>
Net Cash Flows from Operating Activities	<u>28,905</u>	<u>181,798</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments for stormwater acquisitions	(34,929)	(168,940)
Proceeds from sale of assets	-	21,750
Principal paid on capital lease	<u>(54,491)</u>	<u>(52,671)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(89,420)</u>	<u>(199,861)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(60,515)	(18,063)
Cash and Cash Equivalents at Beginning of Year	<u>774,641</u>	<u>792,704</u>
Cash and Cash Equivalents at End of Year	<u>\$ 714,126</u>	<u>\$ 774,641</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (56,387)	\$ 114,328
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation.....	72,169	68,063
Change in assets and liabilities:		
Accounts receivable.....	(239)	(1,080)
Compensated absences	6,886	(8,834)
Accrued salaries.....	1,740	467
Due to Employee Insurance Fund.....	-	3,382
Accounts payable.....	<u>4,736</u>	<u>5,472</u>
Total adjustments.....	<u>85,292</u>	<u>67,470</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 28,905</u>	<u>\$ 181,798</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.

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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>Business Type Activities</u>	
	<u>2014</u>	<u>2013</u>
Administrative and General:		
Wages	\$ 121,640	\$ 115,561
FICA	9,029	8,775
Retirement	23,530	21,045
Hospitalization insurance	26,520	21,502
Life/accidental death insurance	490	490
Dental insurance	2,235	2,235
Other personal services.....	3,169	3,985
Regulatory fees and license	3,860	3,860
Utilities	1,036	1,505
Maintenance contracts	-	196
Gasoline.....	631	1,352
Workmen’s compensation	1,268	1,366
Employee education and training	262	2,986
Professional services	11,669	3,811
Dues and memberships.....	4,313	3,634
Advertising/public education.....	3,232	2,211
Business/Public relations	55	-
Printing	218	245
Auto parts	10	22
Safety supplies.....	-	155
Insurance	1,742	1,609
Utility processing.....	3,550	3,604
Computer equipment	4,287	702
Improvement teams	153	115
GIS – System.....	15,824	25,338
Mailing	-	146
Travel.....	-	442
Service charges.....	305	86
Radio system annual contract	1,228	107
Small tools.....	16	144
Communication equipment.....	-	8,141
Machinery and equipment	266	2,500
Uniforms.....	-	222
Cost-recovery – Service center.....	5,632	5,980
Total Administrative and General	<u>246,170</u>	<u>244,072</u>
Operations and Maintenance:		
Wages	213,912	189,800
Standby pay	9,210	7,536
Overtime	7,183	4,005
F.I.C.A.....	17,303	15,722
Retirement	70,374	53,749
Hospitalization insurance	74,600	53,125
Life/Accidental death insurance	1,089	964
Dental insurance	5,384	5,419
Workmen’s compensation	9,637	6,643
Other personal services.....	8,094	-
Advertising and public education	43	-
Office supplies.....	68	-
Vehicles	17	-
Computer equipment	764	-

(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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013**

	<u>Business Type Activities</u>	
	<u>2014</u>	<u>2013</u>
Operations and Maintenance (Continued):		
Other operating supplies	479	533
Utilities	150	28
Drug/Alcohol test.....	306	73
Retiree insurance	9,720	4,620
Employee education and training.....	957	842
Travel.....	942	1,358
Gasoline	15,997	13,617
Equipment lease.....	2,119	3,938
Maintenance contracts	86	98
Small tools	987	1,254
Uniforms	1,648	1,850
Auto parts	8,564	7,209
Safety supplies	1,707	838
Insurance.....	1,149	1,991
Repair and maintenance.....	24,839	27,269
Storm sewer rehabilitation	49,435	-
Cost recovered	103,358	103,716
Communication equipment.....	1,754	-
Dues and memberships	-	262
Regulatory fees and license	522	-
Professional services.....	271	-
Machinery and equipment	2,600	3,602
Total Operations and Maintenance	<u>645,268</u>	<u>510,061</u>
Street Cleaning:		
Wages	43,940	24,130
Standby pay	2,102	932
Overtime pay	935	512
F.I.C.A.	3,429	1,751
Retirement	11,754	4,469
Retiree insurance	5,520	4,620
Hospitalization insurance.....	13,600	7,825
Life/Accidental death insurance	203	128
Dental insurance	1,158	772
Workmen’s compensation	639	1,272
Other personal services.....	2,548	-
Professional services.....	169	104
Landfill services.....	19,747	15,609
Uniforms	163	177
Auto parts	2,567	4,478
Gasoline	9,977	8,918
Safety	88	21
Insurance.....	242	907
Repair and maintenance.....	96	264
Vehicles	-	2,385
Other operating supplies	91	66
Small tools	136	35
Total Street Cleaning	<u>119,104</u>	<u>79,375</u>
Total Operating and Maintenance	<u>\$ 1,010,542</u>	<u>\$ 833,508</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, 2014**

	<u>Capital Assets</u>			<u>Allowance for Depreciation</u>				
	<u>Balance 6/30/13</u>	<u>Reclassi- fications/ Additions</u>	<u>Deletions</u>	<u>Balance 6/30/14</u>	<u>Balance 7/1/2013</u>	<u>Depreciation Taken</u>	<u>Additions Reclassifications/ Deductions</u>	<u>Balance 6/30/2014</u>
2002 Ford F250 Truck	\$ -	\$ 20,564	\$ -	\$ 20,564	\$ -	\$ -	\$ 20,564	\$ 20,564
2014 Ford Super Duty	-	34,929	-	34,929	-	4,011	-	4,011
Vacuum Truck	259,222	-	-	259,222	97,208	25,922	-	123,130
Geocollector XH6000.....	9,500	-	-	9,500	4,750	2,375	-	7,125
Bobcat Loader.....	46,861	-	-	46,861	6,248	4,686	-	10,934
2013 Freightliner	79,878	-	-	79,878	9,985	7,988	-	17,973
Schwarze Street Sweeper.....	168,940	-	-	168,940	7,039	21,118	-	28,157
2011 Ford F250 4x4	<u>30,348</u>	<u>-</u>	<u>-</u>	<u>30,348</u>	<u>14,163</u>	<u>6,069</u>	<u>-</u>	<u>20,232</u>
Total Stormwater								
Utility	<u>\$ 594,749</u>	<u>\$ 55,493</u>	<u>\$ -</u>	<u>\$ 650,242</u>	<u>\$ 139,393</u>	<u>\$ 72,169</u>	<u>\$ 20,564</u>	<u>\$ 232,126</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 POSITION
June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>Business Type Activities</u>	
	<u>2014</u>	<u>2013</u>
ASSETS:		
Current Assets:		
Equity in pooled cash	\$ 6,391,840	\$ 6,363,896
Inventory	848,435	681,764
Accounts receivable	<u>1,008,572</u>	<u>1,064,745</u>
Total Current Assets	<u>8,248,847</u>	<u>8,110,405</u>
Capital Assets:		
Non-depreciable Capital Assets:		
Land and easements	1,194,236	1,194,236
Construction in progress	<u>306,805</u>	<u>53,828</u>
	<u>1,501,041</u>	<u>1,248,064</u>
Depreciable Capital Assets:		
Structures, improvements, and equipment	81,313,909	79,207,382
Less: Allowance for depreciation.....	<u>(23,026,436)</u>	<u>(20,788,884)</u>
Net Depreciable Capital Assets.....	<u>58,287,473</u>	<u>58,418,498</u>
Total Net Capital Assets	<u>59,788,514</u>	<u>59,666,562</u>
TOTAL ASSETS	<u>68,037,361</u>	<u>67,776,967</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Regulatory charges – bond issuance costs	<u>687,394</u>	<u>721,275</u>
LIABILITIES:		
Current Liabilities:		
Accrued salaries	51,629	40,045
Accounts payable	643,362	495,315
Bonds payable – Due within one (1) year	914,964	470,000
Compensated absences.....	285,634	246,394
Revolving loan – Due within one (1) year	110,000	186,848
Retainage payable	<u>-</u>	<u>221,256</u>
Total Current Liabilities.....	<u>2,005,589</u>	<u>1,659,858</u>
Long-Term Liabilities:		
General obligation bonds payable	43,600,000	43,930,175
Compensated absences.....	96,428	50,273
Revolving loan payable.....	<u>3,553,837</u>	<u>3,703,801</u>
Total Long-Term Liabilities.....	<u>47,250,265</u>	<u>47,684,249</u>
TOTAL LIABILITIES	<u>49,255,854</u>	<u>49,344,107</u>
DEFERRED INFLOWS OF RESOURCES		
	-	-
NET POSITION:		
Unrestricted.....	7,859,188	6,778,397
Net investment in capital assets	<u>11,609,713</u>	<u>12,375,738</u>
TOTAL NET POSITION	<u>\$ 19,468,901</u>	<u>\$ 19,154,135</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>
Operating Revenue:		
Retail water sales.....	\$ 4,194,259	\$ 4,220,109
Wholesale water sales	891,610	993,894
Wholesale water sales – ALCOA.....	1,333,032	1,384,302
Sewer charges	4,096,676	3,753,247
Other Operating Revenue:		
Penalties	196,621	160,083
Sewer taps	75,875	25,266
Connections.....	100,000	-
Fire hydrant rental.....	20,670	20,670
Line extension	28,946	15,182
Grant.....	-	102,393
Miscellaneous.....	<u>21,122</u>	<u>11,505</u>
Total Operating Revenue	<u>10,958,811</u>	<u>10,686,651</u>
Operating Expenses:		
Administration.....	729,133	700,237
Accounting and collections	805,409	740,753
Supervision.....	254,265	232,104
Water treatment plant	1,568,618	1,542,722
Environmental compliance.....	115,683	105,844
Transmission and distribution	296,367	831,263
Meter reading and repairs.....	305,468	358,834
Water maintenance.....	229,214	177,093
Sewer collection/pumping.....	61,837	68,775
Sewer disposal.....	<u>1,945,940</u>	<u>2,149,862</u>
Total Operating Expenses	<u>6,311,934</u>	<u>6,907,487</u>
Other Operating Expense:		
Depreciation	<u>2,258,876</u>	<u>2,293,111</u>
Operating Income.....	<u>2,388,001</u>	<u>1,486,053</u>
Other Income:		
Sale of equipment.....	<u>3,832</u>	<u>11,781</u>
Other Expense:		
Amortization of Bond Expenses	(39,643)	(51,777)
Interest expense – Bonds and capital leases	<u>(1,637,424)</u>	<u>(1,395,130)</u>
Total Other Expense.....	<u>(1,677,067)</u>	<u>(1,446,907)</u>
Net Income Before Contributions and Transfers.....	714,766	50,927
Transfer in lieu of taxes.....	(400,000)	(375,000)
Capital Contributions	<u>-</u>	<u>370,745</u>
Change in Net Position.....	314,766	46,672
Net Position at Beginning of Year	<u>19,154,135</u>	<u>19,107,463</u>
Net Position at End of Year.....	<u>\$ 19,468,901</u>	<u>\$ 19,154,135</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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers.....	\$ 11,014,984	\$ 10,650,448
Cash payments to suppliers for goods and services.....	(4,902,029)	(5,235,198)
Cash payments to employees for services	(1,552,806)	(1,872,076)
Net Cash Flows From Operating Activities.....	<u>4,560,149</u>	<u>3,543,174</u>
CASH FLOWS FROM CAPITAL AND RELATED:		
FINANCING ACTIVITIES		
Principal paid and early extinguishment of bonds.....	(657,023)	(200,174)
Interest paid on notes/bonds/capital leases	(1,637,424)	(1,395,130)
Payments for acquisition and construction of capital assets	(2,386,590)	(2,238,294)
Proceeds of notes/bonds	545,000	-
Other revenue	3,832	11,781
Contributions in Aid of Construction	-	370,745
Net Cash Flows From (Used by) Capital and Related Financing Activities	<u>(4,132,205)</u>	<u>(3,451,072)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer out - In lieu of tax.....	<u>(400,000)</u>	<u>(375,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,944	(282,898)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,363,896</u>	<u>6,646,794</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 6,391,840</u>	<u>\$ 6,363,896</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating Income.....	\$ 2,388,001	\$ 1,486,053
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation.....	2,258,876	2,293,111
Amortization of bond expense	-	51,777
Changes in assets and liabilities:		
Accounts receivable	56,173	(36,203)
Compensated absences.....	85,395	10,643
Inventory	(166,671)	(106,652)
Accrued salaries	11,584	(515)
Accounts payable	148,047	(158,923)
Retainage payable	(221,256)	3,883
Total Adjustments	<u>2,172,148</u>	<u>2,057,121</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,560,149</u>	<u>\$ 3,543,174</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>		
2014	\$	240,236
2013	\$	5,012,425
2012	\$	-

See accompanying independent auditors' report and notes.

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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
Administrative and General:		
Wages.....	\$ 324,888	\$ 309,746
F.I.C.A.....	24,199	23,448
Retirement.....	70,020	64,667
Hospitalization insurance.....	56,576	44,617
Life/Accidental death insurance.....	1,209	1,169
Dental insurance.....	4,426	4,272
Workmen’s compensation.....	712	846
Retiree insurance.....	276	231
Professional service.....	46,959	14,028
Mailing.....	-	15
Advertising/Public Relations.....	669	1,426
Travel and training.....	4,574	2,508
Drug/alcohol test.....	495	-
Gasoline.....	416	-
Safety.....	18	-
Dues.....	8,191	10,765
Printing.....	395	446
Maintenance contracts.....	101	814
Utilities.....	1,493	1,903
Other contracted services.....	3,843	3,663
Office supplies.....	247	1,223
Insurance.....	11,200	9,352
Other personnel services.....	12,022	15,065
Repair and maintenance.....	253	635
GIS System.....	15,824	25,338
Operating supplies.....	88	3
Costs recovered.....	99,363	104,997
Computer Equipment.....	3,879	681
Improvement teams.....	913	888
Radio system annual contract.....	3,451	362
Uniforms.....	-	451
Small tools.....	54	144
Communication equipment.....	-	27,154
Machinery/equipment.....	4,330	4,633
Bank charges.....	4,028	597
Regulatory fees and license.....	24,021	24,150
Total Administrative and General.....	<u>729,133</u>	<u>700,237</u>
Accounting and Collections:		
Wages.....	341,456	330,224
Overtime.....	36	59
F.I.C.A.....	25,680	25,105
Retirement.....	93,095	81,658
Hospitalization insurance.....	103,019	83,478
Life/Accidental death insurance.....	1,618	1,625
Dental insurance.....	7,396	7,445
Workmen’s compensation.....	486	565
Retiree insurance.....	668	615
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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
Accounting and Collections (Continued):		
Other personnel service	7,982	1,615
Drug/alcohol test.....	20	-
Dues.....	25	1,322
Employee Training	-	425
Professional services.....	7,638	10,461
Mailing.....	54,403	49,953
Advertising/Public relations	114	69
Credit card processing	61,586	47,053
Repair and maintenance.....	154	191
Printing	1,379	1,345
Maintenance contracts	9,734	9,599
Rent expense.....	57,000	57,000
Utilities	1,483	1,185
Other contractual services.....	1,194	1,269
Collection fees	10,152	6,829
Office supplies	6,065	7,534
Billing process	10,819	11,175
Insurance.....	2,207	2,113
Other improvements	-	681
Computer equipment	-	160
Total Accounting and Collections	<u>805,409</u>	<u>740,753</u>
Supervision:		
Wages	113,530	108,843
Standby pay	5,891	5,194
Overtime.....	10,293	5,799
F.I.C.A.	10,217	9,589
Retirement	64,087	49,737
Hospitalization insurance.....	27,200	22,050
Life/Accidental death insurance	482	482
Dental insurance	2,316	2,316
Workmen’s compensation	3,386	3,556
Other personnel service	9,699	9,955
Dues and memberships	131	1,048
Travel and training.....	657	1,769
Improvement teams	75	238
Utilities	2,793	2,574
Office supplies	108	117
Uniforms.....	503	728
Automotive parts	26	5,140
Gasoline.....	1,186	1,161
Insurance.....	901	892
Regulatory fees and license	560	330
Maintenance contract.....	115	392
Computer equipment	-	194
Professional services.....	109	-
Total Supervision	<u>254,265</u>	<u>232,104</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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
Water Treatment:		
Wages	445,978	459,695
Standby	-	3,541
Overtime	160	1,604
F.I.C.A.	33,536	35,207
Retirement	150,065	139,313
Hospitalization insurance.....	122,400	109,825
Life/Accidental death insurance	2,028	2,215
Dental insurance	8,856	10,014
Workmen’s compensation	13,477	13,402
Retiree insurance	5,520	5,440
Other operating supplies	1,395	-
Lab supplies.....	6,541	-
Advertising	-	50
Other personnel services.....	69,612	12,938
Drug/alcohol test.....	89	149
Employee education and training	546	1,247
Professional fees	1,815	1,150
Mailing	617	133
Dues.....	169	1,225
Regulatory fees	1,244	8,576
Travel.....	7,766	1,770
Public relations	98	693
Improvement teams	101	100
Printing	134	326
Rental/Maintenance contracts.....	3,183	5,576
Utilities	503,091	512,093
Other contractual services.....	12,858	4,432
Office supplies	1,845	1,956
Small tools	326	377
Uniforms.....	1,851	2,674
Automotive parts	1,840	475
Electrical and plumbing.....	1,216	1,783
Chemicals	95,270	102,817
Gasoline.....	2,510	3,455
Safety supplies	465	3,619
Insurance.....	43,674	39,009
Repair and maintenance.....	27,724	44,048
Communication equipment.....	618	301
Computer equipment	-	2,410
Machinery and equipment	-	9,084
Total Water Treatment.....	<u>1,568,618</u>	<u>1,542,722</u>
Environmental Compliance:		
Wages	57,647	55,036
F.I.C.A.	4,296	4,151
Retirement	26,560	20,310
Hospitalization insurance.....	16,320	13,230
Life/Accidental death insurance	264	264
Dental insurance	1,390	1,390

(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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
Environmental Compliance:		
Workmen’s compensation	1,722	1,897
Other personnel services.....	1,734	2,776
Maintenance contracts	29	98
Employee education and training	170	170
Professional services	65	-
Regulatory fees and license	230	147
Dues.....	20	378
Travel.....	887	434
Office supplies.....	29	93
Small tools	145	83
Uniforms.....	-	194
Improvement teams	-	5
Other operating supplies	39	-
Utilities	400	471
Repair and maintenance.....	-	493
Automotive parts	1,648	402
Electrical & Plumbing	50	-
Gasoline.....	1,198	1,043
Insurance	803	647
Safety.....	37	38
Computer equipment	-	2,094
Total Environmental Compliance.....	<u>115,683</u>	<u>105,844</u>
Transmission and Distribution:		
Wages	-	318,595
Standby pay	15,481	17,732
Overtime.....	26,234	22,194
F.I.C.A.	13,154	27,458
Retirement	60,297	114,985
Hospitalization insurance	56,209	94,671
Life/Accidental death insurance	811	1,725
Dental insurance	4,001	8,601
Workmen’s compensation	4,954	11,604
Retiree insurance	7,730	11,440
Regulatory fees and license	213	235
Easement	2	3,900
Employee education and training	5	50
Other personnel services.....	12,515	10,786
Professional fees.....	807	1,044
Dues.....	307	402
Travel.....	24	-
Printing	18	-
Utilities	48,436	52,232
Office supplies.....	10	90
Other operating supplies.....	3,271	2,804
Small tools	965	3,349
Uniforms.....	1,928	3,430
Automotive parts	9,167	15,303
Gasoline.....	14,277	31,719
Safety.....	1,844	2,708

(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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
Transmission and Distribution (Continued):		
Insurance.....	5,813	4,687
Repair and maintenance.....	-	52,864
Water line relocation.....	-	6,292
Costs recovered.....	6,344	8,383
Machinery and equipment.....	623	1,833
Computer equipment.....	830	-
Improvement teams.....	83	-
Maintenance contracts	<u>14</u>	<u>147</u>
Total Transmission and Distribution.....	<u>296,367</u>	<u>831,263</u>
Meter Readings and Repairs:		
Wages	123,270	121,687
Standby pay	8,885	8,876
Overtime	18,462	15,790
F.I.C.A.	11,522	11,339
Retirement.....	55,578	49,791
Hospitalization insurance.....	46,217	38,874
Life/Accidental death insurance.....	651	688
Dental insurance	2,616	2,776
Workmen's compensation	4,066	4,524
Retiree insurance.....	2,003	1,845
Other personnel services	5,169	13,958
Employee education/training	72	-
Professional fees	540	2,070
Drug/Alcohol test.....	-	154
Maintenance contracts	2,300	3,731
Utilities	2,256	1,918
Office supplies	3,571	1,387
Small tools	2,026	510
Communication equipment.....	-	4,587
Uniforms	1,127	906
Automotive parts.....	3,967	3,760
Gasoline	7,155	6,615
Other commodities.....	260	778
Insurance.....	2,568	1,807
Repairs and maintenance	1,187	2,336
Meters and devices.....	-	56,985
Vehicle equipment	-	7
Computer equipment.....	-	519
Dues, memberships, and subscriptions	-	<u>616</u>
Total Meter Readings and Repairs	<u>305,468</u>	<u>358,834</u>
Maintenance:		
Wages	103,320	76,741
Standby pay	9,716	7,447
Overtime	3,648	2,758
F.I.C.A.	8,822	6,618
Retirement.....	23,247	17,124

(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, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
Maintenance:		
Hospitalization insurance	29,920	16,793
Life/Accidental death insurance.....	481	350
Dental insurance.....	1,999	1,463
Workmen's compensation	3,225	3,332
Professional fees	461	314
Dues	40	292
Travel	-	163
Utilities.....	811	821
Other personnel service.....	7,169	2,394
Employee education/training	190	30
Maintenance contract	57	371
Contractual services	11,950	5,155
Other Operating Supplies	81	106
Small tools	430	274
Uniforms	1,134	823
Automotive parts.....	1,895	2,263
Electrical and plumbing	-	1,023
Gasoline	5,983	8,055
Insurance	1,002	971
Regulatory fees and license.....	210	-
Repairs and maintenance.....	13,423	13,709
Machinery and equipment.....	-	<u>7,703</u>
Total Maintenance.....	<u>229,214</u>	<u>177,093</u>
Sewage Collection/Pumping:		
Standby pay.....	15,132	15,765
Overtime	25,758	18,889
F.I.C.A.	-	2,651
Retirement.....	-	29,391
Retirement insurance.....	-	2,079
Utilities.....	18,410	-
Construction materials	<u>2,537</u>	-
Total Sewage Collection/Pumping	<u>61,837</u>	<u>68,775</u>
Disposal:		
Sewage treatment expense	1,473,766	1,294,731
City of Maryville.....	<u>472,174</u>	<u>855,131</u>
Total Disposal	<u>1,945,940</u>	<u>2,149,862</u>
 Total Operating and Maintenance.....	 <u>\$ 6,311,934</u>	 <u>\$ 6,907,487</u>

(Continued)

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION
For the Fiscal Year Ended June 30, 2014

<u>SEWER</u>	<u>CAPITAL ASSETS</u>				<u>ALLOWANCE FOR DEPRECIATION</u>			
	<u>Balance 06/30/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/14</u>	<u>Balance 7/1/13</u>	<u>Depreciation Taken</u>	<u>Additions (Deductions)</u>	<u>Balance 6/30/14</u>
Land and easements.....	\$ 174,138	\$ -	\$ -	\$ 174,138	\$ -	\$ -	\$ -	\$ -
Buildings:								
Pumping station.....	327,992	-	-	327,992	176,118	5,351	-	181,469
Leasehold improvements.....	2,536,361	361,654	-	2,898,015	1,064,704	76,995	-	1,141,699
Service Center	<u>1,502,128</u>	<u>-</u>	<u>-</u>	<u>1,502,128</u>	<u>167,095</u>	<u>33,985</u>	<u>-</u>	<u>201,080</u>
Total Buildings.....	<u>4,366,481</u>	<u>361,654</u>	<u>-</u>	<u>4,728,135</u>	<u>1,407,917</u>	<u>116,331</u>	<u>-</u>	<u>1,524,248</u>
Improvements Other Than Buildings:								
Sewer lines and mains	<u>15,995,757</u>	<u>991,574</u>	<u>-</u>	<u>16,987,331</u>	<u>4,464,836</u>	<u>349,851</u>	<u>-</u>	<u>4,814,687</u>
Machinery and Equipment:								
Pumping equipment.....	105,094	-	-	105,094	84,899	2,292	-	87,191
Tools and working equipment	549,491	-	-	549,491	462,859	22,534	-	485,393
Automobile and trucks	<u>223,448</u>	<u>-</u>	<u>-</u>	<u>223,448</u>	<u>143,193</u>	<u>9,260</u>	<u>-</u>	<u>152,453</u>
Total Machinery and Equipment	<u>878,033</u>	<u>-</u>	<u>-</u>	<u>878,033</u>	<u>690,951</u>	<u>34,086</u>	<u>-</u>	<u>725,037</u>
Total Sewer	<u>\$ 21,414,409</u>	<u>\$ 1,353,228</u>	<u>\$ -</u>	<u>\$ 22,767,637</u>	<u>\$ 6,563,704</u>	<u>\$ 500,268</u>	<u>\$ -</u>	<u>\$ 7,063,972</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, 2014

<u>WATER</u>	<u>CAPITAL ASSETS</u>				<u>ALLOWANCE FOR DEPRECIATION</u>			
	<u>Balance 06/30/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/14</u>	<u>Balance 7/1/13</u>	<u>Depreciation Taken</u>	<u>Additions (Deductions)</u>	<u>Balance 6/30/14</u>
Land.....	\$ 1,020,097	\$ -	\$ -	\$ 1,020,097	\$ -	\$ -	\$ -	\$ -
Buildings:								
Filter and treatment plant.....	19,219,761	-	-	19,219,761	2,778,519	423,416	-	3,201,935
Improvements Other Than Buildings:								
Water mains.....	10,290,803	593,133	-	10,883,936	2,774,724	215,125	-	2,989,849
Reservoirs.....	8,118,398	-	(221,255)	7,897,143	725,593	175,884	-	901,477
Lines to reservoirs.....	139,187	-	-	139,187	112,746	2,784	-	115,530
Water service connections.....	1,195,619	281,051	-	1,476,670	412,135	24,386	-	436,521
Raw water storage.....	2,961,770	-	-	2,961,770	1,303,297	59,247	-	1,362,544
Total Improvements Other Than Buildings.....	22,705,777	874,184	(221,255)	23,358,706	5,328,495	477,426	-	5,805,921
Machinery and Equipment:								
Water meters.....	435,589	17,003	-	452,592	323,725	31,025	-	354,750
Fire hydrants.....	347,500	-	-	347,500	116,760	6,952	-	123,712
Water purification equipment.....	6,168,663	6,616	-	6,175,279	2,240,715	359,359	-	2,600,074
Pumping equipment.....	7,287,030	-	-	7,287,030	2,022,022	364,381	-	2,386,403
Laboratory equipment.....	176,551	5,240	-	181,791	110,718	17,699	-	128,417
Tools and working equipment.....	682,891	-	-	682,891	516,806	40,656	-	557,462
Automobile and truck.....	656,129	-	(21,322)	634,807	618,788	10,053	(21,323)	607,518
Office furniture and fixtures.....	287,221	92,833	-	380,054	168,631	27,641	-	196,272
Total Machinery and Equipment.....	16,041,574	121,692	(21,322)	16,141,944	6,118,165	857,766	(21,323)	6,954,608
Total Water.....	\$ 58,987,209	\$ 995,876	\$ (242,577)	\$ 59,740,508	\$ 14,225,179	\$ 1,758,608	\$ (21,323)	\$ 15,962,464
TOTAL WATER AND SEWER.....	\$ 80,401,618	\$ 2,349,104	\$ (242,577)	\$ 82,508,145	\$ 20,788,883	\$ 2,258,876	\$ (21,323)	\$ 23,026,436

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION
June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013**

	Business-Type Activities	
	2014	2013
ASSETS:		
CAPITAL ASSETS:		
Non-depreciable Capital Assets:		
Land and easements	\$ 336,481	\$ 336,481
Construction in progress	3,750,074	982,846
	4,086,555	1,319,327
Depreciable Capital Assets:		
Structures, improvements and equipment	73,837,811	71,948,828
Less: Allowance for depreciation	(30,565,810)	(28,434,831)
	43,272,001	43,513,997
Net Capital Assets	47,358,556	44,833,324
CURRENT ASSETS:		
Bond principal and redemption reserve.....	3,329,396	3,328,369
Cash.....	6,127,189	7,736,944
Cash investments.....	1,392,280	1,390,287
Accounts receivable - Less provision for doubtful accounts of \$24,443 at June 30, 2014 and \$3,330 at June 30, 2013.....	5,782,832	5,623,313
Accounts receivable - Pole rentals	165,225	163,240
Materials and supplies at average cost	598,686	612,361
Accrued interest receivable	18,683	1,615
Prepaid TVA Power Invoice Program.....	3,780,211	3,423,113
Total Current Assets	21,194,502	22,279,242
NON-CURRENT ASSETS:		
Receivables from customers for conservation loans	2,255,890	2,162,734
Long-term notes receivable	100,000	100,000
Total Non-Current Assets	2,355,890	2,262,734
TOTAL ASSETS	70,908,948	69,375,300
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Regulatory Charges – bond issuance costs.....	448,573	474,959

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION (Continued)
June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	Business-Type Activities	
	2014	2013
LIABILITIES:		
LONG-TERM LIABILITIES:		
Compensated absences.....	\$ 309,712	\$ 209,665
Revenue bonds payable.....	17,550,000	18,280,000
Deferred credits.....	277,538	286,332
Conservation – TVA	2,334,992	2,235,490
Total Long-Term Liabilities	20,472,242	21,011,487
CURRENT LIABILITIES:		
Accounts payable	1,426,410	10,383,741
Customer deposits.....	1,561,606	1,504,850
Accrued payroll.....	80,098	67,840
Accrued rentals	106,334	105,056
Accrued interest	65,687	74,854
Miscellaneous payables.....	3,837	2,251
Compensated absences.....	389,015	360,036
Revenue bonds payable.....	730,000	705,000
Total Current Liabilities	14,362,987	13,203,628
TOTAL LIABILITIES	34,835,229	34,215,115
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION:		
Net investment in capital assets	29,078,556	25,848,326
Unrestricted.....	7,443,736	9,786,818
TOTAL NET POSITION	\$ 36,522,292	\$ 35,635,144

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULES OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013**

	<u>2014</u>	<u>2013</u>
OPERATING REVENUE:		
Sale of Electric Energy:		
Residential - Non-farm	\$ 38,160,702	\$ 37,089,208
Small lighting and power sales	6,110,830	5,850,584
Large lighting and power sales	16,555,636	16,525,841
Street and outdoor lighting	1,083,511	1,085,354
Consumer forfeited discounts	451,428	425,046
Rent from electric property	544,454	558,546
Miscellaneous service revenue.....	245,108	234,782
Other electric revenue	63,807	54,797
Total Operating Revenue.....	<u>63,215,476</u>	<u>61,824,158</u>
PURCHASED POWER	<u>49,618,161</u>	<u>48,108,297</u>
OPERATING EXPENSES:		
Distribution expense	1,462,995	1,440,403
Customer accounts expense	1,371,308	1,312,066
Sales expense	80,908	104,554
Administrative and general expense	3,051,305	2,717,802
Total Operating Expenses	<u>5,966,516</u>	<u>5,574,825</u>
MAINTENANCE EXPENSE:		
Distribution expense	2,571,464	2,543,545
Administrative and general expense	27,593	44,770
Total Maintenance Expense	<u>2,599,057</u>	<u>2,588,315</u>
OTHER OPERATING EXPENSE:		
Depreciation expense	<u>2,422,746</u>	<u>2,411,498</u>
TOTAL PURCHASED POWER AND OPERATING EXPENSES	<u>60,606,480</u>	<u>58,682,935</u>
OPERATING INCOME	2,608,996	3,141,223
Interest income on investments.....	<u>22,752</u>	<u>20,320</u>
Net Operating Income	<u>2,631,748</u>	<u>3,161,543</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 POSITION (Continued)
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013**

	<u>2014</u>	<u>2013</u>
INTEREST EXPENSE:		
Interest on long-term debt	(378,333)	(462,500)
Amortization of long-term debt discount and expense.....	<u>(26,387)</u>	<u>(26,387)</u>
Total Interest Expense.....	<u>(404,720)</u>	<u>(488,887)</u>
OTHER INCOME (EXPENSE):		
Revenue from merchandise, jobbing and contract work	473	1,357
State of TN – unclaimed property returned	1,117	1,546
Gain (loss) on sale of fixed assets	<u>(54,587)</u>	<u>12,252</u>
Total Other Income	<u>(52,997)</u>	<u>15,155</u>
NET INCOME BEFORE TRANSFERS	2,174,031	2,687,811
Transfer in lieu of tax	<u>(1,286,883)</u>	<u>(1,254,657)</u>
NET INCOME.....	887,148	1,433,154
NET POSITION – BEGINNING OF YEAR	<u>35,635,144</u>	<u>34,201,990</u>
NET POSITION – END OF YEAR	<u>\$ 36,522,292</u>	<u>\$ 35,635,144</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULES OF CASH FLOWS
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 63,053,972	\$ 61,860,827
Cash payments to suppliers for goods and services.....	(53,744,598)	(51,983,343)
Cash payments to employees for services	<u>(3,638,881)</u>	<u>(3,452,422)</u>
Net Cash Flows From Operating Activities.....	<u>5,670,493</u>	<u>6,425,062</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Customer deposits received.....	334,399	339,760
Customer deposits refunded.....	(277,643)	(304,419)
Advances from TVA	617,242	606,339
Repayments of advances	(523,775)	(576,433)
Principal paid on bonds/notes.....	(705,000)	(680,000)
Interest paid on bonds/notes	(378,333)	(462,500)
Deferred credits	(8,794)	(100,375)
Merchandise, jobbing, and contract work revenue.....	473	1,357
Acquisition and construction of capital assets.....	(5,151,641)	(2,058,593)
Removal costs of fixed assets.....	(8,082)	(44,530)
Acquisition of conservation loans	(531,539)	(617,548)
Collection on conservation loans	<u>617,242</u>	<u>648,788</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(6,015,451)</u>	<u>(3,248,154)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(3,261,499)	(9,262,590)
Proceeds from maturities of investments	3,262,826	9,370,808
Interest and dividends on investments.....	<u>22,752</u>	<u>20,320</u>
Net Cash Flows From Investing Activities.....	<u>24,079</u>	<u>128,538</u>
CASH FLOWS FROM NON-CAPITAL ACTIVITIES:		
Transfers – In lieu of Tax	<u>(1,286,883)</u>	<u>(1,254,657)</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 Year Ended June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013**

	<u>2014</u>	<u>2013</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,607,762)	2,050,789
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>9,127,231</u>	<u>7,076,442</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 7,519,469</u>	<u>\$ 9,127,231</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	<u>\$ 2,608,996</u>	<u>\$ 3,141,223</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,422,746	2,411,498
Amortization	26,387	26,387
Changes in assets and liabilities:		
Poles rental	(1,985)	(3,363)
Accounts receivable	(159,519)	(6,485)
Prepaid expenses	(357,098)	350,279
Inventory	13,675	(77,722)
Accrued interest receivables	(17,068)	8,892
Accounts payable	1,042,669	467,110
Accrued rentals	1,278	2,164
Accrued interest	(9,167)	41,757
Accrued payroll	12,258	6,888
Miscellaneous Payables	58,342	34,327
Compensated absences	<u>28,979</u>	<u>22,107</u>
Total Adjustments	<u>3,061,497</u>	<u>3,283,839</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,670,493</u>	<u>\$ 6,425,062</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.

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULES OF OPERATING AND MAINTENANCE EXPENSE
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

<u>OPERATING EXPENSE</u>	<u>2014</u>	<u>2013</u>
DISTRIBUTION:		
Supervision and engineering.....	\$ 73,754	\$ 70,353
Station expense	48,363	60,551
Overhead line expense	473,734	579,606
Underground expense	62,370	65,244
Meter expense	152,025	136,599
Miscellaneous	439,129	315,767
Rents	<u>213,620</u>	<u>212,283</u>
Total Distribution Expense	<u>1,462,995</u>	<u>1,440,403</u>
CUSTOMER ACCOUNTS EXPENSE:		
Meter reading expense	319,765	318,402
Customer record and collection expense.....	871,543	798,664
Uncollectible accounts	<u>180,000</u>	<u>195,000</u>
Total Customer Accounts Expense	<u>1,371,308</u>	<u>1,312,066</u>
SALES EXPENSE:		
Demonstrating and selling expense.....	<u>80,908</u>	<u>104,554</u>
ADMINISTRATIVE AND GENERAL EXPENSE:		
Administrative and general salaries	463,813	447,543
Office supplies and expense.....	44,450	46,939
Outside service employed	73,074	41,048
Property insurance	111,267	104,188
Injuries and damages	179,995	165,372
Employee pensions and benefits	2,065,120	1,792,417
Duplicate charges – Credit.....	(1,770)	(1,770)
Rents - City cost recovery	79,093	84,480
Miscellaneous	<u>36,263</u>	<u>37,585</u>
Total Administrative and General Expense	<u>3,051,305</u>	<u>2,717,802</u>
Total Operating Expense.....	<u>5,966,516</u>	<u>5,574,825</u>
<u>MAINTENANCE EXPENSE</u>		
DISTRIBUTION EXPENSE:		
Transmission.....	38,656	36,238
Supervision and engineering.....	64,199	59,219
Maintenance of station equipment	124,824	176,992
Maintenance of overhead and underground lines	2,208,786	2,145,521
Maintenance of line transformers	10,369	15,435
Street lighting and signal systems.....	29,485	37,739
Maintenance of meters/miscellaneous distribution plant	<u>95,145</u>	<u>72,401</u>
Total Distribution Expense	2,571,464	2,543,545
ADMINISTRATIVE AND GENERAL EXPENSE:		
Maintenance of general plant.....	<u>27,593</u>	<u>44,770</u>
Total Maintenance Expense.....	<u>2,599,057</u>	<u>2,588,315</u>
Total Operating and Maintenance Expense	<u>\$ 8,565,573</u>	<u>\$ 8,163,140</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ELECTRIC PLANT IN SERVICE
June 30, 2014

	<u>Balance</u> <u>7-01-13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassify</u>		<u>Balance</u> <u>6-30-14</u>
				<u>DR</u>	<u>CR</u>	
TRANSMISSION:						
Station equipment.....	\$ 11,468,383	\$ -	\$ -	\$ -	\$ -	\$ 11,468,383
DISTRIBUTION:						
Land and land rights	6,853	-	-	-	-	6,853
Station equipment.....	1,977,090	-	7,641	-	-	1,969,449
Poles, towers and fixtures.....	10,684,689	557,787	116,375	-	-	11,126,101
Overhead conductors and devices	10,433,550	510,511	19,725	-	-	10,924,336
Underground conduit.....	672,827	7,133	-	-	-	679,960
Underground conductors and devices.....	2,845,464	55,500	428	-	-	2,900,536
Line transformers.....	10,755,362	339,857	45,394	-	-	11,049,825
Services	2,093,572	35,061	345	-	-	2,128,288
Meters.....	4,790,535	234,367	40,796	-	75,692	4,908,414
Street lighting and signal systems.....	3,105,199	197,366	13,591	-	-	3,288,974
Outdoor lighting on customer premises...	1,280,656	43,061	544	-	-	1,323,173
GENERAL:						
Land and land rights	329,628	-	-	-	-	329,628
Structures and improvements	7,583,663	-	-	-	-	7,583,663
Office furniture and equipment	532,098	286	-	-	-	532,384
Transportation equipment.....	2,861,340	276,770	48,184	-	407,834	2,682,092
Stores equipment	51,647	-	-	-	-	51,647
Tools, shop and garage equipment	90,229	-	-	-	-	90,229
Laboratory equipment	30,456	-	-	-	-	30,456
Communication equipment.....	677,095	-	-	-	-	677,095
Power operated equipment	-	-	-	407,834	-	407,834
Miscellaneous equipment	<u>14,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,972</u>
Totals	72,285,308	2,257,699	293,023	407,834	483,526	74,174,292
CONSTRUCTION WORK IN PROGRESS	<u>982,846</u>	<u>2,767,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,750,074</u>
Total Electric Plant in Service ...	<u>\$ 73,268,154</u>	<u>\$ 5,024,927</u>	<u>\$ 293,023</u>	<u>\$ 407,834</u>	<u>\$ 483,526</u>	<u>\$ 77,924,366</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ACCUMULATED PROVISION FOR DEPRECIATION
June 30, 2014**

	Balance 7-01-13	Depreciation Expense	Retirement	Removal Cost and Other	Reclassify		Balance 6/30/14	Depreciation Rate
					DR	CR		
TRANSMISSION:								
Station equipment.....	\$ 6,332,614	\$ 345,129	\$ -	\$ -	\$ -	\$ -	\$ 6,677,743	4.00%
DISTRIBUTION PLANT:								
Station equipment.....	1,004,027	69,648	7,640	-	-	-	1,066,035	
Poles, towers, and fixtures.....	4,035,971	457,030	116,375	-	-	-	4,376,626	4.25%
Overhead conductors and devices	1,847,140	334,000	19,725	-	-	-	2,161,415	3.25%
Underground conduit.....	340,074	20,233	-	-	-	-	360,307	3.00%
Underground conductors and devices.....	1,082,106	85,766	428	-	-	-	1,167,444	3.00%
Line transformers	4,564,261	269,931	45,393	-	-	-	4,788,799	2.50%
Services	1,094,160	68,162	344	-	-	-	1,161,978	3.25%
Meters.....	1,435,914	276,089	40,797	-	6,825	-	1,664,381	6.67%
Street lighting and signal systems	1,972,438	69,148	13,591	1,682	-	-	2,029,677	12.00%
Outdoor lighting on customer premises.....	<u>714,020</u>	<u>54,105</u>	<u>544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>767,581</u>	8.00%
Total Distribution Plant	<u>18,090,111</u>	<u>1,704,112</u>	<u>244,837</u>	<u>1,682</u>	<u>6,825</u>	<u>-</u>	<u>19,544,243</u>	
GENERAL PLANT:								
Structures and improvements	1,121,925	156,927	-	-	-	-	1,278,852	2.00%
Office furniture and equipment	400,393	19,646	-	-	-	-	420,039	various
Transportation equipment.....	1,890,670	115,554	48,184	6,400	244,115	-	1,720,325	various
Tools, shop and garage equipment.....	81,686	1,692	-	-	-	-	83,378	8.00%
Laboratory equipment	30,456	-	-	-	-	-	30,456	5.00%
Communication equipment	481,122	52,637	-	-	-	-	533,759	10.00%
Power operated equipment	-	26,052	-	-	-	244,115	270,167	
Miscellaneous equipment.....	<u>5,851</u>	<u>997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,848</u>	
Total General Plant.....	<u>4,012,103</u>	<u>373,505</u>	<u>48,184</u>	<u>6,400</u>	<u>244,115</u>	<u>244,115</u>	<u>4,343,824</u>	
Totals	<u>\$ 28,434,828</u>	<u>\$ 2,422,746</u>	<u>\$ 293,021</u>	<u>\$ 8,082</u>	<u>\$ 250,940</u>	<u>\$ 244,115</u>	<u>\$ 30,565,810</u>	

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION
June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>
ASSETS:		
Current Assets:		
Cash	\$ 500	\$ 500
Cash in bank	2,151,497	2,543,657
Accounts receivable.....	<u>419,171</u>	<u>377,269</u>
Total Current Assets.....	<u>2,571,168</u>	<u>2,921,426</u>
Capital Assets:		
Non-depreciable Capital Assets:		
Land.....	<u>673,647</u>	<u>640,851</u>
Depreciable Capital Assets:		
Structures, improvements, and equipment.....	13,563,650	13,468,866
Less: Allowance for depreciation	<u>(7,938,392)</u>	<u>(7,530,477)</u>
	<u>5,625,258</u>	<u>5,938,389</u>
Net Capital Assets	<u>6,298,905</u>	<u>6,579,240</u>
Non-Current Assets:		
Cash in banks – Restricted.....	5,042,162	4,542,376
Investments – Certificate of deposit – Restricted	<u>3,361,257</u>	<u>3,206,201</u>
Total Non-Current Assets.....	<u>8,403,419</u>	<u>7,748,577</u>
TOTAL ASSETS	<u>17,273,492</u>	<u>17,249,243</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred regulatory charges – bond issuance costs	<u>82,023</u>	<u>98,351</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable	97,070	68,812
Accrued salaries	19,367	15,090
Bonds payable – Due within one (1) year	745,000	595,000
Compensated absences	111,465	94,952
Capital lease payable	-	47,847
Due to Debt Service Fund	25,000	-
Due to General Fund	1,310	-
Due to Employee Insurance Fund	<u>7,736</u>	<u>7,736</u>
Total Current Liabilities	<u>1,006,948</u>	<u>829,437</u>
Long-Term Liabilities:		
Bonds payable	5,630,000	5,770,000
Compensated absences	27,866	23,738
Estimated liability for landfill closure and postclosure care costs	<u>8,248,362</u>	<u>7,748,577</u>
Total Long-Term Liabilities.....	<u>13,906,228</u>	<u>13,542,315</u>
TOTAL LIABILITIES	<u>14,913,176</u>	<u>14,371,752</u>
DEFERRED INFLOWS OF RESOURCES.....		
	-	-
NET POSITION:		
Net investment in capital assets.....	523,905	166,393
Restricted for property acquisition	1,407,958	1,338,590
Unrestricted	<u>510,476</u>	<u>1,470,859</u>
TOTAL NET POSITION	<u>\$ 2,442,339</u>	<u>\$ 2,975,842</u>
See accompanying independent auditors' report and notes.		

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

	<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>
Operating Revenue:		
Fees and permits	\$ 3,310,821	\$ 3,452,847
Miscellaneous	<u>372</u>	<u>7,561</u>
Total Operating Revenue	<u>3,311,193</u>	<u>3,460,408</u>
Operating Expenses:		
Administrative and General	421,028	356,287
Landfill operations	851,150	779,825
Scales and security operations	283,043	261,847
Facilities Maintenance	840,253	840,803
Vehicle and equipment maintenance	347,852	209,773
Solid Waste Authority	118,628	101,799
Environmental compliance	<u>120,523</u>	<u>116,607</u>
Total Operating Expenses	<u>2,982,477</u>	<u>2,666,941</u>
Operating Income Before Depreciation	328,716	793,467
Depreciation	<u>(716,110)</u>	<u>(694,843)</u>
Operating Income (Loss) After Depreciation	<u>(387,394)</u>	<u>98,624</u>
Other Income (Expense):		
Other income	8,498	887
Amortization of bond discount	(17,009)	(15,045)
Interest income	-	2,893
Interest expense	(228,157)	(247,999)
Grant income	90,559	105,603
Service fees	<u>-</u>	<u>(4,845)</u>
Total Other Income (Expense)	<u>(146,109)</u>	<u>(158,506)</u>
Change In Net Position	(533,503)	(59,882)
Net Position – Beginning of Year	<u>2,975,842</u>	<u>3,035,724</u>
Net Position – End of Year	<u>\$ 2,442,339</u>	<u>\$ 2,975,842</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, 2014
With Comparative Totals for the Year Ended June 30, 2013

	<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received	\$ 3,269,291	\$ 3,401,893
Cash payments to suppliers for goods and services	(808,212)	(795,005)
Cash payments to employees for services	<u>(2,121,090)</u>	<u>(1,815,943)</u>
Net Cash Flows From Operating Activities	<u>339,989</u>	<u>790,945</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Closure/Postclosure payments	<u>499,785</u>	<u>544,905</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest paid on capital leases/bonds	(228,157)	(247,999)
Payments for landfill plant acquisitions	(435,775)	-
Principal paid on bonds/notes	(590,000)	(651,821)
Service fees	-	(4,845)
Bond proceeds	600,000	-
Grant proceeds	90,559	105,603
Other revenues	<u>8,498</u>	<u>887</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(554,875)</u>	<u>(798,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	-	2,893
Purchase of investments	(4,334,743)	(4,489,243)
Proceeds from sale of investments	<u>3,657,684</u>	<u>3,929,294</u>
Net Cash Flows From Investing Activities	<u>(677,059)</u>	<u>(557,056)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(392,160)	(19,381)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,544,157</u>	<u>2,563,538</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,151,997</u>	<u>\$ 2,544,157</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, 2014
With Comparative Totals for the Year Ended June 30, 2013

	Business-Type Activities	
	2014	2013
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss).....	\$ (387,394)	\$ 98,624
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	716,110	694,843
Amortization of bond expense.....	-	15,045
Changes in assets and liabilities:		
Accounts receivable.....	(41,902)	(58,515)
Accounts payable.....	28,257	28,061
Accrued salaries.....	4,277	331
Accrued compensated absences.....	20,641	12,556
Total Adjustments.....	727,383	692,321
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 339,989	 \$ 790,945

Accounting Policy Note:

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

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

	<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>
Administrative and General:		
Wages.....	\$ 123,593	\$ 119,692
Overtime.....	8	16
F.I.C.A.....	9,632	9,310
Retirement.....	33,784	30,306
Hospitalization insurance.....	23,120	18,743
Life/Accidental death insurance.....	474	474
Dental insurance.....	1,899	1,899
Workmen’s compensation.....	526	840
Retiree insurance.....	134	108
Other personnel services.....	22,580	4,055
Drug/alcohol test.....	826	591
Employee education and training.....	847	3,010
Professional services.....	92	5,655
Postage.....	1,009	1,125
Dues.....	1,400	2,022
Regulatory fees and license.....	30,217	30,220
Accounting and auditing.....	4,010	8,828
Advertising.....	142	589
Credit card processing.....	3,172	-
Improvement teams.....	600	287
Printing.....	1,394	1,562
Maintenance contract.....	527	1,070
Utilities.....	120,761	76,517
Other contracted services.....	5,158	4,117
Office supply.....	1,257	1,987
Other operating supplies.....	3,353	3,496
Auto parts.....	1,131	-
Uniforms.....	5,802	6,522
Safety.....	2,327	844
Construction materials.....	497	692
Insurance.....	4,523	3,651
Repairs and maintenance.....	457	589
Cost recovery.....	10,460	10,683
Equipment lease.....	358	349
Communication equipment.....	498	5,884
Computer equipment.....	3,277	-
Radio system annual contract.....	1,069	80
Recycling contracts.....	114	474
Total Administrative and General.....	<u>421,028</u>	<u>356,287</u>
Landfill Operations:		
Wages.....	261,035	238,578
Overtime.....	6,550	8,251
F.I.C.A.....	20,435	18,353

See accompanying independent auditors’ report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

	<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>
Landfill Operations (Continued):		
Retirement.....	86,497	70,392
Hospitalization insurance.....	82,600	65,725
Life/Accidental death insurance.....	1,254	1,236
Dental insurance.....	6,262	6,165
Workmen’s compensation.....	7,828	10,132
Retiree insurance.....	7,440	7,080
Other personnel services.....	-	8,470
Professional services.....	964	626
Waste tire recovery.....	99,797	114,217
Litter fencing.....	853	1,943
Gas.....	191,369	172,846
Construction materials.....	67,824	52,154
Alter daily cover liners.....	8,410	2,570
Insurance.....	750	577
Construction materials/supplies.....	<u>1,282</u>	<u>510</u>
Total Landfill Operations.....	<u>851,150</u>	<u>779,825</u>
Scales and Security Operations:		
Wages.....	142,216	135,271
Overtime.....	4,956	7,640
F.I.C.A.....	11,085	10,872
Retirement.....	44,879	38,880
Hospitalization insurance.....	54,400	44,100
Life/Accidental death insurance.....	772	772
Dental insurance.....	4,633	4,633
Workmen’s compensation.....	231	266
Retiree insurance.....	3,930	2,460
Other personnel services.....	2,510	7,700
Regulatory fees and license.....	150	186
Printing.....	1,792	2,129
Utilities.....	2,028	1,932
Other contracted services.....	2,050	2,050
Office supplies.....	1,591	35
Insurance.....	280	197
Repair and maintenance.....	4,313	1,064
Professional services.....	217	-
Computer equipment.....	<u>1,010</u>	<u>1,660</u>
Total Scales and Security Operations.....	<u>283,043</u>	<u>261,847</u>
Facility Maintenance:		
Wages.....	159,514	153,701
Overtime.....	3,712	4,846
F.I.C.A.....	12,131	11,918
Retirement.....	39,319	36,543
Hospitalization insurance.....	53,900	44,525
Life/Accidental death insurance.....	801	812
Dental insurance.....	4,585	4,633

(Continued)

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

	Business-Type Activities	
	2014	2013
Facility Maintenance (Continued):		
Workmen’s compensation.....	7,463	7,298
Retiree insurance.....	2,670	2,460
Other personnel services.....	9,032	5,061
Building materials.....	416	781
Landfill fund.....	7,495	9,826
Professional services.....	851	524
Utilities.....	1,791	2,295
Small tools.....	440	1,735
Electric and plumbing.....	111	-
Slope stabilization.....	8,488	26,606
Insurance.....	1,034	739
Closure and postclosure expense.....	826,500	526,500
Total Facilities Maintenance.....	840,253	840,803
Vehicle and Equipment Maintenance:		
Wages.....	38,284	36,465
Overtime.....	-	415
F.I.C.A.....	2,633	2,583
Retirement.....	10,674	10,588
Hospitalization insurance.....	13,600	11,025
Life/Accidental death insurance.....	199	199
Dental insurance.....	374	374
Workmen’s compensation.....	1,332	1,157
Other personnel services.....	916	3,088
Heavy equipment maintenance.....	167,205	69,075
Maintenance contract.....	2,880	709
Utilities.....	2,516	2,525
Other contracted services.....	1,450	1,032
Fluids.....	23,325	18,740
Small tools.....	802	1,883
Auto parts.....	42,255	27,964
Heavy equipment parts.....	27,717	16,939
Uniforms.....	149	-
Construction materials.....	714	1,142
Insurance.....	4,398	3,870
Professional services.....	54	-
.....	6,375	-
Total Vehicle and Equipment Maintenance.....	347,852	209,773
Solid Waste Authority:		
Wages.....	39,595	39,042
F.I.C.A.....	3,187	3,083
Retirement.....	7,789	7,060
Hospitalization insurance.....	6,800	5,513
Life/Accidental death insurance.....	149	149
Dental insurance.....	579	579
Workmen’s compensation.....	170	171
Other personnel services.....	16,265	963

(Continued)

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

	<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>
Solid Waste Authority (Continued):		
Advertising.....	41,250	43,568
Dues	200	-
Travel	403	394
Postage	-	7
Professional services	27	-
Other contracted services	2,118	1,200
Insurance	<u>96</u>	<u>70</u>
Total Solid Waste Authority.....	<u>118,628</u>	<u>101,799</u>
Environmental Compliance:		
Wages.....	53,667	51,419
F.I.C.A.....	3,914	3,833
Retirement.....	10,093	9,086
Hospitalization insurance	13,600	11,025
Life/Accidental death insurance.....	233	233
Dental insurance.....	1,158	1,158
Workmen’s compensation.....	78	90
Other personnel services	526	2,408
Professional services	34,111	35,228
Insurance	113	81
Machinery and equipment.....	-	80
Regulatory fees and license.....	30	-
Legal fees	3,000	-
Construction of cell	<u>-</u>	<u>1,966</u>
Total Environmental Compliance.....	<u>120,523</u>	<u>116,607</u>
Total Operating and Maintenance	<u>\$ 2,982,477</u>	<u>\$ 2,666,941</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, 2014**

Fixed Assets				
	Balance 7-1-13	Additions	Deductions	Balance 6-30-14
Land	\$ 640,851	\$ 32,796	\$ -	\$ 673,647
Office Buildings and Improvements.....	<u>10,979,123</u>	-	-	<u>10,979,123</u>
Machinery and Equipment:				
Office equipment	25,311	-	-	25,311
Landfill – working equipment.....	1,620,675	402,979	(308,195)	1,715,459
Tools and small equipment.....	554,619	-	-	554,619
Trucks	<u>289,138</u>	-	-	<u>289,138</u>
Total Machinery and Equipment	<u>2,489,743</u>	<u>402,979</u>	<u>(308,195)</u>	<u>2,584,527</u>
Totals	<u>\$ 14,109,717</u>	<u>\$ 435,775</u>	<u>\$ (308,195)</u>	<u>\$ 14,237,297</u>

ALLOWANCE FOR DEPRECIATION					
	Balance 7-1-13	Depreciation Expense	Other Additions (Deductions)	Balance 6-30-13	Depreciation Rates
Land	\$ -	\$ -	\$ -	\$ -	
Office Building and Improvements.....	<u>5,509,118</u>	<u>527,749</u>	-	<u>6,036,867</u>	3 - 7%
Machinery and Equipment:					
Office equipment.....	25,311	-	-	25,311	10 - 20%
Landfill working equipment.....	1,233,866	174,107	(308,195)	1,099,778	17%
Tools and small equipment.....	514,777	9,485	-	524,262	8 - 20%
Trucks	<u>247,405</u>	<u>4,769</u>	-	<u>252,174</u>	20%
Total Machinery and Equipment	<u>2,021,359</u>	<u>188,361</u>	<u>(308,195)</u>	<u>1,901,525</u>	
Totals	<u>\$ 7,530,477</u>	<u>\$ 716,110</u>	<u>\$ (308,195)</u>	<u>\$ 7,938,392</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 POSITION
June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
ASSETS:		
Accrued interest and dividends	\$ <u>129,752</u>	\$ <u>132,193</u>
Investments, at fair value:		
Cash and cash equivalents	890,505	1,367,559
U.S. Treasury obligations	3,538,433	2,755,088
Domestic corporate and foreign bonds	5,345,952	5,198,605
Common equity securities	11,308,475	11,225,252
Municipal obligations	<u>2,116,289</u>	<u>1,211,277</u>
Total Investments	<u>23,199,654</u>	<u>21,757,781</u>
TOTAL ASSETS	<u>23,329,406</u>	<u>21,889,974</u>
LIABILITIES	<u>-</u>	<u>-</u>
NET POSITION:		
Net position held in trust for pension benefits	<u>23,329,406</u>	<u>21,889,974</u>
TOTAL NET POSITION	<u>\$ 23,329,406</u>	<u>\$ 21,889,974</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 POSITION
For the Fiscal Year Ended June 30, 2014
With Comparative Totals for the Fiscal Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
Additions:		
Employer contributions.....	\$ 1,451,649	\$ 1,144,180
Interest/Dividend income.....	667,231	633,591
Net appreciation in fair value of investments	1,781,486	1,424,073
Net gain on investments sold and matured	<u>163,898</u>	<u>102,180</u>
Total Additions	<u>4,064,264</u>	<u>3,304,024</u>
Deductions:		
Administrative expenses.....	75,650	74,004
Benefit payments	<u>2,549,182</u>	<u>2,523,916</u>
Total Deductions.....	<u>2,624,832</u>	<u>2,597,920</u>
Change in Net Position	1,439,432	706,104
Net Position – Beginning of Year.....	<u>21,889,974</u>	<u>21,183,870</u>
Net Position – End of Year.....	<u>\$ 23,329,406</u>	<u>\$ 21,889,974</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, 2014

<u>Program</u>	<u>CAPITAL ASSETS</u>				
	<u>Balance 7/1/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Balance 6/30/14</u>
Construction in Progress	\$ 4,047,349	\$ 19,235,317	\$ 102,841	\$ -	\$ 23,179,825
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	4,057,260	80,128	219,608	20,196	3,937,976
General Government	4,658,605	33,000	-	-	4,691,605
General Government – Codes	62,393	22,663	20,391	-	64,665
General Government – Finance	117,109	18,588	38,995	-	96,702
Police	5,042,121	157,933	152,626	(20,196)	5,027,232
Recreation	6,785,776	-	-	-	6,785,776
Sanitation	1,673,660	58,927	59,927	5,038	1,677,698
Schools	30,923,703	133,726	-	-	31,057,429
Service Center	5,457,354	-	-	-	5,457,354
Streets	19,962,301	115,833	18,210	-	20,059,924
	<u>84,132,902</u>	<u>620,798</u>	<u>509,757</u>	<u>(15,526)</u>	<u>84,228,417</u>
Totals	<u>\$ 88,180,251</u>	<u>\$ 19,856,115</u>	<u>\$ 612,598</u>	<u>\$ (15,526)</u>	<u>\$ 107,408,242</u>

<u>Program</u>	<u>ACCUMULATED DEPRECIATION</u>					
	<u>Balance 7/1/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Balance 6/30/14</u>	<u>Net Book Value</u>
Construction in Progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,179,825
General Government – Building and Grounds	20,564	-	20,564	-	-	-
General Government – Bridges	2,851,511	106,859	-	-	2,958,370	2,409,286
General Government – Cemetery	-	-	-	-	-	4,400
Fire	1,743,608	152,526	219,608	20,196	1,696,722	2,241,254
General Government	1,678,152	99,231	-	-	1,777,383	2,914,222
General Government – Codes	62,393	4,155	20,391	-	46,157	18,508
General Government – Finance	109,527	11,029	38,996	-	81,560	15,142
Police	2,284,671	274,068	173,637	(20,196)	2,364,906	2,662,326
Recreation	2,161,282	256,022	-	-	2,417,304	4,368,472
Sanitation	1,303,886	73,046	59,927	5,038	1,322,043	355,655
Schools	11,231,542	1,002,643	-	-	12,234,185	18,823,244
Service center	726,205	142,240	-	-	868,445	4,588,909
Streets	14,479,477	760,295	18,210	-	15,221,562	4,838,362
	<u>38,652,818</u>	<u>2,882,114</u>	<u>551,333</u>	<u>5,038</u>	<u>40,988,637</u>	<u>43,239,780</u>
Totals	<u>\$ 38,652,818</u>	<u>\$ 2,882,114</u>	<u>\$ 551,333</u>	<u>\$ 5,038</u>	<u>\$ 40,988,637</u>	<u>\$ 66,419,605</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, 2014

	<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 – Bridges	\$ -	\$ -	\$ 5,367,656	\$ -	\$ -	\$ -	\$ 5,367,656
General Government – Cemetery	4,400	-	-	-	-	-	4,400
Construction in Progress	-	-	-	-	-	23,179,825	23,179,825
Service Center	-	5,057,120	-	114,919	285,315	-	5,457,354
Fire	146,731	1,631,122	-	90,000	2,070,123	-	3,937,976
General Government	994,497	2,866,927	-	680,108	208,001	-	4,749,533
General Government – Codes	-	-	-	-	64,665	-	64,665
General Government – Finance.....	-	-	-	-	96,702	-	96,702
Police.....	-	3,394,527	-	-	1,632,705	-	5,027,232
Recreation	567,105	1,132,794	4,632,027	374,762	79,087	-	6,785,775
Sanitation	-	-	-	-	1,677,698	-	1,677,698
Schools	286,717	15,539,192	-	13,730,155	1,501,365	-	31,057,429
Streets.....	-	<u>51,223</u>	<u>19,209,368</u>	-	<u>741,406</u>	-	<u>20,001,997</u>
Total Capital Assets	1,999,450	29,672,905	29,209,051	14,989,944	8,357,067	23,179,825	107,408,242
Accumulated Depreciation.....	-	<u>(10,986,734)</u>	<u>(19,075,102)</u>	<u>(5,246,328)</u>	<u>(5,680,473)</u>	-	<u>(40,988,637)</u>
Net Capital Assets	<u>\$ 1,999,450</u>	<u>\$18,686,171</u>	<u>\$10,133,949</u>	<u>\$ 9,743,616</u>	<u>\$ 2,676,594</u>	<u>\$23,179,825</u>	<u>\$66,419,605</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
MISCELLANEOUS SCHEDULES
June 30, 2014

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INTERFUND TRANSFERS – ALL FUNDS
For the Fiscal Year Ended June 30, 2014

TRANSFERS TO:

	<u>Debt Service Fund</u>	<u>City OPEB Fund</u>	<u>Internal Service Fund - Schools OPEB Insurance Fund</u>	<u>School Construction And Improvement Fund</u>	<u>Total</u>
TRANSFERS FROM:					
Education Fund.....	\$ -	\$ -	\$ 68,500	\$ 480,000	\$ 548,500
General Fund	4,050,000	-	-	-	4,050,000
Water Utility	2,289,580	-	-	-	2,289,580
Electric Utility	1,367,163	-	-	-	1,367,163
Employee Insurance Fund.....	-	65,000	-	-	65,000
Landfill	<u>867,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>867,128</u>
Totals.....	<u>\$ 8,573,871</u>	<u>\$ 65,000</u>	<u>\$ 68,500</u>	<u>\$ 480,000</u>	<u>\$ 9,187,371</u>
	(2)	(1)	(3)		

- (1) To provide monies for annual OPEB liability.
- (2) To provide monies for debt retirement.
- (3) To provide monies for school construction

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2014

	Balance July 1, <u>2013</u>	Levy/ Pick-up/ (Releases)	Write- offs	<u>Collections</u>	Balance June 30, <u>2014</u>
Estimated Levy – January 2014	\$ -	\$ 8,757,435	\$ -	\$ -	\$ 8,757,435
Current Year – 2013	8,833,086	-	-	(8,540,278)	292,808
Prior Years:					
2012	413,235	151,598	-	(160,327)	404,506
2011	174,674	42,758	-	(51,283)	166,149
2010	75,952	-	-	(42)	75,910
2009	365,530	-	-	(11,216)	354,314
2008	498,045	-	-	(278,433)	219,612
2007	12,598	-	-	(63)	12,535
2006	8,093	-	-	(34)	8,059
2005	16,030	-	-	-	16,030
2004	25,623	-	-	-	25,623
2003	<u>13,031</u>	<u>-</u>	<u>(13,031)</u>	<u>-</u>	<u>-</u>
Total Taxes Receivable	10,435,897	8,951,791	(13,031)	(9,041,676)	10,332,981
Less: Allowance for Estimated Uncollectible accounts	<u>(32,624)</u>	<u>-</u>	<u>(928)</u>	<u>-</u>	<u>(33,552)</u>
Net Taxes Receivable	<u>\$ 10,403,273</u>	<u>\$ 8,951,791</u>	<u>\$ (13,959)</u>	<u>\$ (9,041,676)</u>	<u>\$ 10,299,429</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – ELECTRIC UTILITY
June 30, 2014

<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>		
Federal Insurance Company	(14)78389459	6-30-13	6-30-14	\$ 40,578	<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	105946886	6-30-13	6-30-14	3,527	<u>CRIME</u> Theft and embezzlement – \$500,000 each loss Deductible – \$5,000
Distributors Self Insurance Fund	WC-014-2014	6-30-13	6-30-14	94,889	<u>WORKMEN’S COMPENSATION</u> Legal – Statutory requirements \$1,000,000 Employer’s Liability Limit
Affiliated FM Insurance Company	GL-819	6-30-13	6-30-14	52,071	<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	5811029703	6-30-13	6-30-14	36,407	<u>COMMERCIAL UMBRELLA</u> Commercial catastrophe liability – \$5,000,000
Distributors Insurance Company	CL-G048-2014	6-30-13	6-30-14	55,143	<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	6-30-13	6-30-14	13,386	<u>EXCESS GENERAL LIABILITY</u> Each occurrence – \$750,000 Aggregate – \$2,250,000
Public Officials Liability Coverage	TML-0247-12	7-28-13	7-28-14	10,074	<u>DIRECTORS AND OFFICERS</u> Liability – \$1,000,000 per occurrence Deductible – \$5,000
The Hartford Steam Boiler Inspection and Ins. Co.	FBP9450255	6-30-13	6-30-14	50,549	<u>BOILER & MACHINERY</u> Insurance Limits – \$3,000,000
Illinois Union Insurance	PPLG24878685	6-30-13	6-30-14	2,635	<u>POLLUTION LIABILITY</u> Liability - \$750,000
Illinois Union Insurance	USTG271935	6-30-14	6-30-15	2,705	Storage tanks

SCHEDULE OF INSURANCE ON REAL PERSONAL PROPERTY:

	<u>Replacement Cost</u>	<u>90% Coverage</u>
Buildings.....	\$ 9,033,302	\$ 8,129,972
Personal property	<u>822,000</u>	<u>739,800</u>
Total	<u>\$ 9,855,302</u>	<u>\$ 8,869,772</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – GENERAL/ WATER AND SEWER UTILITY
June 30, 2014

<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 0247-15	7-28-14	7-28-15	COMPREHENSIVE GENERAL LIABILITY Covers all operations of the City and all officials and employees	\$300,000 per Person as limited by the Tort Liability Act \$700,000 per Occurrence \$100,000 Property Damage \$1,000,000 per Occurrence Each other loss Non-Tort Acts	\$ 92,141
				AUTOMOBILE LIABILITY & PHYSICAL DAMAGE Deductible: Comprehensive - \$2,500 Collision - \$2,500 Liability - \$1,000		\$ 57,937
				PUBLIC OFFICIALS' PERSONAL ERRORS AND OMISSIONS LIABILITY Deductible: \$5,000	\$1,000,000 per occurrence	\$ 57,481
TML Risk Management Pool	TWC-0251-16	7-28-14	7-28-15	WORKER'S COMPENSATION State requirements employer's Liability	\$300,000 – each accident \$700,000 – policy limit \$300,000 – each employee	\$ 312,788
TML Risk Management Pool	TMP-5296-16	1-20-14	1-20-15	PROPERTY DAMAGE - Caterpillar compactor, scraper, bulldozer, tractor, and backhoes.	\$1,810,794 – limit per occurrence	\$ 2,065
				CRIME COVERAGE	\$150,000 per occurrence	
TML Risk Management Pool	TMP-5296-16	1-20-14	1-20-15	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	\$84,767,340 limit per occurrence	\$ 88,435
TML Risk Management Pool	TMP-5296-16	1-20-14	1-20-15	ELECTRONIC DATA PROCESSING - Equipment coverage	\$650,000 limit per occurrence	\$ 678

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>\$ 22,638,633</u>	<u>\$ 619,230</u>	<u>\$ 51,162,215</u>	<u>\$ 9,765,202</u>	<u>\$ 84,185,280</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – SCHOOLS
June 30, 2014

<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	07/28/12-07/28/13	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	\$ 3,445
			Errors & Omissions Liability Deductible - \$5,000	\$1,000,000	\$ 17,838
			Comprehensive Auto Liability Deductible: Comprehensive - \$250 Collision - \$500		\$ 2,359
				\$ 300,000	\$ 42,451
TML Risk Management Pool	TWC 0581-12	07/28/12-07/28/13	Worker's Compensation		
TML Risk Management Pool	TMP 0317-12	01/20/12-01/20/13	Physical damage to real and personal property Values - \$47,344,819		\$ 58,278
			Copiers and small office equipment Values - \$227,000		\$ 296
			Mobile equipment Values - \$126,050		\$ 165

* 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, 2014

Fiscal Year Ending June 30,	Total Bond Principal/ Interest Requirements	Bond Total		General Obligation Bonds Series 2012	
		Bond	Interest	Bond	Interest
		2015	\$ 11,220,379	\$ 5,044,964	\$ 6,175,415
2016	11,254,315	5,300,136	5,954,179	225,000	283,106
2017	11,010,615	5,290,500	5,720,115	50,000	274,106
2018	10,982,991	5,496,032	5,486,959	50,000	272,106
2019	<u>10,991,127</u>	<u>5,751,768</u>	<u>5,239,359</u>	<u>50,000</u>	<u>270,106</u>
Subtotal	<u>55,459,427</u>	<u>26,883,400</u>	<u>28,576,027</u>	<u>600,000</u>	<u>1,391,530</u>
2020	10,587,527	5,612,708	4,974,819	50,000	268,106
2021	11,192,773	6,178,840	5,013,933	50,000	266,106
2022	11,004,085	6,285,188	4,718,897	50,000	264,106
2023	9,303,983	4,881,752	4,422,231	250,000	263,106
2024	<u>9,303,582</u>	<u>5,103,556</u>	<u>4,200,026</u>	<u>275,000</u>	<u>258,106</u>
Subtotal	<u>51,391,950</u>	<u>28,062,044</u>	<u>23,329,906</u>	<u>675,000</u>	<u>1,319,530</u>
2025	9,261,483	5,295,576	3,965,907	275,000	252,606
2026	9,253,433	5,532,848	3,720,585	300,000	247,106
2027	8,569,783	5,105,372	3,464,411	325,000	241,106
2028	8,518,833	5,283,160	3,235,673	325,000	234,281
2029	<u>8,623,471</u>	<u>2,626,212</u>	<u>2,997,259</u>	<u>350,000</u>	<u>226,969</u>
Subtotal	<u>44,227,003</u>	<u>26,843,168</u>	<u>17,383,835</u>	<u>1,575,000</u>	<u>1,202,068</u>
2030	8,674,810	5,929,540	2,745,270	350,000	218,744
2031	7,676,621	5,198,156	2,478,465	375,000	210,344
2032	6,590,033	4,342,072	2,247,961	400,000	201,156
2033	6,370,191	4,307,265	2,062,926	425,000	191,156
2034	<u>6,414,819</u>	<u>4,543,156</u>	<u>1,871,663</u>	<u>425,000</u>	<u>177,875</u>
Subtotal	<u>35,726,474</u>	<u>24,320,189</u>	<u>11,406,285</u>	<u>1,975,000</u>	<u>999,275</u>
2035	6,356,244	4,685,000	1,671,244	450,000	164,594
2036	6,403,581	4,940,000	1,463,581	450,000	150,531
2037	5,045,794	3,805,000	1,240,794	500,000	136,469
2038	5,008,044	3,935,000	1,073,044	525,000	120,844
2039	<u>5,019,563</u>	<u>4,120,000</u>	<u>899,563</u>	<u>575,000</u>	<u>104,438</u>
Subtotal	<u>27,833,226</u>	<u>21,485,000</u>	<u>6,348,226</u>	<u>2,500,000</u>	<u>676,876</u>
2040	5,078,531	4,365,000	713,531	575,000	85,031
2041	5,051,375	4,535,000	516,375	600,000	65,625
2042	5,097,876	4,790,000	307,876	625,000	44,626
2043	<u>2,187,751</u>	<u>2,100,000</u>	<u>87,751</u>	<u>650,000</u>	<u>22,751</u>
Subtotal	<u>17,415,533</u>	<u>15,790,000</u>	<u>1,625,533</u>	<u>2,450,000</u>	<u>218,033</u>
TOTALS	<u>\$ 232,053,613</u>	<u>\$ 143,383,801</u>	<u>\$ 88,669,812</u>	<u>\$ 9,775,000</u>	<u>\$ 5,807,312</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
June 30, 2014

Fiscal Year Ending June 30,	General Obligation Refunding Bonds Series 2011		Local Government Public Improvement Bonds Series B-10-A		General Obligation Refunding Bonds Series 2006 (Taxable)	
	Bond	Interest	Bonds	Interest	Bonds	Interest
2015	\$ 285,000	\$ 17,550	\$ 145,000	\$ 72,278	\$ 475,000	\$ 441,913
2016	300,000	9,000	150,000	63,940	500,000	416,738
2017	-	-	160,000	55,240	525,000	390,238
2018	-	-	170,000	45,880	550,000	361,624
2019	-	-	180,000	35,340	575,000	331,650
Subtotal	<u>585,000</u>	<u>26,550</u>	<u>805,000</u>	<u>272,678</u>	<u>2,625,000</u>	<u>1,942,163</u>
2020	-	-	190,000	24,180	625,000	299,738
2021	-	-	200,000	12,400	650,000	265,050
2022	-	-	-	-	700,000	228,000
2023	-	-	-	-	750,000	188,100
2024	-	-	-	-	800,000	145,350
Subtotal	<u>-</u>	<u>-</u>	<u>390,000</u>	<u>36,580</u>	<u>3,525,000</u>	<u>1,126,238</u>
2025	-	-	-	-	850,000	99,750
2026	-	-	-	-	900,000	51,300
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,750,000</u>	<u>151,050</u>
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 585,000</u>	<u>\$ 26,550</u>	<u>\$ 1,195,000</u>	<u>\$ 309,258</u>	<u>\$ 7,900,000</u>	<u>\$ 3,219,451</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2014

Fiscal Year Ending June 30,	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>
2015	\$ 50,000	\$ 242,375	\$ 50,000	\$ 102,363
2016	50,000	240,375	50,000	100,362
2017	150,000	238,375	-	98,362
2018	150,000	232,375	-	98,362
2019	<u>100,000</u>	<u>226,375</u>	<u>-</u>	<u>98,362</u>
Subtotal	<u>500,000</u>	<u>1,179,875</u>	<u>100,000</u>	<u>497,811</u>
2020	-	221,375	-	98,363
2021	-	221,375	-	98,363
2022	-	221,375	-	98,362
2023	-	221,375	50,000	98,363
2024	<u>-</u>	<u>221,375</u>	<u>50,000</u>	<u>96,237</u>
Subtotal	<u>-</u>	<u>1,106,875</u>	<u>100,000</u>	<u>489,688</u>
2025	-	221,375	50,000	94,088
2026	-	221,375	50,000	91,938
2027	-	221,375	75,000	89,750
2028	-	221,375	75,000	86,450
2029	<u>-</u>	<u>221,375</u>	<u>75,000</u>	<u>83,075</u>
Subtotal	<u>-</u>	<u>1,106,875</u>	<u>325,000</u>	<u>445,301</u>
2030	-	221,375	75,000	79,700
2031	200,000	221,375	200,000	76,250
2032	250,000	212,125	200,000	67,000
2033	300,000	199,625	200,000	57,000
2034	<u>200,000</u>	<u>184,625</u>	<u>300,000</u>	<u>47,000</u>
Subtotal	<u>950,000</u>	<u>1,039,125</u>	<u>975,000</u>	<u>326,950</u>
2035	200,000	175,225	300,000	32,900
2036	250,000	165,825	400,000	18,800
2037	250,000	154,075	-	-
2038	350,000	142,325	-	-
2039	<u>350,000</u>	<u>125,875</u>	<u>-</u>	<u>-</u>
Subtotal	<u>1,400,000</u>	<u>763,325</u>	<u>700,000</u>	<u>51,700</u>
2040	400,000	109,250	-	-
2041	900,000	90,250	-	-
2042	1,000,000	47,500	-	-
2043	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,300,000</u>	<u>247,000</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 5,150,000</u>	<u>\$ 5,443,075</u>	<u>\$ 2,200,000</u>	<u>\$ 1,811,450</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2014

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>
	2015	\$ 120,000	\$ 101,950	\$ 1,130,000	\$ 3,618,250	\$ 1,665,000
2016	125,000	97,450	1,250,000	3,561,750	1,745,000	89,000
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	<u>145,000</u>	<u>81,450</u>	<u>3,290,000</u>	<u>3,200,750</u>	-	-
Subtotal	<u>665,000</u>	<u>460,350</u>	<u>11,640,000</u>	<u>17,234,250</u>	<u>3,445,000</u>	<u>263,000</u>
2020	155,000	75,288	3,550,000	3,036,250	-	-
2021	160,000	68,700	3,735,000	2,858,750	-	-
2022	170,000	61,900	3,925,000	2,672,000	-	-
2023	180,000	54,675	2,605,000	2,476,000	-	-
2024	<u>190,000</u>	<u>47,025</u>	<u>2,695,000</u>	<u>2,347,250</u>	-	-
Subtotal	<u>855,000</u>	<u>307,588</u>	<u>16,510,000</u>	<u>13,390,250</u>	-	-
2025	200,000	38,475	2,775,000	2,212,500	-	-
2026	205,000	29,475	2,885,000	2,073,750	-	-
2027	220,000	20,250	3,245,000	1,929,500	-	-
2028	230,000	10,350	3,360,000	1,767,250	-	-
2029	-	-	<u>3,835,000</u>	<u>1,599,250</u>	-	-
Subtotal	<u>855,000</u>	<u>98,550</u>	<u>16,100,000</u>	<u>9,582,250</u>	-	-
2030	-	-	4,060,000	1,412,064	-	-
2031	-	-	2,920,000	1,214,000	-	-
2032	-	-	1,940,000	1,070,500	-	-
2033	-	-	2,000,000	976,000	-	-
2034	-	-	<u>2,160,000</u>	<u>878,500</u>	-	-
Subtotal	-	-	<u>13,080,000</u>	<u>5,551,064</u>	-	-
2035	-	-	2,255,000	774,000	-	-
2036	-	-	2,300,000	665,000	-	-
2037	-	-	1,905,000	553,750	-	-
2038	-	-	1,910,000	462,250	-	-
2039	-	-	<u>2,020,000</u>	<u>370,500</u>	-	-
Subtotal	-	-	<u>10,390,000</u>	<u>2,825,500</u>	-	-
2040	-	-	2,090,000	273,250	-	-
2041	-	-	1,710,000	172,500	-	-
2042	-	-	1,740,000	87,000	-	-
2043	-	-	-	-	-	-
Subtotal	-	-	<u>5,540,000</u>	<u>532,750</u>	-	-
TOTALS	<u>\$ 2,375,000</u>	<u>\$ 866,488</u>	<u>\$ 73,260,000</u>	<u>\$ 49,116,064</u>	<u>\$ 3,445,000</u>	<u>\$ 263,000</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2014

Fiscal Year Ending June 30,	The Industrial Board of Blount County, TN Series 2009		General Obligation Bonds – Landfill Series 2009		2011 State Revolving Fund Project	
	Bonds	Interest	Bond	Interest	Bond	Interest
2015	\$ -	\$ -	\$ 250,000	\$ 163,280	\$ 149,964	\$ 123,600
2016	-	-	250,000	155,780	155,136	118,428
2017	-	-	675,000	148,280	160,500	113,064
2018	-	-	700,000	128,030	166,032	107,532
2019	-	-	740,000	107,030	171,768	101,796
Subtotal	-	-	2,615,000	702,400	803,400	564,420
2020	-	-	765,000	83,350	177,708	95,856
2021	300,000	306,000	800,000	57,340	183,840	89,724
2022	310,000	292,500	815,000	29,340	190,188	83,376
2023	325,000	278,550	-	-	196,752	76,812
2024	340,000	263,925	-	-	203,556	70,008
Subtotal	1,275,000	1,140,975	2,380,000	170,030	952,044	415,776
2025	360,000	248,625	-	-	210,576	62,988
2026	375,000	232,425	-	-	217,848	55,716
2027	390,000	215,550	-	-	225,372	48,192
2028	410,000	198,000	-	-	233,160	40,404
2029	425,000	179,550	-	-	241,212	32,352
Subtotal	1,960,000	1,074,150	-	-	1,128,168	239,652
2030	445,000	160,425	-	-	249,540	24,024
2031	470,000	140,400	-	-	258,156	15,408
2032	485,000	119,250	-	-	267,072	6,492
2033	510,000	97,425	-	-	22,265	532
2034	535,000	74,475	-	-	23,156	-
Subtotal	2,445,000	591,975	-	-	820,189	46,456
2035	555,000	50,400	-	-	-	-
2036	565,000	25,425	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
Subtotal	1,120,000	75,825	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
TOTALS	\$ 6,800,000	\$ 2,882,925	\$ 4,995,000	\$ 872,430	\$ 3,703,801	\$ 1,266,304

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2014

Fiscal Year Ending June 30,	General Obligation Bonds Series 2013A		General Obligation Bonds Series 2013B		General Obligation Bonds Series 2014	
	<u>Bonds</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>
2015	\$ 25,000	\$ 426,250	\$ 400,000	\$ 48,000	\$ 75,000	\$ 353,250
2016	25,000	425,750	400,000	40,000	75,000	352,500
2017	25,000	425,250	400,000	32,000	75,000	351,750
2018	25,000	424,750	400,000	24,000	75,000	351,000
2019	<u>25,000</u>	<u>424,250</u>	<u>400,000</u>	<u>12,000</u>	<u>75,000</u>	<u>350,250</u>
Subtotal	<u>125,000</u>	<u>2,126,250</u>	<u>2,000,000</u>	<u>156,000</u>	<u>375,000</u>	<u>1,758,750</u>
2020	25,000	423,563	-	-	75,000	348,750
2021	25,000	422,875	-	-	75,000	347,250
2022	25,000	422,188	-	-	100,000	345,750
2023	275,000	421,500	-	-	250,000	343,750
2024	<u>300,000</u>	<u>413,250</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>337,500</u>
Subtotal	<u>650,000</u>	<u>2,103,376</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>1,723,000</u>
2025	300,000	404,250	-	-	275,000	331,250
2026	325,000	394,500	-	-	275,000	323,000
2027	325,000	383,938	-	-	300,000	314,750
2028	350,000	372,563	-	-	300,000	305,000
2029	<u>400,000</u>	<u>359,438</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>295,250</u>
Subtotal	<u>1,700,000</u>	<u>1,914,689</u>	<u>-</u>	<u>-</u>	<u>1,450,000</u>	<u>1,569,250</u>
2030	400,000	343,438	-	-	350,000	285,500
2031	425,000	327,438	-	-	350,000	273,250
2032	450,000	310,438	-	-	350,000	261,000
2033	450,000	292,438	-	-	400,000	248,750
2034	<u>475,000</u>	<u>274,438</u>	<u>-</u>	<u>-</u>	<u>425,000</u>	<u>234,750</u>
Subtotal	<u>2,200,000</u>	<u>1,548,190</u>	<u>-</u>	<u>-</u>	<u>1,875,000</u>	<u>1,303,250</u>
2035	500,000	254,250	-	-	425,000	219,875
2036	500,000	233,000	-	-	475,000	205,000
2037	575,000	210,500	-	-	575,000	186,000
2038	575,000	184,625	-	-	575,000	163,000
2039	<u>575,000</u>	<u>158,750</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>140,000</u>
Subtotal	<u>2,725,000</u>	<u>1,041,125</u>	<u>-</u>	<u>-</u>	<u>2,650,000</u>	<u>913,875</u>
2040	600,000	130,000	-	-	700,000	116,000
2041	625,000	100,000	-	-	700,000	88,000
2042	675,000	68,750	-	-	750,000	60,000
2043	<u>700,000</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>30,000</u>
Subtotal	<u>2,600,000</u>	<u>333,750</u>	<u>-</u>	<u>-</u>	<u>2,900,000</u>	<u>294,000</u>
TOTALS	<u>\$ 10,000,000</u>	<u>\$ 9,067,380</u>	<u>\$ 2,000,000</u>	<u>\$ 156,000</u>	<u>\$ 10,000,000</u>	<u>\$ 7,562,125</u>

**CITY OF ALCOA, TENNESSEE
ELECTRIC UTILITY
SCHEDULE OF UTILITY RATES IN FORCE
For the Fiscal Year Ended June 30, 2014**

The basic utility rates in force as of June 30, 2014, are as follows:

Base Residential Rate – Schedule RS

Customer Charge: \$11.25 per month
Energy Charge: 9.827 cents per kWh per month

Base General Power Rate – Schedule GSA

Part 1

Customer Charge: \$18.54 per delivery point per month
Energy Charge: 10.899 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
\$12.93/kw for 51 – 1,000 kWh
Energy Charge: First 15,000 kWh per month at 10.659 cents per kWh
Additional kWh per month at 6.405 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 \$12.30 per kWh
Excess over 1,000 kW of billing demand per month at \$12.30 per
KWh, plus an additional \$13.08 per month for each kW, if
any, of the amount by which the customer's billing demand
Exceeds the higher of 1,000 kW or its contract demand
Energy Charge: 6.748 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, 2014**

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, 2014</u>	<u>June 30, 2013</u>
Residential.....	23,692	23,608
General Power – under 50 kW	3,838	3,802
General Power – 50 kW and over	328	323
Street and athletics	39	38
Outdoor lighting – code 78.....	<u>8</u>	<u>8</u>
	<u>27,905</u>	<u>27,779</u>

**CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY
SCHEDULE OF UTILITY RATES IN FORCE
For the Fiscal Year Ended June 30, 2014**

The basic utility rates in force as of June 30, 2014 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	\$ 11.40 per mo.	5/8" to 1"	\$ 17.10 per mo.
		\$ 28.50 per mo.	1-1/2 to 3"	42.75 per mo.
		\$208.75 per mo.	4" to 6"	313.15 per mo.
		\$569.40 per mo.	Greater than 6"	854.10 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	\$ 3.35	All sizes	5.10

A 5% penalty will be imposed on bills not paid within fifteen (15) days from their date.

**CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY
SCHEDULE OF SANITARY SEWER SERVICE RATES IN FORCE
For the Fiscal Year Ended June 30, 2014**

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 \$7.85 per month. In addition to the base charge there shall be a charge of \$4.55 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 \$13.40 per month. In addition to the base charge there shall be a charge of \$7.75 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 \$7.85 per month. In addition to the base charge there shall be a charge of \$4.55 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 \$13.40 per month. In addition to the charge there shall be a charge of \$7.75 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 \$7.85 per month. In addition to the base charge there shall be a charge of \$4.55 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 \$13.40 per month. In addition to the base charge there shall be a charge of \$7.75 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, 2014**

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.

Consumers under rates A and A-1 shall be subject to a maximum monthly billing of 15,000 gallons.

**CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY
SCHEDULE OF CUSTOMERS SERVED
For the Fiscal Year Ended June 30, 2014**

CUSTOMERS

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

	Water		Sewer	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Residential – inside city	3,232	3,196	2,928	2,901
Residential – outside city	4,980	5,010	2,082	2,089
Commercial – inside city	1,037	1,025	815	806
Commercial – outside city	540	519	260	254
Industrial – inside city.....	12	12	3	3
Industrial – outside city.....	4	3	1	1
Totals.....	9,805	9,765	6,089	6,054

AWWA WLCC Free Water Audit Software: Reporting Worksheet

Copyright © 2010, American Water Works Association. All Rights Reserved.

WAS v4.2

[Back to Instructions](#)

Water Audit Report for:
 Reporting Year:

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

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

WATER SUPPLIED

<< Enter grading in column 'E'

Volume from own sources:	<input type="button" value="?"/>	<input type="text" value="8"/>	<input type="text" value="2,275.410"/>	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	<input type="button" value="?"/>	<input type="text" value="7"/>	<input type="text" value="341.300"/>	<input type="text" value="under-registered"/> MG/Yr
Water imported:	<input type="button" value="?"/>	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
Water exported:	<input type="button" value="?"/>	<input type="text" value="10"/>	<input type="text" value="382.645"/>	MG/Yr
WATER SUPPLIED:			<input type="text" value="2,234.065"/>	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	<input type="button" value="?"/>	<input type="text" value="10"/>	<input type="text" value="1,396.900"/>	MG/Yr
Billed unmetered:	<input type="button" value="?"/>	<input type="text" value="10"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled metered:	<input type="button" value="?"/>	<input type="text" value="8"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled unmetered:	<input type="button" value="?"/>	<input type="text" value="8"/>	<input type="text" value="16.868"/>	MG/Yr

Click here: for help using option buttons below

Pcnt: Value:

Use buttons to select percentage of water supplied OR value

AUTHORIZED CONSUMPTION: MG/Yr

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

Apparent Losses

Unauthorized consumption:	<input type="button" value="?"/>	<input type="text" value="8"/>	<input type="text" value="0.500"/>	MG/Yr
Customer metering inaccuracies:	<input type="button" value="?"/>	<input type="text" value="10"/>	<input type="text" value="0.292"/>	MG/Yr
Systematic data handling errors:	<input type="button" value="?"/>	<input type="text" value="7"/>	<input type="text" value="17.221"/>	MG/Yr
Apparent Losses:	<input type="button" value="?"/>		<input type="text" value="18.013"/>	

Pcnt: Value:

Choose this option to enter a percentage of billed metered consumption. This is NOT a default value

Real Losses (Current Annual Real Losses or CARL)

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

WATER LOSSES: MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: MG/Yr

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="247.9"/>	miles
Number of active AND inactive service connections:	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="10,209"/>	
Connection density:			<input type="text" value="41"/>	conn./mile main
Average length of customer service line:	<input type="button" value="?"/>	<input type="text" value="8"/>	<input type="text" value="25.0"/>	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	<input type="button" value="?"/>	<input type="text" value="8"/>	<input type="text" value="80.0"/>	psi

COST DATA

Total annual cost of operating water system:	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="\$7,799,654"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="\$3.35"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="button" value="?"/>	<input type="text" value="8"/>	<input type="text" value="\$683.42"/>	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	<input type="text" value="37.5%"/>
Non-revenue water as percent by cost of operating system:	<input type="text" value="8.0%"/>
Annual cost of Apparent Losses:	<input type="text" value="\$60,343"/>
Annual cost of Real Losses:	<input type="text" value="\$548,297"/>

Operational Efficiency Indicators

Apparent Losses per service connection per day:	<input type="text" value="4.83"/>	gallons/connection/day
Real Losses per service connection per day*:	<input type="text" value="215.30"/>	gallons/connection/day
Real Losses per length of main per day*:	<input type="text" value="N/A"/>	
Real Losses per service connection per day per psi pressure:	<input type="text" value="2.69"/>	gallons/connection/day/psi
<input type="button" value="?"/> Unavoidable Annual Real Losses (UARL):	<input type="text" value="94.46"/>	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	<input type="text" value="802.28"/>	million gallons/year
<input type="button" value="?"/> Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input type="text" value="8.49"/>	

* only the most applicable of these two indicators will be calculated

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 86 out of 100 *****

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

PRIORITY AREAS FOR ATTENTION:

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

-
-
-

For more information, click here to see the Grading Matrix worksheet

CITY OF ALCOA, TENNESSEE
STORMWATER UTILITY
SCHEDULE OF STORMWATER UTILITY RATES IN FORCE
For the Fiscal Year Ended June 30, 2014

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 Actual Value	Assessed Value	Assessed to Total Estimated Actual Value	Assessed Value	Estimated Actual Value	
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
2011	297,910,805	955,798,600	156,568,384	498,713,548	454,479,189	1,454,512,148	31.2
2012	300,422,940	979,877,849	150,244,693	477,638,950	450,667,333	1,524,033,999	29.6
2013	307,716,795	1,005,283,534	139,097,909	440,808,847	446,814,704	1,446,092,381	30.9

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>
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%
2011	1.96	8,945,269	8,641,271	96.6	195,439	8,836,710	98.8	303,998	3.40%
2012	1.96	9,712,794	8,759,559	95.5	232,414	8,991,973	98.0	413,235	4.51%
2013	1.96	8,951,791	8,540,278	95.4	501,398	9,041,676	100.0	292,808	3.27%

**CITY OF ALCOA, TENNESSEE
SCHEDULE OF UNCOLLECTED DELINQUENT
TAXES FILED IN BLOUNT COUNTY, TENNESSEE
CIRCUIT COURT
June 30, 2014**

<u>Property Tax Year</u>	<u>Uncollected Delinquent Taxes</u>	<u>Penalty</u>	<u>Total</u>
2012	\$	\$	\$
2011	88,830	31,969	120,799
2010	97,318	36,982	134,300
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	<u>133,141</u>	<u>33,997</u>	<u>167,138</u>
Totals	<u>\$ 953,958</u>	<u>\$ 303,568</u>	<u>\$ 1,257,526</u>

**CITY OF ALCOA, TENNESSEE
 SCHEDULE OF MISCELLANEOUS DATA -
 EDUCATION FUND
 June 30, 2014**

Education:

Number of Schools	3
Number of Administrative Personnel	13
Number of Instructional Personnel	135
Number of Other Personnel (includes 20 lunchroom)	90
Number of Students enrolled	1,813

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>
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	1,397	132	14,934,400	-
2010-11	1,654	134	15,498,000	-
2011-2012	1,676	134	16,056,000	-
2012-2013	1,726	135	16,521,500	-
2013-2014	1,755	135	17,180,500	-

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE

SECTION FOUR

STATISTICAL SECTION

June 30, 2014

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE
STATISTICAL SECTION
June 30, 2014

This part of the City of Alcoa's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS	SCHEDULES
FINANCIAL TRENDS These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1 through 4
REVENUE CAPACITY These schedules contain information to help the reader assess the City's most significant local revenue source.	5 through 8
DEBT CAPACITY These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	9 through 13
DEMOGRAPHIC AND ECONOMIC INFORMATION These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	14 through 15
OPERATING INFORMATION These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	16 through 18

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting governmental-wide information include information beginning in that year.

CITY OF ALCOA, TENNESSEE
SCHEDULE 1
NET POSITION BY COMPONENT
(Prepared Using the Accrual Basis of Accounting)
Last Ten Fiscal Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets	\$ 6,206,361	\$ 9,138,604	\$ 17,131,555	\$19,139,028	\$16,394,858	\$ 15,621,176	\$12,958,427	\$ 15,507,157	\$15,573,164	\$14,011,825
Restricted.....	18,960,022	12,890,404	5,656,633	5,182,983	4,557,091	7,554,419	2,058,850	2,551,554	3,081,114	3,562,716
Unrestricted (deficit).....	<u>(9,136,720)</u>	<u>(11,247,155)</u>	<u>(14,276,105)</u>	<u>(11,817,361)</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>
Total Governmental Activities Net Position.....	<u>\$ 16,029,663</u>	<u>\$ 10,781,853</u>	<u>\$ 8,512,083</u>	<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>
BUSINESS-TYPE ACTIVITIES:										
Net investment in capital assets	\$ 41,602,343	\$ 38,763,375	\$ 37,278,343	\$37,476,104	\$36,064,484	\$ 36,535,491	\$33,482,220	\$ 37,975,646	\$35,636,261	\$39,715,302
Restricted.....	1,407,958	1,338,590	1,269,617	1,200,538	1,131,873	1,056,919	1,056,919	956,943	849,413	770,800
Unrestricted	<u>16,550,292</u>	<u>18,846,604</u>	<u>18,844,587</u>	<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>
Total Business-Type Activities Net Position.....	<u>\$ 59,560,593</u>	<u>\$ 58,948,569</u>	<u>\$ 57,392,547</u>	<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>
PRIMARY GOVERNMENT:										
Net investment in capital assets	\$ 47,808,704	\$ 47,901,979	\$ 54,409,898	\$56,615,132	\$52,459,342	\$ 52,156,667	\$46,440,647	\$ 53,482,803	\$51,209,425	\$53,727,127
Restricted.....	20,367,980	14,228,994	6,926,250	6,383,521	5,688,964	8,611,338	3,115,769	3,508,497	3,930,527	4,333,516
Unrestricted	<u>7,413,572</u>	<u>7,599,449</u>	<u>4,568,482</u>	<u>2,680,485</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>
Total Primary Government Net Position	<u>\$ 75,590,256</u>	<u>\$ 69,730,422</u>	<u>\$ 65,904,630</u>	<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>

CITY OF ALCOA TENNESSEE
SCHEDULE 2
CHANGES IN NET POSITION
(Prepared Using the Accrual Basis of Accounting)
Last Ten Fiscal Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses:										
Governmental Activities:										
General Government	\$ 2,163,198	\$ 2,643,841	\$ 2,431,591	\$ 1,897,624	\$ 1,522,712	\$ 1,731,014	\$ 2,159,519	\$ 5,623,401	\$ 4,673,272	\$ 6,256,070
Public Safety.....	9,118,341	8,354,301	8,242,524	7,095,684	7,016,544	7,410,445	7,686,688	7,783,149	7,019,372	6,280,067
Public Works	4,583,593	4,183,912	5,484,274	4,453,578	4,522,688	4,844,146	13,880,225	5,337,366	3,898,648	3,797,348
Culture and Recreation	1,003,749	1,316,438	1,342,132	1,058,816	1,140,865	582,776	699,307	690,163	751,194	248,131
Other	-	-	-	-	-	-	1,026,510	633,967	523,900	509,841
Education.....	20,290,532	19,836,728	18,980,713	18,327,823	16,451,592	16,342,500	16,158,628	14,517,438	12,942,843	14,554,687
Economic Development	713,405	748,075	690,939	746,932	2,167,843	2,593,283	1,294,182	1,556,297	1,332,990	1,216,316
Interest on Long-term debt	<u>1,189,641</u>	<u>1,166,010</u>	<u>2,675,165</u>	<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>
Total Governmental Activities Expenses.....	<u>39,062,459</u>	<u>38,249,305</u>	<u>39,847,338</u>	<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>
Business-type Activities:										
Stormwater Utility	1,082,711	901,571	1,008,510	856,813	684,311	407,413	-	-	-	-
Water and Sewer.....	10,247,877	10,647,505	10,513,127	10,871,063	10,757,815	11,500,028	12,085,753	9,547,906	7,625,736	7,191,330
Electric	61,009,610	59,171,822	57,423,290	59,534,420	52,772,944	59,545,482	50,868,625	47,297,957	43,868,951	38,430,174
Landfill	<u>3,943,753</u>	<u>3,629,673</u>	<u>3,788,479</u>	<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>
Total Business- type Activities Expenses.....	<u>76,283,951</u>	<u>74,350,571</u>	<u>72,733,406</u>	<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>
Total Primary Government Expenses.....	<u>115,346,410</u>	<u>112,599,876</u>	<u>112,580,744</u>	<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>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General Government.....	496,005	178,493	1,023,162	1,028,807	421,735	549,297	6,512,649	5,732,909	4,577,541	4,010,856
Police and Fire	15,087	18,146	29,985	-	-	-	-	45,140	65,478	53,502
Public Works	349,703	372,895	627,425	34,351	402,569	356,588	12,797,643	-	235,430	270,432
Culture and Recreation	14,434	17,350	-	41,737	20,948	52,364	-	-	9,033	-
Education.....	849,379	552,034	782,537	754,043	736,025	583,548	605,749	778,208	865,193	697,206
Solid Waste.....	-	-	-	-	-	-	407,610	408,454	1,262,596	1,076,701
Operating grants and contributions	9,071,291	8,823,444	3,577,873	3,526,523	2,285,592	1,591,445	7,161,923	8,667,042	5,773,597	5,294,863
Capital grants and contributions	<u>3,107,392</u>	<u>223,478</u>	<u>328,348</u>	<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>
Total Governmental Activities Program Revenues.....	<u>13,903,291</u>	<u>10,185,840</u>	<u>6,369,330</u>	<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>

(Continued)

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Business-type Activities:										
Charges for services:										
Stormwater Utility	1,026,324	1,015,899	1,032,697	997,509	907,020	806,057	194,292	-	-	-
Water and Sewer	10,958,811	10,584,258	11,121,466	10,127,771	10,354,502	9,606,210	9,108,586	8,709,566	7,812,764	6,995,619
Electric	63,215,476	61,827,061	61,180,133	62,679,266	53,854,543	59,706,962	52,196,811	49,367,529	45,816,670	40,961,706
Landfill.....	3,319,691	3,461,295	4,158,261	3,554,335	3,276,464	2,791,841	3,070,331	3,121,903	2,800,106	2,754,395
Operating grants and contributions ..	90,559	105,603	85,166	69,490	75,926	74,113	75,000	60,776	-	-
Capital grants and contributions.....	-	473,138	942,024	2,667,043	1,814,111	565,229	531,038	92,556	174,010	445,110
Total Business- type Activities										
Program Revenues	<u>78,610,861</u>	<u>77,467,254</u>	<u>78,519,747</u>	<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>
Total Primary Government										
Program Revenues	<u>92,514,152</u>	<u>87,653,094</u>	<u>84,889,077</u>	<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>
Net (Expense) / Revenue:										
Governmental Activities.....	(25,159,168)	(28,063,465)	(33,478,008)	(28,403,363)	(33,934,085)	(35,035,482)	(20,584,684)	(22,083,777)	(18,350,304)	(21,739,206)
Business-type Activities	<u>2,326,910</u>	<u>3,116,683</u>	<u>5,786,341</u>	<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>
Total primary government										
(expense) / revenue.....	<u>(22,832,258)</u>	<u>(24,946,782)</u>	<u>(27,691,667)</u>	<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>
General Revenues and Other Changes										
In Net Position										
Governmental Activities:										
Sales Taxes	14,256,596	15,445,336	15,002,875	15,808,462	18,667,876	13,950,671	8,500,325	9,469,854	8,546,111	7,607,958
State income taxes and excise taxes .	87,636	104,705	145,229	69,431	101,659	-	145,505	111,169	85,713	62,171
Property taxes	12,723,141	12,129,571	12,211,321	13,797,967	11,768,876	10,680,581	10,693,312	9,465,400	7,868,047	8,196,455
Business taxes/licenses	902,658	284,263	1,361,561	817,279	684,788	-	760,459	797,007	762,792	799,659
Miscellaneous taxes	512,845	467,396	512,818	265,316	684,577	4,012,543	418,471	929,532	900,332	721,189
In lieu of taxes	155,929	255,535	-	-	140,979	-	(199,079)	(112,977)	(82,692)	(138,787)
Interest earned.....	17,032	3,476	17,931	19,370	11,828	173,239	521,908	641,745	454,700	219,843
Other general revenue.....	-	-	-	-	-	2,128,485	-	-	-	166,038
Gain/loss on sale of capital assets	64,258	13,296	-	-	-	-	-	-	-	-
Payment to Maryville College.....	-	-	-	-	-	(7,875,000)	-	-	-	-
Bond proceeds from Blount County.	-	-	-	-	-	490,595	-	-	-	-
Transfers-in-lieu of taxes.....	1,686,883	1,629,657	1,621,501	1,576,436	1,548,497	857,428	1,562,572	1,290,141	1,157,980	1,185,262
Extraordinary/Special items	-	-	-	-	-	-	-	(10,750,000)	-	-
Total governmental activities	<u>30,406,978</u>	<u>30,333,235</u>	<u>30,873,236</u>	<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>
Business-type Activities:										
Gain/loss on sale of fixed assets.....	(50,755)	45,783	-	-	-	(67,465)	(304,413)	-	-	-
Interest earned.....	22,752	23,313	53,219	37,511	182,101	166,465	528,502	792,685	486,837	-
Transfers-in-lieu of taxes.....	(1,686,883)	(1,629,657)	(1,621,501)	(1,576,436)	(1,548,497)	(857,428)	(1,562,572)	(1,290,141)	(1,157,980)	(1,185,262)
Total Business-type Activities	<u>(1,714,886)</u>	<u>(1,560,661)</u>	<u>(1,568,282)</u>	<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>
Total Primary Government	<u>28,692,092</u>	<u>28,772,574</u>	<u>29,304,954</u>	<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>
Change in Net Position:										
Governmental Activities	5,247,810	2,269,770	(2,604,772)	3,950,898	(325,005)	(10,616,940)	1,818,789	(10,241,906)	1,342,679	(2,919,418)
Business-type Activities	<u>612,024</u>	<u>1,556,022</u>	<u>4,218,059</u>	<u>3,999,989</u>	<u>1,409,806</u>	<u>(1,808,036)</u>	<u>(2,293,302)</u>	<u>659,249</u>	<u>1,333,741</u>	<u>1,405,171</u>
Total Primary Government	<u>\$ 5,859,834</u>	<u>\$ 3,825,792</u>	<u>\$ 1,613,287</u>	<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>

CITY OF ALCOA, TENNESSEE
SCHEDULE 3
FUND BALANCES, GOVERNMENTAL FUNDS
(Prepared Using the Modified Accrual Basis of Accounting)
Last Ten Fiscal Years*

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
GENERAL FUND										
Assigned	\$ 631,139	\$ -	\$ -	\$ 1,135,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,222	2,096	180,786	990	16,495	19,619	24,851	17,555	47,115	28,717
Unassigned.....	<u>3,139,908</u>	<u>2,590,467</u>	<u>2,336,761</u>	<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>
Total General Fund	<u>\$ 3,773,269</u>	<u>\$ 2,592,563</u>	<u>\$ 2,517,547</u>	<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>
All Other Governmental Funds										
Nondspendable	\$ -	\$ -	\$ 72	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,774,092	3,215,522	2,533,986	41,988	1,168,915	1,590,226	2,033,999	2,533,999	3,033,999	3,533,999
Assigned, reported in:										
Debt Service Fund	1,787,413	804,120	94,697	95,232	95,766	95,766	95,766	95,766	-	-
Special Revenue Funds	165,066	641,993	1,265,943	2,685,827	2,576,815	2,395,866	4,289,608	3,721,722	3,090,180	2,347,356
Capital Projects Funds.....	685,982	3,307,028	1,081,149	1,004,074	715,595	4,036,277	6,789,139	2,644,107	2,519,805	2,277,689
Committed	12,514,975	5,834,498	500,000	-	-	-	-	-	-	-
Unassigned.....	<u>399,133</u>	<u>-</u>	<u>(76,574)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other										
Governmental Funds.....	<u>\$ 18,326,661</u>	<u>\$ 13,803,161</u>	<u>\$ 5,399,273</u>	<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>

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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
REVENUES:										
Taxes	\$ 24,149,030	\$ 22,449,030	\$ 18,847,900	\$ 20,758,394	\$ 19,241,999	\$ 19,304,370	\$ 20,372,567	\$ 18,150,924	\$ 15,597,853	\$ 16,095,222
Licenses, permits and fees	527,213	448,607	387,426	362,880	418,004	107,733	205,155	142,779	116,748	70,249
Rent	143,547	143,389	136,533	154,944	154,744	162,663	158,314	139,200	139,200	139,200
Intergovernmental	11,092,293	11,036,768	19,660,547	19,471,744	15,452,554	14,641,516	11,361,713	9,353,782	6,238,740	5,604,951
American Recovery and Reinvestment Act (ARRA)	-	-	-	2,796,361	1,432,448	-	-	-	-	-
Fines, forfeitures and costs.....	507,920	467,396	504,571	833,623	580,522	507,517	982,593	756,482	706,697	713,899
Interest earned	17,032	3,476	14,301	15,381	11,828	173,241	521,908	589,814	435,944	219,063
Other revenue	130,807	98,121	1,022,837	235,338	144,164	427,025	1,820,655	1,151,066	2,696,928	803,748
Grants	4,899,784	3,300,352	-	-	-	-	1,575,424	2,111,315	953,434	2,319,282
Charges for service.....	<u>1,025,789</u>	<u>942,279</u>	<u>1,104,516</u>	<u>901,811</u>	<u>1,033,120</u>	<u>1,071,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues.....	<u>42,493,415</u>	<u>38,889,418</u>	<u>41,678,631</u>	<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>
EXPENDITURES:										
General government.....	1,726,638	1,703,606	1,725,782	1,703,547	1,585,698	1,647,465	1,872,986	1,318,684	1,060,638	1,402,171
Public safety	8,691,747	8,047,944	7,831,192	7,381,046	7,145,375	7,410,445	7,296,684	7,397,238	3,811,738	6,024,656
Public Works	5,167,334	4,913,515	5,277,899	6,206,920	4,330,871	4,844,146	17,322,578	7,400,825	4,300,074	3,796,771
Recreation and Arts.....	747,727	1,060,417	1,096,972	583,044	1,140,865	582,776	703,805	1,628,659	620,830	104,504
Other Appropriations	-	-	-	-	-	-	972,937	633,967	523,900	509,841
Education.....	18,869,100	18,468,873	17,958,585	17,303,597	16,451,592	16,299,972	15,586,138	14,527,226	12,464,318	10,650,033
Capital Projects	-	-	-	-	-	-	53,575	129,573	67,649	228,060
Debt service:										
Principal retirement.....	4,157,023	3,354,834	3,497,476	3,022,318	2,462,276	2,407,416	2,202,688	1,558,116	1,193,676	1,656,590
Interest and fiscal fees.....	3,433,555	3,118,018	5,421,897	5,625,452	5,644,637	4,664,560	5,192,439	3,888,231	1,867,191	1,976,097
Capital Outlay	20,274,934	4,403,369	1,174,219	3,383,297	3,673,344	5,161,078	1,670,554	1,785,216	7,893,326	3,748,260
Community development/ Culture	<u>713,405</u>	<u>748,075</u>	<u>690,939</u>	<u>790,263</u>	<u>2,167,843</u>	<u>10,189,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>63,781,463</u>	<u>45,818,651</u>	<u>44,674,961</u>	<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>
Deficiency of Revenue Over Expenditures Before Financing Sources (Uses).....	<u>(21,288,048)</u>	<u>(6,929,233)</u>	<u>(2,996,330)</u>	<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>

(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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
OTHER FINANCING SOURCES (USES)										
Operating Transfers	4,455,371	3,778,480	(68,500)	(68,500)	(94,000)	-	17,806,049	2,941,558	2,690,422	2,080,051
Issuance of debt/capital lease	-	-	402,528	952,511	-	-	396,759	4,137,293	3,081,104	761,395
In lieu of taxes	1,686,883	1,629,657	1,621,501	1,576,436	1,548,497	1,411,774	1,562,572	1,112,984	1,157,980	991,703
Proceeds-from bonds	20,850,000	10,000,000	-	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>26,992,254</u>	<u>15,408,137</u>	<u>1,955,529</u>	<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>
 Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 5,704,206</u>	<u>\$ 8,478,904</u>	<u>\$(1,040,729)</u>	<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>
 Debt service as a percentage of non-capital expenditures	<u>20.9%</u>	<u>18.3%</u>	<u>20.50%</u>	<u>20.29%</u>	<u>19.81%</u>	<u>14.72%</u>	<u>14.44%</u>	<u>14.15%</u>	<u>11.81%</u>	<u>13.79%</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE 5
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

<u>Fiscal Year Ending 30-Jun</u>	<u>Tax Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
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%
2012	2011	297,910,805	136,969,733	19,598,651	454,479,189	1.96	1,522,336,648	30%
2013	2012	300,422,940	129,589,563	20,655,563	450,667,633	1.96	1,524,033,999	29%
2014	2013	307,716,795	118,361,585	20,736,324	446,814,704	1.96	1,512,783,981	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
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
2012	2011	0.48	0.55	0.93	1.96	2.15
2013	2012	0.48	0.55	0.93	1.96	2.15
2014	2013	0.49	0.58	0.89	1.96	2.15

**CITY OF ALCOA, TENNESSEE
SCHEDULE 7
PRINCIPAL TAXPAYERS
June 30, 2014**

FOR TAX YEAR 2014

FOR TAX YEAR 2004

	<u>ASSESSMENT</u>	<u>Rank</u>	Percentage of Total City Taxable Assessed Value		<u>ASSESSMENT</u>	<u>Rank</u>	Percentage of Total City Taxable Assessed Value
ALCOA	\$ 124,870,709	1	27.95%	ALCOA	\$ 101,067,761	1	33.1%
CMH MANAGEMENT	13,582,896	2	3.03%	BELLSOUTH	7,104,326	2	2.3%
HAMILTON CROSSING, LLC	9,578,660	3	2.14%	CMH SERVICES	4,690,360	3	1.5%
FAULKNER PROPERTIES	6,391,400	4	1.43%	FAULKNER PROPERTIES	4,361,953	4	1.4%
MIDEB NOMINEES INC #672	4,631,840	5	1.04%	MIDEB NOMINEES, INC. #672	4,356,560	5	1.4%
MIDEB NOMINEES INC	3,302,440	6	0.74%	ALCOA POWER GENERATING	3,029,480	6	1.1%
STOCK CREEK, LLC	3,202,000	7	0.72%	REHOLD ALCOA, LLC	2,999,832	7	1.1%
COLEMAN-PROSPERO INDUSTRIAL	3,137,360	8	0.70%	MIDEB NOMINEES, INC.	2,977,858	8	1.1%
ALCOA TN LLC	<u>2,713,125</u>	9	<u>0.61%</u>	CERAMASPEED	<u>2,741,200</u>	9	<u>1.0%</u>
	<u>\$ 171,410,430</u>		<u>38.36%</u>		<u>\$ 133,329,330</u>		<u>44.0%</u>
Total City Assessment	<u>\$ 446,814,704</u>			Total City Assessment	<u>\$ 305,744,695</u>		

CITY OF ALCOA, TENNESSEE
SCHEDULE 8
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2012	8,945,269	8,641,271	96.6%	195,439	8,836,710	98.8%
2013	9,172,794	8,759,559	95.5%	234,267	8,993,826	98.1%
2014	8,951,791	8,540,278	97.5%	501,398	9,041,676	99.0%

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

Fiscal Year	<u>Governmental Activities</u>			<u>Business Type Activities</u>							Percentage of Personal Income	Per Capita
	General Obligation/ Revenue Bonds	Capital Outlay Notes	Capital Leases	Water & Sewer Bonds	Landfill Bonds	Electric Bonds	Electric Capital Outlay Notes	Water & Sewer Capital Outlay Notes	Capital Leases	Total		
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)
2012	44,865,000	-	10,443,284	48,491,008	6,935,000	19,665,000	-	-	264,777	130,664,069	(1)	(1)
2013	52,975,000	-	10,072,979	48,290,824	6,365,000	18,985,000	-	-	130,285	136,819,088	(1)	(1)
2014	70,550,000	-	9,802,394	48,178,801	6,375,000	18,280,000	-	-	27,947	153,214,142	(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>
2005	\$ 22,475,000	\$ -	\$ 22,475,000	\$ 299,420,330	7.51%	\$ 2,688
2006	21,940,000	-	21,940,000	305,744,695	7.18%	2,612
2007	23,365,000	-	23,365,000	363,732,426	6.42%	2,761
2008	36,260,309	-	36,260,309	372,652,154	9.73%	4,220
2009	41,085,000	-	41,085,000	445,953,513	9.21%	4,758
2010	48,695,000	-	48,695,000	399,835,755	12.18%	5,610
2011	46,625,000	-	46,625,000	451,966,059	10.32%	5,518
2012	44,865,000	-	44,865,000	441,228,943	10.17%	5,256
2013	52,975,000	-	52,975,000	450,667,633	11.75%	5,307
2014	70,550,000	-	70,550,000	446,814,704	15.79%	6,878

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, 2014

<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	\$ 70,550,000		
Capital Leases	<u>9,802,394</u>		
Total Direct Debt	80,352,394	100%	80,352,394
Overlapping Debt:			
Blount County General Government	152,986,300	15%	<u>29,947,945</u>
Total Direct and Overlapping Debt			<u>\$ 110,300,339</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					
	<u>Landfill Service Charges</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
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
2012	4,227,886	3,503,439	724,447	634,028	259,845	0.81
2013	3,460,408	3,361,784	98,624	646,145	247,999	0.23
2014	3,311,193	3,698,587	(387,394)	595,000	228,157	0.00

	Electric Revenue Debt					
	<u>Utility Service Charges</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
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
2012	61,177,604	57,156,903	2,020,701	630,000	277,575	2.23
2013	61,824,158	56,271,437	5,552,721	680,000	462,500	4.86
2014	63,215,476	58,183,734	5,031,742	705,000	378,333	4.64

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE 13
PLEDGED – REVENUE COVERAGE (Continued)
Last Ten Fiscal Years*

Water and Sewer Revenue Debt						
	<u>Utility Service Charges</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
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
2012	11,981,772	6,884,584	5,097,188	567,486	1,433,809	2.55
2013	10,686,651	6,902,487	3,779,164	497,712	1,395,130	2.00
2014	10,958,811	6,311,934	4,646,877	656,848	1,637,424	2.03

Stormwater Revenue Debt						
	<u>Utility Service Charges</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2010	\$ -	\$ -	\$ -	\$ -	\$ -	-
2011	997,509	816,882	100,627	49,213	-	2.04
2012	1,032,697	958,598	74,099	50,913	-	1.46
2013	1,015,899	833,508	182,391	52,671	-	3.46
2014	1,026,324	1,010,542	15,782	54,491	-	0.29

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) Population	Personal Income	(2) Per Capita Income	(3) School Enrollment	(4) Unemployment Rate
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%
2011	8,517	\$ 258,593,154	\$ 30,362	1,775	7.70%
2012	8,570	\$ 260,202,340	\$ 30,362	1,780	7.80%
2013	8,640	\$ 276,523,200	\$ 32,005	1,813	6.60%

- Sources:
- (1) U.S. Census Bureau
 - (2) 1997-2007 UT Center for Business and Economic Research; East TN Development District 2012
 - (3) City of Alcoa Schools
 - (4) Tennessee Department of Labor and Workforce Development

**CITY OF ALCOA, TENNESSEE
SCHEDULE 15
PRINCIPAL EMPLOYERS
June 30, 2014**

<u>Employer</u>	<u>2014</u>			<u>(3) 2005</u>		
	<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)	3,400	1	5.84%	2,930	1	5.10%
Blount Memorial Hospital, Inc. (1)	2,441	2	4.19%	1,950	4	3.40%
McGhee Tyson ANG Base (1)	2,100	3	3.61%	-	-	-
Clayton Homes (1)	2,099	4	3.61%	2,508	2	4.37%
Blount County School System (1)	1,800	5	3.09%	1,090	5	1.90%
Alcoa, Inc. (1)	1,200	6	2.06%	2,000	3	3.48%
Maryville City Schools (2)	648	7	1.11%	-	-	-
Blount County Government (1)	605	8	1.04%	613	7	1.07%
Marriott Business Services (1)	575	9	0.99%	-	-	-
WalMart Super Center (2)	556	10	0.96%	-	-	-
Ruby Tuesday (1)	518	11	0.89%	-	-	-
Massey Group (2)	400	12	0.69%	-	-	-
Newell Rubbermaid (1)	350	13	0.60%	-	-	-
TeamHealth Alcoa Billing Center (1)	330	14	0.57%	-	-	-
City of Maryville (2)	304	15	0.52%	-	-	-
Rockford Manufacturing (1)	300	16	0.52%	325	-	-
Standard Aero, Inc. (1)	278	17	0.48%	-	-	-
City of Alcoa (2)	263	18	0.45%	-	9	0.57%
Maryville College (2)	255	19	0.44%	-	-	-
Cornerstone of Recovery (1)	235	20	0.40%	-	-	-
Alcoa City Schools (2)	221	21	0.38%	-	-	-
EZ Stop Food Marts (1)	220	22	0.38%	-	-	-
Reinhart Food Service (1)	187	23	0.32%	-	-	-
Peninsula Hospital (1)	140	24	0.24%	-	-	-
	<u>11,416</u>		<u>33.38%</u>	<u>11,416</u>		<u>19.89%</u>

Total Blount County Employment 2014 (as of 04/14) (4)

Total Blount County Employment 2005 (as of 06/05) (4)

*Total employment for Blount County

- Source:
- (1) The Knoxville News Sentinel "Book of Lists"
 - (2) 2014 Responses from Employer
 - (3) The Knoxville News Sentinel "Book of Lists" 2000-2005
 - (4) 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 2014</u>	<u>Actual FY 2013</u>	<u>Actual FY 2012</u>	<u>Actual FY2011</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>
General Government										
Administration / Office	42	43	42	51	51	51	53	53	56	53
Police	41	42	42	42	41	43	41	41	42	42
Fire	29	30	30	30	28	29	29	29	29	29
Public Works and Streets	17	15	15	18	18	20	21	20	22	21
Other-support service and maintenance	6	6	6	7	7	10	10	10	10	10
Education	231	231	231	228	227	227	218	214	189	185
Solid Waste	11	11	11	10	10	11	11	11	11	9
Other – inspectors	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Total General Government	<u>380</u>	<u>381</u>	<u>382</u>	<u>390</u>	<u>386</u>	<u>396</u>	<u>388</u>	<u>383</u>	<u>364</u>	<u>354</u>
Utilities										
Water and Sewer	34	34	34	33	33	34	34	36	36	36
Stormwater	8	8	8	8	8	-	-	-	-	-
Electric	61	62	62	61	61	63	67	67	65	65
Landfill	<u>18</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>18</u>	<u>18</u>	<u>12</u>	<u>11</u>	<u>11</u>	<u>11</u>
Total Utilities	<u>121</u>	<u>120</u>	<u>120</u>	<u>118</u>	<u>120</u>	<u>115</u>	<u>113</u>	<u>114</u>	<u>112</u>	<u>112</u>
Total General Government and Utilities	<u>501</u>	<u>501</u>	<u>502</u>	<u>508</u>	<u>506</u>	<u>511</u>	<u>501</u>	<u>497</u>	<u>476</u>	<u>466</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Function/Program</u>										
Police										
Physical arrests	1,492	1,506	697	1,449	1,321	992	954	1,231	926	1,036
Traffic violations	7,431	7,179	7,550	8,067	6,403	7,838	9,282	9,933	5,776	6,165
Fire										
Emergency responses	1,867	1,797	1,669	1,591	1,518	1,510	1,400	1,159	1,126	1,060
Fires extinguished	61	58	75	99	63	119	132	130	90	89
Inspections	303	283	850	131	729	383	404	373	557	884
Public works/Streets										
Street resurfacing (miles)	4.5	1.3	1.5	3.3	0.81	0.50	2.03	1.08	0.303	1.83
Potholes repaired	52	126	83	38	203	116	70	163	105	99
Education										
Tuition students served	483	473	484	490	482	468	475	456	446	401
Parks and recreation										
Community pool admissions	34,677	35,500	40,510	44,506	47,474	53,627	46,097	47,586	41,506	38,517
Landfill										
Refuse collected (tons per day)	327.13	227.87	283.57	295.60	202.00	288.06	321.24	327.13	324.56	322.52
Recyclables collected (tons per day)	n/a	n/a	188.65	150.00	145.00	167.20	172.61	162.59	160.18	155.83
Water/Sewer										
New connections	219	147	117	81	79	29	263	275	400	259
Water mains breaks-leak repaired	216	154	208	194	116	171	249	415	394	268
Average daily consumption (thousands of gallons)	6,237	6,566	5,308	5,040	5,858	6,728	3,753	3,638	3,433	3,388
Peak daily consumption (thousands of gallons)	9,380	9,040	8,990	9,550	9,890	10,370	12,520	11,440	9,937	10,897
Average daily sewage treatment (thousands of gallons)	1,740	2,125	2,025	1,227	1,693	1,674	1,763	1,810	1,730	1,710
Electric Utility										
Average monthly kwh purchased	53,911,198	52,276,324	51,720,533	55,409,355	54,855,918	54,266,511	55,989,565	54,926,073	53,866,920	50,880,341

Sources: Various City departments.

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Function/Program</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	-	-	-	-	-	-	-	-	-	-
Patrol units	42	42	42	42	33	33	33	33	29	29
Police Adm./other vehicles	15	15	15	15	21	21	21	21	20	19
Fire stations	3	3	3	3	3	3	3	3	3	3
Landfill										
Collection trucks (customers)	57,873	56,809	71,500	71,500	80,784	83,283	80,573	74,890	74,498	75,689
Public works/Streets										
Highway (miles)	110.5	110.5	110.5	110.5	110	110	110	110	109	107.4
Streetlights										
Traffic signals	24	24	24	24	21	21	21	21	20	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	213.1	213.1	213.1	214.0	213.4	213.4	206	202.5
Storage capacity (thousands of gallons)	13,350	13,350	13,350	13,350	13,350	13,350	13,350	13,350	13,350	13,350
Treatment capacity (thousands of gallons)	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	24,000	24,000
Sewage										
Sanitary sewers (miles)	137.6	137.6	133.6	133.6	133.6	133.6	132.9	132.9	132	132
Storm sewers (miles)	47.3	47.3	47.3	47.3	47.3	49.8	48.8	48.8	48.7	48.7
Electric										
Number of Customers	27,905	27,808	27,640	27,443	27,431	27,364	27,557	27,276	26,717	26,196
Annual KWH sold	616,051,727	627,315,889	620,646,399	632,856,770	621,001,490	620,958,542	641,067,826	626,980,649	615,927,172	580,143,917
Sub Stations	12	12	12	12	12	12	12	12	12	12
Pole line (miles)	1,145	1,145	1,145	1,145	1,145	1,107	1,107	1,096	1,078	1,057
Sources: Various city departments.										

CITY OF ALCOA, TENNESSEE

SECTION FIVE

SINGLE AUDIT SECTION

June 30, 2014

This page intentionally left blank.

CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2014

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2013</u>	<u>Cash Receipts</u>	<u>Other/ Transfers In (Out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2014</u>
FEDERAL ASSISTANCE AWARDS:								
<u>General Fund:</u>								
COPS Hiring GHSO	U.S. Department of Justice	N/A	16.710	\$ (968)	\$ 2,202	\$ -	\$ 1,234	\$ -
COPS Hiring GHSO	U.S. Department of Justice	N/A	16.710	-	14,398	-	17,422	(3,024)
E.Bryne Memorial Justice Assistance	U.S. Department of Justice	N/A	16.738	-	-	-	-	-
TIMING ATMS System	TN Dept. of Transportation	N/A	20.200	-	72,551	-	72,551	-
JAG Grant		22984	20.200	-	12,884	-	12,884	-
Total General Fund Federal Awards				<u>(968)</u>	<u>102,035</u>	<u>-</u>	<u>104,091</u>	<u>(3,024)</u>
<u>Capital Projects Funds:</u>								
G.O. Public Works Construction								
Old Knoxville Highway/Pellissippi Place W/S Replacement	TN Dept. of Transportation	N/A	20.205	<u>(769,104)</u>	<u>3,151,248</u>	<u>-</u>	<u>3,016,185</u>	<u>(634,041)</u>
<u>Federal Projects Funds:</u>								
Carl Perkins Program Improvement	TN Dept. of Education	2012-2013	84.048A	(4,869)	4,869	-	19,937	-
Carl Perkins Program Improvement	TN Dept. of Education	2013-2014	84.048A	-	19,937	-	274,186	-
Title I Part A Improving Basic Programs	TN Dept. of Education	12-01	84.010A	(219,504)	492,093	-	37,381	(1,597)
Title II Part A Teacher/Principal Training	TN Dept. of Education	12-21	84.367A	(972)	33,416	-	-	(4,937)
Title II Part D Technology	TN Dept. of Education	12-01	84.318X	14	-	-	-	14
Title II Part D Technology	TN Dept. of Education	12-01	84.318X	(244)	-	-	-	(244)
Idea Preschool	TN Dept. of Education	12-01	84.173A	45,179	-	-	-	45,179
NCLB Title IV Drug Free	TN Dept. of Education	12-01	84.184	-	-	-	1,400	(1,400)
Idea Part B/Comp Plan	TN Dept. of Education	14-01	84.027A	5,428	357,273	-	366,062	(3,361)
Title I Part A Improving Basic Programs	TN Dept. of Education	14-01	84.010A	(163)	163	-	-	-
E-Rate Project Communications	TN Dept. of Education	12-01	84.151	35,266	40,181	-	4,109	34,356
Title III – ELL	TN Dept. of Education	14-01	84.365A	-	7,054	-	7,776	(722)
Idea Preschool	TN Dept. of Education	14-01	84.173	7,841	3,519	-	14,503	(3,143)
Total Federal Projects Funds				<u>(132,024)</u>	<u>958,505</u>	<u>-</u>	<u>762,336</u>	<u>64,145</u>
TOTALS – FEDERAL FINANCIAL ASSISTANCE				<u>(902,096)</u>	<u>4,211,788</u>	<u>-</u>	<u>3,882,612</u>	<u>(572,920)</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the Fiscal Year Ended June 30, 2014

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2013</u>	<u>Cash Receipts</u>	<u>Other/ Transfers In (Out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2014</u>
STATE AWARDS:								
<u>Proprietary Funds:</u>								
Landfill Fund	TN Dept. of Environment and Conservation	N/A	66.000	<u>(20,603)</u>	<u>99,640</u>	<u>-</u>	<u>90,559</u>	<u>(11,522)</u>
<u>General Fund:</u>								
	TN DHS	EMW-2012 – FO-D4701		<u>-</u>	<u>55,100</u>	<u>-</u>	<u>55,100</u>	<u>-</u>
<u>Education Fund:</u>								
Family Resource Center	TN Dept. of Education	N/A	N/A	(29,612)	29,612	-	29,612	(29,612)
Early Childhood (Lottery – Pre K)	TN Dept. of Education	N/A	N/A	(37,381)	207,826	-	170,445	-
Education Handicapped ACT	TN Dept. of Education	N/A	N/A	-	42,139	-	42,139	-
Technology Upgrade	TN Dept. of Education	N/A	N/A	-	81,204	-	81,204	-
Safe Schools Act of 1998	TN Dept. of Education	N/A	N/A	-	8,400	-	8,400	-
ACT Testing	TN Dept. of Education	N/A	N/A	-	2,417	-	2,417	-
ConnecTenn	TN Dept. of Education	N/A	N/A	-	5,236	-	5,236	-
First to the Top	TN Dept. of Education	N/A	N/A	-	13,472	-	13,472	-
Driver Education	TN Dept. of Education	N/A	N/A	(3,835)	3,835	-	-	-
Coordinated School Health	TN Dept. of Education	N/A	N/A	(28,388)	81,767	-	80,000	(26,621)
Career Ladder Extended Contract	TN Dept. of Education	N/A	N/A	<u>(1,165)</u>	<u>32,135</u>	<u>-</u>	<u>30,970</u>	<u>-</u>
Total Education Fund				<u>(100,381)</u>	<u>508,043</u>	<u>-</u>	<u>463,895</u>	<u>(56,233)</u>
TOTALS – STATE FINANCIAL ASSISTANCE				<u>(120,984)</u>	<u>662,783</u>	<u>-</u>	<u>609,554</u>	<u>(67,755)</u>
TOTALS – FEDERAL AND STATE FINANCIAL ASSISTANCE				<u>\$ (1,023,080)</u>	<u>\$4,874,571</u>	<u>\$ -</u>	<u>\$ 4,492,166</u>	<u>\$ (640,675)</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF PERFORMANCE BASED ASSISTANCE, LOANS AND ENTITLEMENTS
For the Fiscal Year Ended June 30, 2014

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2013</u>	<u>Amount Earned</u>	<u>Receipts</u>	<u>Balance June 30, 2014</u>
National School Lunch Program	U.S. Dept. of Agriculture	N/A	10.555	\$ -	\$ 370,413	\$ 370,413	\$ -
National School Breakfast Program	U.S. Dept. of Agriculture	N/A	10.553	-	107,933	107,933	-
Summer Feeding	U.S. Dept. of Agriculture	N/A	10.569	-	19,831	-	(19,831)
				<u>\$ -</u>	<u>\$ 498,177</u>	<u>\$ 478,346</u>	<u>\$ (19,831)</u>

Summary of Due from Grantors and Unapplied Grant Funds for the fiscal year ended June 30, 2014:

	<u>Due from Grantors</u>	<u>Unapplied Grant Funds</u>	<u>Total</u>
General Fund	\$ (3,024)	\$ -	\$ (3,024)
Federal Projects Funds	(16,628)	80,773	64,145
G.O. Public Works Construction	(634,041)	-	(634,041)
Education Fund	(56,233)	-	(56,233)
Cafeteria Fund	(19,831)	-	(19,831)
Landfill Fund	<u>(11,522)</u>	<u>-</u>	<u>(11,522)</u>
Totals	<u>\$ (741,277)</u>	<u>\$ 80,773</u>	<u>\$ (660,506)</u>

**CITY OF ALCOA, TENNESSEE
 SCHEDULE OF NON-CASH ASSISTANCE
 For the Fiscal Year Ended June 30, 2014**

CFDA No.	Program Name	Grantor Agency	Balance July 1, 2013	Receipts	Expenditures	Balance June 30, 2014
10.555	U.S. Department Of Agriculture Donated Commodities	Federal Pass Through Tennessee Department Of Agriculture	\$ _____ -	\$ 44,572	\$ 44,572	\$ _____ -

CITY OF ALCOA, TENNESSEE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

AND

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

AND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2014

This page intentionally left blank.



Joe S. Ingram, CPA (1948 – 2011)
Lonas D. Overholt, CPA
Robert L. Bean, CPA

428 Marilyn Lane
Alcoa, Tennessee 37701

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

December 17, 2014

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alcoa, Tennessee, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise The City of Alcoa, Tennessee's basic financial statements and have issued our report thereon dated December 17, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiency: Finding 2014-1.

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, and grant agreements, 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*.

The City of Alcoa, Tennessee's Response to Findings

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

Purpose of this Report

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

Ingram, Overholt & Bean, PC

Alcoa, Tennessee
December 17, 2014



Joe S. Ingram, CPA (1948 – 2011)
Lonas D. Overholt, CPA
Robert L. Bean, CPA

428 Marilyn Lane
Alcoa, Tennessee 37701

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

December 17, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

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, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Alcoa, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Alcoa, Tennessee's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Alcoa, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City of Alcoa, Tennessee is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Alcoa, Tennessee's internal control over compliance with the types of requirements that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Ingram, Overholt & Bean, PC

Alcoa, Tennessee
December 17, 2014

CITY OF ALCOA, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014

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 are reported in the audit of the financial statements of the City of Alcoa, Tennessee based on the Report of 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*.
4. No significant deficiencies in internal control over 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 Education:	
Idea Part B/Comp. Plan (cluster)	84.027A
Title I Improving Basic Education (cluster) .	84.010A
The Child Nutrition Cluster:	
School Breakfast Program	10.553
School Lunch/Commodities.....	10.555
Department of Transportation.....	20.205

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, 2014

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2014-1 Finding

The Cafeteria Fund expenditures exceeded revenue by \$1,413 during the current year. Prior year expenditures exceeded revenues by \$48,104.(Finding 2013-2, June 30, 2013)

Recommendation

We recommend that the Cafeteria Fund management should evaluate the cause of expenses exceeding revenues, in order to eliminate future expenditures in excess of revenues.

Management Response

We concur with the recommendation.

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

None.

D. PRIOR YEAR FINDINGS

2013-1 Subject

Education Fund disbursements without complete name and address on check or applicable invoice; person requesting check also delivering check. New procedures in place.