

CITY OF ALCOA

CITY OF ALCOA, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2015



"Excellence in Service - Quality of Life"

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

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CITY OF ALCOA, TENNESSEE
SECTION ONE
INTRODUCTORY SECTION
For the Fiscal Year Ended June 30, 2015

CITY OF ALCOA

City Officials

CITY OF ALCOA, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

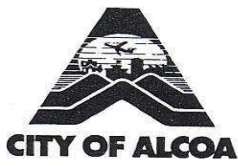
For the Fiscal Year Ended June 30, 2015

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"



December 9, 2015

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

The financial statements of the City of Alcoa, Tennessee for the fiscal year ended June 30, 2015 are submitted for your review. Responsibility for the accuracy and completeness of the presented data, including all disclosures, rests with the City. To the best of our knowledge and belief, this report is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

PROFILE OF THE GOVERNMENT

The City of Alcoa is a unique and culturally diverse community located in the eastern part of Tennessee with a resident population according to the 2010 U.S. Census of 8,449. Blount County, the county in which Alcoa resides, has a population of 123,010 as of 2010. The City is a company town built by ALCOA (Aluminum Company of America) starting around 1910. ALCOA was attracted to this area because of the abundance of water power resources. The Little Tennessee River and its tributaries were considered a good source of the hydroelectric energy essential to the aluminum production process. In 1917 the company began construction of the town site that would eventually become the City of Alcoa. The City of Alcoa was chartered by private act of the Tennessee General Assembly effective July 1, 1919.

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The City of Alcoa is dealing with the economic slowdown, but there are some signs of improving based on our local sales tax revenue increase. This is a sign that the general population feels some encouragement about our economy. The City of Alcoa and Blount County has the fourth lowest unemployment rate in the State at 4.1%. The City staff continues to work with our local industrial development board and developers to draw commercial and industrial business to our area.

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

The commercial and industrial sections in the City are at various stages of development. The City has a 500 acre research and development park with a mixture of high tech industry, commercial and residential use. The construction of the main entrance and boulevard are complete, and the Industrial Development Board has started the process of recruiting clients. Also, the City is working with the State and a developer to establish a 250 acre urbanism development that is located across from the airport. This property has the potential of being transformed into a new downtown area for the City.

Long-term Financial Planning

The City of Alcoa completed a pedestrian bridge across a major four lane highway and completed an additional 2 miles of walking trails that will tie all of the city's communities into the City greenway walking trails. This project was completed with ARRA, State and local funding. The City has built a new high school (opened August 2015) for approximately twenty-five million dollars. The City is considering building a new fire station, replacing an older station, and due to the location, a new site will be considered to be more centrally located based on how the City has grown in different areas.

Internal Control

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

Budgetary Controls

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

Single Audit

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

As a part of the City's single audit, performed in accordance with the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for fiscal year ended June 30, 2015 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws, regulations or other matters.

OTHER INFORMATION

Independent Audit

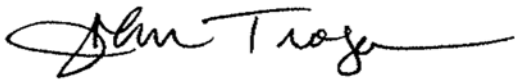
City Charter requires an annual audit by independent certified public accountants. The accounting firm of Ingram, Overholt & Bean, PC has been selected by the City Commission. The auditors' report on the financial statements is included in the financial section of the report.

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

Acknowledgment

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

Respectively submitted,

A handwritten signature in black ink, appearing to read "John Troyer", with a long horizontal flourish extending to the right.

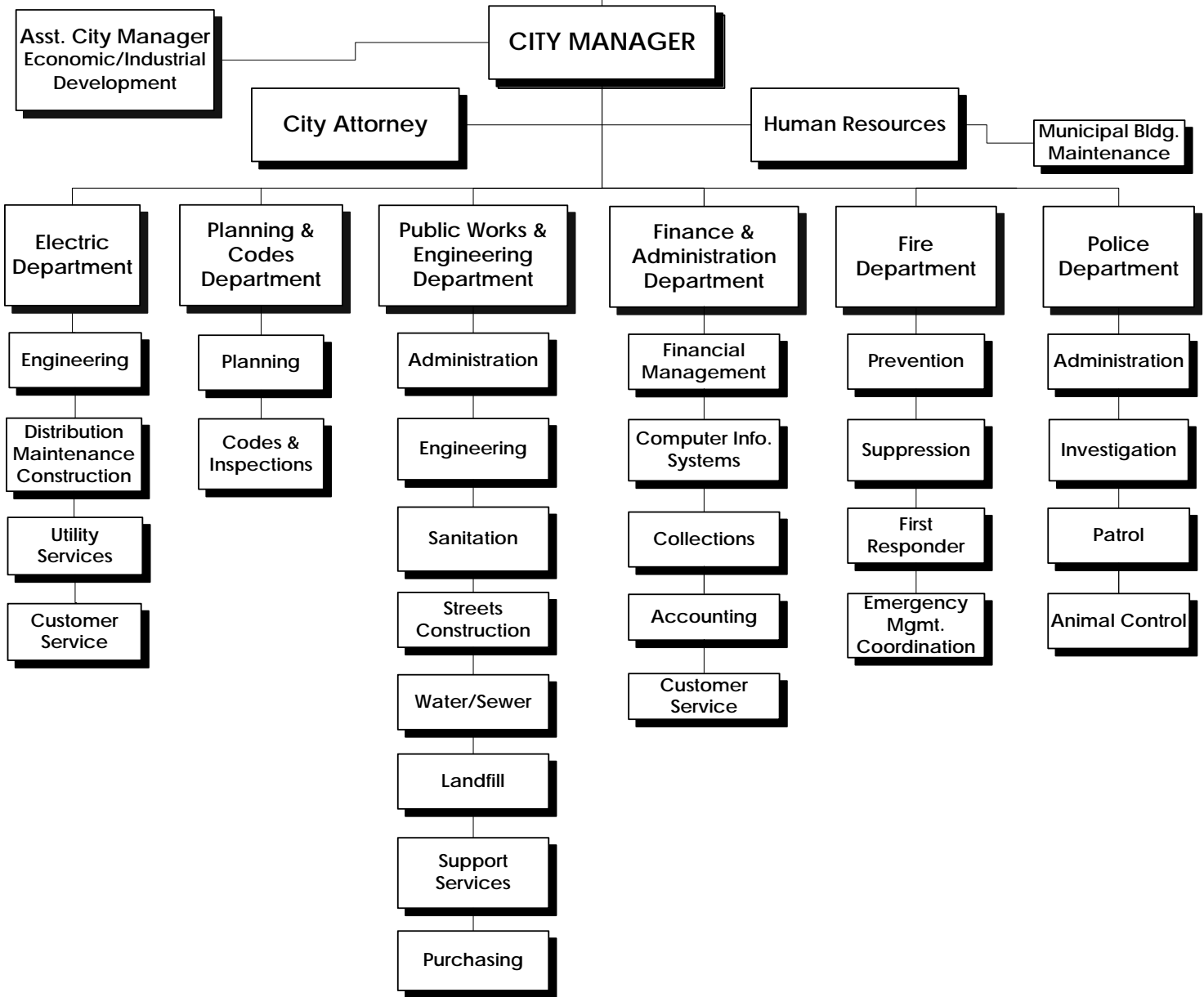
John Troyer
Director of Finance & Administration



City of Alcoa

ALCOA VOTERS

BOARD of COMMISSIONERS



CITY OF ALCOA, TENNESSEE

SECTION TWO

FINANCIAL SECTION

For the Fiscal Year Ended June 30, 2015



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

428 Marilyn Lane
Alcoa, Tennessee 37701

Telephone
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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 fiscal year ended June 30, 2015, 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, 2015, 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.

Emphasis of a Matter

As discussed in Note 19 to the financial statements, in 2015 the City adopted new accounting guidance, GASB No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27*. Our opinion is not modified with respect to this matter.

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 ix through xviii, and required supplementary schedules pages 93 through 102 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.

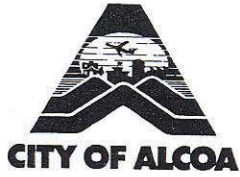
The combining and individual nonmajor fund financial statements, other supplementary information, statistical section, miscellaneous schedules section, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting 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 9, 2015, 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 9, 2015



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, 2015. 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 \$70.5 million (net position). The total net position decreased by \$5.1 million compared to the prior year. Included in the results is a \$14.2 million liability due to a change in pension accounting requirements. Without the change in pensions, the change in net position increased by \$9.1 million.

FINANCIAL HIGHLIGHTS (Continued)

- ◆ At June 30, 2015, the City's governmental activities reported combined ending fund balances of \$11.5 million, a decrease of \$4.5 million in comparison to the prior year. Included in these totals is a \$13.1 million change due to the change in pension accounting requirements. Without the change for pensions, the City's net position for governmental activities increased \$8.5 million.
- ◆ At June 30, 2015, total fund balance for the general fund was \$5.1 million. The unassigned portion of the fund balance is \$4.1 million, which is 23.3% of total general fund expenditures of \$17.6 million.
- ◆ At June 30, 2015, the City's proprietary funds reported combined total net position of \$59 million, and total unrestricted net position of \$7.3 million.
- ◆ The City issued \$18 million in bonds which included \$9.995 million for the Alcoa High School Construction Project, Public Works Projects and \$9 million in refunding bonds for savings.

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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other Assets	\$ 33,250,324	\$ 38,387,970	\$ 34,868,802	\$ 43,546,548	\$ 68,119,126	\$ 81,934,518
Capital assets (net)	88,162,110	66,114,763	120,485,631	113,863,144	208,647,741	179,977,907
Capital lease property	<u>10,007,914</u>	<u>10,198,992</u>	-	<u>27,947</u>	<u>10,007,914</u>	<u>10,226,939</u>
Total Assets	<u>131,420,348</u>	<u>114,701,725</u>	<u>155,354,433</u>	<u>157,437,639</u>	<u>286,774,781</u>	<u>272,139,364</u>
Deferred Outflows of Resources:						
Deferred state regulatory charges	-	-	1,130,197	1,217,990	1,130,197	1,217,990
Pension deferrals	<u>4,189,165</u>	-	<u>867,902</u>	-	<u>5,057,067</u>	-
Total Deferred Outflows	<u>4,189,165</u>	-	<u>1,998,099</u>	<u>1,217,990</u>	<u>6,187,264</u>	<u>1,217,990</u>
<u>Liabilities</u>						
Long-term liabilities	100,817,456	83,213,832	77,272,229	79,016,205	178,089,685	162,230,037
Other liabilities	<u>9,067,848</u>	<u>6,700,795</u>	<u>20,238,588</u>	<u>20,078,831</u>	<u>29,306,436</u>	<u>26,779,626</u>
Total Liabilities	<u>109,885,304</u>	<u>89,914,627</u>	<u>97,510,817</u>	<u>99,095,036</u>	<u>207,396,121</u>	<u>189,009,663</u>
Deferred Inflows of Resources:						
Pension deferrals	4,520,218	-	837,020	-	5,357,238	-
Deferred Revenue	<u>9,681,393</u>	<u>8,757,435</u>	-	-	<u>9,681,393</u>	<u>8,757,435</u>
Total Deferred Inflows	<u>14,201,611</u>	<u>8,757,435</u>	<u>837,020</u>	-	<u>15,038,631</u>	<u>8,757,435</u>
<u>Net Position</u>						
Net investment in capital Assets	18,643,895	6,206,361	50,190,104	41,602,343	68,833,999	47,808,704
Restricted for:						
General Fund	1,005,526	633,361	-	-	1,005,526	633,361
Special revenue	1,801,413	1,007,601	-	-	1,801,413	1,007,601
Capital projects	6,485,863	15,531,647	-	-	6,485,863	15,531,647
Debt service	2,945,179	1,787,413	-	-	2,945,179	1,787,413
Property acquisitions	-	-	1,477,123	1,407,958	1,477,123	1,407,958
Unrestricted (deficit)	<u>(19,359,278)</u>	<u>(9,136,720)</u>	<u>7,337,468</u>	<u>16,550,292</u>	<u>(12,021,810)</u>	<u>7,413,572</u>
Total Net Position	<u>\$ 11,522,598</u>	<u>\$ 16,029,663</u>	<u>\$ 59,004,695</u>	<u>\$ 59,560,593</u>	<u>\$ 70,527,293</u>	<u>\$ 75,590,256</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 \$70.5 million and \$75.6 million at June 30, 2015 and June 30, 2014, respectively.

The largest portion of the City's net position reflects its investment of \$68.8 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.

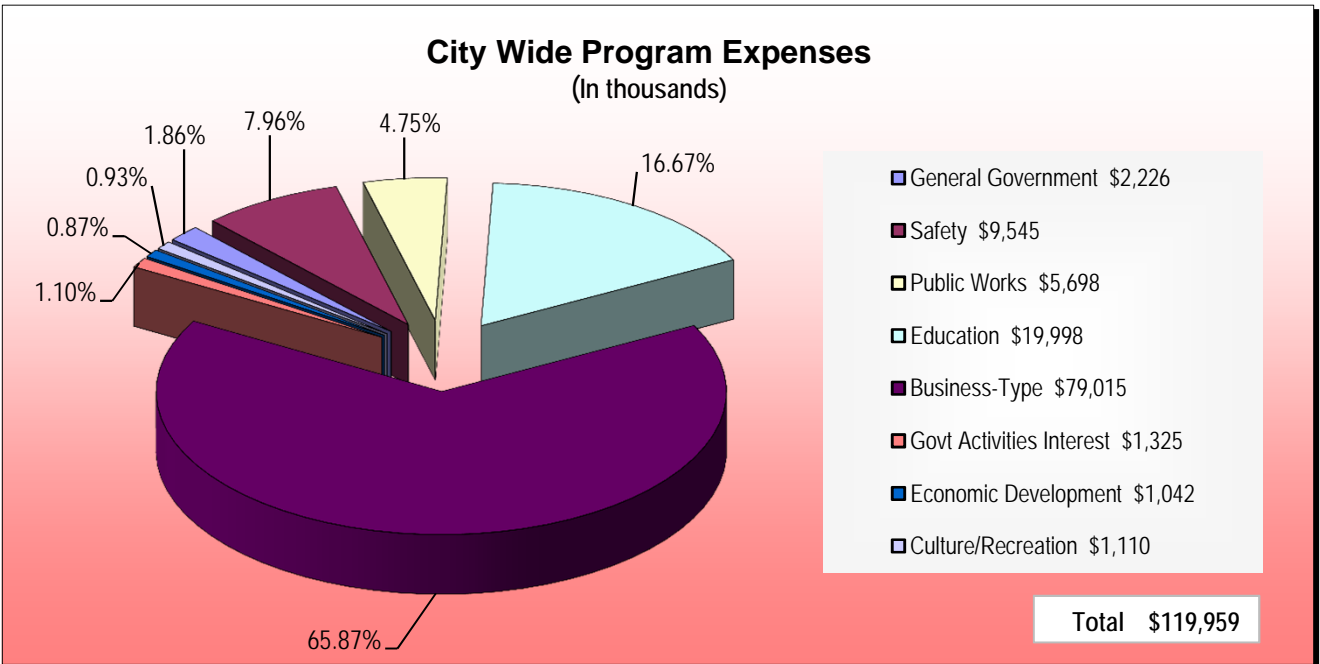
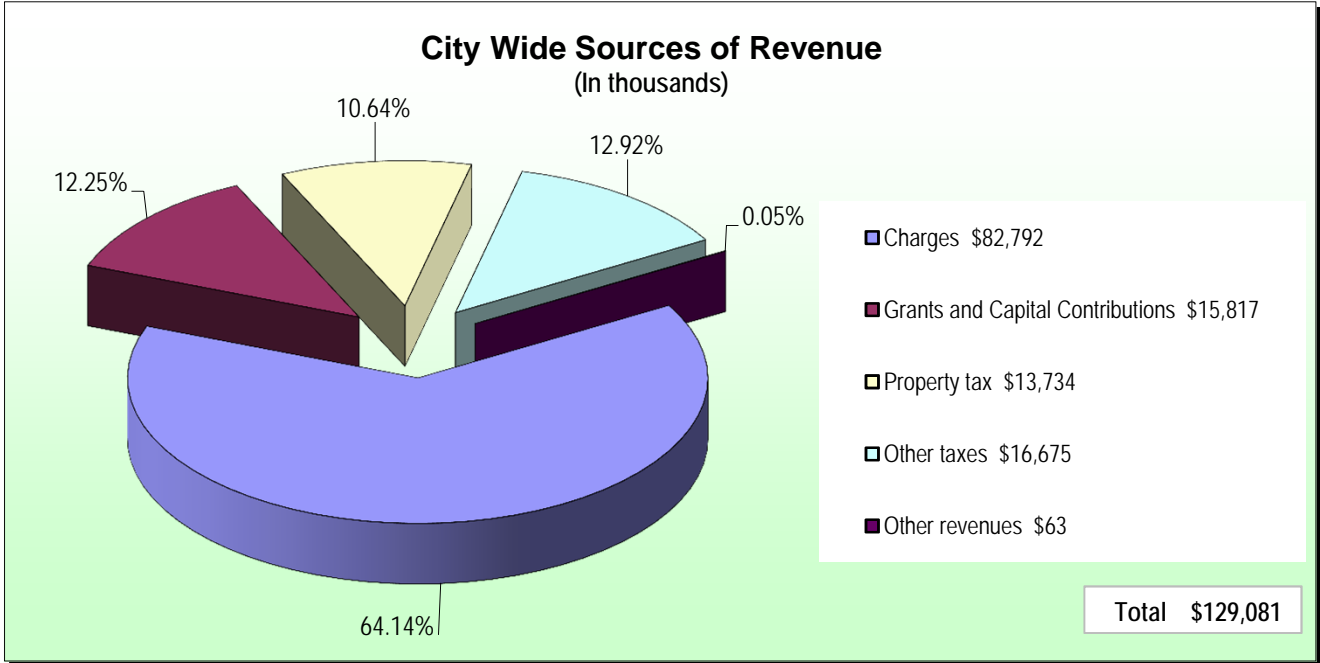
An additional portion of the City's net position, \$13.7 million (19%) represents resources that are subject to external restrictions on how they may be used.

Analysis of Change in Net Position

The City's net position decreased by \$5,062,963 for the fiscal year 2015. 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Program Revenues:						
Charges for services	\$ 1,558,723	\$ 1,788,866	\$ 81,233,771	\$ 78,469,547	\$ 82,792,494	\$ 80,244,910
Operating grants and contributions	10,536,788	9,071,291	75,718	90,559	10,612,506	9,161,850
Capital grants and contributions	5,202,207	3,107,392	-	-	5,202,207	3,107,392
General Revenues:						
Sales taxes	14,520,112	14,256,596	-	-	14,520,112	14,256,596
State income taxes	95,095	87,636	-	-	95,095	87,636
Property taxes	13,734,216	12,723,141	-	-	13,734,216	12,723,141
Business taxes/licenses	897,280	902,658	-	-	897,280	902,658
Miscellaneous taxes	790,571	512,845	-	-	790,571	512,845
Investment earnings	56,826	17,032	7,322	22,752	64,148	39,784
In-lieu of taxes	371,954	155,929	-	-	371,954	155,929
Total Revenues	<u>47,763,772</u>	<u>42,623,386</u>	<u>81,316,811</u>	<u>78,582,858</u>	<u>129,080,583</u>	<u>121,206,244</u>
Expenses						
General government	2,226,413	2,163,198	-	-	2,226,413	2,163,198
Police and Fire	9,544,500	9,118,341	-	-	9,544,500	9,118,341
Public works and streets	5,698,308	4,583,593	-	-	5,698,308	4,583,593
Recreation and Culture	1,110,699	1,003,749	-	-	1,110,699	1,003,749
Economic development	1,042,221	713,405	-	-	1,042,221	713,405
Education	19,998,346	20,290,532	-	-	19,998,346	20,290,532
Interest on long-term debt	1,324,010	1,189,641	-	-	1,324,010	1,189,641
Water and Sewer	-	-	11,673,591	10,247,877	11,673,591	10,247,877
Electric Utility	-	-	62,513,432	61,009,610	62,513,432	61,009,610
Landfill	-	-	3,719,323	3,943,753	3,719,323	3,943,753
Stormwater Utility	-	-	1,108,997	1,082,711	1,108,997	1,082,711
Total expenses	<u>40,944,497</u>	<u>39,062,459</u>	<u>79,015,343</u>	<u>76,283,951</u>	<u>119,959,840</u>	<u>115,346,410</u>
Increase (decrease) in net position before transfers and other sources	6,819,275	3,560,927	2,301,468	2,298,907	9,120,743	5,859,834
Transfers-in-lieu of tax	<u>1,728,324</u>	<u>1,686,883</u>	<u>(1,728,324)</u>	<u>(1,686,883)</u>	<u>-</u>	<u>-</u>
Change in net position	8,547,599	5,247,810	573,144	612,024	9,120,743	5,859,834
Net position at beginning of year	16,029,663	10,781,853	59,560,593	58,948,569	75,590,256	69,730,422
Prior period adjustment - pensions	<u>(13,054,664)</u>	<u>-</u>	<u>(1,129,042)</u>	<u>-</u>	<u>(14,183,706)</u>	<u>-</u>
Net position at end of year	<u>\$ 11,522,598</u>	<u>\$ 16,029,663</u>	<u>\$ 59,004,695</u>	<u>\$ 59,560,593</u>	<u>\$ 70,527,293</u>	<u>\$ 75,590,256</u>

City of Alcoa, Tennessee for the Fiscal Year Ended June 30, 2015



Governmental activities:

- Governmental activities increased the City governmental net position by \$8,547,599.
- Governmental activities revenue increased by \$5.14 million over the prior year primarily due to increases in property tax collections, sales tax increase, and grant items.
- Investment earnings increased by \$39,794.
- The General Fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$378,676.

Business-type activities:

- Business-type activities increased the City's net position by \$573,144, whereas the prior year had produced an increase in net position of \$612,024.
- The Electric Utility is the largest business-type activity of the City, with a total expense of \$62,513,432. 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 \$11,673,591. 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 \$3,719,323 and ended with a net loss of \$41,713. This loss over the prior year ended June 30, 2014, was mainly due to less revenue generated from private haulers.
- The Stormwater Utility ended the fiscal year with total expenses of \$1,108,997 and ended with a net loss of \$73,409.
- 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, 2015, the City's governmental funds reported combined ending fund balances of \$16.4 million, a decrease of \$5.7 million from 2014. Approximately \$4.1 million or (25%) 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 \$4.1 million while total fund balance was \$5.1 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 23.6% of total general fund expenditures of \$17.58 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, 2015, the fund balance is \$1,093,096. The fund balance represents 6.3% of the schools total budget of \$17,450,000. The primary reason for the increase is the increase in local sales tax.

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, 2015 is \$2,945,179 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, 2015, the Stormwater Utility net position totaled \$982,702. 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 \$73,409.

Net position for Water and Sewer Utility as of June 30, 2015 were \$19,498,899, an increase of \$29,998 from 2014. 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, 2015 was \$36,274,464, a decrease of \$247,828. 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 \$1,504,000 more than the prior year, while revenues were up approximately \$902,000.

Net position of the Landfill Utility as of June 30, 2015 was \$2,248,630, a decrease of \$41,713, 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 increased by \$330,000.

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

Tax revenues were increased by \$180,000 due to public works labor and materials. Contributions/grants to other agencies increased by \$140,000 due to retirement supplements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business type activities as of June 30, 2015 and 2014 amount to \$218,655,655 and \$190,177,846 (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:

	Capital Assets, Net of Depreciation					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Total	Total
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 1,999,450	\$ 1,999,450	\$ 2,204,363	\$ 2,204,363	\$ 4,203,813	\$ 4,203,813
Buildings	29,672,905	29,672,905	87,731,404	85,226,075	117,404,309	114,898,980
Infrastructure	41,926,576	29,209,051	-	-	41,926,576	29,209,051
Improvements	15,631,085	14,989,944	58,752,375	51,814,420	74,383,460	66,804,364
Machinery and equipment	8,588,489	7,594,050	32,964,909	32,065,896	41,553,398	39,659,946
Capital lease property	10,094,911	10,657,168	-	259,222	10,094,911	10,916,390
Construction in progress	<u>33,924,400</u>	<u>23,179,825</u>	<u>5,419,619</u>	<u>4,056,879</u>	<u>39,344,019</u>	<u>27,236,704</u>
Total Capital Assets	141,837,816	117,302,393	187,072,670	175,626,855	328,910,486	292,929,248
Less: Accumulated						
Depreciation	<u>(43,667,792)</u>	<u>(40,988,638)</u>	<u>(66,587,039)</u>	<u>(61,762,764)</u>	<u>(110,254,831)</u>	<u>(102,751,402)</u>
Capital Assets, net of						
Depreciation	<u>\$ 98,170,024</u>	<u>\$ 76,313,755</u>	<u>\$120,485,631</u>	<u>\$113,864,091</u>	<u>\$ 218,655,655</u>	<u>\$ 190,177,846</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 \$169.1 million. Of this amount, \$148.5 million are revenue bonds, general obligation bonds, and capital outlay notes backed by the full faith and credit of the City and \$8.8 million is estimated liability for Landfill closure and post closure costs and capital outlay notes. The remainder includes capital leases of \$9.7 million and compensated absences of \$2.2 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General Obligation/ Revenue Bonds	\$ 78,150,000	\$ 70,550,000	\$ 70,333,837	\$ 72,833,801	\$148,483,837	\$143,383,801
Capital leases	9,656,129	9,802,394	-	27,947	9,656,129	9,830,341
Compensated absences	974,749	1,203,808	1,241,066	1,250,891	2,215,815	2,454,699
Estimated liability for closure/post-closure care costs	-	-	<u>8,777,906</u>	<u>8,248,362</u>	<u>8,777,906</u>	<u>8,248,362</u>
Total long-term obligations	<u>\$ 88,780,878</u>	<u>\$ 81,556,202</u>	<u>\$ 80,352,809</u>	<u>\$ 82,361,001</u>	<u>\$169,133,687</u>	<u>\$163,917,203</u>

The City of Alcoa's total long-term debt increased by a net of \$5,216,484 during the current fiscal year. The key factor to this increase was due to the City borrowed \$18,995,000 to finance Alcoa High School Construction and refund 2006 bonds of \$7,900,000 during the year. The City retired other debt in the amount of \$5,694,964.

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 2016 fiscal year. During the current fiscal year, the total unassigned fund balance in the general fund increased by \$1,375,030 primarily due to tax revenue increases and due to the overall economy upswing. The City of Alcoa has not appropriated any of this amount for spending in the 2016 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, 2015

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Primary Government			
	Governmental Activities	Business-type Activities	Total 2015	Total 2014
ASSETS:				
Cash and certificates of deposit	\$ 14,482,395	\$ 12,901,178	\$ 27,383,573	\$ 27,901,362
Investments	3,123,677	-	3,123,677	13,751,466
Property taxes receivable (net of allowance)	10,449,998	-	10,449,998	10,299,429
Other receivables (net of allowance)	2,171,841	8,176,060	10,347,901	10,738,643
Due from other governments	3,022,413	-	3,022,413	2,310,471
Inventories	-	1,178,379	1,178,379	1,447,121
Prepaid items	-	3,857,990	3,857,990	3,780,211
Restricted Assets:				
Cash and certificates of deposit	-	8,755,195	8,755,195	11,732,815
Capital Assets (Note 5):				
Non-depreciable assets	35,923,850	2,204,364	38,128,214	31,440,518
Depreciable assets, net of depreciation	52,238,260	118,281,267	170,519,527	148,510,389
Capital lease property	<u>10,007,914</u>	<u>-</u>	<u>10,007,914</u>	<u>10,226,939</u>
Total Capital Assets, net of Depreciation	<u>98,170,024</u>	<u>120,485,631</u>	<u>218,655,655</u>	<u>190,177,846</u>
Total Assets	<u>131,420,348</u>	<u>155,354,433</u>	<u>286,774,781</u>	<u>272,139,364</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred State Regulatory Charges	-	1,130,197	1,130,197	1,217,990
Pension Deferrals	<u>4,189,165</u>	<u>867,902</u>	<u>5,057,067</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>4,189,165</u>	<u>1,998,099</u>	<u>6,187,264</u>	<u>1,217,990</u>
LIABILITIES:				
Accounts payable	3,822,746	12,159,059	15,981,805	17,145,929
Accrued liabilities	1,296,199	358,085	1,654,284	517,309
Customer deposits	-	1,654,990	1,654,990	1,561,606
Unearned revenue	907,992	-	907,992	1,560,027
Other liabilities	-	2,348,450	2,348,450	2,649,959
Long-term Liabilities:				
Due within one year (Note 6)	3,040,911	3,395,131	6,436,042	6,074,679
Due in more than one year (Note 6)	85,739,967	68,179,772	153,919,739	149,594,162
Estimated liability – Landfill closure/ Postclosure (Note 6)	-	8,777,906	8,777,906	8,248,362
Net unfunded pension liability (Note 7)	14,136,994	637,424	14,774,418	1,151,457
Post-employment benefit obligation (Note 7)	<u>940,495</u>	<u>-</u>	<u>940,495</u>	<u>506,173</u>
Total Liabilities	<u>109,885,304</u>	<u>97,510,817</u>	<u>207,396,121</u>	<u>189,009,663</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue – property tax	9,681,393	-	9,681,393	8,757,435
Pension deferrals	<u>4,520,218</u>	<u>837,020</u>	<u>5,357,208</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>14,201,611</u>	<u>837,020</u>	<u>15,038,601</u>	<u>8,757,435</u>
NET POSITION:				
Net investment in capital assets, (Note 19)	18,643,895	50,190,104	68,833,999	47,808,704
Restricted for:				
General Fund	1,005,526	-	1,005,526	633,361
Special Revenue Funds:				
Education	1,252,804	-	1,252,804	564,199
Streets	531,839	-	531,839	389,625
Drug Enforcement	15,250	-	15,250	44,901
Vehicle enforcement	1,520	-	1,520	8,876
Capital Projects:				
Capital Projects	453,048	-	453,048	
Education	1,259,374	-	1,259,374	12,514,975
Public Works/Safety	4,773,441	-	4,773,441	3,016,672
Debt Service	2,945,179	-	2,945,179	1,787,413
Property Acquisitions	-	1,477,123	1,477,123	1,407,958
Unrestricted (deficit)	<u>(19,359,278)</u>	<u>7,337,468</u>	<u>(12,021,810)</u>	<u>7,413,572</u>
Total Net Position	<u>\$ 11,522,598</u>	<u>\$ 59,004,695</u>	<u>\$ 70,527,293</u>	<u>\$ 75,590,256</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

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 2015	Total 2014
PRIMARY GOVERNMENT								
Governmental Activities:								
General Government.....	\$ 2,226,413	\$ 267,622	\$ 176,654	\$ -	\$ (1,782,137)	\$ -	\$ (1,782,137)	\$ (1,640,773)
Public Safety	9,544,500	504,445	15,301	-	(9,024,754)	-	(9,024,754)	(9,012,047)
Public Works	5,698,308	304,002	221,561	5,202,207	29,462	-	29,462	(1,217,705)
Economic Development	1,042,221	11,549	-	-	(1,030,672)	-	(1,030,672)	(684,725)
Education	19,998,346	451,405	10,123,272	-	(9,423,669)	-	(9,423,669)	(10,424,962)
Culture and Recreation	1,110,699	19,700	-	-	(1,090,999)	-	(1,090,999)	(989,315)
Interest on long-term debt	1,324,010	-	-	-	(1,324,010)	-	(1,324,010)	(1,189,641)
Total Governmental Activities	40,944,497	1,558,723	10,536,788	5,202,207	(23,646,779)	-	(23,646,779)	(25,159,168)
Business-Type Activities:								
Landfill.....	3,719,323	3,534,132	75,718	-	-	(109,473)	(109,473)	(533,503)
Electric	62,513,432	64,201,148	-	-	-	1,687,716	1,687,716	2,219,369
Water/Sewer Utility	11,673,591	12,462,903	-	-	-	789,312	789,312	710,934
Stormwater Utility	1,108,997	1,035,588	-	-	-	(73,409)	(73,409)	(56,387)
Total Business-type Activities	79,015,343	81,233,771	75,718	-	-	2,294,146	2,294,146	2,340,413
Total Primary Government.....	\$ 119,959,840	\$ 82,792,494	\$ 10,612,506	\$ 5,202,207	(23,646,779)	2,294,146	(21,352,633)	(22,818,755)
General Revenues:								
Taxes, net of related credits:								
Property tax					13,734,216	-	13,734,216	12,723,141
Sales tax					14,520,112	-	14,520,112	14,256,596
State income and excise tax					95,095	-	95,095	87,636
Business taxes/licenses					897,280	-	897,280	902,658
In-lieu-of taxes					371,954	-	371,954	155,929
Miscellaneous taxes					790,571	-	790,571	512,845
Investment earnings					56,826	7,322	64,148	39,784
Transfers – In-lieu-of-tax payments					1,728,324	(1,728,324)	-	-
Total General Revenues and Transfers					32,194,378	(1,721,002)	30,473,376	28,678,589
Change in Net Position					8,547,599	573,144	9,120,743	5,859,834
Net Position – Beginning					16,029,663	59,560,593	75,590,256	69,730,422
Prior Period Adjustment to Net Position – Pensions (GASB 68) – Note 19					(13,054,664)	(1,129,042)	(14,183,706)	-
Adjusted Net Position - Beginning					2,974,999	58,431,551	61,406,550	69,730,422
Net Position – Ending					\$ 11,522,598	\$59,004,695	\$70,527,293	\$75,590,256

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FUND FINANCIAL STATEMENTS
June 30, 2015

CITY OF ALCOA, TENNESSEE
BALANCE SHEET
Governmental Funds
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>ASSETS AND DEFERRED OUTFLOWS</u> <u>OF RESOURCES</u>	<u>General</u>	<u>Education</u>	<u>Debt</u> <u>Service</u>	<u>General</u> <u>Obligation</u> <u>Public Works</u> <u>Construction</u>	<u>School</u> <u>Construction &</u> <u>Improvement</u> <u>Fund</u>	<u>Alcoa High</u> <u>School</u> <u>Construction</u> <u>Fund</u>	<u>Non-Major</u> <u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total Governmental Funds</u>	
								<u>2015</u>	<u>2014</u>
Assets:									
Cash and cash equivalents	\$ 3,470,623	\$ 1,125,358	\$ 2,945,179	\$ 3,736,447	\$ 135,696	\$ 272,771	\$ 1,160,683	\$ 12,846,757	\$ 10,064,389
Investments and certificates of deposit	-	-	-	-	-	2,820,701	-	2,820,701	13,448,267
Tennessee Local Government									
Investment Pool	-	-	-	-	-	-	302,976	302,976	303,199
Receivables:									
Sales Taxes	1,380,082	358,574	-	-	-	-	-	1,738,656	1,546,421
Property Taxes (net of allowance for uncollectible taxes)	10,449,998	-	-	-	-	-	-	10,449,998	10,299,429
Accounts	902,920	397,862	-	836,747	-	-	27,430	2,164,959	811,373
Note	1,982	-	-	-	-	-	-	1,982	1,982
Due from other governments	-	-	-	-	-	-	137,876	137,876	707,522
Due from grantors	-	-	-	1,145,881	-	-	-	1,145,881	56,528
Due from other funds	-	69,550	-	-	-	-	-	69,550	1,344,994
Due from credit union	-	-	-	-	-	-	-	-	265
Total Assets	<u>16,205,605</u>	<u>1,951,344</u>	<u>2,945,179</u>	<u>5,719,075</u>	<u>135,696</u>	<u>3,093,472</u>	<u>1,628,965</u>	<u>31,679,336</u>	<u>38,584,369</u>
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$16,205,605</u>	<u>\$ 1,951,344</u>	<u>\$ 2,945,179</u>	<u>\$ 5,719,075</u>	<u>\$ 135,696</u>	<u>\$ 3,093,472</u>	<u>\$ 1,628,965</u>	<u>\$ 31,679,336</u>	<u>\$ 38,584,369</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ 415,047	\$ 210,197	\$ -	\$ 945,634	\$ 27,525	\$ 1,942,269	\$ 190,978	\$ 3,731,650	\$ 4,101,485
Due to other funds	-	-	-	-	-	-	69,550	69,550	1,318,684
Accrued payroll	317,850	-	-	-	-	-	-	317,850	182,521
Due to State of Tennessee	-	499,051	-	-	-	-	-	499,051	470,648
Deferred revenue	643,016	149,000	-	-	-	-	2,752	794,768	1,479,254
Unearned grant revenue	-	-	-	-	-	-	113,224	113,224	80,773
Due to Blount County	-	-	-	-	-	-	91,096	91,096	93,639
Total Liabilities	<u>1,375,913</u>	<u>858,248</u>	<u>-</u>	<u>945,634</u>	<u>27,525</u>	<u>1,942,269</u>	<u>467,600</u>	<u>5,617,189</u>	<u>7,727,004</u>
Deferred Inflows of Resources:									
Deferred Revenue	<u>9,681,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,681,393</u>	<u>8,757,435</u>
See accompanying independent auditors' report and notes.									

(Continued)

CITY OF ALCOA, TENNESSEE
BALANCE SHEET (Continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>General Fund</u>	<u>Education Fund</u>	<u>Debt Service Fund</u>	<u>General Obligation Public Works Construction</u>	<u>School Construction & Improvement Fund</u>	<u>Alcoa High School Construction Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
								<u>2015</u>	<u>2014</u>
Fund Balances:									
Nonspendable.....	-	-	-	-	-	-	-	-	-
Restricted	63,674	-	-	4,773,441-	-	-	635,033	5,472,148	2,776,314
Committed.....	-	-	-	-	-	-	-	-	-
Assigned.....	941,852	1,093,096	2,945,179	-	108,171	1,151,203	526,332	6,765,833	16,183,708
Unassigned.....	<u>4,142,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,142,773</u>	<u>3,139,908</u>
 Total Fund Balances	 <u>5,148,299</u>	 <u>1,093,096</u>	 <u>2,945,179</u>	 <u>4,773,441</u>	 <u>108,171</u>	 <u>1,151,203</u>	 <u>1,161,365</u>	 <u>16,380,754</u>	 <u>22,099,930</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$16,205,605</u>	 <u>\$ 1,951,344</u>	 <u>\$2,945,179</u>	 <u>\$ 5,719,075</u>	 <u>\$ 135,696</u>	 <u>\$ 3,093,472</u>	 <u>\$ 1,628,965</u>	 <u>\$ 31,679,336</u>	 <u>\$ 38,584,369</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
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Fund Balances – Total Governmental Funds	\$ 16,380,754	\$ 22,099,930
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>2015</u> \$ 98,170,024	<u>2014</u> \$ 76,313,755
	98,170,024	76,313,755
(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.		
	1,161,240	829,810
(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>2015</u> \$ 78,150,000	<u>2014</u> 70,550,000
Compensated absences	974,749	1,203,808
Capital Leases	<u>9,650,129</u>	<u>9,802,394</u>
	\$ 88,780,878	\$ 81,556,202
	(88,780,878)	(81,556,202)
(4) The General pension plan liabilities are not due and payable in the current period and are not reported in the government funds.		
	(14,136,994)	(1,151,457)
(5) Net OPEB Obligation – current year funding for the City’s postemployment benefits was required as follows:		
Amount funded	<u>2015</u> \$ 95,593	<u>2014</u> \$ 391,998
Required	<u>(374,493)</u>	<u>(374,493)</u>
OPEB Excess (Liability)	(278,900)	17,505
OBEP Obligation – beginning of year	<u>(158,353)</u>	<u>(175,858)</u>
OPEB Obligation – end of year	\$ <u>(437,253)</u>	\$ <u>(158,353)</u>
	(437,253)	(158,353)
(6) OPEB Obligation – Education (not reported in the governmental fund)		
	(503,242)	(347,820)
(7) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: Deferred outflows related to pensions	\$ 4,189,165	
Less: Deferred inflows related to pensions	<u>(4,520,218)</u>	
	\$ <u>(331,053)</u>	<u>-</u>
	(331,053)	-
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 11,522,598</u>	<u>\$ 16,029,663</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>General Fund</u>	<u>Education Fund</u>	<u>Debt Service Fund</u>	<u>General Obligation Public Works Construction</u>	<u>School Construction & Improvement Fund</u>	<u>Alcoa High School Construction Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
								<u>2015</u>	<u>2014</u>
Revenues:									
Taxes.....	\$ 18,492,401	\$ 7,841,899	\$ -	\$ -	\$ -	\$ -	\$ 221,561	\$ 26,555,861	\$ 24,149,030
Licenses, permits and fees	139,093	83,390	-	-	-	-	-	222,483	527,213
Intergovernmental.....	1,989,248	9,571,219	-	5,380,365	-	-	1,359,319	18,300,151	15,992,077
Charges for services	304,002	-	-	-	-	-	530,267	834,269	1,025,789
Fines, forfeitures and costs	488,599	-	-	-	-	-	28,940	517,539	507,920
Property rental	143,388	-	-	-	-	-	-	143,388	143,547
Investment income.....	-	-	-	-	-	56,728	98	56,826	17,032
Miscellaneous revenue	231,917	237,650	-	-	-	-	-	469,567	54,734
Donations	-	29,955	-	-	162,709	-	-	192,664	-
Sale of property/equipment	<u>92,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,565</u>	<u>96,440</u>	<u>76,073</u>
Total Revenues	<u>21,881,523</u>	<u>17,764,113</u>	<u>-</u>	<u>5,380,365</u>	<u>162,709</u>	<u>56,728</u>	<u>2,143,750</u>	<u>47,389,188</u>	<u>42,493,415</u>
Expenditures:									
Current:									
General government	1,740,661	-	-	-	-	-	-	1,740,661	1,726,638
Public Safety	9,091,569	-	-	-	-	-	35,228	9,126,797	8,691,747
Public Works	4,894,927	-	-	-	-	-	79,657	4,974,584	5,167,334
Education.....	-	17,001,650	-	-	-	-	1,831,990	18,833,640	18,869,100
Recreation and Culture	783,056	-	-	-	-	-	68,842	851,898	747,727
Community Development.....	1,042,221	-	-	-	-	-	-	1,042,221	713,405
Capital Outlay/Capital Assets/ Capital Leases.....	-	-	-	7,673,417	54,538	15,646,904	1,527,948	24,902,807	20,274,934
Debt Service:									
Principal Retirement	-	-	5,269,964	-	-	-	-	5,269,964	4,157,023
Interest and Fiscal Charges....	<u>-</u>	<u>-</u>	<u>4,003,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,003,952</u>	<u>3,433,555</u>
Total Expenditures.....	<u>17,552,434</u>	<u>17,001,550</u>	<u>9,273,916</u>	<u>7,673,417</u>	<u>54,538</u>	<u>15,646,904</u>	<u>3,543,665</u>	<u>70,746,524</u>	<u>63,781,463</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	<u>4,329,089</u>	<u>762,463</u>	<u>(9,273,916)</u>	<u>(2,293,052)</u>	<u>108,171</u>	<u>(15,590,176)</u>	<u>(1,399,915)</u>	<u>(23,357,336)</u>	<u>(21,288,048)</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>General</u>	<u>Education</u>	<u>Debt Service</u>	<u>General Obligation Public Works Construction</u>	<u>School Construction & Improvement Fund</u>	<u>Alcoa High School Construction Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
								<u>2015</u>	<u>2014</u>
Other Financing Sources (Uses):									
Transfers to other funds	(4,682,383)	(68,500)	-	-	(480,000)	-	-	(5,230,883)	(4,598,500)
Transfer from other funds	-	-	10,431,682	-	-	480,000	57,383	10,969,065	9,053,871
Payments in lieu of taxes	1,728,324	-	-	-	-	-	-	1,728,324	1,686,883
Issuance of debt	-	-	-	4,850,000	-	4,145,000	1,000,000	9,995,000	-
Bond premium	-	-	-	95,250	-	81,404	-	176,654	20,850,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u>(2,954,059)</u>	<u>(68,500)</u>	<u>10,431,682</u>	<u>4,945,250</u>	<u>(480,000)</u>	<u>4,706,404</u>	<u>1,057,383</u>	<u>17,638,160</u>	<u>26,992,254</u>
Net Change in Fund Balance	1,375,030	693,963	1,157,766	2,652,198	(371,829)	(10,883,772)	(342,532)	(5,719,176)	5,704,206
Fund Balance, July 1 st	<u>3,773,269</u>	<u>399,133</u>	<u>1,787,413</u>	<u>2,121,243</u>	<u>480,000</u>	<u>12,034,975</u>	<u>1,503,897</u>	<u>22,099,930</u>	<u>16,395,724</u>
Fund Balance, June 30th	<u>\$ 5,148,299</u>	<u>\$ 1,093,096</u>	<u>\$ 2,945,179</u>	<u>\$ 4,773,441</u>	<u>\$ 108,171</u>	<u>\$ 1,151,203</u>	<u>\$ 1,161,365</u>	<u>\$ 16,380,754</u>	<u>\$ 22,099,930</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 Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Net Change in Fund Balances – Total Governmental Funds:	\$ (5,719,176)	\$ 5,704,206
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>2015</u>	<u>2014</u>
Capital Outlay	\$24,838,455	\$ 19,856,114
Depreciation	<u>(2,982,186)</u>	<u>(2,882,114)</u>
	<u>\$21,856,269</u>	<u>\$ 16,974,000</u>
	21,856,269	16,974,000
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>2015</u>	<u>2014</u>
New Leases	\$ -	\$ -
Payments	<u>(146,266)</u>	<u>(270,585)</u>
	<u>\$ (146,266)</u>	<u>\$ (270,585)</u>
	146,266	270,585
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>2015</u>	<u>2014</u>
Bonds issued	\$ 18,995,000	\$ 22,000,000
Retired	<u>(13,594,964)</u>	<u>(4,157,023)</u>
	<u>\$ 5,400,036</u>	<u>\$ 17,842,977</u>
	(5,400,036)	(17,842,977)
4) The net revenues (expenditures) of internal service funds activities are reported with governmental activities.		
	197,930	129,971
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	(503,242)	(347,820)
b. OPEB Obligation – City	(437,253)	(158,353)
c. Unfunded Pension obligation	(14,136,994)	(1,151,457)
d. Change in compensated absences	229,059	(171,342)
e. Construction in-progress	<u>12,314,776</u>	<u>1,840,997</u>
Changes in Net Position of Governmental Activities	<u>\$ 8,547,599</u>	<u>\$ 5,247,810</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, 2015
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014**

	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>June 30, 2014 Actual</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
REVENUES:					
Taxes	\$ 16,518,659	\$ 16,698,659	\$ 18,487,401	\$ 1,788,742	\$ 16,653,983
Licenses and permits	120,240	120,240	139,093	18,853	163,953
Fines and forfeits	475,712	475,712	488,599	12,887	464,448
Intergovernmental	2,038,503	2,038,503	1,989,248	(49,255)	2,058,508
Interest earned	1,694	1,694	-	(1,694)	-
Public works, labor and material	407,100	407,100	304,002	(103,098)	349,703
Miscellaneous	10,281	10,281	27,886	17,605	32,850
CATV franchise fee	77,579	77,579	90,233	12,654	83,521
Property rental	142,910	142,910	143,388	478	143,547
Department services	125,100	125,100	78,711	(46,389)	127,781
Fees development	9,000	9,000	11,549	2,549	28,680
Insurance refunds	9,000	9,000	8,838	(162)	-
Sale of property	15,000	15,000	92,875	77,875	64,258
Special events	-	-	19,700	19,700	-
Contributions and donations – business ..	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>
Total Revenues	<u>19,970,778</u>	<u>20,150,778</u>	<u>21,881,523</u>	<u>1,730,745</u>	<u>20,171,232</u>
EXPENDITURES:					
General government	1,796,112	1,796,112	1,740,661	55,451	1,726,638
Public works	5,107,877	5,107,877	4,894,927	212,950	4,934,270
Public safety – Police	5,299,540	5,429,540	5,374,846	54,694	5,229,276
Public safety – Fire	3,704,287	3,764,287	3,716,723	47,564	3,434,401
Contributions and grants to other agencies	<u>1,693,294</u>	<u>1,833,294</u>	<u>1,825,277</u>	<u>8,017</u>	<u>1,452,824</u>
Total Expenditures	<u>17,601,110</u>	<u>17,931,110</u>	<u>17,552,434</u>	<u>378,676</u>	<u>16,777,409</u>
Excess of Revenues Over Expenditures	<u>2,369,668</u>	<u>2,219,668</u>	<u>4,329,089</u>	<u>2,109,421</u>	<u>3,393,823</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>June 30, 2014 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.....	1,720,000	1,720,000	1,728,324	282,353	1,686,883
Debt Service	(4,125,000)	(4,625,000)	(4,625,000)	-	(4,050,000)
Capital Projects	(57,383)	(57,383)	(57,383)	-	-
Employment Benefits and Retirement.....	(140,000)	(140,000)	-	140,000	-
Issuance of debt.....	-	-	-	-	150,000
Total Other Financing Sources (Uses)	<u>(2,602,383)</u>	<u>(3,102,383)</u>	<u>(2,954,059)</u>	<u>422,353</u>	<u>(2,213,117)</u>
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses.....	<u>(232,715)</u>	<u>(882,715)</u>	<u>1,375,030</u>	<u>2,531,774</u>	<u>1,180,706</u>
FUND BALANCE AT BEGINNING OF YEAR.....	<u>3,773,269</u>	<u>3,773,269</u>	<u>3,773,269</u>	<u>-</u>	<u>2,592,563</u>
FUND BALANCE AT END OF YEAR	<u>\$ 3,540,554</u>	<u>\$ 2,890,554</u>	<u>\$ 5,148,299</u>	<u>\$ 2,531,774</u>	<u>\$ 3,773,269</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>June 30, 2015</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>2014</u> <u>Actual</u>
Revenues:					
Taxes.....	\$ 7,538,770	\$ 7,710,000	\$ 7,841,899	\$ 131,899	\$ 7,495,047
Miscellaneous	2,154,280	2,165,500	2,419,904	254,404	2,173,264
Revenue from other agencies	<u>7,542,875</u>	<u>7,532,500</u>	<u>7,502,310</u>	<u>(30,190)</u>	<u>7,507,994</u>
Total Revenues.....	<u>17,235,925</u>	<u>17,408,000</u>	<u>17,764,113</u>	<u>356,113</u>	<u>17,176,305</u>
Expenditures:					
Board of Education	241,374	266,964	264,826	2,138	240,498
Office of the Director.....	156,412	156,660	154,425	2,235	154,079
Office of Principals	933,179	1,046,110	1,015,054	31,056	1,055,757
Fiscal services	153,932	174,239	171,247	2,992	145,479
Transportation	254,581	284,509	274,699	9,810	258,313
Instruction/Elementary/Secondary	10,106,171	10,026,181	9,751,776	274,405	10,057,212
Instruction – Regular.....	456,894	449,786	425,882	23,904	436,071
Other student support.....	390,498	445,960	437,171	8,789	381,005
Health services	186,213	222,680	220,461	2,219	197,701
Operation of plant	1,120,531	1,124,688	1,104,114	20,574	1,075,284
Maintenance of plant.....	585,521	761,922	755,767	6,155	685,482
Food services	56,712	56,664	55,055	1,609	27,015
Capital outlay	225,000	20,000	19,586	414	71,704
Special education	1,148,427	1,138,911	1,114,120	24,791	1,100,953
Vocational education	305,317	310,863	310,208	655	299,485
Lottery Pre-K.....	224,189	226,433	226,217	216	223,117
Central and other.....	437,244	472,380	472,294	86	454,822
Human services.....	162,785	159,731	134,971	24,760	150,152
Family Resource Center.....	<u>105,020</u>	<u>105,319</u>	<u>93,777</u>	<u>11,542</u>	<u>93,579</u>
Total Expenditures	<u>17,250,000</u>	<u>17,450,000</u>	<u>17,001,650</u>	<u>448,350</u>	<u>17,107,708</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,075)	(42,000)	762,463	804,463	68,597
Other Financing Sources (Uses):					
Transfer to School Construction and Improvement Fund.....	-	-	-	-	(480,000)
Transfer to School OPEB Insurance Fund ..	<u>-</u>	<u>-</u>	<u>(68,500)</u>	<u>(68,500)</u>	<u>(68,500)</u>
Net Change in Fund Balance	(14,075)	(42,000)	693,963	735,963	(479,903)
Fund Balance at Beginning of Year	<u>399,133</u>	<u>399,133</u>	<u>399,133</u>	<u>-</u>	<u>879,036</u>
Fund Balance at End of Year.....	<u>\$ 385,058</u>	<u>\$ 357,133</u>	<u>\$ 1,093,096</u>	<u>\$ 735,963</u>	<u>\$ 399,133</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2015
With Comparative Totals for June 30, 2014**

	<u>Business-Type Activities – Enterprise Funds</u>					<u>Governmental Activities</u>		
	<u>2015</u>					<u>Internal Service Funds</u>		
	<u>Stormwater Utility</u>	<u>Water/ Sewer Utility</u>	<u>Electric Utility</u>	<u>Landfill</u>	<u>Total</u>	<u>2014 Total</u>	<u>2015</u>	<u>2014</u>
ASSETS								
Current Assets:								
Cash in bank/Certificate of deposit	\$ 826,839	\$ 6,003,947	\$ 4,408,033	\$ 1,662,359	\$ 12,901,178	\$ 16,777,432	\$ 1,635,638	\$ 1,059,541
Accounts receivable – Net.....	-	3,115	5,647,245	423,897	6,074,257	7,461,396	4,900	89,054
Due from other funds	-	-	-	-	-	-	-	65,000
Accrued interest	-	-	-	-	-	18,683	-	-
Inventory	-	768,700	409,679	-	1,178,379	1,447,121	-	-
Prepaid TVA Power Invoice Program.....	-	-	3,857,990	-	3,857,990	3,780,211	-	-
Certificates of deposit – bond redemption reserve	-	-	-	-	-	3,329,396	-	-
Total Current Assets.....	<u>826,839</u>	<u>6,775,762</u>	<u>14,322,947</u>	<u>2,086,256</u>	<u>24,011,804</u>	<u>32,814,239</u>	<u>1,640,538</u>	<u>1,213,595</u>
NonCurrent Assets:								
Capital Assets:								
Nondepreciable:								
Land and easements	-	1,193,236	336,481	673,647	2,204,364	2,204,364	-	-
Construction in progress.....	-	42,461	5,376,158	-	5,419,619	4,056,879	-	-
Plant and equipment – depreciable.....	652,742	84,659,310	80,424,720	13,711,915	179,448,687	169,365,612	-	-
Accumulated depreciation	(307,520)	(25,418,444)	(32,485,433)	(8,375,642)	(66,587,039)	(61,762,764)	-	-
Net Capital Assets	<u>345,222</u>	<u>60,478,563</u>	<u>53,651,926</u>	<u>6,009,920</u>	<u>120,485,631</u>	<u>113,864,091</u>	-	-
Other NonCurrent Assets:								
Receivables from customers for conservation loans/back utilities.....	-	-	2,101,803	-	2,101,803	2,255,890	-	-
Long-term note receivable.....	-	-	-	-	-	100,000	-	-
Cash in bank – Restricted.....	-	-	-	5,548,994	5,548,994	5,042,162	-	-
Investments – Certificates of deposits - restricted for construction.....	-	-	-	3,206,201	3,206,201	3,361,257	-	-
Total Other NonCurrent Assets.....	<u>-</u>	<u>-</u>	<u>2,101,803</u>	<u>8,755,195</u>	<u>10,856,998</u>	<u>10,759,309</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS.....	<u>1,172,061</u>	<u>67,254,325</u>	<u>70,076,676</u>	<u>16,851,371</u>	<u>155,354,433</u>	<u>157,437,639</u>	<u>1,640,538</u>	<u>1,213,595</u>
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred state regulatory charges	-	640,777	422,186	67,234	1,130,197	1,217,990	-	-
Pension deferrals	57,433	274,712	415,157	120,600	867,902	-	-	-
Total Deferred Outflows of Resources..	<u>57,433</u>	<u>915,489</u>	<u>837,343</u>	<u>187,834</u>	<u>1,998,099</u>	<u>1,217,990</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION (Continued)
 June 30, 2015
 With Comparative Totals for June 30, 2014**

	<u>Business-Type Activities – Enterprise Funds</u>					<u>Governmental Activities</u>		
	<u>2015</u>					<u>Internal Service Funds</u>		
	<u>Stormwater Utility</u>	<u>Water/ Sewer Utility</u>	<u>Electric Utility</u>	<u>Landfill</u>	<u>Total</u>	<u>2014 Total</u>	<u>2015</u>	<u>2014</u>
LIABILITIES								
Current Liabilities:								
Accounts payable.....	104,634	676,829	11,313,547	64,049	12,159,059	12,187,682	12,562	12,562
Medical claims payable.....	-	-	-	-	-	-	466,736	306,223
Other accrued payables.....	10,310	58,313	266,236	23,226	358,085	334,788	-	-
Bonds payable – current.....	-	905,000	-	765,000	1,670,000	1,659,964	-	-
Customer deposits.....	-	-	1,654,990	-	1,654,990	1,561,606	-	-
Due to other funds.....	-	-	-	-	-	37,429	-	65,000
Compensated absences.....	39,193	249,948	418,335	77,519	784,995	816,885	-	-
Revolving loan payable – current.....	-	155,136	785,000	-	940,136	840,000	-	-
Capital lease payable – current.....	-	-	-	-	-	27,947	-	-
Net pension liability.....	<u>28,057</u>	<u>207,280</u>	<u>-</u>	<u>87,536</u>	<u>322,873</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities.....	<u>182,194</u>	<u>2,252,506</u>	<u>14,438,108</u>	<u>1,017,330</u>	<u>17,890,138</u>	<u>17,466,301</u>	<u>479,298</u>	<u>383,785</u>
Long-Term Liabilities:								
Compensated absences.....	-	61,963	374,728	19,380	456,071	434,006	-	-
Bonds payable.....	-	42,695,000	16,765,000	4,865,000	64,325,000	66,780,000	-	-
Estimated liability for Landfill closure and postclosure care costs.....	-	-	-	8,777,906	8,777,906	8,248,362	-	-
Revolving loan payable.....	-	3,398,701	-	-	3,398,701	3,553,837	-	-
Capital lease payable.....	-	-	314,551	-	314,551	-	-	-
Advances – TVA Conservation Loans.....	-	-	2,207,353	-	2,207,353	2,334,992	-	-
Deferred Credits.....	-	-	141,097	-	141,097	277,538	-	-
Total Long-Term Liabilities.....	<u>-</u>	<u>46,155,664</u>	<u>19,802,729</u>	<u>13,662,286</u>	<u>79,620,679</u>	<u>81,628,735</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>182,194</u>	<u>48,408,170</u>	<u>34,240,837</u>	<u>14,679,616</u>	<u>97,510,817</u>	<u>99,095,036</u>	<u>479,298</u>	<u>383,785</u>
DEFERRED INFLOWS OF RESOURCES								
Pension deferrals.....	<u>64,598</u>	<u>262,745</u>	<u>398,718</u>	<u>110,959</u>	<u>837,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION:								
Unrestricted.....	637,480	6,174,173	134,228	391,587	7,337,468	16,550,292	1,161,240	829,810
Restricted for property acquisitions.....	-	-	-	1,477,123	1,477,123	1,407,958	-	-
Net investment in capital assets.....	<u>345,222</u>	<u>13,324,726</u>	<u>36,140,236</u>	<u>379,920</u>	<u>50,190,104</u>	<u>41,602,343</u>	<u>-</u>	<u>-</u>
TOTAL NET POSITION.....	<u>\$ 982,702</u>	<u>\$ 19,498,899</u>	<u>\$ 36,274,464</u>	<u>\$ 2,248,630</u>	<u>\$ 59,004,695</u>	<u>\$ 59,560,593</u>	<u>\$ 1,161,240</u>	<u>\$ 829,810</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 For the Fiscal Year Ended June 30, 2015
 With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	<u>Business-Type Activities – Enterprise Funds</u>					<u>Governmental Activities</u>		
	<u>2015</u>					<u>Internal Service Funds</u>		
	<u>Stormwater Utility</u>	<u>Water/ Sewer Utility</u>	<u>Electric Utility</u>	<u>Landfill</u>	<u>Total</u>	<u>2014 Total</u>	<u>2015</u>	<u>2014</u>
Operating Revenues:								
Charges for services.....	\$ 1,035,588	\$ 10,829,770	\$ 62,859,684	\$ 3,531,471	\$ 78,256,513	\$ 77,185,513	\$ 5,462,115	\$ 5,219,750
Forfeited discounts	-	-	436,879	-	436,879	451,428	-	-
Miscellaneous revenues	-	22,528	835,745	2,086	860,359	874,863	568	4,939
Total Operating Revenues.....	<u>1,035,588</u>	<u>10,852,298</u>	<u>64,132,308</u>	<u>3,533,557</u>	<u>79,553,751</u>	<u>78,511,804</u>	<u>5,462,683</u>	<u>5,224,689</u>
Operating Expenses:								
Medical claims paid.....	-	-	-	-	-	-	3,519,804	3,444,629
Insurance premiums/administration	-	-	-	-	-	-	1,430,848	1,363,814
Administrative	276,393	761,744	3,136,359	371,027	4,545,523	4,528,544	-	-
Accounting and collections.....	-	775,014	-	-	775,014	805,409	-	-
Supervision	-	276,192	-	-	276,192	254,265	-	-
Water plant operation	-	1,502,677	-	-	1,502,677	1,568,618	-	-
Distribution and transmission	-	744,488	1,389,892	-	2,134,380	1,759,362	-	-
Meter reading and repair.....	-	596,592	-	-	596,592	305,468	-	-
Water maintenance	-	229,829	-	-	229,829	229,214	-	-
Sewage collection/disposal/pumping	-	339,145	-	-	339,145	61,837	-	-
Customer accounts.....	-	2,018,333	1,732,911	-	3,751,244	3,317,248	-	-
Purchased power.....	-	-	51,078,680	-	51,078,680	49,618,161	-	-
Landfill operation	-	-	-	2,293,443	2,293,443	2,440,926	-	-
Environmental compliance	-	119,010	-	125,244	244,254	236,206	-	-
Depreciation	75,394	2,425,742	2,463,035	702,856	5,667,027	5,469,901	-	-
Operations and maintenance.....	667,884	-	2,346,168	-	3,014,052	3,244,325	-	-
Street cleaning	89,326	-	-	-	89,326	119,104	-	-
Special projects.....	-	233	-	-	233	-	-	-
Service center operations	-	-	-	-	-	-	314,101	286,275
Total Operating Expenses	<u>1,108,997</u>	<u>9,788,999</u>	<u>62,147,045</u>	<u>3,492,570</u>	<u>76,537,611</u>	<u>73,958,588</u>	<u>5,264,753</u>	<u>5,094,718</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)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business-Type Activities – Enterprise Funds</u>					<u>Governmental Activities</u>		
	<u>2015</u>					<u>Internal Service Funds</u>		
	<u>Stormwater Utility</u>	<u>Water/ Sewer Utility</u>	<u>Electric Utility</u>	<u>Landfill</u>	<u>Total</u>	<u>2014 Total</u>	<u>2015</u>	<u>2014</u>
Operating Income (loss)	(73,409)	1,063,299	1,985,263	40,987	3,016,140	4,553,216	197,930	129,971
Other Income (Expense):								
Grant.....	-	-	-	75,718	75,718	90,559	-	-
Other income (expense).....	-	-	2,559	63,722	66,281	(40,667)	-	-
Amortization expense.....	-	(26,617)	(26,387)	(14,789)	(67,793)	(83,039)	-	-
Interest expense	-	(1,857,975)	(340,000)	(208,830)	(2,406,805)	(2,243,914)	-	-
Interest income	-	603	5,240	1,479	7,322	22,752	-	-
Total Other Income (Expense).....	-	(1,883,989)	(358,588)	(82,700)	(2,325,277)	(2,254,309)	-	-
Net Income (loss) Before								
Contributions and Transfers.....	(73,409)	(820,690)	1,626,675	(41,713)	690,863	2,298,907	197,930	129,971
Transfers In (Out).....	-	-	-	-	-	-	133,500	68,500
Capital Contributions.....	-	1,610,605	-	-	1,610,605	-	-	-
Payments in Lieu of Taxes	-	(400,000)	(1,328,324)	-	(1,728,324)	(1,686,883)	-	-
Change in Net Position	(73,409)	389,915	298,351	(41,713)	573,144	612,024	331,430	198,471
Net Position – Beginning, as previously reported.....	1,127,061	19,468,901	36,522,292	2,442,339	59,560,593	58,948,569	829,810	631,339
Prior period adjustment (Note 7)	(70,950)	(359,917)	(546,179)	(151,996)	(1,129,042)	-	-	-
Net Position – Beginning, as restated	1,056,111	19,108,984	35,976,113	2,290,343	58,431,551	-	-	-
Net Position – Ending.....	\$ 982,702	\$ 19,498,899	\$ 36,274,464	\$ 2,248,630	\$ 59,004,695	\$ 59,560,593	\$ 1,161,240	\$ 829,810

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2015
 With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	<u>Business-Type Activities – Enterprise Funds</u>					<u>Governmental Activities</u>		
	<u>2015</u>					<u>Internal Service Funds</u>		
	<u>Stormwater Utility</u>	<u>Water/ Sewer Utility</u>	<u>Electric Utility</u>	<u>Landfill</u>	<u>Total</u>	<u>2014 Total</u>	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash received from customers/employees' insurance	\$ 1,121,184	\$11,937,490	\$64,563,031	\$ 3,528,831	\$ 81,150,536	\$ 78,364,332	\$ 5,462,683	\$ 5,015,368
Cash payments to suppliers for goods and services/ medical claims	(400,961)	(5,403,954)	(55,808,601)	(1,987,679)	(63,601,195)	(60,061,723)	(5,085,086)	(4,814,360)
Cash payments to employees for services.....	(513,278)	(1,782,020)	(3,763,885)	(820,139)	(6,879,322)	(7,703,073)	-	-
Net Cash Flows From Operating Activities	<u>206,945</u>	<u>4,751,516</u>	<u>4,990,545</u>	<u>721,013</u>	<u>10,670,019</u>	<u>10,599,536</u>	<u>377,597</u>	<u>201,008</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
Transfers out – in lieu of taxes.....	-	(400,000)	(1,328,324)	-	(1,728,324)	(1,686,883)	-	-
Closure/postclosure payments	-	-	-	529,544	529,544	499,785	-	-
Receipts from other funds.....	-	-	-	-	-	-	133,500	68,500
Net Cash Flows From Non-Capital Financing Activities	<u>-</u>	<u>(400,000)</u>	<u>(1,328,324)</u>	<u>529,544</u>	<u>(1,198,780)</u>	<u>(1,187,098)</u>	<u>133,500</u>	<u>68,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Advances from TVA	-	-	583,114	-	583,114	617,242	-	-
Utility plant removal costs	-	-	(51,278)	-	(51,278)	(8,082)	-	-
Principal paid on bonds/notes/capital leases/revolving loan	(27,947)	(1,024,964)	(730,000)	(745,000)	(2,527,911)	(2,006,514)	-	-
Interest paid on bonds/notes/capital leases/revolving loan ...	-	(1,857,975)	(340,000)	(208,830)	(2,406,805)	(2,243,914)	-	-
Customer deposits received	-	-	371,615	-	371,615	334,399	-	-
Customer deposits refunded	-	-	(278,231)	-	(278,231)	(277,643)	-	-
Repayments of advances.....	-	-	(457,380)	-	(457,380)	(523,775)	-	-
Deferred credits	-	-	(136,441)	-	(136,441)	(8,794)	-	-
Merchandizing, jobbing, and contract work revenue.....	-	-	-	51,933	51,933	8,971	-	-
Collection on conservation loans	-	-	329,354	-	329,354	617,242	-	-
Payments for acquisition and construction of capital assets	(2,500)	(3,115,791)	(8,807,683)	(413,871)	(12,339,845)	(8,008,935)	-	-
Additional long-term bond/capital outlay notes/ revolving loans	-	-	-	-	-	1,145,000	-	-
Acquisition of conservation loans.....	-	-	(591,363)	-	(591,363)	(531,539)	-	-
Proceeds from sale of assets	-	-	-	-	-	3,832	-	-
Grant proceeds.....	-	-	-	75,718	75,718	90,559	-	-
Pension deferral	(63,785)	(371,884)	-	-	(435,669)	-	-	-
Service fees.....	-	-	-	(3,000)	(3,000)	-	-	-
Other revenue	-	20,600	-	-	20,600	-	-	-
Contributions in aid of construction	-	1,610,605	-	-	1,610,605	-	-	-
Net Cash Flows From Capital and Related Financing Activities.....	<u>(94,232)</u>	<u>(4,739,409)</u>	<u>(10,108,293)</u>	<u>(1,243,050)</u>	<u>(16,184,984)</u>	<u>(10,791,951)</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business-Type Activities – Enterprise Funds</u>					<u>Governmental Activities</u>		
	<u>2015</u>					<u>Internal Service Funds</u>		
	<u>Stormwater</u> <u>Utility</u>	<u>Water/</u> <u>Sewer</u> <u>Utility</u>	<u>Electric</u> <u>Utility</u>	<u>Landfill</u>	<u>Total</u>	<u>2014</u> <u>Total</u>	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchase of investment securities.....	-	-	-	(522,038)	(522,038)	(7,596,242)	-	-
Proceeds from sale and maturities of investment								
Securities	-	-	3,329,396	22,914	3,352,310	6,920,510	-	-
Interest and dividends on investments.....	-	-	5,240	1,479	6,719	22,752	-	-
Net Cash Flows From Investing Activities..	-	-	3,334,636	(497,645)	2,836,991	(652,980)	-	-
NET INCREASE (DECREASE) IN CASH								
AND CASH EQUIVALENTS	112,713	(387,893)	(3,111,436)	(490,138)	(3,876,754)	(2,032,493)	511,097	269,508
CASH AND CASH EQUIVALENTS AT								
BEGINNING OF YEAR	714,126	6,391,840	7,519,469	2,151,997	16,777,432	18,809,925	1,124,541	855,033
CASH AND CASH EQUIVALENTS AT								
END OF YEAR.....	<u>\$ 826,839</u>	<u>\$ 6,003,947</u>	<u>\$ 4,408,033</u>	<u>\$ 1,661,859</u>	<u>\$12,900,678</u>	<u>\$16,777,432</u>	<u>\$ 1,635,638</u>	<u>\$ 1,124,541</u>
Reconciliation of Operating Income (Loss) to Net								
Cash Flows Provided by (Used) in Operating								
Activities:								
Operating Income (loss)	\$ (73,409)	\$ 1,063,299	\$ 1,985,263	\$ 40,987	\$ 3,016,140	\$ 4,553,216	\$ 197,930	\$ 129,971
Adjustments to reconcile operating income to								
net cash provided by operating activities:								
Depreciation	75,394	2,425,742	2,463,035	702,856	5,667,027	5,469,901	-	-
Amortization	-	-	26,387	-	26,387	26,387	-	-
Changes in assets and liabilities:								
Accounts receivable.....	85,596	1,005,457	300,812	(4,726)	1,387,139	(147,472)	84,154	(58,523)
Prepaid expenses	-	-	(77,779)	-	(77,779)	(357,098)	-	-
Inventory	-	79,735	189,007	-	268,742	(152,996)	-	-
Other receivables	-	-	18,683	-	18,683	(17,068)	-	-
Accounts payable.....	83,793	33,470	(112,863)	(33,021)	(28,621)	1,223,709	160,513	64,560
Other liabilities	28,057	207,280	93,906	53,490	382,733	50,453	(65,000)	65,000
Accrued payroll	2,474	6,684	9,758	3,859	22,775	29,859	-	-
Retainage payable.....	-	-	-	-	-	(221,256)	-	-
Due to employee insurance fund	(3,382)	-	-	-	(3,382)	-	-	-
Compensated absences	8,422	(70,151)	94,336	(42,432)	(9,825)	141,901	-	-
Total Adjustments	280,354	3,688,217	3,005,282	680,026	7,653,879	6,046,320	179,667	71,037
NET CASH PROVIDED (USED) BY								
OPERATING ACTIVITIES	<u>\$ 206,945</u>	<u>\$ 4,751,516</u>	<u>\$ 4,990,545</u>	<u>\$ 721,013</u>	<u>\$10,670,019</u>	<u>\$10,599,536</u>	<u>\$ 377,597</u>	<u>\$ 201,008</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (Continued)
 For the Fiscal Year Ended June 30, 2015
 With Comparative Totals for the Fiscal Year Ended June 30, 2014**

(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	\$ 826,839	\$ -	\$ 826,839
Water/Sewer Utility	6,003,947	-	6,003,947
Electric Utility	4,388,970	19,063	4,408,033
Landfill	<u>1,662,359</u>	<u>-</u>	<u>1,662,359</u>
Totals.....	<u>\$ 12,882,115</u>	<u>\$ 19,063</u>	<u>\$ 12,901,178</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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
ASSETS:		
Investments:		
Cash and cash equivalents.....	\$ 1,014,343	\$ 890,505
U.S. Treasury obligations.....	4,935,281	3,538,433
Corporate and foreign bonds	5,416,343	5,345,952
Common equity securities.....	10,589,964	11,308,475
Municipal obligations.....	1,454,306	2,116,289
Accrued interest	<u>126,639</u>	<u>129,752</u>
Total Assets	<u>23,536,876</u>	<u>23,329,406</u>
LIABILITIES	<u>-</u>	<u>-</u>
NET POSITION:		
Held in trust for pension benefits	<u>23,536,876</u>	<u>23,329,406</u>
Total Net Position	<u>\$ 23,536,876</u>	<u>\$ 23,329,406</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Additions:		
Employer contributions	\$ 2,173,944	\$ 1,451,649
Interest and dividend income	654,065	667,231
Net appreciation in fair value of investments	-	1,781,486
Realized gain on sale of investments	<u>139,004</u>	<u>163,898</u>
Total Additions.....	<u>2,967,013</u>	<u>4,064,264</u>
Deductions:		
Benefit payments	2,587,026	2,549,182
Administrative expenses	73,003	75,650
Net depreciation in fair value of investments	<u>99,514</u>	<u>-</u>
Total Deductions	<u>2,759,543</u>	<u>2,624,832</u>
Change in Net Position	207,470	1,439,432
Net Position – Beginning of Year.....	<u>23,329,406</u>	<u>21,889,974</u>
Net Position – End of Year.....	<u>\$ 23,536,876</u>	<u>\$ 23,329,406</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015

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, 2015

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.

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

(C) BASIS OF PRESENTATION (Continued)

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 three 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.
- (3) General Obligation Public Works Construction Fund: This fund is used to account for public works construction and improvements.

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, 2015

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, 2015

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, 2015

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.

(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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 (Continued):

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.

(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.

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

(G) CASH (Continued)

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	\$ 3,469,423	\$ 1,200	\$ 3,470,623
Special Revenue Funds:			
State Street Aid Fund	559,095	-	559,095
Education Fund	1,125,358	-	1,125,358
Cafeteria Fund.....	28,523	-	28,523
Extended Day Program Fund.....	129,225	-	129,225
Federal Projects Fund.....	175,880	-	175,880
Drug Control Fund.....	15,250	-	15,250
Commercial Vehicle Fines Fund.....	1,517	-	1,517
Total Special Revenue Funds.....	<u>2,034,848</u>	<u>-</u>	<u>2,034,848</u>
Debt Service Fund	<u>2,945,179</u>	<u>-</u>	<u>2,945,179</u>
Capital Projects Funds:			
Capital Projects Fund	6,366	-	6,366
Alcoa High School Construction Fund	272,771	2,820,701	3,093,472
2001 Special Projects Fund.....	41,760	302,976	344,736
Equipment Replacement Fund	121,849	-	121,849
General Obligation Public Works	3,736,447	-	3,736,447
Landscaping Fund.....	80,475	-	80,475
Home Grant Fund.....	743	-	743
School Construction and Improvement Fund.....	135,696	-	135,696
Total Capital Projects Funds	<u>4,396,107</u>	<u>3,123,677</u>	<u>7,519,784</u>
Internal Service Funds:			
Employees' Insurance Fund.....	-	748,977	748,977
Flexible Spending Fund	10,945	-	10,945
Service Center	56,216	-	56,216
City OPEB Fund	401,000	-	401,000
School OPEB Fund	418,500	-	418,500
Total Internal Service Funds	<u>886,661</u>	<u>748,977</u>	<u>1,635,638</u>
Total Governmental Funds.....	<u>13,732,218</u>	<u>3,873,854</u>	<u>17,606,072</u>
Proprietary Funds:			
Water and Sewer Utility Fund.....	6,003,947	-	6,003,947
Electric Utility Fund.....	-	4,408,033	4,408,033
Landfill Fund.....	-	1,662,359	1,662,359
Stormwater Utility Fund	826,839	-	826,839
Total Proprietary Funds.....	<u>6,830,786</u>	<u>6,070,392</u>	<u>12,901,178</u>
TOTAL GOVERNMENT	<u>\$ 20,563,004</u>	<u>\$ 9,944,246</u>	<u>\$ 30,507,250</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

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

(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, 2015 are as follows:

Electric Utility Fund	\$ 3,699,557
Water and Sewer Utility Fund	<u>876,776</u>
Total	<u>\$ 4,576,333</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;

(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.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

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

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

Interfund receivables/payables (due to/from) at June 30, 2015, are as follows:

<u>Fund</u>	<u>Amount</u>	<u>Fund</u>	<u>Amount</u>
<u>INTERFUND RECEIVABLES:</u>		<u>INTERFUND PAYABLES:</u>	
Education Fund	\$ <u>69,550</u> (1)	Federal Projects	\$ <u>69,550</u> (1)

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

Interfund transfers during the fiscal year ended June 30, 2015 are as follows:

<u>From:</u>	<u>To:</u>						<u>Totals</u>
	<u>Debt Service</u>	<u>General Fund</u>	<u>City OPEB</u>	<u>School OPEB</u>	<u>AHS Construction</u>	<u>Equipment Replacement</u>	
General Fund	\$ 4,560,000	\$ -	\$ 65,000	\$ -	\$ -	\$ 57,383	\$ 4,682,383
Electric Utility	1,448,056	1,328,324	-	-	-	-	2,776,380
Water/Sewer Utility	3,424,495	400,000	-	-	-	-	3,824,495
Education Fund	-	-	-	68,500	-	-	68,500
School Construction	-	-	-	-	480,000	-	480,000
Landfill Fund	<u>999,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>999,131</u>
Total	<u>\$10,431,682</u>	<u>\$ 1,728,324</u>	<u>\$ 65,000</u>	<u>\$ 68,500</u>	<u>\$ 480,000</u>	<u>\$ 57,383</u>	<u>\$12,830,889</u>

(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, 2015

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

(M) OTHER ASSETS:

Other assets held are recorded and accounted for at cost.

(N) RESTRICTED ASSETS:

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, 2015 is \$8,755,195.

(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, 2015

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

(R) LONG-TERM OBLIGATIONS (Continued)

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.

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, 2015 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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

(T) IMPLEMENTATION OF NEW ACCOUNTING STANDARDS:

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.

(U) PENSIONS:

Primary Government - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Alcoa's participations in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS) and the City's Employees Retirement System, and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan, and the City's Employee Retirement System. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS, and the City's Employees Retirement System. Investments are reported at fair value.

City of Alcoa Education - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

(V) IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT

In June 2012 the Governmental Accounting Standards Board issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for the fiscal year beginning July 1, 2014. This statement revises existing standards for measuring and reporting pension liabilities for pensions provided by the City to its employees. This Statement requires recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The City implemented this standard effective July 1, 2014.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

(V) IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT (Continued):

The Agency's Net Position at July 1, 2014 was restated to reflect the effects of this pronouncement as follows:

	Total Government <u>Activities</u>	Total Business <u>Activities</u>	<u>Total</u>
Net position, June 30, 2014	\$ 16,029,663	\$ 59,560,593	\$ 75,590,256
Recognition of Pension liability	<u>(13,054,664)</u>	<u>(1,129,042)</u>	<u>(14,183,706)</u>
Restated Net Position, July 1, 2014	<u>\$ 2,974,999</u>	<u>\$ 58,431,551</u>	<u>\$ 61,406,550</u>

(W) 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, 2015 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

	Total Governmental <u>Funds</u>	Long-term Assets, <u>Liabilities</u> (1)	Internal Service <u>Funds</u> (2)	Reclassifications and <u>Eliminations</u>	Statement of <u>Net Position</u>
<u>Assets</u>					
Cash on hand/equity in pooled					
Cash/certificates of deposit.....	\$ 12,846,757	\$ -	\$ 1,635,638	\$ -	\$ 14,482,395
Investments	2,820,701	-	-	302,976	3,123,677
Tennessee Local					
Government Investment Pool	302,976	-	-	(302,976)	-
Receivables:					
Property Taxes, net.....	10,449,998	-	-	-	10,449,998
Accounts, net.....	2,166,941	-	4,900	-	2,171,841
Internal balances.....	69,550	-	-	(69,550)	-
Due from other governments.....	3,022,413	-	-	-	3,022,413
Capital Assets, Net	-	88,162,110	-	-	88,162,110
Capital lease property.....	-	<u>10,007,914</u>	-	-	<u>10,007,914</u>
Total Assets.....	<u>31,679,336</u>	<u>98,170,024</u>	<u>1,640,536</u>	<u>(69,550)</u>	<u>131,420,348</u>
Deferred Outflows of Resources:					
Deferred Outflows – Pensions.....	-	-	-	4,189,165	4,189,165

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

(Continued):

	<u>Balance Sheet/Statement of Net Position</u>				
	Total Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Statement of Net Position
<u>Liabilities</u>					
Accounts payable.....	3,822,746	-	479,298	-	4,302,044
Accrued liabilities.....	816,901	-	-	-	816,901
Unapplied grant funds	-	-	-	-	-
Unearned revenue.....	907,992	-	-	-	907,992
Long-term debt	-	88,780,878	-	-	88,780,878
Internal balances.....	69,550	-	-	(69,550)	-
Unfunded pension obligation.....	-	-	-	14,136,994	14,136,994
Unfunded OPEB obligation.....	-	940,495	-	-	940,495
Total Liabilities.....	<u>5,617,189</u>	<u>89,721,373</u>	<u>479,298</u>	<u>14,067,444</u>	<u>109,885,304</u>
Deferred Inflow of Resources:					
Property taxes	9,681,393	-	-	-	9,681,393
Deferred Inflows – Pension	-	-	-	4,520,218	4,520,218
Total Deferred Inflow of Resources.....	<u>9,681,393</u>	<u>-</u>	<u>-</u>	<u>4,520,218</u>	<u>14,201,611</u>
Net Position	<u>\$ 16,380,754</u>	<u>\$ 8,448,651</u>	<u>\$ 1,161,240</u>	<u>\$ (14,468,047)</u>	<u>\$ 11,522,598</u>

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

Cost of Capital Assets/Lease Property	\$ 141,837,815
Accumulated depreciation	<u>(43,667,791)</u>
	<u>\$ 98,170,024</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	\$ 89,524	\$ 885,225	\$ 974,749
Bonds, capital improvement notes, loans	2,850,000	75,300,000	78,150,000
Capital lease obligations	<u>101,387</u>	<u>9,554,742</u>	<u>9,656,129</u>
	<u>\$3,040,911</u>	<u>\$ 85,739,967</u>	<u>\$ 88,780,878</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

(Continued):

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

Cash	\$ 1,635,638
Accounts receivable	4,900
Accounts payable	<u>(479,298)</u>
Net Position	<u>\$ 1,161,240</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.

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

<u>Revenues</u>	<u>Total Governmental Funds</u>	<u>Capital- Related Items (4)</u>	<u>Long-term Debt Transactions (5)</u>	<u>Internal Service Funds</u>	<u>Reclass- ifications</u>	<u>Statement of Activities</u>
Taxes.....	\$ 26,555,861	\$ -	\$ -	\$ -	\$ (12,821,645)	\$ 13,734,216
Sales taxes.....	-	-	-	-	13,883,961	13,883,961
State income & excise tax.....	-	-	-	-	95,095	95,095
Licenses, permits and fees	222,483	-	-	-	18,392	240,875
Business taxes.....	-	-	-	-	897,280	897,280
Intergovernmental.....	18,300,151	-	-	-	(18,300,151)	-
Intergovernmental:						
State sales taxes	-	-	-	-	636,151	636,151
Federal grants.....	-	-	-	-	1,310,480	1,310,480
USDA revenues	-	-	-	-	477,162	477,162
Other state revenues.....	-	-	-	-	7,827,627	7,827,627
Other local revenues	192,664	-	-	-	669,079	861,743
Capital grants/contributions.....	-	-	-	-	5,202,207	5,202,207
Charges for services.....	834,269	-	-	197,930	526,524	1,558,723
Fines, forfeitures, and costs.....	517,539	-	-	-	(517,539)	-
Investment income.....	56,826	-	-	-	-	56,826
Miscellaneous taxes	469,567	-	-	-	(276,577)	192,990
Property rentals.....	143,388	-	-	-	-	143,388
Proceeds from sale/deletion of capital assets	96,440	-	-	-	-	96,440
In-lieu of taxes	-	-	-	-	<u>371,954</u>	<u>371,954</u>
 Total Revenues	 <u>47,389,188</u>	 <u>-</u>	 <u>-</u>	 <u>197,930</u>	 <u>-</u>	 <u>47,587,118</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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	1,740,661	485,752	-	-	-	2,226,413
Public safety – Police/Fire	9,126,797	417,703	-	-	-	9,544,500
Public works - Streets	4,974,584	723,724	-	-	-	5,698,308
Recreation and Culture	851,898	258,801	-	-	-	1,110,699
Community development	1,042,221	-	-	-	-	1,042,221
Education	18,833,640	1,164,706	-	-	-	19,998,346
Debt service - principal retirement	5,269,964	-	(5,269,964)	-	-	-
Debt service - interest and fiscal fees	4,003,952	-	(2,679,942)	-	-	1,324,010
Capital Outlay	<u>24,902,807</u>	<u>(24,902,807)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>70,746,524</u>	<u>(21,852,121)</u>	<u>(7,949,906)</u>	<u>-</u>	<u>-</u>	<u>40,944,497</u>
Other Financing Sources (Uses)/ Changes in Net Position						
Transfers (Out)	(5,230,883)	-	5,230,883	-	-	-
Transfers In	10,969,065	-	(10,969,065)	-	-	-
Issuance of debt	9,995,000	-	(9,995,000)	-	-	-
In lieu of tax payments	1,728,324	-	-	-	-	1,728,324
Bond premiums	<u>176,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,654</u>
Total Other Financing Sources (Uses)/Changes In Net Position	<u>17,638,160</u>	<u>-</u>	<u>(15,733,182)</u>	<u>-</u>	<u>-</u>	<u>1,904,978</u>
Net Change for the Year	<u>\$ (5,719,176)</u>	<u>\$ 21,852,121</u>	<u>\$ (7,782,276)</u>	<u>\$ 197,930</u>	<u>\$ -</u>	<u>\$ 8,547,599</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 **\$ 974,749**

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	\$ 24,834,307
Depreciation	<u>(2,982,186)</u>
Net Change	<u>\$ 21,852,121</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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>\$ 5,269,964</u>
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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, 2015). Fair value is based on quoted market prices.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015:

SUMMARY OF CASH AND INVESTMENTS BY FUNDS:

Fiduciary Funds – Pension Trust	<u>\$ 23,536,876</u>
---------------------------------------	-----------------------------

Statement of Net Position:

Capital Projects Funds – Investments and Local Government Investment Pool	\$ 3,123,677
Enterprise Funds – Restricted Assets.....	8,755,195
Enterprise Funds - Non-restricted Assets	<u>12,901,178</u>
 Total Governmental and Enterprise Funds	 <u>24,780,050</u>

SUMMARY OF CHECKING ACCOUNTS BY FUNDS:

General Fund (includes cash on hand of \$1,200).....	3,470,623
Special Revenue Funds.....	2,034,848
Debt Service Fund	2,945,179
Capital Projects Funds	4,396,107
Internal Service Funds	<u>1,635,638</u>
 Total Checking Accounts By Funds	 <u>14,482,395</u>

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

Statement of Net Position	<u>\$ 39,262,445</u>
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Total cash and investments presented on the statement of net position are as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Investments	\$ 3,123,677	\$ -	\$ 3,123,677
Cash and Certificates of Deposit	14,482,395	12,901,178	27,383,573
Restricted Cash/Certificates of Deposit	-	8,755,195	<u>8,755,195</u>
Totals	<u>\$ 17,606,072</u>	<u>\$ 21,656,373</u>	39,262,445
 Fiduciary Funds – Investments, at fair values (Employees Retirement System).....			<u>23,536,876</u>
 Total Cash and Investments			<u>\$ 62,799,321</u>

As of June 30, 2015 the City had the following investments and maturities:

	<u>Fair Value</u>	Less Than <u>1 Year</u>	<u>1 – 5 Years</u>	<u>6 – 10 Years</u>	More Than <u>10 Years</u>
Investments	\$ 2,820,701	\$ 2,820,701	\$ -	\$ -	\$ -
State of Tennessee Local Government Investment Pool	<u>302,976</u>	<u>302,976</u>	-	-	-
 Total Investment and Maturities	 <u>\$ 3,123,677</u>	 <u>\$ 3,123,677</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, 2015

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, 2015, are described below:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Government Bonds	\$ 4,935,281	\$ 4,935,281
Savings Certificates	1,014,343	1,014,343
Corporate Securities	16,006,307	16,006,307
Accrued interest	126,639	126,639
Municipal Obligations	<u>1,454,306</u>	<u>1,454,306</u>
Total Retirement System ...	<u>\$ 23,536,876</u>	<u>\$ 23,536,876</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, 2015

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 2015 was 1.96 per \$100.00 of assessed value.

Property taxes levied for 2014 are recorded as receivables, net of estimated uncollectibles. The taxes collected during the fiscal year 2014-15 and expected to be collected in the subsequent sixty (60) days are recognized as revenues in the fiscal year ended June 30, 2015.

Property taxes for 2015 are recorded (estimated at \$9,681,393) as receivables, since the enforceable legal claim to the asset (2015 taxes) is effective as of January 1, 2015 (lien date) in accordance with the "Codification of Governmental Accounting and Financial Reporting Standards – Section No. 50.114."

NOTE 5 – CAPITAL ASSETS:

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfer</u> <u>In (Out)</u>	<u>Balance</u> <u>June 30, 2015</u>
Non-depreciable assets:					
Land	\$ 1,999,450	\$ -	\$ -	\$ -	\$ 1,999,450
Depreciable assets:					
Parks & Greenway	3,640,849	627,473	-	-	4,268,322
Accumulated depreciation	<u>(1,014,862)</u>	<u>(135,167)</u>	<u>-</u>	<u>-</u>	<u>(1,150,029)</u>
	<u>2,625,987</u>	<u>492,306</u>	<u>-</u>	<u>-</u>	<u>3,118,293</u>
Buildings	29,672,905	-	-	-	29,672,905
Accumulated depreciation	<u>(10,986,734)</u>	<u>(575,359)</u>	<u>-</u>	<u>-</u>	<u>(11,562,093)</u>
	<u>18,686,171</u>	<u>(575,359)</u>	<u>-</u>	<u>-</u>	<u>18,110,812</u>
Swimming Pools	991,178	55,768	-	-	1,046,946
Accumulated depreciation	<u>(594,707)</u>	<u>(52,347)</u>	<u>-</u>	<u>-</u>	<u>(647,054)</u>
	<u>396,471</u>	<u>3,421</u>	<u>-</u>	<u>-</u>	<u>399,892</u>
Improvements other than buildings	39,566,968	12,675,424	-	-	52,242,392
Accumulated depreciation	<u>(22,711,861)</u>	<u>(1,570,242)</u>	<u>-</u>	<u>-</u>	<u>(24,282,103)</u>
	<u>16,855,107</u>	<u>11,105,182</u>	<u>-</u>	<u>-</u>	<u>27,960,289</u>
Equipment	7,594,050	744,777	(312,595)	562,257	8,588,489
Accumulated depreciation	<u>(5,222,298)</u>	<u>(628,994)</u>	<u>303,033</u>	<u>(391,256)</u>	<u>(5,939,515)</u>
	<u>2,371,752</u>	<u>115,783</u>	<u>(9,562)</u>	<u>171,001</u>	<u>2,648,974</u>
Construction in progress	<u>23,179,825</u>	<u>15,545,988</u>	<u>(4,801,413)</u>	<u>-</u>	<u>33,924,400</u>
Capital Lease Property:					
Civic Center	9,142,400	-	-	-	9,142,400
Communications Center	751,750	-	-	-	751,750
Other Capital leases	763,018	-	-	(562,257)	200,761
Accumulated depreciation	<u>(458,176)</u>	<u>(20,077)</u>	<u>-</u>	<u>391,256</u>	<u>(86,997)</u>
	<u>10,198,992</u>	<u>(20,077)</u>	<u>-</u>	<u>(171,001)</u>	<u>10,007,914</u>
Capital Assets, net of					
Accumulated depreciation	<u>\$ 76,313,755</u>	<u>\$ 26,667,244</u>	<u>\$ (4,810,975)</u>	<u>\$ -</u>	<u>\$ 98,170,024</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 7-1-14	\$ 336,481	\$ 50,299,056	\$11,468,383	\$ 12,070,372	\$ 3,750,074	\$ 77,924,366
	Additions	-	2,808,923	3,970,487	402,189	1,626,084	8,807,683
	Retirements	-	(303,594)	-	(291,096)	-	(594,690)
	Other reclassify	-	-	-	-	-	-
	Balance 6-30-15	<u>336,481</u>	<u>52,804,385</u>	<u>15,438,870</u>	<u>12,181,465</u>	<u>5,376,158</u>	<u>86,137,359</u>
WATER	Balance 7-1-14	1,020,097	19,219,761	23,358,706	16,141,944	-	59,740,508
	Additions	-	-	1,405,981	110,453	-	1,516,434
	Retirements	-	-	-	(33,734)	-	(33,734)
	Balance 6-30-15	<u>1,020,097</u>	<u>19,219,761</u>	<u>24,764,687</u>	<u>16,218,663</u>	<u>-</u>	<u>61,223,208</u>
SEWER	Balance 7-1-14	174,138	4,728,135	16,987,331	878,033	306,805	23,074,442
	Additions	-	-	1,561,487	301,214	-	1,862,701
	Retirements	-	-	-	-	(263,344)	(263,344)
	Balance 6-30-15	<u>174,138</u>	<u>4,728,135</u>	<u>18,548,818</u>	<u>1,179,247</u>	<u>43,461</u>	<u>24,673,799</u>
LANDFILL	Balance 7-1-14	673,647	10,979,123	-	2,584,527	-	14,237,297
	Additions	-	-	-	413,871	-	413,871
	Retirements	-	-	-	(265,606)	-	(265,606)
	Balance 6-30-15	<u>673,647</u>	<u>10,979,123</u>	<u>-</u>	<u>2,732,792</u>	<u>-</u>	<u>14,385,562</u>
STORMWATER	Balance 7-1-14	-	-	-	650,242	-	650,242
	Additions	-	-	-	2,500	-	2,500
	Retirements	-	-	-	-	-	-
	Balance 6-30-15	<u>-</u>	<u>-</u>	<u>-</u>	<u>652,742</u>	<u>-</u>	<u>652,742</u>
TOTALS		<u>\$ 2,204,363</u>	<u>\$ 87,731,404</u>	<u>\$ 58,752,375</u>	<u>\$ 32,964,909</u>	<u>\$ 5,419,619</u>	<u>\$ 187,072,670</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 7-1-14	\$ -	\$ 19,544,243	\$ 6,677,743	\$ 4,343,824	\$ -	\$ 30,565,810
	Additions	-	1,777,910	310,375	374,750	-	2,463,035
	Retirements	-	(303,595)	-	(291,095)	-	(594,690)
	Removal Costs	-	-	-	51,278	-	51,278
	Other reclassify	-	-	-	-	-	-
	Balance 6-30-15	<u>-</u>	<u>21,018,558</u>	<u>6,988,118</u>	<u>4,478,757</u>	<u>-</u>	<u>32,485,433</u>
WATER	Balance 7-1-43	-	3,201,935	5,805,921	6,954,608	-	15,962,464
	Additions	-	422,908	506,550	886,915	-	1,816,373
	Retirements	-	-	-	(33,734)	-	(33,734)
	Balance 6-30-15	<u>-</u>	<u>3,624,843</u>	<u>6,312,471</u>	<u>7,807,789</u>	<u>-</u>	<u>17,745,103</u>
SEWER	Balance 7-1-14	-	1,524,248	4,814,687	725,037	-	7,063,972
	Additions	-	130,640	439,993	38,736	-	609,369
	Retirements	-	-	-	-	-	-
	Balance 6-30-15	<u>-</u>	<u>1,654,888</u>	<u>5,254,680</u>	<u>763,773</u>	<u>-</u>	<u>7,673,341</u>
LANDFILL	Balance 7-1-14	-	6,036,867	-	1,901,525	-	7,938,392
	Additions	-	527,660	-	175,196	-	702,856
	Retirements	-	-	-	(265,606)	-	(265,606)
	Balance 6-30-15	<u>-</u>	<u>6,564,527</u>	<u>-</u>	<u>1,811,115</u>	<u>-</u>	<u>8,375,642</u>
STORMWATER	Balance 7-1-14	-	-	-	232,126	-	232,126
	Additions	-	-	-	75,394	-	75,394
	Retirements	-	-	-	-	-	-
	Balance 6-30-15	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,520</u>	<u>-</u>	<u>307,520</u>
	TOTALS	<u>-</u>	<u>32,862,816</u>	<u>18,555,269</u>	<u>15,168,954</u>	<u>-</u>	<u>66,587,039</u>
NET CAPITAL ASSETS		<u>\$ 2,204,363</u>	<u>\$ 54,868,588</u>	<u>\$ 40,197,106</u>	<u>\$ 17,795,955</u>	<u>\$ 5,419,619</u>	<u>\$ 120,485,631</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 – CAPITAL ASSETS (Continued):

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

Governmental activities:	
General Government.....	\$ 223,452
Police	254,406
Fire.....	163,297
Recreation.....	258,801
Public works/streets	723,724
Solid waste.....	120,557
Education	1,096,206
Service center.....	<u>141,743</u>
Total depreciation expense – governmental activities	<u>\$ 2,982,186</u>
 Business – type activities:	
Water and sewer.....	\$ 2,425,742
Electric.....	2,463,035
Landfill	702,856
Stormwater.....	<u>75,394</u>
Total depreciation expense – business-type activities	<u>\$ 5,667,027</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, 2014</u>	<u>Additions</u>	<u>Retired</u> <u>Deletions</u>	<u>Total</u> <u>Balance</u> <u>June 30, 2015</u>	<u>Non-Current</u> <u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Balance</u>
Governmental Activities:						
General Obligation Bonds/ Revenue Bonds.....	\$ 70,550,000	\$ 18,995,000	\$(11,395,000)	\$ 78,150,000	\$ 75,300,000	\$ 2,850,000
Compensated Absences.....	1,203,808	-	(229,059)	974,749	885,225	89,524
Capital Leases Payable.....	<u>9,802,394</u>	-	<u>(146,265)</u>	<u>9,656,129</u>	<u>9,554,742</u>	<u>101,387</u>
Totals-Governmental Activities	<u>\$ 81,556,202</u>	<u>\$ 18,995,000</u>	<u>\$(11,770,324)</u>	<u>\$ 88,780,878</u>	<u>\$ 85,739,967</u>	<u>\$ 3,040,911</u>
 Business-type Activities:						
General Obligation Bonds/ Revenue Bonds.....	\$ 72,833,801	\$ -	\$ (2,499,964)	\$ 70,333,837	\$ 67,723,701	\$ 2,610,136
Compensated absences.....	1,250,891	1,241,066	(1,250,891)	1,241,066	456,071	784,995
Capital leases.....	27,947	-	(27,947)	-	-	-
Estimated liability for closure/ Post-closure care cost.....	<u>8,248,362</u>	<u>529,544</u>	<u>-</u>	<u>8,777,906</u>	<u>8,777,906</u>	<u>-</u>
Totals-Business Type Activities.....	<u>\$ 82,361,001</u>	<u>\$ 1,770,610</u>	<u>\$(3,778,802)</u>	<u>\$ 80,352,809</u>	<u>\$ 76,957,678</u>	<u>\$ 3,395,131</u>
 Totals-Governmental and Business-Type Activities	 <u>\$ 163,917,203</u>	 <u>\$ 20,765,610</u>	 <u>\$(15,549,126)</u>	 <u>\$ 169,133,687</u>	 <u>\$ 162,697,645</u>	 <u>\$ 6,436,042</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015.

	General Obligation Bonds	Revenue Bonds	Total
Debt payable at July 1, 2014.....	\$ 139,680,000	\$ 3,703,801	\$ 143,383,801
Debt retired	(13,445,000)	(149,964)	(13,594,964)
Issued during fiscal year	18,995,000	-	18,995,000
Debt released by Maryville College	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
Debt Payable – June 30, 2015	<u>\$ 144,930,000</u>	<u>\$ 3,553,837</u>	<u>\$ 148,483,837</u>

Bonds payable at June 30, 2015, 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.....	\$ 150,000	\$ -	\$ 150,000
\$5,200,000 – 2008 Water and Sewer General Obligation Bonds, due in installments of \$50,000 to \$1,000,000, average interest at 4.74%	5,100,000	5,050,000	50,000
\$2,400,000 – 2008 General Obligation Bonds, due in installments of \$50,000 to \$400,000 average interest at 4.68%	2,150,000	2,100,000	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	2,255,000	2,130,000	125,000
\$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%	1,780,000	35,000	1,745,000
\$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	72,130,000	70,880,000	1,250,000
\$9,925,000 – 2010 Industrial Development Board of Blount County, TN, Civic Arts Center, due in annual installments of \$310,000 to \$565,000 through June 2036, interest at 4.5%	6,500,000	6,500,000	-
\$6,075,000 – 2009 Landfill General Obligation Bonds due in annual installments of \$300,000 to \$815,000 through June 2022, variable interest.....	4,745,000	4,495,000	250,000

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 6 – LONG-TERM LIABILITIES (Continued):

	<u>Total</u>	<u>Long-term Amount Outstanding</u>	<u>Current Amount Outstanding</u>
General Obligation Bonds (Continued)			
\$1,390,000 – General Obligation, Series 2011, due in annual installments of \$270,000 to \$300,000 through June 2016, interest at 3%	300,000	-	300,000
\$10,000,000 – 2012 General Obligation Bonds – due in annual installments of \$225,000 to \$650,000 through June 2043, variable interest.....	9,550,000	9,325,000	225,000
\$10,000,000 – 2013A General Obligation Bonds due in annual installments of \$25,000 to \$700,000 through June 2043	9,975,000	9,950,000	25,000
\$2,000,000 – 2013B General Obligation Bonds due in annual installments of \$400,000 through June 2019	1,600,000	1,200,000	400,000
\$10,000,000 – 2014 General Obligation Bonds due in annual installments of \$75,000 to \$750,000 through June 2043	9,925,000	9,850,000	75,000
\$9,000,000 – General Obligation Bonds Series 2014 (taxable), due in annual installments of \$660,000 to \$830,000 through June 2026, variable interest	8,775,000	8,115,000	660,000
\$9,995,000 – 2015 General Obligation Bonds – due in annual installments of \$245,000 to \$545,000 through June 2045, variable interest.....	9,995,000	9,995,000	-
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>3,553,837</u>	<u>3,398,701</u>	<u>155,136</u>
Total Bonds Outstanding	<u>\$148,483,837</u>	<u>\$143,023,701</u>	<u>\$ 5,460,136</u>

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

Proprietary Fund Types	\$ 70,333,837
Governmental Activities.....	<u>78,150,000</u>
Total Bonds Outstanding	<u>\$ 148,483,837</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 6 – LONG-TERM LIABILITIES (Continued):

The annual requirements to amortize all Bonds and Capital Outlay Notes outstanding as of June 30, 2015, including interest payments, are \$235,802,780 as follows:

Fiscal Year Ending June 30th	Principal	Interest	Total
2016	\$ 5,460,136	\$ 6,013,207	\$ 11,473,343
2017	5,430,500	5,813,590	11,244,090
2018	5,851,032	5,609,332	11,460,364
2019	6,081,768	5,383,859	11,465,627
2020	<u>5,917,708</u>	<u>5,140,273</u>	<u>11,057,981</u>
Subtotal	<u>28,741,144</u>	<u>27,960,261</u>	<u>56,701,405</u>
2021	6,173,840	4,893,995	11,067,835
2022	6,565,188	4,925,757	11,490,945
2023	5,146,752	4,642,241	9,788,993
2024	5,358,556	4,433,546	9,792,102
2025	<u>5,530,576</u>	<u>4,213,007</u>	<u>9,743,583</u>
Subtotal	<u>28,774,912</u>	<u>23,108,546</u>	<u>51,883,458</u>
2026	5,752,848	3,980,155	9,733,003
2027	5,400,372	3,736,906	9,137,278
2028	5,588,160	3,501,088	9,089,248
2029	5,936,212	3,254,896	9,191,108
2030	<u>6,249,540</u>	<u>2,993,606</u>	<u>9,243,146</u>
Subtotal	<u>28,927,132</u>	<u>17,466,651</u>	<u>46,393,783</u>
2031	5,528,156	2,717,202	8,245,358
2032	4,682,072	2,476,798	7,158,870
2033	4,657,265	2,280,712	6,937,977
2034	4,903,156	2,078,074	6,981,230
2035	<u>5,060,000</u>	<u>1,865,057</u>	<u>6,925,057</u>
Subtotal	<u>24,830,649</u>	<u>11,417,843</u>	<u>36,248,492</u>
2036	5,330,000	1,644,269	6,974,269
2037	4,205,000	1,406,857	5,611,857
2038	4,355,000	1,224,107	5,579,107
2039	4,555,000	1,034,876	5,589,876
2040	<u>4,815,000</u>	<u>832,531</u>	<u>5,647,531</u>
Subtotal	<u>23,260,000</u>	<u>6,142,640</u>	<u>29,402,640</u>
2041	5,000,000	617,375	5,617,375
2042	5,275,000	390,276	5,665,276
2043	2,605,000	150,751	2,755,751
2044	525,000	42,800	567,800
2045	<u>545,000</u>	<u>21,800</u>	<u>566,800</u>
Subtotal	<u>13,950,000</u>	<u>1,223,002</u>	<u>15,173,002</u>
Totals	<u>\$ 148,483,837</u>	<u>\$ 87,318,943</u>	<u>\$ 235,802,780</u>

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

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – RETIREMENT COMMITMENTS:

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

Effective Date:

The retirement system was restated in its entirety effective July 1, 1989. The original effective date was January 1, 1955.

Eligibility:

All full-time employees of the City employed at least 30 hours per week, except school personnel eligible for membership in the Tennessee Teachers' Retirement System, shall become members of the system on the first day of the calendar month coincident with or next following the date of employment. The City Manager may, by affirmative written election, choose to be a member of the system. Certain department heads may elect not to become members of the system. Each employee shall be classified as a general employee, fireman, policeman or lineman.

Employees hired on or after May 18, 2000 shall not be eligible to participate in the system.

Credited Service:

Credited service shall mean the period of a member's continuous service since his last date of employment with the City; authorized leaves of absence do not interrupt continuous service, but no credit is given for the period of absence except for certain periods of military service. Prior periods of employment may be credited subject to certain conditions. Credited service does not include employment beyond age 65 for members classified as fireman, policemen or linemen.

Compensation of a Member:

For system purposes, compensation shall mean the total cash compensation paid to a member by the City.

Normal Retirement:

Condition – The normal retirement date is the last day of the calendar month during which the member's 55th birthday occurs and the member completes 25 years of credited service, but not beyond the later of age 65 and the date the member completes 5 years of credited service.

Benefit – The normal retirement benefit, commencing on the last day of the third calendar month following the member's normal retirement date and payable monthly for life, is equal to 1/12th of the total of (i) and (ii) as follows:

- (i) 1.4% of average earnings multiplied by total years of credited service.
- (ii) .316% of average earnings in excess of covered compensation multiplied by the total years of credited service not in excess of 35 years

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

Benefit – (Continued)

“Average earnings” is the average annual earnings of a member for the five consecutive years of credited service which produce the highest average.

“Covered compensation” is the average (without indexing) of the contribution and benefit based in effect under Section 230 of the Social Security Act for each calendar year in the 35 year period ending with the last day of the calendar year in which the member attains (or will attain) his Social Security retirement age.

Upon retirement, the member shall receive a severance allowance in the amount of his regular rate of compensation, excluding overtime and other special forms of pay, for three (3) months after the date of his termination of employment.

If a member’s normal retirement benefit payments are to commence before age 62, then the member will receive a temporary supplemental retirement benefit in addition to his normal retirement benefit described above. This benefit will be a monthly benefit in the normal form, with payments commencing at the same time as the normal retirement benefit and ceasing on the last day of the month immediately preceding the earlier of the member’s date of death and age 62. The amount of the member’s supplemental retirement benefit shall be equal to the member’s projected primary annual retirement benefit under the Social Security Act to which the member would be entitled upon attainment of age 62, based on the assumption that his compensation for purposes of the Social Security Act would be at the same rate until such date as the annual rate he was receiving from the City at the determination date and that the Social Security Act remains unchanged after the determination date.

If a member retires under the normal retirement provisions of the system before July 1, 1999 and prior to attaining age 65, then the member will receive an additional temporary supplemental retirement benefit in addition to the benefits described above. This benefit will be a monthly benefit in the normal form, with payments commencing at the same time as the normal retirement benefit and ceasing on the last day of the month immediately preceding the earlier of the member’s date of death and age 65. The amount of this benefit shall be \$150 per month.

“Social Security retirement age” shall mean age 65 in the case of a member born before January 1, 1938, age 66 for a member born after December 31, 1937, but before January 1, 1955, and age 67 for a member born after December 31, 1954.

Employees Covered by Benefit Terms:

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	62
Inactive employees entitled to but not yet receiving benefits	<u>188</u>
	<u>250</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

Early Retirement:

Condition – If the employment of a member is terminated after his normal retirement date, he is eligible for a delayed retirement benefit.

Benefit – The benefit, commencing on the last day of the third calendar month following the member's actual date of retirement, is computed in the same manner as the normal retirement benefit described above, with the computation being made as of the member's actual retirement date.

Upon retirement, the member shall receive a severance allowance in the amount of his regular rate of compensation, excluding overtime and other special forms of pay, for three (3) months after the date of his termination of employment.

If a member's delayed retirement benefit payments are to commence before age 62, then the member will receive a temporary supplemental retirement benefit in addition to his delayed retirement benefit described above. This benefit shall be a monthly benefit in the normal form. The terms and amount of the member's supplemental retirement benefit shall be the same as the supplemental retirement benefit described for normal retirement, with the computation of the amount being made as of the member's date of termination of service using the member's rate of annual compensation at his date of termination for purposes of determining his projected primary insurance amount.

Delayed Retirement:

Condition – If the employment of a member is terminated after his normal retirement date, he is eligible for a delayed retirement benefit.

Benefit – The benefit, commencing on the last day of the third calendar month following the member's actual date of retirement, is computed in the same manner as the normal retirement benefit described above, with the computation being made as of the member's actual retirement date.

Upon retirement, the member shall receive a severance allowance in the amount of his regular rate of compensation, excluding overtime and other special forms of pay, for three (3) months after the date of his termination of employment.

If a member's delayed retirement benefit payments are to commence before age 62, then the member will receive a temporary supplemental retirement benefit in addition to his delayed retirement benefit described above. This benefit shall be a monthly benefit in the normal form. The terms and amount of the member's supplemental retirement benefit shall be the same as the supplemental retirement benefit described for normal retirement, with the computation of the amount being made as of the member's date of termination of service using the member's rate of annual compensation at his date of termination for purposes of determining his projected primary insurance amount.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

Disability Retirement:

Condition – In the event a member becomes totally and permanently disabled, as determined by the Board, after completion of 5 years of credited service, and remains so disabled until the benefit commencement date described below, he will be entitled to a disability retirement benefit.

Benefit – The disability retirement benefit will commence on the last day of the calendar month after all the member's sick leave, salary continuation or vacation benefits of whatever kind provided to him by the City are exhausted, but not before the last day of the later of:

- (i) The sixth calendar month following the member's date of disablement as determined by the Board, and
- (ii) The calendar month coincident with or immediately following age 65.

The benefit is computed in the same manner as the normal retirement benefit described above, except that such computation shall be based on the member's average earnings as of the date he became disabled and shall include credit for credited service for the period of time after disability occurs and prior to the disability retirement benefit commencement date.

Death Before Retirement:

Condition – In the event of the death of a member after becoming eligible for vested, early, normal or delayed retirement benefits, but before benefits commence, a monthly survivorship benefit shall be payable to the member's surviving spouse.

Benefit – The monthly survivorship benefit, payable on the last day of the calendar month following the later of the member's death and his earliest retirement age, and continuing for the lifetime of the surviving spouse, is determined as 50% of the member's vested accrued benefit at the time of his death.

If there is no surviving spouse, the monthly benefit is payable for five years to the member's designated beneficiary.

Termination of Employment After 5 Years of Service:

If a participant terminates employment after completion of 5 or more years of service, he is entitled to a deferred vested benefit to commence as his normal retirement date. The amount of the benefit is computed in the same manner as the deferred benefit for early retirement described above, with the computation being made as of his date of termination, and is multiplied by the vesting percentage in the following table:

<u>Years of Service</u>	<u>Vesting Percentage</u>
Less than 5	0%
5	100%

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

Other Termination of Employment:

If employment is otherwise terminated before retirement, no benefits are provided under the system.

Optional Methods of Benefit Payment:

Subject to the applicable system conditions, a member may select an optional method of benefit payment, in lieu of the prescribed straight life income, which is actuarially equivalent. The purpose of the optional method is to permit the guarantee of retirement income payments for a minimum period of time or to provide a continued life income to a surviving beneficiary after the death of the member. Optional methods of benefit payment are as follows:

- Life income, 60 payments guaranteed
- Life income, 120 payments guaranteed
- Life income, 180 payments guaranteed
- Joint and 50% survivor
- Joint and 75% survivor
- Joint and 100% survivor

Employer Contributions:

The City contributes actuarially determined amounts to finance the system benefits; no contributions are required by members of the system.

Investment of Funds:

The funds of the retirement system are invested in a trust fund custodied by First Tennessee Bank. The investments are managed by Martin & Company.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

Investment of Funds (Continued):

Schedule of Changes in Net Pension Liability, Deferrals, and Pension Expense

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances – 06/30/2013	\$ 36,109,338	\$ 21,889,974	\$ 14,219,364
Changes for the Year:			
Service cost	232,880	-	232,880
Interest expense	2,612,606	-	2,612,606
Experience losses (gains)	547,119	-	547,119
Contributions – Employer	-	1,451,649	(1,451,649)
Net investment income	-	2,612,615	(2,612,615)
Benefits paid	(2,549,182)	(2,549,182)	-
Plan administrative expenses	-	(75,650)	75,650
Net Changes	843,423	1,439,432	(596,009)
Balances – 06/30/2014	<u>\$ 36,952,761</u>	<u>\$ 23,329,406</u>	<u>\$ 13,623,355</u>

The following presents the net pension liability using the stated discount rate of 7.5%, as well as what the net position liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability	<u>\$ 17,236,749</u>	<u>\$ 13,682,480</u>	<u>\$ 10,678,525</u>

Summary of Actuarial Assumptions and Methods

	<u>Age 20</u>	<u>Age 35</u>	<u>Age 50</u>	<u>Age 60</u>
Mortality Rates				
RP-2000 Mortality Table, with current future mortality improvement estimated by projecting improvement to the valuation year using Scale AA				
Male	0.26	0.72	1.66	5.38
Female	0.15	0.41	1.32	4.71

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

Investment of Funds (Continued):

Summary of Actuarial Assumptions and Methods (Continued)

	<u>Age 20</u>	<u>Age 35</u>	<u>Age 50</u>	<u>Age 60</u>
Withdrawal Rates				
Male and Female				
Estimated Experience (1 st Year Select)	342.00	329.00	277.00	219.40
Estimated Experience (2 nd Year Select)	140.80	137.40	123.00	105.90
Estimated Experience (Ultimate)	105.60	59.80	38.40	31.30
Rate of Disablement				
Railroad Retirement System	0.80	0.80	5.20	33.50
Disabled Mortality/Recovery Rates				
1965 Railroad Retirement Board	44.06	44.06	45.30	53.30
Salary Scale				
4.0% annual increase to normal retirement, adjustment for longevity and sick pay	1.04	1.04	1.04	1.04
Rate of Retirement		<u>AGE</u>	<u>% RETIRING</u>	
Participants are assumed to retire according to a variable age distribution		55	50%	
		56-57	4 %	
		58-61	3%	
		62	10%	
		63-64	5%	
		65	10%	
Rate Of Investment Return		7.5% per annum for funding		
Social Security Projection		Wage base at 4.0% per annum		
		Cost of living escalation at 4.0% per annum		
Actuarial Valuation Method		Entry age normal method (level percentage of pay)		
Asset Valuation Method		Market value		
Provision for Expenses		None assumed		
Adjustment to Credited Service		Credited service adjusted to reflect accumulated sick leave		
Amortization Method		Level dollar		

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(B) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM:

Plan Description:

Employees of the City of Alcoa are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title I, Chapters 34-37. TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided:

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLA’s) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one-percent COLA is granted if the CPI is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms:

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	107
Active employees	<u>253</u>
	<u>407</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(B) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

Contributions:

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the City were \$109,330 based on a rate of 16.24% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state share revenue if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(B) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

Net Pension Liability (Asset) (Continued)

Actuarial assumptions (Continued):

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate:

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(B) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

Changes in the Net Pension Liability (Asset)

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability (Asset) <u>(a) – (b)</u>
Balance at June 30, 2013	\$ 28,853,208	\$ 24,563,542	\$ 4,289,666
Changes for the year:			
Service cost	894,770	-	894,770
Interest	2,204,346	-	2,204,346
Differences between expected and actual experience	(23,187)	-	(23,187)
Contributions – employer	-	1,770,618	(1,770,618)
Contributions - employees	-	-	-
Net investment income	-	4,154,442	(4,154,442)
Benefit payments, including refunds of employee contributions	(713,405)	(713,405)	-
Administrative expense	<u>-</u>	<u>(10,211)</u>	<u>10,211</u>
Net Changes	<u>2,362,524</u>	<u>5,201,444</u>	<u>(2,838,920)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate:

The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
The City's net pension liability (asset)	\$ 6,236,222	\$ 1,450,746	\$(2,498,365)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense:

For the year ended June 30, 2015, The City recognized pension expense of \$770,640.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(B) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

Deferred outflows of resources and deferred inflows of resources:

For the year ended June 30, 2015, The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 20,611
Net difference between projected and actual earnings on pension plan investments	-	1,818,331
Contributions subsequent to the measurement date of June 30, 2014	<u>1,803,941</u>	<u>-</u>
 Total	 <u>\$ 1,803,941</u>	 <u>\$ 1,838,942</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2014,” will be recognized as a reduction to net pension liability in the following measurement period.

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

Year Ended June 30:	
2016	\$ (457,159)
2017	(457,159)
2018	(457,159)
2019	(457,159)
2020	(2,576)
Thereafter	(7,728)

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

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(C) ALCOA CITY SCHOOLS – TEACHER LEGACY PENSION PLAN OF TCRS

Plan Description

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Alcoa City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Alcoa City Schools for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were \$789,609 which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(C) ALCOA CITY SCHOOLS – TEACHER LEGACY PENSION PLAN OF TCRS (Continued)

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

Pension Liabilities

Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the Teacher Retirement Plan, there is not a net pension liability to report at June 30, 2015.

Pension Income

Since the measurement date is June 30, 2014, Alcoa City Schools did not recognize a pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, Alcoa City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 87,495	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,969,432
Changes in proportion of Net Pension Liability (Asset)	41,326	-
LEA's contributions subsequent to the measurement date of June 30, 2014	<u>789,609</u>	<u>-</u>
TOTAL	<u>\$ 918,430</u>	<u>\$ 2,969,432</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(C) ALCOA CITY SCHOOLS – TEACHER LEGACY PENSION PLAN OF TCRS (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Alcoa City Schools employer contributions of \$918,430, reported as pension related deferred outflows of resources, subsequent to the measurement date will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2016	\$ (720,888)
2017	(720,888)
2018	(720,888)
2019	(720,888)
2020	21,470
Thereafter	21,470

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

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(C) ALCOA CITY SCHOOLS – TEACHER LEGACY PENSION PLAN OF TCRS (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	<u>1%</u>
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate:

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(C) ALCOA CITY SCHOOLS – TEACHER LEGACY PENSION PLAN OF TCRS (Continued)

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents Alcoa City Schools’ proportionate share of the net pension liability (asset) of the calculated using the discount rate of 7.5 percent, as well as what the Schools’ proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Alcoa City Schools’ proportionate share of the net pension liability (asset)	\$ 6,078,483	\$ (36,040)	\$(5,098,201)

(D) ALCOA CITY SCHOOLS – TEACHER’S RETIREMENT PLAN OF TCRS:

Plan Description

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Alcoa City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member’s age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(D) ALCOA CITY SCHOOLS – TEACHER’S RETIREMENT PLAN OF TCRS (Continued):

Benefits Provided (Continued)

related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Alcoa City Schools for the year ended June 30, 2015 to the Teacher Retirement Plan were \$3,019 which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities

Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the Teacher Retirement Plan, there is not a net pension liability to report at June 30, 2015.

Pension Expense

Since the measurement date is June 30, 2014, Alcoa City Schools’ did not recognize a pension expense at June 30, 2015.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(D) ALCOA CITY SCHOOLS – TEACHER’S RETIREMENT PLAN OF TCRS (Continued):

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, Alcoa City Schools reported deferred outflows of resources to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Alcoa City Schools’ contributions subsequent to the measurement date of June 30, 2014	\$ 3,019	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,969,432

Alcoa City Schools’ employer contributions of \$3,019 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

(E) 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 \$18,490,734 and \$17,962,748 as of June 30, 2015 and 2014, respectively.

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

Asset balance at July 1, 2014	\$ 17,962,748	
Deferrals of compensation	1,031,973	
Investment appreciation/depreciation	573,080	
Withdrawals	<u>(1,077,067)</u>	
Asset balance at June 30, 2015.....	<u>\$ 18,490,734</u>	

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

(F) 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:

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.

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

Funding Policy

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

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

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

CITY OF ALCOA – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

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>2015</u>	<u>2014</u>	<u>2013</u>
Annual required contribution (ARC) for June 30			
Normal Cost	\$ 149,775	\$ 149,775	\$ 147,947
Interest on Net OPEB Obligation	7,272	7,272	6,781
Amortization of unfunded accrued liability	<u>217,446</u>	<u>217,446</u>	<u>194,462</u>
Annual OPEB Costs	374,493	374,493	349,190
Annual employer contributions	<u>(95,593)</u>	<u>(391,998)</u>	<u>(93,075)</u>
Percentage of annual postemployment benefit cost contributed	25.52%	104.68%	26.65%
Increase (decrease) in net OPEB obligation	278,900	(17,505)	256,115
Net OPEB obligation – beginning of year	<u>158,353</u>	<u>175,858</u>	<u>(80,257)</u>
Net OPEB obligation – end of year	<u>\$ 437,253</u>	<u>\$ 158,353</u>	<u>\$ 175,858</u>

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

For the year ended June, 2015 (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%
7/01/15	\$ -	5,655,719	5,655,719	0%	13,076,017	43.3%

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

CITY OF ALCOA – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued):

ANNUAL OPEB COST AND NET OPEB OBLIGATION (Continued):

* 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 and 2015 fiscal years 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.

ACTUARIAL METHOD AND ASSUMPTION

The ARC for fiscal year ended June 30, 2015 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, 2015	26 years

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

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.

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.

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.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

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>2015</u>	<u>2014</u>	<u>2013</u>
Annual required contribution (ARC)			
for June 30, 2015.....	\$ 223,969	\$ 223,969	\$ 182,546
Interest on net OPEB obligation	10,097	10,097	2,239
Adjustment on annual required contribution....	<u>(10,144)</u>	<u>(10,144)</u>	<u>(2,249)</u>
Annual OPEB Costs.....	223,922	223,922	182,536
Annual employer contributions.....	<u>(68,500)</u>	<u>(128,525)</u>	<u>(68,500)</u>
Percentage of annual postemployment			
Benefit cost contributed	30.6%	57.4%	37.53%
Increase (decrease) in net OPEB obligation.....	155,422	95,397	114,036
Net OPEB obligation – beginning of year	347,820	252,423	138,387
Net OPEB obligation – end of year.....	<u>\$ 503,242</u>	<u>\$ 347,820</u>	<u>\$ 252,423</u>

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

For the year ended June, 2015, 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%
7/01/15	\$ -	\$ 2,291,375	\$ 2,291,375	0%	\$ 8,507,101	27%

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 – RETIREMENT COMMITMENTS (Continued):

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

ANNUAL OPEB COST AND NET OPEB OBLIGATION (Continued)

* 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 and 2015 fiscal years 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.

Actuarial Method and Assumption

The ARC for fiscal year ended June 30, 2015 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, 2015	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, 2015

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>
2013	\$ 153,647	\$ 3,613,331	\$ 241,663
2014	241,663	3,311,882	306,223
2015	306,223	3,368,049	466,736

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, 2015

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:

(A) **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, 2015, the City of Alcoa contributed \$570,727 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.

(B) **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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 – JOINT VENTURES (Continued):

(B) BLOUNT COUNTY PUBLIC LIBRARY (Continued):

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, 2015, the City of Alcoa contributed \$184,595 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, 2015, is presented below:

Revenues	\$ 1,105,881
Other Sources – Operating Transfers	899,520
Expenditures	<u>(2,387,106)</u>
 Excess of Revenues and Other Sources Over Expenditures	 (381,705)
 Fund Balance – July 1, 2014	 <u>1,211,453</u>
 Fund Balance – June 30, 2015	 <u>\$ 829,748</u>
 Total Assets	 <u>\$ 865,407</u>
 Total Liabilities	 <u>\$ 35,659</u>
 Total Fund Balance	 <u>\$ 829,748</u>

**(C) 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 City'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 City during the fiscal year ended June 30, 2015. Summary financial information as required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2015, is presented at the top of the next page:

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 11 – JOINT VENTURES (Continued):

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

Operating Revenues.....	\$ 1,320,225
Operating Expenses	<u>(1,828,143)</u>
Operating Income (loss)	(507,918)
Non-Operating Revenues	<u>657,002</u>
Change in Net Position	149,084
Net Position – July 1, 2014.....	<u>2,922,746</u>
Net Position – June 30, 2015	<u>\$ 3,071,830</u>
Total Assets	<u>\$ 5,112,539</u>
Total Liabilities	<u>\$ 2,010,709</u>
Total Net Position.....	<u>\$ 3,071,830</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.

(D) **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, 2015, amounted to \$90,233. Summary financial information required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2015, is presented below:

Revenues	\$ 1,002,295
Expenditures.....	<u>(26,521)</u>
Excess of Revenues Over Expenditures Before Franchise	
Fee Distributions	975,774
Franchise Fee Distributions to County and Cities	<u>(975,757)</u>
Excess (Deficiency) of Revenues Over Expenditures.....	17
Fund Balance – July 1, 2014.....	<u>18,442</u>
Fund Balance – June 30, 2015.....	<u>\$ 18,459</u>
Total Assets.....	<u>\$ 253,990</u>
Total Liabilities	<u>\$ 235,531</u>
Total Fund Balance	<u>\$ 18,459</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 – JOINT VENTURES (Continued):

(D) 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, 2015. Publicly available financial statements can be obtained by writing to the Blount County Cable Television Authority, P. O. Box 4338, Maryville, TN 37802.

(E) 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 \$483,210 to the operations of the Commission during the fiscal year ended June 30, 2015, and expended an additional \$70,177 for recreation and parks improvements. For the year ended June 30, 2014, the City contributed \$462,150 for Commission operations and \$32,479 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 publicly 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, 2015**

NOTE 10 – JOINT VENTURES (Continued):

(E) **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>
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>\$ 34,500</u>	<u>\$ 3,500</u>	<u>\$ 38,000</u>

JOINT DEVELOPMENT OF INDUSTRIAL PARKS:

(F) **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>
2015	<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, 2015

NOTE 10 – JOINT VENTURES (Continued):

JOINT DEVELOPMENT OF INDUSTRIAL PARKS (Continued):

(F) 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.

(G) 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, 2015.

An agreement between the City of Alcoa Utilities (AUB) and the City of Maryville Utilities (MUB) provides for MUB to treat wastewater from AUB. During the current year, AUB paid MUB \$2,018,333 in operating costs for the year ended June 30, 2015 (June 30, 2014 amount paid \$1,945,440).

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 11 –LANDFILL OPERATIONS:

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 \$87,297 and \$118,628 for the years ended June 30, 2015 and June 30, 2013, respectively.

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 \$8,755,195 reported as restricted cash and landfill closure and postclosure care liability at June 30, 2015, 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 25%. Eight additional entities provide an additional 10% in property tax revenues.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 13 – REFUNDING OF DEBT/NEW DEBT:

REFUNDING:

During a 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) GENERAL OBLIGATION REFUNDING BONDS – SERIES 2014:

In 2014, the City of Alcoa issued \$9,000,000 General Obligation Refunding bonds (taxable). The refunding bonds were issued to refund Series 2006 General Obligation Public Works. The 2014 Refunding Bonds mature in annual installments of \$660,000 to \$830,000 through June 2026, variable interest rate.

(D) GENERAL OBLIGATION BONDS – SERIES 2015:

In 2015, the City of Alcoa issued \$9,995,000 General Obligation Bonds for the construction of a new high school. The bonds are due in annual installments of \$245,000 to \$545,000 through June 2045, variable interest rate.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 14 – FUND BALANCES:

(A) FUND BALANCES:

At June 30, 2015, fund balances are as follows:

	Fund Balance Summary							Sub-totals	Description
	Major Governmental Funds								
	General Fund	General Purpose School Fund	Debt Service Fund	General Obligation Public Works Construction	School Construction And Improvement Fund	Alcoa High School Construction Fund	Nonmajor Governmental Funds		
NONSPENDABLE									
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Nonspendable
RESTRICTED TO:									
General Fund	63,674	-	-	-	-	-	-	66,674	Restricted
Streets and Roads	-	-	-	-	-	-	531,839	531,839	Restricted
Vehicle enforcement	-	-	-	-	-	-	1,520	1,520	Restricted
Drug enforcement	-	-	-	-	-	-	15,250	15,250	Restricted
Public Works Construction	-	-	-	4,773,441	-	-	-	4,773,441	Restricted
Capital projects	-	-	-	-	-	-	6,366	6,366	Restricted
ASSIGNED TO:									
Education	-	1,093,096	-	-	-	-	-	1,093,096	Restricted
Education Construction	-	-	-	-	108,171	1,151,203	-	1,259,374	Assigned
General fund	941,852	-	-	-	-	-	-	941,852	Assigned
Education – Cafeteria	-	-	-	-	-	-	33,372	33,372	Assigned
Education - Extended Day	-	-	-	-	-	-	126,336	126,336	Assigned
Debt Service	-	-	2,945,179	-	-	-	-	2,945,179	Assigned
Home Grant Program	-	-	-	-	-	-	743	743	Assigned
2001 Special projects	-	-	-	-	-	-	343,985	343,985	Assigned
Equipment replacement	-	-	-	-	-	-	21,896	21,896	Assigned
Landscaping	-	-	-	-	-	-	80,058	80,058	Assigned
UNASSIGNED	4,142,773							4,142,773	Unassigned
Totals	\$ 5,148,299	\$ 1,093,096	\$ 2,945,179	\$ 4,773,441	\$ 108,171	\$ 1,151,203	\$ 1,161,365	\$ 16,380,754	

(B) CHANGES IN PROPRIETARY FUNDS' NET POSITION:

	Governmental	Enterprise Funds				Total
	Activities Internal Service Funds	Stormwater Utility	Water and Sewer Utility	Electric Utility	Landfill	
Net Position – Beginning (restated)	\$ 829,810	\$ 1,056,111	\$ 19,108,984	\$ 35,976,113	\$ 2,290,343	\$ 58,431,551
Change in Net Position	331,430	(73,409)	389,915	298,351	(41,713)	573,144
Net Position – Ending	\$ 1,161,240	\$ 982,702	\$ 19,498,899	\$ 36,274,464	\$ 2,248,630	\$ 59,004,695

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015 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, 2015</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%	485,610
SunTrust Equipment – Mack Truck.....	60 mos.	200,761	11,957/2.3%	28,119
SunTrust Equipment – Police cruisers & SUVs	36 mos.	<u>402,528</u>	12,448/1.88%	<u>-</u>
Subtotal		<u>1,355,039</u>		<u>513,729</u>
Total Capital Leases – Governmental Funds		<u>\$ 10,497,439</u>		<u>\$ 9,656,129</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, 2015:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2016	\$ 101,387
2017	76,176
2018	79,200
2019	82,344
2020	85,614
2021	<u>89,008</u>
Minimum lease payments for all capital leases except Civic Arts Center (1).....	513,729
Less: Amount representing interest at City's incremental borrowing rate of interest	<u>(15,412)</u>
Present Value of Minimum Lease Payments.....	<u>\$ 498,317</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, 2015

NOTE 15 – COMMITMENTS (Continued):

(B) COMMITTED CONSTRUCTION:

As of June 30, 2015, 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, 2015</u>	<u>Estimated Cost to Complete</u>
West Plant Development	\$ 5,020,000	\$ 345,641	\$ 4,674,359
Water and Sewer:			
Water lines and extensions	43,461	-	43,461
Electric Utility:			
Voltage and substation improvements, and line extensions	7,826,158	5,376,158	2,450,000
MLK Center Renovation	26,280	26,280	-
Fire Department Construction Project	269,125	240,875	28,250
New Alcoa High School	34,928,404	33,232,372	1,696,032
Springbrook Roundabout.....	250,000	12,876	237,124
Phase IV Greenway	50,000	48,720	1,280
Greenway Extension Grant.....	<u>901,515</u>	<u>17,636</u>	<u>883,879</u>
Totals.....	<u>\$49,314,943</u>	<u>\$ 39,300,558</u>	<u>\$ 10,014,385</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, 2015

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 15-(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, 2015:

<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, 2015

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 prorata share of the equipment. The terms of the agreement require the City to make lease payments totaling \$751,750, plus interest at 3.97%. Title to the equipment will transfer to each governmental entity based upon its share of the actual equipment acquired.

<u>Present Value of Minimum Lease Payments</u>	<u>Interest</u>	<u>Communication Equipment: Total Minimum Lease Payments</u>
<u>\$ 485,610</u>	<u>\$ 69,667</u>	<u>\$ 555,277</u>

These total minimum lease payments are payable as follows:

<u>Year Ending June 30,</u>	<u>Civic Center</u>	<u>Communication Equipment</u>
2016	\$ 605,100	\$ 92,546
2017	610,650	92,546
2018	605,525	92,546
2019	605,175	92,546
2020	604,375	92,546
Subtotal	<u>3,030,825</u>	<u>462,730</u>
2021 – 2054	3,027,100	92,547
2026– 2030	3,029,075	-
2031 – 2035	3,032,625	-
2036 – 2038	3,236,035	-
Subtotal	<u>12,324,835</u>	<u>92,547</u>
Total	<u>\$ 15,355,660</u>	<u>\$ 555,277</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 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 – 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:

	Governmental Activities Net Investment <u>In Capital Assets</u>
Total Capital Assets	\$ 98,170,024
Long-Term Debt and Current Debt.....	(88,780,878)
Items in Long-Term Debt:	
Add – compensated absences	974,749
Debt – noncapital related pension funding.....	1,780,000
Civic Center debt.....	<u>6,500,000</u>
June 30, 2015	<u>\$ 18,643,895</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 19 – PRIOR PERIOD ADJUSTMENT:

- (a) In prior years, the City was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, the City is required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement to decrease the City's net position totaling \$13,054,664 has been recognized in the Statement of Activities and in the business type activities \$1,129,042.
- (b) Proprietary funds recognize 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 20 – 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 a 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 9, 2015 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, who has paid the City \$149,000 reflected as deferred revenue in the Education Fund, pending grantor approval for expending the monies.

NOTE 21 – SUBSEQUENT EVENTS:

The date to which events occurring after June 30, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 9, 2015, which is the date on which the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS BASED ON PARTICIPATION IN THE
PUBLIC EMPLOYEE PENSION PLAN OF TCRS
For the Fiscal Year Ended June 30**

	<u>2014</u>
Total pension liability	
Service cost	\$ 894,770
Interest	2,204,346
Changes in benefit terms	-
Differences between actual & expected experience	(23,187)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(173,405)</u>
Net change in total pension liability	2,362,524
Total pension liability-beginning	<u>28,853,208</u>
Total pension liability-ending (a)	<u>\$ 31,215,732</u>
Plan fiduciary net position	
Contributions – employer	\$ 1,770,618
Contributions – employee	-
Net investment income	4,154,442
Benefit payments, including refunds of employee contributions	(713,405)
Administrative expense	<u>(10,211)</u>
Net change in plan fiduciary net position	5,201,444
Plan fiduciary net position – beginning	<u>24,563,542</u>
Plan fiduciary net position – ending (b)	<u>\$ 29,764,986</u>
Net Pension Liability (asset)-ending (a) – (b)	<u>\$ 1,450,746</u>
Plan fiduciary net position as a percentage of total pension liability	95.35%
Covered-employee payroll	\$ 11,108,012
Net Pension liability (asset) as a percentage of covered-employee payroll	13.06%

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

**CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

**SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE
PUBLIC EMPLOYEE PENSION PLAN OF TCRS
For the Fiscal Years Ended June 30**

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,770,618	\$ 1,803,941
Contributions in relation to the actuarially determined contribution	<u>1,770,618</u>	<u>1,803,941</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 11,108,012	\$ 11,108,012
Contributions as a percentage covered – employee payroll	15.94%	16.24%

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

CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

SCHEDULE OF ALCOA CITY SCHOOLS'
PROPORTIONATE SHARE OF THE NET PENSION ASSET
TEACHER LEGACY PENSION PLAN OF TCRS
For the Fiscal Year Ended June 30 *

Alcoa City Schools' proportion of the net pension asset	<u>2014</u> 0.221788%
Alcoa City Schools' proportionate share of the net pension asset	\$ 36,040
Alcoa City Schools' covered-employee payroll	8,705,181
Alcoa City Schools' proportionate share of the net pension asset as a percentage of its covered-employee payroll	0.41%
Plan fiduciary net position as a percentage of the total pension liability	100.08%

*The amounts presented were determined as of June 30 of the prior fiscal year.

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

**CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

**SCHEDULE OF ALCOA CITY SCHOOLS' CONTRIBUTIONS
TEACHER LEGACY PENSION PLAN OF TCRS
For the Fiscal Years Ended June 30**

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution (ADC)	\$ 773,020	\$ 789,609
Contributions in relation to the actuarially determined contribution	<u>773,020</u>	<u>789,609</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Alcoa City Schools' covered-employee payroll	 \$ 8,705,181	 \$ 8,734,613
 Contributions as a percentage of Alcoa City Schools' covered-employee payroll	 8.88%	 9.04%

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

**CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

**SCHEDULE OF ALCOA CITY SCHOOLS' CONTRIBUTIONS
TEACHER RETIREMENT PLAN OF TCRS
For the Fiscal Years Ended June 30**

	<u>2015</u>
Actuarially determined contribution (ADC)	\$ 3,019
Contributions in relation to the actuarially determined contribution	<u>3,019</u>
Contribution deficiency (excess)	<u>\$ -</u>
 Alcoa City Schools' covered-employee payroll	 \$ 75,475
 Contributions as a percentage of Alcoa City Schools' covered-employee payroll	 4%

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

**CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES
PRESENTED ON PAGES 93-97
For the Fiscal Year Ended June 30, 2015**

Valuation date:

Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	5 years
Asset valuation	10-year smoothed with a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

**CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

**EMPLOYEE RETIREMENT SYSTEM OF THE CITY OF ALCOA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
(dollar amounts in thousands)**

	<u>2014</u>
Total Pension Liability	
Service cost	\$ 232,880
Interest	2,612,606
Changes of benefit terms	-
Differences between expected and actual experience	547,119
Changes of assumptions	-
Benefit payments/refunds	<u>(2,549,182)</u>
Net Change in Total Pension Liability	834,423
Total Pension Liability - Beginning	<u>36,109,338</u>
Total Pension Liability – Ending (a)	<u><u>\$ 36,952,761</u></u>
 Plan Fiduciary Net Position	
Contributions - employer	\$ 1,451,649
Contributions - employee	-
Net investment income	2,612,615
Benefit payments/refunds	(2,549,182)
Administrative expenses	(75,650)
Other	<u>-</u>
Net Change in Plan Fiduciary Net Position	<u>\$ 1,439,432</u>
 Plan Fiduciary Net Position - Beginning	<u>21,889,974</u>
Plan Fiduciary Net Position – ending (b)	<u>\$ 23,329,406</u>
Plan Pension Liability – ending (a) – (b)	<u>\$ 13,623,355</u>
 Plan Fiduciary Net Position as a % of the Total	
Pension Liability	63%
Covered-employee payroll	\$ 3,747,156
 Net Pension Liability as a % of covered employee	
Payroll	364%

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

**CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES
PRESENTED ON PAGE 99
For the Fiscal Year Ended June 30, 2015**

Valuation date:

Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	5 years
Asset valuation	Market Value
Inflation	4.0 percent
Salary increases	4 percent annual increase to normal retirement on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	RP-2000 Mortality Tables, customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	4 percent

CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

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)

<u>Fiscal Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2014 (5)	7/1/2014	\$ -	\$ 5,656	\$ 5,656	0%	\$ 13,076	31.2%
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:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Total Contributions</u>	<u>Percent Contributed</u>
2010 – 2011	266,169	306,995	115%
2011 – 2012	328,633	224,157	68%
2012 – 2013	347,563	93,075	27%
2013 – 2014	374,393	391,998	105%
2014 - 2015	374,393	95,593	26%

- (1) Information for the fiscal year 2009 is based on results from an actuarial valuation performed as of 7/1/06.
- (2) Information for the fiscal year 2009 is based on results from an actuarial valuation performed as of 1/1/07.
- (3) Information for the fiscal years 2010 and 2011 is based on results from an actuarial valuation performed as of 7/1/10.
- (4) Information for the fiscal years 2012 and 2013 is based on results from an actuarial valuation performed as of 7/1/12.
- (5) Information for the fiscal years 2014 and 2015 is based on results from an actuarial valuation performed as of 7/1/14.

(Continued)

CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

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

EDUCATION

(Dollar amounts in thousands)

<u>Fiscal Year Ended June 30.</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2014 (5)	7/1/2014	\$ -	\$ 2,291	\$ 2,291	0%	\$ 8,507	27.0%
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:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Total Contributions</u>	<u>Percent Contributed</u>
2010 – 2011	188,491	188,502	100%
2011 – 2012	182,536	100,123	55%
2012 – 2013	182,536	68,500	37%
2013 – 2014	223,922	128,525	57%
2014 – 2015	223,922	68,500	31%

- (1) Information for the fiscal year 2009 is based on results from an actuarial valuation performed as of 7/1/06.
- (2) Information for the fiscal year 2009 is based on results from an actuarial valuation performed as of 1/1/07.
- (3) Information for the fiscal years 2010 and 2011 is based on results from an actuarial valuation performed as of 7/1/10.
- (4) Information for the fiscal years 2012 and 2013 is based on results from an actuarial valuation performed as of 7/1/12.
- (5) Information for the fiscal years 2014 and 2015 is based on results from an actuarial valuation performed as of 7/1/14.

(Continued)

CITY OF ALCOA, TENNESSEE
OTHER SUPPLEMENTARY INFORMATION
June 30, 2015

CITY OF ALCOA, TENNESSEE
COMBINING FUND FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015

**CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET
Non-Major Governmental Funds
June 30, 2015**

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

	Special Revenue Funds						2015 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	Funds
Cash and cash equivalents	\$ 559,095	\$ 175,880	\$ 28,523	\$ 129,225	\$ 15,250	\$ 1,517	\$ 909,490
Local Government Investment Pool	-	-	-	-	-	-	-
Accounts and assessments receivable.....	19,819	-	3,137	4,471	-	3	27,430
Due from grantors, other governments, and State of Tennessee	-	12,185	34,595	-	-	-	46,780
Due from other funds.....	-	-	-	-	-	-	-
Total Assets	<u>\$ 578,914</u>	<u>\$ 188,065</u>	<u>\$ 66,255</u>	<u>\$ 133,696</u>	<u>\$ 15,250</u>	<u>\$ 1,520</u>	<u>\$ 983,700</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ 47,075	\$ 5,291	\$ 32,883	\$ 4,608	\$ -	\$ -	\$ 89,857
Unapplied grant funds	-	113,224	-	-	-	-	113,224
Unearned fee income	-	-	-	2,752	-	-	2,752
Due to other funds	-	69,550	-	-	-	-	69,550
Due to Blount County.....	-	-	-	-	-	-	-
Total Liabilities	<u>47,075</u>	<u>188,065</u>	<u>32,883</u>	<u>7,360</u>	<u>-</u>	<u>-</u>	<u>275,383</u>
 Fund Balances							
Nonspendable	-	-	-	-	-	-	-
Restricted.....	531,839	-	-	-	15,250	1,520	548,609
Assigned.....	-	-	33,372	126,336	-	-	159,708
Total Fund Balances	<u>531,839</u>	<u>-</u>	<u>33,372</u>	<u>126,336</u>	<u>15,250</u>	<u>1,520</u>	<u>708,317</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 578,914</u>	<u>\$ 188,065</u>	<u>\$ 66,255</u>	<u>\$ 133,696</u>	<u>\$ 15,250</u>	<u>\$ 1,520</u>	<u>\$ 983,700</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET (Continued)
Non-Major Governmental Funds
June 30, 2015**

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

	<u>Capital Project Funds</u>						2015 Total Capital Project Funds	Total Non-Major Governmental Funds	
	Capital Projects	Special Projects	2001 Special Projects	Equipment Replacement Fund	Home Grant Program Fund	Landscaping Fund		2015	2014
ASSETS									
Cash and cash equivalents.....	\$ 6,366	\$ -	\$ 41,760	\$ 121,849	\$ 743	\$ 80,475	\$ 251,193	\$ 1,160,683	\$ 4,047,184
Local Government Investment Pool	-	-	302,976	-	-	-	302,976	302,976	303,199
Accounts and assessments receivable ..	-	-	-	-	-	-	-	27,430	9,058
Due from grantors, other governments, and State of Tennessee.....	-	91,096	-	-	-	-	91,096	137,876	690,569
Due from other funds	-	-	-	-	-	-	-	-	-
Total Assets.....	<u>\$ 6,366</u>	<u>\$ 91,096</u>	<u>\$ 344,736</u>	<u>\$ 121,849</u>	<u>\$ 743</u>	<u>\$ 80,475</u>	<u>\$ 645,265</u>	<u>\$ 1,628,965</u>	<u>\$ 5,050,010</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ 751	\$ 99,953	\$ -	\$ 417	\$ 101,121	\$ 190,978	\$ 862,813
Unapplied grant funds	-	-	-	-	-	-	-	113,224	80,773
Unearned fee income.....	-	-	-	-	-	-	-	2,752	2,081
Due to other funds	-	-	-	-	-	-	-	69,550	385,564
Due to Blount County	-	91,096	-	-	-	-	91,096	91,096	93,639
Total Liabilities	<u>-</u>	<u>91,096</u>	<u>751</u>	<u>99,953</u>	<u>-</u>	<u>417</u>	<u>192,217</u>	<u>467,600</u>	<u>1,424,870</u>
Fund Balances:									
Restricted.....	6,366	-	-	-	-	80,058	86,424	635,033	2,774,092
Assigned	-	-	343,985	21,896	743	-	366,624	526,332	851,048
Total Fund Balances.....	<u>6,366</u>	<u>-</u>	<u>343,985</u>	<u>21,896</u>	<u>743</u>	<u>80,058</u>	<u>453,048</u>	<u>1,161,365</u>	<u>3,625,140</u>
Total Liabilities and Fund Balances	<u>\$ 6,366</u>	<u>\$ 91,096</u>	<u>\$ 344,736</u>	<u>\$ 121,849</u>	<u>\$ 743</u>	<u>\$ 80,475</u>	<u>\$ 645,265</u>	<u>\$ 1,628,965</u>	<u>\$ 5,050,010</u>

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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	<u>Special Revenue Funds</u>						<u>2015 Total 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>	
Revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State gasoline tax	221,561	-	-	-	-	-	221,561
Federal and state grants	-	833,318	-	-	-	-	833,318
U.S.D.A. reimbursements	-	-	477,162	-	-	-	477,162
Charges for services	-	-	339,404	176,650	-	-	516,054
Fines, forfeitures and court cases ..	-	-	-	-	28,296	644	28,940
Investment income	-	-	98	-	-	-	98
Sale of equipment.....	-	-	-	-	-	-	-
Total Revenues.....	<u>221,561</u>	<u>833,318</u>	<u>816,664</u>	<u>176,650</u>	<u>28,296</u>	<u>644</u>	<u>2,077,133</u>
Expenditures:							
Current:							
Public Safety	-	-	-	-	27,228	8,000	35,228
Public Works	79,347	-	-	-	-	-	79,347
Culture and Recreation.....	-	-	-	-	-	-	-
Education	-	833,318	832,800	165,872	-	-	1,831,990
Capital Outlay	-	-	-	-	30,719	-	30,719
Total Expenditures	<u>79,347</u>	<u>833,318</u>	<u>832,800</u>	<u>165,872</u>	<u>57,947</u>	<u>8,000</u>	<u>1,977,284</u>
Net Change in Fund Balance Before Other Financing Sources (Uses).....	<u>142,214</u>	<u>-</u>	<u>(16,136)</u>	<u>10,778</u>	<u>(29,651)</u>	<u>(7,356)</u>	<u>99,849</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.....	142,214	-	(16,136)	10,778	(29,651)	(7,356)	99,849
Fund Balance, July 1 st	<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>
Fund Balance, June 30th.....	<u>\$ 531,839</u>	<u>\$ -</u>	<u>\$ 33,372</u>	<u>\$ 126,336</u>	<u>\$ 15,250</u>	<u>\$ 1,520</u>	<u>\$ 708,317</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Capital Project Funds</u>					2015 Capital Project Funds	Total Total Non-Major Governmental Funds	
	<u>Capital Projects</u>	<u>2001 Special Project</u>	<u>Equipment Replacement</u>	<u>Home Grant Program</u>	<u>Landscaping</u>		<u>2015</u>	<u>2014</u>
Revenues:								
Intergovernmental.....	\$ 27,240	\$ -	\$ 21,599	\$ -	\$ -	\$ 48,839	\$ 48,839	\$ 45,966
State gasoline tax	-	-	-	-	-	-	221,561	219,421
Federal and state grants.....	-	-	-	-	-	-	833,318	3,778,521
U.S.D.A. reimbursements	-	-	-	-	-	-	477,162	478,346
Charges for services.....	-	-	-	-	14,213	14,213	530,267	551,305
Fines, forfeitures and court cases..	-	-	-	-	-	-	28,940	43,472
Investment income.....	-	-	-	-	-	-	98	54
Sale of equipment	-	-	3,565	-	-	3,565	3,565	11,815
Total Revenues	<u>27,240</u>	<u>-</u>	<u>25,164</u>	<u>-</u>	<u>14,213</u>	<u>66,617</u>	<u>2,143,750</u>	<u>5,128,900</u>
Expenditures:								
Current:								
Public Safety.....	-	-	-	-	-	-	35,228	28,070
Public Works	-	310	-	-	-	310	79,657	233,064
Culture and Recreation	-	-	-	-	68,842	68,842	68,842	8,308
Education.....	-	-	-	-	-	-	1,831,990	1,761,392
Capital Outlay.....	<u>95,634</u>	<u>-</u>	<u>1,401,595</u>	<u>-</u>	<u>-</u>	<u>1,497,229</u>	<u>1,527,948</u>	<u>4,121,947</u>
Total Expenditures	<u>95,634</u>	<u>310</u>	<u>1,401,595</u>	<u>-</u>	<u>68,842</u>	<u>1,566,381</u>	<u>3,543,665</u>	<u>6,152,781</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	(68,394)	(310)	(1,376,431)	-	(54,629)	(1,499,764)	(1,399,915)	(1,023,881)
Other Financing Sources (Uses):								
Transfers In:								
General Fund	-	-	57,383	-	-	57,383	57,383	-
Transfers Out	-	-	-	-	-	-	-	-
Issuance of Debt	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>700,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,057,383</u>	<u>-</u>	<u>-</u>	<u>1,057,383</u>	<u>1,057,383</u>	<u>700,000</u>
Net Change in Fund Balances.....	(68,394)	(310)	(319,048)	-	(54,629)	(442,381)	(342,532)	(323,881)
Fund Balance, July 1 st	<u>74,760</u>	<u>344,295</u>	<u>340,944</u>	<u>743</u>	<u>134,687</u>	<u>895,429</u>	<u>1,503,897</u>	<u>3,949,021</u>
Fund Balance, June 30th	<u>\$ 6,366</u>	<u>\$ 343,985</u>	<u>\$ 21,896</u>	<u>\$ 743</u>	<u>\$ 80,058</u>	<u>\$ 453,048</u>	<u>\$ 1,161,365</u>	<u>\$ 3,625,140</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
COMBINING FUND FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS
June 30, 2015

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, 2015
With Comparative Totals for June 30, 2014**

	Employee Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	School's OPEB Insurance Fund	<u>Total Internal Service Funds</u>	
						<u>2015</u>	<u>2014</u>
ASSETS:							
Cash.....	\$ 748,977	\$ 10,945	\$ 56,216	\$ 401,000	\$ 418,500	\$ 1,635,638	\$ 1,059,541
Accounts receivable	-	4,900	-	-	-	4,900	89,054
Due from other funds	-	-	-	-	-	-	65,000
Total Assets	<u>\$ 748,977</u>	<u>\$ 15,845</u>	<u>\$ 56,216</u>	<u>\$ 401,000</u>	<u>\$ 418,500</u>	<u>\$ 1,640,538</u>	<u>\$ 1,213,595</u>
LIABILITIES:							
Medical claims payable	\$ 466,736	\$ -	\$ -	\$ -	\$ -	\$ 466,736	\$ 306,223
Accounts payable	-	12,562	-	-	-	12,562	12,562
Due to other funds	-	-	-	-	-	-	65,000
Total Liabilities.....	<u>466,736</u>	<u>12,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>479,298</u>	<u>383,785</u>
NET POSITION:							
Unrestricted	282,241	3,283	56,216	401,000	418,500	1,161,240	829,810
Total Net Position	<u>\$ 748,977</u>	<u>\$ 15,845</u>	<u>\$ 56,216</u>	<u>\$ 401,000</u>	<u>\$ 418,500</u>	<u>\$ 1,640,538</u>	<u>\$ 1,213,595</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, 2015
With Comparative Totals for June 30, 2014**

	Employee Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	School's OPEB Insurance Fund	<u>Total Internal Service Funds</u>	
						<u>2015</u>	<u>2014</u>
OPERATING REVENUES:							
Insurance charges.....	\$ 4,616,299	\$ -	\$ -	\$ -	\$ -	\$ 4,616,299	\$ 4,417,857
Refunds – Co-insurance.....	99,464	-	-	-	-	99,464	112,960
Employee Contributions	282,179	150,072	-	-	-	432,251	407,336
Miscellaneous	-	-	568	-	-	568	4,939
Service Center charges.....	-	-	314,101	-	-	314,101	281,597
	<u>4,997,942</u>	<u>150,072</u>	<u>314,669</u>	<u>-</u>	<u>-</u>	<u>5,462,683</u>	<u>5,224,689</u>
Total Operating Revenues							
OPERATING EXPENSES:							
Salaries	-	-	55,073	-	-	55,073	50,103
Fringe benefits	-	-	46,182	-	-	46,182	25,262
Building improvements.....	-	-	-	-	-	-	2,040
Improvement teams/training	-	-	1,043	-	-	1,043	232
Maintenance contracts	-	-	12,229	-	-	12,229	15,877
Contract services.....	-	-	3,763	-	-	3,763	3,029
Utilities	-	-	135,180	-	-	135,180	130,253
Supplies	-	-	7,061	-	-	7,061	7,336
Repair and maintenance.....	-	-	31,704	-	-	31,704	32,378
Insurance claims paid.....	3,368,049	151,755	-	-	-	3,519,804	3,444,629
Insurance claims, premiums and administrative expenses	1,412,848	-	-	9,000	9,000	1,430,848	1,363,814
Insurance.....	-	-	21,866	-	-	21,866	19,765
	<u>4,780,897</u>	<u>151,755</u>	<u>314,101</u>	<u>9,000</u>	<u>9,000</u>	<u>5,264,753</u>	<u>5,094,718</u>
Total Operating Expenses.....							
OPERATING INCOME (LOSS).....	217,045	(1,683)	568	(9,000)	(9,000)	197,930	129,971

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, 2015
With Comparative Totals for June 30, 2014**

	Employee Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	Schools OPEB Insurance Fund	<u>Total Internal Service Funds</u>	
						<u>2015</u>	<u>2014</u>
NON-OPERATING REVENUES (EXPENSES):							
Transfers (out) in	-	-	-	65,000	68,500	133,500	68,500
CHANGE IN NET POSITION	217,045	(1,683)	568	56,000	59,500	331,430	198,471
NET POSITION – July 1 st	<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>
NET POSITION. June 30th.....	<u>\$ 282,241</u>	<u>\$ 3,283</u>	<u>\$ 56,216</u>	<u>\$ 401,000</u>	<u>\$ 418,500</u>	<u>\$ 1,161,240</u>	<u>\$ 829,810</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	Employee Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	Schools OPEB Insurance Fund	<u>Total Internal Service Funds</u>	
						<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:							
Insurance premiums/reimbursements							
Collected	\$ 4,997,942	\$ -	\$ -	\$ -	\$ -	\$ 4,997,942	\$ 4,595,195
Collections from various City departments	-	150,072	314,669	-	-	464,741	420,173
Payments to employees and vendors	<u>(4,601,230)</u>	<u>(151,755)</u>	<u>(314,101)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>(5,085,086)</u>	<u>(4,814,360)</u>
Net Cash Provided By (Used In)							
Operating Activities	<u>396,712</u>	<u>(1,683)</u>	<u>568</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>377,597</u>	<u>201,008</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Receipts from other funds	-	-	-	65,000	68,500	133,500	133,500
Payments to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>
Net Cash Provided By (Used In)							
Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>68,500</u>	<u>133,500</u>	<u>68,500</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	396,712	(1,683)	568	56,000	59,500	511,097	269,508
CASH AND CASH EQUIVALENTS – July 1 st	<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>
CASH AND CASH EQUIVALENTS – June 30th ..	<u>\$ 748,977</u>	<u>\$ 10,945</u>	<u>\$ 56,216</u>	<u>\$ 401,000</u>	<u>\$ 418,500</u>	<u>\$ 1,635,638</u>	<u>\$ 1,124,541</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	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>2015</u>	<u>2014</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating income (loss).....	\$ 217,045	\$ (1,683)	\$ 568	\$ (9,000)	\$ (9,000)	\$ 197,930	\$ 129,971
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Changes in assets and liabilities:							
Accounts receivable.....	84,154	-	-	-	-	84,154	(58,523)
Accounts payable.....	160,513	-	-	-	-	160,513	-
Medical claims payable	-	-	-	-	-	-	64,560
Due to other funds	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>	<u>65,000</u>
NET CASH PROVIDED (USED IN) OPERATING ACTIVITIES	<u>\$ 396,712</u>	<u>\$ (1,683)</u>	<u>\$ 568</u>	<u>\$ (9,000)</u>	<u>\$ (9,000)</u>	<u>\$ 377,597</u>	<u>\$ 201,008</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FUND FINANCIAL STATEMENTS
FIDUCIARY FUND
Pension Trust Fund
June 30, 2015

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND
STATEMENT OF FIDUCIARY PLAN NET POSITION
June 30, 2015
With Comparative Totals for June 30, 2014

	Pension Trust Fund Employees' Retirement System	
	<u>2015</u>	<u>2014</u>
ASSETS:		
Investments, at fair value:		
Cash and cash equivalents	\$ 1,014,343	\$ 890,505
U.S. Treasury Obligations	4,935,281	3,538,433
Domestic corporate and foreign bonds	5,416,343	5,345,952
Common equity securities	10,589,964	11,308,475
Municipal obligations	<u>1,454,306</u>	<u>2,116,289</u>
Total Investments.....	23,410,237	23,199,654
Accrued interest.....	<u>126,639</u>	<u>129,752</u>
Total Assets	<u>\$ 23,536,876</u>	<u>\$ 23,329,406</u>
LIABILITIES:		
Liabilities	\$ -	\$ -
NET POSITION:		
Held in trust for pension benefits.....	<u>23,536,876</u>	<u>23,329,406</u>
Total Net Position	<u>\$ 23,536,876</u>	<u>\$ 23,329,406</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Pension Trust Fund Employees' Retirement System	
	<u>2015</u>	<u>2014</u>
Additions:		
Employer contributions	\$ 2,173,944	\$ 1,451,649
Interest/dividend income	654,065	667,231
Net appreciation in fair value of investments	-	1,781,486
Realized gain on sale of investments	<u>139,004</u>	<u>163,898</u>
Total Additions.....	<u>2,967,013</u>	<u>4,064,264</u>
Deductions:		
Benefits paid	2,587,026	2,549,182
Administrative expenses	73,003	75,650
Net depreciation in fair value of investments	<u>99,514</u>	<u>-</u>
Total Deductions	<u>2,759,543</u>	<u>2,624,832</u>
Change in Net Position	207,470	1,439,432
Net Position – Beginning of Year.....	<u>23,329,406</u>	<u>21,889,974</u>
Net Position – End of Year.....	<u>\$ 23,536,876</u>	<u>\$ 23,329,406</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2015</u>	<u>2014</u>
Cash on hand and equity in pooled cash.....	\$ 3,470,623	\$ 2,948,628
Property taxes receivable (net of allowance for estimated uncollectibles).....	10,449,998	10,299,429
Sales taxes receivable – State of Tennessee	1,380,082	1,228,721
Accounts receivable.....	902,920	785,171
Notes receivable	1,982	1,982
Due from credit union	-	265
Due from grantors.....	-	3,024
Due from other funds.....	-	1,310
Deferred Outflows of Resources	-	-
Total Assets and Deferred Outflows of Resources.....	<u>\$ 16,205,605</u>	<u>\$ 15,268,530</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>		
Liabilities:		
Accounts payable.....	\$ 415,047	\$ 625,012
Deferred revenue	643,016	1,477,173
Wages payable.....	317,850	182,521
Due to other funds	-	453,120
 Total Liabilities	 <u>1,375,913</u>	 <u>2,737,826</u>
 Deferred Inflows of Resources:		
Deferred Revenue.....	<u>9,681,393</u>	<u>8,757,435</u>
Fund Balance:		
Restricted.....	63,674	2,222
Assigned	941,852	631,139
Unassigned	<u>4,142,773</u>	<u>3,139,908</u>
 Total Fund Balance.....	 <u>5,148,299</u>	 <u>3,773,269</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 16,205,605</u>	 <u>\$ 15,268,530</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>June 30, 2015</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>	
TAXES:					
Current property taxes.....	\$ 4,968,000	\$ 4,968,000	\$ 4,868,701	\$ (99,299)	\$ 4,785,577
Delinquent property taxes	225,226	225,226	998,975	773,749	472,514
Business tax	792,466	792,466	813,890	21,424	643,759
Local sales tax.....	7,060,000	7,240,000	7,726,630	486,630	7,268,999
Local sales tax – city.....	3,154,000	3,154,000	3,468,745	314,745	3,146,979
Property tax – Partnership South	20,467	20,467	24,641	4,174	-
Gas franchise tax.....	131,000	131,000	172,475	41,475	169,151
Tax equivalent/in lieu	32,500	32,500	274,029	241,529	32,456
Hotel/Motel tax	<u>135,000</u>	<u>135,000</u>	<u>139,315</u>	<u>4,315</u>	<u>134,548</u>
Total Taxes	<u>16,518,659</u>	<u>16,698,659</u>	<u>18,487,401</u>	<u>1,788,742</u>	<u>16,653,983</u>
LICENSES AND PERMITS:					
Animal registration	600	600	402	(198)	468
Building permits	110,000	110,000	127,526	17,526	145,176
Mechanical and gas permits.....	5,000	5,000	6,125	1,125	5,157
Plumbing permits.....	3,500	3,500	4,000	500	11,762
Sanitary sewer inspection	<u>1,140</u>	<u>1,140</u>	<u>1,040</u>	<u>(100)</u>	<u>1,390</u>
Total Licenses and Permits	<u>120,240</u>	<u>120,240</u>	<u>139,093</u>	<u>18,853</u>	<u>163,953</u>
INTERGOVERNMENTAL REVENUE:					
State of Tennessee:					
Beer/liquor privilege tax	24,500	24,500	21,400	(3,100)	23,659
Sales tax	595,000	595,000	636,157	41,157	602,084
State Income tax.....	90,000	90,000	86,633	(3,367)	83,404
Streets and transportation.....	18,000	18,000	17,240	(760)	17,295
Mixed drink tax.....	113,000	113,000	65,319	(47,681)	111,434
Alcoholic liquor tax	231,453	231,453	243,991	12,538	199,793
TVA - in lieu.....	99,000	99,000	97,925	(1,075)	93,476
Excise tax	2,850	2,850	8,462	5,612	4,232
Fire – salary supplement	16,800	16,800	16,200	(600)	15,600
Police – salary supplement.....	22,000	22,000	22,000	-	22,800
Local:					
Local beer tax.....	588,000	588,000	578,768	(9,232)	529,147
Credit Union cost recovery	92,200	92,200	86,011	(6,189)	92,639
Stormwater cost recovery	135,000	135,000	88,736	(46,264)	103,358
Grants:					
State/Federal grants.....	10,000	10,000	15,301	5,301	159,191
Drug Task Force	<u>700</u>	<u>700</u>	<u>5,105</u>	<u>4,405</u>	<u>396</u>
Total Intergovernmental Revenue.....	<u>2,038,503</u>	<u>2,038,503</u>	<u>1,989,248</u>	<u>(49,255)</u>	<u>2,058,508</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	June 30, 2015				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2014
	<u>Original</u>	<u>Final</u>			
FINES AND FORFEITS:					
Fines and costs	325,000	325,000	327,568	2,568	339,423
Penalties	130,712	130,712	131,525	813	109,938
Police Evidence Money/Drug Control	20,000	20,000	17,556	(2,444)	15,087
Litigation tax	-	-	7,402	7,402	-
Citation fees	-	-	4,548	4,548	-
Total Fines and Forfeits	<u>475,712</u>	<u>475,712</u>	<u>488,599</u>	<u>12,887</u>	<u>464,448</u>
INTEREST EARNED	<u>1,694</u>	<u>1,694</u>	<u>-</u>	<u>(1,694)</u>	<u>-</u>
MISCELLANEOUS REVENUE:					
Public works, labor, and material....	407,100	407,100	304,002	(103,098)	349,703
Miscellaneous	10,281	10,281	27,886	17,605	32,850
CATV franchise fee/video service..	77,579	77,579	90,233	12,654	83,521
Fees/development	9,000	9,000	11,549	2,549	28,680
Department Services	125,100	125,100	78,711	(46,389)	127,781
Insurance refunds	9,000	9,000	8,838	(162)	-
Property rental.....	142,910	142,910	143,388	478	143,547
Sale of property/equipment.....	15,000	15,000	92,875	77,875	64,258
Special events.....	-	-	19,700	19,700	-
Contributions and donations - Business	20,000	20,000	-	(20,000)	-
Total Miscellaneous Revenue ...	<u>815,970</u>	<u>815,970</u>	<u>777,182</u>	<u>(38,788)</u>	<u>830,340</u>
TOTAL REVENUES	<u>\$ 19,970,778</u>	<u>\$ 20,150,778</u>	<u>\$ 21,881,523</u>	<u>\$ 1,730,745</u>	<u>\$ 20,171,232</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	<u>June 30, 2015</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>2014</u>
				<u>(Negative)</u>	
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	8	42	11
Dues, memberships, and subscriptions	4,500	4,500	4,246	254	3,860
Advertising and publicity	3,500	3,500	1,326	2,174	1,116
Travel, conferences, and training.....	7,000	7,000	300	6,700	300
Reproduction and printing	3,000	3,000	753	2,247	855
Office supplies	500	500	719	(219)	1,190
Insurance.....	22,000	22,000	25,959	(3,959)	26,258
Computer Equipment.....	-	-	2,548	(2,548)	-
Utilities	4,050	4,050	4,240	(190)	3,970
Other contractual services.....	4,320	4,320	4,320	-	4,320
Election services	1,000	1,000	1,450	(450)	-
Maintenance contract.....	-	-	172	(172)	172
Total Board of Commissioners	<u>62,630</u>	<u>62,630</u>	<u>58,644</u>	<u>3,986</u>	<u>54,655</u>
<u>City Manager's Office:</u>					
Wages and salaries.....	125,932	125,932	123,263	2,669	115,169
F. I. C. A.	9,196	9,196	7,750	1,446	7,811
Retirement	26,962	26,962	28,688	(1,726)	27,889
Hospitalization insurance.....	20,160	20,160	20,159	1	19,040
Life/AD&D.....	429	429	520	(91)	401
Dental insurance	1,622	1,622	837	785	837
Workmen's compensation	565	565	447	118	352
Auto parts/Gas	5,000	5,000	1,568	3,432	3,776
Other personnel services.....	2,354	2,354	8,790	(6,436)	4,126
Mailing	150	150	161	(11)	149
Dues, memberships, and subscriptions	6,750	6,750	3,432	3,318	4,635
Computer equipment	-	-	2,875	(2,875)	948
Travel, conferences, and training.....	7,000	7,000	5,353	1,647	5,653
Public relations	2,000	2,000	2,774	(774)	2,642
Repairs and maintenance	200	200	-	200	74
Employee education and training	500	500	275	225	-
Reproduction and printing	3,000	3,000	753	2,247	855
Utilities	4,600	4,600	4,102	498	3,808
Insurance.....	1,400	1,400	1,182	218	1,140
Office supplies/other supplies.....	1,200	1,200	1,096	104	929
Lease.....	3,300	3,300	2,870	430	2,865
Maintenance contract.....	285	285	143	142	143
Professional and consulting	-	-	398	(398)	-
Fees and licensing	-	-	400	(400)	-
Advertising	-	-	1,304	(1,304)	-
Total City Manager's Office	<u>222,605</u>	<u>222,605</u>	<u>219,140</u>	<u>3,465</u>	<u>203,242</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Human Resources:</u>					
Wages and salaries	207,042	207,042	201,005	6,037	206,883
F. I. C. A.....	16,372	16,372	15,520	852	15,893
Retirement	48,764	48,764	52,913	(4,149)	43,140
Hospitalization insurance	27,072	27,072	27,072	-	25,568
Life/AD&D	505	505	620	(115)	482
Dental insurance	2,177	2,177	1,681	496	1,801
Workmen's compensation	200	200	234	(34)	177
Maintenance contracts.....	700	700	529	171	422
Professional services	1,500	1,500	-	1,500	32
Other personnel services	7,075	7,075	3,717	3,358	5,868
Mailing	1,100	1,100	597	503	717
Dues, memberships, and subscriptions.....	1,250	1,250	610	640	670
Travel, conferences, and training	2,000	2,000	-	2,000	1,885
Reproduction and printing.....	5,500	5,500	2,878	2,622	1,092
Utilities	2,800	2,800	2,417	383	2,353
Office supplies.....	5,500	5,500	3,449	2,051	3,427
Repairs and maintenance – office equip...	500	500	713	(213)	367
Business/Public relations.....	250	250	35	215	35
Employee education and training	2,800	2,800	2,111	689	3,102
Insurance	1,500	1,500	1,289	211	1,208
Other operating supplies.....	-	-	158	(158)	-
Computer equipment	-	-	1,272	(1,272)	1,447
Other contractual services	1,500	1,500	1,728	(228)	1,926
Improvement teams/service awards	4,000	4,000	4,081	(81)	4,525
Safety supplies.....	500	500	1,147	(647)	192
Total Personnel Office.....	<u>340,607</u>	<u>340,607</u>	<u>325,776</u>	<u>14,831</u>	<u>323,212</u>
<u>Judicial/Legal:</u>					
Retirement	1,450	1,450	1,461	(11)	1,435
FICA.....	700	700	572	128	591
Medical Insurance	14,400	14,400	14,400	-	13,600
Dental Insurance.....	1,160	1,160	1,158	2	1,158
City Attorney.....	70,000	70,000	64,720	5,280	71,622
Other Legal Services	10,000	10,000	10,000	-	12,875
Wages – City Judge.....	9,000	9,000	9,000	-	9,000
Total Judicial/Legal.....	<u>106,710</u>	<u>106,710</u>	<u>101,311</u>	<u>5,399</u>	<u>110,281</u>
<u>Finance:</u>					
Wages and salaries	153,786	153,786	154,944	(1,158)	151,442
F. I. C. A.....	11,990	11,990	11,809	181	11,473
Retirement	50,774	50,774	53,343	(2,569)	46,703

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Finance (Continued):</u>					
Retiree Insurance.....	1,110	1,110	1,296	(186)	1,202
Hospitalization insurance.....	37,152	37,152	32,340	4,812	35,088
Life/AD&D.....	663	663	804	(141)	632
Dental insurance.....	2,988	2,988	2,470	518	2,596
Workmen's compensation.....	525	525	283	242	215
Bonds.....	-	-	578	(578)	578
Other personnel services.....	3,031	3,031	3,621	(590)	2,987
Employee education and training.....	300	300	905	(605)	-
Professional services.....	500	500	4,556	(4,056)	-
Mailing.....	5,000	5,000	4,851	149	5,689
Dues, memberships, and subscriptions.....	2,930	2,930	739	2,191	1,892
Accounting and auditing.....	16,000	16,000	15,000	1,000	12,030
Advertising.....	500	500	769	(269)	2,746
Travel.....	6,000	6,000	10,349	(4,349)	4,046
Public relations.....	500	500	202	298	308
Repairs and maintenance.....	500	500	718	(218)	205
Reproduction and printing.....	2,400	2,400	1,545	855	1,753
Utilities.....	2,000	2,000	1,762	238	1,698
Other contractual services.....	1,100	1,100	1,080	20	1,233
Office supplies.....	6,000	6,000	5,025	975	4,362
Insurance.....	1,800	1,800	1,289	511	1,800
Property tax assessment fees.....	26,000	26,000	16,492	9,508	21,704
Computer equipment.....	-	-	1,075	(1,075)	1,105
Debt service fees.....	3,000	3,000	1,603	1,397	-
Maintenance contracts.....	3,925	3,925	3,487	438	3,487
Internet services.....	-	-	-	-	200
Uniforms.....	-	-	-	-	299
Professional lab testing.....	-	-	-	-	2
Total Finance.....	<u>340,474</u>	<u>340,474</u>	<u>332,935</u>	<u>7,539</u>	<u>317,475</u>
<u>Information Systems:</u>					
Wages and salaries.....	72,946	72,946	71,059	1,887	71,423
F. I. C. A.	5,625	5,625	5,384	241	5,350
Retirement.....	22,507	22,507	22,598	(91)	20,847
Hospitalization insurance.....	20,016	20,016	17,088	2,928	18,904
Life/AD&D.....	333	333	350	(17)	315
Dental insurance.....	1,610	1,610	1,374	236	1,610
Workmen's compensation.....	246	246	135	111	102
Mailing.....	100	100	57	43	35
Other operating supplies.....	250	250	74	176	716
Other personnel services.....	1,255	1,255	1,216	39	1,136
Travel, conference and training.....	2,000	2,000	627	1,373	1,929
Rental and maintenance contracts.....	23,350	23,350	24,367	(1,017)	75,764
Utilities.....	13,000	13,000	14,144	(1,144)	11,606

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

Function/Activity/Object	June 30, 2015				Total 2014
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	
	Original	Final			
GENERAL GOVERNMENT (Continued):					
<u>Information Systems (Continued):</u>					
Employee education training.....	10,000	10,000	7,240	2,760	2,420
Dues, memberships, and subscriptions.....	1,260	1,260	-	1,260	-
Advertising.....	-	-	433	(433)	-
Professional services.....	-	-	107	(107)	-
Printing.....	-	-	-	-	29
Office supplies.....	6,000	6,000	7,524	(1,524)	5,566
Insurance.....	2,300	2,300	2,219	81	1,910
Drug/alcohol testing.....	100	100	67	33	45
Computer equipment.....	-	-	1,661	(1,661)	1,311
Auto parts and gasoline.....	1,300	1,300	1,234	66	792
Total Information Systems.....	<u>184,198</u>	<u>184,198</u>	<u>178,958</u>	<u>5,240</u>	<u>221,781</u>
<u>Purchasing and Warehouse:</u>					
Wages and salaries.....	38,986	38,986	38,937	49	38,792
F. I. C. A.	3,008	3,008	3,301	(293)	2,929
Retirement.....	7,923	7,923	7,923	-	12,329
Hospitalization insurance.....	9,648	9,648	9,648	-	9,112
Life/AD&D.....	168	168	195	(27)	165
Dental insurance.....	776	776	462	314	462
Workmen's compensation.....	133	133	71	62	56
Other personnel services.....	369	369	447	(78)	368
Employee education/training/testing.....	450	450	704	(254)	166
Mailing.....	100	100	120	(20)	113
Dues, memberships, and subscriptions.....	944	944	433	511	1,490
Advertising.....	200	200	54	146	197
Travel and training.....	1,300	1,300	466	834	206
Repair and maintenance office.....	1,500	1,500	1,004	496	439
Reproduction and printing.....	150	150	-	150	276
Utilities.....	2,200	2,200	2,398	(198)	2,333
Office supplies.....	1,000	1,000	1,657	(657)	531
Other operating supplies/parts.....	350	350	401	(51)	488
Insurance and bonds.....	1,500	1,500	974	526	1,500
Computer equipment.....	-	-	-	-	626
Uniforms and clothing.....	400	400	40	360	108
Professional services.....	150	150	-	150	-
Other contracted services.....	100	100	263	(163)	35
Auto parts/gas.....	800	800	1,492	(692)	352
Rental/Maintenance contracts.....	5,200	5,200	7,354	(2,154)	4,915
Fuel island costs.....	1,000	1,000	-	1,000	-
Improvement teams.....	100	100	46	54	-
Total Purchasing and Warehouse.....	<u>78,455</u>	<u>78,455</u>	<u>78,390</u>	<u>65</u>	<u>77,988</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Planning and Development (Continued):</u>					
Wages and salaries	170,726	170,726	171,706	(980)	166,922
F. I. C. A.	13,176	13,176	12,911	265	12,392
Retirement.....	33,848	33,848	33,595	253	31,621
Hospitalization insurance	36,000	36,000	36,000	-	34,000
Life/AD&D.....	694	694	851	(157)	658
Dental insurance.....	2,896	2,896	2,896	-	2,896
Workmen's compensation.....	376	376	316	60	234
Insurance	1,600	1,600	1,291	309	1,198
Other personnel services	1,625	1,625	1,625	-	1,625
Employee education	1,000	1,000	628	372	382
Dues and memberships	1,500	1,500	1,242	258	1,080
Mailing.....	100	100	-	100	-
Drug/alcohol testing	100	100	22	78	-
Professional and consulting services.....	2,000	2,000	132	1,868	40
Travel	1,200	1,200	2,011	(811)	1,260
Printing.....	1,500	1,500	699	801	356
Planning commission meetings.....	1,200	1,200	1,086	114	1,095
Utilities.....	820	820	855	(35)	828
Other contractual services	2,000	2,000	2,400	(400)	2,602
Advertising/Public relations.....	1,650	1,650	984	666	970
Office supplies	500	500	293	207	327
Repairs and maintenance office	150	150	62	88	-
Maintenance contracts.....	700	700	86	614	86
Gasoline/auto parts.....	800	800	-	800	177
Other operating supplies	100	100	-	100	16
Computer equipment.....	1,600	1,600	1,406	194	578
Total Planning and Development.....	<u>277,861</u>	<u>277,861</u>	<u>273,097</u>	<u>4,764</u>	<u>261,343</u>
<u>Economic and Industrial Development:</u>					
Wages and salaries	58,146	58,146	55,952	2,194	55,842
F. I. C. A.	4,769	4,769	4,311	458	4,406
Retirement.....	10,773	10,773	12,195	(1,422)	11,470
Hospitalization insurance	7,200	7,200	7,200	-	6,800
Life/AD&D.....	190	190	236	(46)	187
Dental insurance.....	579	579	579	-	579
Workmen's compensation.....	409	409	334	75	240
Other personnel services	4,231	4,231	6,321	(2,090)	4,146
Employee education and training	200	200	50	150	149
Professional services	55,000	55,000	54,484	516	36,772
Mailing.....	200	200	143	57	175
Dues and memberships	4,130	4,130	4,729	(599)	2,631
Advertising.....	4,000	4,000	2,975	1,025	3,125
Travel	20,000	20,000	10,533	9,467	22,252
Public relations.....	1,500	1,500	825	675	666
Printing.....	2,000	2,000	753	1,247	1,050

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Economic and Industrial Development (Cont.)</u>					
Utilities.....	4,000	4,000	2,950	1,050	2,432
Other contractual services.....	3,000	3,000	2,550	450	2,576
Office supplies	700	700	625	75	239
Maintenance contract	145	145	143	2	143
Uniforms	900	900	-	900	-
Insurance	-	-	691	(691)	651
Computer equipment.....	<u>500</u>	<u>500</u>	<u>3,831</u>	<u>(3,331)</u>	<u>130</u>
Total Economic and Industrial Development	<u>182,572</u>	<u>182,572</u>	<u>172,410</u>	<u>10,162</u>	<u>156,661</u>
TOTAL GENERAL GOVERNMENT.....	<u>1,796,112</u>	<u>1,796,112</u>	<u>1,740,661</u>	<u>55,451</u>	<u>1,726,638</u>
PUBLIC WORKS:					
<u>Supervision:</u>					
Wages and salaries – regular.....	189,532	189,532	187,897	1,635	186,053
F. I. C. A.	14,885	14,885	14,003	882	13,992
Retirement.....	43,803	43,803	44,885	(1,082)	43,864
Hospitalization insurance.....	37,872	37,872	37,872	-	40,239
Life/AD&D.....	739	739	915	(176)	735
Dental insurance.....	3,046	3,046	3,046	-	3,162
Workmen's compensation	552	552	525	27	384
Service center cost	86,000	86,000	90,037	(4,037)	81,663
Drug/Alcohol testing.....	100	100	133	(33)	136
Employee education and training.....	2,267	2,267	533	1,734	432
Public Education	467	467	410	57	-
Other contractual services	2,200	2,200	1,920	280	2,063
Other personnel services	4,196	4,196	4,001	195	5,006
Mailing.....	800	800	600	200	646
Dues and memberships	17,288	17,288	16,093	1,195	5,356
Travel.....	6,908	6,908	3,528	3,380	4,716
Advertising.....	350	350	151	199	158
Uniforms	550	550	321	229	-
Reproduction and printing.....	300	300	580	(280)	267
Professional and consulting.....	400	400	-	400	-
Rental and maintenance contracts.....	300	300	243	57	6,250
Utilities.....	1,160	1,160	1,913	(753)	1,947
Office supplies	1,600	1,600	1,742	(142)	1,540
Auto parts.....	1,000	1,000	352	648	453
Gas	450	450	667	(217)	509
Insurance and bonds.....	900	900	903	(3)	877
Other supplies	200	200	90	110	232
Safety supplies and materials.....	250	250	11	239	18
Communication and computer equipment	-	-	805	(805)	67

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued)					
<u>Supervision (Continued)</u>					
Public relations	100	100	124	(24)	109
Improvement teams	1,200	1,200	1,020	180	820
Machinery and equipment	-	-	-	-	266
Repair and maintenance.....	700	700	-	700	253
Radio system – annual fee.....	-	-	599	(599)	3,491
Small tools	400	400	131	269	212
GIS Systems	22,603	22,603	23,343	(740)	15,824
Regulatory fees and licenses.....	2,050	2,050	2,560	(510)	1,210
Total Supervision.....	<u>445,168</u>	<u>445,168</u>	<u>441,953</u>	<u>3,215</u>	<u>422,950</u>
<u>Engineering and Codes Enforcement:</u>					
Wages and salaries.....	130,919	130,919	131,556	(637)	127,044
F. I. C. A.	10,681	10,681	10,159	522	9,779
Retirement	70,125	70,125	75,426	(5,301)	61,380
Hospitalization insurance.....	36,000	36,000	36,000	-	34,000
Life/AD&D.....	600	600	733	(133)	569
Dental insurance	2,896	2,896	2,896	-	2,896
Workmen's compensation.....	3,298	3,298	3,958	(660)	3,090
Drug/Alcohol testing	200	200	45	155	-
Other personnel services.....	8,267	8,267	5,740	2,527	4,057
Mailing.....	500	500	238	262	354
Dues and memberships	1,025	1,025	472	553	793
House demolition.....	3,000	3,000	809	2,191	-
Insurance.....	1,500	1,500	1,569	(69)	356
Advertising/Public relations	250	250	79	171	35
Travel.....	1,000	1,000	123	877	512
Printing	1,500	1,500	585	915	1,456
Professional services.....	-	-	-	-	-
Other contractual services.....	2,050	2,050	1,197	853	1,485
Repairs and maintenance – Office equipment .	365	365	148	217	86
Uniforms.....	900	900	759	141	585
Utilities	2,400	2,400	2,712	(312)	2,405
Office supplies.....	1,000	1,000	867	133	974
Small tools	100	100	48	52	-
Auto parts	1,000	1,000	997	3	173
Gas.....	4,000	4,000	2,652	1,348	3,773
Computer equipment	2,800	2,800	2,661	139	-
Employee education/training	2,000	2,000	872	1,128	1,245
Total Engineering and Codes.....	<u>288,376</u>	<u>288,376</u>	<u>283,301</u>	<u>5,075</u>	<u>257,047</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>				<u>Total 2014</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Building and Grounds:</u>					
Wages and salaries.....	28,480	28,480	29,041	(561)	27,855
Wages - overtime and standby.....	4,600	4,600	4,426	174	3,538
F. I. C. A.	2,588	2,588	2,515	73	2,369
Retirement	14,558	14,558	14,674	(116)	14,134
Hospitalization insurance.....	8,640	8,640	8,640	-	8,160
Life/AD&D.....	137	137	167	(30)	131
Dental insurance	695	695	538	157	538
Workmen's compensation.....	1,325	1,325	1,317	8	1,120
Other personnel services	430	430	430	-	180
Other contracted services	-	-	-	-	37
Utilities	1,000	1,000	974	26	1,010
Other operating supplies.....	150	150	-	150	-
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	14,141	(2,141)	14,746
Retiree insurance	2,460	2,460	-	2,460	-
Repairs and maintenance.....	1,000	1,000	-	1,000	-
Springbrook Corporation Center	9,000	9,000	13,533	(4,533)	15,725
Maintenance – Associates Boulevard.....	8,300	8,300	5,783	2,517	7,638
Cedar Lawn Cemetery.....	500	500	-	500	-
Total Building and Grounds	<u>96,713</u>	<u>96,713</u>	<u>96,179</u>	<u>534</u>	<u>97,181</u>
<u>Municipal Building:</u>					
Wages.....	24,584	24,584	16,687	7,897	15,632
F.I.C.A.....	1,894	1,894	1,228	666	938
Fringe Benefits	14,697	14,697	12,215	2,482	9,888
Workers Comp	750	750	964	(214)	623
Other Personnel Services.....	230	230	200	30	185
Auto parts/gas.....	825	825	-	825	175
Utilities	102,000	102,000	90,202	11,798	89,073
Insurance	5,000	5,000	5,606	(606)	7,780
Operating supplies.....	5,000	5,000	8,019	(3,019)	6,165
Repairs and maintenance.....	16,500	16,500	24,126	(7,626)	12,216
Rental/Maintenance contract.....	9,400	9,400	8,001	1,399	7,679
Employee education	-	-	-	-	325
Contract services	-	-	-	-	8,534
Equipment and building improvements.....	-	-	67	(67)	1,055
Total Municipal Building	<u>180,880</u>	<u>180,880</u>	<u>167,315</u>	<u>13,565</u>	<u>160,268</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Fleet Services:</u>					
Wages and salaries	71,415	71,415	71,967	(552)	68,312
Wages – overtime and standby	4,600	4,600	2,383	2,217	3,819
F.I.C.A.	6,350	6,350	5,517	833	5,328
Retirement	17,805	17,805	17,031	774	15,974
Retiree insurance	2,820	2,820	1,757	1,063	2,397
Hospitalization insurance	26,352	26,352	26,352	-	21,777
Life/AD&D	478	478	463	15	355
Dental insurance	2,120	2,120	1,641	479	1,641
Workmen’s compensation	2,546	2,546	3,128	(582)	1,966
Other personnel services	427	427	397	30	244
Drug/Alcohol test	-	-	45	(45)	45
Professional services	100	100	-	100	-
Machinery and equipment	-	-	62	(62)	39,345
Utilities	1,100	1,100	549	551	948
Office supplies	200	200	132	68	141
Other operating supplies	12,000	12,000	13,287	(1,287)	12,524
Small tools	3,500	3,500	3,236	264	3,037
Uniforms	1,735	1,735	1,506	229	1,744
Auto/electrical parts/materials	2,000	2,000	1,345	655	1,077
Other contractual services	200	200	-	200	96
Gas, fuel, and lubricants	2,500	2,500	1,665	835	2,439
Insurance and bonds	1,200	2,400	2,435	(35)	3,009
Repairs and maintenance	1,200	-	795	(795)	886
Travel	1,000	1,000	-	1,000	-
Fuel pump equipment	-	-	21	(21)	-
Computer equipment	-	-	2,100	(2,100)	1,240
Dues, memberships and subscriptions	4,750	4,750	1,200	3,550	1,500
Improvement teams	120	120	125	(5)	75
Printing	50	50	-	50	-
Mailing	100	100	-	100	-
Employee education and training	3,600	3,600	395	3,205	1,513
Regulatory fees and licenses	200	200	42	158	45
Safety supplies	300	300	313	(13)	220
Maintenance contract	1,100	1,100	891	209	143
Advertising	100	100	1,815	(1,715)	77
Total Fleet Services	<u>171,968</u>	<u>171,968</u>	<u>162,595</u>	<u>9,373</u>	<u>191,917</u>
<u>Streets Supervision:</u>					
Wages and salaries – regular	105,095	105,095	105,880	(785)	78,953
Wages and salaries – overtime and standby	3,500	3,500	9,165	(5,665)	4,504
F. I. C. A.	8,654	8,654	8,778	(124)	6,433
Retirement	65,700	65,700	65,700	-	53,978

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Streets Supervision (Continued):</u>					
Retiree insurance	4,620	4,620	-	4,620	5,520
Hospitalization insurance	28,800	28,800	28,800	-	20,400
Advertising	-	-	77	(77)	-
Life/AD&D	476	476	589	(113)	346
Dental insurance	2,316	2,316	2,316	-	1,737
Workmen's compensation	4,683	4,683	6,399	(1,716)	3,865
Travel	700	700	494	206	694
Other personnel services	3,973	3,973	3,015	958	3,581
Employee training	400	400	314	86	262
Utilities	565	565	792	(227)	622
Office supplies.....	100	100	32	68	10
Dues.....	200	200	-	200	-
Maintenance contracts.....	250	250	233	17	86
Improvement teams	200	200	300	(100)	75
Professional and consulting.....	500	500	29	471	426
Other operating supplies.....	100	100	-	100	-
Automotive parts.....	1,000	1,000	316	684	415
Gasoline, fuel and lubricants	1,200	1,200	917	283	1,253
Insurance	2,000	2,000	881	1,119	1,124
Uniforms	1,350	1,350	579	771	502
Regulatory fees and license.....	250	250	-	250	22
Drug/alcohol testing	250	250	211	39	354
Total Streets Supervision.....	<u>236,882</u>	<u>236,882</u>	<u>235,817</u>	<u>1,065</u>	<u>185,162</u>
<u>Streets – Repair and Construction:</u>					
Wages and salaries – regular	181,549	181,549	161,482	20,067	191,648
Wages and salaries – overtime and standby	10,550	10,550	18,724	(8,174)	15,898
F.I.C.A.....	15,075	15,075	13,639	1,436	15,661
Retirement	80,830	80,830	78,012	2,818	70,065
Hospitalization insurance	72,000	72,000	63,375	8,625	72,243
Life/AD&D	997	997	1,083	(86)	1,025
Dental insurance	5,791	5,791	3,933	1,858	5,112
Workmen's compensation.....	11,884	11,884	10,820	1,064	11,283
Other personnel services	5,220	5,220	5,013	207	4,924
Employee education/training.....	400	400	-	400	306
Professional services	950	950	12,953	(12,003)	925
Other operating supplies.....	600	600	550	50	-
Small tools.....	400	400	327	73	430
Uniforms	2,375	2,375	1,188	1,187	1,143
Auto parts	6,000	6,000	14,956	(8,956)	9,254
Repairs and maintenance.....	25,558	25,558	18,225	7,333	21,497
Gasoline, fuel and lubricants	15,000	15,000	12,595	2,405	15,526
Construction materials.....	-	-	-	-	297

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Streets – Repair and Construction</u>					
<u>(Continued):</u>					
Insurance and bonds	1,750	1,750	2,874	(1,124)	2,028
Dues and memberships.....	100	100	-	100	-
Travel	1,400	1,400	935	465	893
Christmas light maintenance	4,100	4,100	338	3,762	986
Emergency response.....	500	500	-	500	-
Printing.....	250	250	-	250	22
Repairs – sidewalks	10,000	10,000	3,628	6,372	3,899
Traffic signal maintenance	-	-	51	(51)	-
Street resurfacing.....	125,000	125,000	125,072	(72)	99,976
Easements.....	-	-	1,361	(1,361)	1,954
Regulatory fees and license.....	250	250	46	204	53
Traffic calming.....	12,000	12,000	-	12,000	-
Utilities	-	-	47,481	(47,481)	122
Retires insurance	-	-	2,940	(2,940)	4,200
Drug/Alcohol test.....	-	-	22	(22)	15
Snow removal.....	10,000	10,000	23,201	(13,201)	10,542
Safety supplies.....	800	800	502	298	640
Signs and materials.....	37,500	37,500	9,230	28,270	14,501
Other improvements	-	-	82	(82)	15,362
Computer equipment	1,000	1,000	898	102	-
Landfill services	400	400	180	220	352
Total Streets – Repair and Construction.....	<u>640,229</u>	<u>640,229</u>	<u>635,716</u>	<u>4,513</u>	<u>592,485</u>
<u>Street Lighting:</u>					
Utilities	<u>588,000</u>	<u>588,000</u>	<u>582,170</u>	<u>5,830</u>	<u>558,641</u>
<u>Right of Way Maintenance:</u>					
Wages and salaries – regular	249,124	249,124	241,867	7,257	240,116
Wages and salaries – overtime and temporary	17,300	17,300	2,358	14,942	3,117
F. I. C. A.....	20,794	20,794	17,969	2,825	18,358
Retirement	80,372	80,372	69,881	10,491	72,923
Hospitalization insurance	100,800	100,800	96,000	4,800	88,179
Life/AD&D	1,396	1,396	1,598	(202)	1,285
Drug/alcohol testing	600	600	315	285	394
Employee education	420	420	-	420	90
Dental insurance.....	8,108	8,108	6,349	1,759	5,982
Retiree insurance	1,008	1,008	-	1,008	-
Advertising	-	-	77	(77)	-
Workmen's compensation	12,859	12,859	14,440	(1,581)	11,629
Other personnel services	5,741	5,741	2,250	3,491	5,993
Professional services	1,000	1,000	218	782	1,129

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Right of Way Maintenance (Continued):</u>					
Travel	800	800	820	(20)	-
Other contractual services	8,150	8,150	6,229	1,921	4,179
Operating supplies	2,000	2,000	2,306	(306)	2,055
Small tools.....	3,050	3,050	2,741	309	2,131
Uniforms	4,795	4,795	2,219	2,576	1,911
Auto parts	18,000	18,000	17,698	302	36,878
Chemical supplies	5,000	5,000	3,696	1,304	4,054
Gasoline.....	28,000	28,000	16,315	11,685	26,683
Construction materials.....	500	500	-	500	-
Other equipment.....	-	-	7,495	(7,495)	59,083
Insurance	4,200	4,200	1,817	2,383	1,717
Repairs and maintenance.....	1,200	1,200	114	1,086	177
Mosquito control	-	-	-	-	4,620
Utilities	900	900	1,298	(398)	916
Greenway maintenance	-	-	293	(293)	501
Dues.....	525	525	-	525	-
Greenway resurfacing.....	-	-	-	-	1,450
Safety supplies.....	1,500	1,500	1,555	(55)	1,628
Total Right of Way Maintenance	<u>578,142</u>	<u>578,142</u>	<u>517,918</u>	<u>60,224</u>	<u>596,178</u>
<u>Traffic Operations:</u>					
Wages and Salaries.....	64,939	64,939	63,564	1,375	50,595
Standby and overtime.....	2,835	2,835	9,234	(6,399)	8,822
F.I.C.A.....	6,217	6,217	5,704	513	4,759
Retirement.....	12,593	12,593	14,296	(1,703)	11,419
Hospitalization insurance	17,280	17,280	17,280	-	12,240
Life/Accidental death insurance	288	288	354	(66)	215
Dental insurance	1,390	1,390	1,311	79	1,042
Advertising.....	-	-	442	(442)	223
Printing.....	50	50	-	50	-
Traffic signal maintenance	22,500	22,500	3,213	19,287	23,597
Workmen's compensation.....	2,508	2,508	2,832	(324)	747
Uniforms	500	500	195	305	-
Regulatory fees.....	50	50	-	50	-
Small tools.....	2,865	2,865	-	2,865	-
Other personnel services	5,798	5,798	1,595	4,203	5,475
Traffic signal improvements	-	-	-	-	7,730
Utilities	8,000	8,000	9,510	(1,510)	9,275
Safety supplies.....	200	200	18	182	-
Auto parts	550	550	525	25	262

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</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>Traffic Operations (Continued):</u>					
Gasoline.....	2,200	2,200	2,009	191	2,429
Insurance	500	500	306	194	276
Operating supplies/tools	150	150	-	150	-
Dues.....	210	210	380	(170)	280
Travel/training.....	2,760	2,760	1,689	1,071	1,031
Maintenance contract	50	50	29	21	29
Landfill services	300	300	-	300	142
Repairs and maintenance.....	2,500	2,500	6,878	(4,378)	901
Cost recovery.....	<u>41,000</u>	<u>41,000</u>	<u>39,109</u>	<u>1,891</u>	<u>36,660</u>
Total Traffic Operations	<u>198,233</u>	<u>198,233</u>	<u>180,473</u>	<u>17,760</u>	<u>178,149</u>
<u>Sanitation Supervision:</u>					
Wages and Salaries.....	69,424	69,424	69,767	(343)	68,489
Regulatory fees.....	150	150	55	95	101
F.I.C.A.....	5,709	5,709	5,409	300	5,275
Retirement.....	51,886	51,886	51,886	-	44,248
Hospitalization insurance	14,400	14,400	14,400	-	13,600
Life/Accidental death insurance	281	281	346	(65)	266
Dental insurance	1,158	1,158	1,158	-	1,158
Professional and consulting.....	300	300	483	(183)	115
Mailing	200	200	-	200	2,863
Drug/Alcohol test	300	300	132	168	256
Printing.....	3,000	3,000	3,910	(910)	3,924
Uniforms	225	225	25	200	-
Workmen's compensation.....	2,929	2,929	3,506	(577)	2,690
Improvement teams	250	250	972	(722)	260
Repair and maintenance	200	200	-	200	-
Office supplies.....	175	175	29	146	64
Small tools.....	100	100	27	73	42
Other personnel services	5,257	5,257	5,257	-	5,108
Utility processing	1,200	1,200	2,815	(1,615)	1,183
Utilities	600	600	577	23	586
Auto parts	300	300	232	68	262
Gasoline.....	1,900	1,900	863	1,037	1,352
Insurance	650	650	350	300	322
Operating supplies/tools	150	150	-	150	-
Dues.....	200	200	15	185	134
Travel/training.....	1,300	1,300	47	1,253	47
Retiree insurance	2,460	2,460	-	2,460	1,050
Maintenance contract	236	236	57	179	57
Advertising	-	-	213	(213)	-
Safety supplies.....	<u>175</u>	<u>175</u>	<u>-</u>	<u>175</u>	<u>118</u>
Total Sanitation Supervision	<u>165,115</u>	<u>165,115</u>	<u>162,531</u>	<u>2,584</u>	<u>153,570</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Sanitation Residential Collection:</u>					
Wages and salaries.....	115,481	115,481	124,767	(9,286)	111,043
Overtime.....	3,200	3,200	2,396	804	2,614
F.I.C.A.	9,138	9,138	9,467	(329)	9,044
Retirement	28,559	28,559	29,917	(1,358)	28,566
Hospitalization insurance.....	57,600	57,600	54,000	3,600	48,000
Life/Accidental death insurance	719	719	830	(111)	765
Dental insurance	4,633	4,633	4,017	616	4,235
Workmen's compensation	4,929	4,929	5,290	(361)	5,099
Landfill services.....	100,000	100,000	106,573	(6,573)	96,077
Other personnel services.....	950	950	2,016	(1,066)	1,919
Other supplies	500	500	639	(139)	174
Small tools and minor equipment	100	100	37	63	29
Uniforms.....	2,450	2,450	1,871	579	1,643
Equipment lease purchase.....	-	-	-	-	26,988
Recycling contracts.....	166,370	166,370	163,601	2,769	171,466
Safety supplies	1,200	1,200	2,615	(1,415)	1,811
Utilities	24	24	24	-	25
Automotive parts	18,000	18,000	24,235	(6,235)	18,000
Gasoline, fuel, and lubricants	30,504	30,504	15,928	14,576	24,723
Insurance.....	4,750	4,750	1,000	3,750	2,375
Recycling center	500	500	-	500	-
Parts and materials.....	-	-	-	-	16
Communications equipment	-	-	147	(147)	1,753
Professional services.....	500	500	61	439	750
Total Sanitation Collection	<u>550,107</u>	<u>550,107</u>	<u>549,431</u>	<u>676</u>	<u>557,115</u>
<u>Brush and Demolition Collection:</u>					
Wages and Salaries	75,673	75,673	76,242	(569)	83,411
Wages – temporary	7,500	7,500	-	7,500	6,833
Wages – overtime	1,200	1,200	1,005	195	727
F.I.C.A.	6,729	6,729	5,936	793	5,827
Retirement	35,742	35,742	39,366	(3,624)	30,114
Hospitalization insurance.....	28,800	28,800	28,800	-	38,939
Life/Accidental death insurance	403	403	500	(97)	377
Dental insurance	2,316	2,316	2,316	-	2,311
Workmen's compensation	3,153	3,153	3,782	(629)	3,616
Other personnel services.....	3,438	3,438	3,522	(84)	2,553
Professional services.....	350	350	19	331	285
Landfill services.....	60,000	60,000	62,499	(2,499)	53,580
Recycling contracts.....	37,000	37,000	34,608	2,392	32,930
Small tools	200	200	240	(40)	106
Maintenance contracts	504	504	-	504	-

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Brush and Demolition Collection:</u>					
Uniforms.....	1,180	1,180	868	312	426
Automotive parts	15,000	15,000	10,341	4,659	55,626
Gasoline	21,000	21,000	14,447	6,553	19,030
Other operating supplies/safety supplies	600	600	1,359	(759)	695
Utilities	24	24	26	(2)	24
Insurance.....	<u>2,000</u>	<u>2,000</u>	<u>675</u>	<u>1,325</u>	<u>964</u>
Total Brush and Demolition Collection	<u>302,812</u>	<u>302,812</u>	<u>286,551</u>	<u>16,261</u>	<u>338,374</u>
<u>Industrial Collection:</u>					
Wages and salaries.....	148,494	148,494	129,525	18,969	144,160
Wages – overtime	6,500	6,500	7,450	(950)	7,162
F.I.C.A.	12,268	12,268	10,564	1,704	11,461
Retirement	57,100	57,100	57,132	(32)	49,649
Retiree insurance	2,964	2,964	-	2,964	1,495
Hospitalization insurance.....	57,600	57,600	51,600	6,000	54,333
Life/Accidental death insurance	802	802	889	(87)	778
Dental insurance	4,633	4,633	2,582	2,051	3,062
Workmen’s compensation	5,943	5,943	7,322	(1,379)	5,834
Uniforms.....	1,725	1,725	565	1,160	1,772
Other personnel services.....	5,580	5,580	4,151	1,429	5,457
Automotive parts	26,000	26,000	25,565	435	26,000
Travel.....	150	150	-	150	-
Utilities	48	48	48	-	49
Other operating supplies/small tools.....	550	550	688	(138)	586
Gasoline, fuel, and lubricants	42,000	42,000	24,357	17,643	37,319
Insurance.....	3,600	3,600	3,344	256	1,782
Landfill services.....	245,000	245,000	207,247	37,753	237,626
Professional services.....	750	750	39	711	680
Equipment lease payments.....	42,545	42,545	42,544	1	42,544
Communication equipment.....	-	-	1,899	(1,899)	5,261
Repair and maintenance.....	500	500	120	380	50
Equipment and machinery	-	-	15,065	(15,065)	7,952
Safety supplies	<u>500</u>	<u>500</u>	<u>281</u>	<u>219</u>	<u>221</u>
Total Industrial Collection	<u>665,252</u>	<u>665,252</u>	<u>592,977</u>	<u>72,275</u>	<u>645,233</u>
TOTAL PUBLIC WORKS.....	<u>5,107,877</u>	<u>5,107,877</u>	<u>4,894,927</u>	<u>212,950</u>	<u>4,739,978</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>				<u>Total 2014</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:					
<u>Police Administration:</u>					
Wages and salaries	149,643	154,643	150,051	4,592	113,702
F.I.C.A.	11,505	11,505	10,982	523	8,264
Retirement.....	34,763	34,763	34,890	(127)	27,058
Hospitalization insurance	28,800	28,800	28,800	-	32,200
Retiree Insurance.....	-	3,000	2,635	365	2,670
Life/AD&D.....	578	578	718	(140)	349
Dental insurance.....	2,316	2,316	2,316	-	1,737
Workmen's compensation	2,938	2,938	3,726	(788)	2,833
Other personnel services	850	850	850	-	985
Dues and memberships	1,949	1,949	993	956	513
Medical physical	4,500	4,500	-	4,500	-
Travel, conferences and training	7,200	7,200	5,131	2,069	3,569
Reproduction and printing.....	500	500	4,296	(3,796)	4,166
Utilities.....	3,000	3,000	1,819	1,181	6,070
Office supplies	500	500	127	373	646
Uniforms	600	600	210	390	2,328
Auto parts.....	650	650	1,094	(444)	1,238
Gasoline, fuel and lubricants.....	1,000	1,000	1,356	(356)	892
Insurance and bonds.....	1,400	1,400	2,361	(961)	2,270
Professional and consultation services.....	5,000	5,000	4,546	454	13,441
Public relations.....	800	800	1,853	(1,053)	2,316
Small Tools	300	300	170	130	124
Rental, maintenance contracts.....	-	-	115	(115)	115
Advertising.....	1,000	1,000	-	1,000	-
Equipment replacement.....	-	-	121	(121)	50,213
Computer equipment.....	-	-	-	-	1,030
TIES Terminal services.....	2,240	2,240	2,415	(175)	2,340
Total Police Administration	<u>262,032</u>	<u>270,032</u>	<u>261,575</u>	<u>8,457</u>	<u>281,069</u>
<u>Administrative Services:</u>					
Wages and salaries – regular	432,968	432,968	454,125	(21,157)	434,974
Wages and salaries – overtime and temporary	28,000	43,000	19,851	23,149	12,417
F.I.C.A.	36,140	36,140	34,748	1,392	32,362
Retirement.....	84,141	84,141	84,141	-	83,370
Hospitalization insurance	129,600	129,600	135,360	(5,760)	117,440
Life/AD&D.....	2,045	2,045	2,602	(557)	2,020
Dental insurance.....	10,424	10,424	9,789	635	10,104
Workmen's compensation	6,169	16,169	11,048	5,121	8,289
Other personnel services	14,830	14,830	14,932	(102)	14,327
Other contractual services.....	-	-	204	(204)	525
Credit card processing fees	-	5,000	2,574	2,426	1,351
Software license fee	25,800	33,800	32,489	1,311	24,824

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>				<u>Total 2014</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>					
Employee education/training	2,000	2,000	-	2,000	1,114
Mailing	2,000	2,000	1,866	134	1,653
Dues and memberships	4,600	4,600	3,762	838	2,873
Travel, conferences and training	9,051	9,051	9,080	(29)	3,397
Repair and maintenance	30,500	30,500	43,373	(12,873)	32,519
Printing	5,500	5,500	3,256	2,244	3,487
Rental and maintenance contracts	10,500	10,500	12,921	(2,421)	10,519
Office supplies	15,000	15,000	17,639	(2,639)	15,316
Utilities	6,000	6,000	6,493	(493)	5,115
Small tools	2,500	2,500	1,431	1,069	2,053
Uniforms	2,200	2,200	1,324	876	1,851
Insurance	5,103	12,103	10,049	2,054	7,237
Other operating supplies	2,500	2,500	3,495	(995)	3,406
Computer software	15,000	25,000	25,725	(725)	2,309
Auto parts	3,000	8,000	5,915	2,085	4,814
Gasoline	6,765	6,765	3,678	3,087	5,681
Communication equipment	-	-	707	(707)	-
Certificate of Accreditation expenses	24,852	24,852	16,591	8,261	13,691
Office/computer machinery and equipment	-	-	1,836	(1,836)	5,409
Total Administrative Services	<u>917,188</u>	<u>977,188</u>	<u>971,004</u>	<u>6,184</u>	<u>864,447</u>
<u>Police Communications:</u>					
911 Communications Center	<u>162,396</u>	<u>162,396</u>	<u>151,064</u>	<u>11,332</u>	<u>151,064</u>
<u>Police Patrol and Traffic Division:</u>					
Wages and salaries – regular	1,224,589	1,224,589	1,216,919	7,670	1,290,756
Wages and salaries – overtime	140,000	140,000	171,222	(31,222)	148,403
F. I. C. A.	109,500	109,500	104,513	4,987	106,503
Retiree insurance	4,620	4,620	14,640	(10,020)	9,780
Retirement	430,174	430,174	430,174	-	438,255
Hospitalization insurance	403,200	403,200	388,800	14,400	386,200
Life/AD&D	6,092	6,092	7,148	(1,056)	5,826
Dental insurance	32,431	32,431	30,423	2,008	31,164
Workmen's compensation	44,997	44,997	59,232	(14,235)	40,067
Drug/Alcohol testing	3,000	3,000	2,034	966	1,381
Ammunition	22,800	22,800	15,375	7,425	13,001
Veterinarian	1,500	1,500	713	787	2,013

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>				<u>Total 2014</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>					
Advertising	-	-	343	(343)	-
Employee education and training	20,000	20,000	7,497	12,503	2,211
Other personnel services	68,242	68,242	66,639	1,603	68,051
Dues and memberships.....	500	500	1,807	(1,307)	601
Travel, conferences and training	22,000	22,000	25,225	(3,225)	17,046
Office/other operating supplies	10,000	10,000	11,317	(1,317)	3,782
Small tools and minor equipment.....	500	500	1,089	(589)	184
Uniforms and clothing.....	30,000	30,000	33,409	(3,409)	32,126
Automotive parts	40,000	40,000	48,688	(8,688)	30,633
Gasoline, fuel, and lubricants	118,000	118,000	78,893	39,107	119,514
Firing range	3,500	3,500	3,388	112	3,122
Community policing.....	1,500	1,500	1,549	(49)	493
Mailing	500	500	883	(383)	505
Insurance	38,000	38,000	39,562	(1,562)	37,338
Professional services	7,600	7,600	2,518	5,082	10,102
Repairs and maintenance – machinery	3,000	3,000	93	2,907	1,929
Maintenance contracts.....	1,000	1,000	1,087	(87)	1,153
Other equipment.....	-	-	2,235	(2,235)	78,844
Printing and photography	1,500	1,500	2,057	(557)	1,381
Utilities	92,000	92,000	99,982	(7,982)	95,733
Contract services	15,420	15,420	15,420	-	15,420
K-9	1,500	1,500	1,317	183	1,514
Lease equipment.....	52,075	52,075	46,272	5,803	52,086
Computer equipment	-	-	988	(988)	-
Federal block grant.....	-	-	-	-	17,179
Radio systems annual contract	17,080	17,080	17,299	(219)	11,385
Total Police Patrol and Traffic Control	<u>2,966,820</u>	<u>2,966,820</u>	<u>2,950,750</u>	<u>16,070</u>	<u>3,075,681</u>
<u>Police Investigation:</u>					
Wages and salaries – regular	386,316	386,316	407,843	(21,527)	331,438
Undercover operations	500	500	296	204	126
Wages and salaries – overtime/standby.....	59,000	79,000	65,630	13,370	52,285
F. I. C. A.....	34,824	34,824	35,231	(407)	32,140
Retirement	147,669	161,669	168,022	(6,353)	105,857
Hospitalization insurance	100,800	100,800	106,800	(6,000)	83,200
Life/AD&D	1,679	1,679	2,194	(515)	1,622
Dental insurance.....	8,108	8,108	8,590	(482)	8,108
Workmen’s compensation.....	13,379	33,379	16,828	16,551	11,276
Dues/subscriptions/memberships	2,000	2,000	90	1,910	3,738
Other personnel services	10,265	10,265	11,417	(1,152)	9,377
Mailing	400	400	401	(1)	361
Other operating supplies.....	1,000	1,000	505	495	1,078
Travel, conferences, and training	8,000	8,000	5,882	2,118	9,556
Office supplies.....	3,000	3,000	2,553	447	3,013
Professional services	2,950	2,950	-	2,950	341

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>				<u>Total 2014</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>Police Investigation:</u>					
Uniforms	4,100	4,100	3,378	722	2,370
Auto parts.....	4,000	4,000	3,423	577	7,779
Gasoline, fuel and lubricants.....	14,094	14,094	10,497	3,597	15,869
Insurance.....	5,000	13,000	11,315	1,685	6,667
Utilities	6,700	6,700	6,178	522	5,498
Computer equipment.....	-	-	130	(130)	200
Small tools	2,000	2,000	1,531	469	920
Printing	1,300	1,300	1,092	208	1,260
Rental/maintenance contracts	360	360	143	217	143
Repair and maintenance.....	<u>1,000</u>	<u>1,000</u>	<u>918</u>	<u>82</u>	<u>69</u>
Total Police Investigation	<u>818,444</u>	<u>880,444</u>	<u>870,887</u>	<u>9,557</u>	<u>694,291</u>
<u>Police – Animal Control:</u>					
Wages and salaries – regular.....	92,448	92,448	93,087	(639)	90,126
Wages and salaries – overtime.....	520	520	2,672	(2,152)	3,034
F. I. C. A.	7,188	7,188	7,050	138	6,843
Retirement.....	18,577	18,577	19,089	(512)	18,051
Hospitalization insurance.....	28,800	28,800	28,800	-	27,200
Life/AD&D.....	445	445	550	(105)	429
Dental insurance	2,316	2,316	1,532	784	1,532
Workmen's compensation	2,971	2,971	3,115	(144)	2,245
Dues and memberships	425	425	110	315	110
Other personnel services.....	1,100	1,100	1,100	-	1,100
Utilities	1,100	1,100	1,061	39	850
Office supplies	500	500	164	336	860
Small tools and equipment.....	2,000	2,000	2,336	(336)	1,654
Veterinarian expenses	500	500	89	411	-
Uniforms	800	800	423	377	550
Rental/Maintenance contracts.....	-	-	86	(86)	86
Auto parts.....	1,500	1,500	1,607	(107)	74
Professional services.....	145	145	19	126	335
Animal shelter fees	3,000	3,000	1,630	1,370	1,678
Gasoline, fuel and lubricants.....	5,125	5,125	2,953	2,172	4,078
Other commodities.....	500	500	94	406	116
Insurance.....	1,550	1,550	1,999	(449)	1,773
Travel and training.....	750	750	-	750	-
Printing	<u>400</u>	<u>400</u>	<u>-</u>	<u>400</u>	<u>-</u>
Total Police – Animal Control	<u>172,660</u>	<u>172,660</u>	<u>169,566</u>	<u>3,094</u>	<u>162,724</u>
TOTAL PUBLIC SAFETY – POLICE.....	<u>5,299,540</u>	<u>5,429,540</u>	<u>5,374,846</u>	<u>54,694</u>	<u>5,229,276</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY – FIRE:					
<u>Fire Supervision:</u>					
Wages and salaries.....	308,265	308,265	323,242	(14,977)	292,618
Overtime	4,510	4,510	1,617	2,893	739
F. I. C. A.	25,980	25,980	26,455	(475)	23,853
Retirement	144,169	159,169	165,932	(6,763)	120,934
Hospitalization insurance.....	57,600	57,600	55,200	2,400	79,400
Life AD&D.....	1,167	1,167	1,374	(207)	1,103
Dental insurance	4,633	4,633	3,982	651	3,849
Workmen’s compensation	5,943	20,943	7,442	13,501	5,743
Retiree insurance	2,460	2,460	1,470	990	-
Other personnel services.....	31,540	31,540	31,219	321	30,305
Mailing.....	500	500	184	316	159
Dues and memberships	1,950	1,950	738	1,212	789
Travel, conferences and training.....	11,000	11,000	5,886	5,114	7,978
Reproduction and printing	4,000	4,000	3,780	220	4,109
Office supplies	2,000	2,000	1,925	75	1,655
Uniforms	2,500	2,500	2,049	451	1,651
Auto parts	1,800	1,800	755	1,045	1,791
Gasoline, fuel and lubricants.....	7,500	7,500	5,666	1,834	7,928
Machinery and equipment	-	-	-	-	10,419
Insurance.....	2,700	2,700	2,898	(198)	2,567
Professional and consultation	5,000	5,000	4,472	528	5,327
Small tools	1,000	1,000	286	714	1,238
Public relations	2,650	2,650	3,143	(493)	1,883
Rental and maintenance contracts.....	4,750	4,750	143	4,607	2,442
Utilities	13,200	13,200	10,237	2,963	9,573
Repairs and maintenance	400	400	171	229	-
Computer equipment	-	-	-	-	1,221
Total Fire Supervision	<u>647,217</u>	<u>677,217</u>	<u>660,266</u>	<u>16,951</u>	<u>619,274</u>
<u>Fire Prevention/Inspection:</u>					
Wages and salaries.....	60,296	60,296	72,124	(11,828)	57,227
Overtime	16,000	16,000	5,091	10,909	5,638
F. I. C. A.	5,894	5,894	4,905	989	4,740
Retirement	48,945	48,945	50,993	(2,048)	37,695
Hospitalization insurance.....	14,400	14,400	14,110	290	13,600
Life/AD&D.....	257	257	307	(50)	230
Dental insurance	1,158	1,158	1,135	23	1,158
Workmen's compensation.....	2,116	2,116	2,369	(253)	1,873
Dues and memberships	850	850	284	566	75
Professional services.....	2,500	2,500	-	2,500	2,008

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY – FIRE (Continued):					
<u>Fire Prevention/Inspection:</u>					
Rental and maintenance contracts.....	2,500	2,500	29	2,471	29
Utilities	1,800	1,800	1,408	392	1,207
Employee education and training.....	1,200	1,200	-	1,200	-
Other personnel services.....	800	800	800	-	800
Mailing.....	50	50	13	37	53
Advertising	1,500	1,500	1,347	153	816
Computer equipment	-	-	18	(18)	250
Retiree insurance	4,160	4,160	5,292	(1,132)	4,968
Repairs and maintenance – office equipment	200	200	-	200	-
Office supplies	500	500	180	320	193
Small tools and minor equipment	1,750	1,750	432	1,318	780
Smoke detectors.....	500	500	-	500	-
Uniforms.....	900	900	600	300	671
Auto parts	1,700	1,700	676	1,024	290
Gasoline, fuel and lubricants.....	3,300	3,300	2,378	922	2,965
Insurance.....	800	800	818	(18)	634
Travel.....	5,000	5,000	4,018	982	4,079
Total Fire Prevention/Inspection.....	<u>179,076</u>	<u>179,076</u>	<u>169,327</u>	<u>9,749</u>	<u>141,979</u>
<u>Emergency Management Coordination:</u>					
Professional and consulting	<u>11,000</u>	<u>11,000</u>	<u>-</u>	<u>11,000</u>	<u>10,419</u>
<u>Fire Fighting:</u>					
Wages and salaries – regular.....	1,230,390	1,230,390	1,254,163	(23,773)	1,205,052
Wages and salaries – temporary	99,840	99,840	84,255	15,585	29,852
Wages and salaries – overtime.....	110,000	130,000	122,725	7,275	98,295
F. I. C. A.	115,169	115,169	111,516	3,653	102,476
Retiree insurance	10,880	10,880	8,795	2,085	10,035
Retirement	426,820	426,820	458,003	(31,183)	390,392
Hospitalization insurance.....	388,800	388,800	391,490	(2,690)	342,200
AFG Grant	-	-	-	-	60,206
Fire equipment testing	9,500	9,500	22,524	(13,024)	7,989
Life/AD&D.....	5,955	5,955	7,347	(1,392)	5,695
Dental insurance	31,272	31,272	28,025	3,247	28,135
Workmen's compensation.....	28,553	38,553	38,054	499	26,533
Drug/Alcohol testing	500	500	535	(35)	616
Mailing.....	500	500	117	383	52
Radio system annual contract	15,000	15,000	8,681	6,319	10,741
Equipment – lease purchase.....	46,275	46,275	46,272	3	46,272
Employee education and training.....	12,000	12,000	3,580	8,420	9,233
Tuition reimbursement.....	12,500	12,500	1,701	10,799	-

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY – FIRE (Continued):					
<u>Fire Fighting (Continued):</u>					
Other personnel services.....	65,943	65,943	69,658	(3,715)	62,501
Maintenance contracts	11,500	11,500	10,706	794	9,389
Travel.....	9,000	9,000	11,053	(2,053)	5,724
Office and station supplies.....	13,000	13,000	9,955	3,045	12,810
Small tools and minor equipment	12,500	12,500	12,191	309	12,391
Uniforms	27,000	27,000	26,791	209	14,923
Automotive parts	24,000	24,000	23,862	138	25,056
Printing	1,800	1,800	1,212	588	1,410
Repairs and maintenance	4,350	4,350	6,462	(2,112)	2,422
Gasoline, fuel and lubricants.....	17,000	17,000	10,827	6,173	16,738
Other commodities.....	11,600	11,600	2,393	9,207	10,909
Utilities	63,000	63,000	66,680	(3,680)	62,902
Insurance.....	26,327	26,327	19,087	7,240	18,172
Fire hydrant rental.....	20,670	20,670	20,670	-	20,670
Fire training facilities.....	3,750	3,750	3,346	404	5,121
Dues	4,200	4,200	100	4,100	-
Medical physicals	3,000	3,000	-	3,000	56
Professional and consultation	4,400	4,400	4,354	46	6,161
Computer equipment	-	-	-	-	1,600
Total Fire Fighting.....	<u>2,866,994</u>	<u>2,896,994</u>	<u>2,887,130</u>	<u>9,864</u>	<u>2,662,729</u>
TOTAL PUBLIC SAFETY - FIRE.....	<u>3,704,287</u>	<u>3,764,287</u>	<u>3,716,723</u>	<u>47,564</u>	<u>3,434,401</u>
CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES:					
Parks and Recreation:					
Little League Park.....	-	-	-	-	44
Senior Citizen Center.....	12,725	12,725	10,616	2,109	10,761
Repairs and maintenance	12,000	12,000	-	12,000	2,141
Special events	-	-	14,487	(14,487)	19,533
Freedom Fest	50,000	50,000	45,074	4,926	-
Support services and projects.....	<u>483,210</u>	<u>483,210</u>	<u>483,210</u>	<u>-</u>	<u>462,150</u>
Total Parks and Recreation.....	<u>557,935</u>	<u>557,935</u>	<u>553,387</u>	<u>4,548</u>	<u>494,629</u>
Blount County Library.....	<u>184,595</u>	<u>184,595</u>	<u>184,595</u>	<u>-</u>	<u>183,910</u>
Blount County Industrial Development					
Board.....	186,236	186,236	186,236	-	407,252
Park operations.....	27,500	27,500	27,500	-	-
Development Agreements.....	<u>356,991</u>	<u>356,991</u>	<u>356,991</u>	<u>-</u>	<u>12,000</u>
Total Industrial Development Board.....	<u>570,727</u>	<u>570,727</u>	<u>570,727</u>	<u>-</u>	<u>419,252</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Function/Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES (Continued):					
East Tennessee Development District	1,352	1,352	1,352	-	1,354
Blount County Family Services	15,245	15,245	15,245	-	15,245
Blount County Chamber of Commerce	3,250	3,250	3,250	-	3,250
Blount County Community Action Agency	10,300	10,300	10,300	-	-
Vocational Rehabilitation	46,265	46,265	46,265	-	45,635
In Lieu of Taxes	302,125	302,125	298,873	3,252	289,549
Centennial Committee	1,500	1,500	1,283	217	-
Retirement Supplements	-	140,000	140,000	-	-
TOTAL CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES....	<u>1,693,294</u>	<u>1,833,294</u>	<u>1,825,277</u>	<u>8,017</u>	<u>1,452,824</u>
TOTAL EXPENDITURES	<u>\$17,601,110</u>	<u>\$17,931,110</u>	<u>\$17,552,434</u>	<u>\$ 378,676</u>	<u>\$16,777,409</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Source of Revenue</u>	<u>June 30, 2015</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance – With Final Budget Positive (Negative)</u>	<u>Totals 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
TAXES:					
Current city taxes.....	\$ 4,020,000	\$ 4,020,000	\$ 3,959,891	\$ (60,109)	\$ 4,020,000
Current county taxes.....	3,328,000	3,445,000	3,649,163	204,163	3,317,901
Previous year's county taxes.....	156,000	175,000	199,325	24,325	126,367
Pick-up taxes	5,000	20,000	-	(20,000)	782
In-lieu of taxes.....	<u>29,770</u>	<u>50,000</u>	<u>33,520</u>	<u>(16,480)</u>	<u>29,997</u>
Total Taxes.....	<u>7,538,770</u>	<u>7,710,000</u>	<u>7,841,899</u>	<u>131,899</u>	<u>7,495,047</u>
MISCELLANEOUS REVENUE:					
Mixed drink tax	10,000	10,000	65,319	55,319	10,664
Regular tuition.....	256,000	265,000	237,650	(27,350)	257,650
Business tax, marriage licenses, fees.....	76,899	80,500	83,390	2,890	94,946
Local sales tax - County	1,810,381	1,810,000	2,003,590	193,590	1,806,846
Contributions/gifts/miscellaneous	<u>1,000</u>	<u>-</u>	<u>29,955</u>	<u>29,955</u>	<u>3,158</u>
Total Miscellaneous Revenue.....	<u>2,154,280</u>	<u>2,165,500</u>	<u>2,419,904</u>	<u>254,404</u>	<u>2,173,264</u>
REVENUE FROM OTHER AGENCIES:					
State of Tennessee:					
Tennessee Foundation Program.....	7,009,822	7,118,000	7,049,750	(68,250)	6,964,000
State driver education	5,000	4,900	-	(4,900)	-
Career Ladder Program	130,697	120,800	90,581	(30,219)	103,587
Other state appropriation	-	12,600	-	(12,600)	81,204
State Matching.....	7,482	5,800	7,937	2,137	7,482
Lottery Pre-K.....	170,000	162,400	170,445	8,045	170,445
Other State Funds	81,204	-	142,678	142,678	29,525
Coord. School Health	90,000	80,000	-	(80,000)	80,000
Education Handicapped ACT.....	20,670	-	40,919	40,919	42,139
Family Resource Center	<u>28,000</u>	<u>28,000</u>	<u>-</u>	<u>(28,000)</u>	<u>29,612</u>
Total Revenue from Other Agencies..	<u>7,542,875</u>	<u>7,532,500</u>	<u>7,502,310</u>	<u>(30,190)</u>	<u>7,507,994</u>
TOTAL REVENUES	<u>\$ 17,235,925</u>	<u>\$ 17,408,000</u>	<u>\$ 17,764,113</u>	<u>\$ 356,113</u>	<u>\$ 17,176,305</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

Activity/Object	June 30, 2015					Totals 2014
	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	\$ 5,700
F.I.C.A./Medicare.....	524	524	436	88	436	436
Professional services	28,000	28,000	15,000	13,000	8,421	8,421
Dues and memberships.....	11,000	11,000	7,274	3,726	16,559	16,559
Legal services	12,000	37,590	43,831	(6,241)	44,956	44,956
Travel.....	15,000	15,000	8,857	6,143	7,688	7,688
Liability insurance	31,000	31,000	26,126	4,874	28,168	28,168
Surety bonds	1,500	1,500	1,350	150	1,350	1,350
Commissions – Blount County Trustee....	70,000	70,000	85,350	(15,350)	71,105	71,105
Workmen’s compensation insurance	53,000	53,000	62,711	(9,711)	49,647	49,647
Other charges/supplies.....	12,500	12,500	8,191	4,309	6,468	6,468
Total Board of Education	<u>241,374</u>	<u>266,964</u>	<u>264,826</u>	<u>2,138</u>	<u>240,498</u>	<u>240,498</u>
OFFICE OF THE DIRECTOR:						
Administrative Officer.....	104,038	104,038	104,038	-	104,038	104,038
F.I.C.A./Medicare.....	7,959	7,959	12,769	(4,810)	8,664	8,664
Retirement	9,239	9,405	9,424	(19)	9,239	9,239
Employee insurance.....	6,826	6,908	6,661	247	6,525	6,525
Communication	15,000	15,000	11,879	3,121	14,683	14,683
Travel.....	7,100	7,100	4,851	2,249	6,854	6,854
Office supplies.....	250	250	753	(503)	76	76
Other fringe benefits.....	6,000	6,000	3,350	2,650	3,000	3,000
Career ladder	-	-	700	(700)	1,000	1,000
Total Office of the Director	<u>156,412</u>	<u>156,660</u>	<u>154,425</u>	<u>2,235</u>	<u>154,079</u>	<u>154,079</u>
OFFICE OF PRINCIPALS:						
Principals	293,087	307,657	303,656	4,001	289,087	289,087
Assistant Principals	255,037	306,760	310,399	(3,639)	363,133	363,133
Career ladder	9,500	9,500	6,519	2,981	8,500	8,500
Secretaries	108,882	108,985	115,525	(6,540)	113,965	113,965
Clerical personnel.....	39,930	40,501	-	40,501	-	-
F.I.C.A./Medicare.....	54,042	59,165	50,745	8,420	54,528	54,528
Retirement	66,938	74,101	104,800	(30,699)	99,939	99,939
Employee insurance.....	65,763	99,441	79,002	20,439	76,840	76,840
Communications.....	31,000	31,000	35,941	(4,941)	41,862	41,862
Travel.....	9,000	9,000	8,467	533	7,903	7,903
Total Office of Principals	<u>933,179</u>	<u>1,046,110</u>	<u>1,015,054</u>	<u>31,056</u>	<u>1,055,757</u>	<u>1,055,757</u>
LOTTERY PRE-K FUNDS:						
Teacher salaries	115,166	118,526	119,889	(1,363)	117,346	117,346
Education assistant	42,468	42,452	42,248	204	40,288	40,288
F.I.C.A./Medicare.....	12,060	11,837	12,480	(643)	10,719	10,719
Retirement	17,022	17,609	21,097	(3,488)	17,001	17,001
Employee insurance.....	35,447	32,175	29,016	3,159	36,535	36,535
Instructional supplies.....	1,500	1,500	1,487	13	1,228	1,228
Education.....	526	-	-	-	-	-
Unemployment compensation	-	2,334	-	2,334	-	-
Total Lottery Pre-K Funds.....	<u>224,189</u>	<u>226,433</u>	<u>226,217</u>	<u>216</u>	<u>223,117</u>	<u>223,117</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance – with Final Budget Positive (Negative)</u>	<u>Totals 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
FISCAL SERVICES:					
Finance Director	46,817	46,817	46,817	-	46,817
Secretaries	41,035	47,183	37,828	9,355	41,039
F.I.C.A/Medicare.....	6,721	7,191	2,974	4,217	3,454
Retirement	6,566	7,663	6,540	1,123	7,758
Employee insurance.....	14,493	15,085	16,951	(1,866)	7,177
Travel.....	1,800	3,800	6,753	(2,953)	1,613
Office supplies.....	5,500	5,500	7,790	(2,290)	5,400
Other charges.....	28,000	28,000	32,856	(4,856)	30,413
Administration equipment	3,000	13,000	12,738	262	1,808
Total Fiscal Services.....	<u>153,932</u>	<u>174,239</u>	<u>171,247</u>	<u>2,992</u>	<u>145,479</u>
TRANSPORTATION:					
Transportation equipment.....	-	30,000	29,918	182	-
Bus Drivers.....	9,702	9,693	9,693	-	9,702
F.I.C.A/Medicare.....	743	742	743	-	249
Retirement	1,552	1,574	1,574	-	637
Employee insurance.....	84	-	-	-	583
Gasoline/Diesel.....	3,000	3,000	-	3,000	-
Tires and tubes.....	2,000	2,000	831	1,169	-
Vehicle parts.....	2,500	2,500	4,148	(1,648)	3,229
Other charges.....	15,000	15,000	10,892	4,108	13,302
Contracts with private agencies.....	214,000	214,000	215,160	(1,160)	216,804
Vehicle maintenance and repair.....	4,000	4,000	1,841	2,159	13,807
Vehicle and equipment insurance.....	2,000	2,000	-	2,000	-
Total Transportation	<u>254,581</u>	<u>284,509</u>	<u>274,699</u>	<u>9,810</u>	<u>258,313</u>
INSTRUCTION ELEMENTARY/ SECONDARY:					
Regular teacher salaries	6,453,473	6,371,824	6,283,093	88,731	6,248,087
Substitute /homebound teacher salaries....	71,000	71,000	129,540	(58,540)	109,752
F.I.C.A/Medicare.....	537,342	509,828	498,228	11,600	498,204
Retirement	645,424	646,140	687,103	(40,963)	660,406
Employee insurance.....	1,404,563	1,509,059	1,244,430	264,629	1,474,721
Unemployment insurance	3,000	3,000	2,216	784	7,785
Other contractual services	33,000	33,000	26,231	6,769	29,465
Other fringe benefits.....	4,000	4,000	500	3,500	750
Instructional supplies/materials	140,000	140,000	138,792	1,208	136,368
Textbooks	130,000	134,000	134,170	(170)	141,011
Educational assistants.....	386,469	353,330	362,032	(8,702)	448,378
Other supplies/charges.....	26,000	26,000	11,767	14,233	16,224
Career ladder program.....	131,900	85,000	51,921	33,079	61,551
Other salaries and wages	10,000	10,000	74,724	(64,724)	12,578
Instruction equipment	130,000	130,000	107,029	22,971	211,932
Total Instruction Elementary/Secondary	<u>10,106,171</u>	<u>10,026,181</u>	<u>9,751,786</u>	<u>274,405</u>	<u>10,057,212</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance – with Final Budget Positive (Negative)</u>	<u>Totals 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
FAMILY RESOURCE CENTER:					
Supervisor/director	68,706	68,706	68,706	-	68,706
F.I.C.A./Medicare	5,256	5,257	3,545	1,712	3,510
Retirement	6,101	6,211	4,141	2,070	4,068
Travel.....	1,000	1,000	72	928	-
Other charges.....	2,975	2,975	1,040	1,935	647
Employee insurance.....	<u>20,982</u>	<u>21,170</u>	<u>16,273</u>	<u>4,897</u>	<u>16,648</u>
Total Family Resource.....	<u>105,020</u>	<u>105,319</u>	<u>93,777</u>	<u>11,542</u>	<u>93,579</u>
INSTRUCTION-REGULAR PROGRAM:					
Supervisor/Director	116,930	116,930	116,805	125	115,930
Career ladder.....	11,000	11,000	7,000	4,000	7,000
Librarians.....	190,983	176,858	175,343	1,515	185,483
Inservice/Staff Development	-	-	-	-	5,625
Education	-	-	6,083	(6,083)	-
F.I.C.A./Medicare.....	23,849	23,655	22,814	841	22,849
Retirement	29,651	29,903	27,571	2,332	27,387
Employee insurance.....	31,981	38,940	37,770	1,170	30,734
Other fringe benefits.....	3,500	3,500	-	3,500	435
Consultants	4,000	4,000	-	4,000	537
Travel.....	2,000	2,000	1,418	582	2,330
Library books.....	28,000	28,000	26,400	1,600	25,167
Other salaries and wages	<u>15,000</u>	<u>15,000</u>	<u>4,678</u>	<u>10,322</u>	<u>12,594</u>
Total Instruction-Regular Program.....	<u>456,894</u>	<u>449,786</u>	<u>425,882</u>	<u>23,904</u>	<u>436,071</u>
OTHER STUDENT SUPPORT:					
Guidance personnel	225,919	251,986	248,802	3,184	227,825
Career ladder.....	5,000	5,000	-	5,000	1,000
F.I.C.A./Medicare.....	17,665	19,659	18,531	1,128	17,393
Retirement	20,506	23,232	22,492	740	20,675
Employee insurance.....	28,408	39,083	33,327	5,756	32,593
Evaluation and testing.....	20,000	34,000	31,361	2,639	20,894
Other contracted services.....	22,000	22,000	12,925	9,075	12,036
In service/staff development.....	30,000	30,000	50,588	(20,588)	29,961
Other supplies/charges.....	<u>21,000</u>	<u>21,000</u>	<u>19,145</u>	<u>1,855</u>	<u>18,628</u>
Total Other Student Support.....	<u>390,498</u>	<u>445,960</u>	<u>437,171</u>	<u>8,789</u>	<u>381,005</u>
HEALTH SERVICES:					
Wages	49,409	50,499	50,499	-	49,409
F.I.C.A./Medicare.....	3,844	3,928	9,139	(5,211)	3,830
Retirement	4,388	4,565	17,257	(12,692)	4,450
Employee insurance.....	6,572	6,688	6,055	633	6,698
Contractual services.....	90,000	55,000	44,160	10,840	101,212
Medical supplies.....	5,000	5,000	1,319	3,681	8,494
Other supplies and materials.....	6,000	6,000	5,284	716	3,274
Medical personnel.....	-	70,000	69,307	693	-
Other charges.....	<u>21,000</u>	<u>21,000</u>	<u>17,441</u>	<u>3,559</u>	<u>20,334</u>
Total Health Services.....	<u>186,213</u>	<u>222,680</u>	<u>220,461</u>	<u>2,219</u>	<u>197,701</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Activity/Object</u>	<u>June 30, 2015</u>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2014</u>
	<u>Original</u>	<u>Final</u>			
HUMAN SERVICES:					
Secretaries	114,206	119,643	119,643	-	115,061
F.I.C.A./Medicare.....	8,737	9,153	3,417	5,736	5,657
Retirement	18,273	19,430	9,040	10,390	15,840
Employee insurance	21,069	11,005	965	10,040	13,395
Travel	<u>500</u>	<u>500</u>	<u>1,906</u>	<u>(1,406)</u>	<u>199</u>
Total Human Services	<u>162,785</u>	<u>159,731</u>	<u>134,971</u>	<u>24,760</u>	<u>150,152</u>
OPERATION OF PLANT:					
Custodial personnel	104,301	111,800	109,571	2,229	105,665
F.I.C.A./Medicare.....	7,979	9,968	7,995	1,973	7,724
Retirement	16,688	21,161	28,715	(7,554)	27,432
Employee insurance	28,063	38,259	31,041	7,218	32,037
Contractual services	200,000	190,000	182,833	7,167	182,818
Electricity	475,000	465,000	466,396	(1,396)	464,048
Natural gas	60,000	60,000	65,594	(5,594)	62,391
Water and sewer	77,000	77,000	69,230	7,770	66,930
Other supplies.....	10,000	10,000	335	9,665	-
Other charges.....	20,000	20,000	13,468	6,532	10,306
Rentals.....	6,500	6,500	10,574	(4,074)	8,473
Custodial supplies	35,000	35,000	38,334	(3,334)	32,465
Building and contents insurance.....	65,000	65,000	71,489	(6,489)	67,680
Disposable fees.....	11,000	11,000	7,061	3,939	7,315
Equipment	<u>4,000</u>	<u>4,000</u>	<u>1,478</u>	<u>2,522</u>	<u>-</u>
Total Operation of Plant.....	<u>1,120,531</u>	<u>1,124,688</u>	<u>1,104,114</u>	<u>20,574</u>	<u>1,075,284</u>
MAINTENANCE OF PLANT:					
Maintenance personnel.....	245,482	250,628	242,726	7,902	237,011
FICA/Medicare.....	18,779	19,173	17,937	1,236	17,260
Retirement	43,277	40,702	88,891	(48,189)	68,601
Employee insurance	53,383	54,019	46,674	7,345	53,831
Contractual services	60,000	232,800	216,444	16,356	180,735
Machinery parts.....	4,000	4,000	-	4,000	-
Building maintenance/repairs.....	60,000	60,000	67,365	(7,365)	57,263
Equipment repairs/maintenance	60,000	60,000	34,482	21,518	46,717
Supplies/materials	22,500	22,500	21,632	868	5,365
Other charges.....	14,100	14,100	15,616	(1,516)	18,699
Maintenance equipment	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>-</u>
Total Maintenance of Plant	<u>585,521</u>	<u>761,922</u>	<u>755,767</u>	<u>6,155</u>	<u>685,482</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Activity/Object</u>	<u>June 30, 2015</u>					<u>Total 2014</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>				
FOOD SERVICES:						
Supervisor/Director	43,346	43,346	42,846	500		20,000
F.I.C.A./Medicare	3,316	3,316	3,099	217		2,701
Retirement.....	3,849	3,918	3,873	45		3,800
Employee insurance	5,551	5,434	5,237	197		-
Inservice/staff development	500	500	-	500		514
Office supplies/staff development.....	150	150	-	150		-
Total Food Services	<u>56,712</u>	<u>56,664</u>	<u>55,055</u>	<u>1,609</u>		<u>27,015</u>
CENTRAL AND OTHER						
Supervisor/Director	80,986	80,985	77,985	3,000		77,985
Data processing personnel.....	37,685	40,581	53,725	(13,144)		44,834
Clerical personnel	12,000	12,000	-	12,000		900
Other salaries and wages	72,369	73,938	73,677	261		72,573
FICA/Medicare	13,762	13,762	15,478	(1,716)		16,549
Retirement.....	20,713	21,657	23,579	(1,922)		27,798
Maintenance and repair	120,000	138,500	138,424	76		119,259
Travel	4,000	4,000	4,945	(945)		7,634
Other contracted services	28,000	39,000	39,180	(180)		44,755
Other charges	12,000	12,000	11,254	746		9,974
Employee insurance	35,729	35,957	34,047	1,910		32,561
Total Central and other	<u>437,244</u>	<u>472,380</u>	<u>472,294</u>	<u>86</u>		<u>454,822</u>
CAPITAL OUTLAY:						
Equipment and other	<u>225,000</u>	<u>20,000</u>	<u>19,586</u>	<u>414</u>		<u>71,704</u>
SPECIAL EDUCATION PROGRAM:						
Supervisor/director.....	32,812	32,812	32,812	-		32,812
Teachers	514,888	481,646	490,186	(8,540)		513,459
Career ladder	-	-	1,000	(1,000)		1,500
Speech pathologist	58,128	64,305	48,742	15,563		45,049
Other salaries and wages	7,459	-	-	-		-
F.I.C.A./Medicare	57,763	57,088	54,319	2,769		52,804
Retirement.....	68,829	70,174	74,537	(4,363)		69,261
Employee insurance	164,764	145,886	121,965	23,921		158,508
In-service/Staff development	1,450	1,450	1,634	(184)		730
Special Education equipment.....	5,000	800	778	22		4,997
Educational assistants	60,247	90,718	96,466	(5,748)		54,873
Psychological personnel.....	68,664	70,952	70,955	(3)		69,808
Travel.....	1,500	110	337	(227)		1,402

(Continued)

CITY OF ALCOA, TENNESSEE
EDUCATION FUND - SPECIAL REVENUE FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

<u>Activity/Object</u>	<u>June 30, 2015</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2014</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
SPECIAL EDUCATION PROGRAM					
(Continued):					
Other supplies & materials	2,000	10,250	9,925	325	2,960
Contracts with Others	80,000	80,000	80,000	-	71,242
Instructional supplies and materials ..	2,000	2,000	3,520	(1,520)	1,886
Clerical personnel.....	<u>22,923</u>	<u>30,720</u>	<u>26,944</u>	<u>3,776</u>	<u>19,662</u>
Total Special Education Program...	<u>1,148,427</u>	<u>1,138,911</u>	<u>1,114,120</u>	<u>24,791</u>	<u>1,100,953</u>
VOCATIONAL EDUCATION:					
Teachers	193,752	198,112	197,612	500	195,930
Substitute teachers.....	2,500	2,500	-	2,500	-
F.I.C.A./Medicare.....	15,320	15,653	18,072	(2,419)	12,993
Retirement	17,560	18,271	22,872	(4,601)	15,517
Instructional supplies/textbooks	15,750	15,750	15,750	-	15,750
Employee insurance	35,935	36,077	34,632	1,445	38,455
Other charges.....	2,500	2,500	2,500	-	1,840
Career ladder	4,000	4,000	1,000	3,000	1,000
Vocational equipment.....	<u>18,000</u>	<u>18,000</u>	<u>17,770</u>	<u>230</u>	<u>18,000</u>
Total Vocational Education.....	<u>305,317</u>	<u>310,863</u>	<u>310,208</u>	<u>655</u>	<u>299,485</u>
TOTAL EXPENDITURES.....	<u>\$17,250,000</u>	<u>\$17,450,000</u>	<u>\$17,001,650</u>	<u>\$ 448,350</u>	<u>\$17,107,708</u>

See accompanying independent auditors' report and notes.

SCHOOL CONSTRUCTION AND PUBLIC WORKS IMPROVEMENT FUNDS

School construction and public works improvement funds are used to account for the acquisition and construction of education major capital facilities and equipment and public works improvement projects.

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.

General Obligation Public Works Fund – This 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 AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>June 30, 2015</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>2014</u>
				<u>(Negative)</u>	
REVENUES:					
Donations	\$ 162,709	\$ 162,709	\$ 162,709	\$ -	\$ -
EXPENDITURES:					
Capital projects.....	162,709	162,709	54,538	108,171	12,550
Bank Charges	-	-	-	-	9
Total Expenditures	<u>162,709</u>	<u>162,709</u>	<u>54,538</u>	<u>108,171</u>	<u>12,559</u>
Net Change in Fund Balance Before Other Financing Sources (Uses).....	-	-	<u>108,171</u>	<u>108,171</u>	<u>(12,559)</u>
Other Financing Sources (Uses):					
Transfers In:					
Education	-	-	-	-	480,000
Transfers Out:					
Alcoa High School Construction Fund	-	-	<u>(480,000)</u>	<u>(480,000)</u>	-
Total Other Financing Sources (Uses)	-	-	<u>(480,000)</u>	<u>(480,000)</u>	<u>480,000</u>
Net Change in Fund Balance.....	-	-	(371,829)	(371,829)	467,441
Fund Balance, July 1 st	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	-	<u>12,559</u>
Fund Balance, June 30th.....	<u>\$ 480,000</u>	<u>\$ 480,000</u>	<u>\$ 108,171</u>	<u>\$ (371,829)</u>	<u>\$ 480,000</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
ALCOA HIGH SCHOOL CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>June 30, 2015</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>2014</u>
				<u>(Negative)</u>	
REVENUES:					
Investment income	\$ -	\$ -	\$ 56,728	\$ 56,728	\$ 16,978
EXPENDITURES:					
High School Project.....	16,636,828	16,636,828	15,542,353	1,094,475	15,800,120
Bond Issue Costs	<u>104,551</u>	<u>104,551</u>	<u>104,551</u>	-	<u>340,308</u>
Total Expenditures	<u>16,741,379</u>	<u>16,741,379</u>	<u>15,646,904</u>	<u>1,094,475</u>	<u>16,140,428</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(16,741,379)</u>	<u>(16,741,379)</u>	<u>(15,590,176)</u>	<u>1,151,203</u>	<u>(16,123,450)</u>
Other Financing Sources (Uses):					
Bond Proceeds.....	4,145,000	4,145,000	4,145,000	-	20,000,000
Bond Premium.....	81,404	81,404	81,404	-	-
Transfer from School Construction Fund	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	-	-
Total Other Financing Sources (Uses)	<u>4,706,404</u>	<u>4,706,404</u>	<u>4,706,404</u>	-	<u>20,000,000</u>
Net Change in Fund Balance	(12,034,975)	(12,034,975)	(10,883,772)	1,151,203	3,876,550
Fund Balance, July 1 st	<u>12,034,975</u>	<u>12,034,975</u>	<u>12,034,975</u>	-	<u>8,158,425</u>
Fund Balance, June 30th	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,151,203</u>	<u>\$ 1,151,203</u>	<u>\$12,034,975</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
GENERAL OBLIGATION PUBLIC WORKS CONSTRUCTION (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2014
Revenues:				
TDOT West Plant Development	\$ 2,000,000	\$ -	\$(2,000,000)	\$ -
State Grant	11,683,964	5,202,207	(6,481,757)	3,016,185
Federal Grant	1,445,330	-	(1,445,330)	-
Team Health Wrights Ferry	-	178,158	178,158	-
Contribution from Developer.....	<u>1,020,000</u>	<u>-</u>	<u>(1,020,000)</u>	<u>-</u>
Total Revenue	<u>16,149,294</u>	<u>5,380,365</u>	<u>(10,768,929)</u>	<u>3,016,185</u>
Expenditures:				
Capital Outlay	23,016,083	7,673,215	15,342,868	3,435,197
Bank charges.....	<u>-</u>	<u>202</u>	<u>(202)</u>	<u>771</u>
Total Expenditures	<u>23,016,083</u>	<u>7,673,417</u>	<u>15,342,666</u>	<u>3,435,968</u>
Net Change in Fund Balance Before Other Financing Sources (Uses).....	<u>(6,866,789)</u>	<u>(2,293,052)</u>	<u>4,573,737</u>	<u>(419,783)</u>
Other Financing Sources:				
Bond premium	95,250	95,250	-	-
Bond proceeds.....	<u>4,850,000</u>	<u>4,850,000</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources.....	<u>4,945,250</u>	<u>4,945,250</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(1,921,539)	2,652,198	4,573,737	(419,783)
Fund Balance, July 1 st	<u>2,121,243</u>	<u>2,121,243</u>	<u>-</u>	<u>2,541,026</u>
Fund Balance, June 30th	<u>\$ 199,704</u>	<u>\$ 4,773,441</u>	<u>\$ 4,573,737</u>	<u>\$ 2,121,243</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>June 30, 2015</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>2014</u>
				<u>(Negative)</u>	
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Bond/capital outlay note redemptions	5,269,964	5,269,964	5,269,964	-	4,157,023
Interest charges.....	<u>6,330,036</u>	<u>6,330,036</u>	<u>4,003,952</u>	<u>2,326,084</u>	<u>3,433,555</u>
Total Expenditures	<u>11,600,000</u>	<u>11,600,000</u>	<u>9,273,916</u>	<u>2,326,084</u>	<u>7,590,578</u>
Excess (Deficiency) of Revenues Over					
Expenditures.....	<u>(11,600,000)</u>	<u>(11,600,000)</u>	<u>(9,273,916)</u>	<u>2,326,084</u>	<u>(7,590,578)</u>
Other Financing Sources (Uses):					
Operating transfers – In:					
General Fund.....	4,817,296	4,817,296	5,062,841	245,545	4,050,000
Water Utility.....	3,449,883	3,449,883	3,023,654	(426,229)	2,289,580
Electric Utility.....	1,937,413	1,937,413	1,346,056	(591,357)	1,367,163
Landfill.....	981,337	981,337	999,131	17,794	867,128
Issuance of Debt.....	9,000,000	9,000,000	9,000,000	-	
Underwriter’s Discount.....	(54,000)	(54,000)	(54,000)	-	
Cost of Issuance	(102,820)	(102,820)	(102,820)	-	
Payments to Escrow Refunding	<u>(8,843,180)</u>	<u>(8,843,180)</u>	<u>(8,843,180)</u>	<u>-</u>	
Total Other Financing Sources (Uses) ..	<u>11,185,929</u>	<u>11,185,929</u>	<u>10,431,682</u>	<u>(754,247)</u>	<u>8,573,871</u>
Excess of Revenues and Other Sources					
Over Expenditures and Other Uses	(414,071)	(414,071)	1,157,766	1,571,837	983,293
Fund Balance at Beginning of Year	<u>1,787,413</u>	<u>1,787,413</u>	<u>1,787,413</u>	<u>-</u>	<u>804,120</u>
Fund Balance at End of Year	<u>\$ 1,373,342</u>	<u>\$ 1,373,342</u>	<u>\$ 2,945,179</u>	<u>\$ 1,571,837</u>	<u>\$ 1,787,413</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).

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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>June 30, 2015</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>2014</u>
			<u>Basis)</u>	<u>(Negative)</u>	
Revenues:					
State gasoline tax	\$ 219,800	\$ 219,800	\$ 221,561	\$ 1,761	\$ 219,421
Investment income	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>	<u>-</u>
Total Revenues.....	<u>220,000</u>	<u>220,000</u>	<u>221,561</u>	<u>1,561</u>	<u>219,421</u>
Expenditures:					
Streets:					
Resurfacing/stripping	127,500	127,500	66,080	61,420	211,002
Traffic signal maintenance	2,500	2,500	-	2,500	-
Other equipment and vehicles.....	85,000	85,000	5,692	79,308	18,916
Snow removal	<u>5,000</u>	<u>5,000</u>	<u>7,575</u>	<u>(2,575)</u>	<u>2,474</u>
Total Expenditures	<u>220,000</u>	<u>220,000</u>	<u>79,347</u>	<u>140,653</u>	<u>232,392</u>
Excess (Deficiency) of Revenues Over Expenditures.....	-	-	142,214	142,214	(12,971)
Fund Balance at Beginning of Year.....	<u>389,625</u>	<u>389,625</u>	<u>389,625</u>	<u>-</u>	<u>389,625</u>
Fund Balance at End of Year	<u>\$ 389,625</u>	<u>\$ 389,625</u>	<u>\$ 531,839</u>	<u>\$ 142,214</u>	<u>\$ 389,625</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2014
Revenues:				
Grant revenue.....	<u>\$1,035,809</u>	<u>\$ 833,318</u>	<u>\$ (202,491)</u>	<u>\$ 762,336</u>
Expenditures:				
Personnel and related costs	519,512	514,154	5,358	534,755
Seminars/travel/staff development.....	110,967	85,756	25,211	77,078
Contracted services	130,656	78,532	52,124	26,603
Instructional materials and supplies	136,707	63,790	72,917	101,859
Equipment.....	60,267	16,921	43,346	7,268
Vocational equipment	14,200	14,200	-	6,684
Other miscellaneous charges.....	<u>63,500</u>	<u>59,965</u>	<u>3,535</u>	<u>8,089</u>
Total Expenditures	<u>1,035,809</u>	<u>833,318</u>	<u>202,491</u>	<u>762,336</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
CARL PERKINS PROJECT #15-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2014</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 25,367</u>	<u>\$ 25,367</u>	<u>\$ -</u>	<u>\$ 19,937</u>
Expenditures:				
Vocational Education Instruction:				
Instructional equipment.....	14,200	14,200	-	6,684
Vocational Education Support:				
Seminars/staff development/Travel....	<u>11,167</u>	<u>11,167</u>	<u>-</u>	<u>13,253</u>
Total Expenditures	<u>\$ 25,367</u>	<u>\$ 25,367</u>	<u>\$ -</u>	<u>\$ 19,937</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE I CARRY OVER PROJECT #14-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2014
Revenues:				
Monies received through the State of Tennessee	<u>\$ 79,251</u>	<u>\$ 77,625</u>	<u>\$ (1,626)</u>	<u>\$ 72,091</u>
Expenditures:				
Regular Education Instruction:				
Salaries and related costs.....	68,251	68,108	143	64,572
Inservice/Staff development.....	2,000	1,200	800	250
Travel	4,000	3,356	644	2,725
Materials and supplies	<u>5,000</u>	<u>4,961</u>	<u>39</u>	<u>4,544</u>
 Total Expenditures	 <u>\$ 79,251</u>	 <u>\$ 77,625</u>	 <u>\$ 1,626</u>	 <u>\$ 72,091</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE III (PART A) (ESL) PROJECT #14-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2014
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,776</u>
Expenditures:				
Regular Instruction:				
Instructional supplies	-	-	-	5,601
Travel/Training	-	-	-	886
Inservice/Staff development	-	-	-	1,289
Other charges	-	-	-	-
Total Expenditures.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,776</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
NCLB TITLE I PROJECT #15-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2014
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 331,994</u>	<u>\$ 233,003</u>	<u>\$ (98,991)</u>	<u>\$ 202,095</u>
Expenditures:				
Regular Instruction:				
Salaries and related costs	149,886	148,885	1,001	143,925
Instructional equipment.....	49,267	16,143	33,124	7,268
Instructional supplies and materials	<u>78,141</u>	<u>34,415</u>	<u>43,726</u>	<u>31,168</u>
Total Regular Instruction	<u>277,294</u>	<u>199,443</u>	<u>77,851</u>	<u>182,361</u>
Regular Instruction Support:				
In-service/staff development/travel.....	52,700	31,975	20,725	15,473
Other charges	<u>2,000</u>	<u>1,585</u>	<u>415</u>	<u>4,261</u>
Total Regular Instruction Support.....	<u>54,700</u>	<u>33,560</u>	<u>21,140</u>	<u>19,734</u>
Total Expenditures	<u>\$ 331,994</u>	<u>\$ 233,003</u>	<u>\$ 98,991</u>	<u>\$ 202,095</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE II (PART A) TRAINING #15-21
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2014
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 93,505</u>	<u>\$ 63,625</u>	<u>\$ (29,880)</u>	<u>\$ 37,381</u>
Expenditures:				
Regular Education Support:				
Travel/training	20,000	19,462	538	15,439
In-service/staff development.....	8,000	6,958	1,042	8,506
Materials and supplies	1,440	370	1,070	-
Other contracted services.....	38,000	14,000	24,000	-
Salaries and related costs	<u>26,065</u>	<u>22,835</u>	<u>3,230</u>	<u>13,436</u>
Total Expenditures.....	<u>\$ 93,505</u>	<u>\$ 63,625</u>	<u>\$ 29,880</u>	<u>\$ 37,381</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2014
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,400</u>
Expenditures:				
In-service/staff development/travel.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,400</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
IDEA PRESCHOOL PROJECT #15-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2014</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 16,114</u>	<u>\$ 8,284</u>	<u>\$ (7,830)</u>	<u>\$ 14,503</u>
Expenditures:				
Seminars/travel	1,600	477	1,123	422
Instructional supplies and materials	10,514	6,927	3,587	10,253
Other charges	<u>4,000</u>	<u>880</u>	<u>3,120</u>	<u>3,828</u>
Total Expenditures	<u>\$ 16,114</u>	<u>\$ 8,284</u>	<u>\$ 7,830</u>	<u>\$ 14,503</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2014</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 458,090</u>	<u>\$ 417,653</u>	<u>\$ (40,437)</u>	<u>\$ 366,062</u>
Expenditures:				
Special Education Instruction:				
Teachers and assistants	173,222	173,222	-	194,903
Seminars/travel	5,000	4,952	48	11,924
Related salary costs.....	102,088	101,104	984	117,919
Instructional supplies and materials.....	10,124	9,356	768	9,202
Contracts with private agencies/others .	92,656	64,532	28,124	26,603
Equipment.....	11,000	778	10,222	-
Other charges	57,500	57,500	-	-
In service staff development	<u>6,500</u>	<u>6,209</u>	<u>291</u>	<u>5,511</u>
Total Expenditures	<u>\$ 458,090</u>	<u>\$ 417,653</u>	<u>\$ 40,437</u>	<u>\$ 366,062</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
E-RATE PROJECT #15-01 (Communications)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2014</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 34,488</u>	<u>\$ 7,761</u>	<u>\$ (23,727)</u>	<u>\$ 41,091</u>
Expenditures:				
Special Education Instruction: Instructional supplies and equipment/materials.....	<u>\$ 31,488</u>	<u>\$ 7,761</u>	<u>\$ 23,727</u>	<u>\$ 41,091</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>June 30, 2015</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	\$ 157,043	\$ (65,957)	\$ 158,295
Lunch and breakfast payments - adults	11,000	11,000	16,610	5,610	12,500
USDA reimbursements	500,000	500,000	477,162	(22,838)	478,346
Milk sales	5,000	5,000	2,381	(2,619)	2,952
Interest	-	-	98	98	54
A la carte and other income	<u>191,000</u>	<u>191,000</u>	<u>163,370</u>	<u>(27,630)</u>	<u>193,493</u>
Total Revenues.....	<u>930,000</u>	<u>930,000</u>	<u>816,664</u>	<u>(113,336)</u>	<u>845,640</u>
Expenditures:					
Food	385,000	385,000	382,972	2,028	379,445
Labor.....	435,000	435,000	410,347	24,653	405,187
Non-food supplies.....	50,000	50,000	18,415	31,585	33,116
Transportation	5,000	5,000	1,580	3,420	3,412
Ice cream and other expenses.....	45,000	45,000	19,486	25,514	21,131
Purchase of equipment.....	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>4,762</u>
Total Expenditures	<u>930,000</u>	<u>930,000</u>	<u>832,800</u>	<u>97,200</u>	<u>847,053</u>
Excess (Deficit) of Revenues Over Expenditures	-	-	(16,136)	(16,136)	(1,413)
Fund Balance at Beginning of Year	<u>49,508</u>	<u>49,508</u>	<u>49,508</u>	<u>-</u>	<u>50,921</u>
Fund Balance at End of Year	<u>\$ 49,508</u>	<u>\$ 49,508</u>	<u>\$ 33,372</u>	<u>\$ (16,136)</u>	<u>\$ 49,508</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	June 30, 2015				
	Budgeted Amounts		Actual	Variance With	Total
	Original	Final	Amounts	Final Budget -	
			(Budgetary	Positive	2014
			Basis)	(Negative)	
Revenues:					
Fees	\$ 202,000	\$ 202,000	\$ 176,650	\$ (25,350)	\$ 169,631
Expenditures:					
Salaries	128,134	128,134	118,599	9,535	109,462
Fringe benefits	27,716	27,716	22,847	4,869	20,436
Supplies and food.....	25,000	25,000	9,667	15,333	14,359
Other charges	<u>21,150</u>	<u>21,150</u>	<u>14,759</u>	<u>6,391</u>	<u>7,746</u>
Total Expenditures	<u>202,000</u>	<u>202,000</u>	<u>165,872</u>	<u>36,128</u>	<u>152,003</u>
Excess (Deficiency) of Revenues					
Over Expenditures	-		10,778	10,778	17,628
Fund Balance at Beginning of Year	<u>115,558</u>	<u>115,558</u>	<u>115,558</u>	-	<u>97,930</u>
Fund Balance at End of Year	<u>\$ 115,558</u>	<u>\$ 115,558</u>	<u>\$ 126,336</u>	<u>\$ 10,778</u>	<u>\$ 115,558</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>June 30, 2015</u>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2014</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Interest on investments/assessments	\$ 200	\$ 200	\$ -	\$ (200)	\$ -
Fines and forfeits:					
Sale of equipment.....	-	-	-	-	7,510
Drug Control and seizure	<u>29,474</u>	<u>29,474</u>	<u>28,296</u>	<u>(1,178)</u>	<u>42,670</u>
Total Revenues.....	<u>29,674</u>	<u>29,674</u>	<u>28,296</u>	<u>(1,378)</u>	<u>50,180</u>
Expenditures:					
Capital outlay	33,250	33,250	30,719	2,531	59,681
Drug control and seizure	34,924	34,924	27,213	7,711	21,566
Repair and maintenance	-	-	-	-	525
Bank charges	-	-	15	(15)	23
Total expenditures.....	<u>68,174</u>	<u>68,174</u>	<u>57,947</u>	<u>10,227</u>	<u>81,795</u>
Excess (Deficiency) of Revenues Over Expenditures.....	(38,500)	(38,500)	(29,651)	8,849	(31,615)
Fund Balance at Beginning of Year	<u>44,901</u>	<u>44,901</u>	<u>44,901</u>	<u>-</u>	<u>76,516</u>
Fund Balance at End of Year	<u>\$ 6,401</u>	<u>\$ 6,401</u>	<u>\$ 15,250</u>	<u>\$ 8,849</u>	<u>\$ 44,901</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>June 30, 2015</u>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2014</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Fines.....	\$ 7,950	\$ 7,950	\$ 644	\$ (7,306)	\$ 802
Interest	<u>50</u>	<u>50</u>	<u>-</u>	<u>(50)</u>	<u>-</u>
Total Revenues	8,000	8,000	644	(7,356)	802
Expenditures	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>5,956</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(7,356)	(7,356)	(5,154)
Fund Balance at Beginning of Year...	<u>8,876</u>	<u>8,876</u>	<u>8,876</u>	<u>-</u>	<u>14,030</u>
Fund Balance at End of Year.....	<u>\$ 8,876</u>	<u>\$ 8,876</u>	<u>\$ 1,520</u>	<u>\$ (7,356)</u>	<u>\$ 8,876</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.

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
2001 SPECIAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2014
Revenues:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Middlesettlements Road.....	-	-	-	655
Bank charges.....	<u>-</u>	<u>310</u>	<u>(310)</u>	<u>17</u>
Total Expenditures.....	<u>-</u>	<u>310</u>	<u>(310)</u>	<u>672</u>
 Net Change in Fund Balance	 -	 (310)	 (310)	 (672)
Fund Balance, July 1 st	<u>344,295</u>	<u>344,295</u>	<u>-</u>	<u>344,967</u>
Fund Balance, June 30th	<u>\$ 344,295</u>	<u>\$ 343,985</u>	<u>\$ (310)</u>	<u>\$ 344,295</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2014
Revenues:				
State grant	\$ -	\$ -	\$ -	\$ -
Other revenue.....	19,639	21,599	1,960	18,726
Sale of equipment	<u>-</u>	<u>3,565</u>	<u>3,565</u>	<u>4,305</u>
Total Revenues	<u>19,639</u>	<u>25,164</u>	<u>5,525</u>	<u>23,031</u>
Expenditures:				
Capital Outlay	1,749,268	1,381,956	367,312	603,104
Bank charges.....	-	-	-	53
Bond issue costs.....	<u>19,639</u>	<u>19,639</u>	<u>-</u>	<u>17,996</u>
Total expenditures	<u>1,768,907</u>	<u>1,401,595</u>	<u>367,312</u>	<u>621,153</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	(1,749,268)	(1,376,431)	372,837	(598,122)
Other Financing Sources (Uses):				
Bond Proceeds	1,000,000	1,000,000	-	700,000
General Fund – transfer in	<u>-</u>	<u>57,383</u>	<u>57,383</u>	<u>-</u>
Total Other Financing Sources (Uses)....	<u>1,000,000</u>	<u>1,057,383</u>	<u>57,383</u>	<u>700,000</u>
Net Change in Fund Balance	(749,268)	(319,048)	(319,048)	101,878
Fund Balance, July 1 st	<u>340,944</u>	<u>340,944</u>	<u>-</u>	<u>239,066</u>
Fund Balance, June 30th	<u><u>\$ (408,324)</u></u>	<u><u>\$ 21,896</u></u>	<u><u>\$ 430,220</u></u>	<u><u>\$ 340,944</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, 2015
 With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2014
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	1,968
Net Change in Fund Balance	-	-	-	(1,968)
Fund Balance, July 1 st	-	-	-	1,968
Fund Balance, June 30th	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2014
Revenues:				
State Grant (THDA)	\$ _____ -	\$ _____ -	\$ _____ -	\$ 366,964
Expenditures:				
Home Improvements	_____ -	_____ -	_____ -	332,225
Net Change in Fund Balance	-	-	-	34,739
Fund Balance, July 1 st	743	743	-	(33,996)
Fund Balance, June 30th	<u>743</u>	<u>743</u>	<u>-</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2014
Revenues:				
Charges for services.....	137,000	14,213	(122,787)	14,434
Expenditures:				
Landscaping Projects	7,000	1,125	5,875	2,830
Sidewalk Projects.....	30,000	17,636	12,364	500
Bank charges.....	-	42	(42)	55
Greenway Projects	<u>100,000</u>	<u>50,039</u>	<u>49,961</u>	<u>2,955</u>
Total Expenditures.....	<u>137,000</u>	<u>68,842</u>	<u>68,158</u>	<u>6,340</u>
Net Change in Fund Balance	-	(54,629)	(54,629)	8,094
Fund Balance, July 1 st	<u>134,687</u>	<u>134,687</u>	-	<u>126,593</u>
Fund Balance, June 30th	<u>\$ 134,687</u>	<u>\$ 80,058</u>	<u>\$ (54,629)</u>	<u>\$ 134,687</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2014
Revenues:				
Intergovernmental.....	\$ 107,240	\$ 27,240	\$ (80,000)	\$ 27,240
Expenditures:				
Capital Outlay.....	109,500	95,518	13,982	5,000
Bank Charges.....	-	116	(116)	145
Total Expenditures.....	<u>109,500</u>	<u>95,634</u>	<u>13,866</u>	<u>5,145</u>
Net Change in Fund Balance	(2,260)	(68,394)	(66,134)	22,095
Fund Balance, July 1 st	<u>74,760</u>	<u>74,760</u>	-	<u>52,665</u>
Fund Balance, June 30th	<u>\$ 72,500</u>	<u>\$ 6,366</u>	<u>\$ (66,134)</u>	<u>\$ 74,760</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business Type Activities</u>	
	<u>2015</u>	<u>2014</u>
ASSETS:		
Current Assets:		
Equity in pooled cash.....	\$ 826,839	\$ 714,126
Accounts receivable.....	-	85,596
Total Current Assets	<u>826,839</u>	<u>799,722</u>
Depreciable Capital Assets:		
Structures, improvements and equipment.....	652,742	650,242
Less: Allowance for depreciation	<u>(307,520)</u>	<u>(232,126)</u>
Total Net Capital Assets	<u>345,222</u>	<u>418,116</u>
TOTAL ASSETS	<u>1,172,061</u>	<u>1,217,838</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals.....	<u>57,433</u>	-
LIABILITIES:		
Current Liabilities:		
Accounts payable.....	104,634	20,841
Accrued salaries.....	10,310	7,836
Compensated absences	39,193	30,771
Due to Employee Insurance Fund.....	-	3,382
Capital lease payable	-	27,947
Net pension liability.....	<u>28,057</u>	<u>-</u>
Total Current Liabilities.....	<u>182,194</u>	<u>90,777</u>
TOTAL LIABILITIES	<u>182,194</u>	<u>90,777</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals.....	<u>64,598</u>	-
NET POSITION:		
Unrestricted	637,480	736,892
Net investment in capital assets	<u>345,222</u>	<u>390,169</u>
TOTAL NET POSITION	<u>\$ 982,702</u>	<u>\$ 1,127,061</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business Type Activities</u>	
	<u>2015</u>	<u>2014</u>
Operating Revenue:		
Residential sales	\$ 157,343	\$ 155,391
Commercial/Industrial sales	<u>878,245</u>	<u>870,933</u>
Total Operating Revenue.....	<u>1,035,588</u>	<u>1,026,324</u>
Operating Expenses:		
Administrative	276,393	246,170
Operations and maintenance.....	667,884	645,268
Street cleaning	<u>89,326</u>	<u>119,104</u>
Total Operating Expenses Before Depreciation	<u>1,033,603</u>	<u>1,010,542</u>
Operating Income Before Depreciation.....	1,985	15,782
Depreciation	<u>75,394</u>	<u>(72,169)</u>
Operating Income (Loss).....	<u>(73,409)</u>	<u>(56,387)</u>
Net Position at Beginning of Year.....	1,127,061	1,183,448
Prior Period Adjustment (Note 7).....	<u>(70,950)</u>	<u>-</u>
Net Position – Beginning of Year, as restated.....	<u>1,056,111</u>	<u>1,183,448</u>
Net Position at End of Year	<u>\$ 982,702</u>	<u>\$ 1,127,061</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business Type Activities</u>	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers.....	\$ 1,121,184	\$ 1,026,085
Cash payments to suppliers for goods and services.....	(400,961)	(606,884)
Cash payments to employees for services	<u>(513,278)</u>	<u>(390,296)</u>
Net Cash Flows from Operating Activities.....	<u>206,945</u>	<u>28,905</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments for stormwater acquisitions	(2,500)	(34,929)
Principal paid on capital lease	(27,947)	(54,491)
Pension deferrals.....	<u>(63,785)</u>	<u>-</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(94,232)</u>	<u>(89,420)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	112,713	(60,515)
Cash and Cash Equivalents at Beginning of Year	<u>714,126</u>	<u>774,641</u>
Cash and Cash Equivalents at End of Year	<u>\$ 826,839</u>	<u>\$ 714,126</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	<u>\$ (73,409)</u>	<u>\$ (56,387)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation.....	75,394	72,169
Change in assets and liabilities:		
Accounts receivable.....	85,596	(239)
Compensated absences	8,422	6,886
Accrued salaries.....	2,474	1,740
Due to Employee Insurance Fund.....	(3,382)	-
Accounts payable.....	83,793	4,736
Net pension liability.....	<u>28,057</u>	<u>-</u>
Total adjustments.....	<u>280,354</u>	<u>85,292</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 206,945</u>	<u>\$ 28,905</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business Type Activities</u>	
	<u>2015</u>	<u>2014</u>
Administrative and General:		
Wages	\$ 124,394	\$ 121,640
FICA	8,963	9,029
Retirement	13,247	23,530
Hospitalization insurance	30,241	26,520
Life/accidental death insurance	657	490
Dental insurance	2,404	2,235
Other personal services.....	6,573	3,169
Regulatory fees and license	4,020	3,860
Utilities	1,022	1,036
Maintenance contracts	57	-
Gasoline.....	-	631
Workmen’s compensation	1,515	1,268
Employee education and training	358	262
Professional services	16,798	11,669
Dues and memberships.....	11,449	4,313
Advertising/public education.....	3,479	3,232
Business/Public relations.....	14	55
Printing	218	218
Auto parts	-	10
Safety supplies.....	5	-
Insurance	1,540	1,742
Utility processing.....	8,444	3,550
Computer equipment	9,526	4,287
Improvement teams	418	153
GIS – System.....	23,343	15,824
Office supplies.....	18	-
Other operating supplies.....	29	-
Service charges.....	237	305
Radio system annual contract	735	1,228
Small tools.....	122	16
Machinery and equipment	-	266
Uniforms.....	322	-
Cost-recovery – Service center.....	6,245	5,632
Total Administrative and General	<u>276,393</u>	<u>246,170</u>
Operations and Maintenance:		
Wages	222,615	213,912
Standby pay	10,612	9,210
Overtime	12,725	7,183
F.I.C.A.....	18,520	17,303
Retirement	71,224	70,374
Hospitalization insurance	77,625	74,600
Life/Accidental death insurance	1,398	1,089
Dental insurance	5,088	5,384
Workmen’s compensation	11,532	9,637
Other personal services.....	11,894	8,094
Advertising and public education	-	43
Office supplies.....	-	68
Vehicles	-	17
Computer equipment	19	764
Improvement teams	150	-
Radio systems annual contracts.....	147	-

(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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	<u>Business Type Activities</u>	
	<u>2015</u>	<u>2014</u>
Operations and Maintenance (Continued):		
Other operating supplies	461	479
Utilities	403	150
Drug/Alcohol test.....	145	306
Retiree insurance	8,820	9,720
Employee education and training.....	200	957
Travel.....	1,477	942
Gasoline	13,742	15,997
Equipment lease.....	358	2,119
Maintenance contracts	29	86
Small tools	859	987
Uniforms.....	1,830	1,648
Auto parts	7,474	8,564
Safety supplies.....	2,407	1,707
Insurance.....	1,445	1,149
Repair and maintenance.....	32,203	24,839
Storm sewer rehabilitation.....	63,382	49,435
Cost recovered	88,736	103,358
Communication equipment.....	-	1,754
Dues and memberships	29	-
Regulatory fees and license	37	522
Professional services.....	-	271
Machinery and equipment	298	2,600
Total Operations and Maintenance	<u>667,884</u>	<u>645,268</u>
Street Cleaning:		
Wages	38,688	43,940
Standby pay	2,540	2,102
Overtime pay	283	935
F.I.C.A.	3,120	3,429
Retirement	8,438	11,754
Retiree insurance	5,880	5,520
Hospitalization insurance.....	14,400	13,600
Life/Accidental death insurance	259	203
Dental insurance	1,158	1,158
Workmen’s compensation	381	639
Other personal services.....	-	2,548
Professional services.....	10	169
Landfill services.....	1,192	19,747
Uniforms.....	166	163
Auto parts	5,268	2,567
Gasoline	6,907	9,977
Safety	13	88
Insurance.....	262	242
Repair and maintenance.....	10	96
Other operating supplies	213	91
Small tools	138	136
Total Street Cleaning	<u>89,326</u>	<u>119,104</u>
Total Operating and Maintenance	<u>\$ 1,033,603</u>	<u>\$ 1,010,542</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, 2015**

	<u>Capital Assets</u>			<u>Allowance for Depreciation</u>				
	<u>Balance 7/01/14</u>	<u>Reclassi- fications/ Additions</u>	<u>Deletions</u>	<u>Balance 6/30/15</u>	<u>Balance 7/1/2014</u>	<u>Depreciation Taken</u>	<u>Additions Reclassifications/ Deductions</u>	<u>Balance 6/30/2015</u>
2002 Ford F250 Truck	\$ 20,564	\$ -	\$ -	\$ 20,564	\$ 20,564	\$ -	\$ -	\$ 20,564
2014 Ford Super Duty	34,929	-	-	34,929	4,011	6,986	-	10,997
Vacuum Truck	259,222	-	-	259,222	123,130	25,922	-	149,052
Geocollector XH6000.....	9,500	-	-	9,500	7,125	2,375	-	9,500
Bobcat Loader.....	46,861	2,500	-	49,361	10,934	4,936	-	15,870
2013 Freightliner	79,878	-	-	79,878	17,973	7,988	-	25,961
Schwarze Street Sweeper.....	168,940	-	-	168,940	28,157	21,117	-	49,274
2011 Ford F250 4x4	<u>30,348</u>	<u>-</u>	<u>-</u>	<u>30,348</u>	<u>20,232</u>	<u>6,070</u>	<u>-</u>	<u>26,302</u>
Total Stormwater Utility	<u>\$ 650,242</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 652,742</u>	<u>\$ 232,126</u>	<u>\$ 75,394</u>	<u>\$ -</u>	<u>\$ 307,520</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business Type Activities</u>	
	<u>2015</u>	<u>2014</u>
ASSETS:		
Current Assets:		
Equity in pooled cash	\$ 6,003,947	\$ 6,391,840
Inventory	768,700	848,435
Accounts receivable	<u>3,115</u>	<u>1,008,572</u>
Total Current Assets	<u>6,775,762</u>	<u>8,248,847</u>
Capital Assets:		
Non-depreciable Capital Assets:		
Land and easements	1,194,236	1,194,236
Construction in progress	<u>43,461</u>	<u>306,805</u>
	<u>1,237,697</u>	<u>1,501,041</u>
Depreciable Capital Assets:		
Structures, improvements, and equipment	84,659,310	81,313,909
Less: Allowance for depreciation	<u>(25,418,444)</u>	<u>(23,026,436)</u>
Net Depreciable Capital Assets	<u>59,240,866</u>	<u>58,287,473</u>
Total Net Capital Assets	<u>60,478,563</u>	<u>59,788,514</u>
TOTAL ASSETS	<u>67,254,325</u>	<u>68,037,361</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred state regulatory charges	640,777	687,394
Pension deferrals	<u>274,712</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>915,489</u>	<u>687,394</u>
LIABILITIES:		
Current Liabilities:		
Accrued salaries	58,313	51,629
Accounts payable	676,829	643,362
Bonds payable – Due within one (1) year	905,000	914,964
Compensated absences	249,948	285,634
Revolving loan – Due within one (1) year	155,136	110,000
Net pension liability	<u>207,280</u>	<u>-</u>
Total Current Liabilities	<u>2,252,506</u>	<u>2,005,589</u>
Long-Term Liabilities:		
General obligation bonds payable	42,695,000	43,600,000
Compensated absences	61,963	96,428
Revolving loan payable	<u>3,398,701</u>	<u>3,553,837</u>
Total Long-Term Liabilities	<u>46,155,664</u>	<u>47,250,265</u>
TOTAL LIABILITIES	<u>48,408,170</u>	<u>49,255,854</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	<u>262,745</u>	<u>-</u>
NET POSITION:		
Unrestricted	6,174,173	7,859,188
Net investment in capital assets	<u>13,324,726</u>	<u>11,609,713</u>
TOTAL NET POSITION	<u>\$ 19,498,899</u>	<u>\$ 19,468,901</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>
Operating Revenue:		
Retail water sales.....	\$ 4,208,856	\$ 4,194,259
Wholesale water sales.....	761,286	891,610
Wholesale water sales – ALCOA.....	1,247,371	1,333,032
Sewer charges.....	4,288,801	4,096,676
Other Operating Revenue:		
Penalties.....	171,344	196,621
Sewer taps.....	31,925	75,875
Connections.....	79,000	100,000
Fire hydrant rental.....	20,670	20,670
Line extension.....	20,517	28,946
Miscellaneous.....	<u>22,528</u>	<u>21,122</u>
Total Operating Revenue.....	<u>10,852,298</u>	<u>10,958,811</u>
Operating Expenses:		
Administration.....	761,744	729,133
Accounting and collections.....	775,014	805,409
Supervision.....	276,192	254,265
Water treatment plant.....	1,502,677	1,568,618
Environmental compliance.....	119,010	115,683
Transmission and distribution.....	744,488	296,367
Meter reading and repairs.....	596,592	305,468
Water maintenance.....	229,829	229,214
Sewer collection/pumping.....	339,145	61,837
Special Projects.....	233	-
Sewer disposal.....	<u>2,018,333</u>	<u>1,945,940</u>
Total Operating Expenses.....	<u>7,363,257</u>	<u>6,311,934</u>
Other Operating Expense:		
Depreciation.....	<u>2,425,742</u>	<u>2,258,876</u>
Operating Income.....	<u>1,063,299</u>	<u>2,388,001</u>
Other Income:		
Sale of equipment.....	-	3,832
Interest income.....	603	-
Total Other Income.....	<u>603</u>	<u>3,832</u>
Other Expense:		
Amortization of State Regulatory Charges.....	(26,617)	(39,643)
Interest expense – Bonds and capital leases.....	<u>(1,857,975)</u>	<u>(1,637,424)</u>
Total Other Expense.....	<u>(1,884,592)</u>	<u>(1,677,067)</u>
Net Income Before Contributions and Transfers.....	(820,690)	714,766
Transfer in lieu of taxes.....	(400,000)	(400,000)
Capital Contributions.....	<u>1,610,605</u>	<u>-</u>
Change in Net Position.....	<u>389,915</u>	<u>314,766</u>
Net Position at Beginning of Year, as previously reported.....	19,468,901	19,154,135
Prior Period Adjustment (Note 7).....	<u>(359,917)</u>	<u>-</u>
Net Position at Beginning of Year, as restated.....	<u>19,108,984</u>	<u>19,154,135</u>
Net Position at End of Year.....	<u>\$ 19,498,899</u>	<u>\$ 19,468,901</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers.....	\$ 11,937,490	\$ 11,014,984
Cash payments to suppliers for goods and services.....	(5,403,954)	(4,902,029)
Cash payments to employees for services	<u>(1,782,020)</u>	<u>(1,552,806)</u>
Net Cash Flows From Operating Activities.....	<u>4,751,516</u>	<u>4,560,149</u>
CASH FLOWS FROM CAPITAL AND RELATED:		
FINANCING ACTIVITIES		
Principal paid and early extinguishment of bonds.....	(1,024,964)	(657,023)
Interest paid on notes/bonds/capital leases	(1,857,975)	(1,637,424)
Payments for acquisition and construction of capital assets	(3,115,791)	(2,386,590)
Issuance of debt	-	545,000
Other revenue	20,600	3,832
Pension deferrals	(371,884)	-
Contributions in Aid of Construction	<u>1,610,605</u>	<u>-</u>
Net Cash Flows From (Used by) Capital and Related Financing Activities	<u>(4,739,409)</u>	<u>(4,132,205)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer out - In lieu of tax.....	<u>(400,000)</u>	<u>(400,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(387,893)	27,944
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,391,840</u>	<u>6,363,896</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 6,003,947</u>	<u>\$ 6,391,840</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating Income.....	\$ 1,063,299	\$ 2,388,001
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation.....	2,425,742	2,258,876
Changes in assets and liabilities:		
Accounts receivable.....	1,005,457	56,173
Compensated absences.....	(70,151)	85,395
Inventory.....	79,735	(166,671)
Accrued salaries.....	6,684	11,584
Accounts payable.....	33,470	148,047
Net pension liability.....	<u>207,280</u>	<u>(221,256)</u>
Total Adjustments.....	<u>3,688,217</u>	<u>2,172,148</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 4,751,516</u>	<u>\$ 4,560,149</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>	
2015	\$ 306,805
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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Administrative and General:		
Wages.....	\$ 329,572	\$ 324,888
F.I.C.A.....	24,260	24,199
Retirement.....	43,050	70,020
Hospitalization insurance.....	59,184	56,576
Life/Accidental death insurance.....	1,539	1,209
Dental insurance.....	4,368	4,426
Workmen’s compensation.....	1,073	712
Retiree insurance.....	294	276
Professional service.....	101,815	46,959
Mailing.....	7	-
Advertising/Public Relations.....	3,928	669
Travel and training.....	1,687	4,574
Drug/alcohol test.....	336	495
Gasoline.....	360	416
Safety.....	1,170	18
Dues.....	17,032	8,191
Printing.....	602	395
Maintenance contracts.....	101	101
Utilities.....	1,753	1,493
Other contracted services.....	3,843	3,843
Office supplies.....	580	247
Insurance.....	11,769	11,200
Other personnel services.....	5,756	12,022
Repair and maintenance.....	-	253
GIS System.....	23,343	15,824
Operating supplies.....	17	88
Costs recovered.....	95,678	99,363
Computer Equipment.....	-	3,879
Improvement teams.....	1,056	913
Radio system annual contract.....	2,058	3,451
Uniforms.....	303	-
Small tools.....	194	54
Auto parts.....	30	-
Machinery/equipment.....	7,107	4,330
Bank charges.....	-	4,028
Public education.....	410	-
Regulatory fees and license.....	17,469	24,021
Total Administrative and General.....	<u>761,744</u>	<u>729,133</u>
Accounting and Collections:		
Wages.....	341,225	341,456
Overtime.....	141	36
F.I.C.A.....	26,947	25,680
Retirement.....	75,704	93,095
Hospitalization insurance.....	104,099	103,019
Life/Accidental death insurance.....	2,032	1,618
Dental insurance.....	7,196	7,396
Workmen’s compensation.....	648	486
Retiree insurance.....	750	668

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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Accounting and Collections (Continued):		
Other personnel service	-	7,982
Drug/alcohol test.....	9	20
Dues.....	25	25
Travel.....	4	-
Professional services.....	9,010	7,638
Mailing.....	55,006	54,403
Advertising/Public relations	-	114
Credit card processing	39,484	61,586
Repair and maintenance.....	527	154
Printing	1,278	1,379
Maintenance contracts	9,761	9,734
Rent expense.....	57,000	57,000
Utilities	1,367	1,483
Other contractual services.....	1,194	1,194
Collection fees	9,398	10,152
Office supplies	6,942	6,065
Billing process	22,582	10,819
Insurance.....	2,380	2,207
Uniforms.....	35	-
Computer equipment	270	-
Total Accounting and Collections	775,014	805,409
Supervision:		
Wages	117,476	113,530
Standby pay	5,391	5,891
Overtime	9,715	10,293
F.I.C.A.	10,473	10,217
Retirement	74,190	64,087
Hospitalization insurance.....	28,800	27,200
Life/Accidental death insurance	624	482
Dental insurance	2,316	2,316
Workmen's compensation	5,227	3,386
Other personnel service	13,321	9,699
Dues and memberships	136	131
Travel and training.....	2,501	657
Improvement teams	125	75
Utilities	3,211	2,793
Office supplies	135	108
Uniforms.....	221	503
Automotive parts	199	26
Gasoline.....	943	1,186
Insurance.....	943	901
Regulatory fees and license	60	560
Maintenance contract.....	116	115
Advertising	69	-
Professional services.....	-	109
Total Supervision	276,192	254,265

(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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Water Treatment:		
Wages	426,717	445,978
Overtime	1,993	160
F.I.C.A.	33,309	33,536
Retirement	135,389	150,065
Hospitalization insurance.....	121,200	122,400
Life/Accidental death insurance	2,416	2,028
Dental insurance	8,049	8,856
Workmen’s compensation	17,356	13,477
Retiree insurance	5,880	5,520
Other operating supplies	2,306	1,395
Lab supplies.....	6,201	6,541
Advertising	278	-
Other personnel services.....	-	69,612
Drug/alcohol test.....	178	89
Employee education and training	2,185	546
Professional fees	216	1,815
Mailing	217	617
Dues.....	90	169
Regulatory fees.....	16,110	1,244
Travel.....	6,997	7,766
Public relations	-	98
Improvement teams	434	101
Printing	104	134
Rental/Maintenance contracts.....	3,389	3,183
Utilities	504,046	503,091
Other contractual services.....	6,487	12,858
Office supplies.....	1,071	1,845
Small tools	373	326
Uniforms.....	2,761	1,851
Automotive parts	1,217	1,840
Electrical and plumbing.....	852	1,216
Chemicals	110,700	95,270
Gasoline.....	1,875	2,510
Safety supplies.....	647	465
Insurance.....	47,925	43,674
Repair and maintenance.....	33,609	27,724
Communication equipment.....	100	618
Total Water Treatment.....	<u>1,502,677</u>	<u>1,568,618</u>
Environmental Compliance:		
Wages	56,367	57,647
F.I.C.A.	4,212	4,296
Retirement	30,815	26,560
Hospitalization insurance.....	17,280	16,320
Life/Accidental death insurance	335	264
Dental insurance	1,390	1,390
Workmen’s compensation	2,129	1,722
Other personnel services.....	1,456	1,734
Maintenance contracts	29	29
Employee education and training	60	170
Professional services.....	-	65

(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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Environmental Compliance (Continued):		
Regulatory fees and license	60	230
Dues.....	239	20
Travel.....	1,127	887
Office supplies.....	79	29
Small tools.....	49	145
Uniforms.....	242	-
Mailing	36	-
Other operating supplies.....	56	39
Utilities	340	400
Repair and maintenance.....	284	-
Automotive parts	368	1,648
Electrical & Plumbing	39	50
Gasoline.....	992	1,198
Insurance	838	803
Safety.....	51	37
Computer equipment	137	-
Total Environmental Compliance.....	<u>119,010</u>	<u>115,683</u>
Transmission and Distribution:		
Wages	138,748	-
Standby pay	17,523	15,481
Overtime.....	21,458	26,234
F.I.C.A.	26,432	13,154
Retirement	119,338	60,297
Hospitalization insurance	114,021	56,209
Life/Accidental death insurance	1,961	811
Dental insurance	7,874	4,001
Workmen’s compensation	13,238	4,954
Retiree insurance	17,010	7,730
Regulatory fees and license	7,448	213
Easement	22	2
Employee education and training	400	5
Other personnel services.....	-	12,515
Professional fees.....	96	807
Dues.....	160	307
Travel.....	163	24
Printing	-	18
Utilities	53,884	48,436
Office supplies.....	90	10
Other operating supplies.....	2,966	3,271
Small tools.....	3,531	965
Uniforms.....	3,878	1,928
Automotive parts	19,643	9,167
Gasoline.....	21,693	14,277
Safety.....	3,357	1,844
Drug/alcohol test	41	-
Construction materials.....	33,933	-
Radio systems annual contract	588	-

(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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Transmission and Distribution (Continued):		
Insurance.....	11,512	5,813
Repair and maintenance.....	84,300	-
Fire hydrant – install and maintenance.....	1,362	-
Costs recovered.....	6,471	6,344
Machinery and equipment.....	10,341	623
Computer equipment.....	-	830
Improvement teams.....	977	83
Maintenance contracts.....	<u>29</u>	<u>14</u>
Total Transmission and Distribution.....	<u>744,488</u>	<u>296,367</u>
Meter Readings and Repairs:		
Wages.....	127,174	123,270
Standby pay.....	11,110	8,885
Overtime.....	21,503	18,462
F.I.C.A.....	12,261	11,522
Retirement.....	55,759	55,578
Hospitalization insurance.....	49,200	46,217
Life/Accidental death insurance.....	840	651
Dental insurance.....	2,686	2,616
Workmen's compensation.....	5,619	4,066
Retiree insurance.....	1,734	2,003
Other personnel services.....	14,643	5,169
Employee education/training.....	-	72
Professional fees.....	1,410	540
Drug/Alcohol test.....	89	-
Maintenance contracts.....	4,552	2,300
Utilities.....	2,041	2,256
Office supplies.....	2,221	3,571
Small tools.....	1,442	2,026
Contract meter reading.....	3,860	-
Uniforms.....	846	1,127
Automotive parts.....	4,523	3,967
Gasoline.....	4,737	7,155
Other commodities.....	191	260
Insurance.....	2,338	2,568
Repairs and maintenance.....	9,504	1,187
Meters and devices.....	256,233	-
Other operating supplies.....	18	-
Computer equipment.....	<u>58</u>	<u>-</u>
Total Meter Readings and Repairs.....	<u>596,592</u>	<u>305,468</u>
Maintenance:		
Wages.....	107,368	103,320
Standby pay.....	11,211	9,716
Overtime.....	5,061	3,648
F.I.C.A.....	9,316	8,822
Retirement.....	15,479	23,247

(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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Maintenance (Continued):		
Hospitalization insurance	31,680	29,920
Life/Accidental death insurance.....	615	481
Dental insurance.....	1,999	1,999
Workmen's compensation	4,707	3,225
Professional fees	29	461
Dues	40	40
Drug/alcohol test.....	22	-
Utilities.....	805	811
Other personnel service.....	1,065	7,169
Employee education/training	344	190
Maintenance contract	57	57
Contractual services	13,390	11,950
Other Operating Supplies.....	18	81
Small tools	323	430
Uniforms	1,123	1,134
Automotive parts.....	2,766	1,895
Improvement teams.....	100	-
Gasoline	4,657	5,983
Insurance	1,324	1,002
Regulatory fees and license.....	296	210
Repairs and maintenance.....	<u>16,034</u>	<u>13,423</u>
Total Maintenance.....	<u>229,829</u>	<u>229,214</u>
Sewage Collection/Pumping:		
Wages.....	157,048	-
Standby pay.....	7,905	15,132
Overtime	11,127	25,758
F.I.C.A.	13,484	-
Retirement.....	65,699	-
Retirement insurance.....	4,941	-
Life/Accidental death insurance.....	1,851	-
Dental insurance.....	7,311	-
Other personal service.....	6,431	-
Drug/alcohol test.....	34	-
Employee education/training	400	-
Professional service.....	58	-
Dues	120	-
Regulatory fees and license.....	90	-
Improvement teams.....	189	-
Utilities.....	17,862	18,410
Maintenance contract	72	-
Other operating supplies	1,323	-
Small tools	1,015	-
Uniforms	1,823	-
Auto parts.....	15,624	-
Gas	17,445	-

(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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Sewage Collection/Pumping (Continued):		
Safety supplies	1,357	-
Insurance	3,368	-
Repair and maintenance	2,478	-
Costs recovered	73	-
Machinery and equipment	17	-
Construction materials	<u>-</u>	<u>2,537</u>
Total Sewage Collection/Pumping	<u>339,145</u>	<u>61,837</u>
Disposal:		
Sewage treatment expense	1,229,343	1,473,766
City of Maryville	772,990	472,174
Treatment Plant Improvement	<u>16,000</u>	<u>-</u>
Total Disposal	<u>2,018,333</u>	<u>1,945,940</u>
Special Projects:		
Lift station replacement	150	-
Overlook Improvements R&D Park	80	-
Regal Drive Station replacement	<u>3</u>	<u>-</u>
Total Special Projects	<u>233</u>	<u>-</u>
Total Operating and Maintenance	<u>\$ 7,363,257</u>	<u>\$ 6,311,934</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION
For the Fiscal Year Ended June 30, 2015

<u>SEWER</u>	<u>CAPITAL ASSETS</u>				<u>ALLOWANCE FOR DEPRECIATION</u>			
	<u>Balance 7/01/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/15</u>	<u>Balance 7/1/14</u>	<u>Depreciation Taken</u>	<u>Additions (Deductions)</u>	<u>Balance 6/30/15</u>
Land and easements.....	\$ 174,138	\$ -	\$ -	\$ 174,138	\$ -	\$ -	\$ -	\$ -
Buildings:								
Pumping station.....	327,992	-	-	327,992	181,469	5,351	-	186,820
Leasehold improvements.....	2,898,015	-	-	2,898,015	1,141,699	86,941	-	1,228,640
Service Center	<u>1,502,128</u>	<u>-</u>	<u>-</u>	<u>1,502,128</u>	<u>201,080</u>	<u>38,348</u>	<u>-</u>	<u>239,428</u>
Total Buildings.....	<u>4,728,135</u>	<u>-</u>	<u>-</u>	<u>4,728,135</u>	<u>1,524,248</u>	<u>130,640</u>	<u>-</u>	<u>1,654,888</u>
Improvements Other Than Buildings:								
Sewer lines and mains	<u>16,987,331</u>	<u>1,561,487</u>	<u>-</u>	<u>18,548,818</u>	<u>4,814,687</u>	<u>439,993</u>	<u>-</u>	<u>5,254,680</u>
Machinery and Equipment:								
Pumping equipment.....	105,094	-	-	105,094	87,191	2,292	-	89,483
Tools and working equipment.....	549,491	-	-	549,491	485,393	22,165	-	507,558
Automobile and trucks	<u>223,448</u>	<u>301,214</u>	<u>-</u>	<u>524,662</u>	<u>152,453</u>	<u>14,279</u>	<u>-</u>	<u>166,732</u>
Total Machinery and Equipment	<u>878,033</u>	<u>301,214</u>	<u>-</u>	<u>1,179,247</u>	<u>725,037</u>	<u>38,736</u>	<u>-</u>	<u>763,773</u>
Total Sewer	<u>\$ 22,767,637</u>	<u>\$ 1,862,701</u>	<u>\$ -</u>	<u>\$ 24,630,338</u>	<u>\$ 7,063,972</u>	<u>\$ 609,369</u>	<u>\$ -</u>	<u>\$ 7,673,341</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, 2015

<u>WATER</u>	<u>CAPITAL ASSETS</u>				<u>ALLOWANCE FOR DEPRECIATION</u>			
	<u>Balance 7/01/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/15</u>	<u>Balance 7/1/14</u>	<u>Depreciation Taken</u>	<u>Additions (Deductions)</u>	<u>Balance 6/30/15</u>
Land.....	\$ 1,020,097	\$ -	\$ -	\$ 1,020,097	\$ -	\$ -	\$ -	\$ -
Buildings:								
Filter and treatment plant.....	19,219,761	-	-	19,219,761	3,201,935	422,908	-	3,624,843
Improvements Other Than Buildings:								
Water mains.....	10,883,936	1,391,317	-	12,275,253	2,989,849	242,886	-	3,232,735
Reservoirs.....	7,897,143	-	-	7,897,143	901,477	172,297	-	1,073,774
Lines to reservoirs.....	139,187	-	-	139,187	115,530	2,784	-	118,314
Water service connections.....	1,476,670	14,664	-	1,491,334	436,521	29,336	-	465,857
Raw water storage.....	2,961,770	-	-	2,961,710	1,362,544	59,247	-	1,421,791
Total Improvements Other Than Buildings.....	23,358,706	1,405,981	-	24,764,687	5,805,921	506,550	-	6,312,471
Machinery and Equipment:								
Water meters.....	452,592	42,459	-	495,051	354,750	33,392	-	388,142
Fire hydrants.....	347,500	-	-	347,500	123,712	6,951	-	130,663
Water purification equipment.....	6,175,279	-	-	6,175,279	2,600,074	360,573	-	2,960,647
Pumping equipment.....	7,287,030	-	-	7,287,030	2,386,403	364,380	-	2,750,783
Laboratory equipment.....	181,791	-	-	181,791	128,417	19,298	-	147,715
Tools and working equipment.....	682,891	-	-	682,891	557,462	40,409	-	597,871
Automobile and truck.....	634,807	35,625	(33,734)	636,698	607,518	10,648	(33,734)	584,432
Office furniture and fixtures.....	380,054	32,369	-	412,423	196,272	51,264	-	247,536
Total Machinery and Equipment.....	16,141,944	110,453	(33,734)	16,218,663	6,954,608	886,915	(33,734)	7,807,789
Total Water.....	\$ 59,740,508	\$ 1,516,434	\$ (33,734)	\$ 61,223,208	\$ 15,962,464	\$ 1,816,373	\$ (33,734)	\$ 17,745,103
TOTAL WATER AND SEWER.....	\$ 82,508,145	\$ 3,379,135	\$ (33,734)	\$ 85,853,546	\$ 23,026,436	\$ 2,425,742	\$ (33,734)	\$ 25,418,444

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION
June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>
ASSETS:		
CAPITAL ASSETS:		
Non-depreciable Capital Assets:		
Land and easements	\$ 336,481	\$ 336,481
Construction in progress	<u>5,376,158</u>	<u>3,750,074</u>
	<u>5,712,639</u>	<u>4,086,555</u>
Depreciable Capital Assets:		
Structures, improvements and equipment	80,424,720	73,837,811
Less: Allowance for depreciation	<u>(32,485,433)</u>	<u>(30,565,810)</u>
	<u>47,939,287</u>	<u>43,272,001</u>
Net Capital Assets	<u>53,651,926</u>	<u>47,358,556</u>
CURRENT ASSETS:		
Bond principal and redemption reserve.....	-	3,329,396
Cash.....	4,388,970	6,127,189
Cash investments.....	19,063	1,392,280
Accounts receivable - Less provision for doubtful accounts of \$37,022 at June 30, 2015 and \$24,443 at June 30, 2014.....	5,494,924	5,782,832
Accounts receivable - Pole rentals	152,321	165,225
Materials and supplies at average cost	409,679	598,686
Accrued interest receivable	-	18,683
Prepaid TVA Power Invoice Program.....	<u>3,857,990</u>	<u>3,780,211</u>
Total Current Assets	<u>14,322,947</u>	<u>21,194,502</u>
NON-CURRENT ASSETS:		
Receivables from customers for conservation loans	2,101,803	2,255,890
Long-term notes receivable	<u>-</u>	<u>100,000</u>
Total Non-Current Assets	<u>2,101,803</u>	<u>2,355,890</u>
TOTAL ASSETS	<u>70,076,676</u>	<u>70,908,948</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred State Regulatory Charges	422,186	448,573
Pension deferrals	<u>415,157</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>837,343</u>	<u>448,573</u>

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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	Business-Type Activities	
	2015	2014
LIABILITIES:		
LONG-TERM LIABILITIES:		
Compensated absences.....	\$ 374,728	\$ 309,712
Revenue bonds payable.....	16,765,000	17,550,000
Deferred credits.....	141,097	277,538
Conservation – TVA	2,207,353	2,334,992
Net pension liability	314,551	-
Total Long-Term Liabilities	19,802,729	20,472,242
CURRENT LIABILITIES:		
Accounts payable	11,313,547	1,426,410
Customer deposits	1,654,990	1,561,606
Accrued payroll.....	89,856	80,098
Accrued rentals	106,334	106,334
Accrued interest	65,687	65,687
Miscellaneous payables.....	4,359	3,837
Compensated absences.....	418,335	389,015
Revenue bonds payable.....	785,000	730,000
Total Current Liabilities	14,438,108	14,362,987
TOTAL LIABILITIES	34,240,837	34,835,229
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	398,718	-
NET POSITION:		
Net investment in capital assets	36,140,236	29,078,556
Unrestricted.....	134,228	7,443,736
TOTAL NET POSITION	\$ 36,274,464	\$ 36,522,292

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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	<u>2015</u>	<u>2014</u>
OPERATING REVENUE:		
Sale of Electric Energy:		
Residential - Non-farm	\$ 38,470,039	\$ 38,160,702
Small lighting and power sales	6,144,805	6,110,830
Large lighting and power sales	17,091,487	16,555,636
Street and outdoor lighting	1,153,353	1,083,511
Consumer forfeited discounts	436,879	451,428
Rent from electric property	525,900	544,454
Miscellaneous service revenue.....	250,377	245,108
Other electric revenue	<u>59,468</u>	<u>63,807</u>
Total Operating Revenue.....	<u>64,132,308</u>	<u>63,215,476</u>
PURCHASED POWER	<u>51,078,680</u>	<u>49,618,161</u>
OPERATING EXPENSES:		
Distribution expense	1,389,892	1,462,995
Customer accounts expense	1,732,911	1,371,308
Sales expense	64,242	80,908
Administrative and general expense	<u>3,072,117</u>	<u>3,051,305</u>
Total Operating Expenses	<u>6,259,162</u>	<u>5,966,516</u>
MAINTENANCE EXPENSE:		
Distribution expense	2,318,078	2,571,464
Administrative and general expense	<u>28,090</u>	<u>27,593</u>
Total Maintenance Expense	<u>2,346,168</u>	<u>2,599,057</u>
OTHER OPERATING EXPENSE:		
Depreciation expense	<u>2,463,035</u>	<u>2,422,746</u>
TOTAL PURCHASED POWER AND OPERATING EXPENSES	<u>62,147,045</u>	<u>60,606,480</u>
OPERATING INCOME	1,985,263	2,608,996
Interest income on investments.....	<u>5,240</u>	<u>22,752</u>
Net Operating Income	<u>1,990,503</u>	<u>2,631,748</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
INTEREST EXPENSE:		
Interest on long-term debt	(340,000)	(378,333)
Amortization of long-term debt discount and expense.....	<u>(26,387)</u>	<u>(26,387)</u>
Total Interest Expense.....	<u>(366,387)</u>	<u>(404,720)</u>
OTHER INCOME (EXPENSE):		
Revenue from merchandise, jobbing and contract work	-	473
State of TN – unclaimed property returned	1,469	1,117
Gain (loss) on sale of fixed assets	<u>1,090</u>	<u>(54,587)</u>
Total Other Income	<u>2,559</u>	<u>(52,997)</u>
NET INCOME BEFORE TRANSFERS	1,626,675	2,174,031
Transfer in lieu of tax	<u>(1,328,324)</u>	<u>(1,286,883)</u>
NET INCOME.....	<u>298,351</u>	<u>887,148</u>
NET POSITION – BEGINNING OF YEAR, as previously reported.....	36,522,292	35,635,144
Prior Period Adjustment (Note 7).....	<u>(546,179)</u>	<u>-</u>
NET POSITION – BEGINNING OF YEAR , as Restated	<u>35,976,113</u>	<u>35,635,144</u>
NET POSITION – END OF YEAR	<u>\$ 36,274,464</u>	<u>\$ 36,522,292</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 64,563,031	\$ 63,053,972
Cash payments to suppliers for goods and services.....	(55,808,601)	(53,744,598)
Cash payments to employees for services	<u>(3,763,885)</u>	<u>(3,638,881)</u>
Net Cash Flows From Operating Activities.....	<u>4,990,545</u>	<u>5,670,493</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Customer deposits received.....	371,615	334,399
Customer deposits refunded.....	(278,231)	(277,643)
Advances from TVA	583,114	617,242
Repayments of advances	(457,380)	(523,775)
Principal paid on bonds/notes.....	(730,000)	(705,000)
Interest paid on bonds/notes	(340,000)	(378,333)
Deferred credits	(136,441)	(8,794)
Merchandise, jobbing, and contract work revenue.....	-	473
Acquisition and construction of capital assets.....	(8,807,683)	(5,151,641)
Removal costs of fixed assets.....	(51,278)	(8,082)
Acquisition of conservation loans	(591,363)	(531,539)
Collection on conservation loans	<u>329,354</u>	<u>617,242</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(10,108,293)</u>	<u>(6,015,451)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	-	(3,261,499)
Proceeds from maturities of investments	3,329,396	3,262,826
Interest and dividends on investments.....	<u>5,240</u>	<u>22,752</u>
Net Cash Flows From Investing Activities.....	<u>3,334,636</u>	<u>24,079</u>
CASH FLOWS FROM NON-CAPITAL ACTIVITIES:		
Transfers – In lieu of Tax	<u>(1,328,324)</u>	<u>(1,286,883)</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

	<u>2015</u>	<u>2014</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,111,436)	(1,607,762)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>7,519,469</u>	<u>9,127,231</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,408,033</u>	<u>\$ 7,519,469</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	<u>\$ 1,985,263</u>	<u>\$ 2,608,996</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,463,035	2,422,746
Amortization	26,387	26,387
Changes in assets and liabilities:		
Poles rental	12,904	(1,985)
Accounts receivable	287,908	(159,519)
Prepaid expenses	(77,779)	(357,098)
Inventory	189,007	13,675
Accrued interest receivables	18,683	(17,068)
Accounts payable	(112,863)	1,042,669
Accrued rentals	-	1,278
Accrued interest	-	(9,167)
Accrued payroll	9,758	12,258
Miscellaneous Payables	93,906	58,342
Compensated absences	<u>94,336</u>	<u>28,979</u>
Total Adjustments	<u>3,005,282</u>	<u>3,061,497</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,990,545</u>	<u>\$ 5,670,493</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014**

<u>OPERATING EXPENSE</u>	<u>2015</u>	<u>2014</u>
DISTRIBUTION:		
Supervision and engineering.....	\$ 74,472	\$ 73,754
Station expense	48,750	48,363
Overhead line expense	486,196	473,734
Underground expense	78,435	62,370
Meter expense	127,304	152,025
Miscellaneous	362,062	439,129
Rents	<u>212,673</u>	<u>213,620</u>
Total Distribution Expense	<u>1,389,892</u>	<u>1,462,995</u>
CUSTOMER ACCOUNTS EXPENSE:		
Meter reading expense	357,641	319,765
Customer record and collection expense.....	851,270	871,543
Uncollectible accounts	<u>524,000</u>	<u>180,000</u>
Total Customer Accounts Expense	<u>1,732,911</u>	<u>1,371,308</u>
SALES EXPENSE:		
Demonstrating and selling expense.....	<u>64,242</u>	<u>80,908</u>
ADMINISTRATIVE AND GENERAL EXPENSE:		
Administrative and general salaries	458,415	463,813
Office supplies and expense.....	45,907	44,450
Outside service employed	68,800	73,074
Property insurance	116,863	111,267
Injuries and damages	183,811	179,995
Employee pensions and benefits	2,060,317	2,065,120
Duplicate charges – Credit.....	(1,795)	(1,770)
Rents - City cost recovery	84,480	79,093
Miscellaneous	<u>55,319</u>	<u>36,263</u>
Total Administrative and General Expense	<u>3,072,117</u>	<u>3,051,305</u>
Total Operating Expense.....	<u>6,259,162</u>	<u>5,966,516</u>
<u>MAINTENANCE EXPENSE</u>		
DISTRIBUTION EXPENSE:		
Transmission.....	37,983	38,656
Supervision and engineering.....	75,332	64,199
Maintenance of station equipment	88,368	124,824
Maintenance of overhead and underground lines	1,975,690	2,208,786
Maintenance of line transformers	29,865	10,369
Street lighting and signal systems.....	34,869	29,485
Maintenance of meters/miscellaneous distribution plant	<u>75,971</u>	<u>95,145</u>
Total Distribution Expense	2,318,078	2,571,464
ADMINISTRATIVE AND GENERAL EXPENSE:		
Maintenance of general plant.....	<u>28,090</u>	<u>27,593</u>
Total Maintenance Expense	<u>2,346,168</u>	<u>2,599,057</u>
Total Operating and Maintenance Expense	<u>\$ 8,605,330</u>	<u>\$ 8,565,573</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ELECTRIC PLANT IN SERVICE
June 30, 2015

	<u>Balance</u> <u>7-01-14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassify</u>		<u>Balance</u> <u>6-30-15</u>
				<u>DR</u>	<u>CR</u>	
TRANSMISSION:						
Station equipment.....	\$ 11,468,383	\$ 3,970,487	\$ -	\$ -	\$ -	\$ 15,438,870
DISTRIBUTION:						
Land and land rights	6,853	-	-	-	-	6,853
Station equipment.....	1,969,449	-	-	-	-	1,969,449
Poles, towers and fixtures.....	11,126,101	688,700	105,126	-	-	11,709,675
Overhead conductors and devices	10,924,336	1,493,052	74,587	-	-	12,342,801
Underground conduit.....	679,960	(3,738)	-	-	-	676,222
Underground conductors and devices.....	2,900,536	(28,508)	-	-	-	2,872,028
Line transformers.....	11,049,825	251,813	26,043	-	-	11,275,595
Services	2,128,288	26,623	276	-	-	2,154,635
Meters.....	4,908,414	269,312	80,916	-	-	5,096,810
Street lighting and signal systems.....	3,288,974	49,675	3,953	-	-	3,334,696
Outdoor lighting on customer premises...	1,323,173	61,994	12,693	-	-	1,372,474
GENERAL:						
Land and land rights	329,628	-	-	-	-	329,628
Structures and improvements	7,583,663	-	-	-	-	7,583,663
Office furniture and equipment	532,384	-	-	-	-	532,384
Transportation equipment.....	2,682,092	339,600	291,096	-	-	2,730,596
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	62,589	-	-	-	739,684
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	74,174,292	7,181,599	594,690	-	-	80,761,201
CONSTRUCTION WORK IN PROGRESS	<u>3,750,074</u>	<u>1,626,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,376,158</u>
Total Electric Plant in Service ...	<u>\$ 77,924,366</u>	<u>\$ 8,807,683</u>	<u>\$ 594,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,137,359</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ACCUMULATED PROVISION FOR DEPRECIATION
June 30, 2015

	Balance 7-01-14	Depreciation Expense	Retirement	Removal Cost and Other	Reclassify		Balance 6/30/15	Depreciation Rate
					DR	CR		
TRANSMISSION:								
Station equipment.....	\$ 6,677,743	\$ 310,375	\$ -	\$ -	\$ -	\$ -	\$ 6,988,118	4.00%
DISTRIBUTION PLANT:								
Station equipment.....	1,066,035	69,648	-	-	-	-	1,135,683	
Poles, towers, and fixtures.....	4,376,626	473,005	105,126	-	-	-	4,744,505	4.25%
Overhead conductors and devices	2,161,415	359,001	74,588	-	-	-	2,445,828	3.25%
Underground conduit.....	360,307	20,403	-	-	-	-	380,710	3.00%
Underground conductors and devices.....	1,167,444	87,091	-	-	-	-	1,254,535	3.00%
Line transformers	4,788,799	275,957	26,043	-	-	-	5,038,713	2.50%
Services	1,161,978	69,216	276	-	-	-	1,230,918	3.25%
Meters.....	1,664,381	290,063	80,915	-	-	-	1,873,529	6.67%
Street lighting and signal systems	2,029,677	76,395	3,953	-	-	-	2,102,119	12.00%
Outdoor lighting on customer premises.....	<u>767,581</u>	<u>57,131</u>	<u>12,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>812,018</u>	8.00%
Total Distribution Plant	<u>19,544,243</u>	<u>1,777,910</u>	<u>303,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,018,558</u>	
GENERAL PLANT:								
Structures and improvements	1,278,852	156,928	-	-	-	-	1,435,780	2.00%
Office furniture and equipment	420,039	17,270	-	-	-	-	437,309	various
Transportation equipment.....	1,720,325	129,216	291,095	51,278	-	-	1,609,724	various
Tools, shop and garage equipment.....	83,378	1,691	-	-	-	-	85,069	8.00%
Laboratory equipment	30,456	-	-	-	-	-	30,456	5.00%
Communication equipment	533,759	49,933	-	-	-	-	583,692	10.00%
Power operated equipment	270,167	18,717	-	-	-	-	288,884	Various
Miscellaneous equipment	<u>6,848</u>	<u>995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,843</u>	8.00%
Total General Plant.....	<u>4,343,824</u>	<u>374,750</u>	<u>291,095</u>	<u>51,278</u>	<u>-</u>	<u>-</u>	<u>4,478,757</u>	
Totals	<u>\$ 30,565,810</u>	<u>\$ 2,463,035</u>	<u>\$ 594,690</u>	<u>\$ 51,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,485,433</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>
ASSETS:		
Current Assets:		
Cash	\$ 500	\$ 500
Cash in bank	1,661,859	2,151,497
Accounts receivable.....	<u>423,897</u>	<u>419,171</u>
Total Current Assets.....	<u>2,086,256</u>	<u>2,571,168</u>
Capital Assets:		
Non-depreciable Capital Assets:		
Land.....	<u>673,647</u>	<u>673,647</u>
Depreciable Capital Assets:		
Structures, improvements, and equipment.....	13,711,915	13,563,650
Less: Allowance for depreciation	<u>(8,375,642)</u>	<u>(7,938,392)</u>
Net Capital Assets	<u>6,009,920</u>	<u>6,298,905</u>
Non-Current Assets:		
Cash in banks – Restricted.....	5,548,994	5,042,162
Investments – Certificate of deposit – Restricted	<u>3,206,201</u>	<u>3,361,257</u>
Total Non-Current Assets.....	<u>8,755,195</u>	<u>8,403,419</u>
TOTAL ASSETS	<u>16,851,371</u>	<u>17,273,492</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred state regulatory charges	67,234	82,023
Pension deferrals	<u>120,600</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>187,834</u>	<u>82,023</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable	64,049	97,070
Accrued salaries	23,226	19,367
Bonds payable – Due within one (1) year	765,000	745,000
Compensated absences	77,519	111,465
Net pension liability	87,536	-
Due to Debt Service Fund	-	25,000
Due to General Fund	-	1,310
Due to Employee Insurance Fund	<u>-</u>	<u>7,736</u>
Total Current Liabilities	<u>1,017,330</u>	<u>1,006,948</u>
Long-Term Liabilities:		
Bonds payable	4,865,000	5,630,000
Compensated absences	19,380	27,866
Estimated liability for landfill closure and postclosure care costs	<u>8,777,906</u>	<u>8,248,362</u>
Total Long-Term Liabilities	<u>13,662,286</u>	<u>13,906,228</u>
TOTAL LIABILITIES	<u>14,679,616</u>	<u>14,913,176</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	<u>110,959</u>	<u>-</u>
NET POSITION:		
Net investment in capital assets.....	379,920	523,905
Restricted for property acquisition	1,477,123	1,407,958
Unrestricted	<u>391,587</u>	<u>510,476</u>
TOTAL NET POSITION	<u>\$ 2,248,630</u>	<u>\$ 2,442,339</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>
Operating Revenue:		
Fees and permits	\$ 3,531,471	\$ 3,310,821
Miscellaneous	<u>2,086</u>	<u>372</u>
Total Operating Revenue.....	<u>3,533,557</u>	<u>3,311,193</u>
Operating Expenses:		
Administrative and General	371,027	421,028
Landfill operations	817,097	851,150
Scales and security operations	289,591	283,043
Facilities Maintenance	843,113	840,253
Vehicle and equipment maintenance	233,565	347,852
Solid Waste Authority	87,297	118,628
Environmental compliance	125,244	120,523
Closure/Postclosure	<u>22,780</u>	<u>-</u>
Total Operating Expenses.....	<u>2,789,714</u>	<u>2,982,477</u>
Operating Income Before Depreciation	743,843	328,716
Depreciation.....	<u>(702,856)</u>	<u>(716,110)</u>
Operating Income (Loss) After Depreciation	<u>40,987</u>	<u>(387,394)</u>
Other Income (Expense):		
Other income	66,856	8,498
Amortization	(14,789)	(17,009)
Interest income.....	1,479	-
Interest expense	(208,830)	(228,157)
Grant income	75,718	90,559
Service fees	(3,000)	-
Other expense	<u>(134)</u>	<u>-</u>
Total Other Income (Expense).....	<u>(82,700)</u>	<u>(146,109)</u>
Change In Net Position	<u>(41,713)</u>	<u>(533,503)</u>
Net Position – Beginning of Year, as previously reported.....	2,442,339	2,975,842
Prior Period Adjustment (Note 7)	<u>(151,996)</u>	<u>-</u>
Net Position – Beginning of Year, as restated	<u>2,290,343</u>	<u>2,975,842</u>
Net Position – End of Year.....	<u>\$ 2,248,630</u>	<u>\$ 2,442,339</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received	\$ 3,528,831	\$ 3,269,291
Cash payments to suppliers for goods and services	(1,987,679)	(2,121,090)
Cash payments to employees for services	<u>(820,139)</u>	<u>(808,212)</u>
Net Cash Flows From Operating Activities	<u>721,013</u>	<u>339,989</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Closure/Postclosure payments	<u>529,544</u>	<u>499,785</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest paid on capital leases/bonds	(208,830)	(228,157)
Payments for landfill plant acquisitions	(413,871)	(435,775)
Principal paid on bonds/notes	(745,000)	(590,000)
Service fees	(3,000)	-
Issuance of debt	-	600,000
Grant proceeds	75,718	90,559
Other revenues	66,856	8,498
Other expenses	<u>(14,923)</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(1,243,050)</u>	<u>(554,875)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	1,479	-
Purchase of investments	(522,038)	(4,334,743)
Proceeds from sale of investments	<u>22,914</u>	<u>3,657,684</u>
Net Cash Flows From Investing Activities	<u>(497,645)</u>	<u>(677,059)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(490,138)	(392,160)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,151,997</u>	<u>2,544,157</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,661,859</u>	<u>\$ 2,151,997</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Business-Type Activities	
	2015	2014
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss).....	\$ 40,987	\$ (387,394)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	702,856	716,110
Changes in assets and liabilities:		
Accounts receivable.....	(4,726)	(41,902)
Accounts payable.....	(33,021)	28,257
Accrued salaries.....	3,859	4,277
Accrued compensated absences.....	(42,432)	20,641
Net pension liability	87,536	-
Due to other funds	(34,046)	-
Total Adjustments.....	680,026	727,383
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 721,013	\$ 339,989

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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Business-Type Activities	
	<u>2015</u>	<u>2014</u>
Administrative and General:		
Wages.....	\$ 113,506	\$ 123,593
Overtime.....	40	8
F.I.C.A.....	9,785	9,632
Retirement.....	26,357	33,784
Hospitalization insurance.....	23,257	23,120
Life/Accidental death insurance.....	599	474
Dental insurance.....	1,842	1,899
Workmen's compensation.....	503	526
Retiree insurance.....	147	134
Other personnel services.....	-	22,580
Drug/alcohol test.....	813	826
Employee education and training.....	1,934	847
Professional services.....	342	92
Postage.....	915	1,009
Dues.....	1,000	1,400
Regulatory fees and license.....	30,920	30,217
Accounting and auditing.....	5,000	4,010
Advertising.....	354	142
Credit card processing.....	3,812	3,172
Improvement teams.....	1,192	600
Printing.....	1,826	1,394
Maintenance contract.....	401	527
Utilities.....	110,530	120,761
Other contracted services.....	4,772	5,158
Office supply.....	1,268	1,257
Other operating supplies.....	4,302	3,353
Auto parts.....	53	1,131
Uniforms.....	6,798	5,802
Safety.....	1,530	2,327
Construction materials.....	537	497
Insurance.....	4,084	4,523
Repairs and maintenance.....	1	457
Cost recovery.....	8,201	10,460
Equipment lease.....	358	358
Communication equipment.....	2,250	498
Computer equipment.....	230	3,277
Radio system annual contract.....	441	1,069
Recycling contracts.....	446	114
Travel.....	681	-
Total Administrative and General.....	<u>371,027</u>	<u>421,028</u>
Landfill Operations:		
Wages.....	256,476	261,035
Overtime.....	7,737	6,550
F.I.C.A.....	19,857	20,435

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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Business-Type Activities	
	<u>2015</u>	<u>2014</u>
Landfill Operations (Continued):		
Retirement.....	86,186	86,497
Hospitalization insurance.....	86,400	82,600
Life/Accidental death insurance.....	1,601	1,254
Dental insurance.....	6,165	6,262
Workmen’s compensation.....	8,366	7,828
Retiree insurance.....	5,880	7,440
Professional services.....	58	964
Waste tire recovery.....	106,865	99,797
Litter fencing.....	152	853
Gas.....	123,791	191,369
Construction materials.....	104,166	67,824
Alter daily cover liners.....	1,736	8,410
Insurance.....	690	750
Construction materials/supplies.....	971	1,282
Total Landfill Operations.....	817,097	851,150
Scales and Security Operations:		
Wages.....	147,226	142,216
Overtime.....	4,986	4,956
F.I.C.A.....	11,515	11,085
Retirement.....	41,952	44,879
Hospitalization insurance.....	57,600	54,400
Life/Accidental death insurance.....	987	772
Dental insurance.....	4,633	4,633
Workmen’s compensation.....	275	231
Retiree insurance.....	2,880	3,930
Other personnel services.....	6,832	2,510
Regulatory fees and license.....	186	150
Printing.....	2,179	1,792
Utilities.....	2,099	2,028
Other contracted services.....	2,400	2,050
Office supplies.....	819	1,591
Insurance.....	286	280
Repair and maintenance.....	2,409	4,313
Professional services.....	-	217
Computer equipment.....	327	1,010
Total Scales and Security Operations.....	289,591	283,043
Facility Maintenance:		
Wages.....	164,196	159,514
Overtime.....	3,839	3,712
F.I.C.A.....	12,595	12,131
Retirement.....	27,252	39,319
Hospitalization insurance.....	57,600	53,900
Life/Accidental death insurance.....	1,033	801
Dental insurance.....	4,633	4,585

(Continued)

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	Business-Type Activities	
	<u>2015</u>	<u>2014</u>
Facility Maintenance (Continued):		
Workmen’s compensation.....	12,477	7,463
Retiree insurance.....	2,880	2,670
Other personnel services	18,560	9,032
Building materials	6	416
Landfill fund.....	-	7,495
Professional services	48	851
Utilities.....	2,129	1,791
Small tools	824	440
Electric and plumbing	269	111
Slope stabilization	5,561	8,488
Insurance	2,186	1,034
Closure and postclosure expense	526,500	526,500
Construction materials – roads.....	525	-
Total Facilities Maintenance.....	<u>843,113</u>	<u>840,253</u>
Vehicle and Equipment Maintenance:		
Wages.....	43,469	38,284
Overtime	303	-
F.I.C.A.	3,966	2,633
Retirement.....	7,444	10,674
Hospitalization insurance.....	13,200	13,600
Life/Accidental death insurance.....	245	199
Dental insurance.....	735	374
Workmen’s compensation.....	1,422	1,332
Retiree insurance.....	1,940	-
Other personnel services	-	916
Heavy equipment maintenance	70,582	167,205
Maintenance contract	3,948	2,880
Utilities.....	2,645	2,516
Other contracted services	1,294	1,450
Fluids	24,695	23,325
Small tools	3,318	802
Auto parts.....	25,514	42,255
Heavy equipment parts.....	15,632	27,717
Uniforms	-	149
Construction materials	4,879	714
Insurance	4,399	4,398
Professional services	22	54
Equipment – lease purchase	-	6,375
Machinery and equipment.....	3,913	-
Total Vehicle and Equipment Maintenance.....	<u>233,565</u>	<u>347,852</u>
Solid Waste Authority:		
Wages.....	26,660	39,595
F.I.C.A.	3,247	3,187
Retirement.....	4,620	7,789
Hospitalization insurance.....	7,200	6,800
Life/Accidental death insurance.....	190	149

(Continued)

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
For the Fiscal Year Ended June 30, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>
Solid Waste Authority (Continued):		
Dental insurance.....	579	579
Workmen’s compensation.....	227	170
Other personnel services	-	16,265
Advertising.....	41,250	41,250
Dues	100	200
Travel	990	403
Professional services	-	27
Other contracted services	2,132	2,118
Insurance	<u>102</u>	<u>96</u>
Total Solid Waste Authority.....	<u>87,297</u>	<u>118,628</u>
Environmental Compliance:		
Wages.....	55,560	53,667
F.I.C.A.....	3,972	3,914
Retirement.....	5,923	10,093
Hospitalization insurance	14,400	13,600
Life/Accidental death insurance.....	301	233
Dental insurance.....	1,158	1,158
Workmen’s compensation.....	102	78
Other personnel services	-	526
Professional services	36,024	34,111
Insurance	104	113
Dues and memberships.....	200	-
Regulatory fees and license.....	-	30
Legal fees	<u>7,500</u>	<u>3,000</u>
Total Environmental Compliance.....	<u>125,244</u>	<u>120,523</u>
Closure/Postclosure:		
Professional services	6,290	-
Utilities.....	10,916	-
Slope maintenance.....	<u>5,574</u>	<u>-</u>
Total Closure/Postclosure.....	<u>22,780</u>	<u>-</u>
Total Operating and Maintenance	<u>\$ 2,789,714</u>	<u>\$ 2,982,477</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, 2015

Fixed Assets				
	Balance 7-1-14	Additions	Deductions	Balance 6-30-15
Land	\$ 673,647	\$ -	\$ -	\$ 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.....	1,715,459	377,941	(265,606)	1,827,794
Tools and small equipment.....	554,619	6,669	-	561,288
Trucks	<u>289,138</u>	<u>29,261</u>	-	<u>318,399</u>
Total Machinery and Equipment	<u>2,584,527</u>	<u>413,871</u>	<u>(265,606)</u>	<u>2,732,792</u>
Totals	<u>\$ 14,237,297</u>	<u>\$ 413,871</u>	<u>\$ (265,606)</u>	<u>\$ 14,385,562</u>

ALLOWANCE FOR DEPRECIATION					
	Balance 7-1-14	Depreciation Expense	Other Additions (Deductions)	Balance 6-30-15	Depreciation Rates
Land	\$ -	\$ -	\$ -	\$ -	
Office Building and Improvements.....	<u>6,036,867</u>	<u>527,660</u>	-	<u>6,564,527</u>	3 - 7%
Machinery and Equipment:					
Office equipment.....	25,311	-	-	25,311	10 - 20%
Landfill working equipment.....	1,099,778	161,696	(265,606)	995,868	17%
Tools and small equipment.....	524,262	7,268	-	531,530	8 - 20%
Trucks	<u>252,174</u>	<u>6,232</u>	-	<u>258,406</u>	20%
Total Machinery and Equipment	<u>1,901,525</u>	<u>175,196</u>	<u>(265,606)</u>	<u>1,811,115</u>	
Totals	<u>\$ 7,938,392</u>	<u>\$ 702,856</u>	<u>\$ (265,606)</u>	<u>\$ 8,375,642</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
ASSETS:		
Accrued interest and dividends	\$ 126,639	\$ 129,752
Investments, at fair value:		
Cash and cash equivalents	1,014,343	890,505
U.S. Treasury obligations	4,935,281	3,538,433
Domestic corporate and foreign bonds	5,416,343	5,345,952
Common equity securities	10,589,964	11,308,475
Municipal obligations	<u>1,454,306</u>	<u>2,116,289</u>
Total Investments	<u>23,410,237</u>	<u>23,199,654</u>
TOTAL ASSETS	<u>23,536,876</u>	<u>23,329,406</u>
LIABILITIES	<u>-</u>	<u>-</u>
NET POSITION:		
Net position held in trust for pension benefits	<u>23,536,876</u>	<u>23,329,406</u>
TOTAL NET POSITION	<u>\$ 23,536,876</u>	<u>\$ 23,329,406</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, 2015
With Comparative Totals for the Fiscal Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Additions:		
Employer contributions.....	\$ 2,173,944	\$ 1,451,649
Interest/Dividend income.....	654,065	667,231
Net appreciation in fair value of investments	-	1,781,486
Net gain on investments sold and matured	<u>139,004</u>	<u>163,898</u>
Total Additions	<u>2,967,013</u>	<u>4,064,264</u>
Deductions:		
Administrative expenses.....	73,003	75,650
Net depreciation in fair value of investment.....	99,514	-
Benefit payments	<u>2,587,026</u>	<u>2,549,182</u>
Total Deductions.....	<u>2,759,543</u>	<u>2,624,832</u>
Change in Net Position	207,470	1,439,432
Net Position – Beginning of Year.....	<u>23,329,406</u>	<u>21,889,974</u>
Net Position – End of Year.....	<u>\$ 23,536,876</u>	<u>\$ 23,329,406</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, 2015

<u>Program</u>	CAPITAL ASSETS				
	<u>Balance 7/1/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Balance 6/30/15</u>
Construction in Progress	\$ 23,179,825	\$ 15,545,989	\$ 4,801,413	\$ -	\$ 33,924,401
General Government – Bridges	5,367,656	-	-	-	5,367,656
General Government – Cemetery	4,400	-	-	-	4,400
Fire	3,937,976	59,767	23,012	-	3,974,731
General Government	4,691,605	39,628	-	-	4,731,233
General Government – Codes	64,665	-	20,994	-	43,671
General Government – Finance	96,702	-	17,000	23,000	102,702
Police	5,027,232	213,496	41,250	(23,000)	5,176,478
Recreation	6,785,776	844,381	-	-	7,630,157
Sanitation	1,677,698	336,413	192,339	-	1,821,772
Schools	31,057,429	575,474	18,000	-	31,614,903
Service Center	5,457,354	-	-	-	5,457,354
Streets	20,059,924	12,034,284	-	-	32,094,208
	<u>84,228,417</u>	<u>14,103,443</u>	<u>312,595</u>	<u>-</u>	<u>98,019,265</u>
Totals.....	<u>\$ 107,408,242</u>	<u>\$ 29,649,432</u>	<u>\$ 5,114,008</u>	<u>\$ -</u>	<u>\$ 131,943,666</u>

<u>Program</u>	ACCUMULATED DEPRECIATION					
	<u>Balance 7/1/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Balance 6/30/15</u>	<u>Net Book Value</u>
Construction in Progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,924,401
General Government – Bridges	2,958,370	106,859	-	-	3,065,229	2,302,427
General Government – Cemetery	-	-	-	-	-	4,400
Fire	1,696,722	163,297	23,012	-	1,837,007	2,137,724
General Government	1,777,383	104,679	-	-	1,882,062	2,849,171
General Government – Codes	46,157	4,533	20,994	-	29,696	13,975
General Government – Finance	81,560	7,381	17,000	23,000	94,941	7,761
Police	2,364,906	254,406	41,250	(23,000)	2,555,062	2,621,416
Recreation	2,417,304	258,801	-	-	2,676,105	4,954,052
Sanitation	1,322,043	120,557	192,339	-	1,250,261	571,511
Schools	12,234,185	1,096,206	8,438	-	13,321,953	18,292,950
Service center	868,445	141,743	-	-	1,010,188	4,447,166
Streets	15,221,562	723,724	-	-	15,945,286	16,148,922
	<u>40,988,637</u>	<u>2,982,186</u>	<u>303,033</u>	<u>-</u>	<u>43,667,790</u>	<u>54,351,475</u>
Totals.....	<u>\$ 40,988,637</u>	<u>\$ 2,982,186</u>	<u>\$ 303,033</u>	<u>\$ -</u>	<u>\$ 43,667,790</u>	<u>\$ 88,275,876</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, 2015

	<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	-	-	-	-	-	33,924,400	33,924,400
Service Center	-	5,057,120	-	114,919	285,315	-	5,457,354
Fire	146,731	1,631,122	-	90,000	2,106,878	-	3,974,731
General Government	994,497	2,866,927	-	680,108	247,629	-	4,789,161
General Government – Codes	-	-	-	-	43,671	-	43,671
General Government – Finance.....	-	-	-	-	102,702	-	102,702
Police.....	-	3,394,527	-	-	1,781,950	-	5,176,477
Recreation	567,105	1,132,794	5,315,268	535,903	79,087	-	7,630,157
Sanitation	-	-	-	-	1,821,772	-	1,821,772
Schools	286,717	15,539,192	-	14,210,155	1,578,840	-	31,614,904
Streets.....	-	<u>51,223</u>	<u>31,243,652</u>	-	<u>741,406</u>	-	<u>32,036,281</u>
Total Capital Assets	1,999,450	29,672,905	41,926,576	15,631,085	8,789,250	33,924,400	131,943,666
Accumulated Depreciation.....	-	<u>(11,562,093)</u>	<u>(20,066,880)</u>	<u>(6,012,305)</u>	<u>(6,026,512)</u>	-	<u>(43,667,790)</u>
Net Capital Assets	<u>\$ 1,999,450</u>	<u>\$18,110,812</u>	<u>\$21,859,696</u>	<u>\$ 9,618,780</u>	<u>\$ 2,762,738</u>	<u>\$ 33,924,400</u>	<u>\$ 88,275,876</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
MISCELLANEOUS SCHEDULES
June 30, 2015

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INTERFUND TRANSFERS – ALL FUNDS
For the Fiscal Year Ended June 30, 2015

TRANSFERS TO:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>City OPEB Fund</u>	<u>Equipment Replacement Fund</u>	<u>Internal Service Fund - Schools OPEB Insurance Fund</u>	<u>Alcoa High School Construction Fund</u>	<u>Total</u>
<u>TRANSFERS FROM:</u>							
School Construction Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480,000	\$ 480,000
Education Fund	-	-	-	-	68,500	-	68,500
General Fund	-	4,560,000	65,000	57,383	-	-	4,682,383
Water Utility	400,000	3,424,495	-	-	-	-	3,824,495
Electric Utility	1,328,324	1,448,056	-	-	-	-	2,776,380
Landfill	-	999,131	-	-	-	-	999,131
Totals.....	<u>\$ 1,728,324</u>	<u>\$ 10,431,682</u>	<u>\$ 65,000</u>	<u>\$ 57,383</u>	<u>\$ 68,500</u>	<u>\$ 480,000</u>	<u>\$ 12,830,889</u>
	(5)	(2)	(1)	(4)	(1)	(3)	

- (1) To provide monies for annual OPEB liability.
- (2) To provide monies for debt retirement.
- (3) To provide monies for school construction
- (4) To provide monies for capital outlay
- (5) To provide monies for in-lieu of tax

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, 2015

	Balance July 1, <u>2014</u>	Levy/ Pick-up/ (Releases)	Write- offs	<u>Collections</u>	Balance June 30, <u>2015</u>
Estimated Levy –					
January 2015	\$ -	\$ 9,681,393	\$ -	\$ -	\$ 9,681,393
Current Year – 2014	8,757,435	-	-	(8,241,080)	516,355
Prior Years:					
2013	292,808	-	-	(184,976)	107,832
2012	404,506	-	-	(350,654)	53,852
2011	166,149	-	-	(113,223)	52,926
2010	75,910	-	-	(69,505)	6,405
2009	354,314	-	-	(336,923)	17,391
2008	219,612	-	-	(199,414)	20,198
2007	12,535	-	-	(32)	12,503
2006	8,059	-	-	(28)	8,031
2005	16,030	-	-	(28)	16,002
2004	<u>25,623</u>	<u>-</u>	<u>(25,623)</u>	<u>-</u>	<u>-</u>
Total Taxes Receivable	10,332,981	9,681,393	(25,623)	(9,495,863)	10,492,888
Less: Allowance for Estimated Uncollectible accounts	<u>(33,552)</u>	<u>-</u>	<u>(9,338)</u>	<u>-</u>	<u>(42,890)</u>
Net Taxes Receivable	<u>\$ 10,299,429</u>	<u>\$ 9,681,393</u>	<u>\$ (34,961)</u>	<u>\$ (9,495,863)</u>	<u>\$ 10,449,998</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – ELECTRIC UTILITY
June 30, 2015

<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	(15)78389459	6-30-15	6-30-16	\$ 40,449	<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	6-30-15	6-30-16	3,527	<u>CRIME</u> Theft and embezzlement – \$500,000 each loss Deductible – \$5,000
Distributors Self Insurance Fund	WC-014-2015	6-30-15	6-30-16	80,304	<u>WORKMEN'S COMPENSATION</u> Legal – Statutory requirements \$1,000,000 Employer's Liability Limit
Affiliated FM Insurance Company	GM-252	6-30-15	6-30-16	53,114	<u>REAL AND PERSONAL PROPERTY DAMAGE</u> Substations – \$20,260,415 Automotive – \$1,273,227 Contractor's Equipment – \$1,384,405
North River Insurance Company	5811055128	6-30-15	6-30-16	35,988	<u>COMMERCIAL UMBRELLA</u> Commercial catastrophe liability – \$5,000,000
Distributors Insurance Company	CL-G048-2015	6-30-15	6-30-16	55,086	<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	6-30-15	6-30-16	13,954	<u>EXCESS GENERAL LIABILITY</u> Each occurrence – \$750,000 Aggregate – \$2,250,000
Public Officials Liability Coverage	TML-0247-15	7-28-15	7-28-16	22,179	<u>DIRECTORS AND OFFICERS</u> Liability – \$1,000,000 per occurrence Deductible – \$5,000
The Hartford Steam Boiler Inspection and Ins. Co.	FBP9450255	6-30-15	6-30-16	54,031	<u>BOILER & MACHINERY</u> Insurance Limits – \$3,000,000
Illinois Union Insurance	PPLG24878685007	6-30-15	6-30-16	2,635	<u>POLLUTION LIABILITY</u> Liability - \$750,000
Illinois Union Insurance	USTG271935003	6-30-15	6-30-16	2,982	Storage tanks - \$1,000,000

SCHEDULE OF INSURANCE ON REAL PERSONAL PROPERTY:

	<u>Replacement Cost</u>	<u>90% Coverage</u>
Buildings.....	\$ 9,259,135	\$ 8,333,222
Personal property	<u>23,413,047</u>	<u>21,071,742</u>
Total.....	<u>\$ 32,672,182</u>	<u>\$ 29,404,964</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – GENERAL/ WATER AND SEWER UTILITY
June 30, 2015

<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	7-28-15	7-28-16	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	\$ 88,027
				AUTOMOBILE LIABILITY & PHYSICAL DAMAGE Deductible: Comprehensive - \$2,500 Collision - \$2,500 Liability - \$1,000		\$ 67,364
				PUBLIC OFFICIALS' PERSONAL ERRORS AND OMISSIONS LIABILITY Deductible: \$5,000	\$1,000,000 per occurrence	\$ 67,609
TML Risk Management Pool	TWC-0251-16	7-28-15	7-28-16	WORKER'S COMPENSATION State requirements employer's Liability	\$300,000 – each accident \$700,000 – policy limit \$300,000 – each employee	\$ 316,365
TML Risk Management Pool	TMP-5296-16	1-20-15	1-20-16	PROPERTY DAMAGE - Caterpillar compactor, scraper, bulldozer, tractor, and backhoes.	\$1,810,794 – limit per occurrence	\$ 2,217
				CRIME COVERAGE	\$150,000 per occurrence	
TML Risk Management Pool	TMP-5296-16	1-20-15	1-20-16	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	\$86,061,161 limit per occurrence	\$ 89,877
TML Risk Management Pool	TMP-5296-16	1-20-15	1-20-16	ELECTRONIC DATA PROCESSING - Equipment coverage	\$650,000 limit per occurrence	\$ 1,044

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>\$ 23,104,533</u>	<u>\$ 633,711</u>	<u>\$ 52,209,427</u>	<u>\$ 10,113,490</u>	<u>\$ 86,061,161</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – SCHOOLS
June 30, 2015

<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	07/28/14-07/28/15	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	\$ 3,770
			Errors & Omissions Liability Deductible - \$5,000	\$1,000,000	\$ 21,762
			Comprehensive Auto Liability Deductible: Comprehensive - \$250 Collision - \$500		\$ 2,566
				\$ 300,000	\$ 63,325
TML Risk Management Pool	TWC 0581-12	07/28/14-07/28/15	Worker's Compensation		
TML Risk Management Pool	TMP 0317-12	01/20/15-01/20/16	Physical damage to real and personal property Values - \$50,171,674		\$ 68,045
			Copiers and small office equipment and blanket data processing equipment values - \$1,227,000		\$ 1,669
			Mobile equipment Values - \$126,050		\$ 239

* 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, 2015

Fiscal Year Ending June 30,	Total Bond Principal/ Interest Requirements	Bond Total		General Obligation Bonds Series 2012	
		Bond	Interest	Bond	Interest
		2016	\$ 11,473,343	\$ 5,460,136	\$ 6,013,207
2017	11,244,090	5,430,500	5,813,590	50,000	274,106
2018	11,460,364	5,851,032	5,609,332	50,000	272,106
2019	11,465,627	6,081,768	5,383,859	50,000	270,106
2020	<u>11,057,981</u>	<u>5,917,708</u>	<u>5,140,273</u>	<u>50,000</u>	<u>268,106</u>
Subtotal	<u>56,701,405</u>	<u>28,741,144</u>	<u>27,960,261</u>	<u>425,000</u>	<u>1,367,530</u>
2021	11,067,835	6,173,840	4,893,995	50,000	266,106
2022	11,490,945	6,565,188	4,925,757	50,000	264,106
2023	9,788,993	5,146,752	4,642,241	250,000	263,106
2024	9,792,102	5,358,556	4,433,546	275,000	258,106
2025	<u>9,743,583</u>	<u>5,530,576</u>	<u>4,213,007</u>	<u>275,000</u>	<u>252,606</u>
Subtotal	<u>51,883,458</u>	<u>28,774,912</u>	<u>23,108,546</u>	<u>900,000</u>	<u>1,304,030</u>
2026	9,733,003	5,752,848	3,980,155	300,000	247,106
2027	9,137,278	5,400,372	3,736,906	325,000	241,106
2028	9,089,248	5,588,160	3,501,088	325,000	234,281
2029	9,191,108	5,936,212	3,254,896	350,000	256,969
2030	<u>9,243,146</u>	<u>6,249,540</u>	<u>2,993,606</u>	<u>350,000</u>	<u>218,744</u>
Subtotal	<u>46,393,783</u>	<u>28,927,132</u>	<u>17,466,651</u>	<u>1,650,000</u>	<u>1,168,206</u>
2031	8,245,358	5,528,156	2,717,202	375,000	210,344
2032	7,158,870	4,682,072	2,476,798	400,000	201,156
2033	6,937,977	4,657,265	2,280,712	425,000	191,156
2034	6,981,230	4,903,156	2,078,074	425,000	177,875
2035	<u>6,925,057</u>	<u>5,060,000</u>	<u>1,865,057</u>	<u>450,000</u>	<u>164,594</u>
Subtotal	<u>36,248,492</u>	<u>24,830,649</u>	<u>11,417,843</u>	<u>2,075,000</u>	<u>945,125</u>
2036	6,974,269	5,330,000	1,644,269	450,000	150,531
2037	5,611,857	4,205,000	1,406,857	500,000	136,469
2038	5,579,107	4,355,000	1,224,107	525,000	120,844
2039	5,589,876	4,555,000	1,034,876	575,000	104,438
2040	<u>5,647,531</u>	<u>4,815,000</u>	<u>832,531</u>	<u>575,000</u>	<u>85,031</u>
Subtotal	<u>29,402,640</u>	<u>23,260,000</u>	<u>6,142,640</u>	<u>2,625,000</u>	<u>597,313</u>
2041	5,617,375	5,000,000	617,375	600,000	65,625
2042	5,665,276	5,275,000	390,276	625,000	44,626
2043	2,755,751	2,605,000	150,751	650,000	22,751
2044	567,800	525,000	42,800		
2045	<u>566,800</u>	<u>545,000</u>	<u>21,800</u>		
Subtotal	<u>15,173,002</u>	<u>13,950,000</u>	<u>1,223,002</u>	<u>1,875,000</u>	<u>133,002</u>
TOTALS	<u>\$ 235,802,780</u>	<u>\$ 148,483,837</u>	<u>\$ 87,318,943</u>	<u>\$ 9,550,000</u>	<u>\$ 5,515,206</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
June 30, 2015

Fiscal Year Ending June 30,	Local							
	General Obligation Refunding Bonds Series 2011		Government Public Improvement Bonds Series B-10-A		Water and Sewer General Obligation Bonds Series 2008		General Obligation Bonds Series 2008	
	Bond	Interest	Bonds	Interest	Bonds	Interest	Bonds	Interest
2016	\$ 300,000	\$ 9,000	\$ 150,000	\$ 8,700	\$ 50,000	\$ 240,375	\$ 50,000	\$ 100,362
2017	-	-	-	-	150,000	238,375	-	98,362
2018	-	-	-	-	150,000	232,375	-	98,362
2019	-	-	-	-	100,000	226,375	-	98,362
2020	-	-	-	-	-	221,375	-	98,363
Subtotal	<u>300,000</u>	<u>9,000</u>	<u>150,000</u>	<u>-</u>	<u>450,000</u>	<u>1,158,875</u>	<u>50,000</u>	<u>493,811</u>
2021	-	-	-	-	-	221,375	-	98,363
2022	-	-	-	-	-	221,375	-	98,362
2023	-	-	-	-	-	221,375	50,000	98,363
2024	-	-	-	-	-	221,375	50,000	96,237
2025	-	-	-	-	-	221,375	50,000	94,088
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,106,875</u>	<u>150,000</u>	<u>485,413</u>
2026	-	-	-	-	-	221,375	50,000	91,938
2027	-	-	-	-	-	221,375	75,000	89,750
2028	-	-	-	-	-	221,375	75,000	86,450
2029	-	-	-	-	-	221,375	75,000	83,075
2030	-	-	-	-	-	221,375	75,000	79,700
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,106,875</u>	<u>350,000</u>	<u>430,913</u>
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	-	-	-	-	200,000	184,625	300,000	47,000
2035	-	-	-	-	200,000	175,225	300,000	32,900
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,150,000</u>	<u>992,975</u>	<u>1,200,000</u>	<u>280,150</u>
2036	-	-	-	-	250,000	165,825	400,000	18,800
2037	-	-	-	-	250,000	154,075	-	-
2038	-	-	-	-	350,000	142,325	-	-
2039	-	-	-	-	350,000	125,875	-	-
2040	-	-	-	-	400,000	109,250	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,600,000</u>	<u>697,350</u>	<u>400,000</u>	<u>18,800</u>
2041	-	-	-	-	900,000	90,250	-	-
2042	-	-	-	-	1,000,000	47,500	-	-
2043	-	-	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,900,000</u>	<u>137,750</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 300,000</u>	<u>\$ 9,000</u>	<u>\$ 150,000</u>	<u>\$ 8,700</u>	<u>\$ 5,100,000</u>	<u>\$ 5,200,700</u>	<u>\$ 2,150,000</u>	<u>\$ 1,709,087</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2015

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>
	2016	\$ 125,000	\$ 97,450	\$ 1,250,000	\$ 3,561,750	\$ 1,745,000
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	145,000	81,450	3,290,000	3,200,750	-	-
2020	<u>155,000</u>	<u>75,288</u>	<u>3,550,000</u>	<u>3,036,250</u>	-	-
Subtotal	<u>700,000</u>	<u>433,688</u>	<u>14,060,000</u>	<u>16,652,250</u>	<u>1,780,000</u>	<u>90,750</u>
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	190,000	47,025	2,695,000	2,347,250	-	-
2025	<u>200,000</u>	<u>38,475</u>	<u>2,775,000</u>	<u>2,212,500</u>	-	-
Subtotal	<u>900,000</u>	<u>270,775</u>	<u>15,735,000</u>	<u>12,566,500</u>	-	-
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	-	-	3,835,000	1,599,250	-	-
2030	-	-	<u>4,060,000</u>	<u>1,412,064</u>	-	-
Subtotal	<u>655,000</u>	<u>60,075</u>	<u>17,385,000</u>	<u>8,781,814</u>	-	-
2031	-	-	2,920,000	1,214,000	-	-
2032	-	-	1,940,000	1,070,500	-	-
2033	-	-	2,000,000	976,000	-	-
2034	-	-	2,160,000	878,500	-	-
2035	-	-	<u>2,255,000</u>	<u>774,000</u>	-	-
Subtotal	-	-	<u>11,275,000</u>	<u>4,913,000</u>	-	-
2036	-	-	2,300,000	665,000	-	-
2037	-	-	1,905,000	553,750	-	-
2038	-	-	1,910,000	462,250	-	-
2039	-	-	2,020,000	370,500	-	-
2040	-	-	<u>2,090,000</u>	<u>273,250</u>	-	-
Subtotal	-	-	<u>10,225,000</u>	<u>2,324,750</u>	-	-
2041	-	-	1,710,000	172,500	-	-
2042	-	-	1,740,000	87,000	-	-
2043	-	-	-	-	-	-
Subtotal	-	-	<u>3,450,000</u>	<u>259,500</u>	-	-
TOTALS	<u>\$ 2,255,000</u>	<u>\$ 764,538</u>	<u>\$ 72,130,000</u>	<u>\$ 45,497,814</u>	<u>\$ 1,780,000</u>	<u>\$ 90,750</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2015

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	
	<u>Bonds</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>
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
2020	-	-	<u>765,000</u>	<u>83,350</u>	<u>177,708</u>	<u>95,856</u>
Subtotal	-	-	<u>3,130,000</u>	<u>622,470</u>	<u>831,144</u>	<u>536,676</u>
2021	-	-	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
2025	<u>360,000</u>	<u>248,625</u>	-	-	<u>210,576</u>	<u>62,988</u>
Subtotal	<u>1,335,000</u>	<u>1,083,600</u>	<u>1,615,000</u>	<u>86,680</u>	<u>984,912</u>	<u>382,908</u>
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
2030	<u>445,000</u>	<u>160,425</u>	-	-	<u>249,540</u>	<u>24,024</u>
Subtotal	<u>2,045,000</u>	<u>985,950</u>	-	-	<u>1,167,132</u>	<u>200,688</u>
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	-
2035	<u>555,000</u>	<u>50,400</u>	-	-	-	-
Subtotal	<u>2,555,000</u>	<u>481,950</u>	-	-	<u>570,649</u>	<u>22,432</u>
2036	565,000	25,425	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
Subtotal	<u>565,000</u>	<u>25,425</u>	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
TOTALS	<u>\$ 6,500,000</u>	<u>\$ 2,576,925</u>	<u>\$ 4,745,000</u>	<u>\$ 709,150</u>	<u>\$ 3,553,837</u>	<u>\$ 1,142,704</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2015

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>
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	25,000	424,250	400,000	12,000	75,000	350,250
2020	<u>25,000</u>	<u>423,563</u>	-	-	<u>75,000</u>	<u>348,750</u>
Subtotal	<u>125,000</u>	<u>2,123,563</u>	<u>1,600,000</u>	<u>108,000</u>	<u>375,000</u>	<u>1,754,250</u>
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	300,000	413,250	-	-	250,000	337,500
2025	<u>300,000</u>	<u>404,250</u>	-	-	<u>275,000</u>	<u>331,250</u>
Subtotal	<u>925,000</u>	<u>2,084,063</u>	-	-	<u>950,000</u>	<u>1,705,500</u>
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	400,000	359,438	-	-	300,000	295,250
2030	<u>400,000</u>	<u>343,438</u>	-	-	<u>350,000</u>	<u>285,500</u>
Subtotal	<u>1,800,000</u>	<u>1,853,877</u>	-	-	<u>1,525,000</u>	<u>1,523,500</u>
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	475,000	274,438	-	-	425,000	234,750
2035	<u>500,000</u>	<u>254,250</u>	-	-	<u>425,000</u>	<u>219,875</u>
Subtotal	<u>2,300,000</u>	<u>1,459,002</u>	-	-	<u>1,950,000</u>	<u>1,237,625</u>
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	575,000	158,750	-	-	600,000	140,000
2040	<u>600,000</u>	<u>130,000</u>	-	-	<u>700,000</u>	<u>116,000</u>
Subtotal	<u>2,825,000</u>	<u>916,875</u>	-	-	<u>2,925,000</u>	<u>810,000</u>
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>750,000</u>	<u>30,000</u>
Subtotal	<u>2,000,000</u>	<u>203,750</u>	-	-	<u>2,200,000</u>	<u>178,000</u>
TOTALS	<u>\$ 9,975,000</u>	<u>\$ 8,641,130</u>	<u>\$ 1,600,000</u>	<u>\$ 108,000</u>	<u>\$ 9,925,000</u>	<u>\$ 7,208,875</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2015

Fiscal Year Ending June 30,	General Obligation Bonds Series 2014 (Taxable)		General Obligation Bonds Series 2015	
	Bonds	Interest	Bond	Interest
2016	\$ 660,000	\$ 220,428	\$ -	\$ 310,578
2017	825,000	215,808	-	323,145
2018	830,000	206,732	245,000	323,145
2019	835,000	193,245	250,000	318,245
2020	<u>865,000</u>	<u>176,127</u>	<u>255,000</u>	<u>313,245</u>
Subtotal	<u>4,015,000</u>	<u>1,012,340</u>	<u>750,000</u>	<u>1,588,358</u>
2021	885,000	155,367	260,000	308,145
2022	715,000	131,915	265,000	302,945
2023	745,000	110,465	270,000	297,645
2024	780,000	86,625	275,000	292,245
2025	<u>805,000</u>	<u>60,105</u>	<u>280,000</u>	<u>286,745</u>
Subtotal	<u>3,930,000</u>	<u>544,477</u>	<u>1,350,000</u>	<u>1,487,725</u>
2026	830,000	31,125	290,000	279,745
2027	-	-	295,000	272,495
2028	-	-	305,000	265,415
2029	-	-	310,000	257,637
2030	<u>-</u>	<u>-</u>	<u>320,000</u>	<u>248,337</u>
Subtotal	<u>830,000</u>	<u>31,125</u>	<u>1,520,000</u>	<u>1,323,629</u>
2031	-	-	330,000	238,738
2032	-	-	340,000	228,838
2033	-	-	350,000	217,787
2034	-	-	360,000	206,412
2035	<u>-</u>	<u>-</u>	<u>375,000</u>	<u>193,813</u>
Subtotal	<u>-</u>	<u>-</u>	<u>1,755,000</u>	<u>1,085,588</u>
2036	-	-	390,000	180,688
2037	-	-	400,000	166,063
2038	-	-	420,000	151,063
2039	-	-	435,000	135,313
2040	<u>-</u>	<u>-</u>	<u>450,000</u>	<u>119,000</u>
Subtotal	<u>-</u>	<u>-</u>	<u>2,095,000</u>	<u>752,127</u>
2041	-	-	465,000	101,000
2042	-	-	485,000	82,400
2043	-	-	505,000	63,000
2044	-	-	525,000	42,800
2045	<u>-</u>	<u>-</u>	<u>545,000</u>	<u>21,800</u>
Subtotal	<u>-</u>	<u>-</u>	<u>2,525,000</u>	<u>311,000</u>
TOTALS	<u>\$ 8,775,000</u>	<u>\$ 1,587,942</u>	<u>\$ 9,995,000</u>	<u>\$ 6,548,427</u>

**CITY OF ALCOA, TENNESSEE
ELECTRIC UTILITY
SCHEDULE OF UTILITY RATES IN FORCE
For the Fiscal Year Ended June 30, 2015**

The basic utility rates in force as of June 30, 2015, are as follows:

Base Residential Rate – Schedule RS

Customer Charge: \$11.25 per month
Energy Charge: 9.473 cents per kWh per month

Base General Power Rate – Schedule GSA

Part 1

Customer Charge: \$18.54 per delivery point per month
Energy Charge: 10.565 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
\$13.21/kw for 51 – 1,000 kWh
Energy Charge: First 15,000 kWh per month at 10.317 cents per kWh
Additional kWh per month at 6.341 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 \$12.59 per kWh
Excess over 1,000 kW of billing demand per month at \$13.40 per
KWh, plus an additional \$15.03 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: 6.333 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, 2015**

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, 2015</u>	<u>June 30, 2014</u>
Residential.....	23,975	23,692
General Power – under 50 kW	4,103	3,838
General Power – 50 kW and over	337	328
Street and athletics	40	39
Outdoor lighting – code 78.....	94	8
	\$ 28,549	27,905

**CITY OF ALCOA, TENNESSEE
 WATER AND SEWER UTILITY
 SCHEDULE OF UTILITY RATES IN FORCE
 For the Fiscal Year Ended June 30, 2015**

The basic utility rates in force as of June 30, 2015 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, 2015**

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, 2015**

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, 2015**

CUSTOMERS

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

	<u>Water</u>		<u>Sewer</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Residential – inside city	3,287	3,232	2,973	2,928
Residential – outside city	4,989	4,980	2,093	2,082
Commercial – inside city	1,086	1,037	853	815
Commercial – outside city	551	540	266	260
Industrial – inside city.....	10	12	4	3
Industrial – outside city.....	<u>3</u>	<u>4</u>	<u>1</u>	<u>1</u>
Totals.....	<u>\$ 9,926</u>	<u>9,805</u>	<u>6,190</u>	<u>6,089</u>

CITY OF ALCOA, TENNESSEE
JUNE 30, 2015



AWWA Free Water Audit Software:
Reporting Worksheet

WAS v5.0
American Water Works Association
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- ? [Click to access definition](#)
- + [Click to add a comment](#)

Water Audit Report for: City of Alcoa (TN0000007)
Reporting Year: 2015 7/2014 - 6/2015

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 (n/a or 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

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

Master Meter and Supply Error Adjustments

WATER SUPPLIED

Volume from own sources:	+ ?	9	2,186.625	MG/Yr	+ ?	7	-0.55%	-12.026	MG/Yr
Water imported:	+ ?	n/a	0.000	MG/Yr	+ ?				MG/Yr
Water exported:	+ ?	9	326.272	MG/Yr	+ ?	4	-2.00%		MG/Yr

WATER SUPPLIED: 1,865.788 MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION

Billed metered:	+ ?	10	1,384.421	MG/Yr	Click here: ? for help using option buttons below
Billed unmetered:	+ ?	n/a	0.000	MG/Yr	
Unbilled metered:	+ ?	n/a	0.000	MG/Yr	
Unbilled unmetered:	+ ?	8	34.456	MG/Yr	Pont: 1.25% Value: 34.456 MG/Yr

Unbilled Unmetered volume entered is greater than the recommended default value

AUTHORIZED CONSUMPTION: 1,418.876 MG/Yr

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

446.912 MG/Yr

Apparent Losses

Unauthorized consumption:	+ ?	8	0.200	MG/Yr	Pont: 0.25% Value: 0.200 MG/Yr
Customer metering inaccuracies:	+ ?	10	0.289	MG/Yr	0.20% Value: 0.289 MG/Yr
Systematic data handling errors:	+ ?	6	6.478	MG/Yr	0.25% Value: 6.478 MG/Yr

Apparent Losses: 6.967 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 439.945 MG/Yr

WATER LOSSES: 446.912 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 481.367 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+ ?	9	251.8	miles
Number of active AND inactive service connections:	+ ?	7	10,302	
Service connection density:	?		41	conn./mile main
Are customer meters typically located at the curbstop or property line?			Yes	(length of service line, beyond the property boundary, that is the responsibility of the utility)
Average length of customer service line:	+ ?	11	25.0	ft
Average length of customer service line has been set to zero and a data grading score of 10 has been applied				
Average operating pressure:	+ ?	8	80.0	psi

COST DATA

Total annual cost of operating water system:	+ ?	9	\$8,186,679	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+ ?	8	\$3.35	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+ ?	8	\$708.99	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 87 out of 100 ***

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

PRIORITY AREAS FOR ATTENTION:

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

- 1: Volume from own sources
- 2: Systematic data handling errors
- 3: Customer retail unit cost (applied to Apparent Losses)



**AWWA Free Water Audit Software:
 System Attributes and Performance Indicators**

WAS v6.0
 American Water Works Association.
 Copyright © 2014, All Rights Reserved.

Water Audit Report for:
 Reporting Year:

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 87 out of 100 ***

System Attributes:

Apparent Losses: MG/Yr
 + Real Losses: MG/Yr
 = **Water Losses:** MG/Yr

? Unavoidable Annual Real Losses (UARL): MG/Yr

Annual cost of Apparent Losses:

Annual cost of Real Losses: Valued at **Variable Production Cost**

[Return to Reporting Worksheet to change this assumption](#)

Performance Indicators:

Financial: { Non-revenue water as percent by volume of Water Supplied:
 Non-revenue water as percent by cost of operating system: Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: gallons/connection/day
 Real Losses per service connection per day: gallons/connection/day
 Real Losses per length of main per day*:
 Real Losses per service connection per day per psi pressure: gallons/connection/day/psi

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

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

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

**CITY OF ALCOA, TENNESSEE
 STORMWATER UTILITY
 SCHEDULE OF STORMWATER UTILITY RATES IN FORCE
 For the Fiscal Year Ended June 30, 2015**

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
2014	375,428,185	1,117,940,800	118,520,453	395,068,075	493,948,638	1,513,008,875	32.6

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%
2014	1.96	9,681,393	8,241,080	85.1	1,254,783	9,495,863	98.1	516,355	5.33%

**CITY OF ALCOA, TENNESSEE
SCHEDULE OF UNCOLLECTED DELINQUENT
TAXES FILED IN BLOUNT COUNTY, TENNESSEE
CIRCUIT COURT
June 30, 2015**

<u>Property Tax Year</u>	<u>Uncollected Delinquent Taxes</u>	<u>Penalty</u>	<u>Total</u>
2013	\$ 102,923	\$ 39,111	\$ 142,034
2012	112,439	40,479	152,918
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>\$ 1,056,881</u>	<u>\$ 342,679</u>	<u>\$ 1,399,560</u>

**CITY OF ALCOA, TENNESSEE
 SCHEDULE OF MISCELLANEOUS DATA -
 EDUCATION FUND
 June 30, 2015**

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	-
2014-2015	1,780	135	17,450,000	-

CITY OF ALCOA, TENNESSEE

SECTION FOUR

STATISTICAL SECTION

June 30, 2015

CITY OF ALCOA, TENNESSEE
STATISTICAL SECTION
June 30, 2015

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>2015</u>	<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>
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets	\$ 18,643,895	\$ 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
Restricted.....	12,237,981	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
Unrestricted (deficit).....	<u>(19,359,278)</u>	<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>
Total Governmental Activities Net Position.....	<u>\$ 11,522,598</u>	<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>
BUSINESS-TYPE ACTIVITIES:										
Net investment in capital assets	50,190,104	\$ 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
Restricted.....	1,477,123	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
Unrestricted	<u>7,337,468</u>	<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>
Total Business-Type Activities Net Position.....	<u>\$ 59,004,695</u>	<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>
PRIMARY GOVERNMENT:										
Net investment in capital assets	\$ 68,833,999	\$ 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
Restricted.....	13,715,104	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
Unrestricted (deficit).....	<u>(12,021,810)</u>	<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>
Total Primary Government Net Position	<u>\$ 70,527,293</u>	<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>

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

	<u>2015</u>	<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>
Expenses:										
Governmental Activities:										
General Government	\$ 2,226,413	\$ 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
Public Safety.....	9,544,500	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
Public Works	5,698,308	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
Culture and Recreation	1,110,699	1,003,749	1,316,438	1,342,132	1,058,816	1,140,865	582,776	699,307	690,163	751,194
Other	-	-	-	-	-	-	-	1,026,510	633,967	523,900
Education.....	19,998,346	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
Economic Development	1,042,221	713,405	748,075	690,939	746,932	2,167,843	2,593,283	1,294,182	1,556,297	1,332,990
Interest on Long-term debt	<u>1,324,010</u>	<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>
Total Governmental Activities Expenses.....	<u>40,944,497</u>	<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>
Business-type Activities:										
Stormwater Utility	1,108,997	1,082,711	901,571	1,008,510	856,813	684,311	407,413	-	-	-
Water and Sewer.....	11,673,591	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
Electric	62,513,432	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
Landfill	<u>3,719,323</u>	<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>
Total Business-type Activities Expenses.....	<u>79,015,343</u>	<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>
Total Primary Government Expenses.....	<u>119,959,840</u>	<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>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General Government.....	279,171	496,005	178,493	1,023,162	1,028,807	421,735	549,297	6,512,649	5,732,909	4,577,541
Police and Fire	504,445	15,087	18,146	29,985	-	-	-	-	45,140	65,478
Public Works	304,002	349,703	372,895	627,425	34,351	402,569	356,588	12,797,643	-	235,430
Culture and Recreation	19,700	14,434	17,350	-	41,737	20,948	52,364	-	-	9,033
Education.....	451,405	849,379	552,034	782,537	754,043	736,025	583,548	605,749	778,208	865,193
Solid Waste.....	-	-	-	-	-	-	-	407,610	408,454	1,262,596
Operating grants and contributions.....	10,536,788	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
Capital grants and contributions	<u>5,202,207</u>	<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>
Total Governmental Activities Program Revenues.....	<u>17,297,718</u>	<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>

(Continued)

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

	<u>2015</u>	<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>
Business-type Activities:										
Charges for services:										
Stormwater Utility	1,035,588	1,026,324	1,015,899	1,032,697	997,509	907,020	806,057	194,292	-	-
Water and Sewer	10,852,298	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
Electric	64,201,148	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
Landfill	3,534,132	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
Operating grants and contributions ..	75,718	90,559	105,603	85,166	69,490	75,926	74,113	75,000	60,776	-
Capital grants and contributions	<u>1,610,605</u>	<u>-</u>	<u>473,138</u>	<u>942,024</u>	<u>2,667,043</u>	<u>1,814,111</u>	<u>565,229</u>	<u>531,038</u>	<u>92,556</u>	<u>174,010</u>
Total Business-type Activities										
Program Revenues	<u>81,309,489</u>	<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>
Total Primary Government										
Program Revenues	<u>98,607,207</u>	<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>
Net (Expense) / Revenue:										
Governmental Activities	(23,646,779)	(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)
Business-type Activities	<u>2,294,146</u>	<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>
Total primary government										
(expense) / revenue	<u>(21,352,633)</u>	<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>
General Revenues and Other Changes										
In Net Position										
Governmental Activities:										
Sales Taxes	14,520,112	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
State income taxes and excise taxes .	95,095	87,636	104,705	145,229	69,431	101,659	-	145,505	111,169	85,713
Property taxes	13,734,216	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
Business taxes/licenses	897,280	902,658	284,263	1,361,561	817,279	684,788	-	760,459	797,007	762,792
Miscellaneous taxes	790,571	512,845	467,396	512,818	265,316	684,577	4,012,543	418,471	929,532	900,332
In lieu of taxes	371,954	155,929	255,535	-	-	140,979	-	(199,079)	(112,977)	(82,692)
Interest earned	56,826	17,032	3,476	17,931	19,370	11,828	173,239	521,908	641,745	454,700
Other general revenue	-	-	-	-	-	-	2,128,485	-	-	-
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	1,728,324	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
Extraordinary/Special items	-	-	-	-	-	-	-	-	(10,750,000)	-
Total governmental activities	<u>32,194,378</u>	<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>
Business-type Activities:										
Gain/loss on sale of fixed assets	-	(50,755)	45,783	-	-	-	(67,465)	(304,413)	-	-
Interest earned	7,322	22,752	23,313	53,219	37,511	182,101	166,465	528,502	792,685	486,837
Transfers-in-lieu of taxes	(1,728,324)	(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)
Total Business-type Activities	<u>(1,721,002)</u>	<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>
Total Primary Government	<u>30,473,376</u>	<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>
Change in Net Position:										
Governmental Activities	8,547,599	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
Business-type Activities	<u>573,144</u>	<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>
Total Primary Government	<u>\$ 9,120,743</u>	<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>

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

	<u>2015</u>	<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>
GENERAL FUND										
Assigned	\$ 941,852	\$ 631,139	\$ -	\$ -	\$ 1,135,718	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	63,674	2,222	2,096	180,786	990	16,495	19,619	24,851	17,555	47,115
Unassigned	<u>4,142,773</u>	<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>
Total General Fund	<u>\$ 5,148,299</u>	<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>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 72	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	5,408,474	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
Assigned, reported in:										
Debt Service Fund	2,945,179	1,787,413	804,120	94,697	95,232	95,766	95,766	95,766	95,766	-
Special Revenue Funds	159,708	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
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
Committed	<u>2,719,094</u>	<u>12,914,108</u>	<u>5,834,498</u>	<u>412,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other										
Governmental Funds	<u>\$ 11,232,455</u>	<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>

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>2015</u>	<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>
REVENUES:										
Taxes	\$ 26,555,861	\$ 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
Licenses, permits and fees	222,483	527,213	448,607	387,426	362,880	418,004	107,733	205,155	142,779	116,748
Rent	143,388	143,547	143,389	136,533	154,944	154,744	162,663	158,314	139,200	139,200
Intergovernmental	18,300,151	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
American Recovery and Reinvestment Act (ARRA)	-	-	-	-	2,796,361	1,432,448	-	-	-	-
Fines, forfeitures and costs.....	143,388	507,920	467,396	504,571	833,623	580,522	507,517	982,593	756,482	706,697
Interest earned	56,826	17,032	3,476	14,301	15,381	11,828	173,241	521,908	589,814	435,944
Other revenue	1,132,822	130,807	98,121	1,022,837	235,338	144,164	427,025	1,820,655	1,151,066	2,696,928
Grants	-	4,899,784	3,300,352	-	-	-	-	1,575,424	2,111,315	953,434
Charges for service.....	<u>834,269</u>	<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>
Total Revenues.....	<u>47,389,188</u>	<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>
EXPENDITURES:										
General government.....	1,740,661	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
Public safety	9,126,797	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
Public Works	4,974,584	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
Recreation and Arts.....	851,898	747,727	1,060,417	1,096,972	583,044	1,140,865	582,776	703,805	1,628,659	620,830
Other Appropriations	-	-	-	-	-	-	-	972,937	633,967	523,900
Education.....	18,833,640	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
Capital Projects	-	-	-	-	-	-	-	53,575	129,573	67,649
Debt service:										
Principal retirement.....	5,269,964	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
Interest and fiscal fees.....	4,003,952	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
Capital Outlay	24,902,807	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
Community development/ Culture	<u>1,042,221</u>	<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>
Total Expenditures	<u>70,746,524</u>	<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>
Deficiency of Revenue Over Expenditures Before Financing Sources (Uses).....	<u>(23,357,336)</u>	<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>

(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>2015</u>	<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>
OTHER FINANCING SOURCES (USES)										
Operating Transfers	5,738,182	4,455,371	3,778,480	(68,500)	(68,500)	(94,000)	-	17,806,049	2,941,558	2,690,422
Issuance of debt/capital lease	9,995,000	-	-	402,528	952,511	-	-	396,759	4,137,293	3,081,104
In lieu of taxes	1,728,324	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
Issuance of debt	-	20,850,000	10,000,000	-	470,000	1,024,635	34,000,000	-	-	-
Bond premium	176,654	-	-	-	-	-	-	-	-	-
Paid to debt escrow agent	-	-	-	-	(470,000)	-	(24,525,000)	-	-	-
Debt Service to Blount Co	-	-	-	-	-	-	-	-	(95,536)	(281,093)
Total Other Financing Sources	<u>17,638,160</u>	<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>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (5,719,176)</u>	<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>
Debt service as a percentage of non-capital expenditures	<u>25.3%</u>	<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>

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

Fiscal Year Ending 30-Jun	Tax Year	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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%
2015	2014	345,523,373	119,580,225	28,845,040	493,948,638	1.96	1,513,008,885	33%

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
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
2015	2014	0.49	0.58	0.89	1.96	2.15

**CITY OF ALCOA, TENNESSEE
SCHEDULE 7
PRINCIPAL TAXPAYERS
June 30, 2015**

FOR TAX YEAR 2015

FOR TAX YEAR 2005

	<u>ASSESSMENT</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>		<u>ASSESSMENT</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
ALCOA	\$ 113,739,352	1	25.0%	ALCOA	\$ 88,895,328	1	28.9%
CMH MANAGEMENT	13,078,713	2	2.9%	BELLSOUTH	8,448,542	2	2.7%
INLAND DIVERSIFIED ALCOA	9,440,300	3	2.1%	CMH SERVICES	6,451,606	3	2.1%
FAULKNER PROPERTIES	6,405,160	4	1.4%	FAULKNER PROPERTIES	4,690,360	4	1.5%
MIDEB NOMINEES INC #672	4,631,840	5	1.0%	MIDEB NOMINEES, INC. #672	4,356,560	5	1.4%
MIDEB NOMINEES INC	3,717,840	6	0.8%	ALCOA POWER GENERATING	4,173,701	6	1.4%
COLEMAN-PROSPERO INDUSTRIAL	3,437,600	7	0.7%	REHOLD ALCOA, LLC	3,529,040	7	1.1%
STOCK CREEK, LLC	3,202,320	8	0.8%	MIDEB NOMINEES, INC.	3,029,480	8	1.0%
ALCOA TN LLC	<u>2,712,600</u>	9	<u>0.6%</u>	MEDICAL DEV. ASSOC., LLC	<u>2,741,200</u>	9	<u>0.9%</u>
	<u>\$ 160,365,725</u>		<u>35.3%</u>		<u>\$ 126,315,817</u>		<u>41.0%</u>
Total City Assessment	<u>\$ 493,948,638</u>			Total City Assessment	<u>\$ 363,732,426</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
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	95.4%	501,398	9,041,676	99.0%
2015	9,681,393	8,241,080	85.1%	1,254,783	9,495,863	98.1%

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		
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)
2015	78,150,000	-	9,656,129	47,153,837	5,630,000	17,550,000	-	-	-	158,139,966	(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

Fiscal Year	General Obligation/ Revenue Bonds	Capital Outlay Notes	Total	Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
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
2015	78,150,000	-	78,150,000	493,948,638	15.82%	5,443

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, 2015

<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	\$ 78,150,000		
Capital Leases	<u>9,656,129</u>		
Total Direct Debt	87,806,129	100%	87,806,129
Overlapping Debt:			
Blount County General Government	174,660,694	15%	<u>26,199,104</u>
Total Direct and Overlapping Debt			<u>\$ 114,005,233</u>

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding indebtedness of those overlapping governments that is borne by the residents and business of the City of Alcoa. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of Blount County, Tennessee's taxable assessed value within the City's boundaries and dividing it by Blount County, Tennessee's total taxable assessed value.

Source: Blount County, Tennessee government

CITY OF ALCOA, TENNESSEE
SCHEDULE 12
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Not applicable to the City of Alcoa, Tennessee, as neither the City Charter nor the State of Tennessee has placed any restrictions on the amount of debt that may be issued by the City.

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

Fiscal Year Ending 30-Jun	Landfill Revenue Debt					
	Landfill Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
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	2,982,477	328,716	595,000	228,157	0.40
2015	3,533,557	2,789,714	743,843	745,000	208,830	0.78

	Electric Revenue Debt					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
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
2015	64,132,308	59,684,010	4,448,298	730,000	340,000	4.16

(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>
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	6,907,487	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
2015	10,852,298	7,363,257	3,489,041	1,024,964	1,857,975	1.21

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
2015	1,035,588	1,033,603	1,985	27,947	-	0.07

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
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%
2014	8,753	\$ 282,396,860	\$ 32,263	1,812	4.10%

- 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, 2015**

<u>Employer</u>	<u>2015</u>			<u>(3) 2006</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	5.91%	2,300	1	3.83%
Blount Memorial Hospital, Inc. (1)	2,441	2	4.24%	1,584	3	2.64%
McGhee Tyson ANG Base (1)	2,100	3	3.65%	-	-	-
Clayton Homes (1)	2,099	4	3.65%	1,200	4	2.00%
Blount County School System (1)	1,800	5	3.13%	1,200	4	2.00%
Alcoa, Inc. (1)	1,200	6	2.09%	2,000	2	3.33%
Maryville City Schools (2)	653	7	1.14%	585	7	0.97%
Blount County Government (1)	605	8	1.05%	550	8	0.92%
Marriott Business Services (1)	575	9	1.00%	-	-	-
WalMart Super Center (2)	539	10	0.94%	550	8	0.92%
Ruby Tuesday (1)	518	11	0.90%	500	9	0.83%
Massey Group (2)	400	12	0.70%	-	-	-
Newell Rubbermaid (1)	350	13	0.61%	-	-	-
TeamHealth Alcoa Billing Center (1)	330	14	0.57%	-	-	-
Peninsula Hospital (1)	308	15	0.54%	450	10	0.75%
City of Maryville (2)	304	16	0.53%	-	-	-
Rockford Manufacturing (1)	300	17	0.52%	-	-	-
Standard Aero, Inc. (1)	278	18	0.48%	-	-	-
City of Alcoa (2)	260	19	0.45%	-	-	0.57%
Maryville College (2)	254	20	0.44%	-	-	-
Cornerstone of Recovery (1)	235	21	0.41%	-	-	-
Alcoa City Schools (2)	231	22	0.40%	-	-	-
EZ Stop Food Marts (1)	220	23	0.38%	-	-	-
Reinhart Food Service (1)	187	24	0.33%	800	5	1.33%
	<u>19,587</u>		<u>34.05%</u>	<u>11,719</u>		<u>20.09%</u>
	(4)					
Total Blount County Employment 2015 (as of 05/14)	57,527	(4)				
Total Blount County Employment 2006 (as of 06/06)	60,045	(4)				

*Total employment for Blount County

Source: (1) The Knoxville News Sentinel "Book of Lists"
(2) 2014 Responses from Employer
(3) City of Maryville Comprehensive Annual Financial Report 6/30/06
(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 2015</u>	<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>
General Government										
Administration / Office	42	42	43	42	51	51	51	53	53	56
Police	49	41	42	42	42	41	43	41	41	42
Fire	32	29	30	30	30	28	29	29	29	29
Public Works and Streets	17	17	15	15	18	18	20	21	20	22
Other-support service and maintenance	6	6	6	6	7	7	10	10	10	10
Education	235	231	231	231	228	227	227	218	214	189
Solid Waste	11	11	11	11	10	10	11	11	11	11
Other – inspectors	<u>3</u>	<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>
Total General Government	<u>395</u>	<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>
Utilities										
Water and Sewer	34	34	34	34	33	33	34	34	36	36
Stormwater	8	8	8	8	8	8	-	-	-	-
Electric	60	61	62	62	61	61	63	67	67	65
Landfill	<u>17</u>	<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>
Total Utilities	<u>119</u>	<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>
Total General Government and Utilities	<u>514</u>	<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>

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

	<u>2015</u>	<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>Function/Program</u>										
Police										
Physical arrests	1,245	1,492	1,506	697	1,449	1,321	992	954	1,231	926
Traffic violations	6,061	7,431	7,179	7,550	8,067	6,403	7,838	9,282	9,933	5,776
Fire										
Emergency responses	1,519	1,867	1,797	1,669	1,591	1,518	1,510	1,400	1,159	1,126
Fires extinguished	46	61	58	75	99	63	119	132	130	90
Inspections	501	303	283	850	131	729	383	404	373	557
Public works/Streets										
Street resurfacing (miles)	2.3	4.5	1.3	1.5	3.3	0.81	0.50	2.03	1.08	0.303
Potholes repaired	83	52	126	83	38	203	116	70	163	105
Education										
Tuition students served	435	483	473	484	490	482	468	475	456	446
Parks and recreation										
Community pool admissions	30,368	34,677	35,500	40,510	44,506	47,474	53,627	46,097	47,586	41,506
Landfill										
Refuse collected (tons per day)	290.87	327.13	227.87	283.57	295.60	202.00	288.06	321.24	327.13	324.56
Recyclables collected (tons per day)	n/a	n/a	n/a	188.65	150.00	145.00	167.20	172.61	162.59	160.18
Water/Sewer										
New connections	232	219	147	117	81	79	29	263	275	400
Water mains breaks-leak repaired	160	216	154	208	194	116	171	249	415	394
Average daily consumption										
(thousands of gallons)	4,687	6,237	6,566	5,308	5,040	5,858	6,728	3,753	3,638	3,433
Peak daily consumption										
(thousands of gallons)	8,470	9,380	9,040	8,990	9,550	9,890	10,370	12,520	11,440	9,937
Average daily sewage treatment										
(thousands of gallons)	1,348	1,740	2,125	2,025	1,227	1,693	1,674	1,763	1,810	1,730
Electric Utility										
Average monthly kwh purchased	54,395,397	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

Sources: Various City departments.

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

	<u>2015</u>	<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>Function/Program</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	-	-	-	-	-	-	-	-	-	-
Patrol units	42	42	42	42	42	33	33	33	33	29
Police Adm./other vehicles	16	15	15	15	15	21	21	21	21	20
Fire stations	3	3	3	3	3	3	3	3	3	3
Landfill										
Collection trucks (customers)	53,056	57,873	56,809	71,500	71,500	80,784	83,283	80,573	74,890	74,498
Public works/Streets										
Highway (miles)	110.9	110.5	110.5	110.5	110.5	110	110	110	110	109
Streetlights										
Traffic signals	24	24	24	24	24	21	21	21	21	20
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)	251.8	213.1	213.1	213.1	213.1	213.1	214.0	213.4	213.4	206
Storage capacity (thousands of gallons)	14,950	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	16,000	24,000
Sewage										
Sanitary sewers (miles)	137.1	137.6	137.6	133.6	133.6	133.6	133.6	132.9	132.9	132
Storm sewers (miles)	138.36	47.3	47.3	47.3	47.3	47.3	49.8	48.8	48.8	48.7
Electric										
Number of Customers	28,549	27,905	27,808	27,640	27,443	27,431	27,364	27,557	27,276	26,717
Annual KWH sold	621,642,357	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
Sub Stations	13	12	12	12	12	12	12	12	12	12
Pole line (miles)	1,200	1,145	1,145	1,145	1,145	1,145	1,107	1,107	1,096	1,078
Sources: Various city departments.										

CITY OF ALCOA, TENNESSEE

SECTION FIVE

SINGLE AUDIT SECTION

June 30, 2015

CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2015

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2014</u>	<u>Cash Receipts</u>	<u>Other/ Transfers In (Out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2015</u>
FEDERAL ASSISTANCE AWARDS:								
<u>General Fund:</u>								
COPS Hiring GHSO	U.S. Department of Justice	N/A	16.710	\$ -	\$ 2,738	\$ -	\$ 2,738	\$ -
COPS Hiring GHSO	U.S. Department of Justice	N/A	16.710	(3,024)	12,696	-	12,563	(2,891)
Total General Fund Federal Awards				<u>(3,024)</u>	<u>15,434</u>	<u>-</u>	<u>15,301</u>	<u>(2,891)</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	(634,041)	2,146,275	-	2,658,115	(1,145,881)
<u>Federal Projects Funds:</u>								
Carl Perkins Program Improvement	TN Dept. of Education	2014-2015	84.048A	-	25,367	-	25,367	-
Title I Part A Improving Basic Programs	TN Dept. of Education	14-01	84.010A	(1,597)	79,222	-	77,625	-
Title II Part A Teacher/Principal Training	TN Dept. of Education	15-21	84.367A	(4,937)	73,499	-	63,625	4,937
Title II Part D Technology	TN Dept. of Education	14-01	84.318X	14	-	-	-	14
Title II Part D Technology	TN Dept. of Education	14-01	84.318X	(244)	-	-	-	(244)
Idea Preschool	TN Dept. of Education	14-01	84.173A	45,179	-	-	-	45,179
NCLB Title IV Drug Free	TN Dept. of Education	14-01	84.184	(1,400)	-	-	-	(1,400)
Idea Part B/Comp Plan	TN Dept. of Education	15-01	84.027A	(3,361)	416,707	-	417,653	(4,307)
Title I Part A Improving Basic Programs	TN Dept. of Education	15-01	84.010A	-	231,779	-	233,003	(1,224)
E-Rate Project Communications	TN Dept. of Education	15-01	84.151	34,356	31,489	-	7,761	58,084
Title III – ELL	TN Dept. of Education	14-01	84.365A	(722)	722	-	-	-
Idea Preschool	TN Dept. of Education	14-01	84.173A	(3,143)	11,427	-	8,284	-
Total Federal Projects Funds				<u>64,145</u>	<u>870,212</u>	<u>-</u>	<u>833,318</u>	<u>101,039</u>
TOTALS – FEDERAL FINANCIAL ASSISTANCE				<u>(572,920)</u>	<u>3,031,921</u>	<u>-</u>	<u>3,506,734</u>	<u>(1,047,733)</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the Fiscal Year Ended June 30, 2015

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2014</u>	<u>Cash Receipts</u>	<u>Other/ Transfers In (Out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2015</u>
STATE AWARDS:								
<u>Proprietary Funds:</u>								
Landfill Fund	TN Dept. of Environment and Conservation	N/A	66.000	(11,522)	23,778	-	12,256	-
<u>Education Fund:</u>								
Family Resource Center	TN Dept. of Education	N/A	N/A	(29,612)	124,455	-	94,843	-
Early Childhood (Lottery – Pre K)	TN Dept. of Education	N/A	N/A	-	226,217	-	226,217	-
Education Handicapped ACT	TN Dept. of Education	N/A	N/A	-	40,919	-	40,919	-
Coordinated School Health	TN Dept. of Education	N/A	N/A	(26,621)	26,621	-	-	-
Career Ladder Extended Contract	TN Dept. of Education	N/A	N/A	-	90,581	-	90,581	-
Total Education Fund				(56,233)	508,793	-	452,560	-
TOTALS – STATE FINANCIAL ASSISTANCE				(67,755)	532,571	-	464,816	-
TOTALS – FEDERAL AND STATE FINANCIAL ASSISTANCE				\$ (640,675)	\$3,564,492	\$ -	\$ 3,971,550	\$ (1,047,733)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF PERFORMANCE BASED ASSISTANCE, LOANS AND ENTITLEMENTS
For the Fiscal Year Ended June 30, 2015

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2014</u>	<u>Amount Earned</u>	<u>Receipts</u>	<u>Balance June 30, 2015</u>
National School Lunch Program	U.S. Dept. of Agriculture	N/A	10.555	\$ -	\$ 372,421	\$ 372,421	\$ -
National School Breakfast Program	U.S. Dept. of Agriculture	N/A	10.553	-	104,741	104,741	-
Summer Feeding	U.S. Dept. of Agriculture	N/A	10.569	<u>(19,831)</u>	<u>34,595</u>	<u>14,764</u>	<u>-</u>
				<u>\$ (19,831)</u>	<u>\$ 511,757</u>	<u>\$ 491,926</u>	<u>\$ -</u>

Summary of Due from Grantors and Unapplied Grant Funds for the fiscal year ended June 30, 2015:

	<u>Due from Grantors</u>	<u>Unapplied Grant Funds</u>	<u>Total</u>
General Fund	\$ (2,891)	\$ -	\$ (2,891)
Federal Projects Funds	(12,185)	113,224	101,039
G.O. Public Works Construction	<u>(1,145,881)</u>	<u>-</u>	<u>(1,145,881)</u>
Totals	<u>\$ (1,160,957)</u>	<u>\$ 113,224</u>	<u>\$ (1,047,733)</u>

Notes to Schedule of Expenditures of Federal and State Awards for the Year Ended June 30, 2015:

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of the City of Alcoa under programs of the federal and state governments for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Alcoa, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Alcoa.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-133, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**CITY OF ALCOA, TENNESSEE
 SCHEDULE OF NON-CASH ASSISTANCE
 For the Fiscal Year Ended June 30, 2015**

CFDA No.	Program Name	Grantor Agency	Balance July 1, 2014	Receipts	Expenditures	Balance June 30, 2015
10.555	U.S. Department Of Agriculture Donated Commodities	Federal Pass Through Tennessee Department Of Agriculture	\$ _____ -	\$ 48,262	\$ 48,262	\$ _____ -

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, 2015



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December 9, 2015

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, 2015 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 9, 2015.

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 2015-01.

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 finding 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 9, 2015



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December 9, 2015

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, 2015. 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, 2015.

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 9, 2015

CITY OF ALCOA, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

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, 2015

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2015-01 Finding

The Cafeteria Fund expenditures exceeded revenue by \$16,136 during the current year. Prior year expenditures exceeded revenues by \$1,413, (Finding 2014-01, June 30, 2014)

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 IMPLEMENTED

None.