

CITY OF ALCOA

CITY OF ALCOA, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2019



"Excellence in Service - Quality of Life"

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CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
<u>SECTION ONE – INTRODUCTORY SECTION:</u>	
List of Officials	i
Transmittal Letter.....	ii – v
Certificate of Achievement for Excellence in Financial Reporting	vi
City Organizational Chart	vii
<u>SECTION TWO – FINANCIAL SECTION:</u>	
Independent Auditors’ Report	viii - ix
Management’s Discussion and Analysis (required supplementary information)	x - xx
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1 – 2
Statement of Activities.....	3
Fund Financial Statements:	
Balance Sheet – Governmental Funds	4 – 5
Reconciliations of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	7 – 8
Reconciliations of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	9
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	10 – 11
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Education Fund – Special Revenue Fund	12
Statement of Net Position – Proprietary Funds.....	13 – 14
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	15 – 16
Statement of Cash Flows – Proprietary Funds.....	17 – 19
Statement of Fiduciary Net Position – Employees’ Retirement System – Fiduciary Fund.....	20
Statement of Changes in Fiduciary Plan Net Position – Employees’ Retirement System – Fiduciary Fund	21
Notes to Financial Statements	22 – 107
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS	108
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS.....	109
Schedule of Alcoa City Schools’ Proportionate Share of the Net Pension Asset – Teacher Legacy Pension Plan of TCRS	110
Schedule of Alcoa City Schools’ Contributions – Teacher Legacy Pension Plan of TCRS.....	111
Schedule of Alcoa City Schools’ Proportionate Share of the Net Pension Liability (Asset) – Teacher Retirement Plan of TCRS.....	112

(Continued)

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

SECTION TWO – FINANCIAL SECTION (Continued):

Required Supplementary Information (Continued):

Schedule of Alcoa City Schools’ Contributions – Teacher Retirement Plan of TCRS	113
Notes to Required Supplementary Schedules Presented on Pages 108-113	114
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of the TCRS Hybrid W/O Cc	115
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS Hybrid W/O Cc.....	116
Employee Retirement System of the City of Alcoa – Schedule of Changes in Net Pension Liability.....	117
Schedule of Contributions Based on Participation in the Employee Retirement System of the City of Alcoa	118
Notes to Required Supplementary Schedules Presented on Pages 117-118	119
Schedule of Changes in City of Alcoa, Tennessee’s Net OPEB Liability and Related Ratios.....	120
Schedule of City of Alcoa, Tennessee’s Contributions to OPEB Plan	121
Schedule of Changes in Alcoa City School’s Net OPEB Liability and Related Ratios.....	122
Schedule of Alcoa City School’s Contributions to OPEB Plan.....	123

Other Supplementary Information:

Combining Fund Financial Statements:

Non-Major Governmental Funds:

Combining Balance Sheet – Non-Major Governmental Funds	124 – 126
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds	127 – 129

Internal Service Funds:

Combining Statement of Net Position	130
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	131 – 132
Combining Statement of Cash Flows.....	133 – 134

Budgetary Comparison Schedules:

General, Special Revenue and Debt Service Fund Types -

General Fund – (Major Fund):

Schedule of Assets, Deferred Outflows of Resources and Liabilities, Deferred Inflows of Resources and Fund Balances	135
Schedule of Revenues – Budget and Actual	136 – 137
Schedule of Expenditures – Budget and Actual.....	138 – 160

Education Fund – Special Revenue Fund (Major Fund):

Schedule of Revenues – Budget and Actual	161
Schedule of Expenditures – Budget and Actual.....	162 – 167

Debt Service Fund – (Major Fund):

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.....	168
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(Continued)

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

SECTION TWO – FINANCIAL SECTION (Continued):

Budgetary Comparison Schedules (Continued)

Non-Major Other Governmental Funds:

Special Revenue Funds – Non-Major:

State Street Aid Fund (Non-Major Special Revenue Fund):

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual 169

Federal Projects Fund (Non-Major Special Revenue Fund):

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual 170

Schedule of Revenues and Expenditures – Budget and Actual:

Carl Perkins Project #19-01 171

Title I Carry Over Project #18-01 172

NCLB Title I Project #19-01 173

Title IV Project #19-01 174

IDEA Discretionary Grant #19-01 175

Read to be Ready #19-01 176

Title II (Part A) Training #19-01 177

IDEA Preschool Project #19-01 178

IDEA (Part B) Project #19-01 179

Cafeteria Fund:

Schedule of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual 180

Extended Day Program:

Schedule of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual 181

Drug Control Fund:

Schedule of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual 182

Commercial Motor Vehicle Fines Fund:

Schedule of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual 183

Capital Project Funds – Non-Major:

Capital Projects Fund:

Schedule of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual 184

Equipment Replacement Fund:

Schedule of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual 185

Home Grant Program Fund:

Schedule of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual 186

Landscaping Fund:

Schedule of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual 187

General Obligation Public Works Construction:

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual 188

(Continued)

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
<u>SECTION TWO – FINANCIAL SECTION (Continued):</u>	
Other Supplementary Information (Continued):	
Budgetary Comparison Schedules:	
Non-Major Other Governmental Funds:	
Capital Project Funds – Non-Major (Continued):	
Legacy Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	189
West Plant Construction Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	190
Alcoa High School Construction Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	191
Alcoa Intermediate School Construction Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	192
Enterprise Funds:	
Stormwater Utility Fund (Major Fund):	
Schedule of Assets, Liabilities and Net Position	193
Schedule of Revenues, Expenses and Changes in Net Position.....	194
Schedule of Cash Flows.....	195
Schedule of Operating and Maintenance Expenses by Department.....	196 – 197
Schedule of Capital Assets and Depreciation	198
Water and Sewer Utility Fund (Major Fund):	
Schedule of Assets, Liabilities and Net Position	199 – 200
Schedule of Revenues, Expenses and Changes in Net Position.....	201
Schedule of Cash Flows.....	202 – 203
Schedule of Operating and Maintenance Expenses by Department.....	204 – 210
Schedule of Capital Assets and Depreciation	211 – 212
Electric Utility Fund (Major Fund):	
Schedule of Assets, Liabilities and Net Position	213 – 214
Schedule of Revenues, Expenses and Changes in Net Position.....	215 – 216
Schedule of Cash Flows.....	217 – 218
Schedule of Operating and Maintenance Expense.....	219 – 220
Schedule of Electric Plant in Service.....	221
Schedule of Accumulated Provision for Depreciation.....	222
Landfill Fund (Major Fund):	
Schedule of Assets, Liabilities and Net Position	223 – 224
Schedule of Revenues, Expenses and Changes in Net Position.....	225
Schedule of Cash Flows.....	226 – 227
Schedule of Administrative and Operating Expenses.....	228 – 231
Schedule of Capital Assets and Depreciation	232

(Continued)

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
<u>SECTION TWO – FINANCIAL SECTION (Continued):</u>	
Other Supplementary Information (Continued):	
Fiduciary Fund:	
Employees’ Retirement System Fund:	
Schedule of Fiduciary Assets, Liabilities and Net Position.....	233
Schedule of Changes in Fiduciary Plan Net Position.....	234
Capital Assets Used in the Operation of Governmental Funds:	
Schedule of Changes by Function and Activity	235
Schedule of Capital Assets by Function and Activity	236
<u>SECTION THREE – MISCELLANEOUS SCHEDULES:</u>	
Schedule of Interfund Transfers – All Funds.....	237
Schedule of Changes in Property Taxes Receivable.....	238
Schedule of Insurance in Force – Electric Utility.....	239
Schedule of Insurance in Force – General/Water and Sewer Utility	240
Schedule of Insurance in Force – Schools.....	241
Schedule of Changes in Long-term Debt by Individual Issue	242
Schedule of Bond and Capital Outlay Note – Principal and Interest Requirements by Fiscal Year.....	243 – 248
Schedule of Utility Rates in Force – Electric Utility	249 – 250
Schedule of Utility Rates in Force – Water and Sewer Utility	251
Schedule of Sanitary Sewer Service Rates in Force – Water and Sewer Utility	252 – 253
Schedule of Customers Served – Water and Sewer Utility	254
AWWA Water Loss Control Report.....	255 – 256
Schedule of Utility Rates in Force – Stormwater Utility.....	257
Schedule of Uncollected Delinquent Taxes Filed in Blount County, Tennessee Circuit Court	258
Schedule of Miscellaneous Data – Education Fund	259
<u>SECTION FOUR – STATISTICAL INFORMATION:</u>	
Statistical Section	260
Schedule 1 – Net Position by Component.....	261
Schedule 2 – Changes in Net Position.....	262 – 263
Schedule 3 – Fund Balances, Governmental Funds	264
Schedule 4 – Changes in Fund Balances, Governmental Funds	265 – 266
Schedule 5 – Assessed Value and Estimated Value of Taxable Property	267
Schedule 6 – Property Tax Levies and Collections.....	268
Schedule 7 – Direct and Overlapping Property Tax Rates	269
Schedule 8 – Principal Taxpayers	270
Schedule 9 – Ratios of Outstanding Debt by Type	271
Schedule 10 – Ratios of General Bonded Debt Outstanding.....	272
Schedule 11 – Direct and Overlapping Governmental Activities Debt.....	273
Schedule 12 – Legal Debt Margin Information.....	274
Schedule 13 – Pledged – Revenue Coverage	275 – 276
Schedule 14 – Demographic and Economic Statistics	277
Schedule 15 – Principal Employers.....	278
Schedule 16 – Full-Time Equivalent City Government Employees by Function.....	279
Schedule 17 – Operating Indicators by Function/Program	280
Schedule 18 – Capital Asset Statistics by Function/Program.....	281

(Continued)

CITY OF ALCOA, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
SECTION FIVE – SINGLE AUDIT SECTION:	
Schedule of Expenditures of Federal and State Awards.....	282 – 283
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.....	284 – 285
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	286 – 287
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	288 – 289

CITY OF ALCOA, TENNESSEE
SECTION ONE
INTRODUCTORY SECTION
For the Fiscal Year Ended June 30, 2019

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CITY OF ALCOA

City Officials

CITY OF ALCOA, TENNESSEE

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

BOARD OF COMMISSIONERS

Odis Clint Abbott, Jr. Mayor
Jim Buchanan, Vice Mayor
Vaughn Belcher, Commissioner
Tanya Martin, Commissioner
Ken White, Commissioner

Mark L. Johnson, CPA, City Manager
Andrew Sonner, PE, Deputy City Manager
Susan Gennoe, CPA, Director of Finance & Administration

"Excellence in Service - Quality of Life"

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December 30, 2019

Honorable Mayor
City Commission
Citizens of the City of Alcoa, Tennessee

The financial statements of the City of Alcoa, Tennessee for the fiscal year ended June 30, 2019 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. Also included is management's discussion and analysis (MD&A) which presents a narrative overview of the financial activities of the City.

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, sewer, electric utility services, development services, municipal courts, a K-12 education system, recreational and cultural activities, streets, traffic control, refuse collection, general administrative services and operation of the Blount County Landfill.

PROFILE OF THE GOVERNMENT

The City of Alcoa is a unique and culturally diverse community located in Blount County, Tennessee and forms the southern portion of the Knoxville metropolitan area. The U.S. Census 2018 estimated population of Blount County is 131,349. The City of Alcoa's 2018 estimated population is 10,499 which represents a 24% increase over the 2010 Census population of 8,449. The City was originally designed to serve as a company town by ALCOA (Aluminum Company of America) beginning 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. After construction of a series of dams and the initial aluminum smelting facility, the company began actual construction of the town site in 1917. The City of Alcoa was formally 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.

In addition to providing utility services to its citizens, the City provides water, sewer and electric services to customers who reside well beyond the corporate limits. The City's electric department covers approximately 2/3 of Blount County and provides power to nearly 30,000 customers. The City's water system extends

predominantly over the northern and eastern portions of the County with the sewer system extending in the same general area but to a lesser degree. Current water and sewer customers total approximately 10,300 and 6,550 respectively. Additionally, the City furnishes wholesale water to Tuckaleechee Utility District which provides water to customers in the Walland and Townsend areas near the Great Smoky Mountains.

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 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 has experienced a fairly steady growth in the local economy since the great recession of 2009. This is evidenced by growth in economically sensitive consumption taxes including hotel/motel tax, alcohol related taxes and most importantly the local sales tax. Sales tax revenues have increased by over 36% after adjusting for the 2012 sales tax rate increase, since FY 2009. Over that same period, growth in property values along with net new construction have led to an increase in tax appraised values of nearly 30%. New construction has primarily been in the area of both single family and multifamily residential developments which is evidenced in the population growth mentioned above. Although online sales have dampened the expansion opportunities of large retailers, Alcoa has seen modest growth in new construction initiated by smaller chains, independent retailers, banks and restaurants over the past year.

In terms of job growth, the joint Economic Development Board (EDB) created by the cities of Maryville, Alcoa and Blount County has seen tremendous success in creating new jobs by attracting new manufacturers and facilitating expansions of existing employers such as Denso Manufacturing and Arconic (formerly ALCOA Inc.) Cirrus Aircraft is in the design phase of their fourth facility at McGhee Tyson Airport and SCCY Firearms has begun manufacturing in phase I of their relocation to Blount County. Since 2010, the EDB has secured over \$2.4 billion in new capital investment which has brought 5,100 new jobs to Alcoa, Maryville and Blount County. As a result, the local unemployment rate is only 3.0% as compared to 3.4% for the State of Tennessee and 3.6% for the United States.

Finally, the City entered into an agreement in FY16 with Arconic (formerly ALCOA, Inc.) and a private developer to create a mixed use urban development on the 300 acre former ALCOA West Plant site, now known as Springbrook Farm. The City will invest approximately \$11 million in infrastructure in exchange for a secured interest in the property and a portion of the proceeds from future property sales. An additional \$5 million has been earmarked for related road improvements. A 6,000 foot boulevard including utilities was completed in August 2018. The master plan provides for over 700,000 square feet of retail and office, 500 hotel rooms and over 1,300 residential units consisting of a mix of single-family lots, townhomes, apartments and senior living facilities. As of this writing, a national brand hotel is under construction and a property sale has closed for a new supermarket. A mixed use development consisting of 290 apartments along with retail is in the final design phase and two restaurants have executed sales contracts.

Long-term Financial Planning

The City has made long-term financial provisions for various projects that will need to be undertaken in the next 5 years. The City is in the process of constructing several greenway projects which will link existing trail segments to school campuses, and commercial centers (including the aforementioned Springbrook Farm.) Construction is scheduled to be complete by the summer of 2020. These projects total approximately \$5.1 million with most being funded using 80% grants from the Tennessee Department of Transportation (TDOT). The city's share stems from a prior year bond issue which was appropriated into a capital projects fund.

The City is considering a 2020 bond issue to cover a Phase I expansion to the existing intermediate school. The intermediate school is currently at capacity and long-term system-wide enrollment projections predict it will become a major bottleneck within a few years. The City School Board commissioned a consultant to evaluate current and projected additional space needs for both classroom and support functions. That report indicates that the additional classroom and ancillary space needs would cost in excess of \$25 million. As a result, the City will approach the project in phases with the first being a classroom addition with an estimated cost of \$12-14 million. In anticipation of this project, the City Commission increased the property tax rate from \$1.96 per \$100 of assessed valuation to \$2.27 for Fiscal Year 2020. However, the Commission deferred authorizing the project until it was certain that development would occur in Springbrook Farm which would enhance both the property and sales tax base for the City. Now that development is actually taking place in Springbrook Farm as discussed above, it is anticipated that the Commission will authorize bonds to be issued in late FY 2020 or early FY 2021.

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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, 2019 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

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Whitlock & Company, 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, Whitlock & Company, 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 Uniform Guidance.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alcoa for its comprehensive annual financial report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine eligibility for another certificate.

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 Whitlock & Company, PC. To them and to the City commission for their support and interest in improving Alcoa's fiscal policies and practices, we express our sincere appreciation.

Respectfully yours,



Mark L. Johnson, CPA
City Manager



Susan Gennoe, CPA
Director of Finance & Administration

CITY OF ALCOA, TENNESSEE
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE
IN FINANCIAL REPORTING
June 30, 2018



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Alcoa
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

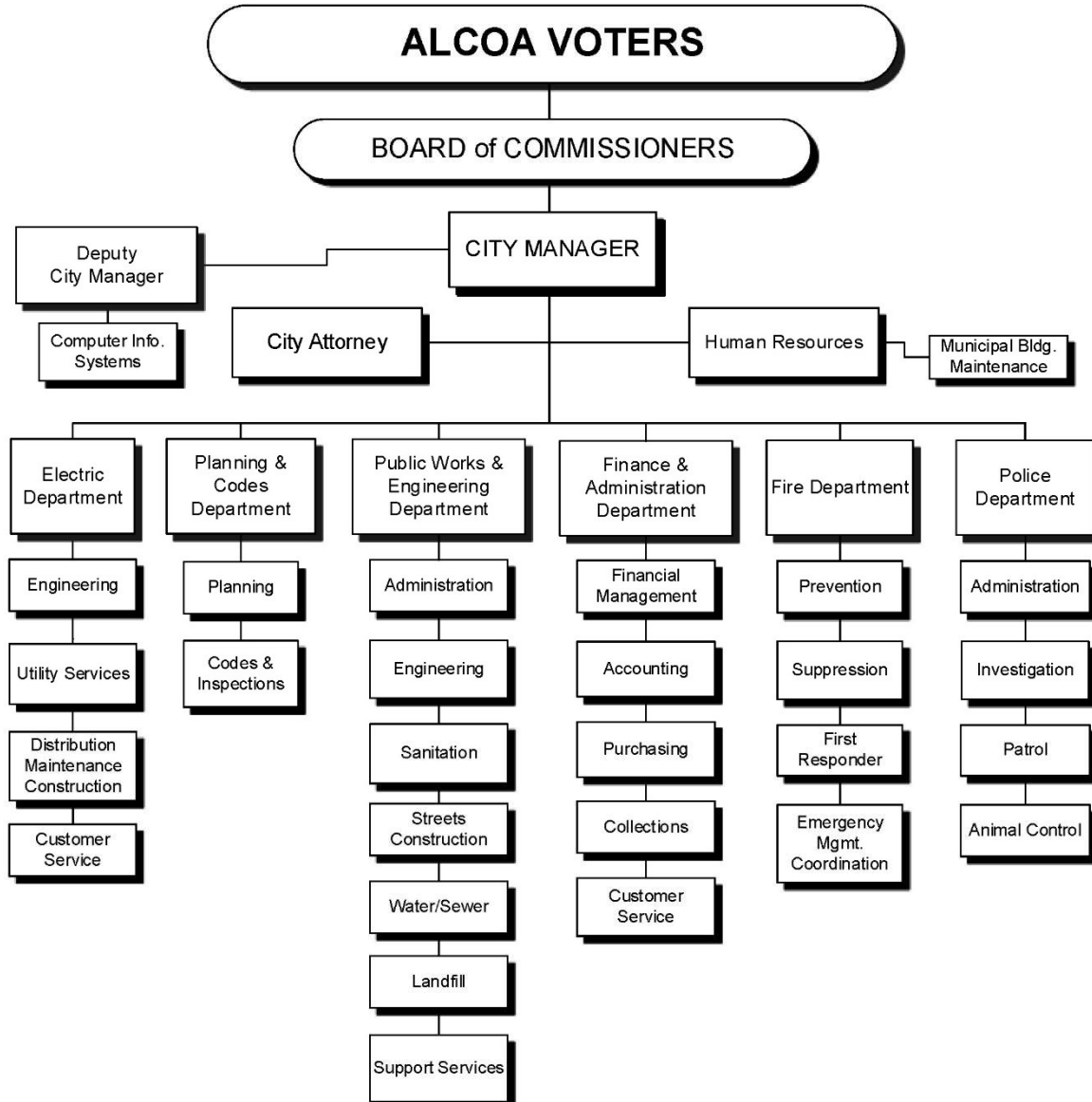
June 30, 2018

Christopher P. Morrill

Executive Director/CEO



City of Alcoa



"Excellence in Service - Quality of Life"

CITY OF ALCOA, TENNESSEE

SECTION TWO

FINANCIAL SECTION

For the Fiscal Year Ended June 30, 2019

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Whitlock & Company, P.C.

Certified Public Accountants

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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Education Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages x through xx, and required supplementary schedules pages 108 through 123 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 schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*" (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, other supplementary information, and the schedule of expenditures of federal and state 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, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, miscellaneous schedules (Section Three), and statistical information (Section Four), have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 30, 2019, 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 solely 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 effectiveness of 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.

Whitlock & Company, PC

Alcoa, Tennessee

December 30, 2019



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, 2019. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal.

Financial Highlights

- The City's net position at June 30, 2019 is \$88,792,535, an increase of \$4,901,573. Of this amount, \$2,200,778 is unrestricted which may be used to meet the government's ongoing obligations to citizens and creditors.
- As of June 30, 2019, the City's governmental activities reported combined ending net position of \$22,441,915, a decrease of \$2,299,659 over the prior year.
- The City's General Fund reported total fund balance of \$6,518,109 at June 30, 2019, a decrease of \$1,789,064. This fund balance is 26% of total general fund revenue.
- At June 30, 2019 The City's General Purpose School Fund reported a spendable fund balance of \$979,189, an increase of \$67,452 from last fiscal year. Fund balance is 5% of total revenue. Tennessee State Law requires schools to maintain a minimum fund balance of 3% (TCA 49-3-352).
- No new debt was issued in fiscal year 2019.

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 commission, 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.

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. However, these statements 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.

Government-Wide Financial Statements

Analysis of Net Position

Over time, net position may serve as a useful indicator of a government's financial position. As shown on the following statement, the City's net position is \$88,792,535 at the close of the most recent fiscal year. The largest portion of the City's net position (89%) reflects its net investment of \$78.6 million in capital assets (e.g. land, buildings, infrastructure, improvements, machinery and equipment), less any related debt used to acquire those assets that is 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, \$8 million (9%) represents resources that are subject to external restrictions on how they may be used.

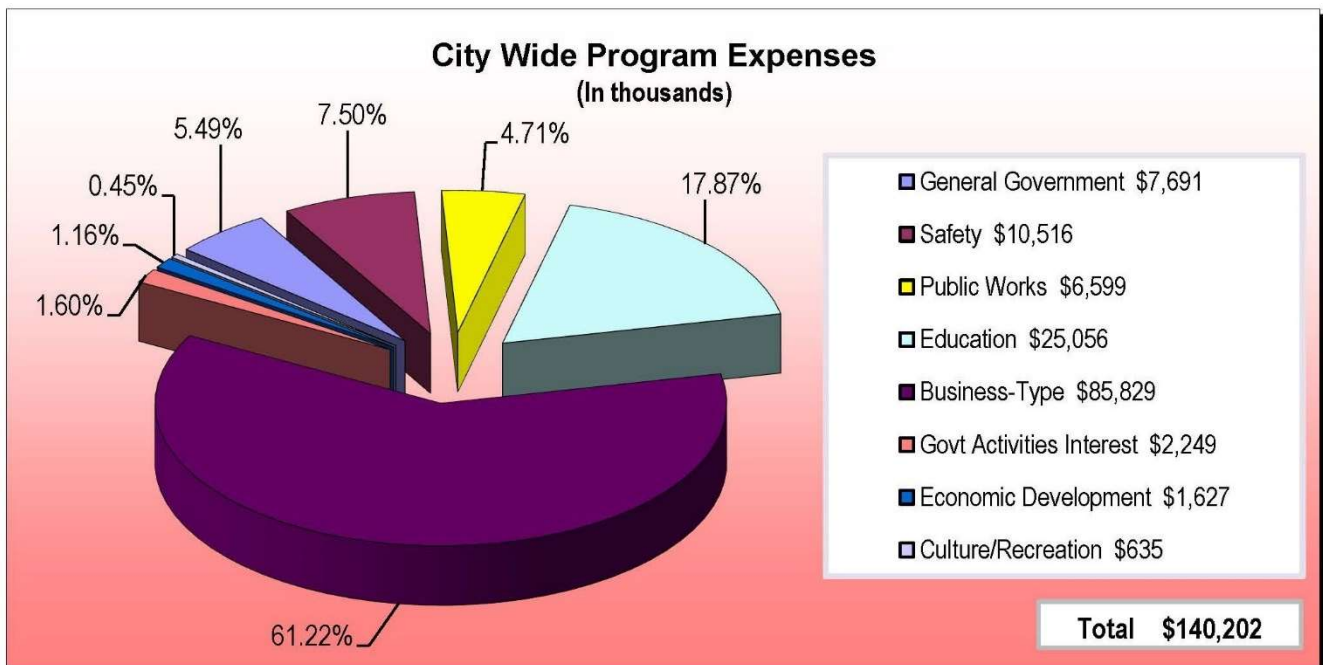
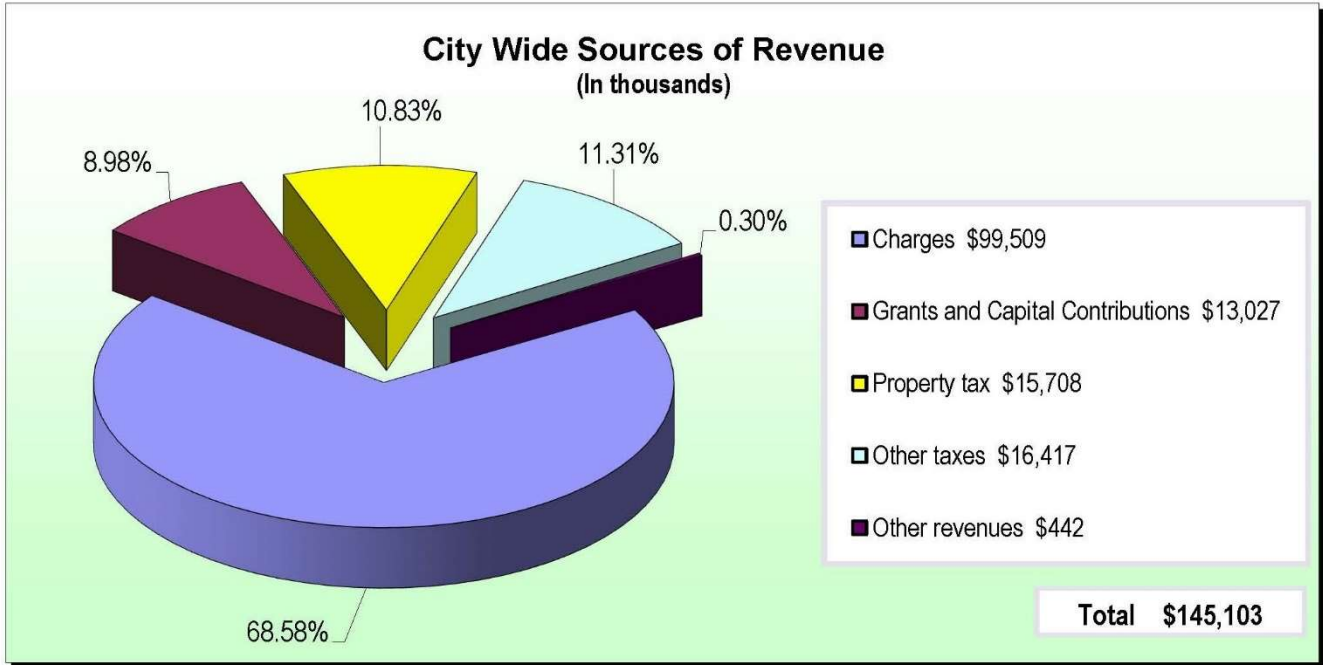
Assets	Net Position					
	Governmental Activities		Business-Type Activities		Total	Total
	2019	2018	2019	2018	2019	2018
Current and other Assets	\$ 39,082,627	\$ 40,678,488	\$ 43,896,577	\$ 41,764,208	\$ 82,979,204	\$ 82,442,696
Capital assets (net)	89,622,782	93,470,473	118,660,636	117,076,864	208,283,418	210,547,337
Capital lease property	9,894,150	9,894,150	-	-	9,894,150	9,894,150
Total Assets	<u>138,599,559</u>	<u>144,043,111</u>	<u>162,557,213</u>	<u>158,841,072</u>	<u>301,156,772</u>	<u>302,884,183</u>
Deferred Outflows of Resources:						
Bond refunding	-	-	1,015,438	1,086,027	1,015,438	1,086,027
Pension contributions after measurement date	2,899,815	2,751,707	1,694,833	1,786,462	4,594,648	4,538,169
Pension changes in experience	1,107,412	1,068,386	753,184	876,519	1,860,596	1,944,905
Changes in proportion of net pension asset	221,693	251,820	-	-	221,693	251,820
Pension changes in investment earnings	-	153,956	-	-	-	153,956
Pension changes in assumption	944,929	1,161,591	317,916	367,456	1,262,845	1,529,047
Accumulated change in fair value of interest rate swaps	316,187	389,872	5,616,816	4,398,664	5,933,003	4,788,536
Total Deferred Outflows	<u>5,490,036</u>	<u>5,777,332</u>	<u>9,398,187</u>	<u>8,515,128</u>	<u>14,888,223</u>	<u>14,292,460</u>
Liabilities						
Long-term liabilities	103,517,817	107,513,630	89,152,682	90,913,928	192,670,499	198,427,558
Other liabilities	3,473,266	5,797,098	16,056,151	17,106,548	19,529,417	22,903,646
Total Liabilities	<u>106,991,083</u>	<u>113,310,728</u>	<u>105,208,833</u>	<u>108,020,476</u>	<u>212,199,916</u>	<u>221,331,204</u>
Deferred Inflows of Resources:						
Pension changes in experience	1,400,387	1,787,694	78,649	18,346	1,479,036	1,806,040
Pension changes in proportion of net pension asset	5,149	5,590	-	-	5,149	5,590
Pension change in investment earnings	335,056	-	267,298	101,323	602,354	101,323
Deferred revenue –property tax	12,916,005	9,974,857	-	-	12,916,005	9,974,857
Bond deferral	-	-	50,000	66,667	50,000	66,667
Total Deferred Inflows	<u>14,656,597</u>	<u>11,768,141</u>	<u>395,947</u>	<u>186,336</u>	<u>15,052,544</u>	<u>11,954,477</u>
Net Position						
Net investment in capital assets	22,738,623	26,539,320	55,863,096	51,253,207	78,601,719	77,792,527
Restricted for:						
General Fund	1,125,479	637,585	-	-	1,125,479	637,585
Special revenue	2,546,867	2,278,821	-	-	2,546,867	2,278,821
Capital projects	1,647,380	466,452	-	-	1,647,380	466,452
Debt service	1,384,747	1,181,483	-	-	1,384,747	1,181,483
Property acquisitions	-	-	1,285,565	1,300,187	1,285,565	1,300,187
Unrestricted (deficit)	(7,001,181)	(6,362,087)	9,201,959	6,595,994	2,200,778	233,907
Total Net Position	<u>\$ 22,441,915</u>	<u>\$ 24,741,574</u>	<u>\$ 66,350,620</u>	<u>\$ 59,149,388</u>	<u>\$ 88,792,535</u>	<u>\$ 83,890,962</u>

Analysis of Change in Net Position

The following statement and associated graph indicate an increase in net position as of June 30, 2019 of \$4,901,573, or 5.8% over FY2018. Normal operations increased net position by \$4.9 million, of which \$3.1 million is related to increased fees in the enterprise funds. Sales and other state taxes grew approximately \$964 thousand from FY2018, which includes an \$872 thousand increase in sales taxes after rebounding from a loss on airport properties to Blount County in the prior year. Property taxes grew \$260 thousand, mostly due to increase in appraisal values on new properties. In lieu taxes grew by \$115 thousand mostly due to Arconic contracts. Grants (both operating and capital) fell by approximately \$3.1 million, mostly due to fewer TDOT projects. The expense side remained relatively flat overall for governmental funds with \$3.3 million additional spending in the Electric fund accounting for the bulk of the \$4.2 million increase in enterprise funds. Water and sewer spent \$675 thousand over the prior year.

<u>Revenues</u>	<u>Changes in Net Position</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>		
Program Revenues:						
Charges for services	\$ 9,210,303	\$ 9,500,511	\$ 90,298,912	\$ 87,166,569	\$ 99,509,215	\$ 96,667,080
Operating grants and contributions	12,548,373	12,582,245	25,941	147,596	12,574,314	12,729,841
Capital grants and contributions	260,050	2,946,797	193,093	540,608	453,143	3,487,405
General Revenues:						
Sales and other state taxes	14,776,099	13,811,770	-	-	14,776,099	13,811,770
State income taxes	91,846	100,413	-	-	91,846	100,413
Property taxes	14,535,523	14,275,685	-	-	14,535,523	14,275,685
Business taxes/licenses	878,570	895,245	-	-	878,570	895,245
Miscellaneous taxes	669,610	765,375	-	-	669,610	765,375
Investment earnings	262,877	186,461	179,461	57,122	442,338	243,583
In-lieu of taxes	1,172,589	1,058,111	-	-	1,172,589	1,058,111
Total Revenues	<u>54,405,840</u>	<u>56,122,613</u>	<u>90,697,407</u>	<u>87,911,895</u>	<u>145,103,247</u>	<u>144,034,508</u>
<u>Expenses</u>						
General government	7,691,090	8,990,425	-	-	7,691,090	8,990,425
Police and Fire	10,515,653	10,132,385	-	-	10,515,653	10,132,385
Public works and streets	6,599,273	6,462,318	-	-	6,599,273	6,462,318
Recreation and Culture	635,635	863,740	-	-	635,635	863,740
Economic development	1,626,729	1,292,190	-	-	1,626,729	1,292,190
Education	25,055,763	24,678,680	-	-	25,055,763	24,678,680
Interest on long-term debt	2,248,871	2,095,576	-	-	2,248,871	2,095,576
Water and Sewer	-	-	12,756,765	12,078,385	12,756,765	12,078,385
Electric Utility	-	-	67,833,110	64,529,615	67,833,110	64,529,615
Landfill	-	-	3,971,137	3,863,804	3,971,137	3,863,804
Stormwater Utility	-	-	1,267,648	1,078,091	1,267,648	1,078,091
Total expenses	<u>54,373,014</u>	<u>54,515,314</u>	<u>85,828,660</u>	<u>81,549,895</u>	<u>140,201,674</u>	<u>136,065,209</u>
Increase (decrease) in net position before transfers and other sources	32,826	1,607,299	4,868,747	6,362,000	4,901,573	7,969,299
Transfers-in-lieu of tax	1,535,975	1,844,322	(1,535,975)	(1,844,322)	-	-
Transfers-capital assets	<u>(3,868,460)</u>	-	<u>3,868,460</u>	-	-	-
Change in net position	<u>(2,299,659)</u>	<u>3,451,621</u>	<u>7,201,232</u>	<u>4,517,678</u>	<u>4,901,573</u>	<u>7,969,299</u>
Net position at beginning of year	24,741,574	19,351,999	59,149,388	63,573,680	83,890,962	82,925,679
Prior period adjustments:						
Capital Assets	-	-	-	(1,369,987)	-	(1,369,987)
Reclassification of City retirement pension liability	-	4,800,040	-	(4,800,040)	-	-
OPEB liability	-	<u>(2,862,086)</u>	-	<u>(2,771,943)</u>	-	<u>(5,634,029)</u>
Net position at end of year	<u>\$ 22,441,915</u>	<u>\$ 24,741,574</u>	<u>\$ 66,350,620</u>	<u>\$ 59,149,388</u>	<u>\$ 88,792,535</u>	<u>\$ 83,890,962</u>

City of Alcoa, Tennessee for the Fiscal Year Ended June 30, 2019



Governmental activities:

- Governmental activities decreased the City governmental net position by \$2,299,659.
- Governmental activities revenue decreased by \$2 million over the prior year primarily due to a decrease of \$2.6 million in capital grants and contributions which is mainly due to Tennessee Department of Transportation (TDOT) grants relative to ongoing projects. This was offset by an increase in State Basic Education revenue of \$408 thousand and an increase in sales and other state taxes of \$964 thousand.
- Expenditures increased by \$3,726,160, or 7%, due primarily to transfers for capital contributions to business-type activities of \$3,868,460. This is for street lights, water, and sewer at Springbrook Farm. Most other expenditures remained relatively flat by category.

Business-type activities:

- Business-type activities increased the City's net position by \$7,201,232.
- The Electric Utility is the largest business-type activity of the City with revenues of \$69,557,459 and total expenses of \$67,833,110. Of that amount, Purchased Power expense totaled \$52,459,507 which is an increase of \$186,946 or 0.4% over the prior year. The residential customer charge for Electric service was increased by an additional \$1 per month beginning October 1, 2018 for the purpose of expanding the Electric Department's tree trimming efforts. The increase in tree trimming expenditures accounts for most of the \$1,443,570 increase in distribution expense recorded for FY 2019.
- The Water and Sewer Utility ended the fiscal year with total revenues of \$17,614,928, expenses of \$12,756,765 and a change in net position of approximately \$4.5 million. This is primarily due to capital contributions received for Springbrook Farm of \$2.4 million over the prior year combined with an increase in revenue of approximately \$642 thousand. The increase in revenues is mainly the result of an automatic annual consumer price index (CPI) adjustment on rates. On the expense side, normal operations increased by \$382 thousand based on general inflation along with increased bond interest resulting from adjustments in variable rates.
- The Landfill Utility Fund ended the fiscal year with a change in net position of \$989,211. This is an increase of \$386,695 over the prior year and is mainly due to an increase in the consumer price index (CPI) on tipping fees per ton of refuse.
- The Stormwater Utility ended the fiscal year with a change in net position of \$1,165,484. This is an increase of \$936,756 over the prior year and is mainly due to approximately \$1.1 million in capital contributions for storm water facilities completed in Springbrook Farm in FY19.

Financial Analysis of the Government's Funds

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.

As of the end of the fiscal year ended June 30, 2019, the City's governmental funds reported combined ending fund balances of \$19.5 million, a decrease of \$3.6 million from 2018. The bulk of this decrease occurred in the West Plant (Springbrook Farm) Construction fund as a result of spending for related capital projects. Approximately \$5.4 million or 28% of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion.

(Continued)

Governmental funds (Continued)

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 \$5.4 million with total fund balance at \$6.5 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 27% of total general fund expenditures of \$19.8 million.

The decrease in fund balance is due to planned use of one-time capital expenditures.

The Education Fund is the operating fund for the Alcoa City Schools. As of June 30, 2019, the fund balance is \$981,411 which is an increase of \$67,452 over the prior year amount of \$913,959. The fund balance represents 4.6% of the schools total budget of \$21,418,000. The primary reason for the increase is that growth in State Basic Education Funds (BEP) continued somewhat (4.8%). On the expenditure side, the School Board voted to begin preliminary work on intermediate school renovations which cost \$350 thousand of the \$408 thousand BEP increase.

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 is composed of transfers made by the General Fund. The assigned fund balance at June 30, 2019 is \$1,384,747 in the debt service fund. This can be used in the future to pay toward debt.

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.

Net position of the Electric Utility as of June 30, 2019 was \$37,676,128, an increase of \$588,374. Expenses during the current year were approximately \$2.5 million more than the prior year. An increase in tree trimming accounted for approximately \$1.4 million with another \$157 thousand increase in collections expense along with an increase of \$639 thousand in distribution operations expense, with the difference representing normal inflationary costs.

Net position for the Water and Sewer Utility as of June 30, 2019 was \$22,856,758, an increase of \$4,458,163 from 2018. Capital contributions of \$2.4 million over the prior year are much of the increase along with the annual CPI adjustment on rates.

As of June 30, 2019, the Stormwater Utility net position totaled \$2,067,904. The Utility's revenues exceeded expenses and generated a net gain of \$1,165,484. This is mainly due to a \$1.1 million capital contribution.

Net position of the Landfill Utility as of June 30, 2019 was \$3,749,830, an increase of \$989,211 primarily due to an increase in the CPI on tipping fees per ton of refuse.

Budget Highlights

General Fund

There is a \$1,055,000 difference between original and final budget in the General Fund. This amount was due to a transfer to capital projects funds for one-time expenditures for municipal building HVAC replacement (\$250 thousand) and preliminary work on the intermediate school (\$805 thousand).

General Purpose Schools

There is a \$440,500 difference between original and final budget in the General Purpose School Fund. This amount was due to a transfer to capital projects funds for one-time expenditures for preliminary work on the intermediate school (\$350 thousand) and staffing expenditures required by the increase in the average daily attendance (ADA) calculation.

Capital Assets and Debt Administration

The City's capital assets for its governmental and business type activities as of June 30, 2019 and 2018 amount to \$218,177,568 and \$220,441,487 (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					
	Governmental Activities		Business-Type Activities		Total	Total
	2019	2018	2019	2018	2019	2018
Land	\$ 2,197,302	\$ 2,197,302	\$ 3,754,381	\$ 3,674,105	\$ 5,951,683	\$ 5,871,407
Buildings	64,529,907	63,581,440	97,065,626	93,865,747	161,595,533	157,447,187
Infrastructure	51,222,688	42,959,548	-	-	51,222,688	42,959,548
Improvements	15,930,995	15,930,995	65,948,223	62,400,712	81,879,218	78,331,707
Machinery and equipment	11,306,778	10,119,024	37,527,190	35,605,738	48,833,968	45,724,762
Capital lease property	9,894,150	9,894,150	-	-	9,894,150	9,894,150
Construction in progress	<u>2,945,917</u>	<u>13,379,154</u>	<u>1,766,066</u>	<u>2,691,889</u>	<u>4,711,983</u>	<u>16,071,043</u>
Total Capital Assets	158,027,737	158,061,613	206,061,486	198,238,191	364,089,223	356,299,804
Less: Accumulated						
Depreciation	<u>(58,510,805)</u>	<u>(54,696,990)</u>	<u>(87,400,850)</u>	<u>(81,161,327)</u>	<u>(145,911,655)</u>	<u>(135,858,317)</u>
Capital Assets, net of						
Depreciation	<u>\$ 99,516,932</u>	<u>\$ 103,364,623</u>	<u>\$ 118,660,636</u>	<u>\$ 117,076,864</u>	<u>\$ 218,177,568</u>	<u>\$ 220,441,487</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)
- Signal improvements at Hall and Associates Blvd
- Voltage and substation improvements and line extensions in the electric department
- Land/building purchases for future expansion at the Landfill
- Continued infrastructure construction in process at the Springbrook Farm development
- Construction in process (design, etc.) for future work at the intermediate school

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.

Long-Term Debt

At the end of the current fiscal year, the City had total long-term obligations outstanding of \$165.8 million. Of this amount, \$145.7 million are revenue bonds, general obligation bonds, and capital outlay notes backed by the full faith and credit of the City. \$11.1 million is estimated liability for Landfill closure and post closure costs. The remainder includes capital leases of \$7.3 million and compensated absences of \$1.7 million (See Note 6 – Long-Term Liabilities).

	Outstanding Long-Term Obligations					
	Governmental Activities		Business-Type Activities		Total	Total
	2019	2018	2019	2018	2019	2018
General Obligation/ Revenue Bonds	\$ 83,095,000	\$ 86,310,000	\$62,563,562	\$65,835,452	\$145,658,562	\$152,145,452
Capital leases	7,304,785	7,621,966	-	-	7,304,785	7,621,966
Compensated absences	863,768	722,814	837,747	685,609	1,701,515	1,408,423
Estimated liability for closure/ post-closure care costs	-	-	<u>11,100,385</u>	<u>10,433,430</u>	<u>11,100,385</u>	<u>10,433,430</u>
Total long-term obligations	<u>\$ 91,263,553</u>	<u>\$ 94,654,780</u>	<u>\$74,501,694</u>	<u>\$76,954,491</u>	<u>\$165,765,247</u>	<u>\$171,609,271</u>

(Continued)

Long-Term Debt (Continued)

The City of Alcoa's total long-term debt decreased by a net of \$5,844,024 during the current fiscal year. The City did not issue any new debt in FY19. Principal pay downs were \$6,486,890 on bonds and \$317,181 on capital leases. Liabilities for closure/post-closure increased \$666,955 based on state formula guidelines and compensated absences increased \$293,092 based on benefit formulas.

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 Highlights

The primary revenues of the City of Alcoa's governmental activities stem from various taxes on consumption and wealth along with charges for goods or services for business type activities. Consumption taxes include the hotel/motel tax, various alcohol related taxes, general business tax, and most importantly, the general sales tax. Taxes on wealth primarily include the ad valorem property tax along with various related in-lieu-of taxes. Sales tax revenues have increased by an adjusted¹ rate of 36% since FY 2009 which was the first year of the great recession. Over that same period, growth in existing property values along with net new construction have led to an increase in property tax collected of 15%. Although new commercial construction continues at a steady pace, much of the construction activity over the past several years has focused on both single family residential and apartment development.

Growth trends for sales and property taxes are generally very good indicators in forecasting sales revenues for the City's proprietary funds. More residential and commercial should equal more water, sewer and electric sales. However, both electric and water sales growth projections have to be tempered by a continuing trend of reduced per customer consumption. This is a result of both conservation efforts and vast improvements in the efficiency of residential and commercial fixtures, appliances and equipment. This has impacted water and sewer sales in particular since most of the cost of production, distribution and wastewater treatment is related to a major investment in capital assets along with required staffing levels of licensed personnel. In other words, these fixed costs must be covered regardless of the volume sold. The City of Alcoa monitors its water and sewer rates and fees very closely to ensure that revenues are sufficient to adequately provide for system operations yet remain competitive with neighboring utilities.

The factors influencing the overall health of the community include population, employment, job creation, housing, retail growth, and private capital investment are discussed below:

Alcoa's population has grown steadily over the past three decennial censuses from 6,400 in 1990 to 8,449 in 2010. The U.S. Census Bureau estimates Alcoa's 2018 population to be 10,499 which represents an annual growth rate of 3% which is consistent with the growth rate for Blount County overall. This correlates with the growth in single-family and multifamily residential development mentioned above. Although population growth generally translates into additional property taxes and sales taxes, there is also a cost to provide services to that new population. Once the existing capacity of any service, whether garbage pickup or having enough classrooms, is reached, the cost of added capacity can have a significant impact on the City's budget. So far, Alcoa's growth has not reached the threshold requiring significant expansion of general governmental services; however, classroom capacity has been reached in one of the City's school buildings. Planning is underway to construct a major renovation and addition to the Alcoa Intermediate School that will include classrooms, administrative space, and a new cafeteria.

With respect to consumption taxes, Alcoa's population growth or decline has historically played a relatively insignificant role in the growth or decline those taxes. Alcoa is a commercial center that surrounds the Knoxville Metropolitan Airport and borders the City of Knoxville and Knox County making it a convenient destination for customers from all over the metropolitan area.

(Continued)

xviii

¹ Voters approved an increase in the local sales tax rate from 2.25% to 2.75% in 2012.

Economic Factors and Next Year's Budget Highlights (Continued)

However, a recent change in the distribution of tax collected by the State from out of state retailers is having an impact on Alcoa's sales tax revenue. In the past, local sales tax collected from primarily internet retailers was distributed to individual cities and counties based on their respective ratio of locally generated sales tax to the state-wide total locally generated sales tax.

As the volume of internet sales increased, the revenue Alcoa received from this distribution method was becoming significant. For example, in December 2017, Alcoa's locally generated gross sales tax was \$1,680,722 and based on those sales, Alcoa was allocated an additional \$331,365 in out of state sales tax. Since that time, more and more out of state retailers are reporting the situs or geographic delivery point for the sale and the State is distributing the local sales tax to city or county having jurisdiction for that particular point of sale. This means that the tax is becoming more aligned with population than with sales generated by brick and mortar stores. Cities like Alcoa with a robust retail sector but small population would gradually lose sales tax revenue as this trend continues. The City anticipated a fairly rapid decline in the allocation of out of state sales tax which is reflected in the FY2020 budget. However, the State Department of Revenue has accelerated this transition by issuing a rule that requires all out of state retailer conducting more than \$500 million in annual sales within the state to begin reporting sales tax on a situs basis effective October 1, 2019. Even with this new rule, it is anticipated that actual revenue will not vary significantly from the projections adopted in the City's FY2020 budget.

Despite the out of state sales tax issue, Alcoa's economic success depends a great deal upon the economic wellbeing of the region as a whole. For most households, economic wellbeing is a direct result of a well-paying job. Providing high quality jobs has been a long standing focus of the City's administration. Alcoa along with the city of Maryville and Blount County fund a joint Economic Development Board (EDB) for which the County has seen tremendous success in creating new jobs through both attracting new business and facilitating the expansion of existing employers. Examples include SCCY Firearms which has completed phase 1 of its move to Blount County and will eventually employ 350. Additionally, Denso Manufacturing is in the process of completing their fourth major expansion consisting of \$1 billion in capital investment and 1,000 new jobs.

In fact, since 2010, the EDB has secured \$2.4 billion in new investment and created 5,100 new jobs. As a result, Alcoa and Blount County enjoy an unemployment rate of 3.0% compared to 3.4% for the State of Tennessee and 3.6% for the United States.

The growth in appraised value has predominantly been the result of residential construction. Over the past six years, the City has averaged around 35 new single-family homes each year which is consistent with its pre-recession figures. These new housing units have been primarily located in the City's premier subdivisions and would be considered in the upper echelon in terms of value based on regional standards. This growth is expected to taper off in the coming years, as the inventory of available lots for single-family construction are being depleted and available land for future development is limited. Additionally, a 269 unit non-subsidized apartment complex was opened in 2016 and due to its success, the development expanded with an additional 92 units which opened in 2018. In the same general vicinity, a separate 169 unit apartment complex was completed in late 2018 as well. A mixed use development containing 192 units has received Planning Commission approval and is in the final design phase.

However, the positive growth in appraised values resulting from new construction has somewhat been offset by the on-going demolition of the former ALCOA South Plant. The South Plant was the original aluminum smelting facility built in the early 1900's encompassing 300 acres. The plant ceased operation permanently in January 2010 and demolition began on its massive buildings roughly three years ago. Fortunately, major capital additions at ALCOA's North Plant related to modernizing and converting production capacity for the growing automotive aluminum market have largely offset the loss of the South Plant. In spite of the positive growth trends in population, jobs, sales and property tax experienced over the past several years, Alcoa recognizes that there is more that can be accomplished to create a more stable economy for the future. With that in mind, the City has stepped in to serve as the catalyst for starting a major re-development project located at the geographical core of the City.

(Continued)

Economic Factors and Next Year's Budget Highlights (Continued)

The project involves converting a 300 acre former factory site into a mixed use urban development. The site had been home to ALCOA Inc.'s West Plant fabricating mill from its construction in 1921 until it ceased operations in 1988. Demolition of all the plant's structures occurred shortly thereafter and discussions as to the property's reuse continued until 2008 when ALCOA began a search for qualified firms with the experience and capacity to successfully complete a redevelopment project of this size. In 2009, ALCOA (now Arconic) entered into a redevelopment agreement with Airport Center Development Partners (ACDP) with the primary partner being ReSight of Littleton, CO to create a mixed-use, urban development. Aside from completing an initial master plan, the great recession halted any further activity on the project.

In 2011 the City and developers began engineering design of the main artery through the site; however, the post-recession private capital markets rendered it virtually impossible for the developers to obtain the financing needed for construction. By the spring of 2016 it was clear that the project would linger for many years unless the City took a larger role in investing in the initial infrastructure necessary to make the site assessable for development. As a result, in December 2016 the City agreed to invest approximately \$11 million in infrastructure in exchange for a secured interest in the property and a portion of the proceeds from future property sales. Construction on a 6,000-foot boulevard including utilities began in April 2017 and was completed in August 2018. Additionally, in 2018, a revised master plan was completed, and the development was named Springbrook Farm based on its location adjacent to the historic Springbrook neighborhood. The new master plan provides for over 700,000 square feet of retail and office space, 500 hotel rooms, and over 1,300 residential units consisting of a mix of single-family lots, townhomes, apartments, and senior living facilities.

Funding for this project came from the issuance of \$9.9 million in general obligation bonds coupled with \$2.6 million previously committed in a capital projects fund, with an additional approximate \$5 million allocated for roadway renovations in FY18. The City realizes that build out of the project may extend over 20 or more years but expects to recoup its initial investment within 7 to 10 years based on a portion of property sales and the ensuing growth in property and sales taxes. Currently, a national brand hotel is under construction and a property sale has closed for a new supermarket. A mixed use development consisting of 290 apartments along with retail is in the final design phase and two restaurants have executed sales contracts.

All these factors were considered in preparing the City of Alcoa's budget for the 2020 fiscal year. The City has invested a great deal of capital in preparing for future economic development which will provide a return on investment from growth in sales and property taxes. However, this new growth and resulting revenue will not be immediate and it will take this before the City recognizes a return on this investment. In the interim, the City will continue to provide the same quality services to its citizens while at the same time operating under the constraints of the revenue and other funding sources available. In an effort to proactively address technology concerns, retirement succession planning, prepare for funding the intermediate school addition while maintaining and providing excellent city services, the Commission raised the property tax rate from \$1.96 per \$100 assessed value to \$2.27 for FY20. Therefore, no budgeted use of fund balance was required.

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

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CITY OF ALCOA, TENNESSEE
GOVERNMENT WIDE FINANCIAL STATEMENTS
June 30, 2019

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CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2019 and 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u> <u>2019</u>	<u>Total</u> <u>2018</u>
ASSETS:				
Cash and Cash equivalents	\$ 20,655,663	\$ 28,159,470	\$ 48,815,133	\$ 50,436,823
Receivables:				
Taxes, net	14,729,061	-	14,729,061	12,706,482
Accounts, net	360,828	8,249,132	8,609,960	10,606,115
Accrued interest	-	54,960	54,960	36,776
Due from other governments	2,296,216	-	2,296,216	1,147,399
Inventories	-	2,498,549	2,498,549	2,235,049
Prepaid items/clearing accounts/other assets	29,673	4,093,387	4,123,060	4,027,038
Energy service loans receivable	-	841,079	841,079	1,135,284
Net Pension Asset – school employees	1,011,186	-	1,011,186	111,730
Capital assets (net of accumulated depreciation and amortization):				
Land	2,197,302	3,754,381	5,951,683	5,871,407
Buildings	48,213,185	-	48,213,185	48,581,064
Improvements	6,819,221	-	6,819,221	19,745,919
Infrastructure	26,406,638	-	26,406,638	7,172,096
Equipment, vehicles and software	3,040,519	-	3,040,519	2,394,938
Capital lease property	9,894,150	-	9,894,150	9,894,150
Electric plant in service	-	49,559,343	49,559,343	48,809,342
Water/sewer plant in service	-	59,160,942	59,160,942	57,783,104
Stormwater utility plant in service	-	1,411,658	1,411,658	362,689
Landfill plant in service	-	3,008,246	3,008,246	3,755,735
Construction-in-progress	<u>2,945,917</u>	<u>1,766,066</u>	<u>4,711,983</u>	<u>16,071,043</u>
Total Assets	<u>138,599,559</u>	<u>162,557,213</u>	<u>301,156,772</u>	<u>302,884,183</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Bond refunding	-	1,015,438	1,015,438	1,086,027
Pension contributions after measurement date	2,899,815	1,694,833	4,594,648	4,538,169
Pension changes in experience	1,107,412	753,184	1,860,596	1,944,905
Pension changes in proportion of net pension asset	221,693	-	221,693	251,820
Pension change in investment earnings	-	-	-	153,956
Pension changes in assumption	944,929	317,916	1,262,845	1,529,047
Accumulated change in fair value of interest rate swaps	<u>316,187</u>	<u>5,616,816</u>	<u>5,933,003</u>	<u>4,788,536</u>
Total Deferred Outflows of Resources	<u>5,490,036</u>	<u>9,398,187</u>	<u>14,888,223</u>	<u>14,292,460</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION (Continued)
June 30, 2019 and 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total 2019</u>	<u>Total 2018</u>
LIABILITIES:				
Accounts payable	1,828,717	11,736,898	13,565,615	15,632,806
Accrued payroll	471,882	343,959	815,841	867,821
Other liabilities	1,172,667	564,697	1,737,364	2,781,071
Customer deposits	-	2,518,189	2,518,189	2,341,168
Advances from TVA for energy service loans	-	892,408	892,408	1,280,780
Long-term liabilities:				
Due within one year	3,875,876	3,780,219	7,656,095	7,587,660
Due in more than one year	87,387,677	59,621,090	147,008,767	153,588,181
Interest rate swap liability	316,187	5,616,816	5,933,003	4,788,536
Landfill closure/post closure costs	-	11,100,385	11,100,385	10,433,430
Net pension liability	6,683,673	6,337,970	13,021,643	14,076,930
Other post-employment benefit liability	<u>5,254,404</u>	<u>2,696,202</u>	<u>7,950,606</u>	<u>7,952,821</u>
Total Liabilities	<u>106,991,083</u>	<u>105,208,833</u>	<u>212,199,916</u>	<u>221,331,204</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred revenue – property tax	12,916,005	-	12,916,005	9,974,857
Pension changes in experience	1,400,387	78,649	1,479,036	1,806,040
Pension changes in proportion of net pension liability	5,149	-	5,149	5,590
Pension change in investment earnings	335,056	267,298	602,354	101,323
Bond deferral	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>66,667</u>
Total Deferred Inflows of Resources	<u>14,656,597</u>	<u>395,947</u>	<u>15,052,544</u>	<u>11,954,477</u>
NET POSITION:				
Net investment in capital assets	22,738,623	55,863,096	78,601,719	77,792,527
Restricted for:				
General Fund	1,125,479	-	1,125,479	637,585
Special Revenue:				
State Street Aid	887,591	-	887,591	824,409
Drug Enforcement	158,669	-	158,669	126,964
Education	1,495,110	-	1,495,110	1,322,780
Vehicle Enforcement	5,497	-	5,497	4,668
Debt Service	1,384,747	-	1,384,747	1,181,483
Capital Projects	1,647,380	-	1,647,380	466,452
Property Acquisitions	-	1,285,565	1,285,565	1,300,187
Unrestricted Position (Deficit)	<u>(7,001,181)</u>	<u>9,201,959</u>	<u>2,200,778</u>	<u>233,907</u>
Total Net Position	<u>\$ 22,441,915</u>	<u>\$ 66,350,620</u>	<u>\$ 88,792,535</u>	<u>\$ 83,890,962</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2019			2018
					Governmental Activities	Business-type Activities	Total	Total
Governmental Activities:								
General Government	\$ 7,691,090	\$ 7,378,694	\$ 655,295	\$ 260,050	\$ 602,949	\$ -	\$ 602,949	\$ 2,757,295
Public Safety	10,515,653	580,532	-	-	(9,935,121)	-	(9,935,121)	(9,475,648)
Public Works	6,599,273	879,283	284,648	-	(5,435,342)	-	(5,435,342)	(5,565,681)
Culture and Recreation	635,635	-	-	-	(635,635)	-	(635,635)	(863,740)
Economic Development	1,626,729	-	-	-	(1,626,729)	-	(1,626,729)	(1,292,190)
Education	25,055,763	371,794	10,847,775	-	(13,836,194)	-	(13,836,194)	(12,950,221)
Debt Service:								
Interest on long-term debt	<u>2,248,871</u>	-	-	-	<u>(2,248,871)</u>	-	<u>(2,248,871)</u>	<u>(2,095,576)</u>
Total Governmental Activities	<u>54,373,014</u>	<u>9,210,303</u>	<u>11,787,718</u>	<u>260,050</u>	<u>(33,114,943)</u>	-	<u>(33,114,943)</u>	<u>(29,485,761)</u>
Business-Type Activities:								
Landfill	3,971,137	4,927,248	11,043	-	-	967,154	967,154	593,595
Electric	67,833,110	69,474,339	-	-	-	1,641,229	1,641,229	2,972,570
Water and Sewer Utility	12,756,765	14,578,655	14,798	193,093	-	2,029,781	2,029,781	2,512,341
Stormwater Utility	<u>1,267,648</u>	<u>1,318,670</u>	<u>100</u>	-	-	<u>51,122</u>	<u>51,122</u>	<u>226,372</u>
Total Business-type Activities	<u>85,828,660</u>	<u>90,298,912</u>	<u>25,941</u>	<u>193,093</u>	-	<u>4,689,286</u>	<u>4,689,286</u>	<u>6,304,878</u>
Total Government	<u>\$ 140,201,674</u>	<u>\$ 99,509,215</u>	<u>\$ 11,813,659</u>	<u>\$ 453,143</u>	<u>(33,114,943)</u>	<u>4,689,286</u>	<u>(28,425,657)</u>	<u>(23,180,883)</u>
General Revenues:								
Sales tax and other state taxes					15,536,754	-	15,536,754	13,811,770
State income taxes and excise taxes					91,846	-	91,846	100,413
Property taxes					14,535,523	-	14,535,523	14,275,685
Business taxes					878,570	-	878,570	895,245
Miscellaneous taxes					669,610	-	669,610	765,375
In-lieu-of taxes					1,172,589	-	1,172,589	1,058,111
Investment earnings					262,877	179,461	442,338	243,583
Transfers – In-lieu-of-tax payments					1,535,975	(1,535,975)	-	-
Transfers – Contributions of Capital Assets-(See Note 5)					<u>(3,868,460)</u>	<u>3,868,460</u>	-	-
Total General Revenues and Transfers					<u>30,815,284</u>	<u>2,512,246</u>	<u>33,327,230</u>	<u>31,150,182</u>
Change in Net Position					<u>(2,299,659)</u>	<u>7,201,232</u>	<u>4,901,573</u>	<u>7,969,299</u>
Net Position – Beginning					24,741,574	59,149,388	83,890,962	82,925,679
Restatement – See Note 20					-	-	-	(7,004,016)
Adjusted Net Position – Beginning					<u>24,741,574</u>	<u>59,149,388</u>	<u>83,890,962</u>	<u>75,921,663</u>
Net Position – Ending					<u>\$ 22,441,915</u>	<u>\$ 66,350,620</u>	<u>\$ 88,792,535</u>	<u>\$ 83,890,962</u>

See accompanying independent auditors' report and notes

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CITY OF ALCOA, TENNESSEE
FUND FINANCIAL STATEMENTS
June 30, 2019

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CITY OF ALCOA, TENNESSEE
BALANCE SHEET
Governmental Funds
June 30, 2019
With Comparative Totals at June 30, 2018

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>General</u>	<u>Education</u>	<u>Debt Service</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
					<u>2019</u>	<u>2018</u>
Assets:						
Cash and cash equivalents.....	\$ 2,000	\$ 475,995	\$ -	\$ 2,015,608	\$ 2,493,603	\$ 653,423
Pooled Cash.....	5,115,175	243,311	1,483,417	1,561,249	8,403,152	11,230,275
Pooled Investments	-	-	-	6,892,293	6,892,293	10,678,883
Receivables:						
Sales Taxes.....	-	330,488	-	-	330,488	1,917,976
Property Taxes.....	13,689,125	603,303	-	-	14,292,428	10,835,574
Less: Allowance for uncollectible taxes.	(47,296)	-	-	-	(47,296)	(47,068)
Accounts.....	192,919	530	-	320,820	541,623	1,395,413
Prepaid expenditures	-	2,222	-	-	2,222	-
Due from other governments.....	2,021,834	-	-	274,382	2,296,216	1,018,769
Due from grantors	-	-	-	-	-	128,630
Due from other funds	-	-	-	-	-	561,817
Total Assets	<u>20,973,757</u>	<u>1,655,849</u>	<u>1,483,417</u>	<u>11,064,352</u>	<u>35,177,375</u>	<u>38,373,692</u>
Deferred Outflows of Resources						
	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$20,973,757</u>	<u>\$ 1,655,849</u>	<u>\$ 1,483,417</u>	<u>\$ 11,064,352</u>	<u>\$ 35,177,375</u>	<u>\$ 38,373,692</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 358,068	\$ 217,960	\$ 98,670	\$ 415,453	\$ 1,090,151	\$ 2,830,399
Due to other funds.....	-	-	-	-	-	561,817
Accrued payroll.....	471,882	-	-	-	471,882	531,149
Due to State of Tennessee.....	-	456,478	-	-	456,478	568,233
Unearned revenue	709,703	-	-	4,000	713,703	756,058
Unearned grant revenue	-	-	-	587	587	587
Total Liabilities	<u>1,539,653</u>	<u>674,438</u>	<u>98,670</u>	<u>420,040</u>	<u>2,732,801</u>	<u>5,248,243</u>
Deferred Inflows of Resources:						
Deferred Revenue – Property tax	<u>12,916,005</u>	-	-	-	<u>12,916,005</u>	<u>9,974,857</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
BALANCE SHEET (Continued)
Governmental Funds
June 30, 2019
With Comparative Totals at June 30, 2018**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
					<u>2019</u>	<u>2018</u>
Fund Balances:						
Nonspendable	-	2,222	-	-	2,222	-
Restricted	127,991	-	-	9,679,811	9,807,802	10,904,669
Committed	997,488	979,189	1,384,747	964,501	4,325,925	4,576,335
Unassigned.....	<u>5,392,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,392,620</u>	<u>7,669,588</u>
 Total Fund Balances	 <u>6,518,099</u>	 <u>981,411</u>	 <u>1,384,747</u>	 <u>10,644,312</u>	 <u>19,528,569</u>	 <u>23,150,592</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 20,973,757</u>	 <u>\$ 1,655,849</u>	 <u>\$ 1,483,417</u>	 <u>\$ 11,064,352</u>	 <u>\$ 35,177,375</u>	 <u>\$ 38,373,692</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
June 30, 2019
With Comparative Totals at June 30, 2018

	<u>2019</u>	<u>2018</u>				
Fund Balances – Total Governmental Funds	\$ 19,528,569	\$ 23,150,592				
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	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>2019</u></td> <td style="text-align: center;"><u>2018</u></td> </tr> <tr> <td style="text-align: right;">\$ 99,516,932</td> <td style="text-align: right;">\$ 103,364,623</td> </tr> </table>	<u>2019</u>	<u>2018</u>	\$ 99,516,932	\$ 103,364,623	99,516,932 103,364,623
<u>2019</u>	<u>2018</u>					
\$ 99,516,932	\$ 103,364,623					
(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.						
		2,153,601 1,644,211				
(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	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>2019</u></td> <td style="text-align: center;"><u>2018</u></td> </tr> <tr> <td style="text-align: right;">\$ 83,095,000</td> <td style="text-align: right;">\$ 86,310,000</td> </tr> </table>	<u>2019</u>	<u>2018</u>	\$ 83,095,000	\$ 86,310,000	
<u>2019</u>	<u>2018</u>					
\$ 83,095,000	\$ 86,310,000					
Compensated absences	863,768	722,814				
Capital Leases	7,304,785	7,621,966				
	<u>\$ 91,263,553</u>	<u>\$ 94,654,780</u>				
		(91,263,553) (94,654,780)				
(4) The General pension plan liabilities are not due and payable in the current period and are not reported in the government funds.		(5,672,487) (7,144,480)				
(5) The General OPEB liabilities are not due and payable in the current period and are not reported in the government funds		(5,254,404) (5,212,768)				
(6) 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	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>2019</u></td> <td style="text-align: center;"><u>2018</u></td> </tr> <tr> <td style="text-align: right;">\$ 5,173,849</td> <td style="text-align: right;">\$ 6,011,272</td> </tr> </table>	<u>2019</u>	<u>2018</u>	\$ 5,173,849	\$ 6,011,272	
<u>2019</u>	<u>2018</u>					
\$ 5,173,849	\$ 6,011,272					
Less: Deferred inflows related to pensions	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>(1,740,592)</u></td> <td style="text-align: center;"><u>(2,417,096)</u></td> </tr> <tr> <td style="text-align: right;">3,433,257</td> <td style="text-align: right;">3,594,176</td> </tr> </table>	<u>(1,740,592)</u>	<u>(2,417,096)</u>	3,433,257	3,594,176	
<u>(1,740,592)</u>	<u>(2,417,096)</u>					
3,433,257	3,594,176					
		<u>3,433,257</u> <u>3,594,176</u>				
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 22,441,915</u>	<u>\$ 24,741,574</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>General Fund</u>	<u>Education Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
					<u>2019</u>	<u>2018</u>
Revenues:						
Taxes:						
Property taxes	\$ 6,252,786	\$ 8,282,737	\$ -	\$ -	\$14,535,523	\$14,275,685
Local option sales taxes	10,283,408	3,193,601	-	-	13,477,009	12,605,313
Other taxes	2,370,913	53,137	-	296,719	2,720,769	2,587,910
Licenses, permits and fees	139,599	371,444	-	-	511,043	441,174
Intergovernmental:						
Unrestricted:						
State taxes	1,282,081	108,855	-	-	1,390,936	1,306,870
Restricted:						
Federal Grants	79,628	4,413	-	1,127,965	1,212,006	1,029,159
State Grants	23,049	29,612	-	-	52,661	3,082,553
U.S.D.A. revenues	-	-	-	641,714	641,714	574,105
Other state revenues	55,385	9,286,892	-	237,192	9,579,469	9,241,312
Other local revenues	922,585	41,895	-	-	964,480	1,547,682
Charges for services	739,684	-	-	666,778	1,406,462	1,344,381
Fines, forfeitures and costs	489,603	-	-	35,544	525,147	603,444
Property Rental	142,336	-	-	-	142,336	193,056
Investment Income	64,335	3,543	167,135	21,794	256,807	185,737
Miscellaneous revenue	390,688	350	-	22,790	413,828	429,513
Total Revenues	<u>23,236,080</u>	<u>21,376,479</u>	<u>167,135</u>	<u>3,050,496</u>	<u>47,830,190</u>	<u>49,447,894</u>
Expenditures:						
Current:						
General government	2,635,364	-	-	-	2,635,364	2,734,496
Public Safety	9,663,863	-	-	4,144	9,668,007	9,640,735
Public Works	4,559,044	-	-	958,155	5,517,199	5,357,568
Education	-	21,129,027	-	2,112,513	23,241,540	22,856,597
Recreation and Culture	400,741	-	-	-	400,741	627,097
Community Development	1,626,729	-	-	-	1,626,729	1,292,190
Other – Building	194,303	-	-	-	194,303	51,442
Capital Outlay/Capital Assets	722,262	-	-	3,518,172	4,240,434	11,581,448
Debt Service:						
Principal Retirement	-	-	3,215,000	-	3,215,000	3,125,000
Interest and Fiscal Charges	-	-	2,248,871	-	2,248,871	2,095,576
Cost of Issuance	-	-	-	-	-	49,009
Total Expenditures	<u>19,802,306</u>	<u>21,129,027</u>	<u>5,463,871</u>	<u>6,592,984</u>	<u>52,988,188</u>	<u>59,411,158</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,433,774</u>	<u>247,452</u>	<u>(5,296,736)</u>	<u>(3,542,488)</u>	<u>(5,157,998)</u>	<u>(9,914,255)</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>General</u>	<u>Education</u>	<u>Debt Service</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
					<u>2019</u>	<u>2018</u>
Other Financing Sources (Uses):						
Transfers to other funds.....	(6,758,823)	(350,000)	-	(195)	(7,109,018)	(6,385,000)
Transfer from other funds.....	-	170,000	5,500,000	1,439,018	7,109,018	6,385,000
Transfer from business-type activities in-lieu of tax	1,535,975	-	-	-	1,535,975	1,844,322
Issuance of debt	-	-	-	-	-	6,915,000
Bond premium	-	-	-	-	-	66,775
Underwriter's discount	-	-	-	-	-	(40,055)
Total Other Financing Sources (Uses)	<u>(5,222,848)</u>	<u>(180,000)</u>	<u>5,500,000</u>	<u>1,438,823</u>	<u>1,535,975</u>	<u>8,688,024</u>
Net Change in Fund Balance	(1,789,074)	67,452	203,264	(2,103,665)	(3,622,023)	(1,177,222)
Fund Balance, July 1 st , Beginning of Year.....	<u>8,307,173</u>	<u>913,959</u>	<u>1,181,483</u>	<u>12,747,977</u>	<u>23,150,592</u>	<u>24,327,814</u>
Fund Balance, June 30th	<u>\$ 6,518,099</u>	<u>\$ 981,411</u>	<u>\$ 1,384,747</u>	<u>\$ 10,644,312</u>	<u>\$ 19,528,569</u>	<u>\$ 23,150,592</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
RECONCILIATIONS OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Net Change in Fund Balances – Total Governmental Funds:	\$ (3,622,023)	\$ (1,177,222)
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>2019</u>	<u>2018</u>
Capital Outlay	\$ 4,240,434	11,581,448
Capital Asset Transfer	(3,868,460)	-
Depreciation	<u>(4,219,665)</u>	<u>(3,900,622)</u>
	<u>\$ (3,847,691)</u>	<u>7,680,826</u>
	(3,847,691)	7,680,826
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>2019</u>	<u>2018</u>
New Leases	\$ -	-
Payments	<u>(317,181)</u>	<u>(339,200)</u>
	<u>\$ (317,181)</u>	<u>\$ (339,200)</u>
	317,181	339,200
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>2019</u>	<u>2018</u>
Bonds issued	\$ -	\$ 6,915,000
Retired	<u>(3,215,000)</u>	<u>(3,125,000)</u>
	<u>\$ (3,215,000)</u>	<u>\$ 3,790,000</u>
	3,215,000	(3,790,000)
4) The net revenues (expenditures) of internal service funds activities are reported with governmental activities.		
	509,390	(127,310)
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	(41,636)	(1,146,127)
b. Unfunded Pension obligation	1,311,074	1,549,966
c. Change in compensated absences	<u>(140,954)</u>	<u>122,288</u>
Changes in Net Position of Governmental Activities	<u>\$ (2,299,659)</u>	<u>\$ 3,451,621</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, 2019
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018**

	<u>June 30, 2019</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>2018</u> <u>Actual</u>
REVENUES:					
Taxes	\$ 18,857,415	\$ 19,212,905	\$ 18,907,107	\$ (305,798)	\$ 18,211,925
Licenses and permits	127,025	127,025	139,599	12,574	137,838
Fines and forfeits	637,200	637,200	489,603	(147,597)	486,244
Intergovernmental.....	2,178,085	2,235,045	2,351,744	116,699	2,342,637
Interest earned	25,000	71,500	64,335	(7,165)	32,105
Public works, labor and material	426,000	426,000	491,766	65,766	461,371
Miscellaneous	20,000	20,000	20,468	468	20,950
Property rental	193,060	193,060	142,336	(50,724)	193,056
Department services	150,000	150,000	215,483	65,483	192,785
Fees development	32,500	32,500	32,435	(65)	33,331
Insurance refunds.....	20,000	20,000	31,014	11,014	111,110
Sale of property/equipment	25,000	25,000	3,274	(21,726)	646,440
Special events	-	-	-	-	175
Private grants	16,000	16,000	29,090	13,090	6,800
Disaster recovery	-	-	-	-	3,493
TML Grants	-	-	10,985	10,985	6,375
Fire prevention training	-	-	-	-	2,625
City Development proceeds.....	250,000	250,000	277,354	27,354	205,320
Contributions and donations – business...	<u>6,600</u>	<u>6,600</u>	<u>29,487</u>	<u>22,887</u>	<u>65,153</u>
Total Revenues	<u>22,963,885</u>	<u>23,422,835</u>	<u>23,236,080</u>	<u>(186,755)</u>	<u>23,159,733</u>
EXPENDITURES:					
General government	2,892,915	2,892,915	2,657,641	235,274	2,450,228
Public works	4,981,210	4,851,210	4,687,601	163,609	4,847,816
Public safety – Police	6,414,275	6,414,275	6,168,458	245,817	5,754,073
Public safety – Fire	4,109,245	4,109,245	3,814,833	294,412	3,895,783
Contributions and grants to other agencies	<u>2,329,260</u>	<u>2,588,410</u>	<u>2,473,773</u>	<u>114,637</u>	<u>2,173,690</u>
Total Expenditures.....	<u>20,726,905</u>	<u>20,856,055</u>	<u>19,802,306</u>	<u>1,053,749</u>	<u>19,121,590</u>
Excess of Revenues Over					
Expenditures	<u>2,236,980</u>	<u>2,566,780</u>	<u>3,433,774</u>	<u>866,994</u>	<u>4,038,143</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<u>June 30, 2019</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	June 30, 2018 Actual
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
OTHER FINANCING SOURCES (USES):					
Operating transfers in (out):					
Payments in lieu of taxes – business-type activities	1,636,200	1,636,200	1,535,975	(100,225)	1,844,322
Fringe benefits – Retirement.....	-	-	-		-
Debt Service Fund.....	(5,500,000)	(5,500,000)	(5,500,000)	-	(5,500,000)
Education Fund.....	(975,000)	(975,000)	(912,323)	62,677	(170,000)
Capital Projects.....	<u>(346,500)</u>	<u>(346,500)</u>	<u>(346,500)</u>	<u>-</u>	<u>(200,000)</u>
Total Other Financing Sources (Uses)	<u>(5,185,300)</u>	<u>(5,185,300)</u>	<u>(5,222,848)</u>	<u>(37,548)</u>	<u>(4,077,119)</u>
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses.....	(2,948,320)	(2,618,520)	(1,789,074)	829,446	(38,976)
FUND BALANCE AT BEGINNING OF YEAR	<u>8,307,173</u>	<u>8,307,173</u>	<u>8,307,173</u>	<u>-</u>	<u>8,575,690</u>
FUND BALANCE AT END OF YEAR	<u>\$ 5,358,853</u>	<u>\$ 5,688,653</u>	<u>\$ 6,518,099</u>	<u>\$ 829,446</u>	<u>\$ 8,536,714</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	June 30, 2019				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	June 30, 2018 Actual
	Original	Final			
Revenues:					
Taxes	\$ 8,253,500	\$ 8,318,000	\$ 8,335,875	\$ 17,875	\$ 8,116,179
Miscellaneous	3,431,900	3,606,900	3,648,501	41,601	3,431,503
Intergovernmental	<u>9,131,100</u>	<u>9,323,100</u>	<u>9,392,103</u>	<u>69,003</u>	<u>9,091,555</u>
Total Revenues	<u>20,816,500</u>	<u>21,248,000</u>	<u>21,376,479</u>	<u>128,479</u>	<u>20,639,237</u>
Expenditures:					
Instruction elementary/secondary	11,430,601	11,560,601	11,515,085	45,516	10,819,950
Special education program	1,573,806	1,573,806	1,558,586	15,220	1,469,779
Vocational education	425,975	425,975	422,563	3,412	598,492
Health services	255,155	255,155	242,388	12,767	279,457
Other student support	610,138	610,138	598,826	11,312	600,025
Instruction regular	565,136	598,848	589,014	9,834	539,587
Technology	602,954	618,954	613,487	5,467	590,234
Board of Education	343,374	343,374	305,470	37,904	596,965
Office of the Director	168,992	168,992	169,359	(367)	159,486
Office of principals	1,558,704	1,558,704	1,552,877	5,827	1,531,226
Fiscal services	195,024	179,812	147,966	31,846	172,931
Human services	183,372	183,372	183,491	(119)	185,401
Operation of plant	1,708,545	1,708,545	1,678,085	30,460	1,683,561
Maintenance of plant	796,291	941,291	926,281	15,010	1,061,825
Transportation	326,684	326,684	279,915	46,769	302,529
Food services	650	650	601	49	1,036
Family resource center	78,400	78,400	76,631	1,769	72,787
Lottery pre-k	243,699	264,699	268,402	(3,703)	244,309
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>207,671</u>
Total Expenditures	<u>21,087,500</u>	<u>21,418,000</u>	<u>21,129,027</u>	<u>288,973</u>	<u>21,117,251</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(271,000)</u>	<u>(170,000)</u>	<u>247,452</u>	<u>417,452</u>	<u>(478,014)</u>
Other Financing Sources (Uses):					
Transfer to AIS Construction Fund	-	-	(350,000)	(350,000)	-
Transfer from General Fund	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>	<u>-</u>	<u>170,000</u>
Total Other Financing Sources (Uses)	<u>170,000</u>	<u>170,000</u>	<u>(180,000)</u>	<u>350,000</u>	<u>170,000</u>
Net Changes in Fund Balance	(101,000)	-	67,452	67,452	(308,014)
Fund Balance at Beginning of Year	<u>913,959</u>	<u>913,959</u>	<u>913,959</u>	<u>-</u>	<u>1,221,973</u>
Fund Balance at End of Year	<u>\$ 812,959</u>	<u>\$ 913,959</u>	<u>\$ 981,411</u>	<u>\$ 67,452</u>	<u>\$ 913,959</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2019
With Comparative Totals at June 30, 2018**

	Business-Type Activities – Enterprise Funds					Governmental Activities		
	2019					Internal Service Funds		
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	2018 Total	2019	2018
ASSETS								
Current Assets:								
Cash in bank/Certificate of deposit.....	\$ 828,065	\$ 7,595,048	\$ 6,411,646	\$ 2,198,977	\$ 17,033,736	\$ 15,245,488	\$ 2,866,615	\$ 2,193,066
Accounts receivable – Net.....	112,083	1,377,817	6,231,904	527,328	8,249,132	8,648,885	-	-
Accrued interest.....	-	28,233	-	26,727	54,960	36,776	-	-
Prepaid insurance	-	-	-	-	-	-	27,451	-
Inventory	-	1,104,395	1,394,154	-	2,498,549	2,235,049	-	-
Prepaid TVA Power Invoice Program.....	-	-	4,093,387	-	4,093,387	4,027,038	-	-
Total Current Assets.....	<u>940,148</u>	<u>10,105,493</u>	<u>18,131,091</u>	<u>2,753,032</u>	<u>31,929,764</u>	<u>30,193,236</u>	<u>2,894,066</u>	<u>2,193,066</u>
NonCurrent Assets:								
Capital Assets:								
Nondepreciable:								
Land and easements.....	-	1,194,236	1,260,996	1,299,150	3,754,382	3,674,105	-	-
Construction in progress.....	-	342,900	1,423,166	-	1,766,066	2,691,889	-	-
Plant and equipment – depreciable.....	2,044,051	92,700,440	91,594,339	14,202,208	200,541,038	191,872,197	-	-
Accumulated depreciation.....	<u>(632,393)</u>	<u>(33,539,498)</u>	<u>(42,034,996)</u>	<u>(11,193,963)</u>	<u>(87,400,850)</u>	<u>(81,161,327)</u>	-	-
Net Capital Assets	<u>1,411,658</u>	<u>60,698,078</u>	<u>52,243,505</u>	<u>4,307,395</u>	<u>118,660,636</u>	<u>117,076,864</u>	-	-
Other NonCurrent Assets:								
Receivables from customers for conservation loans/back utilities.....	-	-	841,079	-	841,079	1,135,284	-	-
Cash in bank – Restricted.....	-	-	-	8,125,734	8,125,734	5,435,688	-	-
Investments – Certificates of deposits - restricted for construction.....	-	-	-	3,000,000	3,000,000	5,000,000	-	-
Total Other NonCurrent Assets.....	-	-	<u>841,079</u>	<u>11,125,734</u>	<u>11,966,813</u>	<u>11,570,972</u>	-	-
Total NonCurrent Assets	<u>1,411,658</u>	<u>60,698,078</u>	<u>53,084,584</u>	<u>15,433,129</u>	<u>130,627,449</u>	<u>128,647,836</u>	-	-
TOTAL ASSETS.....	<u>2,351,806</u>	<u>70,803,571</u>	<u>71,215,675</u>	<u>18,186,161</u>	<u>162,557,213</u>	<u>158,841,072</u>	<u>2,894,066</u>	<u>2,193,066</u>
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred state regulatory charges	-	232,399	316,639	-	549,038	598,427	-	-
Pension deferrals	139,966	900,527	1,394,085	331,355	2,765,933	3,030,437	-	-
Deferred amount on refunding	-	466,400	-	-	466,400	487,600	-	-
Accumulated change in fair value of hedging derivatives.....	-	2,380,424	-	3,236,392	5,616,816	4,398,664	-	-
Total Deferred Outflows of Resources....	<u>139,966</u>	<u>3,979,750</u>	<u>1,710,724</u>	<u>3,567,747</u>	<u>9,398,187</u>	<u>8,515,128</u>	-	-

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION (Continued)
 June 30, 2019
 With Comparative Totals at June 30, 2018**

	Business-Type Activities – Enterprise Funds					Governmental Activities Internal Service Funds		
	2019					2018	2019	2018
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	Total		
LIABILITIES								
Current Liabilities:								
Accounts payable.....	14,419	398,867	11,220,868	102,744	11,736,898	12,253,552	53,829	-
Medical claims payable.....	-	-	-	-	-	-	686,636	548,855
Other accrued payables.....	19,544	113,233	261,247	38,064	432,088	745,005	-	-
Bonds payable – current.....	-	1,200,000	930,000	745,000	2,875,000	3,010,000	-	-
Customer deposits.....	-	-	2,518,189	-	2,518,189	2,341,168	-	-
Compensated absences.....	40,844	220,979	353,090	74,437	689,350	589,124	-	-
Revolving loan payable – current	-	177,708	-	-	177,708	171,768	-	-
Bond premium	-	183,978	-	-	183,978	191,644	-	-
Capital outlay note.....	-	-	-	38,161	38,161	90,122	-	-
Total Current Liabilities.....	<u>74,807</u>	<u>2,294,765</u>	<u>15,283,394</u>	<u>998,406</u>	<u>18,651,372</u>	<u>19,392,383</u>	<u>740,465</u>	<u>548,855</u>
Long-Term Liabilities:								
Compensated absences.....	-	43,525	94,250	10,622	148,397	96,485	-	-
Bonds payable.....	-	41,920,000	13,285,000	1,545,000	56,750,000	59,625,000	-	-
Estimated liability for Landfill closure and postclosure care costs.....	-	-	-	11,100,385	11,100,385	10,433,430	-	-
Revolving loan payable.....	-	2,722,693	-	-	2,722,693	2,900,401	-	-
Advances – TVA Conservation Loans.....	-	-	892,408	-	892,408	1,280,780	-	-
Unearned Credits	-	-	292,590	-	292,590	294,399	-	-
Derivatives – Interest Rate Swap	-	2,380,424	-	3,236,392	5,616,816	4,398,664	-	-
Net pension liability.....	129,639	1,753,018	3,868,337	586,976	6,337,970	6,820,720	-	-
Other post-employment benefit liability	208,562	646,881	1,408,009	432,750	2,696,202	2,740,053	-	-
Capital outlay note.....	-	-	-	-	-	38,161	-	-
Total Long-Term Liabilities.....	<u>338,201</u>	<u>49,466,541</u>	<u>19,840,594</u>	<u>16,912,125</u>	<u>86,557,461</u>	<u>88,628,093</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>413,008</u>	<u>51,761,306</u>	<u>35,123,988</u>	<u>17,910,531</u>	<u>105,208,833</u>	<u>108,020,476</u>	<u>740,465</u>	<u>548,855</u>
DEFERRED INFLOWS OF RESOURCES								
Pension deferrals.....	10,860	165,257	126,283	43,547	345,947	119,669	-	-
Bond deferral	-	-	-	50,000	50,000	66,667	-	-
Total Deferred Inflows of Resources ...	<u>10,860</u>	<u>165,257</u>	<u>126,283</u>	<u>93,547</u>	<u>395,947</u>	<u>186,336</u>	<u>-</u>	<u>-</u>
NET POSITION:								
Unrestricted.....	656,246	8,363,060	(352,378)	535,031	9,201,959	6,595,994	2,153,601	1,644,211
Restricted for property acquisitions	-	-	-	1,285,565	1,285,565	1,300,187	-	-
Net investment in capital assets	<u>1,411,658</u>	<u>14,493,698</u>	<u>38,028,506</u>	<u>1,929,234</u>	<u>55,863,096</u>	<u>51,253,207</u>	<u>-</u>	<u>-</u>
TOTAL NET POSITION.....	<u>\$ 2,067,904</u>	<u>\$ 22,856,758</u>	<u>\$ 37,676,128</u>	<u>\$ 3,749,830</u>	<u>\$ 66,350,620</u>	<u>\$ 59,149,388</u>	<u>\$ 2,153,601</u>	<u>\$ 1,644,211</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, 2019
 With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<u>Business-Type Activities – Enterprise Funds</u>					<u>Governmental Activities</u>		
	<u>2019</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>2018 Total</u>	<u>2019</u>	<u>2018</u>
Operating Revenues:								
Charges for services.....	\$ 1,318,670	\$ 14,548,641	\$ 67,334,392	\$ 4,817,427	\$ 88,019,130	\$ 85,585,744	\$ 6,569,580	\$ 6,673,995
Forfeited discounts.....	-	-	450,286	-	450,286	449,333	-	-
Miscellaneous revenues.....	-	21,141	1,687,011	-	1,708,152	1,063,402	-	-
Total Operating Revenues.....	<u>1,318,670</u>	<u>14,569,782</u>	<u>69,471,689</u>	<u>4,817,427</u>	<u>90,177,568</u>	<u>87,098,479</u>	<u>6,569,580</u>	<u>6,673,995</u>
Operating Expenses:								
Medical claims paid.....	-	-	-	-	-	-	4,245,827	5,119,241
Insurance premiums/administration.....	-	-	-	-	-	-	1,820,433	1,682,788
Administrative.....	370,400	898,152	3,580,006	517,687	5,366,518	4,926,736	-	-
Accounting and collections.....	-	953,069	-	-	953,069	947,906	-	-
Supervision.....	-	693,264	-	-	693,264	382,320	-	-
Water plant operation.....	-	1,551,368	-	-	1,551,368	1,544,152	-	-
Distribution and transmission.....	-	836,563	2,101,617	-	2,938,180	2,305,426	-	-
Meter reading and repair.....	-	301,947	-	-	301,947	287,713	-	-
Water maintenance.....	-	295,064	-	-	295,064	273,786	-	-
Sewage collection/disposal/pumping.....	-	2,811,711	-	-	2,811,438	2,690,292	-	-
Customer accounts.....	-	-	1,659,148	-	1,659,148	1,418,197	-	-
Purchased power.....	-	-	52,459,507	-	52,459,507	52,272,561	-	-
Landfill operation.....	-	-	-	2,443,575	2,443,575	2,462,377	-	-
Environmental compliance.....	-	89,415	-	190,889	280,304	280,776	-	-
Depreciation.....	110,486	2,557,063	3,195,556	747,490	6,610,595	6,340,735	-	-
Operations and maintenance.....	664,697	-	4,081,026	-	4,745,723	3,377,850	-	-
Street cleaning.....	122,065	-	-	-	122,065	105,219	-	-
Total Operating Expenses.....	<u>1,267,648</u>	<u>10,987,616</u>	<u>67,076,860</u>	<u>3,899,641</u>	<u>83,231,765</u>	<u>79,616,046</u>	<u>6,066,260</u>	<u>6,802,029</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, 2019
 With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<u>Business-Type Activities – Enterprise Funds</u>					<u>2018 Total</u>	<u>Governmental Activities Internal Service Funds</u>	
	<u>2019</u>						<u>2019</u>	<u>2018</u>
	<u>Stormwater Utility</u>	<u>Water/ Sewer Utility</u>	<u>Electric Utility</u>	<u>Landfill</u>	<u>Total</u>			
Operating Income	51,022	3,582,166	2,394,829	917,786	6,945,803	7,482,433	503,320	(128,034)
Other Income (Expense):								
Grant	100	14,798	-	11,043	25,941	147,596	-	-
Other income (expense)	-	8,873	2,650	109,821	121,344	26,848	-	-
Amortization expense	-	(36,536)	(26,387)	-	(62,923)	(70,589)	-	-
Interest expense.....	-	(1,732,613)	(400,064)	(71,496)	(2,204,173)	(1,822,018)	-	-
Interest income	6,545	67,739	83,120	22,057	179,461	57,122	6,070	724
Total Other Income (Expense)	<u>6,645</u>	<u>(1,677,739)</u>	<u>(340,681)</u>	<u>71,425</u>	<u>(1,940,350)</u>	<u>(1,661,041)</u>	<u>6,070</u>	<u>724</u>
Net Income Before Contributions and Transfers.....	57,667	1,904,427	2,054,148	989,211	5,005,453	5,821,392	509,390	(127,310)
Transfers of capital assets	1,107,817	2,760,643	-	-	3,868,460	-	-	-
Capital Contributions	-	193,093	-	-	193,093	540,608	-	-
Payments to county	-	-	(329,799)	-	(329,799)	(324,972)	-	-
Payments in Lieu of Taxes.....	-	(400,000)	(1,135,975)	-	(1,535,975)	(1,844,322)	-	-
Change in Net Position	<u>1,165,484</u>	<u>4,458,163</u>	<u>588,374</u>	<u>989,211</u>	<u>7,201,232</u>	<u>4,517,678</u>	<u>509,390</u>	<u>(127,310)</u>
Net Position – Beginning, as previously reported	902,420	18,398,595	37,087,754	2,760,619	59,149,389	63,573,680	1,644,211	1,771,521
Prior period adjustment (Note 20).....	-	-	-	-	-	(8,941,970)	-	-
Net Position – Beginning, as restated.....	<u>902,420</u>	<u>18,398,595</u>	<u>37,087,754</u>	<u>2,760,619</u>	<u>59,149,388</u>	<u>54,631,710</u>	<u>1,644,211</u>	<u>1,771,521</u>
Net Position – Ending	<u>\$ 2,067,904</u>	<u>\$ 22,856,758</u>	<u>\$ 37,676,128</u>	<u>\$ 3,749,830</u>	<u>\$ 66,350,620</u>	<u>\$ 59,149,388</u>	<u>\$ 2,153,601</u>	<u>\$ 1,644,211</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2019
 With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<u>Business-Type Activities – Enterprise Funds</u>					<u>Governmental Activities</u>		
	<u>2019</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>2018 Total</u>	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash received from customers/employees' insurance.....	\$ 1,315,456	\$14,498,421	\$70,044,870	\$ 4,700,389	\$90,559,136	\$85,112,871	\$ 6,569,580	\$ 6,673,995
Cash payments to suppliers for goods and services/ medical claims	(680,315)	(5,996,423)	(60,422,419)	(2,169,872)	(69,269,029)	(63,414,578)	(5,902,101)	(6,754,963)
Cash payments to employees for services.....	(521,452)	(2,747,840)	(4,391,954)	(1,018,552)	(8,642,194)	(8,168,020)	-	-
Net Cash Flows From Operating Activities	<u>113,689</u>	<u>5,754,158</u>	<u>5,230,497</u>	<u>1,511,965</u>	<u>12,648,087</u>	<u>13,529,837</u>	<u>667,479</u>	<u>(80,968)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
Transfers out – in lieu of taxes.....	-	(400,000)	(1,135,975)	-	(1,535,975)	(1,844,322)	-	-
Closure/post-closure payments	-	-	-	666,955	666,955	649,530	-	-
Receipts from other funds.....	-	-	-	-	-	-	65,000	65,000
Pension deferrals.....	19,651	192,552	74,171	61,106	309,702	(476,280)	-	-
Bond deferral	-	-	-	(16,667)	(16,667)	(16,666)	-	-
OPEB Deferrals	-	-	-	-	-	(16,657)	-	-
Payments to other funds/County.....	-	-	(329,799)	-	(329,799)	-	(65,000)	(65,000)
Net Cash Flows From Non-Capital Financing Activities	<u>19,651</u>	<u>(207,448)</u>	<u>(1,391,603)</u>	<u>711,394</u>	<u>(905,784)</u>	<u>(1,704,395)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Advances from TVA.....	-	-	296,231	-	296,231	105,361	-	-
Utility plant removal costs	-	-	-	-	-	51,509	-	-
Principal paid on bonds/notes/capital leases/revolving loan	-	(1,431,768)	(895,000)	(945,122)	(3,271,890)	(2,884,123)	-	-
Interest paid on bonds/notes/capital leases/revolving loan ...	-	(1,732,613)	(423,801)	(71,496)	(2,227,910)	(1,822,018)	-	-
Customer deposits received	-	-	177,021	-	177,021	757,080	-	-
Customer deposits refunded.....	-	-	-	-	-	(457,978)	-	-
Repayments of advances.....	-	-	-	-	-	(548,351)	-	-
Deferred credits	-	-	(1,809)	-	(1,809)	70,133	-	-
Collection on conservation loans	-	-	-	-	(390,398)	901,274	-	-
Payments for acquisition and construction of capital assets	(1,129,467)	(3,908,803)	(3,075,820)	(80,277)	(8,194,367)	(8,247,349)	-	-
Additional long-term bond/capital outlay notes/ revolving loans	-	-	-	-	-	3,060,000	-	-
Acquisition of conservation loans.....	-	-	(390,398)	-	-	(442,815)	-	-
Grant proceeds.....	100	14,798	-	11,043	25,941	26,303	-	-
Other revenue (expense)	-	8,873	-	109,821	118,694	143,813	-	-
Contributions in aid of construction.....	1,107,817	2,953,736	-	-	4,061,553	540,608	-	-
Amortization.....	-	(36,536)	-	-	(36,536)	(44,202)	-	-
Net Cash Flows From Capital and Related Financing Activities	<u>(21,550)</u>	<u>(4,132,313)</u>	<u>(4,313,576)</u>	<u>(976,031)</u>	<u>(9,443,470)</u>	<u>(8,790,755)</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, 2019
 With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<u>Business-Type Activities – Enterprise Funds</u>					<u>Governmental Activities</u>		
	2019					<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>2018 Total</u>	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchase of investment securities	-	-	-	(2,690,046)	(2,690,046)	(2,633,963)	-	-
Proceeds from sale and maturities of investment Securities	-	-	-	2,000,000	2,000,000	2,023,639	-	-
Interest and dividends on investments	<u>6,545</u>	<u>67,739</u>	<u>83,120</u>	<u>22,057</u>	<u>179,461</u>	<u>57,122</u>	<u>6,070</u>	<u>724</u>
Net Cash Flows From Investing Activities ..	<u>6,545</u>	<u>67,739</u>	<u>83,120</u>	<u>(667,989)</u>	<u>(510,585)</u>	<u>(553,202)</u>	<u>6,070</u>	<u>724</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	118,335	1,482,136	(391,562)	579,339	1,788,248	2,481,485	673,549	(80,244)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>709,730</u>	<u>5,103,629</u>	<u>6,803,208</u>	<u>1,619,638</u>	<u>15,245,488</u>	<u>11,754,720</u>	<u>2,193,066</u>	<u>2,273,310</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 828,065</u>	<u>\$ 6,585,765</u>	<u>\$ 6,411,646</u>	<u>\$ 2,198,977</u>	<u>\$ 17,033,736</u>	<u>\$14,236,205</u>	<u>\$ 2,866,615</u>	<u>\$ 2,193,066</u>
Reconciliation of Operating Income to Net Cash Flows Provided by (Used) in Operating Activities:								
Operating Income (loss).....	<u>\$ 51,022</u>	<u>\$ 3,582,166</u>	<u>\$ 2,394,829</u>	<u>\$ 917,786</u>	<u>\$ 6,945,803</u>	<u>\$ 7,482,433</u>	<u>\$ 503,320</u>	<u>\$ (128,034)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation.....	110,486	2,557,063	3,195,556	747,490	6,610,595	6,340,735	-	-
Changes in assets and liabilities:								
Accounts receivable.....	(3,214)	(52,314)	573,182	(117,901)	399,753	(1,083,803)	-	-
Prepaid expenses.....	-	-	(66,349)	-	(66,349)	(267,363)	(27,451)	-
Inventory.....	-	136,135	(399,635)	-	(263,500)	(455,654)	-	-
Other receivables	-	(19,047)	-	863	(18,184)	(160,806)	-	-
Accounts payable.....	(7,303)	(315,847)	(220,803)	27,298	(516,655)	1,560,848	(495,026)	47,066
Other liabilities	(37,430)	(180,884)	(334,857)	(79,947)	(595,340)	195,376	686,636	-
Accrued payroll	(174)	-	-	-	(174)	(60,761)	-	-
Due from other funds.....	-	-	-	-	-	(17,982)	-	-
Compensated absences	302	46,886	88,574	16,376	152,138	(3,186)	-	-
Total Adjustments.....	<u>62,667</u>	<u>2,171,992</u>	<u>2,835,668</u>	<u>594,179</u>	<u>5,702,284</u>	<u>6,047,404</u>	<u>164,159</u>	<u>47,066</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 113,689</u>	<u>\$ 5,754,158</u>	<u>\$ 5,230,497</u>	<u>\$ 1,511,965</u>	<u>\$ 12,648,087</u>	<u>\$13,529,837</u>	<u>\$ 667,479</u>	<u>\$ (80,968)</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, 2019
 With Comparative Totals for the Fiscal Year Ended June 30, 2018**

(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	\$ 828,065	\$ -	\$ 828,065
Water/Sewer Utility	6,585,765	1,009,283	7,595,048
Electric Utility	4,324,843	2,086,803	6,411,646
Landfill	<u>1,422,167</u>	<u>776,810</u>	<u>2,198,977</u>
Totals.....	<u>\$ 13,160,840</u>	<u>\$ 3,872,896</u>	<u>\$ 17,033,736</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, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS:		
Investments in Tennessee Retirement Group Trust (Note 8A).....	\$ 26,276,833	\$ 26,004,114
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
LIABILITIES:		
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
NET POSITION:		
Net Position Restricted for Pensions	<u>26,276,833</u>	<u>26,004,114</u>
Total Net Position	<u>\$ 26,276,833</u>	<u>\$ 26,004,114</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Additions:		
Employer contributions	\$ 1,397,040	\$ 1,554,021
Interest and dividend income	<u>1,895,488</u>	<u>2,095,876</u>
Total Additions.....	<u>3,292,528</u>	<u>3,649,897</u>
Deductions:		
Benefit payments	2,940,875	2,925,221
Administrative expenses.....	<u>78,934</u>	<u>59,495</u>
Total Deductions	<u>3,019,809</u>	<u>2,984,716</u>
Change in Net Position	272,719	665,181
Net Position – Beginning of Year.....	<u>26,004,114</u>	<u>25,338,933</u>
Net Position – End of Year.....	<u>\$ 26,276,833</u>	<u>\$ 26,004,114</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
NOTES TO FINANCIAL STATEMENTS:	
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:	
Financial Reporting Entity	24
Basic Financial Statements.....	25
Basis of Presentation	26
Measurement Focus and Basis of Accounting	28
Budgets and Budgetary Accounting.....	30
Encumbrances	31
Cash.....	31
Receivables and Unbilled Revenue	33
Cash and Investments.....	33
Due to and Due from other Funds, and Interfund Transfers.....	33
Interest Receivable	34
Inventories and Prepaid Items	34
Other Assets	34
Restricted Assets	34
Use of Estimates.....	35
Compensated Absences.....	35
Capital Assets.....	36
Long Term Obligations	36
Comparative Total Data	37
Implementation of New Accounting Standards	37
Fund Balance.....	37
Pensions	38
Reclassifications/Net Position Restated	38
NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS	39
NOTE 3 – CASH AND INVESTMENTS.....	43
NOTE 4 – PROPERTY TAX.....	45
NOTE 5 – CAPITAL ASSETS	46
NOTE 6 – LONG-TERM LIABILITIES	49
NOTE 7 – DERIVATIVES	53
NOTE 8 – RETIREMENT COMMITMENTS:	
Employee’s Retirement System of the City of Alcoa.....	61
Tennessee Consolidated Retirement System.....	69
Alcoa City Schools’ – Teacher Legacy Pension Plan of TCRS	74
Alcoa City Schools’ – Teacher’s Retirement Plan of TCRS.....	78
Tennessee Consolidated Retirement System – Hybrid W/o Cc	82
Net Pension Asset	87
Deferred Compensation Plan.....	87

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

TABLE OF CONTENTS (Continued)

	<u>Page</u>
NOTES TO FINANCIAL STATEMENTS (Continued)	
NOTE 8 – RETIREMENT COMMITMENTS:	
City of Alcoa – Other Post-Employment Benefits (OPEB)	87
Alcoa City Schools’ – Other Post Retirement Benefits Other Than Pensions (OPEB).....	90
NOTE 9 – EMPLOYEE HEALTH INSURANCE INTERNAL SERVICE FUND.....	92
NOTE 10 – CONTRACTS WITH THE TENNESSEE VALLEY AUTHORITY (TVA).....	93
NOTE 11 – JOINT VENTURES:	
Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee	93
Blount County Public Library	94
Emergency Communications District of Blount County, Tennessee	95
Blount County Cable Television Authority.....	96
Recreation and Parks Commission.....	96
Joint Development of Industrial Parks:	
Partnership Park North – Partnership Park South	97
The Pellissippi Research Centre on the Oak Ridge Corridor.....	98
NOTE 12 – LANDFILL OPERATIONS	99
NOTE 13 – ECONOMIC DEPENDENCY (ALUMINUM COMPANY OF AMERICA).....	100
NOTE 14 – REFUNDING OF DEBT/NEW DEBT.....	100
NOTE 15 – FUND BALANCES.....	100
NOTE 16 – COMMITMENTS:	
Capital Leases	101
Capital Lease Obligations	102
Committed Construction	104
Springbrook Corporate Center	104
Research and Development Industrial Park	105
NOTE 17 – LITIGATION.....	105
NOTE 18 – RISK FINANCING ACTIVITIES.....	105
NOTE 19 – CALCULATION OF NET INVESTMENT IN CAPITAL ASSETS (Governmental Funds).....	106
NOTE 20 – PRIOR PERIOD ADJUSTMENT	106
NOTE 21 – INVESTIGATIVE AUDIT	106
NOTE 22 – SUBSEQUENT EVENTS	107

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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 City Manager – Commission 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, 2019

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 focus of governmental and proprietary fund financial statements is on major funds. Fund statements should present the financial information of each major fund in a separate column. Nonmajor funds should be aggregated and displayed in a single column. The reporting government's main operating fund should always be reported as a major fund. Other individual governmental and enterprise funds should be reported in separate columns as major funds based on these criteria. The total of assets and deferred outflows of resources, the total of liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding elements total for all funds of that category or type. The same elements that met the 10% criterion are at least 5% of the corresponding element total for all governmental and enterprise funds combined. In addition to funds that meet

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

(B) BASIC FINANCIAL STATEMENTS (Continued):

the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to the financial statement users may be reported as a major fund.

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

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

(C) BASIS OF PRESENTATION:

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

The following fund categories are used by the City:

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

Governmental Funds include the following fund types:

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

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes as defined by GASB 54 – *Fund Balance Reporting and Governments Fund Type Definition*. There is one special revenue fund presented as a major fund in the basic financial statements:

Education Fund: The Education Fund is used to account for the general operations of the Alcoa City Schools. Major funding for the Education Fund is provided by State Education funds, shared revenues provided by Blount County, and property tax revenue from the City's General Fund.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

(C) BASIS OF PRESENTATION (Continued)

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

Capital Projects Funds: Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of capital facilities and/or related improvements, other than those financed by Enterprise operations. No Capital Projects Funds are presented as major funds.

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.

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

(C) BASIS OF PRESENTATION (Continued)

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 susceptible to accrual, i.e., both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” is defined as collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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

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

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

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

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

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

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

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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

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.
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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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):

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, 2019

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

(G) CASH (Continued)

The captions "cash and cash equivalents", restricted cash and pooled cash in the accompanying combined and government wide financial statements includes cash and equity in the pooled cash and investment and restricted accounts described as follows:

	<u>Restricted Cash Accounts</u>	<u>Equity in Pooled Investments</u>	<u>Equity Pooled In Cash Account</u>	<u>Other Cash Accounts</u>	<u>Combined Cash Total</u>
General Fund	\$ -	\$ -	\$ 5,115,175	\$ 2,000	\$ 5,117,175
Special Revenue Funds:					
State Street Aid Fund	-	-	836,869	-	836,869
Education Fund	-	-	243,311	475,995	719,306
Cafeteria Fund.....	-	-	-	100,540	100,540
Extended Day Program Fund	-	-	397,812	766	398,578
Drug Control Fund	-	-	158,669	-	158,669
Commercial Vehicle Fines Fund.....	-	-	5,497	-	5,497
Total Special Revenue Funds.....	<u>-</u>	<u>-</u>	<u>1,642,158</u>	<u>577,301</u>	<u>2,219,459</u>
Debt Service Fund	<u>-</u>	<u>-</u>	<u>1,483,417</u>	<u>-</u>	<u>1,483,417</u>
Capital Projects Funds:					
Capital Projects Fund	-	-	565	-	565
Alcoa Intermediate Construction Fund	-	-	6,187	-	6,187
West Plant Construction Fund.....	-	6,432,293	999,183	-	7,431,476
Equipment Replacement Fund	-	-	416,766	-	416,766
General Obligation Public Works	-	460,000	522,883	-	982,883
Landscaping Fund	-	-	97,084	-	97,084
Home Grant Fund.....	-	-	1,039	-	1,039
Legacy Fund.....	-	-	32,997	-	32,997
Total Capital Projects Funds	<u>-</u>	<u>6,892,293</u>	<u>2,076,704</u>	<u>-</u>	<u>8,968,997</u>
Internal Service Funds:					
Employees' Insurance Fund	-	-	-	1,516,736	1,516,736
Flexible Spending Fund	-	-	7,034	-	7,034
Service Center	-	-	31,345	-	31,345
City OPEB Fund	-	-	640,000	-	640,000
School OPEB Fund	-	-	671,500	-	671,500
Total Internal Service Funds	<u>-</u>	<u>-</u>	<u>1,349,879</u>	<u>1,516,736</u>	<u>2,866,615</u>
Total Governmental Funds.....	<u>-</u>	<u>6,892,293</u>	<u>11,667,333</u>	<u>2,096,037</u>	<u>20,655,663</u>
Proprietary Funds:					
Water and Sewer Utility Fund.....	-	-	6,585,765	1,009,283	7,595,048
Electric Utility Fund.....	-	2,086,803	-	4,324,843	6,411,646
Landfill Fund.....	11,125,734	-	-	2,198,977	13,324,711
Stormwater Utility Fund	<u>-</u>	<u>-</u>	<u>828,065</u>	<u>-</u>	<u>828,065</u>
Total Proprietary Funds.....	<u>11,125,734</u>	<u>2,086,803</u>	<u>7,413,830</u>	<u>7,533,103</u>	<u>28,159,470</u>
TOTAL GOVERNMENT	<u>\$ 11,125,734</u>	<u>\$ 8,979,096</u>	<u>\$ 19,081,163</u>	<u>\$ 9,629,140</u>	<u>\$ 48,815,133</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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, 2019 are as follows:

Electric Utility Fund	\$ 1,848,455
Water and Sewer Utility Fund	<u>425,229</u>
Total	<u>\$ 2,273,684</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, 2019

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

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

Interfund transfers during the fiscal year ended June 30, 2019 are as follows:

	<u>Debt Service</u>	<u>General Fund</u>	<u>Equipment Replacement Fund</u>	<u>GO Public Works</u>	<u>Education</u>	<u>AIS Construction Fund</u>	<u>Totals</u>
Governmental Activities:							
General Fund	\$ 5,500,000	\$ -	\$ 96,500	\$ 250,000	\$ 170,000	\$ 742,323	\$ 6,758,823
Education Fund	-	-	-	-	-	350,000	350,000
AHS Construction Fund	-	-	-	-	-	195	195
Subtotal	<u>5,500,000</u>	<u>-</u>	<u>96,500</u>	<u>250,000</u>	<u>170,000</u>	<u>1,092,518</u>	<u>7,109,018</u>
Business-type Activities:							
Electric Utility	-	1,135,975	-	-	-	-	1,135,975
Water/Sewer Utility	-	400,000	-	-	-	-	400,000
Subtotal	<u>-</u>	<u>1,535,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,535,975</u>
Total	<u>\$ 5,500,000</u>	<u>\$ 1,535,975</u>	<u>\$ 96,500</u>	<u>\$ 250,000</u>	<u>\$ 170,000</u>	<u>\$ 1,092,518</u>	<u>\$ 8,644,993</u>

The only Due to \ Due From funds at June 30, 2019, was due to Water/Sewer utility \$66,317 from Electric Fund.

(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.

(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, 2019 is \$11,125,734.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

(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.

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 portion of compensated absences that are attributed to retirees with a retirement date of less than one year are accrued in the general fund. 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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

(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 and capital assets received in a service concession are reported at acquisition value.

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

(R) LONG-TERM OBLIGATIONS

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

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

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

(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, 2019 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:

In 2017, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*.

During the year ended June 30, 2018, The City adopted GASB Statement No. 77 *Tax Abatement Disclosures*. For the year ended June 30, 2019, the City of Alcoa has no agreements that abate property taxes.

(U) FUND BALANCE:

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 Commission has the authority to assign funds for specified purposes, by a majority vote system.

Unassigned fund balances are any amounts other than those described above and are available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. In governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it might be necessary to report a negative unassigned fund balance in that fund.

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, 2019

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

(V) 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.

(W) RECLASSIFICATIONS/NET POSITION RESTATED:

Certain prior year assets, liabilities, equity, revenues and expenditures of the General Fund, Capital Projects Funds and Enterprise Funds have been reclassified to facilitate comparison with June 30, 2019 amounts. The reclassification causes no effect on the "excess of revenues and other sources over expenditures and other uses" or on beginning fund equities.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

(A) 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 Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Statement of Net Position
<u>Assets</u>					
Cash and cash equivalents	\$ 2,493,603	\$ -	\$ -	\$ 18,162,060	\$ 20,655,663
Pooled cash.....	8,403,153	-	2,866,615	(11,269,767)	-
Investments	6,892,293	-	-	(6,892,293)	-
Receivables:					
Sales tax receivable	483,929	-	-	(483,929)	-
Property Taxes, net.....	14,245,132	-	-	483,929	14,729,061
Accounts, net.....	27,354	-	-	333,474	360,828
Prepaid expenses	2,222	-	27,451	-	29,673
Net pension asset.....	-	1,011,186	-	-	1,011,186
Due from other governments.....	2,296,216	-	-	-	2,296,216
Due from others.....	333,474	-	-	(333,474)	-
Capital Assets, Net	-	99,516,932	-	-	99,516,932
Capital lease property.....	-	-	-	-	-
Total Assets	<u>35,177,375</u>	<u>100,528,118</u>	<u>2,894,066</u>	<u>-</u>	<u>138,599,559</u>
Deferred Outflows of Resources:					
Deferred Outflows – Pensions.....	-	5,173,849	-	-	5,173,849
Deferred Outflows – Change in fair value of swap derivatives.....	-	316,187	-	-	316,187
Total Deferred Outflows of Resources	<u>-</u>	<u>5,490,036</u>	<u>-</u>	<u>-</u>	<u>5,490,036</u>
Liabilities					
Accounts payable	1,088,252	-	740,465	-	1,828,717
Accrued liabilities	928,360	-	-	714,290	1,644,549
Unearned grant funds	587	-	-	(587)	-
Unearned revenue.....	713,703	-	-	(713,703)	-
Long-term debt.....	-	91,263,553	-	-	91,263,553
Internal balances.....	1,899	-	-	(1,899)	-
Unfunded pension obligation	-	6,683,673	-	-	6,683,673
Unfunded OPEB obligation.....	-	5,254,404	-	-	5,254,404
Derivative – interest rate swap	-	316,187	-	-	316,187
Total Liabilities	<u>2,732,801</u>	<u>103,517,817</u>	<u>740,465</u>	<u>-</u>	<u>106,991,083</u>
Deferred Inflow of Resources:					
Property taxes.....	12,916,005	-	-	-	12,916,005
Deferred Inflows – Pension.....	-	1,740,592	-	-	1,740,592
Total Deferred Inflow of Resources	<u>12,916,005</u>	<u>1,740,592</u>	<u>-</u>	<u>-</u>	<u>14,656,597</u>
Net Position.....	<u>\$ 19,528,569</u>	<u>\$ 759,745</u>	<u>\$ 2,153,601</u>	<u>\$ -</u>	<u>\$ 22,441,915</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

(Continued):

(1) LONG-TERM ASSETS, LIABILITIES

(a) 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	\$ 158,027,737
Accumulated depreciation	<u>(58,510,805)</u>
	<u>\$ 99,516,932</u>

(b) 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	\$ 145,571	\$ 718,197	\$ 863,768
Bonds, Capital improvement notes, loans	3,625,000	79,470,000	83,095,000
Capital lease obligation	214,785	7,090,000	7,304,785
Unfunded Pension Liability	-	5,672,487	5,672,487
Post-employment benefit obligation	<u>-</u>	<u>5,254,404</u>	<u>5,254,404</u>
Total Change to Net Position	<u>\$ 3,985,356</u>	<u>\$ 98,205,088</u>	<u>\$ 102,190,444</u>

(c) Deferred Outflows and Deferred Inflows relating to pension and derivative instruments are not receivable and/or payable in the current period and, accordingly, are not reported as fund assets and/or liabilities. All are reported in the statement of net position.

Deferred Outflows of Resources	\$ 5,173,849
Deferred Inflows of Resources	<u>(1,740,592)</u>
Net Change to Net Position	<u>\$ 3,433,257</u>

(2) INTERNAL SERVICE FUNDS

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 and prepaid expenses	\$ 2,894,066
Accounts payable	<u>(740,465)</u>
Net Position	<u>\$ 2,153,601</u>

(B) The net change in fund balances for governmental funds differ from the change in net position for governmental activities reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated below.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

(Continued):

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

	Total Governmental Funds	Capital- Related Items (3)	Long-term Debt Transactions (4)	Internal Service Funds (5)	Reclass- ifications	Statement of Activities
<u>Revenues (Continued)</u>						
Taxes - Property	\$ 14,535,523	\$ -	\$ -	\$ -	\$ -	\$ 14,535,523
Sales taxes	13,477,009	-	-	-	1,299,090	14,776,099
Other taxes	2,720,769	-	-	-	(1,959,313)	761,456
Licenses, permits and fees	511,043	-	-	-	-	511,043
Business taxes	-	-	-	-	878,570	878,570
Intergovernmental:						
State sales taxes	1,390,936	-	-	-	(1,390,936)	-
Federal and state grants	1,264,667	-	-	-	-	1,264,667
USDA revenues	641,714	-	-	-	-	641,714
Other state revenues	9,579,469	-	-	-	-	9,579,469
Other local revenues	964,480	-	-	-	-	964,480
Charges for services	1,406,462	-	-	6,569,580	-	7,976,042
Fines, forfeitures, and costs	525,147	-	-	-	-	525,147
Investment income	256,807	-	-	6,070	-	262,877
Miscellaneous revenue	413,828	-	-	-	-	413,828
Property rentals	142,336	-	-	-	-	142,336
In-lieu of taxes	-	-	-	-	1,172,589	1,172,589
Total Revenues	<u>47,830,190</u>	<u>-</u>	<u>-</u>	<u>6,575,650</u>	<u>-</u>	<u>54,405,840</u>
<u>Expenditures/Expenses</u>						
Current:						
General government	2,635,364	402,018	(1,289,674)	6,066,260	(122,878)	7,813,968
Public safety – Police/Fire	9,668,007	686,456	161,190	-	-	10,515,653
Public works – Streets	5,517,199	1,082,074	-	-	-	6,599,273
Recreation and Culture	400,741	234,894	-	-	-	635,635
Community development	1,626,729	-	-	-	-	1,626,729
Education	23,241,540	1,814,223	-	-	-	25,055,763
Other Building	194,303	-	-	-	(194,303)	-
Debt service -						
principal retirement	3,215,000	-	(3,215,000)	-	-	-
Debt service - interest and						
fiscal fees	2,248,871	-	-	-	-	2,248,871
Capital Outlay/lease payments	<u>4,240,434</u>	<u>(4,240,434)</u>	<u>(317,181)</u>	<u>-</u>	<u>317,181</u>	<u>-</u>
Total Expenditures	<u>52,988,188</u>	<u>(20,769)</u>	<u>(4,660,665)</u>	<u>6,066,260</u>	<u>-</u>	<u>54,373,014</u>
<u>Changes in Net Position</u>						
Transfers (Out)	(7,109,018)	-	7,109,018	-	-	-
Transfers In	8,644,993	-	(7,109,018)	-	-	1,535,975
Transfer – Capital Assets	<u>-</u>	<u>(3,868,460)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,868,460)</u>
Total Other Financing						
Sources (Uses)/Changes						
In Net Position	<u>1,535,975</u>	<u>(3,868,460)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,332,485)</u>
Net Change for the Year	<u>\$ (3,622,023)</u>	<u>\$ (3,847,691)</u>	<u>\$ 4,660,665</u>	<u>\$ 509,390</u>	<u>\$ -</u>	<u>\$ (2,299,659)</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

(Continued):

(3) CAPITAL RELATED ITEMS

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		\$ 4,240,434
Capital asset transfer to enterprise funds:		
Water and sewer utility fund	(2,760,643)	
Stormwater utility fund	<u>(1,107,817)</u>	(3,868,460)
Depreciation		<u>(4,219,665)</u>
Net Change		<u>\$ (3,847,691)</u>

(4) LONG TERM DEBT TRANSACTIONS

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

Change in compensated absences	\$ (140,954)	
OPEB Obligation	(41,636)	
Unfunded pension obligation	<u>1,311,074</u>	
		<u>\$ 1,128,484</u>

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 on long term debt	<u>\$ 3,215,000</u>
Principal payments made on capital lease	<u>\$ 317,181</u>

(5) INTERNAL SERVICE FUNDS

Internal service funds are used by management to charge the costs of self-insurance, fleet maintenance, and data processing services to individual funds. The adjustments for internal service funds close those funds by crediting amounts to participating governmental activities to adjust internal service funds’ net income for the year.

\$ 509,390

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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. The City invests in the LGIP (Local Government Investment Pool) which is unrated. Other investments consist of certificates of deposits in fully insured financial institutions.

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, 2019). Fair value is based on quoted market prices.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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, 2019:

SUMMARY OF CASH AND INVESTMENTS BY FUNDS:

Fiduciary Funds – Pension Trust	<u>\$ 26,276,833</u>
---------------------------------------	-----------------------------

Statement of Net Position:

Capital Projects Funds – Investments and Local Government Investment Pool	\$ 8,453,543
Enterprise Funds – Restricted Assets.....	11,125,734
Enterprise Funds - Non-restricted Assets	<u>17,033,736</u>
 Total Governmental and Enterprise Funds	 <u>36,613,013</u>

SUMMARY OF CHECKING ACCOUNTS BY FUNDS:

General Fund (includes cash on hand of \$2,000).....	5,117,175
Special Revenue Funds.....	2,219,459
Debt Service Fund	1,483,417
Capital Projects Funds	515,454
Internal Service Funds	<u>2,866,615</u>
 Total Checking Accounts By Funds	 <u>12,202,120</u>

**Total Checking/ Certificates of Deposit/Investments/Restricted Cash –
Statement of Net Position**

\$ 48,815,133

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents:			
Investments	\$ 6,892,293	\$ -	\$ 6,892,293
Cash and Certificates of Deposit.....	2,493,603	7,533,103	10,026,706
Restricted Cash/Certificates of Deposit	2,866,615	11,125,734	13,992,349
Pooled Cash.....	<u>8,403,152</u>	<u>9,500,633</u>	<u>17,903,785</u>
Total Cash and Investments	<u>\$ 20,655,663</u>	<u>\$ 28,159,470</u>	<u>\$ 48,815,133</u>

As of June 30, 2019 the City had the following investments and maturities:

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 – 5 Years</u>	<u>6 – 10 Years</u>	<u>More Than 10 Years</u>
Investments	<u>\$ 6,892,293</u>	<u>\$ 6,892,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 – CASH AND INVESTMENTS (Continued):

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

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

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).

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. The retirement funds are administered by TCRS and are invested in the Tennessee Retiree Group Trust (TRGT).

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.

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 2018 was 1.96 per \$100.00 of assessed value.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 – PROPERTY TAX (Continued):

Property taxes levied for 2018 and prior years, but uncollected as of June 30, 2019, are recorded as receivables, net of estimated amounts uncollectible based upon collections in prior years. The Allowance for Uncollectible Property Taxes as of June 30, 2019 is \$47,296. The taxes collected during the fiscal year ended June 30, 2019, and those taxes expected to be collected in the subsequent sixty (60) days, are recognized as revenues in the fiscal year ended June 30, 2019. The remainder of net property taxes receivable are recorded as deferred revenue.

Property taxes levied for the fiscal year ending June 30, 2020 are recorded as receivables and deferred revenue.

NOTE 5 – CAPITAL ASSETS:

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

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfer In (Out)</u>	<u>Balance June 30, 2019</u>
Non-depreciable assets:					
Land	\$ 2,197,302	\$ _____	\$ _____	\$ _____	\$ 2,197,302
Depreciable assets:					
Parks & Greenway	4,688,863	252,000	-	-	4,940,863
Accumulated depreciation	<u>(1,520,273)</u>	<u>(116,200)</u>	<u>-</u>	<u>-</u>	<u>(1,636,473)</u>
	<u>3,168,590</u>	<u>135,800</u>	<u>-</u>	<u>-</u>	<u>3,304,390</u>
Buildings	63,581,440	-	-	948,467	64,529,907
Accumulated depreciation	<u>(15,000,376)</u>	<u>(1,316,346)</u>	<u>-</u>	<u>-</u>	<u>(16,316,722)</u>
	<u>48,581,064</u>	<u>(1,316,346)</u>	<u>-</u>	<u>948,467</u>	<u>48,213,185</u>
Swimming Pools	1,047,666	-	-	-	1,047,666
Accumulated depreciation	<u>(804,204)</u>	<u>(52,383)</u>	<u>-</u>	<u>-</u>	<u>(856,587)</u>
	<u>243,462</u>	<u>(52,383)</u>	<u>-</u>	<u>-</u>	<u>191,079</u>
Improvements other than buildings	53,154,012	118,790	(50,006)	7,942,357	61,165,153
Accumulated depreciation	<u>(29,648,051)</u>	<u>(1,836,718)</u>	<u>50,006</u>	<u>-</u>	<u>(31,434,763)</u>
	<u>23,505,961</u>	<u>(1,717,928)</u>	<u>-</u>	<u>7,942,357</u>	<u>29,730,390</u>
Equipment	10,119,026	351,473	(355,845)	1,192,125	11,306,779
Accumulated depreciation	<u>(7,724,086)</u>	<u>(898,019)</u>	<u>355,845</u>	<u>-</u>	<u>(8,266,260)</u>
	<u>2,394,940</u>	<u>(546,546)</u>	<u>-</u>	<u>1,192,125</u>	<u>3,040,519</u>
Construction in progress	<u>13,379,154</u>	<u>3,518,172</u>	<u>-</u>	<u>(13,951,409)</u>	<u>2,945,917</u>
Capital Lease Property:					
Civic Center	9,142,400	-	-	-	9,142,400
Communications Center	<u>751,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>751,750</u>
	<u>9,894,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,894,150</u>
Capital Assets, net of Accumulated depreciation	<u>\$ 103,364,623</u>	<u>\$ 20,769</u>	<u>\$ -</u>	<u>\$(3,868,460)*</u>	<u>\$ 99,516,932</u>

*Transferred to Enterprise Funds.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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
STORMWATER	Balance 7-1-18	\$ -	\$ -	\$ -	\$ 884,596	\$ 29,988	\$ 914,584
	Additions	-	-	-	51,638	-	51,638
	Retirements	-	-	-	-	-	-
	Transfers In (Out)	-	-	-	1,107,817*	(29,988)	1,077,829
	Balance 6-30-19	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,044,051</u>	<u>-</u>	<u>2,044,051</u>
WATER	Balance 7-1-18	1,020,098	19,219,760	25,705,901	17,883,775	230,608	64,060,142
	Additions	-	-	306,030	431,390	-	737,420
	Retirements	-	-	-	-	-	-
	Transfers In (Out)	-	-	651,028*	-	-	651,028
	Balance 6-30-19	<u>1,020,098</u>	<u>19,219,760</u>	<u>26,662,960</u>	<u>18,315,165</u>	<u>230,608</u>	<u>65,448,590</u>
SEWER	Balance 7-1-18	174,138	4,857,626	20,180,990	917,488	138,390	26,268,632
	Additions	-	43,147	968,638	-	-	1,011,785
	Retirements	-	-	-	-	-	-
	Transfers In (Out)	-	-	1,534,667*	-	(26,098)	1,508,569
	Balance 6-30-19	<u>174,138</u>	<u>4,900,773</u>	<u>22,684,295</u>	<u>917,488</u>	<u>112,292</u>	<u>28,788,986</u>
ELECTRIC	Balance 7-1-18	1,260,996	58,492,438	16,513,822	13,031,925	2,292,903	91,592,084
	Additions	-	2,969,834	87,146	313,670	-	3,370,650
	Retirements	-	(388,050)	-	(1,394)	-	(389,444)
	Transfers In (Out)	-	574,948*	-	-	(869,737)	(294,789)
	Balance 6-30-19	<u>1,260,996</u>	<u>61,649,170</u>	<u>16,600,968</u>	<u>13,344,201</u>	<u>1,423,166</u>	<u>94,278,501</u>
LANDFILL	Balance 7-1-18	1,218,873	11,295,923	-	2,887,954	-	15,402,750
	Additions	80,277	-	-	18,331	-	98,608
	Retirements	-	-	-	-	-	-
	Balance 6-30-19	<u>1,299,150</u>	<u>11,295,923</u>	<u>-</u>	<u>2,906,285</u>	<u>-</u>	<u>15,501,358</u>
	TOTALS	<u>\$ 3,754,381</u>	<u>\$ 97,065,626</u>	<u>\$ 65,948,223</u>	<u>\$ 37,527,190</u>	<u>\$ 1,766,066</u>	<u>\$ 206,061,486</u>

*Transferred from Governmental Activities Capital Assets

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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
STORMWATER	Balance 7-1-18	\$ -	\$ -	\$ -	\$ 521,907	\$ -	\$ 521,907
	Additions	-	-	-	110,486	-	110,486
	Retirements	-	-	-	-	-	-
	Balance 6-30-19	-	-	-	632,393	-	632,393
WATER	Balance 7-1-18	-	4,893,055	7,947,680	8,672,291	-	21,513,026
	Additions	-	417,952	571,357	818,165	-	1,807,474
	Retirements	-	-	-	-	-	-
	Balance 6-30-19	<u>-</u>	<u>5,311,007</u>	<u>8,519,037</u>	<u>9,490,456</u>	<u>-</u>	<u>23,320,500</u>
SEWER	Balance 7-1-18	-	2,047,127	6,766,191	656,091	-	9,469,409
	Additions	-	134,631	570,954	44,005	-	749,590
	Retirements	-	-	-	-	-	-
	Balance 6-30-19	<u>-</u>	<u>2,181,758</u>	<u>7,337,145</u>	<u>700,096</u>	<u>-</u>	<u>10,218,999</u>
ELECTRIC	Balance 7-1-18	-	25,429,142	8,448,551	5,351,150	-	39,228,843
	Additions	-	2,232,642	515,231	447,683	-	3,195,556
	Retirements	-	(388,050)	-	(1,393)	-	(389,443)
	Removal Costs	-	40	-	-	-	40
	Balance 6-30-19	<u>-</u>	<u>27,273,774</u>	<u>8,963,782</u>	<u>5,797,440</u>	<u>-</u>	<u>42,034,996</u>
LANDFILL	Balance 7-1-18	-	8,148,299	-	2,298,173	-	10,446,472
	Additions	-	537,164	-	210,326	-	747,490
	Retirements	-	-	-	-	-	-
	Balance 6-30-19	<u>-</u>	<u>8,685,463</u>	<u>-</u>	<u>2,508,499</u>	<u>-</u>	<u>11,193,962</u>
	TOTALS	<u>-</u>	<u>43,452,002</u>	<u>24,819,964</u>	<u>19,128,889</u>	<u>-</u>	<u>87,400,850</u>
NET CAPITAL ASSETS		<u>\$ 3,754,381</u>	<u>\$ 53,613,624</u>	<u>\$ 41,128,259</u>	<u>\$ 18,398,306</u>	<u>\$ 1,766,066</u>	<u>\$ 118,660,636</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 5 – CAPITAL ASSETS (Continued):

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

Governmental activities:	
General Government	\$ 402,019
Safety	686,456
Recreation	234,894
Public works/streets	1,082,074
Education	1,814,223
Total depreciation expense – governmental activities.....	<u>\$ 4,219,667</u>
Business – type activities:	
Stormwater	\$ 110,486
Water and sewer	2,557,064
Electric	3,195,556
Landfill.....	747,490
Total depreciation expense – business-type activities	<u>\$ 6,610,596</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 capital assets:

Class	
Building and Improvements	40-50 years
Machinery and equipment.....	4-10 years
Water and sewer systems	30-50 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, 2018</u>	<u>Additions</u>	<u>Retired</u> <u>Deletions</u>	<u>Total</u> <u>Balance</u> <u>June 30, 2019</u>	<u>Non-Current</u> <u>Balance</u> <u>June 30, 2019</u>	<u>Current</u> <u>Balance</u>
Governmental Activities:						
General Obligation Bonds/ Revenue Bonds.....	\$ 86,310,000	\$ -	\$ (3,215,000)	\$ 83,095,000	\$ 79,470,000	\$ 3,625,000
Compensated Absences.....	722,814	295,256	(154,302)	863,768	718,197	145,571
Capital Leases Payable	7,621,966	-	(317,181)	7,304,785	7,199,480	105,305
Totals-Governmental Activities.....	<u>\$ 94,654,780</u>	<u>\$ 295,256</u>	<u>\$ (3,686,483)</u>	<u>\$ 91,263,553</u>	<u>\$ 87,387,677</u>	<u>\$ 3,875,876</u>
Business-type Activities:						
General Obligation Bonds/ Revenue Bonds.....	\$ 65,707,169	\$ -	\$ (3,181,768)	\$ 62,525,401	\$ 59,472,693	\$ 3,052,708
Compensated absences	685,609	837,747	(685,609)	837,747	148,397	689,350
Capital Outlay Notes	128,283	-	(90,122)	38,161	-	38,161
Estimated liability for closure/ Post-closure care cost	10,433,430	666,955	-	11,100,385	11,100,385	-
Totals-Business Type Activities	<u>\$ 76,954,491</u>	<u>\$ 1,504,702</u>	<u>\$ (3,957,499)</u>	<u>\$ 74,501,694</u>	<u>\$ 70,721,475</u>	<u>\$ 3,780,219</u>
Totals-Governmental and Business-Type Activities	<u>\$ 171,609,271</u>	<u>\$ 1,799,958</u>	<u>\$ (7,643,982)</u>	<u>\$ 165,765,247</u>	<u>\$ 158,109,152</u>	<u>\$ 7,656,095</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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, 2019.

	General Obligation Bonds	Revenue Bonds	Capital Outlay Notes	Total
Debt payable at July 1, 2018	\$ 148,945,000	\$ 3,072,169	\$ 128,283	\$ 152,145,452
Debt refunded and retired.....	(6,225,000)	(171,768)	(90,122)	(6,486,890)
Issued during fiscal year.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Payable – June 30, 2019	<u>\$ 142,720,000</u>	<u>\$ 2,900,401</u>	<u>\$ 38,161</u>	<u>\$ 145,658,562</u>

Bonds payable at June 30, 2019, are comprised of the following individual issues:

General Obligation Bonds:	<u>Total</u>	<u>Long-term Amount Outstanding</u>	<u>Current Amount Outstanding</u>
\$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 2036, variable interest.....	\$ 61,620,000	\$ 58,070,000	\$ 3,550,000
\$9,925,000 – 2009 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%	6,190,000	6,190,000	-
\$10,000,000 – 2012 General Obligation Bonds – due in annual installments of \$50,000 to \$650,000 through June 2043, variable interest.....	9,175,000	9,125,000	50,000
\$10,000,000 – 2013A General Obligation Bonds due in annual installments of \$25,000 to \$700,000 through June 2043.....	9,875,000	9,850,000	25,000
\$10,000,000 – 2014 General Obligation Bonds due in annual installments of \$75,000 to \$750,000 through June 2043.....	9,625,000	9,550,000	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.....	5,625,000	4,760,000	865,000
\$9,995,000 – 2015 General Obligation Bonds – due in annual installments of \$245,000 to \$545,000 through June 2045, variable interest	9,500,000	9,245,000	255,000
\$9,625,000 – 2016A General Obligation Bonds – due in annual installments of \$65,000 to \$975,000 through June 2036, variable interest.	9,105,000	8,890,000	215,000

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 6 – LONG-TERM LIABILITIES (Continued):

Bonds payable at June 30, 2019, are comprised of the following individual issues:

General Obligation Bonds (Continued):	<u>Total</u>	<u>Long-term Amount Outstanding</u>	<u>Current Amount Outstanding</u>
\$4,395,000 – 2016B Landfill General Obligation Bonds – due in annual installments of \$675,000 to \$775,000 through June 2022, interest at 2%	2,290,000	1,545,000	745,000
\$9,995,000 – 2017 General Obligation Bonds – due in annual installments of \$460,000 to \$685,000 through June 2037, variable interest.....	9,995,000	9,535,000	460,000
\$9,975,000 – 2018 General Obligation Bonds – due in annual installments of \$255,000 to \$380,000 through May 2048, variable interest.....	9,720,000	9,460,000	260,000
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>2,900,401</u>	<u>2,722,693</u>	<u>177,708</u>
Total Bonds Outstanding	<u>\$ 145,620,401</u>	<u>\$ 138,942,693</u>	<u>\$ 6,677,708</u>
Capital Outlay Note:			
\$266,990 – 2016 General Obligation Capital Outlay Note Due in monthly installments of \$7,673 through December 2019, interest at 2.25%.....	<u>38,161</u>	<u>-</u>	<u>38,161</u>
Total Bonds and Capital Outlay Note Outstanding	<u>\$ 145,658,562</u>	<u>\$ 138,942,693</u>	<u>\$ 6,715,869</u>

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

Proprietary Fund Types	\$ 62,563,562
Governmental Activities	<u>83,095,000</u>
Total Bonds and Notes Outstanding.....	<u>\$ 145,658,562</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 6 – LONG-TERM LIABILITIES (Continued):

The annual requirements to amortize all Bonds and Capital Outlay Notes outstanding as of June 30, 2019, including interest payments, are \$215,579,786 as follows:

Fiscal Year Ending June 30th	Principal	Interest	Total
2020	\$ 6,715,869	\$ 5,585,835	\$ 12,301,704
2021	6,943,840	5,330,303	12,274,143
2022	7,200,188	5,061,516	12,261,704
2023	6,161,752	5,054,704	11,216,456
2024	<u>6,398,556</u>	<u>4,817,484</u>	<u>11,216,040</u>
Subtotal	<u>33,420,205</u>	<u>25,849,843</u>	<u>59,270,048</u>
2025	6,595,576	4,572,068	11,167,644
2026	6,842,848	4,313,695	11,156,543
2027	6,510,372	4,050,807	10,561,179
2028	6,718,160	3,794,511	10,512,671
2029	<u>6,731,212</u>	<u>3,526,203</u>	<u>10,257,415</u>
Subtotal	<u>33,398,168</u>	<u>20,257,284</u>	<u>53,655,452</u>
2030	7,074,540	3,242,125	10,316,665
2031	6,373,156	2,940,455	9,313,611
2032	5,537,072	2,682,891	8,219,963
2033	5,545,421	2,470,642	8,016,063
2034	<u>5,760,000</u>	<u>2,252,437</u>	<u>8,012,437</u>
Subtotal	<u>30,290,189</u>	<u>13,588,550</u>	<u>43,878,739</u>
2035	5,955,000	2,017,720	7,972,720
2036	6,250,000	1,774,220	8,024,220
2037	5,165,000	1,515,870	6,680,870
2038	4,630,000	1,303,507	5,933,507
2039	<u>4,835,000</u>	<u>1,106,662</u>	<u>5,941,662</u>
Subtotal	<u>26,835,000</u>	<u>7,717,979</u>	<u>34,552,979</u>
2040	5,100,000	897,593	5,997,593
2041	5,290,000	676,412	5,966,412
2042	5,560,000	455,238	6,015,238
2043	2,925,000	223,501	3,148,501
2044	<u>855,000</u>	<u>104,750</u>	<u>959,750</u>
Subtotal	<u>19,730,000</u>	<u>2,357,494</u>	<u>22,087,494</u>
2045	885,000	72,200	957,200
2046	355,000	38,500	393,500
2047	365,000	26,074	391,074
2048	<u>380,000</u>	<u>13,300</u>	<u>393,300</u>
Subtotal	<u>1,985,000</u>	<u>150,074</u>	<u>2,135,074</u>
Totals	<u>\$ 145,658,562</u>	<u>\$ 69,921,224</u>	<u>\$ 215,579,786</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, 2019

NOTE 7 – DERIVATIVES:

Interest Rate Derivatives

The City of Alcoa, Tennessee has three interest rate swaps as of June 30, 2019. Interest rate swaps are classified as hedging derivative instruments if the hedging instruments meet the criteria of GASB 53, paragraph 27 a and b, or investment derivative instruments if they do not meet the criteria. The following table summarizes the interest rate swaps outstanding as of the date of this report.

<u>Derivative Instrument</u>	<u>Trade Date</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Counterparty</u>
\$13.4M 63% CMS Swap	8/7/2008	8/7/2008	6/1/2040	DEPFA Bank, PLC
\$ 4.5M 63% CMS Swap	8/7/2008	8/7/2008	6/1/2030	DEPFA Bank, PLC
\$10.0M 63.1% CMS Swap	8/7/2008	8/7/2008	6/1/2022	Morgan Keegan Financial Products, Inc.

Fair Values

The fair values of the interest rate swaps were estimated using the GASB 72 Fair Value and Leveling method. Derivative instruments are classified in Level 2 of the fair value hierarchy using a market approach that considers benchmark interest rates with inputs of 5-year forward CMS/3M LIBOR zero curve/AA Rated General Obligation curve/ and LIBOR swaption volatility with Market source from Reuters.

Fair Values at June 30, 2019:

<u>Hedging Derivatives</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change In Value</u>	<u>Government Activities</u>	<u>Business-Type Activities</u>
\$13.4M 63% CMS Swap	\$ (4,638,668)	\$ (3,605,205)	\$ 1,033,463	\$ -	\$ 1,033,463
\$ 4.5M 63% CMS Swap	(978,148)	(793,459)	184,719	-	184,719
\$10.0M 63.1% CMS Swap	(316,187)	(389,872)	(73,685)	(73,685)	-
	<u>\$ (5,933,033)</u>	<u>\$ (4,788,536)</u>	<u>\$ 1,144,497</u>	<u>\$ (73,685)</u>	<u>\$ 1,218,182</u>

Evaluation of Hedge Effectiveness

GASB 53 describes four primary methods for evaluating hedge effectiveness as follows: consistent critical terms, synthetic instrument, dollar-offset, and regression analysis. However, GASB 53 also allows a governmental entity to use other quantitative methods that are based on “established principles of financial economic theory”. A governmental entity may use any of the evaluation methods outlined in the Statement and is not limited to using the same method from period to period. All potential hedging derivative instruments that were determined to be hedging derivative instruments in the prior reporting period should be re-evaluated as of

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 – DERIVATIVES (Continued):

Evaluation of Hedge Effectiveness

the end of the current reporting period using the method that was applied in the prior reporting period. If that method is applied and the hedging derivative no longer meets the criteria for effectiveness of that method, a government may, but is not required to, apply another method before concluding that the hedging derivative instrument is no longer effective.

As of the date of this report, each of Alcoa’s outstanding derivatives pass at least one of the established GASB 53 hedge effectiveness testing methods and would be considered hedging derivatives for the year ending June 30, 2019. Those passing the dollar-offset method as of the date of this report. These derivatives and their associated hedged items are listed below:

<u>Derivative Instrument</u>	<u>Hedged Item</u>	<u>Maturity</u>	<u>Refunding?</u>	<u>Date</u>	<u>Refunded Bonds</u>
\$13.4M 63% CMS Swap	Series E-5-B: CUSIP: 095175RQ0	6/1/2042	Yes	8/7/2008	095175KK0
\$ 4.5M 63% CMS Swap	Series E-5-B: CUSIP: 095175RQ0	6/1/2042	Yes	8/7/2008	095175KE4
\$10.0M 63.1% CMS Swap	Series E-5-B: CUSIP: 095175RQ0	6/1/2042	Yes	8/7/2008	818200FX0

Consistent Critical Terms Method

Consistent critical terms (“CCT”) is the only non-quantitative method included in the Statement. If all of the critical terms of the derivative match the hedged item, the derivative is presumed to be effective.

Quantitative Methods

Three quantitative methods for testing effectiveness are included in GASB 53. Those methods are synthetic instrument, dollar-offset, and regression analysis. It is important to note that from period to period, a governmental entity can use any method that verifies effectiveness.

Synthetic Instrument Method

The synthetic instrument (“SI”) method combines the net cash flows from the derivative with the variable cash flows of the hedged item to simulate a third synthetic instrument. The synthetic rate is calculated based on the combined cash flows and is compared against the fixed rate on the derivative. If the synthetic rate is no less than 90% or no greater than 111% of the fixed rate on the derivative, the hedge passes the test and is considered effective.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 – DERIVATIVES (Continued):

Dollar-Offset Method

Under the dollar-offset (“D-O”) method the governmental entity divides the changes in the fair value of the derivative by the changes in fair value of the hedgeable item. This evaluation may be made using changes in the current period or on a life-to-date basis. The result of the calculation must fall within 80% to 125% in order for the derivative to be considered effective. An important distinction between D-O and SI is that D-O is a measure of expected future cash flows rather than a calculation of actual cash flows used in the SI test. The \$13.4M 63% CMS and \$4.5M 63% CMS Swaps were tested and passed the D-O method in the prior period; therefore, the D-O method was the first method applied to the swaps for the current period. The results are detailed below:

Dollar Offset Method (Life-to-Date)

<u>Swap</u> <u>Description</u>	<u>Swap</u> <u>Beginning</u> <u>Value</u>	<u>Swap</u> <u>Ending</u> <u>Value</u>	<u>Bond</u> <u>Beginning</u> <u>Value</u>	<u>Bond</u> <u>Ending</u> <u>Value</u>	<u>Dollar</u> <u>Offset</u> <u>Ratio</u>	<u>Pass</u> <u>or</u> <u>Fail</u>
\$13.4M 63% CMS Swap	\$ (980,408)	\$ (4,701,580)	\$ _____ -	\$ 4,240,185	95%	Pass

Regression Analysis Method

Regression analysis measures the statistical relationship between the fair value or cash flows of the potential hedging derivative and the hedgeable item. For cash flow hedges, the relationship analyzed should be relevant cash flows, rates, or fair values. Linear regression is a common statistical tool used to measure correlation and produce a linear function that can be used to predict results, if the data is highly correlated. For the analysis, the potential hedging derivative is the independent variable and the hedgeable item is the dependent variable.

The regression analysis should be based on sufficient data to determine if the potential hedging derivative instrument is effective as of the end of the reporting period. The changes in cash flows or fair values of the potential hedging derivative instrument substantially offset the changes in cash flows or fair values of the hedgeable item if all of the following criteria are met:

- a. The R² of the regression analysis is at least 0.80.
- b. The regression model is significant using a 95 percent confidence level.
- c. The regression coefficient for the slope is between -1.25 and -0.80.

The use of regression analysis requires an understanding of statistics. The results need to be interpreted correctly in order for the test to have any relevance.

Regression Analysis Method (Continued)

The \$10.0M 63.1% CMS Swap and \$4.5M 63% CMS Swap were tested and passed the regression analysis method in the prior period. Therefore, the swaps were tested using the regression analysis method for the current period. The results of the regression analysis are as follows:

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 – DERIVATIVES (Continued):

Relevant Results Summary

<u>Interest Rate Swap Description</u>	<u>R Square</u>	<u>Significance F</u>	<u>Slope</u>	<u>Observations</u>	<u>Pass or Fail</u>
\$4.5M 63% CMS Swap	0.9590	0.00%	(1.1673)	37	Pass
\$10.0M 63.1% CMS Swap	0.8922	0.00%	(0.8740)	37	Pass

Based on the parameters required to apply hedge accounting, the derivatives are deemed to be highly effective.

Derivative Instruments

On May 1, 2006, the City entered into a \$13,400,000 loan agreement with the Public Building Authority of Blount County (the “Authority”). Under its loan agreement, the Authority, at the request of the City, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series D-7-A effective on December 1, 2006.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variables and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$13.4 million Series D-7-A variable-rate bonds. The intention of the swap was to effectively change the City’s variable interest rate on the bonds to a synthetic fixed rate. The Series D-7-A bonds have since been refunded with a portion of the proceeds of the Series E-5-B bonds and the interest rate swap is now associated with the Series E-5-B bonds.

Terms: Under the swap, the Authority pays the counterparty a fixed payment of 3.8675 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$13.4 million along with the original associated variable-rate bonds. At no time will the notional amount on interest rate swap agreement exceed the outstanding principle of the Series E-5-B Bonds. The variable-rates on the bonds have historically approximated the Securities Industry and Financial Markets Association Index (the “SIFMA”). The swap agreement and the associated bonds mature on June 1, 2040. As of June 30, 2019, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.868%
Variable payment from counterparty	% LIBOR	<u>(1.112)%</u>
Net interest rate swap payments		2.756%
Variable-rate bond coupon payments		<u>2.314%</u>
Effective Synthetic interest rate on bonds		<u>5.070%</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 – DERIVATIVES (Continued):

Derivative Instruments (Continued)

Fair Value: As of June 30, 2019, the swap had a negative fair value of (\$4,638,668). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk: As of June 30, 2019, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative’s fair value. In order to mitigate the potential for credit risk, the Authority, on behalf of the City, entered into the interest rate swap agreement with Depfa bank, who was rated “A+” by Standard and Poor’s and “Aa3” by Moody’s Investor Service at the time the interest rate swap agreement was entered into. If Depfa’s credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian. As of June 30, 2019, Depfa’s credit rating had been downgraded and was rated “A2/A-” by Moody’s and Standard and Poor’s respectively. The counterparty has posted all collateral requirements with a third-party custodian.

Basic risk: As noted above, the swap exposes the City to basic risk should the rate on the Bonds increase to above 63% of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the Bonds to be below 63% of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk: The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination provision.” The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap’s fair value.

Swap payments and associated debt: As of June 30, 2019, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable – rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30,	Business-Type Activities			
	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2020	\$ -	\$ 310,132	\$ 369,244	\$ 679,376
2021	-	310,132	369,244	679,376
2022	-	310,132	369,244	679,376
2023	-	310,132	369,244	679,376
2024	-	310,132	369,244	679,376
2025– 2029	-	1,550,661	1,846,219	3,396,880
2030 – 2034	4,400,000	1,411,796	1,680,886	7,492,682
2035 – 2039	7,500,000	694,326	826,665	9,020,991
2040	1,500,000	34,718	41,331	1,576,049
	<u>\$ 13,400,000</u>	<u>\$ 5,242,161</u>	<u>\$ 6,241,321</u>	<u>\$ 24,883,482</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 – DERIVATIVES (Continued):

Derivative Instruments (Continued)

On December 15, 2005, the City entered into a \$4,500,000 loan agreement with the Public Building Authority of Blount County (the “Authority”). Under its loan agreement, the Authority, at the request of the City, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series D-5-C effective on December 1, 2006.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variables and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$4.5 million Series D-5-C variable-rate bonds. The intention of the swap was to effectively change the City’s variable interest rate on the bonds to a synthetic fixed rate. The Series D-5-C bonds have since been refunded with a portion of the proceeds of the Series E-5-B bonds and the interest rate swap is now associated with the Series E-5-B bonds.

Terms: Under the swap, the Authority pays the counterparty a fixed payment of 3.8825 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$4.5 million along with the original associated variable-rate bonds. At no time will the notional amount on interest rate swap agreement exceed the outstanding principle of the Series E-5-B Bonds. The variable-rates on the bonds have historically approximated the Securities Industry and Financial Markets Association Index (the “SIFMA”). The swap agreement and the associated bonds mature on June 1, 2030. As of June 30, 2019, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.883%
Variable payment from counterparty	% LIBOR	<u>(1.112)%</u>
Net interest rate swap payments		2.771%
Variable-rate bond coupon payments		<u>2.314%</u>
Effective Synthetic interest rate on bonds		<u>5.085%</u>

Fair Value: As of June 30, 2019, the swap had a negative fair value of (\$978,178). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk: As of June 30, 2019, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative’s fair value. In order to mitigate the potential for credit risk, the Authority, on behalf of the City, entered into the interest rate swap agreement with Depfa bank, who was rated “A+” by Standard and Poor’s and “Aa3” by Moody’s Investor Service at the time the interest rate swap agreement was entered into. If Depfa’s credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian. As of June 30, 2019, Depfa’s credit rating had been downgraded and was rated “A2/A-” by Moody’s and Standard and Poor’s respectively. The counterparty has posted all collateral requirements with a third-party custodian.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 – DERIVATIVES (Continued):

Derivative Instruments (Continued)

Basic risk: As noted above, the swap exposes the City to basic risk should the rate on the Bonds increase to above 63% of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the Bonds to be below 63% of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk: The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination provision.” The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap’s fair value.

Swap payments and associated debt: As of June 30, 2019, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year <u>Ending June 30,</u>	<u>Business-Type Activities</u>			
	<u>Variable Rate Bonds</u>		<u>Net Interest Rate</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Swap Payment</u>	
2020	\$ -	\$ 104,149	\$ 124,675	\$ 228,824
2021	-	104,149	124,675	228,824
2022	100,000	104,149	124,675	328,824
2023	600,000	101,834	121,904	823,739
2024	-	87,948	105,281	193,229
2025 – 2029	1,825,000	439,740	526,405	2,791,144
2030	<u>1,975,000</u>	<u>45,710</u>	<u>54,717</u>	<u>2,075,427</u>
	<u>\$ 4,500,000</u>	<u>\$ 987,679</u>	<u>\$ 1,182,332</u>	<u>\$ 6,670,011</u>

On January 1, 2000, the City entered into a \$10,000,000 loan agreement with the Public Building Authority of Sevier County (the “Authority”). Under its loan agreement, the Authority, at the request of the City, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-B-5 on June 19, 2002.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variables and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series IV-B-5 variable-rate bonds. The intention of the swap was to effectively change the City’s variable interest rate on the bonds to a synthetic fixed rate. The Series IV-B-5 bonds have since been refunded with a portion of the proceeds of the Series E-5-B bonds and the interest rate swap is now associated with the Series E-5-B bonds.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 – DERIVATIVES (Continued):

Derivative Instruments (Continued)

Terms: Under the swap, the Authority pays the counterparty a fixed payment of 4.20 percent and receives a variable payment computed as 63.10 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$10 million along with the original associated variable-rate bonds. At no time will the notional amount on interest rate swap agreement exceed the outstanding principle of the Series E-5-B Bonds. The variable-rates on the bonds have historically approximated the Securities Industry and Financial Markets Association Index (the “SIFMA”). The swap agreement and the associated bonds mature on June 1, 2022. As of June 30, 2019, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.200%
Variable payment from counterparty	% LIBOR	<u>(1.114)%</u>
Net interest rate swap payments		3.086%
Variable-rate bond coupon payments		<u>2.315%</u>
Effective Synthetic interest rate on bonds		<u>5.401%</u>

Fair Value: As of June 30, 2019, the swap had a negative fair value of (\$316,187). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk: As of June 30, 2019, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative’s fair value. The swap counterparty, Morgan Keegan Financial Products (“MKFP”) was rated “Baa1” by Standard and Poor’s as of June 30, 2019, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A- by Moody’s, Standard & Poor’s and Fitch, respectively.

Basic risk: As noted above, the swap exposes the City to basic risk should the rate on the Bonds increase to above 63.1% of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the Bonds to be below 63.1% of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk: The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination provision.” The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap’s fair value.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 – DERIVATIVES (Continued):

Derivative Instruments (Continued)

Swap payments and associated debt: As of June 30, 2019, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30,	Governmental Activities			
	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2020	\$ 1,705,000	\$ 124,400	\$ 165,888	\$ 1,995,288
2021	1,790,000	84,939	113,267	1,988,206
2022	1,880,000	43,511	58,022	1,981,533
	\$ 5,375,000	\$ 252,850	\$ 337,177	\$ 5,965,027

NOTE 8 – RETIREMENT COMMITMENTS:

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

Effective Date:

The retirement system was restated in its entirety effective July 1, 2013. 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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

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

“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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

Normal Retirement (Continued):

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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	170
Inactive employees entitled to but not yet receiving benefits	16
Active employees entitled to but not yet receiving benefits	<u>38</u>
	<u>224</u>

Early Retirement:

Condition – A member may retire early after attaining age 55 and completion of 15 years of credited service.

Benefit – The deferred early retirement benefit, to commence at the member's normal retirement date if he is then living, is computed as of his date of termination of employment in the same manner as the normal retirement benefit described above.

If requested in writing to the Board of Trustees, the member's benefit may commence immediately upon early retirement with payments beginning on the last day of the third calendar month following the member's date of termination of service. If the benefit is to commence immediately, the deferred benefit described in the preceding paragraph is actuarially reduced for each year the date of benefit commencement precedes the member's normal 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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

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.

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.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

Death Before Retirement (Continued):

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%

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

The funds of the retirement system are with the TCRS for investing in the Tennessee Retiree Group Trust (TRGT), and managed by State Street. The City is one participant in the TRGT, and owns shares in the TRGT valued at \$26,004,114 as of June 30, 2018. The TRGT is an external investment pool sponsored by the State of Tennessee. The TRGT was established in 2015 under provisions codified in *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37.

The TCRS and the State Treasurer as custodians are responsible for managing and directing the investment of the Group Trust Funds in the same manner as it invests funds of the TCRS. The TRGT assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided by the TCRS.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances – 06/30/2017	<u>\$ 35,772,794</u>	<u>\$ 25,338,933</u>	<u>\$ 10,433,861</u>
Changes for the Year:			
Service cost	178,301	-	178,301
Interest expense	2,586,636	-	2,586,636
Experience losses (gains)	219,890	-	219,890
Changes of assumptions	789,732	-	789,732
Contributions – Employer	-	1,554,021	(1,554,021)
Net investment income	-	2,062,113	(2,062,113)
Benefits paid	(2,925,221)	(2,925,221)	-
Plan administrative expenses	-	(25,732)	25,732
Net Changes	<u>849,338</u>	<u>665,181</u>	<u>184,157</u>
Balances – 06/30/2018	<u>\$ 36,622,132</u>	<u>\$ 26,004,114</u>	<u>\$ 10,618,018</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

Investment of Funds (Continued):

The following presents the net pension liability using the stated discount rate of 7.25%, 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ <u>14,088,552</u>	\$ <u>10,618,018</u>	\$ <u>7,624,353</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2019, the recognized pension expense will be \$1,974,770. This determination is based on a measurement date of June 30, 2018. At June 30, 2019, the Employees' Retirement System of the City of Alcoa reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	169,147
Contributions subsequent to the measurement date of June 30, 2018	<u>1,397,040</u>	<u>-</u>
Total	<u>\$ 1,397,040</u>	<u>\$ 169,147</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive (no future service is assumed for inactive for this calculation).

Contributions subsequent to the measurement date totaling \$1,397,040 were reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

2020	\$ 163,319
2021	(44,269)
2022	(233,062)
2023	(55,135)
Thereafter	-

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

Summary of Actuarial Assumptions and Methods

	<u>Age 20</u>	<u>Age 35</u>	<u>Age 50</u>	<u>Age 60</u>
Withdrawal Rates (per 1,000 lives)				
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 (per 1,000 lives)				
Railroad Retirement System	0.80	0.80	5.20	33.50
Disabled Mortality/Recovery Rates (per 1,000 lives)				
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>	
		55	50.00%	
		56	08.00%	
		57	08.70%	
		58	07.14%	
		59	07.69%	
		60	08.33%	
		61	09.09%	
		62	33.33%	
		63	25.00%	
		64	33.33%	
		65	100.00%	
Rate Of Investment Return		7.25% 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, 2019

NOTE 8 – 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 8, 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 change 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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	69
Inactive employees entitled to but not yet receiving benefits	121
Active employees	<u>217</u>
	<u>407</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – 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, 2019, the employer contributions for the City was \$1,888,903 based on a rate of 16.26% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state share taxes 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, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. 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, 2019**

NOTE 8— RETIREMENT COMMITMENTS (Continued):

(B) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

Net Pension Liability (Asset) (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, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce 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 expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation 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	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
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 7.25 percent based on a blending of the three factors described above.

Discount rate:

The discount rate used to measure the total pension liability was 7.25 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, 2019

NOTE 8 – 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, 2017	<u>\$ 42,120,325</u>	<u>\$ 38,484,325</u>	<u>\$ 3,636,000</u>
Changes for the year:			
Service cost	924,442	-	924,442
Interest	3,077,693	-	3,077,693
Differences between expected and actual experience	(160,031)	-	(160,031)
Changes in assumption		-	-
Contributions – employer	-	1,890,068	(1,890,068)
Contributions - employees	-	-	-
Net investment income	-	3,222,720	(3,222,720)
Benefit payments, including refunds of employee contributions	(1,187,648)	(1,187,648)	-
Administrative expense	<u>-</u>	<u>(20,690)</u>	<u>20,690</u>
Net Changes	<u>2,654,456</u>	<u>3,904,450</u>	<u>(1,249,994)</u>
Balance at June 30, 2018	<u>\$ 44,774,781</u>	<u>\$ 42,388,775</u>	<u>\$ 2,386,006</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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
The City's net pension liability (asset)	\$ 8,978,507	\$ 2,386,006	\$(3,070,834)

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

Pension expense:

For the year ended June 30, 2019, The City recognized pension expense of \$1,340,642.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

(B) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

Deferred outflows of resources and deferred inflows of resources:

For the year ended June 30, 2019, 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	\$ 1,545,320	\$ 170,113
Net difference between projected and actual earnings on pension plan investments	-	215,876
Changes in assumptions	685,293	-
Contributions subsequent to the measurement date of June 30, 2018	<u>1,888,902</u>	<u>-</u>
Total	<u>\$ 4,119,515</u>	<u>\$ 385,989</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2018,” 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:	
2020	587,225
2021	318,843
2022	5,136
2023	266,921
2024	351,076
Thereafter	315,423

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

Payable to the Pension Plan

At June 30, 2019, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – 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. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAS, 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. 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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

Contributions (Continued)

Employer contributions by Alcoa City Schools for the year ended June 30, 2019 to the Teacher Legacy Pension Plan were \$1,054,492 which is 10.94 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 (assets)

At June 30, 2019, Alcoa City Schools reported a liability (asset) of (\$968,987) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. Alcoa City Schools' proportion of the net pension liability was based on Alcoa City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018 Alcoa City Schools' proportion was 0.275366 percent. The proportion measured as of June 30, 2017 was 0.261150 percent.

Pension expense (negative pension expense)

For the year ended June 30, 2019, Alcoa City Schools recognized pension expense (negative pension expense) of \$(202,187.)

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, 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	\$ 195,866	\$ 1,307,242
Changes in assumptions	572,289	-
Net difference between projected and actual earnings on pension plan investments	-	210,892
Changes in proportion of Net Pension Liability (Asset)	220,101	-
LEA's contributions subsequent to the measurement date of June 30, 2018	<u>1,054,492</u>	<u>-</u>
TOTAL	<u>\$ 2,042,748</u>	<u>\$ 1,518,134</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 8 – 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 \$1,054,492, reported as pension related deferred outflows of resources, subsequent to the measurement date will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2020. 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	
2020	\$ 274,941
2021	(234,258)
2022	(490,671)
2023	(79,890)

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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

(Continued)

**6CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

(C) ALCOA CITY SCHOOLS – TEACHER LEGACY PENSION PLAN OF TCRS (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, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce 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 expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation 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	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
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 7.25 percent based on a blending of the three factors described above.

Discount rate:

The discount rate used to measure the total pension liability was 7.25 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, 2019**

NOTE 8 – 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Alcoa City Schools’ proportionate share of the net pension liability (asset)	\$ 7,469,570	\$ (968,987)	\$(7,950,720)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2019, Alcoa City Schools’ reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

(D) ALCOA CITY SCHOOLS – TEACHER 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 Retirement 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 with an unreduced benefit 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. Benefits are determined by a formula using the member’s highest five consecutive

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

Benefits Provided (Continued)

year average compensation and the member’s years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. 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 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 or by automatic cost controls set out in law. 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 in years when the maximum funded level, as established 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, 2019 to the Teacher Retirement Plan were \$44,467 which is 5.5 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 (Assets)

At June 30, 2019, Alcoa City Schools reported a liability (asset) of (\$42,199) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial value as of that date. Alcoa City Schools’ proportion of the net pension asset was based on Alcoa City Schools’ share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018 Alcoa City Schools’ proportion was 0.093047 percent. The proportion measured as of June 30, 2017 was 0.099622 percent.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

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

Pension Expense

For the year ended June 30, 2019, Alcoa City Schools’ recognized pension expense of \$14,100.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, 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>
Difference between expected and actual experience	\$ 2,390	\$ 1,681
Net difference between projected and actual earnings on pension plan investments	-	2,384
Change in assumptions	1,991	-
Change in proportion of net pension Liability (Asset)	1,592	5,149
LEAs contributions subsequent to the measurement date of June 30, 2018	44,467	-
Total	\$ 50,440	\$ 9,214

Alcoa City Schools’ employer contributions of \$44,467 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30:	
2020	(621)
2021	(696)
2022	(1,036)
2023	(413)
2024	(95)
Thereafter	(380)

In the table 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, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

Actuarial assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce 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 expected inflation of 2.5 percent.

The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation 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	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
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 7.25 percent based on a blending of the three factors described above.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

Discount rate

The discount rate used to measure the total pension liability was 7.25 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.

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) calculated using the discount rate of 7.25 percent, as well as what Alcoa City 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease	Current	1% Increase
	<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
Alcoa City Schools’ Proportionate share of the net pension liability (asset)	\$ 6,524	\$ (42,199)	\$ (78,097)

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2019, Alcoa City Schools’ reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

(E) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM – HYBRID W/O Cc:

Plan Description

Employees of the City of Alcoa Hybrid W/O Cc are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administrated by the TCRS. 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 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 publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

(E) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM – HYBRID W/O Cc (Continued):

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 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. 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 60 and vested or pursuant to the rule of 80 in which the member’s age and service credit total 80. 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 (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.

Employees covered by benefit terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>76</u>
Total	<u>82</u>

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’s Hybrid W/O Cc makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contributions for the City’s Hybrid W/O Cc were \$209,747 based on a rate of 5.76% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City’s Hybrid W/O Cc state shared taxes if required employer contributions are not remitted. The employer’s 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 an amortized portion of any unfunded liability.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

(E) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM – HYBRID W/O Cc (Continued):

Net Pension Liability (Asset)

The City’s Hybrid W/O Cc net pension liability (asset) was measured as of June 30, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce 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 expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

(E) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM – HYBRID W/O Cc (Continued):

Net Pension Liability (Asset)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
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 7.25 percent based on a blending of the three factors described above.

Discount rate:

The discount rate used to measure the total pension liability was 7.25 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.

Changes in the Net Pension Liability (Asset)

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) – (b)</u>
Balance at June 30, 2017	\$ 182,614	\$ 175,545	\$ 7,069
Changes for the year:			
Service cost	111,940	-	111,940
Interest	21,355	-	21,355
Differences between expected and actual experience	45,099	-	45,099
Change in assumptions	-	-	-
Contributions – employer	-	154,071	(154,071)
Contributions - employees	-	-	-
Net investment income	-	20,678	(20,678)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(6,905)	6,905
Net Changes	178,394	167,844	10,550
Balance at June 30, 2018	\$ 361,008	\$ 343,389	\$ 17,619

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

(E) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM – HYBRID W/O Cc (Continued):

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

The following presents the net pension liability (asset) of the City’s Hybrid W/O Cc calculated using the discount rate of 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
The City’s Hybrid W/O Cc net pension liability (asset)	\$ 119,663	\$ 17,619	\$ 59,272

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

Pension expense:

For the year ended June 30, 2019, The City’s Hybrid W/O Cc recognized pension expense of \$132,337.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the City’s Hybrid W/O Cc reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 117,020	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,055
Change in assumptions	3,272	-
Contributions subsequent to the measurement date of June 30, 2018	<u>209,747</u>	<u>-</u>
Total	<u>\$ 330,039</u>	<u>\$ 4,055</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2018”, will be recognized as a reduction (increase) to net pension liability (asset) 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:	
2020	10,199
2021	10,183
2022	9,909
2023	10,755
2024	11,278
Thereafter	63,913

In the table 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, 2019**

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

(E) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM – HYBRID W/O Cc (Continued):

Payable to the Pension Plan

At June 30, 2019, the City’s Hybrid W/O Cc, reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

(F) NET PENSION ASSET:

At June 30, 2019, the City reported a Net Pension Asset of \$1,011,186, which is made up of the Teacher’s Retirement Plan of TCRS and the Teacher’s Legacy Plan of TCRS.

	<u>Teacher’s Retirement Plan</u>	<u>Teacher’s Legacy Plan</u>	<u>Total</u>
Net pension asset	\$ 42,199	\$ 968,987	\$ 1,011,186

(G) 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 \$19,868,403 and \$19,255,353 as of June 30, 2019 and 2018, respectively.

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

Asset balance at July 1, 2018	\$ 19,225,353
Deferrals of compensation	1,351,982
Investment appreciation/depreciation	950,584
Withdrawals	<u>(1,659,516)</u>
Asset balance at June 30, 2019	<u>\$ 19,868,403</u>

(H) 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 40 City retirees and 17 Education retirees meet the eligibility requirements.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

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 with 25 years of service or age 62 with 15 years of service, or be on disability retirement and must have health benefit coverage in the self-insured plan provided by the City. Employees must be hired prior to January 1, 2015 to participate in this plan. The retiree can remain on the City plan from age 55 through age 65 by paying half of the coverage premium to the City.

Employees covered by the benefit terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>208</u>
	<u>248</u>

Total OPEB Liability

The City’s total OPEB liability of \$5,478,987 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Salary increases	4.00 percent
Discount rate	3.23 percent
Healthcare cost trend rates	8.00 percent graded uniformly to 5% over 10 years

The discount rate was based on the S&P Municipal Bond Index as of June 30, 2018.

Mortality was updated from table RP-2014 adjusted to 2006 and projected using scale MP-2016 to table RP-2014 adjusted to 2006 and projected using scale MP-2017.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

Actuarial Assumptions and Other Inputs (Continued).

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for period July 1, 2017 – June 30, 2018.

Balance at June 30, 2018	<u>\$ 5,569,214</u>
Changes for the year:	
Service cost	121,295
Interest	171,434
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	<u>(382,956)</u>
Net changes	<u>(90,227)</u>
 Balance at June 30, 2019	 <u>\$ 5,478,987</u>

Sensitivity of the total OPEB liability to changes in discount rate

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.23 percent) or 1 percentage-point higher (4.23 percent) than the current discount rate:

	1% Decrease <u>2.23%</u>	Current Discount Rate <u>3.23%</u>	1% Increase <u>4.23%</u>
Total OPEB Liability	<u>\$ 5,882,239</u>	<u>\$ 5,478,987</u>	<u>\$ 5,106,079</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (7% decreasing to 4%) or 1 percentage-point higher (9% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (7% decreasing to 4%)	Healthcare Cost Trend Rate 8% decreasing to 5%)	1% Increase (9% decreasing to 6%)t
Total OPEB Liability	<u>\$ 4,950,914</u>	<u>\$ 5,478,987</u>	<u>\$ 6,094,533</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$292,729.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

Plan Description

Employees of Alcoa City Schools who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide post-employment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only post-employment benefit provided to retirees. The TN plan does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301, and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by the Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>187</u>
	<u>204</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

Total OPEB Liability

The School’s total OPEB liability of \$2,471,619 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Salary increases	3.00 percent
Discount rate	3.23 percent
Healthcare cost trend rates	8.00 percent graded uniformly to 5% over 10 years

The discount rate was based on the S&P Municipal Bond Index as of June 30, 2018.

Mortality was updated from table RP-2014 adjusted to 2006 and projected using scale MP-2016 to table RP-2014 adjusted to 2006 and projected using scale MP-2017.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for period July 1, 2017 – June 30, 2018.

Changes in Total OPEB Liability

Balance at June 30, 2018	<u>\$ 2,383,607</u>
Changes for the year:	
Service cost	129,121
Interest	77,335
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	<u>(118,444)</u>
Net changes	<u>88,012</u>
 Balance at June 30, 2019	 <u>\$ 2,471,619</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – RETIREMENT COMMITMENTS (Continued):

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

Sensitivity of the total OPEB liability to changes in discount rate

The following presents the total OPEB liability of the School, as well as what the School’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.23 percent) or 1 percentage-point higher (4.23 percent) than the current discount rate:

	1% Decrease <u>2.23%</u>	Current Discount Rate <u>3.23%</u>	1% Increase <u>4.23%</u>
Total OPEB Liability	\$ <u>2,643,663</u>	\$ <u>2,471,619</u>	\$ <u>2,308,504</u>

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

The following presents the total OPEB liability of the School, as well as what the School’s total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage-point lower (7% decreasing to 4%), or 1 percentage-point higher (9% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (7% decreasing to 4%)	Healthcare Cost Trend Rate (8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
Total OPEB Liability	\$ <u>2,235,183</u>	\$ <u>2,471,619</u>	\$ <u>2,748,088</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to OPEB

For the year ended June 30, 2019, the Schools recognized OPEB expense of \$206,456.

NOTE 9 – 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 \$100,000 per specific loss. The City has obtained a stop/loss commercial insurance policy to cover claims beyond the \$100,000 per specific loss. The maximum liability approximates \$85.0 million for the year (based on 850 covered persons at a maximum of \$100,000 per covered person).

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – EMPLOYEE HEALTH INSURANCE, INTERNAL SERVICE FUND (Continued):

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>
2017	\$ 465,200	\$ 3,921,030	\$ 474,047
2018	474,047	4,909,620	548,855
2019	548,855	4,030,887	686,316

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

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

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

NOTE 11 – JOINT VENTURES:

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

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

The Industrial Development Board of Blount County (IDB) was originally incorporated pursuant to a resolution of the Blount County quarterly Court in October, 1969 and was charged with performing any or all of the duties as well as exercising the authority granted by Tennessee Code Annotated (TCA) 7-53-101. Although the board was created by the County, the Cities of Alcoa and Maryville channeled their industrial development efforts along with a proportional share of funding to the Blount County IDB. In September 2008, pursuant to the governing bodies of Blount County, the City of Alcoa and the City of Maryville and under the provisions of TCA 7-53-104 allowing for jointly created industrial development boards, the Board's Charter was re-stated as a joint board and renamed the Industrial Development Board of Blount County and the Cities of Alcoa and Maryville. The board consists of ten members, seven of which are elected by the governing bodies of Blount County, Alcoa, and Maryville and the remaining three being the incumbent mayors of the three governments or their designee.

For the fiscal year ended June 30, 2019, the City of Alcoa contributed \$397,085 to the Industrial Development Board of Blount County.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 11 – JOINT VENTURES:

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

Summary financial information, as required by accounting principles generally accepted in the United States of America, for the fiscal year ended June 30, 2019 is presented below:

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

Revenues	\$ 2,784,118
Expenditures.....	<u>(4,492,222)</u>
Excess (deficit) of Expenditures Over Revenues	(1,708,104)
Net Position – July 1, 2018.....	<u>37,197,165</u>
Net Position – June 30, 2019.....	<u>\$ 35,489,061</u>
Total Assets and Deferred Outflows of Resources.....	<u>\$ 68,266,933</u>
Total Liabilities and Deferred Inflows of Resources.....	<u>\$ 32,777,872</u>
Net Position	<u>\$ 35,489,061</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, 2019

NOTE 11 – JOINT VENTURES (Continued):

(B) BLOUNT COUNTY PUBLIC LIBRARY (Continued):

For the fiscal year ended June 30, 2019, the City of Alcoa contributed \$212,986 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, 2018, is presented below:

Revenues.....	\$ 1,375,910
Other Sources – Operating Transfers.....	1,046,930
Expenditures	<u>(2,378,704)</u>
Excess of Expenditures Over Revenues and Other Sources.....	62,136
Fund Balance – July 1, 2017.....	<u>750,514</u>
Fund Balance – June 30, 2018	<u>\$ 812,650</u>
Total Assets.....	<u>\$ 915,618</u>
Total Liabilities.....	<u>\$ 102,968</u>
Total Fund Balance	<u>\$ 812,650</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 \$171,911 to the Emergency Communications District of Blount County during the fiscal year ended June 30, 2019. Summary financial information as required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2019, is presented below:

Operating Revenues.....	\$ 1,640,363
Operating Expenses	<u>(2,291,716)</u>
Operating Income (loss)	(651,353)
Non-Operating Revenues (expenses).....	<u>743,275</u>
Change in Net Position	91,922
Net Position – July 1, 2018.....	<u>4,440,376</u>
Net Position – June 30, 2019	<u>\$ 4,532,298</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,751,626</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,219,328</u>
Total Net Position.....	<u>\$ 4,532,298</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 11 – JOINT VENTURES (Continued):

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

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, 2019, amounted to \$69,459. Summary financial information required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2019, is presented below:

Revenues	\$ 1,058,227
Expenditures	(23,945)
Excess of Revenues Over Expenditures Before Franchise	
Fee Distributions	1,034,282
Franchise Fee Distributions to County and Cities	<u>(1,033,444)</u>
Excess (Deficiency) of Revenues Over Expenditures	838
Net Position – July 1, 2018	<u>18,912</u>
Net Position – June 30, 2019	<u>\$ 19,750</u>
Total Assets	<u>\$ 267,900</u>
Total Liabilities	<u>\$ 248,150</u>
Total Net Position	<u>\$ 19,750</u>

No joint venture debt was reported on the financial statements of the Cable Television Authority as of June 30, 2019. Publically 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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 11 – JOINT VENTURES (Continued):

(E) RECREATION AND PARKS COMMISSION (Continued):

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 \$549,632 to the operations of the Commission during the fiscal year ended June 30, 2019, and expended an additional \$103,109 for recreation and parks improvements. For the year ended June 30, 2018, the City contributed \$607,613 for Commission operations and \$144,260 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, 2019, is presented below.

Revenues	\$ 3,011,931
Expenditures.....	<u>(1,570,712)</u>
Excess of Revenues Over Expenditures.....	<u>1,441,219</u>
Fund Balance – July 1, 2018.....	1,645,121
Prior Period Adjustment.....	<u>(33,472)</u>
Fund Balance – July 1, 2018, restated.....	<u>1,611,649</u>
Fund Balance – June 30, 2019	<u>\$ 3,052,868</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,272,032</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 219,164</u>
Total Fund Balance	<u>\$ 3,052,868</u>

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

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%).

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 11 – JOINT VENTURES (Continued):

JOINT DEVELOPMENT OF INDUSTRIAL PARKS (Continued)

(F) **PARTNERSHIP PARK NORTH – PARTNERSHIP PARK SOUTH (Continued):**

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:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 41,509</u>	<u>\$ 7,991</u>	<u>\$ 49,500</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.

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 CENTER 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.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 11 – JOINT VENTURES (Continued):

JOINT DEVELOPMENT OF INDUSTRIAL PARKS (Continued):

(G) THE PELLISSIPPI RESEARCH CENTER ON THE OAK RIDGE CORRIDOR (Continued):

The City’s funding pursuant to this agreement is \$5,000,000 which is complete at June 30, 2019.

An agreement between the City of Alcoa Utilities and the City of Maryville Utilities (MUB) provides for MUB to treat wastewater from the City of Alcoa Utilities. During the current year, the City of Alcoa Utilities paid MUB \$2,167,243 in operating costs for the year ended June 30, 2019 (June 30, 2018 amount paid \$2,009,387).

NOTE 12 –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 \$101,681 and \$100,099 for the years ended June 30, 2019 and June 30, 2018, 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 \$11,100,385 reported as landfill closure and postclosure care liability at June 30, 2019, 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 2016. The city expects to close the Landfill site in 2025, under the current estimate. The City has permit extensions that will allow for an additional 35 years of use. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

The Aluminum Company of America (ALCOA) provides the City of Alcoa with substantial property tax revenues, approximately 25%. Eight additional entities provide an additional 10% in property tax revenues.

NOTE 14 – REFUNDING OF DEBT/NEW DEBT:

(A) GENERAL OBLIGATION BONDS – SERIES 2018

In 2018, the City of Alcoa issued \$9,975,000 General Obligation Bonds. The Governmental Funds portion is \$6,915,000 and Water and Sewer’s portion is \$3,060,000. The bonds are due in annual installments of \$205,000 to \$545,000, variable interest rate, through the year ending June 30, 2047.

(B) GENERAL OBLIGATION BONDS – SERIES 2017

In 2017, the City of Alcoa issued \$9,995,000 General Obligation Bonds. The 2017 bonds were issued to assist in the re-development of the West Plant. The bonds are due in annual installments of \$460,000 to \$685,000, variable interest rate, through the year ending June 30, 2036.

NOTE 15 – FUND BALANCES:

(A) FUND BALANCES:

At June 30, 2019, fund balances are as follows:

Fund Balance Summary						
<u>Major Governmental Funds</u>						
	<u>General</u>	<u>Education</u>	<u>Debt</u>	<u>Nonmajor</u>	<u>Sub-totals</u>	<u>Description</u>
	<u>Fund</u>	<u>Fund</u>	<u>Service</u>	<u>Governmental</u>		
			<u>Fund</u>	<u>Funds</u>		
NONSPENDABLE						
Prepays	\$ -	\$ 2,222	\$ -	\$ -	\$ 2,222	Nonspendable
RESTRICTED TO:						
General Fund	127,191	-	-	-	127,191	Restricted
Streets and Roads	-	-	-	887,591	887,591	Restricted
Vehicle enforcement	-	-	-	5,497	5,497	Restricted
Drug enforcement	-	-	-	158,669	158,669	Restricted
Public Works						
Construction	-	-	-	1,110,373	1,110,373	Restricted
Capital projects	-	-	-	7,420,597	7,420,597	Restricted
Landscaping	-	-	-	97,084	97,084	Restricted
ASSIGNED TO:						
Education Improvement	-	979,189	-	-	979,189	Committed
Education	-	-	-	32,997	32,997	Committed
General fund	997,488	-	-	-	997,488	Committed
Education – Cafeteria	-	-	-	109,094	109,094	Committed
Education -						
Extended Day	-	-	-	404,605	404,605	Committed
Debt Service	-	-	1,384,747	-	1,384,747	Committed
Home Grant Program	-	-	-	1,039	1,039	Committed
Equipment replacement	-	-	-	416,766	416,766	Committed
UNASSIGNED	<u>5,392,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,392,620</u>	Unassigned
Totals	<u>\$ 6,518,099</u>	<u>\$ 981,411</u>	<u>\$1,384,747</u>	<u>\$ 10,644,312</u>	<u>\$ 19,528,569</u>	

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 15 – FUND BALANCES:

(B) CHANGES IN PROPRIETARY FUNDS' NET POSITION:

	<u>Governmental Activities Internal Service Funds</u>	<u>Enterprise Funds</u>				<u>Total</u>
		<u>Stormwater Utility</u>	<u>Water and Sewer Utility</u>	<u>Electric Utility</u>	<u>Landfill</u>	
Net Position – Beginning	\$ 1,644,211	\$ 902,420	\$ 18,398,595	\$ 37,087,754	\$ 2,760,619	\$ 60,793,599
Change in Net Position	<u>509,390</u>	<u>1,165,484</u>	<u>4,458,163</u>	<u>588,374</u>	<u>989,211</u>	<u>7,710,622</u>
Net Position – Ending	<u>\$ 2,153,601</u>	<u>\$ 2,067,904</u>	<u>\$ 22,856,758</u>	<u>\$ 37,676,128</u>	<u>\$ 3,749,830</u>	<u>\$ 68,504,221</u>

NOTE 16 – COMMITMENTS:

(A) CAPITAL LEASES:

The City has acquired equipment for which it is obligated under certain leases accounted for as capital leases. The leased assets and related obligations at June 30, 2019 are as follows:

<u>Assets Recorded Under Capital Leases</u>	<u>Total Lease Amount</u>	<u>Total Interest/ Interest Rate</u>	<u>Balance of lease Obligation at June 30, 2019</u>
GOVERNMENTAL ACTIVITIES:			
General Fund:			
Civic Center Capital Lease	\$ 7,090,000 (1)	\$ 3,201,975 / 4.5%	\$ 10,291,975
Communication Equipment	<u>185,088 (2)</u>	\$ 29,697 / 2.3%	<u>214,785</u>
Total Capital Leases – Governmental Funds	<u>\$ 7,275,088</u>		<u>\$ 10,506,760</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, 2019:

	<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
	2020	\$ 105,305
	2021	<u>109,480</u>
Minimum lease payments for all capital leases except Civic Arts Center (1).....		214,785
Less: Amount representing interest at City's incremental borrowing rate of interest		<u>29,697</u>
Present Value of Minimum Lease Payments...		<u>\$ 185,088</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 16 – COMMITMENTS:

(B) CAPITAL LEASE – OBLIGATION:

(1) Civic Arts Center

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 \$5,452,600.

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, 2019:

<u>Present Value of Minimum Lease Payments</u>	<u>Interest</u>	<u>Total Minimum Lease Payments</u>
<u>\$ 7,090,000</u>	<u>\$ 3,201,975</u>	<u>\$ 10,291,975</u>

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.

(Continued)

**CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 16 – COMMITMENTS (Continued):

(B) CAPITAL LEASE – OBLIGATION (Continued):

(1) Civic Arts Center (Continued)

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

(2) Communications Center Equipment

On August 3, 2010, and subsequently modified on October 21, 2010, the City entered into an inter-governmental agreement with Blount County, Tennessee, and the City of Maryville, Tennessee to acquire certain emergency communications equipment. Under the terms of the agreement, Blount County, Tennessee is the Lessee of the equipment. In turn, the County subleased to the cities of Alcoa and Maryville their prorated share of the equipment. The terms of the agreement require the City to make lease payments totaling \$751,750, plus interest at 2.3%.

Title to the equipment will transfer to each governmental entity based upon its share of the actual equipment acquired.

Present Value of Minimum Lease Payments	Interest	Communication Equipment: Total Minimum Lease Payments
<u>\$ 185,088</u>	<u>\$ 29,697</u>	<u>\$ 214,785</u>

These total minimum lease payments are payable as follows:

Year Ending June 30,	Civic Center	Communication Equipment
2020	\$ 609,050	\$ 105,305
2021	606,000	109,480
2022	602,500	-
2023	603,550	-
2024	<u>603,925</u>	<u>-</u>
Subtotal	<u>3,025,025</u>	<u>214,785</u>
2025 – 2028	2,429,600	-
2029 – 2033	3,032,050	-
2034 – 2036	<u>1,805,300</u>	<u>-</u>
Subtotal	<u>7,266,950</u>	<u>-</u>
Total	<u>\$ 10,291,975</u>	<u>\$ 214,785</u>

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 16 – COMMITMENTS (Continued):

(C) COMMITTED CONSTRUCTION:

As of June 30, 2019, the City of Alcoa, Tennessee, had the following commitments with respect to unfinished construction in progress:

<u>Project Name</u>	<u>Total Estimated Amount</u>	<u>Costs through June 30, 2019</u>	<u>Estimate to Complete</u>
Governmental			
Pistol Creek Phase IV*	3,130,904	365,767	2,765,137
Duck Pond Phase I*	<u>1,877,129</u>	<u>317,127</u>	<u>1,560,002</u>
Total Governmental Funds	<u>5,008,033</u>	<u>682,894</u>	<u>4,325,139</u>
Electric Utility			
Voltage and substation improvements, and line extensions	<u>1,826,246</u>	<u>1,423,166</u>	<u>403,080</u>
Total Enterprise Funds	<u>1,826,246</u>	<u>1,423,166</u>	<u>403,080</u>
TOTALS	<u>\$ 6,834,279</u>	<u>\$ 2,106,060</u>	<u>\$ 4,728,219</u>

* Project is funded through a Tennessee Department of Transportation Enhancement Grant whereby the State of Tennessee will reimburse the City of Alcoa for 80% of the contract amount listed.

(D) 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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 16 – COMMITMENTS (Continued):

(E) 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%).

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.

NOTE 17 – LITIGATION:

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

NOTE 18 – RISK FINANCING ACTIVITIES:

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

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.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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

	2019	2018
	Governmental Activities	Governmental Activities
	Net Investment	Net Investment
	<u>In Capital Assets</u>	<u>In Capital Assets</u>
Total Capital Assets.....	\$ 99,516,932	\$ 103,364,623
Long-Term Debt and Current Debt.....	(91,263,553)	(94,654,780)
Items in Long-Term Debt:		
Add – Compensated absences	863,768	722,814
Civic Center debt.....	6,190,000	6,190,000
Unspent long-term debt.....	<u>7,431,476</u>	<u>10,916,663</u>
June 30, 2019.....	<u>\$ 22,738,623</u>	<u>\$ 26,539,320</u>

NOTE 20 – PRIOR PERIOD ADJUSTMENT

Beginning net position for Governmental and Business-Type Activities as of June 30, 2018, was restated due to the recording of OPEB liability. Beginning net position for Water and Sewer was also restated for depreciation expense on membranes that should have been fully depreciated in prior years. There was also a reclassification of City Retirement Pension liability from Governmental Activities to Business-Type Activities.

	<u>Governmental</u> <u>Activities</u>	<u>Stormwater</u> <u>Utility</u>	<u>Water/Sewer</u> <u>Utility</u>	<u>Electric</u> <u>Utility</u>	<u>Landfill</u>
Net position, July 1, 2017	\$ 19,351,999	\$ 952,437	\$ 19,590,118	\$ 40,022,422	\$ 3,008,703
Recognition of OPEB Liability	(2,862,086)	(214,093)	(664,816)	(1,447,945)	(445,089)
Reclassification of City Retirement Pension Liability	4,800,040	(64,652)	(1,291,120)	(3,038,757)	(405,511)
Capital Assets	<u>-</u>	<u>-</u>	<u>(1,369,987)</u>	<u>-</u>	<u>-</u>
Restated Net Position, July 1, 2017	<u>\$ 21,289,953</u>	<u>\$ 673,692</u>	<u>\$ 16,264,195</u>	<u>\$ 35,535,720</u>	<u>\$ 2,158,103</u>

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

The Comptroller of the Treasury, Division of Investigations, in conjunction with the Tennessee Bureau of Investigations, performed an investigative audit of selected records of the City of Alcoa. The audit focused primarily on the period from July 1, 2007 through May 16, 2013. The investigation revealed that 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. Current year collections represent restitution payments made through the court system. The former employee has paid back \$6,929 as of June 30, 2019.

(Continued)

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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.

NOTE 22 – SUBSEQUENT EVENTS:

The date to which events occurring after June 30, 2019, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 30, 2019, which is the date on which the financial statements were issued.

CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

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CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

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>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability					
Service cost	\$ 894,770	\$ 904,768	\$ 948,025	\$ 931,368	\$ 924,442
Interest	2,204,346	2,379,080	2,593,218	2,784,741	3,077,693
Changes in benefit terms	-	-	-	-	-
Differences between actual and expected experience	(23,187)	361,622	(36,221)	1,792,558	(163,031)
Change of assumptions	-	-	-	913,725	-
Benefit payments, including refunds of employee contributions	(713,405)	(798,854)	(868,269)	(1,001,168)	(1,187,648)
Net change in total pension liability	<u>2,362,524</u>	<u>2,846,616</u>	<u>2,636,753</u>	<u>5,421,224</u>	<u>2,654,456</u>
Total pension liability-beginning	<u>28,853,208</u>	<u>31,215,732</u>	<u>34,062,348</u>	<u>36,699,101</u>	<u>42,120,325</u>
Total pension liability-ending (a)	<u>\$ 31,215,732</u>	<u>\$ 34,062,348</u>	<u>\$ 36,699,101</u>	<u>\$ 42,120,325</u>	<u>\$ 44,774,781</u>
Plan fiduciary net position					
Contributions – employer	\$ 1,770,618	\$ 1,902,848	\$ 1,949,830	\$ 1,927,489	\$ 1,890,068
Contributions – employee	-	-	-	-	-
Net investment income	4,154,442	931,379	855,389	3,870,902	3,222,720
Benefit payments, including refunds of employee contributions	(713,405)	(798,854)	(868,269)	(1,001,168)	(1,187,648)
Administrative expense	(10,211)	(12,952)	(18,410)	(18,845)	(20,690)
Net change in plan fiduciary net position	<u>5,201,444</u>	<u>2,022,421</u>	<u>1,918,540</u>	<u>4,778,378</u>	<u>3,904,450</u>
Plan fiduciary net position - beginning	<u>24,563,542</u>	<u>29,764,986</u>	<u>31,787,407</u>	<u>33,705,947</u>	<u>38,484,325</u>
Plan fiduciary net position - ending (b)	<u>\$ 29,764,986</u>	<u>\$ 31,787,407</u>	<u>\$ 33,705,947</u>	<u>\$ 38,484,325</u>	<u>\$ 42,388,775</u>
Net Pension Liability (asset)-ending (a) – (b)	<u>\$ 1,450,746</u>	<u>\$ 2,274,941</u>	<u>\$2,993,154</u>	<u>\$3,636,000</u>	<u>\$ 2,386,006</u>
Plan fiduciary net position as a percentage of total pension liability	95.35%	93.32%	91.84%	91.37%	94.67%
Covered payroll	\$ 11,108,012	\$ 11,714,226	\$ 12,006,344	\$ 11,868,775	\$ 11,624,034
Net Pension liability (asset) as a percentage of covered employee payroll	13.06%	19.42%	24.93%	30.64%	20.53%

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, 2019**

**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>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 1,770,618	\$ 1,902,848	\$ 1,949,830	\$ 1,927,489	\$ 1,890,067	\$ 1,888,903
Contributions in relation to the actuarially determined contribution	<u>1,770,618</u>	<u>1,902,848</u>	<u>1,949,830</u>	<u>1,927,489</u>	<u>1,890,067</u>	<u>1,888,903</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$11,108,012	\$ 11,714,226	\$12,006,344	\$11,868,775	\$11,624,034	\$11,616,870
Contributions as a percentage Covered payroll	15.94%	16.24%	16.24%	16.24%	16.26%	16.26%

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, 2019**

**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 ***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Alcoa City Schools' proportion of the net pension asset	0.221788%	0.232672%	0.246955%	0.261150%	0.275366%
Alcoa City Schools' proportionate share of the net pension liability (asset)	\$ (36,040)	\$ 95,310	\$ 1,543,334	\$ (85,446)	\$ (968,987)
Alcoa City Schools' covered payroll	8,705,181	8,710,070	8,914,611	9,234,536	9,642,402
Alcoa City Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.41)%	1.09%	17.31%	(0.93)%	(10.05)%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%

*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, 2019**

**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>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution (ADC)	\$ 773,020	\$ 787,391	\$ 805,879	\$ 834,530	\$ 907,733	\$1,054,492
Contributions in relation to the actuarially determined contribution	<u>773,020</u>	<u>787,391</u>	<u>805,879</u>	<u>834,530</u>	<u>907,733</u>	<u>1,054,492</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Alcoa City Schools' covered payroll	 \$8,705,181	 \$ 871,070	 \$8,914,611	 \$9,234,536	 \$9,642,402	 \$9,638,867
 Contributions as a percentage of Alcoa City Schools' covered payroll	 8.88%	 9.04%	 9.04%	 9.04%	 9.08%	 10.94%

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, 2019

**SCHEDULE OF ALCOA CITY SCHOOLS' PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)
TEACHER RETIREMENT PLAN OF TCRS
Fiscal Year Ended June 30***

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Alcoa City Schools' proportion of the net pension liability (asset)	0.026702%	0.056086%	0.099622%	0.093047%
Alcoa City Schools' proportionate share of the net pension liability (asset)	\$ (1,074)	\$ (5,839)	\$ (26,284)	\$ (42,199)
Alcoa City Schools' covered payroll	\$ 55,480	\$ 246,776	\$ 650,860	\$ 813,117
Alcoa City Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(1.94)%	(2.37)%	(4.04)%	(5.19)%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%

*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, 2019**

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 55	\$ 6,177	\$ 26,154	\$ 13,260	\$ 44,467
Contributions in relation to the contractually required contribution	<u>2,219</u>	<u>9,871</u>	<u>26,154</u>	<u>32,525</u>	<u>44,467</u>
Contribution deficiency (excess)	<u>\$ (2,164)</u>	<u>\$ (3,694)</u>	<u>\$ -</u>	<u>\$ (19,265)</u>	<u>\$ -</u>
Alcoa City Schools' covered payroll	\$ 55,480	\$ 246,776	\$ 650,860	\$ 813,117	\$1,111,675
Contributions as a percentage of Alcoa City Schools' covered payroll	4.00%	4.00%	4.02%	4.00%	4.00%

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, 2019**

**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES
PRESENTED ON PAGES 108 - 113
For the Fiscal Year Ended June 30, 2019**

Valuation date:

Actuarially determined contribution rates for 2018 were calculated based on the July 1, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed with a 20 percent corridor to market value
Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation
Investment Rate of Return	7.25 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	2.25 percent

Change of assumptions:

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS BASED ON PARTICIPATION IN THE
PUBLIC EMPLOYEE PENSION PLAN OF TCRS
HYBRID W/O Cc
Last Fiscal Year Ending June 30

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability			
Service cost	\$ 6,951	\$ 64,876	\$ 111,940
Interest	803	8,868	21,355
Changes in benefit terms	-	-	-
Differences between actual & expected experience	41,847	51,643	45,099
Change of assumptions	-	3,866	-
Benefit payments, including refunds of employee contributions	-	-	-
Net change in total pension liability	<u>49,601</u>	<u>129,253</u>	<u>178,394</u>
Total pension liability - beginning	<u>3,760</u>	<u>53,361</u>	<u>182,614</u>
Total pension liability – ending (a)	<u>\$ 53,361</u>	<u>\$ 182,614</u>	<u>\$ 361,008</u>
Plan fiduciary net position			
Contributions – employer	\$ 53,225	\$ 113,677	\$ 154,071
Contributions – employee	-	-	-
Net investment income	750	12,384	20,678
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	(2,639)	(4,811)	(6,905)
Other	-	-	-
Net change in plan fiduciary net position	<u>51,336</u>	<u>121,250</u>	<u>167,844</u>
Plan fiduciary net position – beginning	<u>2,959</u>	<u>54,295</u>	<u>175,545</u>
Plan fiduciary net position – ending (b)	<u>\$ 54,295</u>	<u>\$ 175,545</u>	<u>\$ 343,389</u>
Net Pension Liability (asset) – ending (a) – (b)	<u>\$ (934)</u>	<u>\$ 7,069</u>	<u>\$ 17,619</u>

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, 2019**

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 113,677	\$ 154,071	\$ 209,747
Contributions in relation to the actuarially determined contribution	<u>113,677</u>	<u>154,071</u>	<u>209,747</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,891,468	\$ 2,674,836	\$ 3,641,441
Contributions as a percentage covered payroll	6.01%	5.76%	5.76%

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, 2019**

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Pension Liability					
Service cost	\$ 232,880	\$ 190,824	\$ 205,136	\$ 171,443	\$ 178,301
Interest	2,612,606	2,688,755	2,695,269	2,607,943	2,586,636
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	547,119	-	117,353	-	219,890
Changes of assumptions	-	-	(1,221,352)	-	789,732
Benefit payments/refunds	<u>(2,549,182)</u>	<u>(2,587,026)</u>	<u>(2,832,855)</u>	<u>(3,215,457)</u>	<u>(2,925,221)</u>
Net Change in Total Pension Liability	834,423	292,553	(1,036,449)	(436,071)	849,338
Total Pension Liability – Beginning	<u>36,109,338</u>	<u>36,952,761</u>	<u>37,245,314</u>	<u>36,208,865</u>	<u>35,772,794</u>
Total Pension Liability – Ending (a)	<u>\$ 36,952,761</u>	<u>\$ 37,245,314</u>	<u>\$ 36,208,865</u>	<u>\$ 35,772,794</u>	<u>\$ 36,622,132</u>
Plan Fiduciary Net Position					
Contributions – employer	\$ 1,451,649	\$ 2,173,944	\$ 2,406,072	\$ 2,132,867	\$ 1,554,021
Net investment income	2,612,615	693,555	802,129	2,634,609	2,062,113
Benefit payments/refunds	(2,549,182)	(2,587,026)	(2,832,855)	(3,215,457)	(2,925,221)
Administrative expenses	(75,650)	(73,003)	(83,979)	(41,329)	(25,732)
Other	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>\$ 1,439,432</u>	<u>\$ 207,470</u>	<u>\$ 291,367</u>	<u>\$ 1,510,690</u>	<u>\$ 665,181</u>
Plan Fiduciary Net Position – Beginning	<u>21,889,974</u>	<u>23,329,406</u>	<u>23,536,876</u>	<u>23,828,243</u>	<u>25,338,933</u>
Plan Fiduciary Net Position – ending (b)	<u>\$ 23,329,406</u>	<u>\$ 23,536,876</u>	<u>\$ 23,828,243</u>	<u>\$ 25,338,933</u>	<u>\$ 26,004,114</u>
Plan Pension Liability – ending (a) – (b)	<u>\$ 13,623,355</u>	<u>\$ 13,708,438</u>	<u>\$ 12,380,622</u>	<u>\$ 10,433,861</u>	<u>\$ 10,618,018</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	63%	63%	66%	71%	71%
Covered payroll	\$ 3,747,156	\$ 3,747,156	\$ 3,087,577	\$ 3,087,577	\$ 2,844,881
Net Pension Liability as a % of covered payroll	364%	366%	401%	338%	373%

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, 2019**

**SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN
THE EMPLOYEE RETIREMENT SYSTEM OF THE CITY OF ALCOA**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 1,427,703	\$ 1,427,703	\$ 1,445,037	\$ 1,445,037	\$ 1,512,242	\$ 1,512,242
Contributions in relation to the actuarially determined contribution	<u>1,451,649</u>	<u>2,173,944</u>	<u>2,406,072</u>	<u>2,132,867</u>	<u>1,554,021</u>	<u>1,397,040</u>
Contribution deficiency (excess)	<u>\$ (23,946)</u>	<u>\$ (746,241)</u>	<u>\$ (961,035)</u>	<u>\$ (687,830)</u>	<u>\$ (41,779)</u>	<u>\$ 115,202</u>
Covered payroll	\$ 3,747,156	\$ 3,747,156	\$ 3,087,577	\$ 3,087,577	\$ 2,844,881	\$ 2,844,881
Contributions as a percentage of covered payroll	39%	58%	78%	69%	55%	49%

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, 2019**

**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES
PRESENTED ON PAGES 117-118
For the Fiscal Year Ended June 30, 2019**

Valuation date:

Actuarially determined contribution rates for 2019 were calculated based on the July 1, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Amortization method	Level dollar, closed (not to exceed 20 years)
Asset valuation	5 year smoothing of difference of expected value and market value
Inflation	4.0 percent
Salary increases	4 percent annual increase to normal retirement age, including inflation
Investment Rate of Return	7.25 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	None

**CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

**SCHEDULE OF CHANGES IN CITY OF ALCOA, TENNESSEE'S
NET OPEB LIABILITY AND RELATED RATIOS
Last Fiscal Year Ending June 30**

	<u>2018</u>	<u>2019</u>
Total OPEB liability		
Service costs	\$ 115,519	\$ 121,295
Interest	174,257	171,434
Changes in benefit terms	-	-
Differences between actual & expected experience	-	-
Change in assumptions or other inputs	-	-
Benefit payments	<u>(354,589)</u>	<u>(382,956)</u>
Net change in total OPEB liability	(64,813)	(90,227)
Total OPEB liability - beginning	<u>5,634,027</u>	<u>5,569,214</u>
Total OPEB liability – ending	<u>\$ 5,569,214</u>	<u>\$ 5,478,987</u>
Plan Fiduciary Net Position as a percentage of the OPEB liability	0.00%	0.00%
Covered Employee Payroll	\$ 11,522,746	\$ 11,983,656
Net OPEB Liability as a percentage of covered payroll	48.33%	45.7%

This is a ten-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 ten years of information is available.

**CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

**SCHEDULE OF CITY OF ALCOA, TENNESSEE'S
CONTRIBUTIONS TO OPEB PLAN
For the Fiscal Years Ended June 30**

	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 498,064	\$ 513,749
Contributions in relation to the actuarially determined contribution	<u>354,589</u>	<u>382,956</u>
Contribution deficiency (excess)	<u>\$ 143,475</u>	<u>\$ 130,793</u>
Covered payroll	\$ 11,522,746	\$ 11,983,656
Contribution as a percentage of covered payroll	3.10%	3.2%

This is a ten-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 ten years of information is available.

**CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

**SCHEDULE OF CHANGES IN ALCOA CITY SCHOOL'S
NET OPEB LIABILITY AND RELATED RATIOS
Last Fiscal Year Ending June 30**

	<u>2018</u>	<u>2019</u>
Total OPEB liability		
Service costs	\$ 122,972	\$ 129,121
Interest	74,582	77,335
Changes in benefit terms	-	-
Differences between actual & expected experience	-	-
Changes in assumptions or other inputs	-	-
Benefit payments	<u>(109,670)</u>	<u>(118,444)</u>
Net change in total OPEB liability	87,884	88,012
Total OPEB liability - beginning	<u>2,295,723</u>	<u>2,383,607</u>
Total OPEB liability – ending	<u>\$ 2,383,607</u>	<u>\$ 2,471,619</u>
Plan Fiduciary Net Position as a percentage of the OPEB liability	0.0%	0.0%
Covered Payroll	\$ 10,566,293	\$ 10,883,282
Net OPEB Liability as a percentage of covered payroll	22.6%	22.7%

This is a ten-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 ten years of information is available.

**CITY OF ALCOA, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

**SCHEDULE OF ALCOA CITY SCHOOL'S
CONTRIBUTIONS TO OPEB PLAN
For the Fiscal Years Ended June 30**

	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 280,065	\$ 298,327
Contributions in relation to the actuarially determined contribution	<u>109,670</u>	<u>118,444</u>
Contribution deficiency (excess)	<u>\$ 170,395</u>	<u>\$ 179,883</u>
Covered payroll	\$ 10,566,293	\$ 10,883,282
Contribution as a percentage of covered payroll	1.0%	1.1%

This is a ten-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 ten years of information is available.

CITY OF ALCOA, TENNESSEE
OTHER SUPPLEMENTARY INFORMATION
June 30, 2019

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CITY OF ALCOA, TENNESSEE
COMBINING FUND FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2019

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**CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET
Non-Major Governmental Funds
June 30, 2019
With Comparative Totals at June 30, 2018**

	<u>Special Revenue Funds</u>						2019 Total Special Revenue Funds	2018 Total Special Revenue Funds
	State Street Aid	Federal Projects	Alcoa City Schools Cafeteria	Alcoa Schools Extended Day Program	Drug Fund	Commercial Motor Vehicle Fines		
ASSETS								
Cash and cash equivalents.....	\$ 836,869	\$ -	\$ 100,540	\$ 398,578	\$ 158,669	\$ 5,497	\$ 1,500,154	\$ 1,384,532
Accounts receivable	-	-	13,206	13,619	-	-	26,824	32,871
Due from grantors, other governments, and State of Tennessee	51,290	92,787	-	-	-	-	144,077	128,630
Due from other funds	-	-	-	-	-	-	-	1,529
Total Assets.....	<u>\$ 888,159</u>	<u>\$ 85,353</u>	<u>\$ 113,746</u>	<u>\$ 412,197</u>	<u>\$ 158,669</u>	<u>\$ 5,497</u>	<u>\$ 1,671,055</u>	<u>\$ 1,547,562</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 568	\$ 92,200	\$ 4,652	\$ 3,592	\$ -	\$ -	\$ 101,012	\$ 178,113
Unearned grant funds	-	587	-	-	-	-	587	587
Unearned fee income.....	-	-	-	4,000	-	-	4,000	4,000
Total Liabilities.....	<u>568</u>	<u>92,787</u>	<u>4,652</u>	<u>7,592</u>	<u>-</u>	<u>-</u>	<u>105,599</u>	<u>182,700</u>
Fund Balances								
Restricted.....	887,591	-	-	-	158,669	5,497	1,051,757	956,041
Assigned.....	-	-	109,094	404,605	-	-	513,699	408,821
Total Fund Balances.....	<u>887,591</u>	<u>-</u>	<u>109,094</u>	<u>404,605</u>	<u>158,669</u>	<u>5,497</u>	<u>1,565,456</u>	<u>1,364,862</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE.....	<u>\$ 888,159</u>	<u>\$ 92,787</u>	<u>\$ 113,746</u>	<u>\$ 412,197</u>	<u>\$ 158,669</u>	<u>\$ 5,497</u>	<u>\$ 1,671,055</u>	<u>\$ 1,547,562</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
 COMBINING BALANCE SHEET (Continued)
 Non-Major Governmental Funds
 June 30, 2019
 With Comparative Totals at June 30, 2018

	Capital Project Funds					2019
	Capital Projects	Equipment Replacement Fund	Home Grant Program Fund	Landscaping Fund	General Obligation Public Works Construction	Subtotal Capital Project Funds
ASSETS						
Cash and cash equivalents	\$ 565	\$ 416,766	\$ 1,039	\$ 97,084	\$ -	\$ 515,454
Pooled cash.....	-	-	-	-	522,883	522,883
Pooled investments.....	-	-	-	-	460,000	460,000
Accounts receivable.....	-	-	-	-	293,996	293,996
Due from grantors, other governments, and State of Tennessee	-	-	-	-	130,305	130,305
Due from other funds.....	-	-	-	-	-	-
Total Assets.....	<u>\$ 565</u>	<u>\$ 416,766</u>	<u>\$ 1,039</u>	<u>\$ 97,084</u>	<u>\$ 1,407,184</u>	<u>\$ 1,922,638</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 6,357	\$ -	\$ -	\$ -	\$ 296,811	\$ 303,168
Unearned grant funds	-	-	-	-	-	-
Unearned fee income.....	-	-	-	-	-	-
Due to other funds.....	-	-	-	-	-	-
Total Liabilities.....	<u>6,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,811</u>	<u>303,168</u>
Fund Balances:						
Restricted.....	(5,792)	-	-	97,084	1,110,373	1,201,665
Assigned.....	-	416,766	1,039	-	-	417,805
Total Fund Balances.....	<u>(5,792)</u>	<u>416,766</u>	<u>1,039</u>	<u>97,084</u>	<u>1,110,373</u>	<u>1,619,470</u>
Total Liabilities and Fund Balances	<u>\$ 565</u>	<u>\$ 416,766</u>	<u>\$ 1,039</u>	<u>\$ 97,084</u>	<u>\$ 1,407,184</u>	<u>\$ 1,922,638</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET (Continued)
Non-Major Governmental Funds
June 30, 2019
With Comparative Totals at June 30, 2018

	<u>Capital Project Funds</u>				<u>2019 Total Capital Project Funds</u>	<u>2018 Total Capital Project Funds</u>	<u>Total Non-Major Governmental Funds</u>	
	<u>Legacy Fund</u>	<u>West Plant Construction Fund</u>	<u>AIS Construction Fund</u>	<u>Sub-Total 2019 Capital Project Funds</u>			<u>2019</u>	<u>2018</u>
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 515,454	\$ -	\$ 2,015,608	\$ 62,027
Pooled cash	32,997	999,183	6,186	1,038,366	1,561,249	1,144,442	1,561,249	2,466,947
Pooled investments	-	6,432,293	-	6,432,293	6,892,293	10,678,883	6,892,293	10,678,883
Accounts receivable	-	-	-	-	293,996	1,110,103	320,820	1,142,974
Due from grantors, other governments, and State of Tennessee	-	-	-	-	130,305	130,305	274,382	258,935
Due from other funds	-	-	-	-	-	560,288	-	561,817
Total Assets	<u>\$ 32,997</u>	<u>\$ 7,431,476</u>	<u>\$ 6,186</u>	<u>\$ 7,470,659</u>	<u>\$ 9,393,297</u>	<u>\$13,624,021</u>	<u>\$11,064,352</u>	<u>\$15,171,583</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ 5,283	\$ 5,990	\$ 11,273	\$ 314,441	\$ 1,680,618	\$ 415,453	\$ 1,858,731
Unearned grant funds	-	-	-	-	-	-	587	587
Unearned fee income	-	-	-	-	-	-	4,000	4,000
Due to other funds	-	-	-	-	-	560,288	-	560,288
Total Liabilities	<u>-</u>	<u>5,283</u>	<u>5,990</u>	<u>11,273</u>	<u>314,441</u>	<u>2,240,906</u>	<u>420,040</u>	<u>2,423,606</u>
Fund Balances:								
Restricted	-	7,426,193	196	7,426,389	8,628,054	9,823,701	9,679,811	10,779,742
Assigned	32,997	-	-	32,997	450,802	1,559,414	964,501	1,968,235
Total Fund Balances	<u>32,997</u>	<u>7,426,193</u>	<u>196</u>	<u>7,459,386</u>	<u>9,078,856</u>	<u>11,383,115</u>	<u>10,644,312</u>	<u>12,747,977</u>
Total Liabilities and Fund Balances	<u>\$ 32,997</u>	<u>\$ 7,431,476</u>	<u>\$ 6,186</u>	<u>\$ 7,470,659</u>	<u>\$ 9,393,297</u>	<u>\$13,624,021</u>	<u>\$11,064,352</u>	<u>\$15,171,583</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<u>Special Revenue Funds</u>						<u>2019 Total Special Revenue Funds</u>	<u>2018 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:								
State gasoline tax.....	\$ 296,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296,719	\$ 283,329
Federal and state grants	-	843,249	-	-	-	-	843,249	947,540
U.S.D.A. reimbursements.....	-	-	641,714	-	-	-	641,714	574,105
Charges for services	8,075	-	370,842	271,629	-	-	653,049	639,557
Fines, forfeitures and court cases ..	-	-	-	-	34,759	785	35,544	117,469
Investment income	<u>7,692</u>	-	-	<u>2,503</u>	<u>1,090</u>	<u>44</u>	<u>8,826</u>	<u>2,734</u>
Total Revenues.....	<u>312,486</u>	<u>843,249</u>	<u>1,012,556</u>	<u>274,132</u>	<u>35,849</u>	<u>829</u>	<u>2,479,101</u>	<u>2,564,734</u>
Expenditures:								
Current:								
Public Safety	-	-	-	-	4,144	-	4,144	-
Public Works	249,304	-	-	-	-	-	249,304	230,155
Education	-	843,249	978,471	203,339	-	-	2,025,059	-
Total Expenditures	<u>249,304</u>	<u>849,249</u>	<u>978,471</u>	<u>203,339</u>	<u>4,144</u>	<u>-</u>	<u>2,278,507</u>	<u>2,301,195</u>
Net Change in Fund Balance Before Other Financing Sources (Uses).....	<u>63,182</u>	<u>-</u>	<u>34,085</u>	<u>70,793</u>	<u>31,705</u>	<u>829</u>	<u>200,594</u>	<u>263,539</u>
Other Financing Sources (Uses):								
Transfers Out.....	-	-	-	-	-	-	-	-
Net Change in Fund Balance.....	63,182	-	34,085	70,793	31,705	829	200,594	263,539
Fund Balance, July 1 st	<u>824,409</u>	<u>-</u>	<u>75,009</u>	<u>333,812</u>	<u>126,964</u>	<u>4,668</u>	<u>1,364,862</u>	<u>1,364,862</u>
Fund Balance, June 30th.....	<u>\$ 887,591</u>	<u>\$ -</u>	<u>\$ 109,094</u>	<u>\$ 404,605</u>	<u>\$ 158,669</u>	<u>\$ 5,497</u>	<u>\$ 1,565,456</u>	<u>\$ 1,364,862</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Capital Project Funds						Sub-Total 2019 Capital Project Funds
	Capital Projects	Equipment Replacement Fund	Home Grant Program	Landscaping Fund	General Obligation Public Works Construction	Alcoa High School Construction Fund	
Revenues:							
Intergovernmental.....	\$ 237,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 237,192
State gasoline tax	-	-	-	-	-	-	-
Federal and state grants.....	-	-	-	-	284,648	-	284,648
U.S.D.A. reimbursements	-	-	-	-	-	-	-
Charges for services.....	-	-	-	13,729	-	-	13,729
Fines, forfeitures and court cases..	-	-	-	-	-	-	-
Investment income.....	-	3,064	-	774	4,534	-	8,372
Total Revenues	<u>237,192</u>	<u>3,064</u>	<u>-</u>	<u>14,503</u>	<u>289,182</u>	<u>-</u>	<u>543,941</u>
Expenditures:							
Current:							
Public Works	309,162	22,249	-	-	79,053	-	410,764
Culture and Recreation	-	-	-	-	-	-	-
Education.....	-	-	-	-	-	-	-
Capital Outlay.....	-	1,120,963	-	-	547,171	-	1,668,134
Total Expenditures.....	<u>309,162</u>	<u>1,143,512</u>	<u>-</u>	<u>-</u>	<u>626,224</u>	<u>-</u>	<u>2,078,898</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(71,970)</u>	<u>(1,140,448)</u>	<u>-</u>	<u>14,503</u>	<u>(337,042)</u>	<u>-</u>	<u>(1,534,957)</u>
Other Financing Sources (Uses):							
Transfers In:							
General Fund	-	96,500	-	-	250,000	-	346,500
Bond proceeds	-	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-
Other funds	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	(195)	(195)
Total Other Financing Sources (Uses)	<u>-</u>	<u>96,500</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>(195)</u>	<u>346,305</u>
Net Change in Fund Balances.....	<u>(71,970)</u>	<u>(1,043,948)</u>	<u>-</u>	<u>14,503</u>	<u>(87,042)</u>	<u>(195)</u>	<u>(1,188,652)</u>
Fund Balance, July 1 st	<u>66,178</u>	<u>1,460,714</u>	<u>1,039</u>	<u>82,581</u>	<u>1,197,415</u>	<u>195</u>	<u>2,808,122</u>
Fund Balance, June 30th	<u>\$ (5,792)</u>	<u>\$ 416,766</u>	<u>\$ 1,039</u>	<u>\$ 97,084</u>	<u>\$ 1,110,373</u>	<u>\$ -</u>	<u>\$ 1,619,470</u>

See accompanying independent auditors' report and notes.

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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Capital Project Funds</u>			Subtotal 2019 Capital Project Funds	Total 2019 Capital Project Funds	Total 2018 Capital Projects Funds	Total Non-Major Governmental Funds	
	<u>Legacy Fund</u>	<u>West Plant Construction Fund</u>	<u>AIS Construction Fund</u>				<u>2019</u>	<u>2018</u>
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 237,192	\$ 181,190	\$ 237,192	\$ 181,190
State gasoline tax	-	-	-	-	-	-	296,719	283,329
Federal and state grants	-	68	-	68	284,716	2,836,919	1,127,965	3,784,459
U.S.D.A. reimbursements	-	-	-	-	-	-	641,714	574,105
Charges for services	-	-	-	-	13,729	17,337	666,778	656,894
Fines, forfeitures and court cases .	-	-	-	-	-	-	35,544	117,469
Miscellaneous income	22,790	-	-	22,790	22,790	28,710	22,790	28,710
Investment income	-	4,596	-	4,596	12,968	7,722	21,794	10,456
Total Revenues	<u>22,790</u>	<u>4,664</u>	<u>-</u>	<u>27,454</u>	<u>571,395</u>	<u>3,071,878</u>	<u>3,050,496</u>	<u>5,636,612</u>
Expenditures:								
Current:								
Public Safety	-	-	-	-	-	-	4,144	-
Public Works	-	298,087	-	298,087	708,851	423,660	958,155	653,815
Culture and Recreation	-	-	-	-	-	190	-	190
Education	87,454	-	-	87,454	87,454	66,338	2,112,513	2,137,378
Capital Outlay	-	757,716	1,092,322	1,850,038	3,518,172	11,009,274	3,518,172	11,009,274
Total Expenditures	<u>87,454</u>	<u>1,055,803</u>	<u>1,092,322</u>	<u>2,235,579</u>	<u>4,314,477</u>	<u>11,499,462</u>	<u>6,592,984</u>	<u>13,800,657</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)....	<u>(64,664)</u>	<u>(1,051,139)</u>	<u>(1,092,322)</u>	<u>(2,208,125)</u>	<u>(3,743,082)</u>	<u>(8,427,584)</u>	<u>(3,542,488)</u>	<u>(8,164,045)</u>
Other Financing Sources (Uses):								
Transfers In:								
General Fund	-	-	742,323	-	250,000	200,000	992,323	200,000
Bond proceeds	-	-	-	-	-	6,915,000	-	6,915,000
Bond premium	-	-	-	-	-	26,720	-	26,720
Other funds	-	-	350,195	350,195	446,695	-	446,695	-
Transfers Out	-	-	-	-	(195)	-	(195)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,092,518</u>	<u>1,092,518</u>	<u>1,438,823</u>	<u>7,141,720</u>	<u>1,438,823</u>	<u>7,141,720</u>
Net Change in Fund Balances	<u>(64,664)</u>	<u>(1,051,139)</u>	<u>196</u>	<u>(1,115,607)</u>	<u>(2,304,259)</u>	<u>(1,285,864)</u>	<u>(2,103,665)</u>	<u>(1,022,325)</u>
Fund Balance, July 1 st	<u>97,661</u>	<u>8,477,332</u>	<u>-</u>	<u>8,574,993</u>	<u>11,383,115</u>	<u>12,668,979</u>	<u>12,747,977</u>	<u>13,770,302</u>
Fund Balance, June 30th	<u>\$ 32,997</u>	<u>\$ 7,426,193</u>	<u>\$ 196</u>	<u>\$ 7,459,386</u>	<u>\$ 9,078,856</u>	<u>\$ 11,383,115</u>	<u>\$ 10,644,312</u>	<u>\$ 12,747,977</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
COMBINING FUND FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS
June 30, 2019

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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**CITY OF ALCOA, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2019
With Comparative Totals at June 30, 2018**

	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>2019</u>	<u>2018</u>
ASSETS:							
Cash	\$ 1,516,736	\$ 7,034	\$ 31,345	\$ 640,000	\$ 671,500	\$ 2,866,615	\$ 2,193,066
Prepaid Insurance	<u>27,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,451</u>	<u>-</u>
Total Assets	<u>\$ 1,544,187</u>	<u>\$ 7,034</u>	<u>\$ 31,345</u>	<u>\$ 640,000</u>	<u>\$ 671,500</u>	<u>\$ 2,894,066</u>	<u>\$ 2,193,066</u>
LIABILITIES:							
Medical claims payable	\$ 22,804	\$ -	\$ 31,025	\$ -	\$ -	\$ 53,829	\$ 548,855
Accrued Expenses	<u>686,316</u>	<u>-</u>	<u>320</u>	<u>-</u>	<u>-</u>	<u>686,636</u>	<u>-</u>
Total Liabilities	<u>709,120</u>	<u>-</u>	<u>31,345</u>	<u>-</u>	<u>-</u>	<u>740,465</u>	<u>548,855</u>
NET POSITION:							
Unrestricted	<u>835,067</u>	<u>7,034</u>	<u>-</u>	<u>640,000</u>	<u>671,500</u>	<u>2,153,601</u>	<u>1,644,211</u>
Total Liabilities and Net Position	<u>\$ 1,544,187</u>	<u>\$ 7,034</u>	<u>\$ 31,345</u>	<u>\$ 640,000</u>	<u>\$ 671,500</u>	<u>\$ 2,894,066</u>	<u>\$ 2,193,066</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, 2019
With Comparative Totals for June 30, 2018**

	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>2019</u>	<u>2018</u>
OPERATING REVENUES:							
Insurance charges.....	\$ 5,059,552	\$ -	\$ -	\$ -	\$ -	\$ 5,059,552	\$ 4,813,028
Refunds – Co-insurance.....	532,031	-	-	-	-	532,031	930,685
Employee Contributions	335,608	218,965	-	-	-	554,573	517,434
Employer Contributions.....	-	-	-	-	68,500	68,500	68,500
Service Center charges.....	-	-	354,924	-	-	354,924	344,348
	<u>-</u>	<u>-</u>	<u>354,924</u>	<u>-</u>	<u>-</u>	<u>354,924</u>	<u>344,348</u>
Total Operating Revenues	<u>5,927,191</u>	<u>318,965</u>	<u>354,924</u>	<u>-</u>	<u>68,500</u>	<u>6,569,580</u>	<u>6,673,995</u>
OPERATING EXPENSES:							
Salaries.....	-	-	49,672	-	-	49,672	61,301
Fringe benefits	-	-	31,368	-	-	31,368	49,317
Building improvements.....	-	-	23,274	-	-	23,274	3,606
Improvement teams/training	-	-	504	-	-	504	349
Maintenance contracts	-	-	20,690	-	-	20,690	16,989
Contract services.....	-	-	8,528	-	-	88,528	7,472
Utilities	-	-	155,231	-	-	155,231	135,811
Supplies	-	-	11,274	-	-	11,274	8,153
Repair and maintenance.....	-	-	54,704	-	-	54,704	42,195
Insurance claims paid.....	4,030,887	214,940	-	-	-	4,245,827	5,119,241
Insurance claims, premiums and administrative expenses	1,441,188	-	-	-	-	1,441,188	1,338,325
Actuary fees	-	-	-	12,000	12,000	24,000	19,270
	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>24,000</u>	<u>19,270</u>
Total Operating Expenses.....	<u>5,472,075</u>	<u>214,940</u>	<u>355,245</u>	<u>12,000</u>	<u>12,000</u>	<u>6,066,260</u>	<u>6,802,029</u>
OPERATING INCOME (LOSS).....	<u>455,116</u>	<u>4,025</u>	<u>(321)</u>	<u>(12,000)</u>	<u>56,500</u>	<u>503,320</u>	<u>(128,034)</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for June 30, 2018**

	Employee Insurance <u>Fund</u>	Flexible Spending <u>Fund</u>	Service Center <u>Fund</u>	City OPEB Insurance <u>Fund</u>	Schools OPEB Insurance <u>Fund</u>	<u>Total Internal Service Funds</u>	
						<u>2019</u>	<u>2018</u>
NON-OPERATING REVENUES (EXPENSES):							
Interest income	6,070	-	-	-	-	6,070	724
Transfers (out) in	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>(58,930)</u>	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>6,070</u>	<u>724</u>
CHANGE IN NET POSITION	396,186	4,025	(321)	53,000	56,500	509,390	(127,310)
NET POSITION – July 1 st	<u>438,881</u>	<u>3,009</u>	<u>321</u>	<u>587,000</u>	<u>615,000</u>	<u>1,644,211</u>	<u>1,771,521</u>
NET POSITION. June 30th	<u>\$ 835,067</u>	<u>\$ 7,034</u>	<u>\$ -</u>	<u>\$ 640,000</u>	<u>\$ 671,500</u>	<u>\$ 2,153,601</u>	<u>\$ 1,644,211</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	Employee Insurance <u>Fund</u>	Flexible Spending <u>Fund</u>	Service Center <u>Fund</u>	City OPEB Insurance <u>Fund</u>	Schools OPEB Insurance <u>Fund</u>	<u>Total Internal Service Funds</u>	
						<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:							
Insurance premiums/reimbursements collected.....	\$ 5,927,191	\$ -	\$ -	\$ -	\$ -	\$ 5,927,191	\$ 6,049,583
Collections from various City departments.....	-	218,965	354,924	-	68,500	542,389	624,412
Payments to employees and vendors.....	<u>(5,339,261)</u>	<u>(214,940)</u>	<u>(323,900)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>(5,902,101)</u>	<u>(6,754,963)</u>
Net Cash Provided By (Used by) Operating Activities.....	<u>587,930</u>	<u>4,025</u>	<u>31,024</u>	<u>(12,000)</u>	<u>56,500</u>	<u>667,479</u>	<u>(80,968)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Receipts from other funds.....	-	-	-	65,000	-	65,000	65,000
Payments 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 By (Used In) Noncapital Financing Activities.....	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest income.....	<u>6,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,070</u>	<u>724</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	529,000	4,025	31,024	53,000	56,500	673,549	(80,244)
CASH AND CASH EQUIVALENTS – July 1 st	<u>987,736</u>	<u>3,009</u>	<u>321</u>	<u>587,000</u>	<u>615,000</u>	<u>2,193,066</u>	<u>2,273,310</u>
CASH AND CASH EQUIVALENTS – June 30th..	<u>\$ 1,516,736</u>	<u>\$ 7,034</u>	<u>\$ 31,345</u>	<u>\$ 640,000</u>	<u>\$ 671,500</u>	<u>\$ 2,866,615</u>	<u>\$ 2,193,066</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	Employee Insurance <u>Fund</u>	Flexible Spending <u>Fund</u>	Service Center <u>Fund</u>	City OPEB Insurance <u>Fund</u>	Schools OPEB Insurance <u>Fund</u>	<u>Total Internal Service Funds</u>	
						<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating income (loss)	\$ 455,116	\$ 4,025	\$ (326)	\$ (12,000)	\$ 56,500	\$ 503,320	\$ (128,034)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Changes in assets and liabilities:							
Prepaid Insurance	(27,451)	-	-			(27,451)	-
Medical claims payable	(526,051)	-	31,025			(495,026)	47,066
Accrued Expenses	<u>686,316</u>	<u>-</u>	<u>320</u>	<u>-</u>	<u>-</u>	<u>686,636</u>	<u>-</u>
NET CASH PROVIDED BY (Used by)							
OPERATING ACTIVITIES	<u>\$ 587,930</u>	<u>\$ 4,025</u>	<u>\$ 31,024</u>	<u>\$ (12,000)</u>	<u>\$ 56,500</u>	<u>\$ 667,479</u>	<u>\$ (80,968)</u>

See accompanying independent auditors' report and notes.

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GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always presented as a major fund in the basic financial statements.

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CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF ASSETS, DEFERRED OUTFLOWS OF RESOURCES AND
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES
June 30, 2019
With Comparative Totals at June 30, 2018

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2019</u>	<u>2018</u>
Cash on hand and equity in pooled cash.....	\$ 5,117,175	\$ 7,318,734
Property taxes receivable (net of allowance for estimated uncollectibles).....	13,641,829	10,788,506
Sales taxes receivable – State of Tennessee	2,021,834	1,917,976
Accounts receivable.....	153,441	221,416
Due from other funds.....	<u>39,478</u>	<u>21,421</u>
Total Assets:	<u>\$ 20,973,757</u>	<u>\$ 20,268,053</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,</u> <u>AND FUND BALANCE</u>		
Liabilities:		
Accounts payable.....	\$ 358,068	\$ 702,816
Unearned revenue	709,703	752,058
Accrued liabilities.....	<u>471,882</u>	<u>531,149</u>
Total Liabilities	<u>1,539,653</u>	<u>1,986,023</u>
Deferred Inflows of Resources:		
Deferred Revenue – Property tax	<u>12,916,005</u>	<u>9,974,857</u>
Fund Balance:		
Restricted.....	127,991	124,927
Assigned	997,488	512,658
Unassigned	<u>5,392,620</u>	<u>7,669,588</u>
Total Fund Balance.....	<u>6,518,099</u>	<u>8,307,173</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 20,973,757</u>	<u>\$ 20,268,053</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>				<u>Total 2018</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
TAXES:					
Current property taxes.....	\$ 5,680,000	\$ 5,880,300	\$ 5,842,466	\$ (37,834)	\$ 5,847,130
Delinquent property taxes	350,000	350,000	379,074	29,074	347,390
Business tax	910,000	910,000	878,570	(31,430)	895,245
Local sales tax.....	10,535,500	10,535,500	10,283,408	(252,092)	9,747,838
Property tax – Partnership South	31,085	59,885	31,246	(28,639)	32,419
Gas franchise tax.....	140,000	140,000	136,450	(3,550)	148,669
Cable TV tax.....	106,000	106,000	85,074	(20,926)	87,574
Tax equivalent/in lieu	925,780	1,052,170	1,072,535	20,365	927,290
Hotel/Motel tax	155,800	155,800	180,512	24,712	155,972
Beer/liquor privilege tax	23,250	23,250	17,772	(5,478)	22,398
Total Taxes	<u>18,857,415</u>	<u>19,212,905</u>	<u>18,907,107</u>	<u>(305,798)</u>	<u>18,211,925</u>
LICENSES AND PERMITS:					
Animal registration	500	500	296	(204)	220
Building permits	100,000	100,000	115,268	15,268	111,212
Mechanical and gas permits.....	7,000	7,000	6,769	(231)	8,609
Plumbing permits.....	8,000	8,000	6,036	(1,964)	7,022
Sanitary sewer inspection	3,200	3,200	1,545	(1,655)	3,225
Water inspection	-	-	305	305	
Special events permits.....	8,325	8,325	9,380	1,055	7,550
Total Licenses and Permits	<u>127,025</u>	<u>127,025</u>	<u>139,599</u>	<u>12,574</u>	<u>137,838</u>
INTERGOVERNMENTAL REVENUE:					
State of Tennessee:					
Beer tax.....	4,225	4,225	3,912	(313)	3,942
Sales tax	701,270	729,910	774,729	44,819	750,184
State Income tax.....	75,000	75,000	70,882	(4,118)	76,410
Streets and transportation.....	17,320	17,320	16,776	(544)	17,000
Mixed drink tax.....	72,600	72,600	71,187	(1,413)	50,045
Alcoholic liquor tax	313,900	313,900	323,633	9,733	294,230
TVA – in lieu	96,320	96,320	100,054	3,734	95,807
Telecom Privilege tax	-	-	1,348	1,348	1,245
Excise tax	24,000	24,000	20,964	(3,036)	24,003
Fire – salary supplement	16,800	16,800	19,200	2,400	18,000
Police – salary supplement.....	24,000	24,000	25,200	1,200	22,800
Local:					
Local beer tax.....	613,400	613,400	659,252	45,852	610,434
Stormwater cost recovery	205,000	205,000	161,930	(43,070)	161,500
Grants:					
State/Federal grants.....	12,000	40,320	101,937	61,617	216,022
Drug Task Force	2,250	2,250	740	(1,510)	2,260
Total Intergovernmental Revenue.....	<u>2,178,085</u>	<u>2,235,045</u>	<u>2,351,744</u>	<u>116,699</u>	<u>2,342,637</u>

(Continued)

**CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
FINES AND FORFEITS:					
Fines and costs	183,000	183,000	115,826	(67,174)	53,275
Property tax interest	154,000	154,000	147,268	(6,732)	143,903
Police Evidence Money/Drug Control	14,200	14,200	14,367	167	12,813
Litigation tax	262,500	262,500	198,299	(64,201)	257,813
Citation fees	<u>23,500</u>	<u>23,500</u>	<u>13,843</u>	<u>(9,657)</u>	<u>18,171</u>
Total Fines and Forfeits	<u>637,200</u>	<u>637,200</u>	<u>489,603</u>	<u>(147,597)</u>	<u>485,975</u>
INTEREST EARNED.....	<u>25,000</u>	<u>71,500</u>	<u>64,335</u>	<u>(7,165)</u>	<u>32,105</u>
MISCELLANEOUS REVENUE:					
Public works, labor, and material....	426,000	426,000	491,766	65,766	461,371
Miscellaneous	20,000	20,000	20,468	468	20,950
Fees/development	32,500	32,500	32,435	(65)	33,331
Department Services	150,000	150,000	215,483	65,483	192,785
Insurance refunds	20,000	20,000	31,014	11,014	111,110
Property rental.....	193,060	193,060	142,336	(50,724)	193,056
Sale of property/equipment	25,000	25,000	3,274	(21,726)	646,440
Special events.....	-	-	-	-	175
Private grants	16,000	16,000	29,090	13,090	6,800
Fire prevention training.....	-	-	-	-	2,625
Disaster relief.....	-	-	-	-	3,493
Contributions and donations - Business	6,600	6,600	29,487	22,887	65,153
City Development Proceeds/IDB Contractually Shared Revenue	250,000	250,000	277,354	27,354	75,691
TML Grants	<u>-</u>	<u>-</u>	<u>10,985</u>	<u>10,985</u>	<u>6,375</u>
Total Miscellaneous Revenue ...	<u>1,139,160</u>	<u>1,139,160</u>	<u>1,283,692</u>	<u>144,532</u>	<u>1,819,355</u>
TOTAL REVENUES.....	<u>\$ 22,963,885</u>	<u>\$ 23,422,835</u>	<u>\$ 23,236,080</u>	<u>\$ (186,755)</u>	<u>\$ 23,029,835</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

Function/Activity/Object	June 30, 2019				
	Budgeted Amounts		Actual	Variance with	Total
	Original	Final	Amounts (Budgetary	Final Budget Positive	
			Basis)	(Negative)	2018
GENERAL GOVERNMENT:					
<u>Board of Commissioners:</u>					
Wages and salaries.....	\$ 11,400	\$ 11,400	\$ 11,650	\$ (250)	\$ 11,400
FICA	1,210	1,210	1,230	(20)	1,203
Other personal services.....	4,320	4,320	4,420	(100)	4,320
Election services	1,500	1,500	1,500	-	-
Mailing	50	50	9	41	3
Dues, memberships, and subscriptions	3,500	3,500	4,212	(712)	1,295
Travel, conferences, and training.....	4,500	4,500	490	4,010	4,265
Advertising and publicity	2,000	2,000	1,916	84	1,992
Reproduction and printing	200	200	29	171	-
Maintenance contract.....	750	750	930	(180)	782
Utilities	4,200	4,200	2,606	1,594	3,551
Office supplies	500	500	258	242	198
Uniforms and clothing	500	500	120	380	-
Other commodities.....	-	-	-	-	1,554
Insurance.....	30,200	30,200	25,673	4,527	28,760
Computer Equipment.....	500	500	-	500	580
Total Board of Commissioners	<u>65,330</u>	<u>65,330</u>	<u>55,043</u>	<u>10,287</u>	<u>59,903</u>
<u>Administration City Manager:</u>					
Wages and salaries.....	181,670	181,670	179,764	1,906	124,091
F. I. C. A.	16,380	16,380	14,446	1,934	8,833
Retirement	43,720	43,720	38,746	4,974	28,218
Hospitalization insurance.....	30,680	30,680	28,990	1,690	21,000
Life/AD&D.....	645	645	596	49	435
Dental insurance	2,390	2,390	1,564	826	837
Workmen's compensation	1,445	1,445	526	919	386
Other personal services.....	16,495	16,495	14,648	1,847	10,091
Employee education and training	-	-	-	-	4,918
Mailing	200	200	230	(30)	121
Dues, memberships, and subscriptions	11,500	11,500	12,170	(670)	8,045
Advertising	300	300	351	(51)	975
Travel, conferences, and training.....	7,550	7,550	6,715	835	-
Public relations	4,000	4,000	3,602	398	3,812
Repairs and maintenance	100	100	91	9	-
Reproduction and printing	250	250	-	250	-
Maintenance contract.....	1,620	1,620	1,124	496	963
Utilities	4,000	4,000	5,857	(1,857)	4,653
Other contracted services.....	13,000	13,000	-	13,000	-
Office supplies/other supplies.....	1,200	1,200	2,932	(1,732)	1,331
Uniforms and clothing	-	-	288	(288)	35
Auto parts	300	300	-	300	-
Gas	2,000	2,000	2,269	31	1,555
Insurance.....	1,825	1,825	1,582	243	1,112
Lease.....	2,960	2,960	2,953	7	2,953
Computer equipment	-	-	2,669	(2,669)	-
Total City Manager's Office.....	<u>344,230</u>	<u>344,230</u>	<u>322,113</u>	<u>22,417</u>	<u>224,365</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

Function/Activity/Object	June 30, 2019				Total 2018
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final	(Budgetary Basis)	Positive (Negative)	
GENERAL GOVERNMENT (Continued):					
<u>Human Resources:</u>					
Wages and salaries	159,465	159,465	145,482	13,983	148,161
F. I. C. A.....	12,980	12,980	11,321	1,659	11,272
Retirement.....	41,750	41,750	23,851	17,899	38,679
Hospitalization insurance	37,440	37,440	32,578	4,862	35,550
Life/AD&D	645	645	557	88	589
Dental insurance.....	2,920	2,920	2,004	916	2,365
Workmen’s compensation.....	280	280	248	32	192
Retiree insurance.....	3,120	3,120	3,257	(137)	3,050
Other personal services	10,300	10,300	9,530	770	6,859
Drug/Alcohol testing	-	-	12	(12)	65
Employee education and training	-	-	-	-	6,247
Professional services	2,000	2,000	6,096	(4,096)	-
Employee appreciation	8,000	8,000	3,773	4,227	21
Mailing	1,400	1,400	2,161	(761)	552
Dues, memberships, and subscriptions.....	1,500	1,500	1,381	119	1,638
Travel, conferences, and training	6,000	6,000	1,701	4,299	-
Business/Public relations.....	500	500	535	(35)	1,001
Improvement teams/service awards	8,000	8,000	5,146	2,854	6,965
Repairs and maintenance – office equip...	750	750	-	750	24
Reproduction and printing.....	3,500	3,500	290	3,210	2,187
Maintenance contracts.....	3,000	3,000	3,780	(780)	3,642
Utilities	3,000	3,000	3,325	(325)	3,562
Other contractual services	4,500	4,500	4,518	(18)	4,517
Office supplies.....	4,500	4,500	4,187	313	3,327
Uniforms and clothing.....	-	-	-	-	21
Auto parts.....	-	-	-	-	316
Safety supplies.....	1,500	1,500	371	1,129	1,444
Insurance	1,140	1,140	1,152	(12)	1,083
Computer equipment	1,500	1,500	1,338	162	1,510
Total Personnel Office.....	319,690	319,690	268,594	51,096	284,838
<u>Purchasing and Warehouse:</u>					
Wages and salaries	36,920	36,920	36,756	164	36,433
F. I. C. A.....	2,930	2,930	2,847	83	2,781
Retirement.....	7,225	7,225	7,186	39	7,124
Hospitalization insurance	10,450	10,450	10,452	(2)	10,050
Life/AD&D	160	160	160	-	157
Dental insurance.....	815	815	471	344	462
Workmen’s compensation.....	65	65	44	21	48
Other personal services	1,420	1,420	1,420	-	716
Drug/alcohol testing	50	50	4	46	33
Employee education/training/testing	-	-	26	(26)	-
Professional services	50	50	-	50	-
Mailing	150	150	9	141	12
Dues, memberships, and subscriptions.....	750	750	327	423	-
Regulatory fees and licenses	250	250	250	-	482
Advertising.....	400	400	-	400	530

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Purchasing and Warehouse (Continued):</u>					
Travel and training	2,300	2,300	1,898	402	1,639
Business/public relations	100	100	-	100	-
Improvement teams	100	100	16	84	-
Repair and maintenance office	100	100	-	100	-
Reproduction and printing	800	800	714	86	462
Rental/Maintenance contracts.....	1,000	1,000	93	907	-
Utilities	3,300	3,300	2,440	860	2,239
Other contracted services	100	100	-	100	-
Office supplies.....	425	425	1,091	(666)	247
Other operating supplies/parts.....	700	700	820	(120)	422
Uniforms and clothing.....	150	150	5	145	-
Auto parts	1,000	1,000	125	875	-
Gasoline.....	400	400	86	314	336
Safety supplies.....	-	-	9	(9)	-
Insurance and bonds	990	990	964	26	941
Repair and maintenance	500	500	-	500	-
Fuel island costs	3,000	3,000	6,625	(3,625)	5,041
Other improvements	-	-	-	-	13,434
Total Purchasing and Warehouse	<u>76,600</u>	<u>76,600</u>	<u>74,838</u>	<u>1,762</u>	<u>83,624</u>
<u>Building and Grounds:</u>					
Wages and salaries	40,300	40,300	37,781	2,519	37,237
F. I. C. A.	3,250	3,250	2,957	293	2,826
Retirement	7,730	7,730	7,348	382	7,127
Hospitalization insurance	9,360	9,360	9,360	-	9,000
Life/AD&D	145	145	143	2	140
Dental insurance	730	730	617	113	538
Workmen’s compensation	1,720	1,720	1,042	678	1,195
Other personal services.....	2,190	2,190	1,791	399	720
Maintenance contracts.....	770	770	-	770	-
Utilities	1,000	1,000	1,112	(112)	1,339
Operating supplies	-	-	-	-	68
Insurance	14,875	14,875	14,191	684	14,164
Repairs and maintenance	2,000	2,000	-	2,000	1,281
Maintenance – Associates Boulevard.....	9,000	9,000	2,738	6,262	4,221
Springbrook Corporation Center	4,880	4,880	4,563	317	5,407
Tesla Blvd	-	-	485	(485)	-
Building improvements	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>-</u>
Total Building and Grounds	<u>100,450</u>	<u>100,450</u>	<u>84,128</u>	<u>16,322</u>	<u>85,263</u>
<u>Fleet Services:</u>					
Wages and salaries	129,620	129,620	133,195	(3,575)	127,430
F.I.C.A.	10,225	10,225	10,173	52	9,528
Retirement	22,455	22,455	20,065	2,390	21,704
Hospitalization insurance	38,845	38,845	38,598	247	37,043

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

Function/Activity/Object	June 30, 2019				Total 2018
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	
	Original	Final			
GENERAL GOVERNMENT (Continued):					
<u>Fleet Services (Continued):</u>					
Life/AD&D	565	565	558	7	544
Dental insurance	3,030	3,030	2,923	107	2,860
Workmen's compensation	5,140	5,140	3,354	1,786	4,430
Other personal services.....	4,170	4,170	4,095	75	1,544
Drug/Alcohol test	45	45	79	(34)	106
Professional services	50	50	-	50	-
Mailing	-	-	91	(91)	105
Dues, memberships and subscriptions	620	620	810	(190)	599
Regulatory fees and licenses.....	200	200	-	200	-
Training	3,200	3,200	725	2,475	550
Improvement teams	100	100	192	(92)	150
Maintenance contract.....	6,500	6,500	9,774	(3,274)	6,523
Utilities	700	700	727	(27)	726
Other contractual services	100	100	-	100	-
Office supplies.....	100	100	-	100	327
Other operating supplies.....	15,000	15,000	17,532	(2,532)	10,317
Small tools.....	4,500	4,500	3,303	1,197	4,931
Uniforms.....	2,000	2,000	1,558	442	1,801
Auto/electrical parts/materials.....	1,250	1,250	495	755	706
Gas, fuel, and lubricants	1,900	1,900	2,696	(796)	2,117
Safety supplies.....	500	500	200	300	143
Insurance	1,900	1,900	3,112	(1,212)	2,935
Repairs and maintenance.....	1,500	1,500	1,178	322	1,511
Machinery and equipment	5,300	5,300	4,059	1,241	9,513
Computer equipment	1,000	1,000	-	1,000	985
Total Fleet Services	<u>260,515</u>	<u>260,515</u>	<u>259,492</u>	<u>1,023</u>	<u>249,126</u>
<u>Judicial/Legal:</u>					
FICA.....	690	690	514	176	460
Retirement	1,465	1,465	1,463	2	1,463
Medical Insurance	15,600	15,600	15,600	-	15,000
Dental Insurance	1,220	1,220	1,181	39	1,158
Wages – City Judge	9,000	9,000	9,000	-	9,000
City Attorney	70,775	70,775	71,817	(1,042)	55,698
Other Legal Services	10,000	10,000	10,000	-	10,000
Insurance	-	-	-	-	1,000
Total Judicial/Legal	<u>108,750</u>	<u>108,750</u>	<u>109,575</u>	<u>(825)</u>	<u>93,779</u>
<u>Finance:</u>					
Wages and salaries	173,475	173,475	191,388	(17,913)	169,495
F. I. C. A.	13,855	13,855	14,769	(914)	12,833
Retirement	41,510	41,510	27,012	14,498	40,385
Hospitalization insurance	40,400	40,400	46,579	(6,179)	38,850
Life/AD&D	700	700	765	(65)	673

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>				<u>Total 2018</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>	
GENERAL GOVERNMENT (Continued):					
<u>Finance (Continued):</u>					
Dental insurance	3,150	3,150	2,698	452	2,216
Workmen's compensation	300	300	210	90	223
Retiree insurance	-	-	450	(450)	-
Other personal services.....	7,775	7,775	8,129	(354)	5,075
Bonds.....	600	600	578	22	578
Employee education and training	4,000	4,000	4,000	-	864
Professional services	500	500	-	500	-
Property tax assessment fees	22,860	22,860	19,918	2,942	19,865
Mailing	6,000	6,000	5,490	510	5,251
Dues, memberships, and subscriptions.....	2,000	2,000	1,786	214	2,188
Accounting and auditing.....	15,300	15,300	12,300	3,000	15,000
Advertising	650	650	1,148	(498)	469
Travel	6,000	6,000	6,571	(571)	7,286
Public relations.....	500	500	1,031	(531)	859
Repairs and maintenance	500	500	-	500	-
Reproduction and printing.....	200	200	-	200	-
Maintenance contracts.....	4,500	4,500	4,542	(42)	3,972
Utilities	2,250	2,250	2,295	(45)	2,748
Other contractual services	480	480	515	(35)	761
Office supplies.....	5,500	5,500	3,960	1,540	4,726
Uniforms.....	200	200	-	200	168
Auto parts	1,500	1,500	23	1,477	-
Gas.....	500	500	228	272	547
Insurance	1,265	1,265	1,278	(13)	1,205
Computer equipment	-	-	360	(360)	2,967
Total Finance.....	<u>356,470</u>	<u>356,470</u>	<u>358,023</u>	<u>(1,553)</u>	<u>339,203</u>
<u>Information Systems:</u>					
Wages and salaries	86,815	86,815	86,517	298	85,597
F. I. C. A.	6,850	6,850	6,669	181	6,512
Retirement	19,065	19,065	11,475	7,590	18,477
Hospitalization insurance	21,685	21,685	21,684	1	20,850
Life/AD&D	360	360	354	6	344
Dental insurance	1,690	1,690	1,642	48	1,610
Workmen's compensation	150	150	103	47	110
Other personal services.....	2,785	2,785	2,782	3	1,362
Drug/Alcohol testing	-	-	21	(21)	-
Mailing	100	100	236	(136)	213
Dues, memberships, and subscriptions.....	100	100	229	(129)	379
Advertising/Public Relations.....	-	-	146	(146)	-
Travel, conference and training	9,000	9,000	7,165	1,835	13,496
Public relations.....	100	100	-	100	-
Repairs/Maintenance – Office.....	22,400	22,400	17,745	4,655	-
Rental and maintenance contracts	35,785	35,785	45,294	(9,509)	26,562
Utilities	27,000	27,000	10,734	16,266	11,875
Other personal services.....	600	600	-	600	-

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<u>Information Systems (Continued):</u>					
Office supplies	6,000	6,000	5,965	35	6,075
Other operating supplies	250	250	122	128	-
Uniforms	-	-	-	-	92
Auto parts	500	500	1,718	(1,218)	-
Gasoline	500	500	304	196	348
Insurance	3,210	3,210	2,505	705	3,053
Computer equipment	<u>158,220</u>	<u>158,220</u>	<u>157,188</u>	<u>1,032</u>	<u>147,290</u>
Total Information Systems	<u>403,165</u>	<u>403,165</u>	<u>380,598</u>	<u>22,567</u>	<u>344,243</u>
<u>Planning and Development:</u>					
Wages and salaries	165,840	165,840	161,717	4,123	156,265
F. I. C. A.	13,240	13,240	12,212	1,028	11,760
Retirement	27,340	27,340	26,641	699	25,809
Hospitalization insurance	39,000	39,000	39,000	-	37,500
Life/AD&D	670	670	652	18	630
Dental insurance	3,040	3,040	2,954	86	2,896
Workmen's compensation	285	285	198	87	208
Other personal services	7,380	7,380	6,700	680	4,125
Drug/alcohol testing	100	100	22	78	22
Employee education	-	-	-	-	102
Professional and consulting services	5,000	5,000	5,100	(100)	364
Mailing	100	100	-	100	29
Dues and memberships	1,900	1,900	1,802	98	1,701
Advertising/Public relations	2,500	2,500	1,862	638	1,955
Training	4,000	4,000	1,405	2,595	772
Repairs and maintenance office	150	150	37	113	-
Printing	500	500	331	169	32
Maintenance contracts	800	800	1,290	(490)	1,032
Planning commission meetings	1,700	1,700	1,818	(118)	1,166
Utilities	1,700	1,700	1,766	(66)	1,657
Other contractual services	100	100	-	100	-
Office supplies	700	700	919	(219)	618
Other operating supplies	100	100	183	(83)	31
Uniforms	150	150	171	(21)	-
Auto parts	300	300	-	300	316
Gasoline	500	500	-	500	316
Insurance	1,200	1,200	1,351	(151)	1,211
Computer equipment	<u>1,000</u>	<u>1,000</u>	<u>995</u>	<u>5</u>	<u>1,088</u>
Total Planning and Development	<u>279,295</u>	<u>279,295</u>	<u>269,126</u>	<u>10,169</u>	<u>251,605</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

Function/Activity/Object	June 30, 2019				
	Budgeted Amounts		Actual	Variance with	Total
	Original	Final	Amounts	Final Budget	
			(Budgetary	Positive	2018
			Basis)	(Negative)	
GENERAL GOVERNMENT (Continued):					
<u>Municipal Building:</u>					
Wages.....	18,570	18,570	18,659	(89)	13,775
F.I.C.A.	1,495	1,495	1,443	52	1,036
Retirement.....	3,165	3,165	1,791	1,374	2,649
Hospital insurance.....	9,830	9,830	9,828	2	5,700
Life insurance/AD&D.....	115	115	110	5	70
Dental insurance.....	770	770	744	26	323
Workers Comp.....	770	770	499	271	668
Other personal services.....	1,015	1,015	949	66	484
Drug/Alcohol testing.....	-	-	-	-	13
Professional services.....	-	-	-	-	13
Rental/Maintenance contract.....	11,000	11,000	10,403	597	10,732
Electric, Water and Sewer.....	100,000	100,000	71,604	28,396	77,831
Other contracted services.....	-	-	-	-	6,374
Other operating supplies.....	6,500	6,500	6,141	359	12,279
Uniforms.....	-	-	-	-	44
Insurance.....	5,505	5,505	5,119	386	5,240
Repairs and maintenance.....	25,000	25,000	27,928	(2,928)	28,933
Building improvements.....	<u>12,000</u>	<u>12,000</u>	<u>13,210</u>	<u>(1,210)</u>	<u>16,221</u>
Total Municipal Building.....	<u>195,735</u>	<u>195,735</u>	<u>168,428</u>	<u>27,307</u>	<u>182,385</u>
<u>Engineering and Codes Enforcement:</u>					
Wages and salaries.....	159,255	159,255	158,363	892	152,227
F. I. C. A.	13,405	13,405	12,906	499	11,928
Retirement.....	61,965	61,965	17,012	44,953	59,677
Hospitalization insurance.....	38,530	38,530	38,532	(2)	37,050
Life/AD&D.....	650	650	639	11	618
Dental insurance.....	3,005	3,005	2,918	87	2,861
Workmen's compensation.....	5,170	5,170	3,355	1,815	3,601
Other personal services.....	16,110	16,110	13,379	2,731	10,532
Drug/Alcohol testing.....	200	200	-	200	-
Employee education/training.....	-	-	-	-	30
Mailing.....	400	400	495	(95)	532
Dues and memberships.....	1,300	1,300	696	604	496
Advertising.....	600	600	186	414	122
Training.....	3,000	3,000	534	2,466	1,059
Repairs and maintenance – Office equipment.....	150	150	143	7	-
Printing.....	200	200	307	(107)	-
Maintenance contracts.....	800	800	901	(101)	670
Utilities.....	3,000	3,000	3,063	(63)	2,914

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

Function/Activity/Object	June 30, 2019				Total 2018
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	
	Original	Final			
GENERAL GOVERNMENT (Continued):					
<u>Engineering and Codes Enforcement</u>					
(Continued):					
House demolitions.....	1,000	1,000	-	1,000	-
Other contractual services.....	3,000	3,000	3,409	(409)	1,803
Office supplies	900	900	563	337	645
Small tools	300	300	36	264	123
Uniforms	700	700	679	21	465
Auto parts.....	1,700	1,700	1,084	616	2,232
Electric and plumbing	-	-	-	-	-
Gas	2,400	2,400	2,979	(579)	2,428
Insurance	1,805	1,805	1,845	(40)	1,715
Computer equipment.....	1,400	1,400	1,400	-	514
Total Engineering and Codes	<u>320,945</u>	<u>320,945</u>	<u>265,424</u>	<u>55,521</u>	<u>294,241</u>
<u>Economic and Industrial Development:</u>					
Wages and salaries	-	-	-	-	89,364
F. I. C. A.	-	-	-	-	7,041
Retirement.....	-	-	457	(457)	12,759
Hospitalization insurance	-	-	650	(650)	7,500
Life/AD&D	-	-	17	(17)	200
Dental insurance.....	-	-	48	(48)	579
Workmen’s compensation.....	-	-	(26)	26	296
Retiree insurance.....	3,990	3,990	1,995	1,995	-
Other personal services	-	-	392	(392)	8,637
Employee education.....	-	-	-	-	153
Professional services	50,000	50,000	31,145	18,855	28,718
Mailing.....	200	200	148	52	93
Dues and memberships	-	-	1,000	(1,000)	5,292
Advertising.....	5,000	5,000	2,900	2,100	1,430
Marketing.....	-	-	-	-	2,399
Training.....	-	-	-	-	6,625
Public relations.....	1,000	1,000	646	354	950
Printing.....	200	200	257	(57)	58
Maintenance contract	750	750	930	(180)	782
Utilities.....	-	-	-	-	3,307
Office supplies	600	600	1,006	(406)	896
Insurance	-	-	319	(319)	620
Computer equipment.....	-	-	375	(375)	4,328
Total Economic and Industrial Development	<u>61,740</u>	<u>61,740</u>	<u>42,259</u>	<u>19,481</u>	<u>182,029</u>
TOTAL GENERAL GOVERNMENT....	<u>2,892,915</u>	<u>2,892,915</u>	<u>2,657,641</u>	<u>235,274</u>	<u>2,674,605</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS:					
Supervision:					
Wages and salaries – regular.....	218,300	218,300	235,057	(16,757)	242,877
F. I. C. A.	17,280	17,280	17,813	(533)	18,159
Retirement.....	34,425	34,425	35,615	(1,190)	41,251
Hospitalization insurance	44,930	44,930	48,584	(3,654)	42,950
Life/AD&D.....	825	825	837	(12)	809
Dental insurance.....	3,505	3,505	3,539	(34)	3,316
Workmen’s compensation.....	420	420	283	137	320
Other personal services	7,730	7,730	7,539	191	4,996
Drug/Alcohol testing.....	100	100	228	(128)	89
Employee education and training.....	-	-	-	-	153
Public Education	340	340	238	102	101
Professional and consulting.....	8,500	8,500	7,276	1,224	4,125
Mailing.....	500	500	476	24	506
Dues and memberships	11,910	11,910	9,540	2,370	12,069
Regulatory fees and licenses	820	820	744	76	653
Advertising.....	1,500	1,500	574	926	1,451
Training.....	6,830	6,830	4,449	2,381	5,032
Public Relations	100	100	49	51	44
Improvement teams.....	1,000	1,000	1,010	(10)	1,143
Repair and maintenance	570	570	252	318	218
GIS Systems.....	35,210	35,210	32,979	2,231	27,637
Reproduction and printing.....	500	500	-	500	74
Rental and maintenance contracts	7,830	7,830	5,659	2,171	6,434
Radio system – annual fee.....	3,000	3,000	2,984	16	2,983
Utilities.....	2,040	2,040	2,424	(384)	1,909
Other contractual services	200	200	-	200	5
Office supplies	2,000	2,000	1,282	718	1,500
Other supplies	420	420	321	99	323
Small tools	200	200	-	200	-
Uniforms	-	-	191	(191)	534
Auto parts.....	1,000	1,000	244	756	821
Gas	500	500	688	(188)	667
Safety supplies and materials	100	100	11	89	100
Insurance and bonds.....	1,250	1,250	1,270	(20)	1,138
Service center cost	106,000	106,000	107,689	(1,689)	97,871
Machinery and equipment.....	-	-	8,930	(8,930)	216
Vehicles.....	-	-	-	-	40
Communication and computer equipment.....	<u>3,740</u>	<u>3,740</u>	<u>2,380</u>	<u>1,360</u>	<u>956</u>
Total Supervision	<u>523,575</u>	<u>523,575</u>	<u>541,155</u>	<u>(17,580)</u>	<u>523,472</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>				<u>Total 2018</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Amounts (Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>	
PUBLIC WORKS (Continued):					
<u>Right of Way Maintenance:</u>					
Wages and salaries – regular	361,610	361,610	364,731	(3,121)	366,471
F. I. C. A.....	28,735	28,735	28,070	665	27,154
Retirement.....	59,180	59,180	60,501	(1,321)	59,821
Hospitalization insurance	156,000	156,000	160,262	(4,262)	165,000
Life/AD&D	1,880	1,880	1,891	(11)	1,973
Dental insurance.....	12,165	12,165	9,935	2,230	11,237
Workmen’s compensation.....	25,060	25,060	18,878	6,182	19,605
Other personal services	14,505	14,505	14,909	(404)	4,794
Drug/alcohol testing	400	400	310	90	265
Employee education/training.....	-	-	-	-	76
Professional services	350	350	156	194	69
Travel	1,300	1,300	264	1,036	-
Improvement teams	-	-	180	(180)	-
Maintenance contracts.....	10,660	10,660	4,800	5,860	7,850
Utilities	2,850	2,850	1,421	1,429	1,618
Other operating supplies.....	2,300	2,300	2,026	274	2,366
Small tools.....	4,300	4,300	2,168	2,132	4,453
Uniforms	4,200	4,200	3,373	827	3,019
Auto parts.....	22,000	22,000	33,120	(11,120)	34,872
Chemical supplies	4,000	4,000	1,877	2,123	2,500
Gasoline.....	17,000	17,000	21,234	(4,234)	17,349
Construction materials.....	200	200	46	154	12
Safety supplies.....	2,000	2,000	2,303	(303)	2,208
Insurance	2,950	2,950	4,090	(1,140)	3,107
Repairs and maintenance.....	3,000	3,000	231	2,769	2,180
Greenway maintenance	4,700	4,700	4,978	(278)	512
Total Right of Way Maintenance	<u>741,345</u>	<u>741,345</u>	<u>741,754</u>	<u>(409)</u>	<u>738,511</u>
<u>Streets Supervision:</u>					
Wages and salaries – regular	74,135	74,135	70,904	3,231	72,153
F.I.C.A.....	5,950	5,950	5,455	495	5,480
Retirement.....	18,585	18,585	12,552	6,033	16,519
Hospitalization insurance	16,850	16,850	16,848	2	16,200
Life/AD&D	285	285	279	6	274
Dental insurance.....	1,315	1,315	1,276	39	1,251
Workmen’s compensation.....	5,090	5,090	3,663	1,427	3,967
Retiree insurance.....	7,350	7,350	7,320	30	7,065
Other personal services	3,665	3,665	3,042	623	1,912
Drug/alcohol testing	200	200	308	(108)	187
Employee training/education.....	-	-	-	-	320

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Streets Supervision (Continued):</u>					
Professional and consulting.....	100	100	-	100	-
Dues	-	-	10	(10)	10
Regulatory fees and license	150	150	100	50	225
Training	1,300	1,300	857	443	-
Improvement teams	200	200	100	100	217
Maintenance contracts.....	100	100	-	100	-
Radio system annual contract.....	400	400	398	2	398
Utilities.....	960	960	441	519	302
Office supplies.....	100	100	-	100	25
Other operating supplies.....	100	100	13	87	80
Uniforms	1,100	1,100	526	574	675
Automotive parts	200	200	947	(747)	-
Gasoline, fuel and lubricants	500	500	490	10	285
Insurance	<u>1,700</u>	<u>1,700</u>	<u>1,783</u>	<u>(83)</u>	<u>1,608</u>
Total Streets Supervision.....	<u>140,335</u>	<u>140,335</u>	<u>127,312</u>	<u>13,023</u>	<u>129,154</u>
<u>Streets – Repair and Construction:</u>					
Wages and salaries – regular	287,690	287,690	286,715	975	274,313
F.I.C.A.....	22,840	22,840	21,837	1,003	22,335
Retirement	89,275	89,275	33,024	56,251	113,914
Hospitalization insurance	101,400	101,400	99,357	2,043	89,954
Life/AD&D	1,340	1,340	1,311	29	1,235
Dental insurance	7,905	7,905	6,246	1,659	5,759
Workmen’s compensation.....	20,730	20,730	16,634	4,096	15,551
Retiree insurance	8,760	8,760	8,970	(210)	3,570
Other personal services	11,205	11,205	11,877	(672)	8,355
Drug/Alcohol test	200	200	11	189	22
Professional services	100	100	-	100	-
Regulatory fees and license	150	150	-	150	390
Training	1,300	1,300	230	1,070	-
Improvement teams	-	-	103	(103)	28
Emergency meals	500	500	80	420	126
Printing	50	50	-	50	-
Maintenance contracts.....	2,790	2,790	-	2,790	-
Radio system annual contract.....	300	300	261	39	-
Utilities.....	960	960	1,201	(241)	1,155
Landfill services	200	200	-	200	-
Other operating supplies.....	800	800	898	(98)	989
Small tools.....	2,000	2,000	1,518	482	1,825
Uniforms	2,900	2,900	2,145	755	1,641
Auto parts	20,000	20,000	17,467	2,533	16,887
Repairs – sidewalks.....	19,750	19,750	26,897	(7,147)	-

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Streets – Repair and Construction (Continued):</u>					
Gasoline, fuel and lubricants	9,000	9,000	9,581	(581)	9,473
Construction materials.....	15,000	15,000	98,516	(83,516)	117,522
Safety supplies.....	1,500	1,500	1,442	58	3,422
Signs/materials	22,000	22,000	10,742	11,258	-
Insurance and bonds	3,350	3,350	5,781	(2,431)	3,235
Repairs and maintenance.....	22,000	22,000	21,340	660	23,804
Snow removal.....	15,000	15,000	4,271	10,729	19,612
Christmas light maintenance	4,250	4,250	4,256	(6)	7,625
Emergency response.....	1,000	1,000	923	77	3,986
Easements.....	1,000	1,000	51	949	107
Street resurfacing.....	254,000	254,000	236,865	17,135	273,869
Traffic calming.....	4,000	4,000	-	4,000	-
Machinery and equipment	1,000	1,000	9,769	(8,769)	-
Computer equipment	1,500	1,500	399	1,101	3,942
Total Streets – Repair and Construction...	<u>957,745</u>	<u>957,745</u>	<u>940,718</u>	<u>17,027</u>	<u>1,024,645</u>
<u>Traffic Operations:</u>					
Wages and Salaries.....	82,365	82,365	83,043	(678)	81,061
F.I.C.A.....	6,990	6,990	6,742	248	6,356
Retirement.....	16,590	16,590	16,498	92	15,936
Hospitalization insurance	18,720	18,720	18,720	-	18,000
Life/AD&D insurance	300	300	298	2	294
Dental insurance	1,460	1,460	1,372	88	1,311
Workmen’s compensation.....	3,690	3,690	2,216	1,474	2,640
Other personal services	9,055	9,055	6,918	2,137	4,447
Employee education and Training.....	-	-	-	-	1,097
Dues	400	400	340	60	340
Regulatory fees and license	-	-	40	(40)	40
Advertising.....	100	100	-	100	-
Travel/Training.....	3,670	3,670	1,104	2,566	-
Maintenance contracts.....	50	50	-	50	-
Utilities.....	10,000	10,000	12,044	(2,044)	11,888
Operating supplies.....	150	150	-	150	46
Small tools.....	500	500	37	463	167
Uniforms	500	500	485	15	333
Auto parts.....	1,300	1,300	1,047	253	55
Gasoline.....	2,200	2,200	1,859	341	1,619
Safety supplies.....	200	200	11	189	42
Insurance	500	500	459	41	413
Repairs and maintenance.....	100	100	-	100	-
Traffic signal maintenance	18,000	18,000	36,707	(18,707)	14,255
Cost recovery	86,210	86,210	74,781	11,429	42,095
Machinery/equipment.....	6,000	6,000	-	6,000	-
Total Traffic Operations.....	<u>269,050</u>	<u>269,050</u>	<u>264,721</u>	<u>4,329</u>	<u>202,434</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Street Lighting:</u>					
Utilities	610,000	610,000	593,898	16,102	603,107
<u>Sanitation Supervision:</u>					
Wages and Salaries.....	76,650	76,650	76,705	(55)	76,646
F.I.C.A.....	6,495	6,495	6,130	365	6,072
Retirement.....	42,330	42,330	2,299	40,031	42,130
Hospitalization insurance	15,600	15,600	15,600	-	15,000
Life/Accidental death insurance	295	295	293	2	289
Dental insurance	1,220	1,220	1,181	39	1,158
Workmen's compensation.....	4,655	4,655	2,747	1,908	2,911
Other personal services	8,300	8,300	6,798	1,502	5,748
Drug/Alcohol test.....	300	300	232	68	328
Professional and consulting.....	300	300	248	52	22
Mailing	200	200	-	200	-
Utility processing	3,300	3,300	4,043	(743)	4,307
Dues	100	100	-	100	101
Regulatory fees.....	150	150	42	108	76
Training	975	975	191	784	60
Improvement teams	250	250	320	(70)	777
Printing.....	4,500	4,500	4,001	499	3,722
Maintenance contract	100	100	97	3	117
Utilities.....	600	600	606	(6)	598
Office supplies.....	100	100	115	(15)	47
Operating supplies.....	100	100	-	100	24
Small tools.....	100	100	29	71	-
Uniforms	370	370	24	346	80
Auto parts	500	500	33	467	1,013
Gasoline.....	1,000	1,000	982	18	792
Safety supplies.....	100	100	11	89	10
Insurance	590	590	579	11	561
Repairs and maintenance.....	-	-	-	-	55,192
Total Sanitation Supervision	<u>169,180</u>	<u>169,180</u>	<u>123,306</u>	<u>45,874</u>	<u>217,785</u>
<u>Sanitation Residential Collection:</u>					
Wages and salaries	125,285	125,285	101,678	23,607	120,403
F.I.C.A.....	9,985	9,985	8,060	1,925	9,156
Retirement.....	19,460	19,460	15,267	4,193	17,235
Hospitalization insurance	62,400	62,400	45,500	16,900	60,000
Life/Accidental death insurance	720	720	537	183	692
Dental insurance	4,865	4,865	2,168	2,697	3,064
Workmen's compensation.....	6,535	6,535	3,806	2,729	5,242
Other personal services	5,400	5,400	5,990	(590)	3,290

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>				<u>Total 2018</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>	
PUBLIC WORKS (Continued):					
<u>Sanitation Residential Collection</u>					
(Continued):					
Professional services	500	500	-	500	-
Maintenance contracts	770	770	-	770	-
Radio system annual contract.....	150	150	131	19	131
Utilities	25	25	25	-	28
Landfill services	142,000	142,000	143,028	(1,028)	142,078
Recycling contracts	175,000	175,000	167,310	7,690	163,284
Other supplies.....	500	500	460	40	271
Small tools and minor equipment.....	100	100	55	45	55
Uniforms	2,750	2,750	2,834	(84)	2,226
Automotive parts	15,000	15,000	16,695	(1,695)	15,302
Gasoline, fuel, and lubricants	12,000	12,000	14,315	(2,315)	11,774
Safety supplies.....	2,750	2,750	3,331	(581)	3,198
Insurance	1,500	1,500	2,547	(1,047)	1,423
Recycling center	100	100	-	100	-
Carts and materials	500	500	-	500	-
Machinery and equipment	-	-	-	-	27,917
Total Sanitation Collection.....	<u>588,295</u>	<u>588,295</u>	<u>533,737</u>	<u>54,558</u>	<u>586,767</u>
<u>Brush and Demolition Collection:</u>					
Wages and Salaries.....	67,100	67,100	45,985	21,115	49,460
F.I.C.A.	5,285	5,285	3,620	1,665	3,655
Retirement	10,630	10,630	8,034	2,596	9,209
Hospitalization insurance	31,200	31,200	22,100	9,100	22,500
Life/Accidental death insurance	370	370	259	111	272
Dental insurance	2,435	2,435	1,460	975	1,411
Workmen's compensation	3,855	3,855	3,417	438	2,468
Retiree insurance	6,780	6,780	7,080	(300)	6,630
Other personal services	2,100	2,100	2,601	(501)	51
Professional services	200	200	-	200	-
Maintenance contracts	1,160	1,160	-	1,160	-
Radio system contract	300	300	-	300	-
Utilities	30	30	-	30	-
Landfill services	89,000	89,000	93,755	(4,755)	108,523
Recycling contracts	40,000	40,000	45,212	(5,212)	61,334
Other operating supplies.....	500	500	173	327	293
Small tools.....	250	250	104	146	159
Uniforms	1,200	1,200	798	402	647
Automotive parts	15,000	15,000	15,747	(747)	11,165
Gasoline.....	14,000	14,000	15,236	(1,236)	12,376
Safety supplies.....	450	450	580	(130)	297
Insurance	1,390	1,390	1,438	(48)	1,323
Machinery and Equipment	-	-	4,316	(4,316)	-
Total Brush and Demolition Collection	<u>293,235</u>	<u>293,235</u>	<u>271,915</u>	<u>21,320</u>	<u>291,773</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<u>Industrial Collection:</u>					
Wages and salaries.....	127,595	127,595	124,349	3,246	123,268
F.I.C.A.	10,145	10,145	9,600	545	9,294
Retirement	28,410	28,410	21,496	6,914	23,653
Hospitalization insurance.....	46,800	46,800	47,208	(408)	45,000
Life/Accidental death insurance	595	595	582	13	582
Dental insurance	3,650	3,650	2,623	1,027	1,906
Workmen’s compensation	7,645	7,645	4,594	3,051	4,551
Retiree insurance	3,300	3,300	275	3,025	3,210
Other personal services.....	5,150	5,150	4,701	449	2,051
Professional services.....	50	50	-	50	-
Maintenance contracts	1,160	1,160	-	1,160	-
Radio system contract.....	450	450	392	58	392
Utilities	50	50	-	50	-
Landfill services.....	265,000	265,000	283,896	(18,896)	244,226
Other operating supplies	600	600	464	136	-
Small tools	100	100	-	100	438
Uniforms.....	1,700	1,700	884	816	1,126
Automotive parts	25,000	25,000	14,763	10,237	22,192
Gasoline, fuel, and lubricants	20,000	20,000	22,950	(2,950)	21,231
Safety supplies.....	400	400	249	151	300
Insurance.....	2,370	2,370	2,494	(124)	2,255
Repair and maintenance.....	400	400	115	285	33
Machinery and equipment	<u>7,880</u>	<u>7,880</u>	<u>7,450</u>	<u>430</u>	<u>14,903</u>
Total Industrial Collection	<u>558,450</u>	<u>558,450</u>	<u>549,085</u>	<u>9,365</u>	<u>520,611</u>
<u>Special Projects:</u>					
Road repair	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL PUBLIC WORKS	<u>4,981,210</u>	<u>4,851,210</u>	<u>4,687,601</u>	<u>163,609</u>	<u>4,838,262</u>
PUBLIC SAFETY:					
<u>Police Administration:</u>					
Wages and salaries	154,200	154,200	155,432	(1,232)	153,344
F.I.C.A.	12,160	12,160	11,505	655	11,112
Retirement	30,145	30,145	30,551	(406)	29,913
Hospitalization insurance.....	31,200	31,200	31,200	-	30,000
Life/AD&D.....	590	590	584	6	565
Dental insurance	2,435	2,435	2,363	72	2,316
Workmen’s compensation	4,345	4,345	2,447	1,898	2,707
Other personal services.....	4,850	4,850	6,350	(1,500)	4,264
Employee Education/Training	6,000	6,000	-	6,000	153

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>				<u>Total 2018</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 Administration (Continued):</u>					
Professional and consultation services	5,000	5,000	4,997	3	4,176
Mailing	100	100	-	100	100
Dues and memberships	1,500	1,500	635	865	861
Advertising	700	700	-	700	3,252
Travel, conferences and training	5,200	5,200	3,521	1,679	7,747
Public relations	6,150	6,150	9,711	(3,561)	5,968
Improvement teams	-	-	-	-	-
Reproduction and printing	500	500	-	500	912
Rental, maintenance contracts	-	-	2,416	(2,416)	2,777
TIES Terminal services	-	-	-	-	560
Office supplies	500	500	13	487	-
Other supplies	-	-	175	(175)	-
Uniforms	800	800	192	608	1,116
Auto parts	650	650	1,347	(697)	336
Gasoline, fuel and lubricants	2,200	2,200	2,726	(526)	2,900
Insurance and bonds	3,775	3,775	2,925	850	2,236
Machinery/equipment	44,000	44,000	44,434	(434)	-
Total Police Administration	<u>317,000</u>	<u>317,000</u>	<u>313,524</u>	<u>3,476</u>	<u>267,317</u>
<u>Administrative Services:</u>					
Wages and salaries – regular	728,690	728,690	702,329	26,361	710,476
F.I.C.A.	60,775	60,775	54,101	6,674	56,272
Retirement	194,980	194,980	116,419	78,561	177,700
Hospitalization insurance	193,440	193,440	179,140	14,300	169,750
Life/AD&D	2,960	2,960	2,693	267	2,683
Dental insurance	15,085	15,085	13,564	1,521	13,126
Workmen’s compensation	26,005	26,005	14,467	11,538	19,322
Retirees insurance	9,605	9,605	-	9,605	-
Other personal services	37,985	37,985	35,209	2,776	24,457
Professional services	500	500	-	500	356
Credit card processing fees	10,000	10,000	7,447	2,553	10,347
Commissions	-	-	2,760	(2,760)	2,713
Mailing	1,000	1,000	951	49	613
Dues and memberships	14,275	14,275	10,518	3,757	7,967
Travel, conferences and training	18,000	18,000	24,412	(6,412)	24,993
Printing	200	200	-	200	1,147

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY (Continued):					
<u>Administrative Services (Continued):</u>					
Repair and maintenance – Machinery and equipment.....	7,000	7,000	263	6,737	1,940
Computer software.....	-	-	-	-	3,083
Rental and maintenance contracts.....	20,300	20,300	19,296	1,004	22,824
Software license fee.....	207,500	207,500	193,781	13,719	194,657
Radio Systems annual fee.....	12,000	12,000	11,552	448	11,552
Utilities.....	113,800	113,800	122,470	(8,670)	121,034
Other contractual services.....	-	-	699	(699)	12,721
Office supplies.....	13,000	13,000	12,758	242	11,883
Evidence/essential supplies.....	-	-	105	(105)	72
Other operating supplies.....	5,000	5,000	2,984	2,016	-
Community policing.....	10,750	10,750	11,045	(295)	15,019
Small tools.....	2,000	2,000	187	1,813	2,025
Ammunition.....	26,200	26,200	26,261	(61)	22,430
Uniforms.....	4,250	4,250	2,492	1,758	7,869
Auto parts.....	5,000	5,000	5,005	(5)	4,612
Gasoline.....	6,000	6,000	3,623	2,377	3,716
Range maintenance.....	6,000	6,000	6,805	(805)	5,432
Insurance.....	15,000	15,000	16,385	(1,385)	14,306
Repair and maintenance.....	31,500	31,500	29,274	2,226	23,908
Equipment replacement.....	7,600	7,600	-	7,600	7,600
Lease equipment.....	46,275	46,275	46,272	3	46,272
Communication equipment.....	-	-	-	-	-
Machinery/equipment.....	1,230	1,230	1,636	(406)	21,490
Computer equipment.....	19,800	19,800	20,529	(729)	40,042
Building and improvements.....	-	-	-	-	1,788
Accreditation expenses.....	5,300	5,300	8,611	(3,311)	5,386
Total Administrative Services.....	<u>1,879,005</u>	<u>1,879,005</u>	<u>1,706,043</u>	<u>172,962</u>	<u>1,823,585</u>
<u>Police Patrol and Traffic Division:</u>					
Wages and salaries.....	1,430,835	1,430,835	1,489,369	(58,534)	1,439,114
F. I. C. A.	127,195	127,195	127,353	(158)	111,108
Retirement.....	349,190	349,190	221,750	127,440	306,257
Hospitalization insurance.....	405,600	405,600	445,900	(40,300)	386,250
Life/AD&D.....	5,820	5,820	6,167	(347)	5,578
Dental insurance.....	31,625	31,625	30,167	1,458	27,210
Workmen’s compensation.....	66,650	66,650	41,051	25,599	44,247
Retiree insurance.....	14,130	14,130	27,120	(12,990)	10,380
Other personal services.....	97,965	97,965	92,431	5,534	63,560
Drug/Alcohol testing.....	1,500	1,500	2,390	(890)	1,245
Employee education and training.....	-	-	-	-	2,484

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY (Continued):					
<u>Police Patrol and Traffic Division</u>					
<u>(Continued):</u>					
Professional services	4,500	4,500	4,593	(93)	-
Contract services	18,000	18,000	18,000	-	18,000
Mailing	500	500	503	(3)	490
Dues and memberships.....	-	-	-	-	217
Advertising.....	-	-	1,543	(1,543)	-
Travel, conferences and training	20,000	20,000	31,614	(11,614)	28,001
Printing and photography	500	500	-	500	-
Repair and maintenance – machinery and equipment.....	-	-	201	(2001)	253
Maintenance contracts.....	2,500	2,500	2,730	(230)	2,449
Utilities.....	-	-	-	-	900
Veterinarian.....	1,500	1,500	40	1,460	901
Office supplies.....	2,200	2,200	482	1,718	-
Evidence/Essential supplies	6,000	6,000	5,520	480	-
Other operating supplies.....	10,000	10,000	4,861	5,139	9,577
Small tools and minor equipment.....	500	500	32	468	236
Ammunition	-	-	-	-	-
Uniforms and clothing.....	64,875	64,875	44,878	19,997	33,236
K-9	2,000	2,000	1,765	235	791
Automotive parts	45,000	45,000	55,415	(10,415)	46,529
Gasoline, fuel, and lubricants	75,000	75,000	85,985	(10,985)	74,284
Firing range	-	-	300	(300)	-
Insurance	40,000	40,000	40,450	(450)	34,299
Repairs and maintenance – machinery	-	-	137	(137)	-
Other equipment.....	10,600	10,600	7,269	3,331	1,106
Vehicle	339,120	339,120	303,946	35,174	-
Computer equipment	18,000	18,000	17,118	882	10,873
Total Police Patrol and Traffic Control	<u>3,191,305</u>	<u>3,191,305</u>	<u>3,111,080</u>	<u>80,225</u>	<u>2,660,362</u>
<u>Police Investigation:</u>					
Wages and salaries – regular	473,695	473,695	485,333	(11,638)	464,861
F. I. C. A.....	37,305	37,305	36,216	1,089	34,244
Retirement.....	89,395	89,395	91,526	(2,131)	87,583
Hospitalization insurance	109,200	109,200	109,200	-	105,000
Life/AD&D	1,660	1,660	1,640	20	1,600
Dental insurance	8,515	8,515	8,270	245	8,108
Workmen’s compensation.....	18,010	18,010	11,122	6,888	11,735
Retiree insurance	6,780	6,780	7,080	(300)	6,630
Other personal services	14,250	14,250	15,056	(806)	6,900
Employee education/training.....	-	-	-	-	2,000
Professional services	1,500	1,500	747	753	963
Mailing	400	400	329	71	175

(Continued)

**CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

Function/Activity/Object	June 30, 2019				Total 2018
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	
	Original	Final			
PUBLIC SAFETY (Continued):					
<u>Police Investigation (Continued):</u>					
Dues/subscriptions/memberships	-	-	-	-	150
Travel, conferences, and training	10,000	10,000	10,931	(931)	26,304
Printing.....	500	500	-	500	-
Repairs and maintenance – machinery and equipment.....	1,500	1,500	-	1,500	-
Rental/maintenance contracts	1,500	1,500	1,891	(391)	1,271
Utilities.....	-	-	-	-	390
Undercover operations.....	3,000	3,000	-	3,000	-
Office supplies	2,000	2,000	1,746	254	1,837
Evidence/essential supplies.....	6,500	6,500	3,961	2,539	6,539
Other operating supplies	500	500	94	406	215
Small tools	1,500	1,500	20	1,480	1,631
Uniforms	4,900	4,900	5,638	(738)	8,183
Auto parts.....	5,000	5,000	6,594	(1,594)	4,558
Gasoline, fuel and lubricants.....	9,000	9,000	7,843	1,157	7,043
Insurance	7,325	7,325	8,158	(833)	6,976
Computer equipment.....	-	-	-	-	457
Machinery/equipment	860	860	-	860	14,893
Vehicles	-	-	25,552	(25,552)	-
Total Police Investigation	<u>814,795</u>	<u>814,795</u>	<u>838,947</u>	<u>(24,152)</u>	<u>810,246</u>
<u>Police – Animal Control:</u>					
Wages and salaries – regular.....	110,650	110,650	112,278	(1,628)	110,105
F. I. C. A.	10,710	10,710	8,553	2,157	7,972
Retirement.....	25,585	25,585	21,634	3,951	20,878
Hospitalization insurance.....	31,200	31,200	31,200	-	30,000
Life/AD&D.....	475	475	466	9	455
Dental insurance	2,435	2,435	1,368	1,067	1,532
Workmen’s compensation.....	3,995	3,995	2,666	1,329	2,835
Retiree insurance.....	1,650	1,650	-	1,650	-
Other personal services.....	4,250	4,250	4,251	(1)	2,200
Professional services.....	145	145	-	145	-
Dues and memberships	450	450	110	340	101
Travel and training.....	750	750	-	750	-
Printing	400	400	-	400	-
Rental maintenance contract.....	-	-	-	-	-
Utilities	1,100	1,100	150	950	300
Animal shelter fees	3,000	3,000	6,805	(3,805)	5,440
Veterinarian	500	500	-	500	-
Office supplies	500	500	-	500	75
Evidence.....	-	-	-	-	296
Small tools and equipment.....	1,500	1,500	2,406	(906)	1,068
Uniforms	800	800	126	674	938
Auto parts.....	1,500	1,500	475	1,025	986
Gasoline, fuel and lubricants.....	5,125	5,125	2,840	2,285	2,360

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY – FIRE:					
<u>Police – Animal Control (Continued):</u>					
Other commodities.....	500	500	71	429	61
Insurance.....	1,550	1,550	1,830	(280)	1,466
Machinery and Equipment.....	1,800	1,800	-	1,800	1,147
Total Police – Animal Control.....	<u>210,570</u>	<u>210,570</u>	<u>197,229</u>	<u>13,341</u>	<u>190,215</u>
<u>Police Grants:</u>					
National night out	<u>1,600</u>	<u>1,600</u>	<u>1,635</u>	<u>(35)</u>	<u>976</u>
TOTAL PUBLIC SAFETY – POLICE	<u>6,414,275</u>	<u>6,414,275</u>	<u>6,168,458</u>	<u>245,817</u>	<u>5,752,700</u>
PUBLIC SAFETY – FIRE:					
<u>Fire Supervision:</u>					
Wages and salaries.....	319,410	319,410	318,423	987	312,065
F. I. C. A.	26,595	26,595	25,138	1,457	24,427
Retirement	156,095	156,095	19,457	136,638	150,698
Hospitalization insurance.....	62,400	62,400	62,400	-	60,000
Life AD&D.....	1,195	1,195	1,178	17	1,147
Dental insurance	4,865	4,865	4,726	139	4,633
Workmen’s compensation	8,215	8,215	5,257	2,958	5,607
Retirees insurance	13,380	13,380	14,280	(900)	13,050
Other personal services.....	28,440	28,440	26,961	1,479	22,567
Employee education.....	1,360	1,360	-	1,360	-
Professional and consultation	2,500	2,500	153	2,347	-
Mailing.....	200	200	38	162	88
Dues and memberships	1,000	1,000	1,145	(145)	1,047
Travel, conferences and training.....	5,000	5,000	4,167	833	7,494
Public relations	3,500	3,500	2,738	762	1,706
Repairs and maintenance	200	200	-	200	-
Reproduction and printing	1,000	1,000	-	1,000	-
Rental and maintenance contracts.....	2,700	2,700	5,078	(2,378)	2,919
Utilities	11,500	11,500	10,831	669	10,153
Other contract services.....	1,000	1,000	-	1,000	-
Office supplies	1,700	1,700	1,189	511	905
Small tools	1,000	1,000	809	191	251
Uniforms	5,075	5,075	4,195	880	2,285
Auto parts	1,800	1,800	2,473	(673)	2,390
Gasoline, fuel and lubricants.....	4,500	4,500	3,411	1,089	3,255
Other commodities.....	-	-	-	-	-
Insurance.....	3,325	3,325	3,126	199	3,153
Computer equipment.....	-	-	3,582	(3,582)	75
Accreditation expense.....	20,100	20,100	21,197	(1,097)	16,253
Total Fire Supervision	<u>688,055</u>	<u>688,055</u>	<u>541,952</u>	<u>146,103</u>	<u>646,166</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY – FIRE (Continued):					
<u>Fire Prevention/Inspection:</u>					
Wages and salaries.....	66,690	66,690	61,699	4,991	57,068
F. I. C. A.	5,250	5,250	4,534	716	4,101
Retirement.....	12,630	12,630	11,478	1,152	11,036
Hospitalization insurance.....	15,600	15,600	16,546	(946)	15,414
Life/AD&D.....	245	245	251	(6)	235
Dental insurance	1,220	1,220	1,245	(25)	1,183
Workmen’s compensation.....	2,435	2,435	1,601	834	1,793
Retiree insurance.....	7,185	7,185	6,912	273	6,939
Other personal services.....	1,950	1,950	1,950	-	900
Professional services.....	2,500	2,500	566	1,934	542
Mailing.....	50	50	-	50	99
Dues and memberships	1,000	1,000	440	560	325
Advertising.....	1,500	1,500	1,498	2	5,476
Training.....	5,000	5,000	5,112	(112)	6,765
Repair and maintenance	200	200	-	200	-
Rental and maintenance	3,425	3,425	3,115	310	-
Utilities	1,800	1,800	1,305	495	1,671
Office supplies	500	500	326	174	289
Public fire education	3,000	3,000	2,664	336	2,795
Small tools and minor equipment	1,500	1,500	735	765	2,964
Uniforms	600	600	-	600	486
Auto parts.....	1,000	1,000	1,469	(469)	930
Smoke detectors	-	-	-	-	197
Gasoline, fuel and lubricants.....	2,000	2,000	1,555	445	1,576
Insurance.....	1,000	1,000	772	228	752
Computer equipment.....	2,500	2,500	1,948	552	21
Total Fire Prevention/Inspection.....	<u>140,780</u>	<u>140,780</u>	<u>127,721</u>	<u>13,059</u>	<u>123,560</u>
<u>Fire Fighting:</u>					
Wages and salaries – regular.....	1,675,490	1,675,490	1,666,773	8,717	1,637,385
F. I. C. A.	138,440	138,440	132,564	5,876	126,364
Retirement.....	386,060	386,060	253,330	132,730	367,942
Hospitalization insurance.....	452,400	452,400	464,454	(12,054)	429,586
Life/AD&D.....	6,575	6,575	6,615	(40)	6,274
Dental insurance	35,270	35,270	28,074	7,196	26,446
Workmen’s compensation.....	50,660	50,660	33,106	17,554	38,067
Retiree insurance.....	1,650	1,650	1,800	(150)	3,495
Other personal services.....	114,145	114,145	117,938	(3,793)	83,726
Drug/Alcohol testing.....	500	500	1,386	(886)	335
Employee education/training	4,760	4,760	2,924	1,836	-
Professional and consultation.....	1,000	1,000	5,670	(4,670)	1,059
Medical physicals.....	2,900	2,900	2,900	-	3,261
Mailing.....	300	300	230	70	59

(Continued)

**CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY – FIRE (Continued):					
<u>Fire Fighting (Continued):</u>					
Dues	400	400	-	400	1,060
Advertising.....	-	-	2,264	(2,264)	-
Travel/Training	14,000	14,000	12,580	1,420	28,947
Repairs and maintenance - office.....	350	350	-	350	17,826
Printing	500	500	-	500	205
Computer software programs.....	19,000	19,000	17,977	1,023	21,032
Maintenance contracts	12,000	12,000	6,330	5,670	5,149
Fire equipment testing.....	10,000	10,000	8,646	1,354	8,196
Radio system annual contract	12,500	12,500	10,718	1,782	10,653
Utilities	67,000	67,000	71,108	(4,108)	70,087
Fire hydrant rental.....	38,150	38,150	38,150	-	38,148
Office supplies	2,000	2,000	909	1,091	-
Station supplies	12,000	12,000	9,886	2,114	11,809
EMS supplies	3,500	3,500	2,516	984	1,526
Small tools	10,500	10,500	11,108	(608)	7,008
Uniforms	26,425	26,425	26,983	(558)	-
Uniforms - Reserves	12,400	12,400	12,400	-	32,279
Automotive parts.....	25,000	25,000	41,991	(16,991)	25,517
Gasoline, fuel and lubricants.....	12,000	12,000	14,965	(2,965)	12,272
Other commodities.....	10,000	10,000	6,285	3,715	4,458
Insurance	13,210	13,210	14,895	(1,685)	12,578
Repair and maintenance	15,000	15,000	28,548	(13,548)	-
Fire training facility	3,750	3,750	2,475	1,275	-
American Heart CPR contract.....	5,000	5,000	6,599	(1,599)	11,725
Equipment – lease purchase.....	46,275	46,275	46,271	4	46,272
Other equipment	10,000	10,000	9,330	670	9,120
Station furnishings	5,000	5,000	898	4,102	7,602
Computer equipment.....	6,300	6,300	6,137	163	-
Building improvements.....	18,000	18,000	17,427	573	9,740
Total Fire Fighting	<u>3,280,410</u>	<u>3,280,410</u>	<u>3,145,160</u>	<u>135,620</u>	<u>3,117,209</u>
TOTAL PUBLIC SAFETY – FIRE	<u>4,109,245</u>	<u>4,109,245</u>	<u>3,814,833</u>	<u>294,412</u>	<u>3,886,934</u>
TOTAL PUBLIC SAFETY	<u>10,523,520</u>	<u>10,523,520</u>	<u>9,983,291</u>	<u>540,229</u>	<u>9,639,635</u>
CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES:					
<u>Parks and Recreation:</u>					
Repairs and maintenance	14,410	14,410	7,793	6,617	6,010
Commission	549,635	549,635	549,632	3	607,613
Special events	-	-	16,297	(16,297)	8,486
Freedom Fest.....	73,800	73,800	72,917	883	62,231
Greenway Project.....	-	-	-	-	-
Little League Park.....	10,000	10,000	6,102	3,898	10,000
Senior Citizen Center.....	-	-	-	-	12,681
Springbrook Pool	-	-	-	-	44,500
Total Parks and Recreation	<u>647,845</u>	<u>647,845</u>	<u>652,741</u>	<u>(4,896)</u>	<u>751,521</u>

(Continued)

CITY OF ALCOA, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>Function/Activity/Object</u>	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES (Continued):					
<u>Joint Emergency Services:</u>					
911 Communications Center	<u>181,925</u>	<u>181,925</u>	<u>181,434</u>	<u>491</u>	<u>176,621</u>
In Lieu of Taxes.....	<u>322,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324,972</u>
Centennial Committee	<u>52,500</u>	<u>52,500</u>	<u>68,475</u>	<u>(15,975)</u>	<u>4,267</u>
Old City Pension Plan	<u>-</u>	<u>581,500</u>	<u>569,784</u>	<u>11,716</u>	<u>-</u>
Retirement Supplements.....	<u>171,695</u>	<u>171,695</u>	<u>99,429</u>	<u>72,266</u>	<u>124,969</u>
Blount County Library	<u>233,325</u>	<u>233,325</u>	<u>219,258</u>	<u>14,067</u>	<u>212,986</u>
East Tennessee Development District	<u>1,355</u>	<u>1,355</u>	<u>1,352</u>	<u>3</u>	<u>1,352</u>
Blount County Chamber of Commerce	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Blount County Community Action Agency	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>	<u>12,500</u>
Blount County Industrial Development Board..					
Board operations.....	<u>241,285</u>	<u>241,285</u>	<u>241,285</u>	<u>-</u>	<u>237,055</u>
Development agreements	<u>125,800</u>	<u>125,800</u>	<u>125,800</u>	<u>-</u>	<u>88,300</u>
Park operation.....	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total Blount County Industrial Development Board.....	<u>397,085</u>	<u>397,085</u>	<u>397,085</u>	<u>-</u>	<u>355,355</u>
Blount County Family Services.....	<u>21,250</u>	<u>21,250</u>	<u>21,250</u>	<u>-</u>	<u>20,600</u>
Vocational Rehabilitation.....	<u>50,665</u>	<u>50,665</u>	<u>50,662</u>	<u>3</u>	<u>53,566</u>
TOTAL CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES.....	<u>2,097,995</u>	<u>2,357,145</u>	<u>2,279,470</u>	<u>77,675</u>	<u>2,043,709</u>
OTHER					
ADA Consulting.....	<u>81,265</u>	<u>81,265</u>	<u>43,750</u>	<u>37,515</u>	<u>50,003</u>
Demo Utility Building.....	<u>150,000</u>	<u>150,000</u>	<u>150,553</u>	<u>(553)</u>	<u>1,438</u>
TOTAL OTHER	<u>231,265</u>	<u>231,265</u>	<u>194,303</u>	<u>36,962</u>	<u>51,441</u>
TOTAL EXPENDITURES.....	<u>\$20,726,905</u>	<u>\$ 20,856,055</u>	<u>\$ 19,802,306</u>	<u>\$ 1,053,749</u>	<u>\$ 19,247,652</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.

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CITY OF ALCOA, TENNESSEE
EDUCATION FUND – SPECIAL REVENUE FUND
SCHEDULE OF REVENUES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</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>(Negative)</u>
TAXES:					
Current city taxes.....	\$ 4,020,000	\$ 3,960,000	\$ 3,948,813	\$ (11,187)	\$ 3,954,556
Current county taxes.....	4,049,500	4,186,500	4,193,291	6,791	3,984,929
Previous year’s county taxes	148,000	135,500	140,634	5,134	141,680
In-lieu of taxes.....	<u>36,000</u>	<u>36,000</u>	<u>53,137</u>	<u>17,137</u>	<u>35,014</u>
Total Taxes.....	<u>8,253,500</u>	<u>8,318,000</u>	<u>8,335,875</u>	<u>17,875</u>	<u>8,116,179</u>
MISCELLANEOUS REVENUE:					
Regular tuition.....	381,000	294,000	299,050	5,050	236,844
Business tax, marriage licenses, fees.....	91,900	91,900	110,061	18,161	92,104
Local sales tax – county	2,947,000	3,180,000	3,193,601	13,601	2,857,475
Interest earned	-	-	3,543	3,543	966
Insurance recovery	-	-	-	-	197,472
Other local revenue	12,000	41,000	41,896	896	46,642
Teachers group insurance	<u>-</u>	<u>-</u>	<u>350</u>	<u>350</u>	<u>-</u>
Total Miscellaneous Revenue.....	<u>3,431,900</u>	<u>3,606,900</u>	<u>3,648,501</u>	<u>41,601</u>	<u>3,431,503</u>
INTERGOVERNMENTAL REVENUE:					
Basic education program	8,639,000	8,837,000	8,839,207	2,207	8,431,000
State driver education	4,900	4,900	5,468	568	-
Career ladder program.....	70,000	55,000	68,687	13,687	31,194
State matching	5,800	5,800	8,621	2,821	-
Lottery pre-k.....	162,400	179,400	179,607	207	170,446
Other state funds.....	57,000	69,000	105,302	36,302	190,642
Mixed drink tax	5,000	60,000	71,187	11,187	65,444
Coordinated school health	80,000	80,000	80,000	-	93,858
Other federal funds.....	79,000	4,000	4,412	412	79,359
Family resource center	<u>28,000</u>	<u>28,000</u>	<u>29,612</u>	<u>1,612</u>	<u>29,612</u>
Total Intergovernmental Revenue	<u>9,131,100</u>	<u>9,323,100</u>	<u>9,392,103</u>	<u>69,003</u>	<u>9,091,555</u>
TOTAL REVENUES	<u>\$ 20,816,500</u>	<u>\$ 21,248,000</u>	<u>\$ 21,376,479</u>	<u>\$ 128,479</u>	<u>\$ 20,639,237</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
INSTRUCTION ELEMENTARY/ SECONDARY:					
Regular teacher salaries	7,119,133	7,194,133	7,229,476	(35,343)	7,109,863
Substitute/homebound teacher salaries	112,500	112,500	141,606	(29,106)	169,075
F.I.C.A/Medicare	595,902	595,902	576,083	19,819	554,804
Retirement	816,108	816,108	876,055	(59,947)	699,763
Employee insurance	1,493,559	1,469,559	1,377,584	91,975	1,331,150
Unemployment insurance	3,000	3,000	-	3,000	6,976
Other contractual services	33,000	33,000	38,739	(5,739)	21,731
Other fringe benefits	4,000	4,000	500	3,500	409
Instructional supplies and materials	140,000	140,000	165,082	(25,082)	115,003
Textbooks	230,000	330,000	288,387	41,613	130,147
Educational assistants	266,028	266,028	287,657	(21,629)	284,551
Other supplies and charges	26,000	26,000	14,926	11,074	65,627
Career ladder program	45,000	24,000	21,501	2,499	47,197
Other salaries and wages	246,371	246,371	240,000	6,371	19,888
Instruction equipment	<u>300,000</u>	<u>300,000</u>	<u>257,489</u>	<u>42,511</u>	<u>263,766</u>
Total Instruction Elementary/Secondary	<u>11,430,601</u>	<u>11,560,601</u>	<u>11,515,085</u>	<u>45,516</u>	<u>10,819,950</u>
SPECIAL EDUCATION PROGRAM:					
Supervisor/Director	10,734	10,734	10,734	-	9,754
Teachers	686,701	686,701	700,968	(14,267)	672,447
Career ladder	-	-	1,000	(1,000)	2,000
Speech pathologist	55,110	55,110	31,511	23,599	67,916
F.I.C.A/Medicare	77,661	77,661	73,763	3,898	75,448
Retirement	108,382	108,382	105,098	3,284	96,767
Employee insurance	191,630	191,630	197,701	(6,071)	164,249
In-service staff development	2,000	2,000	1,974	26	3,989
Special education equipment	5,000	5,000	4,031	969	4,729
Educational assistants	181,255	181,255	178,472	2,783	163,956
Psychological personnel	75,314	75,314	75,014	300	75,014
Other supplies and materials	5,000	5,000	4,918	82	4,937
Contracts with others	140,000	140,000	123,582	16,418	71,105
Instructional supplies and materials	3,000	3,000	2,941	59	2,874
Clerical personnel	32,019	32,019	25,695	6,324	24,767
Other salaries and wages	<u>-</u>	<u>-</u>	<u>21,184</u>	<u>(21,184)</u>	<u>29,827</u>
Total Special Education Program	<u>1,573,806</u>	<u>1,573,806</u>	<u>1,558,586</u>	<u>15,220</u>	<u>1,469,779</u>

(Continued)

CITY OF ALCOA, TENNESSEE
EDUCATION FUND – SPECIAL REVENUE FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
VOCATIONAL EDUCATION:					
Teachers	282,967	282,967	283,689	(722)	315,898
In-service staff development	3,180	3,180	3,741	(561)	6,502
Substitute teachers	2,500	2,500	-	2,500	-
F.I.C.A./Medicare	21,915	21,915	20,526	1,389	23,184
Retirement	29,703	29,703	29,802	(99)	28,684
Instructional supplies	12,750	12,750	12,410	340	12,402
Textbooks	3,000	3,000	3,018	(18)	3,000
Employee insurance	50,460	50,460	51,604	(1,144)	55,546
Other charges	2,500	2,500	1,187	1,313	2,356
Career ladder	1,000	1,000	-	1,000	-
Travel	-	-	600	(600)	4,262
Software	-	-	-	-	8,648
Vocational equipment	<u>16,000</u>	<u>16,000</u>	<u>15,986</u>	<u>14</u>	<u>138,010</u>
Total Vocational Education	<u>425,975</u>	<u>425,975</u>	<u>422,563</u>	<u>3,412</u>	<u>598,492</u>
HEALTH SERVICES:					
Medical personnel	95,450	95,450	87,855	7,595	95,285
Other salaries and wages	35,767	35,767	35,766	1	55,944
F.I.C.A./Medicare	10,038	10,038	9,106	932	11,100
Retirement	19,242	19,242	18,105	1,137	20,890
Employee insurance	19,608	19,608	15,710	3,898	22,588
Contractual services	30,000	30,000	23,825	6,175	29,792
Medical supplies	5,000	5,000	10,472	(5,472)	6,578
Other supplies and materials	6,000	6,000	6,500	(500)	3,874
Other charges	<u>34,050</u>	<u>34,050</u>	<u>35,049</u>	<u>(999)</u>	<u>33,406</u>
Total Health Services	<u>255,155</u>	<u>255,155</u>	<u>242,388</u>	<u>12,767</u>	<u>279,457</u>
OTHER STUDENT SUPPORT:					
Guidance personnel	349,027	349,027	350,109	(1,082)	344,248
School resource officer	55,000	55,000	55,000	-	55,000
F.I.C.A./Medicare	26,701	26,701	25,859	842	25,351
Retirement	36,508	36,508	35,747	761	31,211
Employee insurance	53,135	53,135	53,838	(703)	52,724
Evaluation and testing	56,000	56,000	43,949	12,051	30,583
Other contracted services	22,000	22,000	-	22,000	1,530
In-service staff development	10,767	10,767	15,398	(4,631)	38,260
Other supplies and charges	<u>1,000</u>	<u>1,000</u>	<u>18,926</u>	<u>(17,926)</u>	<u>21,118</u>
Total Other Student Support	<u>610,138</u>	<u>610,138</u>	<u>598,826</u>	<u>11,312</u>	<u>600,025</u>
INSTRUCTION REGULAR:					
Supervisor/Director	195,559	195,559	194,959	600	185,439
Librarians	202,835	202,835	203,004	(169)	186,722
Clerical personnel	-	-	-	-	1,198
Career ladder	4,000	4,000	1,000	3,000	1,000
TNECD grant professional	-	1,033	1,033	-	1,500
TNECD grant equipment	-	7,722	7,722	-	11,397
Aviation education grant	-	24,957	23,352	1,605	-

(Continued)

CITY OF ALCOA, TENNESSEE
EDUCATION FUND – SPECIAL REVENUE FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</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>(Negative)</u>	<u>2018</u>	
INSTRUCTION REGULAR:					
(Continued):					
F.I.C.A./Medicare.....	27,947	27,947	29,274	(1,327)	27,199
Retirement	42,090	42,090	39,267	2,823	33,844
Employee insurance	57,205	57,205	61,058	(3,853)	54,289
Other fringe benefits.....	3,500	3,500	-	3,500	-
Consultants	4,000	4,000	-	4,000	-
Travel	-	-	-	-	9,582
Library books	28,000	28,000	28,312	(312)	27,417
Other charges.....	-	-	33	(33)	-
Total Instruction Regular.....	<u>565,136</u>	<u>598,848</u>	<u>589,014</u>	<u>9,834</u>	<u>539,587</u>
TECHNOLOGY:					
Supervisor/Director	84,440	97,440	94,140	3,300	81,140
Data processing personnel.....	43,385	43,385	43,285	100	47,087
Career ladder	-	3,000	3,000	-	3,000
Clerical personnel.....	12,000	12,000	19,183	(7,183)	17,910
Other salaries and wages	147,788	147,788	151,472	(3,684)	145,173
FICA/Medicare.....	19,056	19,056	22,429	(3,373)	21,149
Internet connectivity.....	19,000	19,000	15,543	3,457	17,029
Retirement	32,592	32,592	30,824	1,768	26,913
Maintenance and repair – equipment.....	45,000	45,000	7,910	37,090	43,861
Travel	-	-	-	-	7,837
Software	50,000	50,000	6,586	43,414	1,549
Other contracted services	68,000	68,000	153,128	(85,128)	108,563
Other charges.....	28,000	28,000	10,337	17,663	15,475
Employee insurance	<u>53,693</u>	<u>53,693</u>	<u>55,650</u>	<u>(1,957)</u>	<u>53,548</u>
Total Technology	<u>602,954</u>	<u>618,954</u>	<u>613,487</u>	<u>5,467</u>	<u>590,234</u>
BOARD OF EDUCATION:					
Board member fees.....	6,850	6,850	5,700	1,150	5,700
F.I.C.A./Medicare.....	524	524	437	87	436
Professional services	28,000	28,000	8,610	19,390	20,500
Dues and memberships.....	11,000	11,000	13,785	(2,785)	13,103
Legal services.....	70,000	70,000	47,005	22,995	271,370
Travel	-	-	-	-	5,775
Liability insurance.....	31,000	31,000	28,029	2,971	26,944
Surety bonds.....	1,500	1,500	1,350	150	1,350
Commissions – Blount County Trustee.....	82,000	82,000	94,359	(12,359)	88,711
Workmen’s compensation insurance.....	96,000	96,000	96,253	(253)	95,345
Other charges and supplies.....	<u>16,500</u>	<u>16,500</u>	<u>9,942</u>	<u>6,558</u>	<u>67,731</u>
Total Board of Education	<u>343,374</u>	<u>343,374</u>	<u>305,470</u>	<u>37,904</u>	<u>596,965</u>

(Continued)

CITY OF ALCOA, TENNESSEE
EDUCATION FUND – SPECIAL REVENUE FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
OFFICE OF THE DIRECTOR:					
Administrative Office	108,517	108,517	109,217	(700)	108,217
F.I.C.A/Medicare	8,301	8,301	8,340	(39)	8,270
Retirement	11,351	11,351	11,905	(554)	10,244
Employee insurance.....	14,473	14,473	20,053	(5,580)	17,884
Communication	15,000	15,000	7,357	7,643	6,488
Travel.....	3,600	3,600	4,075	(475)	4,318
Office supplies.....	1,750	1,750	1,412	338	65
Other fringe benefits.....	6,000	6,000	6,000	-	3,000
Career ladder	-	-	1,000	(1,000)	1,000
Total Office of the Director	<u>168,992</u>	<u>168,992</u>	<u>169,359</u>	<u>(367)</u>	<u>159,486</u>
OFFICE OF PRINCIPALS:					
Principals	397,210	397,210	395,009	2,201	394,502
Assistant principals.....	487,736	487,736	492,182	(4,446)	497,845
Career ladder	7,500	7,500	4,500	3,000	4,500
Secretaries	158,650	158,650	164,171	(5,521)	157,327
Clerical personnel.....	104,230	104,230	93,563	10,667	93,332
F.I.C.A/Medicare.....	88,382	88,382	78,758	9,624	79,086
Retirement	119,114	119,114	119,717	(603)	109,078
Employee insurance.....	164,882	164,882	177,231	(12,349)	162,078
Communications.....	31,000	31,000	27,726	3,274	26,614
Travel.....	-	-	20	(20)	6,864
Total Office of Principals	<u>1,558,704</u>	<u>1,558,704</u>	<u>1,552,877</u>	<u>5,827</u>	<u>1,531,226</u>
FISCAL SERVICES:					
Director.....	48,848	48,848	48,698	150	48,698
Secretaries	43,345	43,345	43,004	341	43,245
F.I.C.A/Medicare.....	7,053	7,053	3,643	3,410	3,625
Retirement	7,039	7,039	8,292	(1,253)	8,299
Employee insurance.....	12,239	12,239	14,262	(2,023)	15,887
Travel.....	-	-	-	-	1,212
Office supplies.....	5,500	5,500	8,704	(3,204)	10,368
Other charges.....	68,000	52,788	21,363	31,425	40,366
Administration equipment	3,000	3,000	-	3,000	1,231
Total Fiscal Services.....	<u>195,024</u>	<u>179,812</u>	<u>147,966</u>	<u>31,846</u>	<u>172,931</u>
HUMAN SERVICES:					
Secretaries	138,248	138,248	134,306	3,942	134,162
F.I.C.A./Medicare.....	10,576	10,576	9,933	643	9,956
Retirement	22,451	22,451	25,744	(3,293)	25,706
Employee insurance.....	12,097	12,097	13,508	(1,411)	13,040
Travel.....	-	-	-	-	2,537
Total Human Services	<u>183,372</u>	<u>183,372</u>	<u>183,491</u>	<u>(119)</u>	<u>185,401</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
OPERATION OF PLANT:					
Custodial personnel	273,708	273,708	280,792	(7,084)	242,133
F.I.C.A./Medicare	20,939	20,939	19,915	1,024	17,506
Retirement	44,450	44,450	37,486	6,964	34,155
Employee insurance.....	70,948	70,948	64,730	6,218	69,577
Contractual services.....	200,000	200,000	188,830	11,170	188,599
Electricity	650,000	650,000	713,963	(63,963)	713,554
Natural gas.....	100,000	100,000	60,693	39,307	102,504
Water and sewer	100,000	100,000	119,458	(19,458)	121,610
Other supplies	10,000	10,000	1,339	8,661	1,517
Other charges.....	20,000	20,000	10,560	9,440	12,292
Rentals	6,500	6,500	13,704	(7,204)	16,656
Custodial supplies.....	70,000	70,000	48,462	21,538	42,911
Building and contents insurance.....	127,000	127,000	109,891	17,109	113,220
Disposable fees.....	11,000	11,000	7,683	3,317	7,327
Equipment	4,000	4,000	579	3,421	-
Total Operation of Plant	<u>1,708,545</u>	<u>1,708,545</u>	<u>1,678,085</u>	<u>30,460</u>	<u>1,683,561</u>
MAINTENANCE OF PLANT:					
Maintenance personnel.....	274,229	274,229	370,273	(96,044)	269,072
F.I.C.A./Medicare	20,978	20,978	27,169	(6,191)	19,567
Retirement	44,535	44,535	31,932	12,603	83,902
Employee insurance.....	51,949	51,949	60,176	(8,227)	59,805
Contractual services.....	195,000	195,000	116,936	78,064	321,360
Machinery parts	4,000	4,000	-	4,000	-
Building maintenance and repairs	75,000	105,000	102,405	2,595	170,469
Equipment maintenance and repairs	60,000	175,000	163,879	11,121	86,131
Supplies and materials	22,500	22,500	5,731	16,769	8,425
Other charges.....	44,100	44,100	30,172	13,928	43,094
Equipment	4,000	4,000	17,608	(13,608)	-
Total Maintenance of Plant.....	<u>796,291</u>	<u>941,291</u>	<u>926,281</u>	<u>15,010</u>	<u>1,061,825</u>
TRANSPORTATION:					
Bus Drivers	16,292	16,292	3,508	12,784	16,292
F.I.C.A./Medicare	1,246	1,246	292	954	1,246
Retirement	2,646	2,646	762	1,884	2,646
Employee insurance.....	-	-	1,358	(1,358)	-
Gasoline and diesel.....	3,000	3,000	80	2,920	-
Tires and tubes.....	2,000	2,000	1,756	244	879
Vehicle parts.....	2,500	2,500	8,327	(5,827)	5,025
Other charges.....	5,000	5,000	3,997	1,003	3,702
Contracts with private agencies.....	290,000	290,000	257,652	32,348	272,696
Vehicle maintenance and repair.....	4,000	4,000	2,183	1,817	43
Total Transportation	<u>326,684</u>	<u>326,684</u>	<u>279,915</u>	<u>46,769</u>	<u>302,529</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</u>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2018</u>
	<u>Original</u>	<u>Final</u>			
FOOD SERVICES:					
In-service staff development.....	500	500	601	(101)	-
Office supplies.....	<u>150</u>	<u>150</u>	<u>-</u>	<u>150</u>	<u>1,036</u>
Total Food Services	<u>650</u>	<u>650</u>	<u>601</u>	<u>49</u>	<u>1,036</u>
FAMILY RESOURCE CENTER:					
Supervisor/Director	50,498	50,498	50,198	300	49,291
F.I.C.A./Medicare	3,863	3,863	3,394	469	3,393
Retirement	5,282	5,282	5,251	31	4,476
Travel.....	1,000	1,000	307	693	95
Other charges.....	2,975	2,975	1,399	1,576	1,578
Employee insurance.....	<u>14,782</u>	<u>14,782</u>	<u>16,082</u>	<u>(1,300)</u>	<u>13,954</u>
Total Family Resource Center	<u>78,400</u>	<u>78,400</u>	<u>76,631</u>	<u>1,769</u>	<u>72,787</u>
LOTTERY PRE-K FUNDS:					
Teacher salaries	123,450	138,450	139,482	(1,032)	121,716
Education assistants.....	41,899	41,899	50,260	(8,361)	42,032
F.I.C.A./Medicare.....	12,650	12,650	13,615	(965)	11,788
Retirement	19,717	19,717	22,445	(2,728)	16,531
Employee insurance.....	44,483	44,483	30,383	14,100	42,327
Equipment.....	-	-	-	-	7,860
Instructional supplies.....	1,500	7,500	11,257	(3,757)	2,055
In-service staff development.....	<u>-</u>	<u>-</u>	<u>960</u>	<u>(960)</u>	<u>-</u>
Total Lottery Pre-K Funds	<u>243,699</u>	<u>264,699</u>	<u>268,402</u>	<u>(3,703)</u>	<u>244,309</u>
CAPITAL OUTLAY:					
Equipment and other.....	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>207,671</u>
TOTAL EXPENDITURES.....	<u>\$21,087,500</u>	<u>\$21,418,000</u>	<u>\$21,129,027</u>	<u>\$ 288,973</u>	<u>\$21,117,251</u>

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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.

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CITY OF ALCOA, TENNESSEE
DEBT SERVICE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</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>2018</u>
			<u>Basis)</u>	<u>(Negative)</u>	
Revenues					
Interest income.....	\$ -	\$ -	\$ 167,135	\$ 167,135	\$ 142,210
Expenditures:					
Bond/capital outlay note redemptions.....	3,215,000	3,215,000	3,215,000	-	3,125,000
Interest charges	<u>2,248,871</u>	<u>2,248,871</u>	<u>2,248,871</u>	<u>-</u>	<u>2,095,576</u>
Total Expenditures	<u>5,463,871</u>	<u>5,463,871</u>	<u>5,463,871</u>	<u>-</u>	<u>5,220,576</u>
Excess (Deficiency) of Revenues Over					
Expenditures	<u>(5,463,871)</u>	<u>(5,463,871)</u>	<u>(5,296,736)</u>	<u>167,135</u>	<u>(5,078,366)</u>
Other Financing Sources (Uses):					
Operating transfers – In:					
General Fund.....	<u>5,500,000</u>	<u>5,500,000</u>	<u>5,500,000</u>	<u>-</u>	<u>5,500,000</u>
Excess of Revenues and Other Sources					
Over Expenditures and Other Uses	36,129	36,129	203,264	167,135	421,634
Fund Balance at Beginning of Year	<u>1,181,483</u>	<u>1,181,483</u>	<u>1,181,483</u>	<u>-</u>	<u>759,849</u>
Fund Balance at End of Year.....	<u>\$ 1,217,612</u>	<u>\$ 1,217,612</u>	<u>\$ 1,384,747</u>	<u>\$ 167,135</u>	<u>\$ 1,181,483</u>

See accompanying independent auditors' report and notes.

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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.

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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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</u>			
	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2018</u>
Revenues:				
State gasoline tax	\$ 280,500	\$ 296,719	\$ 16,219	\$ 283,329
Sale of equipment	-	8,075	8,075	-
Investment income	-	7,692	7,692	2,693
	<u>280,500</u>	<u>312,486</u>	<u>31,986</u>	<u>286,022</u>
Total Revenues				
Expenditures:				
Streets:				
Resurfacing/stripping.....	275,000	227,712	47,288	223,498
Traffic signal maintenance.....	22,500	18,293	4,207	145
Other equipment and vehicles	10,600	3,299	7,301	2,386
Snow removal	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>4,126</u>
	<u>323,100</u>	<u>249,304</u>	<u>73,796</u>	<u>230,155</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	(42,600)	63,182	105,782	55,867
Fund Balance at				
Beginning of Year	<u>824,409</u>	<u>824,409</u>	<u>-</u>	<u>768,542</u>
Fund Balance at End of Year.....				
	<u>\$ 781,809</u>	<u>\$ 887,591</u>	<u>\$ 105,782</u>	<u>\$ 824,409</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2018
Revenues:				
Monies received through the State of Tennessee	<u>\$ 888,041</u>	<u>\$ 843,249</u>	<u>\$ (44,792)</u>	<u>\$ 947,540</u>
Expenditures:				
Salaries and related costs	701,377	668,018	33,359	591,078
Staff development and travel	44,568	41,816	2,752	99,171
Contracted services	34,950	34,929	21	70,660
Materials and supplies.....	70,826	42,678	28,148	115,897
Equipment.....	23,785	51,967	(28,182)	70,214
Evaluation and testing.....	3,841	3,841	-	-
Other charges	<u>8,694</u>	<u>-</u>	<u>8,694</u>	<u>520</u>
Total Expenditures	<u>888,041</u>	<u>843,249</u>	<u>44,792</u>	<u>947,540</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
CARL PERKINS PROJECT #19-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2018</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 17,792</u>	<u>\$ 59,338</u>	<u>\$ 41,546</u>	<u>\$ 70,977</u>
Expenditures:				
Equipment	7,285	48,831	(41,546)	56,557
Staff development and travel.....	<u>10,507</u>	<u>10,507</u>	<u>-</u>	<u>14,420</u>
Total Expenditures	<u>\$ 17,792</u>	<u>\$ 59,338</u>	<u>\$ (41,546)</u>	<u>\$ 70,977</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE I CARRY OVER PROJECT #18-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2018
Revenues:				
Monies received through the State of Tennessee	<u>\$ 27,528</u>	<u>\$ 19,434</u>	<u>\$ (8,094)</u>	<u>\$ -</u>
Expenditures:				
Salaries and related costs.....	19,528	15,024	4,504	-
Staff development and travel.....	2,000	1,952	48	-
Materials and supplies	<u>6,000</u>	<u>2,458</u>	<u>3,542</u>	<u>-</u>
Total Expenditures	<u>\$ 27,528</u>	<u>\$ 19,434</u>	<u>\$ 8,094</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
NCLB TITLE I PROJECT #19-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2018
Revenues:				
Monies received through the State of Tennessee	<u>\$ 330,134</u>	<u>\$ 310,812</u>	<u>\$ (19,322)</u>	<u>\$ 315,693</u>
Expenditures:				
Salaries and related costs	303,440	297,774	5,666	258,209
Equipment	1,500	-	1,500	9,847
Materials and supplies.....	10,500	5,563	4,937	6,445
Staff development and travel	6,000	7,475	(1,475)	40,672
Other charges	<u>8,694</u>	<u>-</u>	<u>8,694</u>	<u>520</u>
Total Expenditures	<u>\$ 330,134</u>	<u>\$ 310,812</u>	<u>\$ 19,322</u>	<u>\$ 315,693</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE IV PROJECT #19-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2018</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 3,841</u>	<u>\$ 3,841</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Evaluation and testing	<u>\$ 3,841</u>	<u>\$ 3,841</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
IDEA DISCRETIONARY GRANT #19-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2018</u>
Revenues:				
Monies received through the State of Tennessee	<u>\$ 17,268</u>	<u>\$ 11,263</u>	<u>\$ (6,005)</u>	<u>\$ 33,628</u>
Expenditures:				
Materials and supplies.....	17,268	11,263	6,005	24,569
Staff development and travel	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,059</u>
Total Expenditures	<u>\$ 17,268</u>	<u>\$ 11,263</u>	<u>\$ 6,005</u>	<u>\$ 33,628</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
READ TO BE READY #19-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2018
Revenues:				
Monies received through the State of Tennessee	<u>\$ 30,480</u>	<u>\$ 29,998</u>	<u>\$ (482)</u>	<u>\$ 64,940</u>
Expenditures:				
Salaries and related costs	22,403	22,403	-	-
Materials and supplies.....	<u>8,077</u>	<u>7,595</u>	<u>482</u>	<u>64,940</u>
Total Expenditures	<u>\$ 30,480</u>	<u>\$ 29,998</u>	<u>\$ 482</u>	<u>\$ 64,940</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE II (PART A) TRAINING #19-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2018
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 53,231</u>	<u>\$ 49,323</u>	<u>\$ (3,908)</u>	<u>\$ 67,884</u>
Expenditures:				
Staff development and travel	23,561	19,653	3,908	32,680
Materials and supplies	-	-	-	21
Salaries and related costs	<u>29,670</u>	<u>29,670</u>	<u>-</u>	<u>35,183</u>
Total Expenditures.....	<u>\$ 53,231</u>	<u>\$ 49,323</u>	<u>\$ 3,908</u>	<u>\$ 67,884</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
IDEA PRESCHOOL PROJECT #19-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2018</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 10,758</u>	<u>\$ 5,994</u>	<u>\$ (4,764)</u>	<u>\$ 11,777</u>
Expenditures:				
Materials and supplies.....	<u>\$ 10,758</u>	<u>\$ 5,994</u>	<u>\$ (4,764)</u>	<u>\$ 11,777</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
IDEA (PART B) PROJECT #19-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2018</u>
Revenues:				
Monies received through the State of Tennessee.....	<u>\$ 397,009</u>	<u>\$ 353,246</u>	<u>\$ (43,763)</u>	<u>\$ 382,641</u>
Expenditures:				
Salaries and related costs	326,336	303,147	23,189	297,686
Materials and supplies	18,223	9,805	9,418	8,145
Contracted services	34,950	34,929	21	70,660
Equipment.....	15,000	3,136	11,864	3,810
Staff development and travel	<u>2,500</u>	<u>2,229</u>	<u>271</u>	<u>2,340</u>
Total Expenditures	<u>\$ 397,009</u>	<u>\$ 353,246</u>	<u>\$ 43,763</u>	<u>\$ 382,641</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</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>2018</u>
				<u>(Negative)</u>	
Revenues:					
Lunch and breakfast payments - children	\$ 240,850	\$ 240,850	\$ 239,379	\$ (1,471)	\$ 226,104
Lunch and breakfast payments - adults	13,000	13,000	6,900	(6,100)	12,738
USDA reimbursements	665,000	665,000	641,714	(23,286)	574,105
Milk sales	1,000	1,000	611	(389)	754
A la carte and other income	<u>144,150</u>	<u>144,150</u>	<u>123,952</u>	<u>(20,198)</u>	<u>124,488</u>
Total Revenues.....	<u>1,064,000</u>	<u>1,064,000</u>	<u>1,012,556</u>	<u>(51,444)</u>	<u>938,189</u>
Expenditures:					
Food	465,000	465,000	492,794	(27,794)	487,887
Labor	485,000	485,000	465,560	19,440	428,399
Transportation	4,000	4,000	3,937	63	3,315
Ice cream and other expenses.....	<u>110,000</u>	<u>110,000</u>	<u>16,180</u>	<u>93,820</u>	<u>12,362</u>
Total Expenditures	<u>1,064,000</u>	<u>1,064,000</u>	<u>978,471</u>	<u>85,529</u>	<u>931,963</u>
Excess of Revenues Over Expenditures	-	-	34,085	34,085	6,226
Fund Balance at Beginning of Year	<u>75,009</u>	<u>75,009</u>	<u>75,009</u>	-	<u>68,783</u>
Fund Balance at End of Year	<u>\$ 75,009</u>	<u>\$ 75,009</u>	<u>\$ 109,094</u>	<u>\$ 34,085</u>	<u>\$ 75,009</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</u>			
	<u>Original & Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2018</u>
Revenues:				
Fees	\$ 253,000	\$ 271,629	\$ 18,629	\$ 275,473
Interest income.....	-	2,503	2,503	-
 Total Revenues	<u>253,000</u>	<u>274,132</u>	<u>21,132</u>	<u>275,473</u>
Expenditures:				
Salaries.....	172,527	148,563	23,964	132,593
Fringe benefits	33,018	24,182	8,836	22,891
Supplies and food.....	20,000	9,418	10,582	10,675
Other charges	<u>27,455</u>	<u>21,176</u>	<u>6,279</u>	<u>25,378</u>
 Total Expenditures	<u>253,000</u>	<u>203,339</u>	<u>49,661</u>	<u>191,537</u>
Excess of Revenues Over Expenditures	-	70,793	70,793	83,936
Fund Balance at Beginning of Year.....	<u>333,812</u>	<u>333,812</u>	-	<u>249,876</u>
Fund Balance at End of Year.....	<u>\$ 333,812</u>	<u>\$ 404,605</u>	<u>\$ 70,793</u>	<u>\$ 333,812</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</u>			
	<u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u>	
	<u>Budgeted</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>Totals</u>
	<u>Amounts</u>	<u>Budgetary</u>	<u>Positive</u>	<u>2018</u>
		<u>Basis</u>	<u>(Negative)</u>	
Revenues:				
Fines and forfeits:				
DVD sales	\$ -	\$ 90	\$ 90	\$ 540
Interest.....	-	1,090	1,090	41
Drug Control and seizure	<u>36,470</u>	<u>34,669</u>	<u>(1,801)</u>	<u>114,982</u>
Total Revenues.....	<u>36,470</u>	<u>35,849</u>	<u>(621)</u>	<u>115,563</u>
Expenditures:				
Capital outlay	<u>10,000</u>	<u>4,144</u>	<u>5,856</u>	<u>-</u>
Excess (Deficiency) of Revenues				
Over Expenditures.....	26,470	31,705	5,235	115,563
Fund Balance at Beginning of Year	<u>126,964</u>	<u>126,964</u>	<u>-</u>	<u>11,401</u>
Fund Balance at End of Year	<u>\$ 153,434</u>	<u>\$ 158,669</u>	<u>\$ 5,235</u>	<u>\$ 126,964</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</u>			
	<u>Original & Final</u> <u>Budgeted</u> <u>Amounts</u>	<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>	<u>Totals</u> <u>2018</u>
Revenues:				
Fines.....	\$ -	\$ 785	\$ 785	\$ 1,947
Interest Income.....	-	44	44	-
Total Revenues.....	<u>-</u>	<u>829</u>	<u>829</u>	<u>1,947</u>
Expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	829	829	1,947
Fund Balance at Beginning of Year ...	<u>4,668</u>	<u>4,668</u>	<u>-</u>	<u>2,721</u>
Fund Balance at End of Year.....	<u>\$ 4,668</u>	<u>\$ 5,497</u>	<u>\$ 829</u>	<u>\$ 4,668</u>

See accompanying independent auditors' report and notes.

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CAPITAL PROJECT FUNDS

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

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

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

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.

General Obligation Public Works Fund – The General Obligation Public Works Fund is used to account for public works construction and improvements.

Legacy Fund – The Legacy Fund is used to account for expenditures incurred in the renovation of schools within the Alcoa City School system.

West Plant Construction Fund – The West Plant Construction Fund is used to account for funding sources, including bond proceeds, Tennessee Department of Transportation grants and General Fund appropriation and associated expenditures incurred in conjunction with infrastructure construction relating to the West Plant re-development project.

Alcoa High School Construction Fund and Alcoa Intermediate School Construction Fund – The Alcoa High School Construction Fund and the Alcoa Intermediate School Construction Fund are used to account for expenditures incurred for the construction of new schools.

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**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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	Original & Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2018
Revenues:				
Intergovernmental	<u>\$ 312,240</u>	<u>\$ 237,192</u>	<u>\$ (75,048)</u>	<u>\$ 181,190</u>
Expenditures:				
Capital outlay	312,240	309,162	3,078	151,745
Professional fees and consulting	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,185</u>
Total Expenditures	<u>312,240</u>	<u>309,162</u>	<u>3,078</u>	<u>165,930</u>
Net Change in Fund Balance.....	-	(71,970)	(71,970)	15,260
Fund Balance, July 1 st	<u>66,178</u>	<u>66,178</u>	<u>-</u>	<u>50,918</u>
Fund Balance (Deficit), June 30th	<u>\$ 66,178</u>	<u>\$ (5,792)</u>	<u>\$ (71,970)</u>	<u>\$ 66,178</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Original & Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2018</u>
Revenues:				
Interest of investments	\$ -	\$ 3,064	\$ 3,064	\$ 419
Expenditures:				
Public works	-	22,549	(22,549)	-
Capital Outlay	<u>1,296,500</u>	<u>1,120,963</u>	<u>175,537</u>	<u>688,834</u>
Total Expenditures	<u>1,296,500</u>	<u>1,143,512</u>	<u>152,988</u>	<u>688,834</u>
Net Change in Fund Balance Before				
Other Financing Sources (Uses)	<u>(1,296,500)</u>	<u>(1,140,448)</u>	<u>156,052</u>	<u>(688,415)</u>
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	1,630,000
Bond Premium	-	-	-	15,740
Transfer in	<u>96,500</u>	<u>96,500</u>	<u>-</u>	<u>200,000</u>
Total Other Financing Sources (Uses)	<u>96,500</u>	<u>96,500</u>	<u>-</u>	<u>1,845,740</u>
Net Change in Fund Balance	(1,200,000)	(1,043,948)	156,052	1,157,325
Fund Balance, July 1 st	<u>1,460,714</u>	<u>1,460,714</u>	<u>-</u>	<u>303,389</u>
Fund Balance, June 30th	<u>\$ 260,714</u>	<u>\$ 416,766</u>	<u>\$ 156,052</u>	<u>\$ 1,460,714</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<u>Original & Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2018</u>
Revenues:				
State Grant (THDA)	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Home Improvements	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1 st	<u>1,039</u>	<u>1,039</u>	-	<u>1,039</u>
Fund Balance, June 30th	<u>\$ 1,039</u>	<u>\$ 1,039</u>	<u>\$ -</u>	<u>\$ 1,039</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Original & Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Total 2018
Revenues:				
Charges for services.....	\$ 15,000	\$ 13,729	\$ (1,271)	\$ 17,337
Interest earned.....	<u>-</u>	<u>774</u>	<u>774</u>	<u>245</u>
Total Revenues	<u>15,000</u>	<u>14,503</u>	<u>(497)</u>	<u>17,582</u>
Expenditures:				
Landscaping projects	27,000	-	27,000	190
Sidewalk projects.....	20,000	-	20,000	-
Greenway projects	<u>23,000</u>	<u>-</u>	<u>23,000</u>	<u>-</u>
Total Expenditures.....	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>190</u>
Net Change in Fund Balance	(55,000)	14,503	69,503	17,392
Fund Balance, July 1 st	<u>82,581</u>	<u>82,581</u>	<u>-</u>	<u>65,189</u>
Fund Balance, June 30th	<u>\$ 27,581</u>	<u>\$ 97,084</u>	<u>\$ 69,503</u>	<u>\$ 82,581</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
GENERAL OBLIGATION PUBLIC WORKS CONSTRUCTION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Original & Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2018</u>
Revenues:				
State Grant	\$ 3,254,399	\$ 284,648	\$(2,969,751)	\$ 71,312
Interest income.....	<u>-</u>	<u>4,534</u>	<u>4,534</u>	<u>3,169</u>
Total Revenue	<u>3,254,399</u>	<u>289,182</u>	<u>(2,965,217)</u>	<u>74,481</u>
Expenditures:				
Public works.....	-	79,053	(79,053)	-
Capital Outlay	<u>4,894,411</u>	<u>547,171</u>	<u>4,347,240</u>	<u>618,981</u>
Total expenditures.....	<u>4,894,411</u>	<u>626,224</u>	<u>4,268,187</u>	<u>618,981</u>
Net Change in Fund Balance Before Other Financing Sources (Uses).....	<u>(1,640,012)</u>	<u>(337,042)</u>	<u>1,302,970</u>	<u>(544,500)</u>
Other Financing Sources:				
Transfer from General Fund	-	250,000	250,000	-
Construction Fund.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>460,000</u>
Total Other Financing Sources.....	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>460,000</u>
Net Change in Fund Balance	(1,640,012)	(87,042)	1,552,970	(84,500)
Fund Balance, July 1 st	<u>1,197,415</u>	<u>1,197,415</u>	<u>-</u>	<u>1,281,915</u>
Fund Balance, June 30th	<u>\$ (442,597)</u>	<u>\$ 1,110,373</u>	<u>\$ 1,552,970</u>	<u>\$ 1,197,415</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
 LEGACY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2019
 With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<u>June 30, 2019</u>			
	<u>Original & Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2018</u>
REVENUES:				
Donations	\$ 22,790	\$ 22,790	\$ -	\$ 28,710
EXPENDITURES:				
Capital projects.....	87,454	87,454	-	66,338
Net Change in Fund Balance.....	(64,664)	(64,664)	-	(37,628)
Fund Balance, July 1 st	97,661	97,661	-	135,289
Fund Balance, June 30th	<u>\$ 32,997</u>	<u>\$ 32,997</u>	<u>\$ -</u>	<u>\$ 97,661</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
WEST PLANT CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</u>			
	<u>Original & Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2018</u>
REVENUES:				
State grants	\$ 9,281,026	\$ 68	\$(9,280,958)	\$ 2,765,607
Interest income	<u>-</u>	<u>4,596</u>	<u>4,596</u>	<u>3,889</u>
Total Revenues	<u>9,281,026</u>	<u>4,664</u>	<u>(9,276,362)</u>	<u>2,769,496</u>
EXPENDITURES:				
Public works	-	298,087	(298,087)	-
Capital Outlay	<u>19,996,634</u>	<u>757,716</u>	<u>19,238,918</u>	<u>9,910,180</u>
Total expenditures	<u>19,996,634</u>	<u>1,055,803</u>	<u>18,940,831</u>	<u>9,910,180</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(10,715,608)</u>	<u>(1,051,139)</u>	<u>9,664,469</u>	<u>(7,140,684)</u>
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	5,285,000
Bond Premium	-	-	-	51,035
Underwriter's discount	-	-	-	(40,055)
Cost of Issuance	-	-	-	(49,009)
Transfer in:				
Construction Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(460,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,786,971</u>
Net Change in Fund Balance	(10,715,608)	(1,051,139)	9,664,469	(2,353,713)
Fund Balance, July 1 st	<u>8,477,332</u>	<u>8,477,332</u>	<u>-</u>	<u>10,831,045</u>
Fund Balance, June 30th	<u>\$ (2,238,276)</u>	<u>\$ 7,426,193</u>	<u>\$ 9,664,469</u>	<u>\$ 8,477,332</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
ALCOA HIGH SCHOOL CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</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>Basis</u>	<u>(Negative)</u>	<u>2018</u>
REVENUES:					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:					
High School Project.....	-	-	-	-	-
Net Change in Fund Balance Before Other Financing Sources (Uses)	-	-	-	-	-
Other Financing Sources:					
Transfer to AIS Construction	(195)	(195)	(195)	-	-
Net Change in Fund Balance	(195)	(195)	(195)	-	-
Fund Balance, July 1 st	195	195	195	-	195
Fund Balance, June 30th	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
ALCOA INTERMEDIATE SCHOOL (AIS) CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>June 30, 2019</u>				
	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)	Totals 2018
	<u>Original</u>	<u>Final</u>			
REVENUES:					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:					
Construction Project.....	<u>1,155,000</u>	<u>1,092,323</u>	<u>1,092,323</u>	-	-
Net Change in Fund Balance Before Other Financing Sources (Uses).....	<u>(1,155,000)</u>	<u>(1,092,323)</u>	<u>(1,092,323)</u>	-	-
Other Financing Sources (Uses):					
Transfer from other funds	<u>1,155,000</u>	<u>1,092,519</u>	<u>1,092,519</u>	-	-
Net change in fund balance	-	196	196	-	-
Fund Balance, July 1 st	-	-	-	-	-
Fund Balance, June 30th	<u>\$ -</u>	<u>\$ 196</u>	<u>\$ 196</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes.

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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.

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**CITY OF ALCOA, TENNESSEE
STORMWATER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION
June 30, 2019
With Comparative Totals at June 30, 2018**

	<u>Business Type Activities</u>	
	<u>2019</u>	<u>2018</u>
ASSETS:		
Current Assets:		
Equity in pooled cash.....	\$ 828,065	\$ 709,730
Accounts receivable.....	<u>112,083</u>	<u>108,869</u>
Total Current Assets	<u>940,148</u>	<u>818,599</u>
Non-depreciable Capital Assets:		
Construction-in-progress	<u>-</u>	<u>29,988</u>
Depreciable Capital Assets:		
Structures, improvements and equipment.....	2,044,051	884,596
Less: Allowance for depreciation	<u>(632,393)</u>	<u>(521,907)</u>
Total Net Capital Assets	<u>1,411,658</u>	<u>362,689</u>
TOTAL ASSETS	<u>2,351,806</u>	<u>1,211,276</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals.....	<u>153,613</u>	<u>164,888</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable.....	14,419	21,722
Accrued salaries.....	19,544	19,370
Compensated absences	<u>40,844</u>	<u>40,542</u>
Total Current Liabilities.....	<u>74,807</u>	<u>81,634</u>
Long-Term Liabilities:		
Net pension liability.....	129,639	164,349
Other post-employment benefit liability	<u>208,562</u>	<u>211,630</u>
Total Long-Term Liabilities	<u>338,201</u>	<u>375,979</u>
TOTAL LIABILITIES.....	<u>413,008</u>	<u>457,613</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals.....	<u>24,507</u>	<u>16,131</u>
NET POSITION:		
Unrestricted.....	656,246	509,743
Net investment in capital assets	<u>1,411,658</u>	<u>392,677</u>
TOTAL NET POSITION.....	<u>\$ 2,067,904</u>	<u>\$ 902,420</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Business Type Activities</u>	
	<u>2019</u>	<u>2018</u>
Operating Revenue:		
Residential sales	\$ 216,440	\$ 213,662
Commercial/Industrial sales	<u>1,102,230</u>	<u>1,090,801</u>
Total Operating Revenue	<u>1,318,670</u>	<u>1,304,463</u>
Operating Expenses:		
Administrative and general	370,400	345,642
Operations and maintenance	664,697	551,467
Street cleaning	<u>122,065</u>	<u>105,219</u>
Total Operating Expenses Before Depreciation	<u>1,157,162</u>	<u>1,002,328</u>
Operating Income (Loss) Before Depreciation and Other Income	161,508	302,135
Depreciation	<u>(110,486)</u>	<u>(75,763)</u>
Operating Income	<u>51,022</u>	<u>226,372</u>
Other Income:		
Interest income	6,545	2,356
TML grants	<u>100</u>	<u>-</u>
Total Other Income	<u>6,645</u>	<u>2,356</u>
Income before transfers	<u>57,667</u>	<u>228,728</u>
Transfer of capital assets	<u>1,107,817</u>	<u>-</u>
Change in net position	1,165,484	228,728
Net Position at Beginning of Year, as previously reported	902,420	952,437
Prior Period Adjustment (Note 20)	<u>-</u>	<u>(278,745)</u>
Net Position, Beginning of Year, as restated	<u>902,420</u>	<u>673,692</u>
Net Position at End of Year	<u>\$ 2,067,904</u>	<u>\$ 902,420</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Business Type Activities</u>	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers.....	\$ 1,315,456	\$ 1,304,024
Cash payments to suppliers for goods and services.....	(680,315)	(593,763)
Cash payments to employees for services.....	<u>(521,452)</u>	<u>(373,553)</u>
Net Cash Flows from Operating Activities.....	<u>113,689</u>	<u>336,708</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments for stormwater acquisitions.....	(1,129,467)	(260,068)
Contributions in aid of construction.....	<u>1,107,817</u>	<u>-</u>
Net Cash Flows from Capital and Related Financing Activities.....	<u>(21,650)</u>	<u>(260,068)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income.....	<u>6,645</u>	<u>2,356</u>
CASH FLOWS FROM NON-CAPITAL ACTIVITIES:		
Pension deferrals.....	<u>19,651</u>	<u>(49,393)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS.....	118,335	29,603
Cash and Cash Equivalents at Beginning of Year.....	<u>709,730</u>	<u>680,127</u>
Cash and Cash Equivalents at End of Year.....	<u>\$ 828,065</u>	<u>\$ 709,730</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss).....	<u>\$ 51,022</u>	<u>\$ 226,372</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation.....	110,486	75,763
Change in assets and liabilities:		
Accounts receivable.....	(3,214)	(439)
Compensated absences.....	302	2,434
Accrued salaries.....	174	(1,091)
Accounts payable.....	(7,303)	10,559
Net pension liability.....	(34,710)	25,572
Net OPEB liability.....	<u>(3,068)</u>	<u>(2,462)</u>
Total change in assets and liabilities.....	<u>62,667</u>	<u>110,336</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 113,689</u>	<u>\$ 336,708</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, 2019
 With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<u>Business Type Activities</u>	
	<u>2019</u>	<u>2018</u>
Administrative and General:		
Wages	\$ 169,364	\$ 170,223
Overtime	495	2
F.I.C.A.	12,837	12,547
Old City pension plan	11,302	-
Retirement Supplement	6,279	-
Retirement	21,541	18,692
Hospitalization insurance	43,905	43,626
Life and accidental death insurance	680	711
Dental insurance	3,286	3,345
Regulatory fees and license	3,899	4,598
Utilities	2,524	1,243
Maintenance contracts	5,197	5,692
Training expenses	3,130	2,214
Workmen’s compensation	1,309	1,518
Retiree insurance	118	115
Professional services	7,496	7,244
Dues and memberships	8,617	8,502
Advertising and public education	735	2,133
Printing	-	14
Auto parts	389	1,182
Gasoline	1,193	998
Insurance	1,760	1,985
Utility processing	12,129	12,921
Computer equipment	2,369	796
Improvement teams	213	276
GIS system	32,979	27,637
Office supplies	541	14
Other operating supplies	239	339
Public education	1,347	1,820
Radio system annual contract	929	929
Small tools	300	22
Machinery and equipment	-	639
Uniforms	70	510
Cost recovery service center	7,457	7,887
Repair and maintenance	250	-
Easements	35	-
Legal fees	5,220	5,040
Drug and alcohol tests	45	7
Equipment and lease purchase	221	221
Total Administrative and General	<u>370,400</u>	<u>345,642</u>
Operations and Maintenance:		
Wages	225,865	165,034
Standby pay	5,773	8,836
Overtime	5,589	5,571
F.I.C.A.	18,536	17,231
Retirement	32,344	28,368
Hospitalization insurance	84,065	74,404
Life and accidental death insurance	1,124	1,032
Dental insurance	5,888	5,332
Workmen’s compensation	14,679	12,822
Other personal services	12,062	6,823
Landfill	310	256

(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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Business Type Activities</u>	
	<u>2019</u>	<u>2018</u>
Operations and Maintenance (Continued):		
Dues and membership.....	45	45
Improvement teams	87	4
Radio systems annual contracts	131	131
Other operating supplies	635	840
Utilities	1,290	1,357
Drug and alcohol tests.....	169	247
Retiree insurance	9,087	10,711
Advertising and fees	124	-
Regulatory fees	76	-
Travel.....	30	-
Gasoline	10,878	8,808
Small tools	808	629
Uniforms.....	1,599	1,829
Auto parts	16,001	10,624
Safety supplies	960	859
Insurance.....	2,322	1,853
Repair and maintenance.....	18,980	15,330
Emergency response	115	-
Storm sewer rehabilitation.....	32,995	3,560
Cost recovered	161,930	161,500
Computer equipment	200	-
Vehicles	-	7,431
Total Operations and Maintenance	<u>664,697</u>	<u>551,467</u>
Street Cleaning:		
Wages	49,852	46,631
Standby pay	1,696	1,422
Overtime pay	898	287
F.I.C.A.	4,052	3,541
Retirement	2,383	7,268
Retiree insurance	5,884	5,773
Hospitalization insurance.....	18,200	15,000
Life and accidental death insurance.....	248	214
Dental insurance	905	1,158
Workmen’s compensation	616	1,211
Regulatory fees	34	-
Retirement supplement	-	9,365
Uniforms.....	407	323
Auto parts	12,011	6,973
Gasoline	6,295	5,328
Safety	50	26
Insurance.....	401	421
Repair and maintenance.....	-	47
Other operating supplies	108	123
Small tools	51	108
Landfill services.....	17,974	-
Total Street Cleaning	<u>122,065</u>	<u>105,219</u>
Total Operating and Maintenance Expenses.....	<u>\$ 1,157,162</u>	<u>\$ 1,002,328</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, 2019**

	<u>Capital Assets</u>			<u>Allowance for Depreciation</u>				
	<u>Balance 7/1/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/19</u>	<u>Balance 7/1/2018</u>	<u>Additions</u>	<u>Reclassifications and Disposals</u>	<u>Balance 6/30/2019</u>
2002 Ford F250 Truck.....	\$ 20,564	\$ -	\$ -	\$ 20,564	\$ 20,564	\$ -	\$ -	\$ 20,564
2014 Ford Super Duty	34,929	-	-	34,929	31,954	2,975	-	34,929
Vacuum Truck.....	259,222	-	-	259,222	226,819	25,922	-	252,741
Geocollector XH6000.....	9,500	-	-	9,500	9,500	-	-	9,500
Bobcat Loader	49,361	-	-	49,361	30,678	4,937	-	35,615
2013 Freightliner	79,878	-	-	79,878	49,924	7,988	-	57,912
Schwarze Street Sweeper	168,940	-	-	168,940	112,627	21,117	-	133,744
Bobcat 72” Brushcat.....	1,774	-	-	1,774	1,035	355	-	1,390
2011 Ford F250 4x4	30,348	-	-	30,348	30,348	-	-	30,348
Snow-Dogg Plow w/hitch.....	8,319	-	-	8,319	693	1,664	-	2,357
2018 Peterbilt Dump Truck ...	137,592	-	-	137,592	6,880	13,759	-	20,639
898 Goddard Stormwater System	13,462	-	-	13,462	336	404	-	740
2034 Topside Road Stormwater Rehab	15,091	-	-	15,091	37	453	-	490
2126 Stonybrook Road Stormwater System.....	-	19,018	-	19,018	-	570	-	570
Maury Stormwater Rehab Faraday-Lake.....	34,341	32,619	-	66,960	86	2,009	-	2,095
Tesla Blvd – Stormwater	-	1,107,818	-	1,107,818	-	27,695	-	27,695
Dalton Street Curb and Gutter Install.....	<u>21,275</u>	<u>-</u>	<u>-</u>	<u>21,275</u>	<u>426</u>	<u>638</u>	<u>-</u>	<u>1,064</u>
Total Stormwater Utility	<u>\$ 884,596</u>	<u>\$1,159,455</u>	<u>\$ -</u>	<u>\$2,044,051</u>	<u>\$ 521,907</u>	<u>\$ 110,486</u>	<u>\$ -</u>	<u>\$ 632,393</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, 2019
With Comparative Totals at June 30, 2018

	<u>Business Type Activities</u>	
	<u>2019</u>	<u>2018</u>
ASSETS:		
Current Assets:		
Equity in pooled cash.....	\$ 6,585,765	\$ 5,103,629
Inventory.....	1,104,395	1,240,530
Accounts receivable.....	1,311,500	1,237,478
Certificate of deposit.....	1,009,283	1,009,283
Interest receivable.....	28,233	9,186
Due from Electric Fund	<u>66,317</u>	<u>88,025</u>
Total Current Assets	<u>10,105,493</u>	<u>8,688,131</u>
Capital Assets:		
Non-depreciable Capital Assets:		
Land and easements	1,194,236	1,194,236
Construction in progress	<u>342,900</u>	<u>368,998</u>
Total Non-Depreciable Capital Assets	<u>1,537,136</u>	<u>1,563,234</u>
Depreciable Capital Assets:		
Structures, improvements, and equipment.....	92,700,440	88,765,539
Less: Allowance for depreciation	<u>(33,539,498)</u>	<u>(30,982,435)</u>
Net Depreciable Capital Assets	<u>59,160,942</u>	<u>57,783,104</u>
Total Net Capital Assets	<u>60,698,078</u>	<u>59,346,338</u>
TOTAL ASSETS	<u>70,803,571</u>	<u>68,034,469</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred state regulatory charges	232,399	255,401
Pension deferrals.....	897,437	1,018,706
Deferred amount on refunding.....	466,400	487,600
Accumulated decrease in fair value of hedging derivatives.....	<u>2,380,424</u>	<u>1,864,167</u>
Total Deferred Outflows of Resources	<u>3,976,660</u>	<u>3,625,874</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION (Continued)
June 30, 2019
With Comparative Totals at June 30, 2018

	<u>Business Type Activities</u>	
	<u>2019</u>	<u>2018</u>
LIABILITIES:		
Current Liabilities:		
Accrued salaries	113,233	114,619
Accounts payable.....	398,867	714,714
Bonds payable – due within one (1) year.....	1,200,000	1,260,000
Compensated absences	220,979	174,094
Revolving loan – due within one (1) year.....	177,708	171,768
Bond premium	<u>183,978</u>	<u>191,644</u>
Total Current Liabilities	<u>2,294,765</u>	<u>2,626,839</u>
Long-Term Liabilities:		
General obligation bonds payable.....	41,920,000	43,120,000
Compensated absences	43,525	43,524
Revolving loan payable	2,722,693	2,900,401
Net pension liability.....	1,753,018	1,914,564
Derivatives – interest rate swap	2,380,424	1,864,167
Other post-employment benefit liability	<u>646,881</u>	<u>657,167</u>
Total Long-Term Liabilities	<u>49,466,541</u>	<u>50,499,823</u>
TOTAL LIABILITIES.....	<u>51,761,306</u>	<u>53,126,662</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals.....	<u>162,167</u>	<u>135,086</u>
NET POSITION:		
Unrestricted	8,363,060	6,230,399
Net investment in capital assets	<u>14,493,698</u>	<u>12,168,196</u>
TOTAL NET POSITION.....	<u>\$ 22,856,758</u>	<u>\$ 18,398,595</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Business-Type Activities</u>	
	<u>2019</u>	<u>2018</u>
Operating Revenue:		
Retail water sales	\$ 5,611,455	\$ 5,460,274
Wholesale water sales	1,202,977	1,258,376
Wholesale water sales – Arconic.....	1,485,604	1,282,200
Sewer charges	5,774,347	5,381,362
Penalties	228,923	236,213
Sewer taps	62,355	75,208
Connections.....	144,830	164,820
Fire hydrant rental.....	38,150	38,148
Line extension	-	10,000
Miscellaneous	<u>21,141</u>	<u>22,224</u>
Total Operating Revenue	<u>14,569,782</u>	<u>13,928,825</u>
Operating Expenses:		
Administration and general	898,152	874,384
Accounting and collections	953,069	947,906
Supervision	693,264	382,320
Water treatment plant.....	1,551,368	1,544,152
Environmental compliance.....	89,415	104,274
Transmission and distribution	836,563	943,308
Meter readings and repairs	301,947	287,713
Maintenance	295,064	273,786
Sewer collection and pumping	682,502	680,907
Disposal	2,129,209	2,009,385
Depreciation.....	<u>2,557,063</u>	<u>2,514,820</u>
Total Operating Expenses	<u>10,987,616</u>	<u>10,562,955</u>
Operating Income	<u>3,582,166</u>	<u>3,365,870</u>
Other Income:		
Sale of equipment.....	8,189	4,328
Interest income.....	67,739	22,059
Other income.....	1,512	7,478
Grants.....	<u>14,798</u>	<u>121,293</u>
Total Other Income	<u>92,238</u>	<u>155,158</u>
Other Expense:		
Amortization of state regulatory charges	36,536	44,202
Interest expense – bonds and capital leases.....	1,732,613	1,429,986
Debt service charges	<u>828</u>	<u>53,048</u>
Total Other Expense	<u>1,769,977</u>	<u>1,527,236</u>
Net Income Before Transfers and Contributions.....	1,904,427	1,993,792
Transfers and Contributions:		
Transfer of capital assets	2,760,643	-
Transfer in lieu of taxes.....	(400,000)	(400,000)
Capital Contributions	<u>193,093</u>	<u>540,608</u>
Total Transfers and Contributions	<u>2,553,736</u>	<u>140,608</u>
Change in Net Position.....	<u>4,458,163</u>	<u>2,134,400</u>
Net Position at Beginning of Year, as previously reported	18,398,595	19,590,118
Prior Period Adjustment (Note 20)	<u>-</u>	<u>(3,325,923)</u>
Net Position at Beginning of Year, as restated.....	<u>18,398,595</u>	<u>16,264,195</u>
Net Position at End of Year.....	<u>\$ 22,856,758</u>	<u>\$ 18,398,595</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Business-Type Activities</u>	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers.....	\$ 14,498,421	\$ 13,336,827
Cash payments to suppliers for goods and services.....	(5,996,423)	(5,106,499)
Cash payments to employees for services	<u>(2,747,840)</u>	<u>(2,643,138)</u>
Net Cash Flows From Operating Activities.....	<u>5,754,158</u>	<u>5,587,190</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid and early extinguishment of bonds.....	(1,431,768)	(1,136,032)
Interest paid on notes/bonds/capital leases	(1,732,613)	(1,429,986)
Payments for acquisition and construction of capital assets	(3,908,803)	(4,909,686)
Issuance of debt.....	-	3,060,000
Non-operating revenue	23,671	75,723
Contributions in Aid of Construction	2,953,736	540,608
Disposal of assets	-	4,328
Amortization.....	<u>(36,536)</u>	<u>(44,202)</u>
Net Cash Flows From (Used by) Capital and Related Financing Activities	<u>(4,132,313)</u>	<u>(3,839,247)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	<u>67,739</u>	<u>22,059</u>
Net Cash Flows (Used by) From Investing Activities.....	<u>67,739</u>	<u>22,059</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer out – In lieu of tax	(400,000)	(400,000)
Pension deferrals	<u>192,552</u>	<u>(22,723)</u>
Net Cash Flows From (Used by) Non-Capital Financing Activities	<u>(207,448)</u>	<u>(422,723)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,482,136	1,347,279
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,103,629</u>	<u>3,756,350</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 6,585,765</u>	<u>\$ 5,103,629</u>

(Continued)

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Business-Type Activities</u>	
	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating Income.....	\$ 3,582,166	\$ 3,365,870
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation.....	2,557,063	2,514,820
Changes in assets and liabilities:		
Accounts receivable	(52,314)	(176,314)
Compensated absences.....	46,886	14,025
Inventory.....	136,135	(389,152)
Accrued salaries.....	-	14,728
Accounts payable.....	(317,233)	208,308
Net pension liability.....	(161,546)	(137,855)
Bond premium	(7,666)	191,644
Due from other funds	-	(17,982)
Interest receivable	(19,047)	(8,550)
Other post-employment benefit liability	<u>(10,286)</u>	<u>7,648</u>
Total Adjustments.....	<u>2,171,992</u>	<u>2,221,320</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,754,158</u>	<u>\$ 5,587,190</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.

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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Administrative and General:		
Wages.....	\$ 361,322	\$ 381,171
F.I.C.A.....	27,626	28,317
Retirement.....	71,420	55,218
Retirement settlement.....	32,931	2,460
Hospitalization insurance.....	66,967	64,500
Life and accidental death insurance.....	1,269	1,299
Dental insurance.....	4,654	4,588
Workmen’s compensation.....	551	771
Retiree insurance.....	1,157	335
Professional service.....	8,104	37,755
Advertising and public relations.....	1,133	1,997
Training expenses.....	4,862	6,507
Drug and alcohol tests.....	507	376
Employee education and training.....	55	-
Safety.....	120	17
Dues.....	23,566	18,411
Printing.....	-	50
Maintenance contracts.....	8,272	9,539
Utilities.....	3,101	2,353
Mailing.....	63	63
Office supplies.....	692	467
Insurance.....	10,473	11,369
Other personal services.....	10,118	-
Repair and maintenance.....	279	-
GIS system.....	32,979	27,637
Operating supplies.....	671	283
Costs recovered.....	154,973	152,702
Computer equipment.....	2,436	864
Improvement teams.....	811	1,198
Radio system annual contract.....	2,597	2,597
Uniforms.....	83	566
Small tools.....	49	144
Auto parts.....	38	1,064
Machinery and equipment.....	-	216
Public education.....	228	101
Regulatory fees and license.....	18,593	15,580
Legal fees.....	43,500	42,000
Business and public relations.....	106	23
Equipment lease purchase.....	1,846	1,846
Total Administrative and General.....	<u>898,152</u>	<u>874,384</u>
Accounting and Collections:		
Wages.....	400,677	382,222
Overtime.....	681	122
F.I.C.A.....	30,789	28,723
Retirement.....	68,403	115,399
Hospitalization insurance.....	122,380	117,674
Life and accidental death insurance.....	1,768	1,725
Dental insurance.....	7,694	7,725
Workmen’s compensation.....	489	578
Retiree insurance.....	1,137	922
Retirement settlement.....	12,219	1,675

(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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Accounting and Collections (Continued):		
Other personnel service	18,985	11,346
Dues	25	51
Professional services	3,438	2,119
Mailing	51,371	54,132
Credit card processing	76,760	66,853
Repair and maintenance	-	26
Maintenance contracts	45,899	40,369
Rent expense	57,000	57,000
Utilities	1,961	1,841
Employee education and training	97	104
Other services	169	-
Collection fees	3,325	4,033
Office supplies	4,807	3,248
Billing process	31,220	33,317
Insurance	2,516	2,239
Computer equipment	995	823
Accounting and auditing	7,380	9,000
Training expenses	779	963
Business and public relations	95	68
Uniforms	10	585
Building and improvement	-	3,024
Total Accounting and Collections	<u>953,069</u>	<u>947,906</u>
Supervision:		
Wages	189,644	183,065
Standby pay	9,638	9,957
Overtime	16,866	8,370
F.I.C.A.	17,120	15,852
Retirement	27,235	78,376
Retirement supplement	19,790	-
Old City pension plan	326,692	-
Retiree insurance	2,964	2,882
Other operating supplies	-	17
Hospitalization insurance	47,641	45,450
Life and accidental death insurance	778	747
Dental insurance	2,807	3,379
Workmen’s compensation	10,342	10,261
Other personal service	9,789	13,143
Dues and memberships	160	160
Training expenses	3,071	3,136
Improvement teams	51	15
Utilities	3,691	4,254
Office supplies	-	128
Uniforms	310	505
Automotive parts	15	154
Gasoline	854	775
Insurance	1,484	1,343
Regulatory fees and license	350	351
Computer equipment	1,972	-
Total Supervision	<u>693,264</u>	<u>382,320</u>

(Continued)

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF OPERATING AND MAINTENANCE
EXPENSES BY DEPARTMENT (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Water Treatment Plant:		
Wages	473,770	441,549
Overtime	35	1,120
F.I.C.A.	36,235	33,399
Retirement	78,773	99,319
Hospitalization insurance.....	140,400	130,000
Life and accidental death insurance.....	2,064	1,922
Dental insurance	9,440	8,208
Workmen’s compensation	10,431	11,126
Retiree insurance	19,768	19,223
Other operating supplies	1,245	1,396
Lab supplies.....	8,843	6,934
Advertising	141	1,465
Drug and alcohol tests	223	134
Other personal services.....	16,156	12,031
Professional fees	-	57
Mailing	23	3,637
Dues.....	90	326
Regulatory fees.....	1,069	8,766
Training expenses	7,967	6,622
Improvement teams	185	305
Printing	173	821
Rental and maintenance contracts.....	4,156	3,529
Utilities	479,456	496,120
Other contractual services.....	15,491	12,718
Office supplies.....	2,439	953
Small tools.....	83	113
Uniforms.....	1,974	2,520
Automotive parts	2,016	2,034
Electrical and plumbing.....	172	34
Chemicals	114,068	102,059
Gasoline.....	2,226	1,817
Safety supplies.....	214	222
Insurance.....	41,013	42,444
Repair and maintenance.....	80,394	45,278
Building and grounds maintenance.....	483	-
Costs recovered.....	-	620
Machinery and equipment	-	44,552
Computer equipment	152	779
Total Water Treatment.....	<u>1,551,368</u>	<u>1,544,152</u>
Environmental Compliance:		
Wages	55,887	52,630
F.I.C.A.	4,504	3,928
Retirement	5,310	24,968
Hospitalization insurance.....	15,600	15,000
Life and accidental death insurance.....	235	230
Dental insurance	1,181	1,158
Workmen’s compensation	1,286	1,377
Other personal services.....	1,552	1,640
Improvement teams	35	-

(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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Environmental Compliance (Continued):		
Regulatory fees and license	200	417
Training expenses	-	974
Office supplies	154	31
Small tools	153	84
Uniforms	116	366
Mailing	-	63
Other operating supplies	14	97
Utilities	326	300
Repair and maintenance	364	123
Automotive parts	1,279	21
Electrical and plumbing	-	72
Gasoline	131	141
Insurance	668	603
Safety	42	51
Computer equipment	378	-
Total Environmental Compliance	<u>89,415</u>	<u>104,274</u>
Transmission and Distribution:		
Wages	254,264	287,701
Standby pay	13,120	16,908
Overtime	26,522	20,175
F.I.C.A.	24,215	24,474
Retirement	49,639	74,611
Hospitalization insurance	107,038	109,936
Life and accidental death insurance	1,397	1,458
Dental insurance	7,477	7,215
Workmen’s compensation	8,561	9,673
Retiree insurance	13,583	14,001
Regulatory fees and license	9,926	10,035
Other personal services	12,622	6,839
Dues	275	170
Training expenses	551	917
Utilities	53,678	55,986
Office supplies	101	139
Other operating supplies	1,535	1,991
Small tools	2,898	4,613
Uniforms	5,133	4,935
Automotive parts	18,031	19,862
Gasoline	17,918	16,113
Safety	3,024	3,217
Construction materials	75,963	30,947
Emergency meals	158	-
Maintenance contract	60	-
Radio systems annual contract	913	913
Insurance	14,754	11,727
Repair and maintenance	91,336	173,453

(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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Transmission and Distribution (Continued):		
Fire hydrant installation and maintenance	1,405	1,415
Easement.....	93	-
Water line relocation.....	-	409
Deadend lines.....	-	11,731
Water line rehab.....	5,334	-
Costs recovered.....	9,212	9,282
Machinery and equipment.....	5,515	1,045
Vehicle equipment	-	517
Improvement teams.....	<u>312</u>	<u>225</u>
Total Transmission and Distribution.....	<u>836,563</u>	<u>943,308</u>
Meter Readings and Repairs:		
Wages	118,046	119,154
Standby pay.....	12,557	11,974
Overtime	30,951	21,326
F.I.C.A.	12,334	11,483
Retirement.....	25,719	24,819
Hospitalization insurance.....	49,919	47,999
Life and accidental death insurance	618	601
Dental insurance	3,140	2,915
Workmen's compensation	4,807	4,685
Retiree insurance.....	5,298	5,271
Other personal services	5,295	5,121
Mailing.....	200	64
Drug and alcohol tests.....	77	-
Maintenance contracts	7,781	7,513
Utilities	3,513	3,227
Office supplies	809	524
Small tools	1,238	724
Uniforms	1,865	843
Automotive parts.....	2,599	1,540
Gasoline	5,028	4,498
Other commodities.....	85	198
Insurance.....	3,328	3,598
Repairs and maintenance	5,697	8,029
Computer equipment.....	314	625
Training expenses	229	171
Improvement teams.....	-	290
Radio systems annual contract.....	<u>500</u>	<u>521</u>
Total Meter Readings and Repairs	<u>301,947</u>	<u>287,713</u>

(Continued)

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND – ENTERPRISE FUND
SCHEDULE OF OPERATING AND MAINTENANCE
EXPENSES BY DEPARTMENT (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Maintenance:		
Wages	122,843	120,275
Standby pay	12,182	11,879
Overtime	4,635	5,431
F.I.C.A.	10,982	10,488
Retirement	26,674	26,804
Retirement supplement	3,192	-
Hospitalization insurance.....	34,320	33,000
Life and accidental death insurance.....	525	515
Dental insurance	2,277	1,999
Workmen’s compensation	4,278	4,876
Dues.....	40	40
Utilities	622	758
Other personnel service	6,701	3,784
Employee education and training.....	25	-
Contractual services.....	14,880	16,792
Small tools	269	169
Uniforms.....	973	1,253
Automotive parts	2,026	560
Improvement teams	81	85
Gasoline.....	4,231	3,576
Insurance.....	2,363	2,132
Regulatory fees and license	350	292
Repairs and maintenance	40,582	28,214
Safety	13	864
Total Maintenance	<u>295,064</u>	<u>273,786</u>
Sewage Collection and Pumping:		
Wages	246,626	251,340
Standby pay	14,511	16,553
Overtime	29,440	16,281
F.I.C.A.	27,833	25,817
Retirement	56,343	85,415
Retirement insurance	9,024	8,286
Life and accidental death insurance.....	1,499	1,455
Dental insurance	7,979	7,161
Other personal service	14,081	11,735
Dues.....	-	219
Emergency meals.....	157	67
Regulatory fees and license	-	325
Training expenses	230	-
Improvement teams	65	175
Construction materials	6,739	24,819

(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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Sewage Collection and Pumping (Continued):		
Utilities	24,639	20,494
Other contracted services.....	4,525	-
Other operating supplies	1,009	1,191
Small tools	1,175	1,882
Uniforms	2,276	2,348
Auto parts	14,853	10,371
Gas	15,736	15,184
Safety supplies	2,134	3,321
Insurance.....	4,005	2,796
Repair and maintenance.....	2,728	1,822
Sewer relocation	276	-
Sewer rehabilitation	45,842	40,785
Workmen’s compensation	9,053	10,821
Retirement settlement	19,587	6,270
Hospitalization insurance.....	112,214	104,616
Costs recovered.....	7,923	6,166
Total Sewage Collection/Pumping	<u>682,502</u>	<u>680,907</u>
Disposal:		
Sewage treatment expense	1,476,965	1,316,360
City of Maryville	652,244	693,025
Total Disposal	<u>2,129,209</u>	<u>2,009,385</u>
 Total Operating and Maintenance Expenses	 <u>\$ 8,430,556</u>	 <u>\$ 8,048,135</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, 2019

<u>SEWER</u>	<u>CAPITAL ASSETS</u>				<u>ALLOWANCE FOR DEPRECIATION</u>			
	<u>Balance 7/1/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 06/30/19</u>	<u>Balance 7/1/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/19</u>
Land and easements.....	\$ 174,138	\$ -	\$ -	\$ 174,138	\$ -	\$ -	\$ -	\$ -
Buildings:								
Pumping station	327,992	-	-	327,992	220,319	9,713	-	230,032
Leasehold improvements	3,027,506	43,147	-	3,070,653	1,489,785	90,933	-	1,580,718
Service Center	<u>1,502,128</u>	<u>-</u>	<u>-</u>	<u>1,502,128</u>	<u>337,023</u>	<u>33,985</u>	<u>-</u>	<u>371,008</u>
Total Buildings	<u>4,857,626</u>	<u>43,147</u>	<u>-</u>	<u>4,900,773</u>	<u>2,047,127</u>	<u>134,631</u>	<u>-</u>	<u>2,181,758</u>
Improvements Other Than Buildings:								
Sewer lines and mains.....	<u>20,180,990</u>	<u>2,503,305</u>	<u>-</u>	<u>22,684,295</u>	<u>6,766,191</u>	<u>570,954</u>	<u>-</u>	<u>7,337,145</u>
Machinery and Equipment:								
Pumping equipment	105,094	-	-	105,094	96,359	2,292	-	98,651
Tools and working equipment	287,732	-	-	287,732	274,860	2,333	-	277,193
Automobile and trucks.....	<u>524,662</u>	<u>-</u>	<u>-</u>	<u>524,662</u>	<u>284,872</u>	<u>39,380</u>	<u>-</u>	<u>324,252</u>
Total Machinery and Equipment	<u>917,488</u>	<u>-</u>	<u>-</u>	<u>917,488</u>	<u>656,091</u>	<u>44,005</u>	<u>-</u>	<u>700,096</u>
Total Sewer	<u>\$ 26,130,242</u>	<u>\$ 2,546,452</u>	<u>\$ -</u>	<u>\$ 28,676,694</u>	<u>\$ 9,469,409</u>	<u>\$ 749,590</u>	<u>\$ -</u>	<u>\$10,218,999</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, 2019

	<u>CAPITAL ASSETS</u>				<u>ALLOWANCE FOR DEPRECIATION</u>			
	<u>Balance</u> <u>7/1/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/19</u>	<u>Balance</u> <u>7/1/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/19</u>
<u>WATER</u>								
Land	\$ 1,020,097	\$ -	\$ -	\$ 1,020,097	\$ -	\$ -	\$ -	\$ -
Buildings:								
Filter and treatment plant	<u>19,219,760</u>	-	-	<u>19,219,760</u>	<u>4,893,055</u>	<u>417,952</u>	-	<u>5,311,007</u>
Improvements Other Than Buildings:								
Water mains	13,133,715	897,606	-	14,031,321	4,087,707	310,099	-	4,397,806
Reservoirs	7,903,183	-	-	7,903,183	1,580,053	168,840	-	1,748,893
Lines to reservoirs	139,187	-	-	139,187	126,667	2,784	-	129,451
Water service connections	1,568,046	59,453	-	1,627,499	553,720	30,387	-	584,107
Raw water storage	<u>2,961,770</u>	-	-	<u>2,961,770</u>	<u>1,599,533</u>	<u>59,247</u>	-	<u>1,658,780</u>
Total Improvements Other Than Buildings	<u>25,705,901</u>	<u>957,059</u>	-	<u>26,662,960</u>	<u>7,947,680</u>	<u>571,357</u>	-	<u>8,519,037</u>
Machinery and Equipment:								
Water meters	1,887,289	431,390	-	2,318,679	678,893	133,683	-	812,576
Fire hydrants	347,504	-	-	347,504	151,518	6,951	-	158,469
Water purification equipment	6,251,406	-	-	6,251,406	2,177,508	262,673	-	2,440,181
Pumping equipment	7,287,030	-	-	7,287,030	3,843,926	364,381	-	4,208,307
Laboratory equipment	181,791	-	-	181,791	181,791	-	-	181,791
Tools and working equipment	832,247	-	-	832,247	631,166	22,218	-	653,384
Automobile and truck	684,086	-	-	684,086	607,959	26,043	-	634,002
Office furniture and fixtures	<u>412,422</u>	-	-	<u>412,422</u>	<u>399,530</u>	<u>2,214</u>	-	<u>401,744</u>
Total Machinery and Equipment	<u>17,883,775</u>	<u>431,390</u>	-	<u>18,315,165</u>	<u>8,672,291</u>	<u>818,164</u>	-	<u>9,490,455</u>
Total Water	<u>\$ 63,829,533</u>	<u>\$ 1,388,449</u>	<u>\$ -</u>	<u>\$ 65,217,982</u>	<u>\$ 21,513,026</u>	<u>\$ 1,807,473</u>	<u>\$ -</u>	<u>\$ 23,320,499</u>
TOTAL WATER AND SEWER	<u>\$ 89,959,775</u>	<u>\$ 3,934,901</u>	<u>\$ -</u>	<u>\$ 93,894,676</u>	<u>\$ 30,982,435</u>	<u>\$ 2,557,063</u>	<u>\$ -</u>	<u>\$ 33,539,497</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION
June 30, 2019
With Comparative Totals at June 30, 2018**

	Business-Type Activities	
	2019	2018
ASSETS:		
CURRENT ASSETS:		
Cash.....	4,324,843	6,759,380
Cash investments.....	2,086,803	43,828
Accounts receivable less provision for doubtful accounts of \$314,476 at June 30, 2019 and \$322,751 at June 30, 2018.....	5,841,066	6,459,561
Accounts receivable - pole rentals.....	390,838	345,525
Materials and supplies at average cost	1,394,154	994,519
Prepaid TVA power invoice program	4,093,387	4,027,038
Total Current Assets	18,131,091	18,629,851
CAPITAL ASSETS:		
Non-Depreciable Capital Assets:		
Land and easements	\$ 1,260,996	\$ 1,260,996
Construction in progress	1,423,166	2,292,903
Total Non-Depreciable Capital Assets	2,684,162	3,553,899
Depreciable Capital Assets:		
Structures, improvements, and equipment	91,594,339	88,038,185
Less: Allowance for depreciation	(42,034,996)	(39,228,843)
Net Depreciable capital assets	49,559,343	48,809,342
Net Capital Assets	52,243,505	52,363,241
NON-CURRENT ASSETS:		
Receivables from customers for conservation loans	841,079	1,135,284
TOTAL ASSETS	71,215,675	72,128,376
DEFERRED OUTFLOWS OF RESOURCES:		
Pension deferrals	1,584,510	1,672,386
Bond - state regulatory charges	316,639	343,026
Total Deferred Outflows of Resources	1,901,149	2,015,412

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, 2019
With Comparative Totals at June 30, 2018**

	Business-Type Activities	
	2019	2018
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	11,154,551	11,353,645
Due to other funds.....	66,317	88,025
Customer deposits	2,518,189	2,341,168
Accrued payroll.....	173,118	166,712
Accrued rentals	79,549	401,942
Miscellaneous payables.....	8,580	4,171
Compensated absences.....	353,090	319,542
Revenue bonds payable.....	930,000	895,000
Total Current Liabilities	15,283,394	15,570,205
LONG-TERM LIABILITIES:		
Compensated absences.....	\$ 94,250	\$ 39,224
Revenue bonds payable.....	13,285,000	14,215,000
Unearned credits	292,590	294,399
Conservation – TVA	892,408	1,280,780
Net pension liability	3,868,337	4,082,229
Other post-employment benefit liability	1,408,009	1,431,288
Total Long-Term Liabilities	19,840,594	21,342,920
TOTAL LIABILITIES	35,123,987	36,913,125
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	316,708	142,909
NET POSITION:		
Net investment in capital assets	38,028,506	37,057,638
Unrestricted.....	(352,378)	30,116
TOTAL NET POSITION	\$ 37,676,128	\$ 37,087,754

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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUE:		
Sale of Electric Energy:		
Residential - non-farm	\$ 42,526,095	\$ 41,679,234
Small lighting and power sales	6,002,078	5,602,771
Large lighting and power sales	17,664,739	17,587,089
Street and outdoor lighting	1,141,480	1,140,322
Consumer forfeited discounts.....	450,286	449,333
Rent from electric property	1,144,306	604,070
Miscellaneous service revenue.....	351,570	359,114
Other electric revenue	<u>191,135</u>	<u>77,994</u>
Total Operating Revenue	<u>69,471,689</u>	<u>67,499,927</u>
PURCHASED POWER	<u>52,459,507</u>	<u>52,272,561</u>
OPERATING EXPENSES:		
Distribution	1,975,289	1,362,118
Customer accounts	1,589,690	1,418,197
Customer services and informational	20,710	20,401
Sales	62,892	57,784
Administrative and general	<u>3,480,870</u>	<u>3,234,603</u>
Total Operating Expenses.....	<u>7,129,451</u>	<u>6,093,103</u>
MAINTENANCE EXPENSE:		
Transmission	126,328	120,266
Distribution	4,125,984	2,682,414
Administrative and general	<u>40,034</u>	<u>23,703</u>
Total Maintenance Expense.....	<u>4,292,346</u>	<u>2,826,383</u>
OTHER OPERATING EXPENSE:		
Depreciation	<u>3,195,556</u>	<u>3,010,594</u>
TOTAL PURCHASED POWER AND		
OPERATING EXPENSES.....	<u>67,076,860</u>	<u>64,202,641</u>
OPERATING INCOME	2,394,829	3,297,286
Interest income on investments	<u>83,120</u>	<u>23,786</u>
Net Operating Income	<u>2,477,949</u>	<u>3,321,072</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<u>2019</u>	<u>2018</u>
INTEREST EXPENSE:		
Interest on long-term debt	400,064	300,587
Amortization of long-term debt regulatory expense.....	<u>26,387</u>	<u>26,387</u>
Total Interest Expense.....	<u>426,451</u>	<u>326,974</u>
OTHER INCOME (EXPENSE):		
State of TN – unclaimed property returned.....	2,650	-
Gain (loss) on sale of fixed assets	<u>-</u>	<u>2,258</u>
Total Other Income (expense).....	<u>2,650</u>	<u>2,258</u>
NET INCOME BEFORE TRANSFERS.....	2,054,148	2,996,356
TRANSFERS AND CONTRIBUTIONS:		
Transfer in lieu of tax	(1,135,975)	(1,444,322)
Payment to county	<u>(329,799)</u>	<u>-</u>
Total Transfers and Contributions	<u>(1,465,774)</u>	<u>(1,444,322)</u>
NET INCOME.....	<u>588,374</u>	<u>1,552,034</u>
NET POSITION – BEGINNING OF YEAR, as previously reported	37,087,754	40,022,422
Prior Period Adjustment (Note 20).....	<u>-</u>	<u>(4,486,702)</u>
NET POSITION – BEGINNING OF YEAR, as restated.....	<u>37,087,754</u>	<u>35,535,720</u>
NET POSITION – END OF YEAR	<u>\$ 37,676,128</u>	<u>\$ 37,087,754</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 70,044,870	\$ 65,888,718
Cash payments to suppliers for goods and services	(60,428,825)	(55,617,121)
Cash payments to employees for services	<u>(4,362,269)</u>	<u>(4,105,580)</u>
Net Cash Flows From Operating Activities.....	<u>5,253,776</u>	<u>6,166,017</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Customer deposits received.....	177,021	757,080
Customer deposits refunded.....	-	(457,978)
Advances from TVA.....	296,231	105,361
Repayments of advances.....	-	(548,351)
Principal paid on bonds/notes.....	(895,000)	(840,000)
Interest paid on bonds/notes.....	(423,801)	(300,587)
Deferred credits.....	(1,809)	70,133
Merchandise, jobbing, and contract work revenue.....	-	-
Acquisition and construction of capital assets.....	(3,075,820)	(2,522,008)
Removal costs of fixed assets.....	-	47,181
Acquisition of conservation loans.....	(388,372)	(442,815)
Non-operating income.....	-	2,258
Collection on conservation loans.....	<u>-</u>	<u>901,274</u>
Net Cash Flows (Used by) From Capital and Related Financing Activities.....	<u>(4,311,550)</u>	<u>(3,228,452)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of investments.....	-	-
Interest and dividends on investments.....	<u>83,120</u>	<u>23,786</u>
Net Cash Flows From (Used by) Investing Activities.....	<u>83,120</u>	<u>23,786</u>
CASH FLOWS FROM (USED BY) NON-CAPITAL FINANCING ACTIVITIES:		
Transfers – In lieu of Tax.....	(1,135,975)	(1,444,322)
Payment to county.....	(329,799)	-
Pension deferrals.....	74,170	(380,669)
OPEB deferrals.....	<u>(25,304)</u>	<u>(16,657)</u>
Net Cash Flows From (Used by) Non-Capital Financing Activities.....	<u>(1,416,908)</u>	<u>(1,841,648)</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	<u>2019</u>	<u>2018</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(391,562)	1,119,703
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,803,208</u>	<u>5,683,505</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,411,646</u>	<u>\$ 6,803,208</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	<u>\$ 2,394,830</u>	<u>\$ 3,297,286</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,195,556	3,010,594
Changes in assets and liabilities:		
Poles rental	(45,313)	(134,522)
Accounts receivable	618,495	(1,142,822)
Prepaid expenses	(66,349)	(267,363)
Inventory	(399,635)	(66,502)
Accrued interest receivables	-	-
Accounts payable	(220,803)	1,373,601
Accrued rentals	(322,393)	161,158
Accrued interest	-	-
Accrued payroll	6,405	(73,271)
Miscellaneous Payables	4,409	(1,228)
Compensated absences	<u>88,574</u>	<u>9,086</u>
Total Adjustments	<u>2,858,946</u>	<u>2,868,731</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,253,776</u>	<u>\$ 6,166,017</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

<u>OPERATING EXPENSE</u>	<u>2019</u>	<u>2018</u>
DISTRIBUTION:		
Supervision and engineering	\$ 119,449	\$ 75,650
Station expense	128,763	112,909
Overhead line expense	726,232	367,278
Underground expense	90,339	53,546
Meter expense	241,785	229,344
Miscellaneous	503,500	332,508
Rents	<u>190,922</u>	<u>190,883</u>
Total Distribution Expense	<u>2,000,990</u>	<u>1,362,118</u>
CUSTOMER ACCOUNTS:		
Meter reading expense	220,243	199,456
Customer record and collection expense	1,255,517	1,098,741
Uncollectible accounts	<u>120,000</u>	<u>120,000</u>
Total Customer Accounts Expense	<u>1,595,760</u>	<u>1,418,197</u>
CUSTOMER SERVICE AND INFORMATIONAL:		
Customer assistance expense	20,415	20,106
Informational and instructional advertising expense	<u>295</u>	<u>295</u>
Total Customer Services and Informational	<u>20,710</u>	<u>20,401</u>
SALES:		
Demonstrating and selling expense	<u>62,891</u>	<u>57,784</u>
ADMINISTRATIVE AND GENERAL:		
Administrative and general salaries	562,790	457,766
Office supplies and expense	49,006	40,791
Outside service employed	77,060	67,330
Property insurance	118,302	112,736
Injuries and damages	198,112	191,821
Employee pensions and benefits	2,267,618	2,144,656
Duplicate charges – credit	(1,915)	(1,861)
Rents - City cost recovery	83,428	134,148
Miscellaneous	<u>88,646</u>	<u>87,216</u>
Total Administrative and General Expense	<u>3,443,047</u>	<u>3,234,603</u>
Total Operating Expense	<u>7,123,398</u>	<u>6,093,103</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULES OF OPERATING AND MAINTENANCE EXPENSE (Continued)
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

<u>MAINTENANCE EXPENSE</u>	<u>2019</u>	<u>2018</u>
TRANSMISSION:		
Maintenance of station equipment	<u>126,441</u>	<u>120,266</u>
DISTRIBUTION:		
Supervision and engineering	104,954	63,720
Maintenance of station equipment	95,627	80,131
Maintenance of overhead and underground lines	3,723,130	2,374,015
Maintenance of line transformers	23,259	16,135
Street lighting and signal systems	30,340	20,096
Maintenance of meters/miscellaneous distribution plant	98,902	88,706
Maintenance of underground lines	51,881	35,884
Maintenance of miscellaneous distribution plant	<u>3,830</u>	<u>3,727</u>
Total Distribution Expense	<u>4,131,923</u>	<u>2,682,414</u>
ADMINISTRATIVE AND GENERAL EXPENSE:		
Maintenance of general plant	<u>40,034</u>	<u>23,703</u>
Total Maintenance Expense	<u>4,298,398</u>	<u>2,826,383</u>
 Total Operating and Maintenance Expense	 <u>\$ 11,421,796</u>	 <u>\$ 8,919,486</u>

See accompanying independent auditors' report and notes/

CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ELECTRIC PLANT IN SERVICE
June 30, 2019

	Balance <u>7-1-18</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6-30-19</u>
TRANSMISSION:				
Station equipment.....	\$ 17,438,337	\$ 87,146	\$ -	\$ 17,525,483
DISTRIBUTION:				
Land and land rights	6,853	-	-	6,853
Station equipment.....	1,891,793	-	-	1,891,793
Poles, towers and fixtures.....	13,416,771	816,085	105,234	14,127,622
Overhead conductors and devices	14,198,438	896,316	6,087	15,088,667
Underground conduit.....	721,586	10,089	-	731,675
Underground conductors and devices.....	3,240,760	135,252	778	3,375,234
Line transformers.....	12,013,270	370,849	18,814	12,365,305
Services	2,216,120	9,536	36	2,225,620
Meters.....	5,491,744	251,110	68,269	5,674,585
Street lighting and signal systems.....	3,507,301	876,332	134,792	4,248,841
Outdoor lighting on customer premises...	1,794,655	179,212	54,040	1,919,827
GENERAL:				
Land and land rights	329,628	-	-	329,628
Structures and improvements	7,583,663	-	1,393	7,582,270
Office furniture and equipment	525,969	-	-	525,969
Transportation equipment.....	3,175,932	313,670	-	3,489,602
Stores equipment	51,647	-	-	51,647
Tools, shop and garage equipment	90,229	-	-	90,229
Laboratory equipment	30,456	-	-	30,456
Communication equipment.....	1,153,634	-	-	1,153,634
Power operated equipment	405,423	-	-	405,423
Miscellaneous equipment	<u>14,972</u>	<u>-</u>	<u>-</u>	<u>14,972</u>
Totals	89,299,181	3,945,597	389,443	92,855,335
CONSTRUCTION WORK IN PROGRESS	<u>2,292,903</u>	<u>(869,737)</u>	<u>-</u>	<u>1,423,166</u>
Total Electric Plant in Service ...	<u>\$ 91,592,084</u>	<u>\$ 3,075,860</u>	<u>\$ 389,443</u>	<u>\$ 94,278,501</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE
ELECTRIC FUND
Alcoa, Tennessee
SCHEDULE OF ACCUMULATED PROVISION FOR DEPRECIATION
June 30, 2019**

	Balance 7-1-18	Additions	Disposals	Removal Cost and Other	DR	CR	Balance 6/30/19	Depreciation Rate
TRANSMISSION:								
Station equipment.....	\$ 8,448,551	\$ 515,231	\$ -	\$ -	\$ -	\$ -	\$ 8,963,782	4.00%
DISTRIBUTION PLANT:								
Station equipment.....	1,266,970	69,648	-	-	-	-	1,336,618	
Poles, towers, and fixtures.....	5,819,210	570,847	105,234	-	-	-	6,284,823	4.25%
Overhead conductors and devices	3,489,447	462,994	6,087	-	-	-	3,946,354	3.25%
Underground conduit.....	441,242	21,673	-	-	-	-	462,915	3.00%
Underground conductors and devices.....	1,505,825	97,562	778	-	-	-	1,602,609	3.00%
Line transformers	5,654,334	292,990	18,814	40	-	-	5,928,550	2.50%
Services	1,443,194	72,035	36	-	-	-	1,515,193	3.25%
Meters.....	2,566,627	330,848	68,269	-	-	-	2,829,206	6.67%
Street lighting and signal systems	2,249,052	224,083	134,792	-	-	-	2,338,343	12.00%
Outdoor lighting on customer premises	993,241	89,962	54,040	-	-	-	1,029,163	8.00%
Total Distribution Plant.....	<u>25,429,142</u>	<u>2,232,642</u>	<u>388,050</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>27,273,774</u>	
GENERAL PLANT:								
Structures and improvements	1,906,564	156,915	1,393	-	-	-	2,062,086	2.00%
Office furniture and equipment	482,322	13,470	-	-	-	-	495,792	various
Transportation equipment.....	1,690,052	202,393	-	-	-	-	1,892,445	various
Stores equipment.....	33,219	3,122	-	-	-	-	36,341	8.00%
Tools, shop and garage equipment.....	88,471	711	-	-	-	-	89,182	8.00%
Laboratory equipment	30,456	-	-	-	-	-	30,456	5.00%
Communication equipment	787,723	58,220	-	-	-	-	845,943	10.00%
Power operated equipment	321,510	11,872	-	-	-	-	333,382	Various
Miscellaneous equipment.....	10,833	980	-	-	-	-	11,813	8.00%
Total General Plant.....	<u>5,351,150</u>	<u>447,683</u>	<u>1,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,797,440</u>	
Totals	<u>\$ 39,228,843</u>	<u>\$ 3,195,556</u>	<u>\$ 389,443</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,034,996</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, 2019
With Comparative Totals at June 30, 2018

	Business-Type Activities	
	<u>2019</u>	<u>2018</u>
ASSETS:		
Current Assets:		
Cash	\$ 500	\$ 500
Cash in bank	2,198,477	1,619,138
Accounts receivable.....	527,328	409,427
Interest receivable.....	<u>26,727</u>	<u>27,590</u>
Total Current Assets.....	<u>2,753,032</u>	<u>2,056,655</u>
Capital Assets:		
Non-depreciable Capital Assets:		
Land.....	1,299,149	1,218,873
Construction in progress	<u>-</u>	<u>-</u>
Total non-depreciable capital assets	<u>1,299,149</u>	<u>1,218,873</u>
Depreciable Capital Assets:		
Structures, improvements, and equipment.....	14,202,209	14,183,877
Less: Allowance for depreciation	<u>(11,193,963)</u>	<u>(10,428,142)</u>
Net Depreciable Capital Assets.....	<u>3,008,246</u>	<u>3,755,735</u>
Net Capital Assets	<u>4,307,395</u>	<u>4,974,608</u>
Non-Current Assets:		
Cash in bank restricted	8,125,734	5,435,688
Certificates of deposit – restricted	<u>3,000,000</u>	<u>5,000,000</u>
Total Non-Current Assets.....	<u>11,125,734</u>	<u>10,435,688</u>
TOTAL ASSETS	<u>18,186,161</u>	<u>17,466,951</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Pension deferrals.....	344,128	391,218
Accumulated decrease in fair value of hedging derivatives.....	<u>3,236,392</u>	<u>2,534,497</u>
Total Deferred Outflows of Resources.....	<u>3,580,520</u>	<u>2,925,715</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION (Continued)
June 30, 2019
With Comparative Totals at June 30, 2018

	Business-Type Activities	
	<u>2019</u>	<u>2018</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable.....	102,091	74,825
Due to General Fund.....	653	621
Accrued salaries.....	38,064	35,971
Bonds payable – due within one (1) year	745,000	855,000
Capital outlay note – due within one (1) year	38,161	90,122
Compensated absences	74,437	54,946
Premium on bonds	-	2,220
Total Current Liabilities	998,406	1,113,705
Long-Term Liabilities:		
Bonds payable	1,545,000	2,290,000
Capital outlay note – due in more than (1) year.....	-	38,161
Compensated absences	10,622	13,737
Estimated liability for landfill closure and post closure care costs	11,100,385	10,433,430
Derivatives – interest rate swap	3,236,392	2,534,497
Net pension liability.....	586,976	659,578
Other post-employment benefit liability	432,750	439,968
Total Long-Term Liabilities	16,912,125	16,409,371
TOTAL LIABILITIES.....	17,910,531	17,523,076
DEFERRED INFLOWS OF RESOURCES:		
Pension deferrals.....	56,320	42,304
Bond deferral	50,000	66,667
Total Deferred Inflows of Resources	106,320	108,971
NET POSITION:		
Net investment in capital assets	1,929,234	1,634,696
Restricted for property acquisition	1,285,565	1,300,187
Unrestricted	535,031	(174,264)
TOTAL NET POSITION.....	\$ 3,749,830	\$ 2,760,619

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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Business-Type Activities</u>	
	<u>2019</u>	<u>2018</u>
Operating Revenue:		
Fees and permits.....	\$ 4,817,427	\$ 4,365,264
Operating Expenses:		
Administrative and general	517,687	393,922
Landfill operations	825,653	823,697
Scales and security operations	311,997	302,883
Facility maintenance	876,288	879,767
Vehicle and equipment maintenance.....	327,956	355,931
Solid waste authority.....	101,681	100,099
Environmental compliance	187,326	-
Closure/post-closure.....	<u>3,563</u>	<u>-</u>
Total Operating Expenses.....	<u>3,152,151</u>	<u>3,032,801</u>
Operating Income Before Depreciation	1,665,276	1,332,463
Depreciation.....	<u>(747,490)</u>	<u>(739,558)</u>
Operating Income After Depreciation.....	<u>917,786</u>	<u>592,905</u>
Other Income (Expense):		
Other income.....	2	40
Interest income.....	22,057	8,921
Interest expense.....	(71,496)	(91,445)
Grant income.....	11,043	26,303
Other expense.....	(4,315)	(52,091)
Gain on sale of property and equipment	1,177	1,261
Bond issuance premium	18,883	18,887
Waste tire reimbursement	<u>94,074</u>	<u>97,735</u>
Total Other Income (Expense).....	<u>71,425</u>	<u>9,611</u>
Change In Net Position	<u>989,211</u>	<u>602,516</u>
Net Position – Beginning of Year, as previously reported.....	2,760,619	3,008,703
Prior Period Adjustment (Note 20)	<u>-</u>	<u>(850,600)</u>
Net Position – Beginning of Year, as restated.....	<u>2,760,619</u>	<u>2,158,103</u>
Net Position – End of Year	<u>\$ 3,749,830</u>	<u>\$ 2,760,619</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Business-Type Activities</u>	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received	\$ 4,700,389	\$ 4,583,302
Cash payments to suppliers for goods and services	(2,169,872)	(2,097,195)
Cash payments to employees for services	<u>(1,018,552)</u>	<u>(1,046,185)</u>
Net Cash Flows From Operating Activities	<u>1,511,965</u>	<u>1,439,922</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Closure/Post-closure payments	666,955	649,530
Pension deferrals	61,106	(23,495)
Bond deferral.....	<u>(16,667)</u>	<u>(16,666)</u>
Net Cash Flows From Non-Capital Financing Activities.....	<u>711,394</u>	<u>609,369</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest paid on capital leases/bonds	(71,496)	(91,445)
Payments for landfill plant acquisitions	(80,277)	(555,587)
Principal paid on bonds/notes	(945,122)	(908,091)
Issuance of debt.....	-	-
Grant proceeds	11,043	26,303
Other revenues	109,821	117,923
Other expenses	<u>-</u>	<u>(52,091)</u>
Net Cash Flows From (Used by) Capital and Related Financing Activities	<u>(976,031)</u>	<u>(1,462,988)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments.....	22,057	8,921
Purchase of investments	(2,690,046)	(2,633,963)
Proceeds from sale of investments	<u>2,000,000</u>	<u>2,023,639</u>
Net Cash Flows From (Used by) Investing Activities.....	<u>(667,989)</u>	<u>(601,403)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	579,339	(15,100)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,619,638</u>	<u>1,634,738</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,198,977</u>	<u>\$ 1,619,638</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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018**

	Business-Type Activities	
	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING INCOME TO NET		
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating Income.....	\$ 917,786	\$ 592,905
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	747,490	739,558
Changes in assets and liabilities:		
Accounts receivable	(117,901)	235,772
Accounts payable	27,171	(31,620)
Accrued salaries	-	(1,127)
Accrued compensated absences.....	16,376	(28,731)
Net pension liability	(72,602)	(41,760)
Premium on bonds.....	-	(2,221)
Interest receivable.....	863	(17,734)
Other post-employment benefit liability.....	(7,218)	(5,120)
Total Adjustments	594,179	847,017
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,511,965</u>	<u>\$ 1,439,922</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
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Business-Type Activities</u>	
	<u>2019</u>	<u>2018</u>
Administrative and General:		
Wages.....	\$ 126,869	\$ 122,516
Overtime.....	168	12
F.I.C.A.....	9,812	9,308
Retirement.....	20,544	21,970
Old City pension plan.....	88,427	-
Retirement settlement.....	10,622	-
Hospitalization insurance.....	26,846	25,613
Life and accidental death insurance.....	479	466
Dental insurance.....	1,911	1,868
Workmen’s compensation.....	284	338
Retiree insurance.....	1,353	992
Other personal services.....	6,762	6,777
Drug and alcohol tests.....	475	475
Employee education and training.....	-	2,386
Professional services.....	68	35
Postage.....	1,485	1,322
Dues.....	6,638	6,738
Regulatory fees and license.....	30,547	29,749
Accounting and auditing.....	4,100	5,000
Advertising.....	48	723
Credit card processing.....	17,961	16,425
Improvement teams.....	987	1,012
Maintenance contract.....	3,079	2,692
Utilities.....	116,892	93,766
Other contracted services.....	1,489	2,236
Office supply.....	2,118	1,166
Other operating supplies.....	2,215	2,276
Auto parts.....	-	23
Uniforms.....	8,836	8,428
Gasoline.....	31	-
Safety.....	1,027	1,220
Construction materials.....	-	84
Insurance.....	4,438	5,159
Repairs and maintenance.....	205	15
Cost recovery.....	15,205	15,754
Equipment lease.....	516	516
Communication equipment.....	-	234
Computer equipment.....	-	1,628
Radio system annual contract.....	549	549
Recycling contracts.....	305	1,018
Business and public relations.....	31	31
Small tools.....	140	345
Training expenses.....	4,225	3,057
Total Administrative and General.....	<u>517,687</u>	<u>393,922</u>

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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Business-Type Activities</u>	
	<u>2019</u>	<u>2018</u>
Landfill Operations:		
Wages	261,459	266,395
Overtime	9,373	5,589
F.I.C.A.	21,006	21,446
Retirement	36,189	75,196
Retirement settlement	-	484
Hospitalization insurance	97,500	91,250
Life and accidental death insurance	1,275	1,287
Dental insurance	4,990	5,020
Workmen’s compensation	8,414	11,320
Retiree insurance	4,736	5,550
Waste tire recovery	132,120	121,892
Litter fencing	1,410	630
Gas	112,338	114,699
Construction materials	115,589	89,277
Alter daily cover liners	3,076	2,551
Insurance	1,141	1,196
Construction materials and supplies	217	20
Other personal services	<u>14,820</u>	<u>9,895</u>
Total Landfill Operations	<u>825,653</u>	<u>823,697</u>
Scales and Security Operations:		
Wages	160,779	157,082
Overtime	4,117	5,010
F.I.C.A.	12,759	12,126
Retirement	22,431	37,050
Hospitalization insurance	62,400	60,000
Life and accidental death insurance	807	789
Dental insurance	4,726	4,633
Workmen’s compensation	218	231
Retiree insurance	2,331	2,700
Other personal services	14,503	3,716
Regulatory fees and license	150	150
Printing	2,982	2,176
Utilities	2,991	3,220
Other contracted services	3,400	3,050
Office supplies	2,023	1,025
Insurance	484	452
Repair and maintenance	908	406
Maintenance contracts	13,132	9,067
Computer equipment	<u>856</u>	<u>-</u>
Total Scales and Security Operations	<u>311,997</u>	<u>302,883</u>
Facility Maintenance:		
Wages	192,825	200,646
Overtime	5,481	4,941
F.I.C.A.	15,706	15,767

(Continued)

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Business-Type Activities</u>	
	<u>2019</u>	<u>2018</u>
Facility Maintenance (Continued):		
Retirement	33,924	37,015
Hospitalization insurance	58,500	60,000
Life and accidental death insurance.....	859	892
Dental insurance	4,424	4,633
Workmen’s compensation	7,654	7,800
Retiree insurance	2,127	2,311
Other personal services.....	14,125	7,356
Building materials	84	-
Air curtain maintenance	56	221
Repair and maintenance.....	-	638
Utilities	3,056	3,652
Small tools.....	352	461
Slope stabilization	9,166	5,551
Insurance	1,448	1,383
Closure and post-closure expense.....	<u>526,500</u>	<u>526,500</u>
Total Facilities Maintenance	<u>876,288</u>	<u>879,767</u>
Vehicle and Equipment Maintenance:		
Wages	55,226	53,837
Overtime	2,035	782
F.I.C.A.	4,307	4,047
Retirement	9,660	9,512
Hospitalization insurance	15,600	15,000
Life and accidental death insurance.....	238	232
Dental insurance	1,181	1,158
Workmen’s compensation	1,425	1,343
Other personal services.....	2,101	1,201
Heavy equipment maintenance.....	121,312	200,034
Utilities	3,360	3,710
Other contracted services	1,890	1,542
Fluids.....	8,184	9,479
Small tools.....	121	511
Uniforms.....	217	-
Auto parts	55,839	24,742
Heavy equipment parts	37,660	22,685
Construction materials.....	41	11
Insurance	6,259	6,105
Vehicles	<u>1,300</u>	<u>-</u>
Total Vehicle and Equipment Maintenance	<u>327,956</u>	<u>355,931</u>
Solid Waste Authority:		
Wages	37,102	36,169
F.I.C.A.	2,939	2,821

(Continued)

CITY OF ALCOA, TENNESSEE
LANDFILL FUND – ENTERPRISE FUND
SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
For the Fiscal Year Ended June 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Business-Type Activities</u>	
	<u>2019</u>	<u>2018</u>
Solid Waste Authority (Continued):		
Retirement	6,532	6,601
Postage	-	122
Hospitalization insurance	7,800	7,500
Life and accidental death insurance.....	142	138
Retiree insurance	1,064	1,605
Other personal services	2,924	1,424
Dental insurance	591	579
Workmen’s compensation.....	105	161
Public education	42,187	41,850
Utilities.....	150	150
Training expenses.....	-	841
Insurance	145	138
Total Solid Waste Authority.....	<u>101,681</u>	<u>100,099</u>
Environmental Compliance:		
Wages.....	49,480	47,145
Overtime.....	-	230
F.I.C.A.....	3,803	3,578
Retirement.....	8,521	8,398
Hospitalization insurance	15,600	15,000
Life and accidental death insurance.....	222	214
Dental insurance	1,181	1,158
Workmen’s compensation.....	2,038	1,899
Other personal services	2,214	1,759
Utilities.....	201	276
Training expenses.....	300	150
Professional services	86,630	83,980
Insurance	-	188
Dues and memberships.....	1,500	-
Regulatory fees and license	50	-
Legal fees	12,180	11,760
Machinery and equipment	3,306	767
Computer equipment	100	-
Total Environmental Compliance.....	<u>187,326</u>	<u>176,502</u>
Closure/Post-closure:		
Leachate, Methane.....	<u>3,563</u>	-
Total Operating and Maintenance	<u>\$ 3,152,151</u>	<u>\$ 3,032,801</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, 2019**

	<u>FIXED ASSETS</u>			<u>ALLOWANCE FOR DEPRECIATION</u>				
	<u>Balance 7-1-18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6-30-19</u>	<u>Balance 7-1-18</u>	<u>Additions</u>	<u>Balance 6-30-19</u>	<u>Depreciation Rates</u>
Land	\$ 1,218,873	\$ 80,277	\$ -	\$ 1,299,150	\$ -	\$ -	\$ -	
Office Buildings and Improvements	<u>11,295,923</u>	<u>-</u>	<u>-</u>	<u>11,295,923</u>	<u>8,148,299</u>	<u>537,164</u>	<u>8,685,463</u>	3 – 7%
Machinery and Equipment:								
Office equipment	25,311	-	-	25,311	25,311	-	25,311	10 – 20%
Landfill – working equipment	1,954,189	-	-	1,954,189	1,407,655	187,655	1,597,310	17%
Tools and small equipment	561,288	-	-	561,288	548,934	4,295	553,229	8 – 20%
Trucks	<u>347,166</u>	<u>18,331</u>	<u>-</u>	<u>365,497</u>	<u>316,273</u>	<u>16,375</u>	<u>332,649</u>	20%
Total Machinery and Equipment	<u>2,887,954</u>	<u>-</u>	<u>-</u>	<u>2,906,285</u>	<u>2,298,173</u>	<u>210,326</u>	<u>2,508,499</u>	
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Totals	<u>\$ 15,402,750</u>	<u>\$ 98,608</u>	<u>\$ -</u>	<u>\$ 15,501,358</u>	<u>\$ 10,446,472</u>	<u>\$ 747,490</u>	<u>\$11,193,962</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.

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CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM FUND – FIDUCIARY FUND
SCHEDULE OF FIDUCIARY ASSETS, LIABILITIES AND NET POSITION
June 30, 2019
With Comparative Totals at June 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS:		
Investments in Tennessee Retirement Group Trust.....	\$ <u>26,276,833</u>	\$ <u>26,004,114</u>
LIABILITIES	_____ -	_____ -
NET POSITION:		
Net position restricted for pensions	_____ <u>26,276,833</u>	_____ <u>26,004,114</u>
TOTAL NET POSITION	<u>\$ 26,276,833</u>	<u>\$ 26,004,114</u>

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, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Additions:		
Employer contributions.....	\$ 1,397,040	\$ 1,554,021
Interest/Dividend income.....	<u>1,895,488</u>	<u>2,095,876</u>
Total Additions	<u>3,292,528</u>	<u>3,649,897</u>
Deductions:		
Administrative expenses	78,934	59,495
Benefit payments	<u>2,940,875</u>	<u>2,925,221</u>
Total Deductions.....	<u>3,019,809</u>	<u>2,984,716</u>
Change in Net Position	272,719	665,181
Net Position – Beginning of Year.....	<u>26,004,114</u>	<u>25,338,933</u>
Net Position – End of Year.....	<u>\$ 26,276,833</u>	<u>\$ 26,004,114</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.

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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, 2019

<u>Program</u>	CAPITAL ASSETS				
	<u>Balance 7/1/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Balance 6/30/19</u>
Construction in Progress	\$ 13,379,154	\$ 3,518,173	\$ -	\$ (13,951,410)	\$ 2,945,917
General Government – Bridges	5,367,656	-	-	-	5,367,656
General Government – Cemetery	4,400	-	-	-	4,400
Fire	4,215,790	24,238	(246,936)	1,849,363	5,842,455
General Government	4,638,656	-	-	-	4,638,656
General Government – Codes	49,372	22,276	-	-	71,648
General Government – Finance	190,928	-	-	-	190,928
Police	5,749,241	295,191	(44,298)	291,229	6,291,363
Recreation	8,051,418	252,000	-	-	8,303,418
Sanitation	1,963,613	-	-	-	1,963,613
Schools	66,319,751	-	-	-	66,319,751
Service Center	5,463,204	-	-	-	5,463,204
Streets	<u>32,774,280</u>	<u>128,558</u>	<u>(114,618)</u>	<u>7,942,358</u>	<u>40,730,578</u>
	<u>134,788,309</u>	<u>722,263</u>	<u>(405,852)</u>	<u>10,082,950</u>	<u>145,187,670</u>
Totals	\$ 148,167,463	\$ 4,240,436	\$ (405,852)	\$ (3,868,460)*	\$ 148,133,587

<u>Program</u>	ACCUMULATED DEPRECIATION					
	<u>Balance 7/1/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Balance 6/30/19</u>	<u>Net Book Value</u>
Construction in Progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,945,917
General Government – Bridges	3,385,807	106,859	-	-	3,492,666	1,874,990
General Government – Cemetery	-	-	-	-	-	4,400
Fire	2,403,920	371,300	(246,937)	-	2,528,283	3,314,172
General Government	1,855,450	70,381	-	-	1,925,831	2,712,825
General Government – Codes	37,866	8,318	-	-	46,184	25,464
General Government – Finance	156,329	13,879	-	-	170,208	20,720
Police	3,225,195	315,156	(44,298)	-	3,496,053	2,795,310
Recreation	3,416,047	234,894	-	-	3,650,941	4,652,477
Sanitation	1,312,270	164,857	-	-	1,477,127	486,486
Schools	18,755,709	1,814,223	-	-	20,569,932	45,749,819
Service center	1,436,977	124,227	-	-	1,561,204	3,902,000
Streets	<u>18,711,420</u>	<u>995,573</u>	<u>(114,617)</u>	<u>-</u>	<u>19,592,376</u>	<u>21,138,202</u>
	<u>54,696,990</u>	<u>4,219,667</u>	<u>(405,852)</u>	<u>-</u>	<u>58,510,805</u>	<u>86,676,865</u>
Totals	\$ 54,696,990	\$ 4,219,667	\$ (405,852)	\$ -	\$ 58,510,805	\$ 89,622,782

* Transferred to Enterprise Funds.

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, 2019

	<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	-	-	-	-	-	2,945,917	2,945,917
Service Center	-	5,057,120	-	114,919	291,165	-	5,463,204
Fire	146,730	2,288,360	-	90,000	3,317,364	-	5,842,454
General Government	1,192,350	2,542,950	-	690,052	273,908	-	4,699,260
General Government – Codes	-	-	-	-	71,648	-	71,648
General Government – Finance.....	-	-	-	-	190,928	-	190,928
Police.....	-	3,685,756	-	-	2,605,607	-	6,291,363
Recreation	567,105	1,132,794	5,988,529	535,903	79,087	-	8,303,418
Sanitation.....	-	-	-	-	1,963,613	-	1,963,613
Schools.....	286,717	49,771,704	-	14,500,121	1,761,209	-	66,319,750
Streets.....	-	<u>51,223</u>	<u>39,866,502</u>	<u>-</u>	<u>752,250</u>	<u>-</u>	<u>40,669,975</u>
Total Capital Assets	2,197,302	64,529,907	51,222,687	15,930,995	11,306,778	2,945,917	148,133,587
Accumulated Depreciation.....	<u>-</u>	<u>(16,316,722)</u>	<u>(24,816,049)</u>	<u>(9,111,774)</u>	<u>(8,266,260)</u>	<u>-</u>	<u>(58,510,805)</u>
Net Capital Assets	<u>\$ 2,197,302</u>	<u>\$ 48,213,185</u>	<u>\$ 26,406,638</u>	<u>\$ 6,819,221</u>	<u>\$ 3,040,518</u>	<u>\$ 2,945,917</u>	<u>\$ 89,622,782</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
SECTION THREE
MISCELLANEOUS SCHEDULES
June 30, 2019

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CITY OF ALCOA, TENNESSEE
SCHEDULE OF INTERFUND TRANSFERS – ALL FUNDS
For the Fiscal Year Ended June 30, 2019

TRANSFERS TO:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Replacement Fund</u>	<u>GO Public Works Fund</u>	<u>Education Fund</u>	<u>AIS Construction Fund</u>	<u>Total</u>
<u>TRANSFERS FROM:</u>							
Education Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,000	\$ 350,000
General Fund	-	5,500,000	96,500	250,000	170,000	742,323	6,758,823
Water Utility	400,000	-	-	-	-	-	400,000
Electric Utility	1,135,975	-	-	-	-	-	1,135,975
AHS Construction Fund	-	-	-	-	-	195	195
Totals	<u>\$ 1,535,975</u>	<u>\$ 5,500,000</u>	<u>\$ 96,500</u>	<u>\$ 250,000</u>	<u>\$ 170,000</u>	<u>\$ 1,092,518</u>	<u>\$ 8,644,993</u>
	(1)	(2)	(3)	(3)	(4)	(3)	

- (1) Transfers from business-type activities for in-lieu-of taxes
- (2) To provide monies for debt retirement
- (3) To provide monies for capital outlay
- (4) School appropriation transfer

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, 2019

	Balance July 1, <u>2018</u>	Levy/ Pick-up/ (Releases)	Write- offs	<u>Collections</u>	Balance June 30, <u>2019</u>
Estimated Levy – Current Year 2019	\$	\$ 12,916,005	\$ -	\$ -	\$ 12,916,005
Prior Years:					
2018	9,974,857	-	-	(9,683,591)	291,266
2017	355,896	-	-	(295,958)	59,938
2016	79,808	-	-	(63,259)	16,549
2015	11,455	-	-	(2,203)	9,252
2014	7,933	-	-	-	7,933
2013	16,476	-	-	-	16,476
2012	25,080	-	-	(12,041)	13,039
2011	24,232	-	-	-	24,232
2010	5,043	-	-	-	5,043
2009	16,459	-	-	-	16,459
2008	19,309	-	(19,309)	-	-
Total Taxes Receivable	10,536,548	12,916,005	(19,309)	(10,057,052)	13,376,192
Less: Allowance for Estimated Uncollectible accounts	<u>(47,068)</u>	<u>-</u>	<u>(228)</u>	<u>-</u>	<u>(47,296)</u>
Net Taxes Receivable	<u>\$ 10,489,480</u>	<u>\$ 12,916,005</u>	<u>\$ (19,537)</u>	<u>\$(10,057,052)</u>	<u>\$ 13,328,896</u>

See accompanying independent auditors' report and notes.

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – ELECTRIC UTILITY
June 30, 2019

<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>		
Public Entity Partners	20-0101225	6-30-19	6-30-20	25,200	<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
Public Entity Partners	50-0101225	6-30-19	6-30-20	1,174	<u>CRIME</u> Theft and embezzlement – \$500,000 each loss Deductible – \$5,000
Public Entity Partners	10-0101225	6-30-19	6-30-20	105,700	<u>WORKMEN’S COMPENSATION</u> Legal – Statutory requirements \$1,000,000 Employer’s Liability Limit
Public Entity Partners	50-0101225	6-30-19	6-30-20	25,406	<u>REAL AND PERSONAL PROPERTY DAMAGE</u> Substations – \$22,211,269 Automotive – \$1,408,076 Contractor’s Equipment – \$1,508,121
Public Entity Partners	20-0101225	6-30-19	6-30-20	66,486	<u>ERRORS OR OMISSIONS</u>
Public Entity Partners	20-0101225	6-30-19	6-30-20	42,616	<u>REAL AND PERSONAL PROPERTY</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
Public Officials Liability Coverage	TML-0247-17	7-28-18	7-28-19	25,480	<u>DIRECTORS AND OFFICERS</u> Liability – \$1,000,000 per occurrence Deductible – \$5,000
Public Entity Partners	20-0101225	6-30-19	6-30-20	30,343	<u>BOILER & MACHINERY</u> Insurance Limits – \$3,000,000

<u>SCHEDULE OF INSURANCE ON REAL PERSONAL PROPERTY:</u>	<u>Replacement Cost</u>	<u>90% Coverage</u>
Buildings.....	\$ 8,315,318	\$ 7,483,786
Personal property.....	2,282,994	2,054,694
Total.....	\$ 10,598,312	\$ 9,538,480

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – GENERAL/ WATER AND SEWER UTILITY
June 30, 2019

<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 0247-19	7-28-18	7-28-19	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	\$ 104,292
				AUTOMOBILE LIABILITY & PHYSICAL DAMAGE Deductible: Comprehensive - \$2,500 Collision - \$2,500 Liability - \$1,000		\$ 69,534
				PUBLIC OFFICIALS' PERSONAL ERRORS AND OMISSIONS LIABILITY Deductible: \$5,000	\$1,000,000 per occurrence	\$ 73,558
TML Risk Management Pool	TWC-0251-19	7-28-18	7-28-19	WORKER'S COMPENSATION State requirements employer's Liability	\$300,000 – each accident \$700,000 – policy limit \$300,000 – each employee	\$ 352,397
				PROPERTY DAMAGE - Caterpillar compactor, scraper, bulldozer, tractor, and backhoes.	\$2,427,992 – limit per occurrence	\$ 2,317
TML Risk Management Pool	TMP-5296-19	1-20-19	1-20-20	CRIME COVERAGE	\$150,000 per occurrence	
				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	\$87,058,193 limit per occurrence	\$ 83,110
TML Risk Management Pool	PPR-5296-20	1-20-19	1-20-20	ELECTRONIC DATA PROCESSING - Equipment coverage	\$1,000,000 limit per occurrence	\$ 954

SCHEDULE OF INSURANCE ON REAL AND PERSONAL PROPERTY:

	<u>General</u>	Blount County		<u>Water</u>	<u>Electric</u>	<u>Total</u>
		<u>Landfill</u>				
Building and Contents	<u>\$23,334,550</u>	<u>\$ 752,147</u>		<u>\$ 53,516,450</u>	<u>\$ 9,044,896</u>	<u>\$ 86,648,043</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – SCHOOLS
June 30, 2019

<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 0604-16	07/28/18-07/28/19	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	\$ 5,030
			Errors & Omissions Liability Deductible - \$5,000	\$1,000,000	\$ 22,759
			Comprehensive Auto Liability Deductible: Comprehensive - \$250 Collision - \$500		\$ 3,998
				\$ 300,000	\$ 97,375
TML Risk Management Pool	TWC 0581-16	07/28/18-07/28/19	Worker's Compensation		
TML Risk Management Pool	TMP 0317-16	01/20/19-01/20/20	Physical damage to real and personal property Values - \$89,565,854		\$ 114,256
			Copiers and small office equipment and blanket data processing equipment values - \$1,227,000		\$ 1,565
			Mobile equipment Values - \$176,050		\$ 225

* Automobile liability
** Auto physical damage

CITY OF ALCOA, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2019

Description	Original Amount of Issue	Interest Rate	Date Of Issue	Last Maturity Date	Outstanding 07/01/18	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 06/30/19
GOVERNMENTAL ACTIVITIES									
Bond Payable									
GOB Series E-5-B	\$ 18,735,000	Variable/Synthetic Fixed	8/7/2008	6/1/2036	\$ 13,805,000	\$ -	\$ 1,625,000	\$ -	\$12,180,000
GOB Series 2012	\$ 10,000,000	2.00% to 4.00%	10/25/2012	6/1/2043	9,225,000	-	50,000	-	9,175,000
Civic Arts Center, Series 2009	\$ 9,925,000	Variable	6/16/2009	6/1/2036	6,190,000	-	-	-	6,190,000
GOB Series 2013A	\$ 10,000,000	2.75% to 5.00%	10/10/2013	6/1/2043	9,900,000	-	25,000	-	9,875,000
GOB Series 2013B (Taxable)	\$ 2,000,000	3.00%	10/10/2013	6/1/2019	170,000	-	170,000	-	-
GOB Series 2014	\$ 10,000,000	2.00% to 4.00%	4/4/2014	6/1/2043	9,700,000	-	75,000	-	9,625,000
GOB Series 2014B (Taxable)	\$ 4,765,000	2.05% to 3.75%	9/17/2014	6/1/2026	6,460,000	-	835,000	-	5,625,000
GOB Series 2015	\$ 9,995,000	2.00% to 4.00%	6/15/2015	6/1/2045	9,750,000	-	250,000	-	9,500,000
GOB Series 2016A	\$ 4,310,000	2.00% to 3.00%	3/10/2016	6/1/2036	4,200,000	-	185,000	-	4,015,000
GOB Series 2017	\$ 9,995,000	2.00% to 3.00%	3/1/2017	6/1/2037	9,995,000	-	-	-	9,950,000
GOB Series 2018	\$ 6,915,000	2.75% to 5.00%	5/4/2018	5/1/2048	6,915,000	-	-	-	6,915,000
Total Bonds Payable- Government Activities					<u>\$ 86,310,000</u>	<u>\$ -</u>	<u>\$ 3,215,000</u>	<u>\$ -</u>	<u>\$83,095,000</u>
BUSINESS TYPE ACTIVITIES									
Bonds Payable									
Landfill:									
GO Capital Outlay Note, Series 2016	\$ 266,990	2.25%	12/9/2016	12/1/2019	\$ 128,283	\$ -	\$ 90,122	\$ -	\$ 38,161
GOB Series 2013B	\$ 605,000	3.00%	10/10/2013	6/1/2019	125,000	-	125,000	-	-
GOB Series 2016B	\$ 4,395,000	2.00%	5/13/2016	6/1/2022	3,020,000	-	730,000	-	2,290,000
					<u>3,273,283</u>	<u>-</u>	<u>945,122</u>	<u>-</u>	<u>2,328,161</u>
Water and Sewer:									
GOB Series E-5-B	\$ 37,825,000	Variable/Synthetic Fixed	8/7/2008	6/1/2042	35,995,000	-	770,000	-	35,225,000
State Revolving Laon	\$ 3,960,793	3.48%	3/6/2011	2032	3,072,169	-	171,768	-	2,900,401
GOB Series 2013B	\$ 545,000	3.00%	10/10/2013	6/1/2019	105,000	-	105,000	-	-
GOB Series 2016A	\$ 5,315,000	2.00% to 3.00%	3/10/2016	6/1/2042	5,220,000	-	130,000	-	5,090,000
GOB Series 2018	\$ 3,060,000	2.75% to 5.00%	5/4/2018	5/12/2028	3,060,000	-	255,000	-	2,805,000
					<u>47,452,169</u>	<u>-</u>	<u>1,431,768</u>	<u>-</u>	<u>46,020,401</u>
Electric:									
GOB Series E-5-B	\$ 21,340,000	Variable	8/7/2008	6/1/2031	15,110,000	-	895,000	-	14,215,000
Total Bonds Payable – Business Type Activities					<u>\$ 65,835,452</u>	<u>\$ -</u>	<u>\$ 3,271,890</u>	<u>\$ -</u>	<u>\$62,563,562</u>
Total Bonds Payable – Government-Wide					<u>\$152,145,452</u>	<u>\$ -</u>	<u>\$ 6,486,890</u>	<u>\$ -</u>	<u>\$145,658,562</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
June 30, 2019

Fiscal Year Ending June 30,	Total Bond Principal/ Interest Requirements	Bond Total		General Obligation Bonds Series 2012	
		Bond	Interest	Bond	Interest
2020	\$ 12,301,704	\$ 6,715,869	\$ 5,585,835	\$ 50,000	\$ 268,106
2021	12,274,143	6,943,840	5,330,303	50,000	266,106
2022	12,261,704	7,200,188	5,061,516	50,000	264,106
2023	11,216,456	6,161,752	5,054,704	250,000	263,106
2024	<u>11,216,040</u>	<u>6,398,556</u>	<u>4,817,484</u>	<u>275,000</u>	<u>258,106</u>
Subtotal	<u>59,270,048</u>	<u>33,420,205</u>	<u>25,849,843</u>	<u>675,000</u>	<u>1,321,530</u>
2025	11,167,644	6,595,576	4,572,068	275,000	252,606
2026	11,156,543	6,842,848	4,313,695	300,000	247,106
2027	10,561,179	6,510,372	4,050,807	325,000	241,106
2028	10,512,671	6,718,160	3,794,511	325,000	234,281
2029	<u>10,257,415</u>	<u>6,731,212</u>	<u>3,526,203</u>	<u>350,000</u>	<u>226,969</u>
Subtotal	<u>53,655,452</u>	<u>33,398,168</u>	<u>20,257,284</u>	<u>1,575,000</u>	<u>1,202,068</u>
2030	10,316,665	7,074,540	3,242,125	350,000	218,744
2031	9,313,611	6,373,156	2,940,455	375,000	210,344
2032	8,219,963	5,537,072	2,682,891	400,000	201,156
2033	8,016,063	5,545,421	2,470,642	425,000	191,156
2034	<u>8,012,437</u>	<u>5,760,000</u>	<u>2,252,437</u>	<u>425,000</u>	<u>177,875</u>
Subtotal	<u>43,878,739</u>	<u>30,290,189</u>	<u>13,588,550</u>	<u>1,975,000</u>	<u>999,275</u>
2035	7,972,720	5,955,000	2,017,720	450,000	164,594
2036	8,024,220	6,250,000	1,774,220	450,000	150,531
2037	6,680,870	5,165,000	1,515,870	500,000	136,469
2038	5,933,507	4,630,000	1,303,507	525,000	120,844
2039	<u>5,941,662</u>	<u>4,835,000</u>	<u>1,106,662</u>	<u>575,000</u>	<u>104,438</u>
Subtotal	<u>34,552,979</u>	<u>26,835,000</u>	<u>7,687,979</u>	<u>2,500,000</u>	<u>676,876</u>
2040	5,997,593	5,100,000	897,593	575,000	85,031
2041	5,966,412	5,290,000	676,412	600,000	65,625
2042	6,015,238	5,560,000	455,238	625,000	44,626
2043	3,148,501	2,925,000	223,501	650,000	22,751
2044	<u>959,750</u>	<u>855,000</u>	<u>104,750</u>	<u>-</u>	<u>-</u>
Subtotal	<u>22,087,494</u>	<u>19,730,000</u>	<u>2,357,494</u>	<u>2,450,000</u>	<u>218,033</u>
2045	957,200	885,000	72,200	-	-
2046	393,500	355,000	38,500	-	-
2047	391,074	365,000	26,074	-	-
2048	<u>393,300</u>	<u>380,000</u>	<u>13,300</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,135,074</u>	<u>1,985,000</u>	<u>150,074</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$215,579,786</u>	<u>\$145,658,562</u>	<u>\$ 69,891,224</u>	<u>\$ 9,175,000</u>	<u>\$ 4,417,782</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
June 30, 2019

Fiscal Year Ending June 30,	General Obligation Bonds Series E-5-B		The Industrial Board of Blount County, TN Series 2009	
	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
2020	\$ 3,550,000	\$ 3,081,000	\$ -	\$ -
2021	3,735,000	2,903,500	-	-
2022	3,925,000	2,716,750	-	-
2023	2,605,000	2,520,500	325,000	278,550
2024	<u>2,695,000</u>	<u>2,390,250</u>	<u>340,000</u>	<u>263,925</u>
Subtotal	<u>16,510,000</u>	<u>13,612,000</u>	<u>665,000</u>	<u>542,475</u>
2025	2,775,000	2,255,500	360,000	248,625
2026	2,885,000	2,116,750	375,000	232,425
2027	3,245,000	1,972,500	390,000	215,550
2028	3,360,000	1,810,250	410,000	198,000
2029	<u>3,835,000</u>	<u>1,642,250</u>	<u>425,000</u>	<u>179,550</u>
Subtotal	<u>16,100,000</u>	<u>9,797,250</u>	<u>1,960,000</u>	<u>1,074,150</u>
2030	4,060,000	1,450,500	445,000	160,425
2031	2,920,000	1,247,500	470,000	140,400
2032	1,940,000	1,101,500	485,000	119,250
2033	2,000,000	1,004,500	510,000	97,425
2034	<u>2,160,000</u>	<u>904,500</u>	<u>535,000</u>	<u>74,475</u>
Subtotal	<u>13,080,000</u>	<u>5,708,500</u>	<u>2,445,000</u>	<u>591,975</u>
2035	2,255,000	796,500	555,000	50,400
2036	2,300,000	683,750	565,000	25,425
2037	1,905,000	568,750	-	-
2038	1,910,000	473,500	-	-
2039	<u>2,020,000</u>	<u>378,000</u>	<u>-</u>	<u>-</u>
Subtotal	<u>10,390,000</u>	<u>2,900,500</u>	<u>1,120,000</u>	<u>75,825</u>
2040	2,090,000	277,000	-	-
2041	1,710,000	172,500	-	-
2042	1,740,000	87,000	-	-
2043	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>5,540,000</u>	<u>536,500</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 61,620,000</u>	<u>\$ 32,554,750</u>	<u>\$ 6,190,000</u>	<u>\$ 2,284,425</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2019

Fiscal Year Ending June 30,	2012 State Revolving Fund Project		General Obligation Bonds Series 2013A	
	Bond	Interest	Bond	Interest
2020	\$ 177,708	\$ 98,100	\$ 25,000	\$ 423,563
2021	183,840	91,817	25,000	422,875
2022	190,188	85,319	25,000	422,188
2023	196,752	78,595	275,000	421,500
2024	<u>203,556</u>	<u>71,640</u>	<u>300,000</u>	<u>413,250</u>
Subtotal	<u>952,044</u>	<u>425,471</u>	<u>650,000</u>	<u>2,103,376</u>
2025	210,576	64,444	300,000	404,250
2026	217,848	57,000	325,000	394,500
2027	225,372	49,299	325,000	383,938
2028	233,160	41,332	350,000	372,563
2029	<u>241,212</u>	<u>33,089</u>	<u>400,000</u>	<u>359,438</u>
Subtotal	<u>1,128,168</u>	<u>245,164</u>	<u>1,700,000</u>	<u>1,914,689</u>
2030	249,540	24,562	400,000	343,437
2031	258,156	15,741	425,000	327,437
2032	267,072	6,615	450,000	310,437
2033	45,421	199	450,000	292,437
2034	<u>-</u>	<u>-</u>	<u>475,000</u>	<u>274,437</u>
Subtotal	<u>820,189</u>	<u>47,117</u>	<u>2,200,000</u>	<u>1,548,185</u>
2035	-	-	500,000	254,250
2036	-	-	500,000	233,000
2037	-	-	575,000	210,500
2038	-	-	575,000	184,625
2039	<u>-</u>	<u>-</u>	<u>575,000</u>	<u>158,750</u>
Subtotal	<u>-</u>	<u>-</u>	<u>2,725,000</u>	<u>1,041,125</u>
2040	-	-	600,000	130,000
2041	-	-	625,000	100,000
2042	-	-	675,000	68,750
2043	<u>-</u>	<u>-</u>	<u>700,000</u>	<u>35,000</u>
Subtotal	<u>-</u>	<u>-</u>	<u>2,600,000</u>	<u>333,750</u>
TOTALS	<u>\$ 2,900,401</u>	<u>\$ 717,752</u>	<u>\$ 9,875,000</u>	<u>\$ 6,941,125</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2019

Fiscal Year Ending June 30,	General Obligation Bonds Series 2014		General Obligation Bonds Series 2014 (Taxable)	
	<u>Bond</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>
2020	\$ 75,000	\$ 348,750	\$ 865,000	\$ 176,127
2021	75,000	347,250	885,000	155,367
2022	100,000	345,750	715,000	131,915
2023	250,000	343,750	745,000	110,465
2024	<u>250,000</u>	<u>337,500</u>	<u>780,000</u>	<u>86,625</u>
Subtotal	<u>750,000</u>	<u>1,723,000</u>	<u>3,990,000</u>	<u>660,499</u>
2025	275,000	331,250	805,000	60,105
2026	275,000	323,000	830,000	31,126
2027	300,000	314,750	-	-
2028	300,000	305,000	-	-
2029	<u>300,000</u>	<u>295,250</u>	<u>-</u>	<u>-</u>
Subtotal	<u>1,450,000</u>	<u>1,569,250</u>	<u>1,635,000</u>	<u>91,231</u>
2030	350,000	285,500	-	-
2031	350,000	273,250	-	-
2032	350,000	261,000	-	-
2033	400,000	248,750	-	-
2034	<u>425,000</u>	<u>234,750</u>	<u>-</u>	<u>-</u>
Subtotal	<u>1,875,000</u>	<u>1,303,250</u>	<u>-</u>	<u>-</u>
2035	425,000	219,875	-	-
2036	475,000	205,000	-	-
2037	575,000	186,000	-	-
2038	575,000	163,000	-	-
2039	<u>600,000</u>	<u>140,000</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,650,000</u>	<u>913,875</u>	<u>-</u>	<u>-</u>
2040	700,000	116,000	-	-
2041	700,000	88,000	-	-
2042	750,000	60,000	-	-
2043	<u>750,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,900,000</u>	<u>294,000</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 9,625,000</u>	<u>\$ 5,803,375</u>	<u>\$ 5,625,000</u>	<u>\$ 751,730</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2019

Fiscal Year Ending June 30,	General Obligation Bonds Series 2015		General Obligation Bonds Series 2016A		General Obligation Bonds Series 2016B	
	<u>Bonds</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>
2020	\$ 250,000	\$ 313,245	\$ 215,000	\$ 243,562	\$ 745,000	\$ 45,800
2021	260,000	308,145	220,000	239,262	770,000	30,900
2022	265,000	302,945	230,000	234,862	775,000	15,500
2023	270,000	297,645	290,000	230,262	-	-
2024	<u>275,000</u>	<u>292,245</u>	<u>295,000</u>	<u>224,462</u>	-	-
Subtotal	<u>1,325,000</u>	<u>1,514,225</u>	<u>1,250,000</u>	<u>1,172,410</u>	<u>2,290,000</u>	<u>92,200</u>
2025	280,000	286,745	300,000	218,562	-	-
2026	290,000	279,745	300,000	212,562	-	-
2027	295,000	272,495	335,000	206,563	-	-
2028	305,000	265,415	335,000	199,863	-	-
2029	<u>310,000</u>	<u>257,637</u>	<u>115,000</u>	<u>193,163</u>	-	-
Subtotal	<u>1,480,000</u>	<u>1,362,037</u>	<u>1,385,000</u>	<u>1,030,713</u>	-	-
2030	320,000	248,337	120,000	190,288	-	-
2031	330,000	238,738	445,000	187,288	-	-
2032	340,000	228,838	485,000	176,163	-	-
2033	350,000	217,787	525,000	162,825	-	-
2034	<u>360,000</u>	<u>206,412</u>	<u>515,000</u>	<u>148,388</u>	-	-
Subtotal	<u>1,700,000</u>	<u>1,140,112</u>	<u>2,090,000</u>	<u>864,952</u>	-	-
2035	375,000	193,813	505,000	132,938	-	-
2036	390,000	180,688	650,000	117,788	-	-
2037	400,000	166,063	260,000	98,288	-	-
2038	420,000	151,063	355,000	89,838	-	-
2039	<u>435,000</u>	<u>135,312</u>	<u>350,000</u>	<u>78,300</u>	-	-
Subtotal	<u>2,020,000</u>	<u>826,939</u>	<u>2,120,000</u>	<u>517,152</u>	-	-
2040	450,000	119,000	395,000	67,800	-	-
2041	465,000	101,000	890,000	55,950	-	-
2042	485,000	82,400	975,000	29,250	-	-
2043	505,000	63,000	-	-	-	-
2044	<u>525,000</u>	<u>42,800</u>	-	-	-	-
Subtotal	<u>2,430,000</u>	<u>408,200</u>	<u>2,260,000</u>	<u>153,000</u>	-	-
2045	<u>545,000</u>	<u>21,800</u>	-	-	-	-
Subtotal	<u>545,000</u>	<u>21,800</u>	-	-	-	-
TOTALS	<u>\$ 9,500,000</u>	<u>\$ 5,273,313</u>	<u>\$ 9,105,000</u>	<u>\$ 3,988,089</u>	<u>\$ 2,290,000</u>	<u>\$ 92,200</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -
PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2019

Fiscal Year Ending June 30,	Capital Outlay Notes Series 2016A		General Obligation Bonds Series 2017		General Obligation Bonds Series 2018	
	<u>Bonds</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>
	2019	\$ 38,161	\$ 301	\$ 460,000	\$ 244,881	\$ 260,000
2020	-	-	470,000	235,681	270,000	329,400
2021	-	-	480,000	226,281	445,000	315,900
2022	-	-	485,000	216,681	470,000	293,650
2023	-	-	<u>495,000</u>	<u>206,981</u>	<u>490,000</u>	<u>272,500</u>
Subtotal	<u>38,161</u>	<u>301</u>	<u>2,390,000</u>	<u>1,130,506</u>	<u>1,935,000</u>	<u>1,553,850</u>
2024	-	-	505,000	197,081	510,000	252,900
2025	-	-	515,000	186,981	530,000	232,500
2026	-	-	525,000	176,681	545,000	217,925
2027	-	-	540,000	164,869	560,000	202,938
2028	-	-	<u>550,000</u>	<u>152,719</u>	<u>205,000</u>	<u>186,138</u>
Subtotal	<u>-</u>	<u>-</u>	<u>2,635,000</u>	<u>878,332</u>	<u>2,350,000</u>	<u>1,092,401</u>
2029	-	-	565,000	140,344	215,000	179,988
2030	-	-	580,000	126,219	220,000	173,538
2031	-	-	595,000	110,995	225,000	166,938
2032	-	-	610,000	95,375	230,000	160,188
2033	-	-	<u>625,000</u>	<u>78,600</u>	<u>240,000</u>	<u>153,000</u>
Subtotal	<u>-</u>	<u>-</u>	<u>2,975,000</u>	<u>551,531</u>	<u>1,130,000</u>	<u>833,652</u>
2034	-	-	645,000	59,850	245,000	145,500
2035	-	-	665,000	40,500	255,000	137,538
2036	-	-	685,000	20,550	265,000	129,250
2037	-	-	-	-	270,000	120,637
2038	-	-	-	-	<u>280,000</u>	<u>111,862</u>
Subtotal	<u>-</u>	<u>-</u>	<u>1,995,000</u>	<u>120,900</u>	<u>1,315,000</u>	<u>644,787</u>
2039	-	-	-	-	290,000	102,762
2040	-	-	-	-	300,000	93,337
2041	-	-	-	-	310,000	83,212
2042	-	-	-	-	320,000	72,750
2043	-	-	-	-	<u>330,000</u>	<u>61,950</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,550,000</u>	<u>414,011</u>
2044	-	-	-	-	340,000	50,400
2045	-	-	-	-	355,000	38,500
2046	-	-	-	-	365,000	26,074
2047	-	-	-	-	380,000	13,300
2048	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,440,000</u>	<u>128,274</u>
TOTALS	<u>\$ 38,161</u>	<u>\$ 301</u>	<u>\$ 9,995,000</u>	<u>\$ 2,681,269</u>	<u>\$ 9,720,000</u>	<u>\$ 4,666,975</u>

**CITY OF ALCOA, TENNESSEE
ELECTRIC UTILITY
SCHEDULE OF UTILITY RATES IN FORCE
For the Fiscal Year Ended June 30, 2019**

The basic utility rates in force as of June 30, 2019, are as follows:

Base Residential Rate – Schedule RS

Customer Charge: \$15.25 per month
Energy Charge: 9.754 cents per kWh per month

Base General Power Rate – Schedule GSA

Part 1

Customer Charge: \$22.54 per delivery point per month
Energy Charge: 10.889 cents per kWh per month

Part 2

Customer Charge: \$97.00 per delivery point per month
Demand Charge: First 50 kWh of billing demand per month, no demand charge
\$14.09/kw for 51 – 1,000 kWh
Energy Charge: 10.614 cents per kWh for first 15,000 kWh
6.397 cents per kWh for all additional kWh

Part 3

Customer Charge: \$236.00 per delivery point per month
Demand Charge: First 1,000 kW of billing demand per month at 13.51 cents per kWh
From 1,000 – 5,000 kW of billing demand per month at 14.40 cents per kW.
Energy Charge: 6.380 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, 2019**

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, 2019</u>	<u>June 30, 2018</u>
Residential.....	25,888	25,580
General Power – under 50 kW	3,383	3,195
General Power – 50 kW and over	344	355
Street and athletics	39	39
Outdoor lighting – code 78.....	<u>96</u>	<u>93</u>
	<u>29,750</u>	<u>29,262</u>

**CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY
SCHEDULE OF UTILITY RATES IN FORCE
For the Fiscal Year Ended June 30, 2019**

The basic utility rates in force as of June 30, 2019 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:

	<u>One Monthly Billing</u>	<u>Customer Class</u>	<u>Inside City Total Charges/Mo.</u>	<u>Meter Size</u>	<u>Outside City Total Charges/Mo.</u>
First	2,000 Gallons	Residential	\$ 15.50 per mo.	5/8" to 1"	\$ 23.30 per mo.
		Commercial	\$ 18.70 per mo.	5/8" to 1"	27.75 per mo.
		All	\$ 45.85 per mo.	1-1/2 to 3"	69.50 per mo.
		All	\$343.20 per mo.	4" to 6"	509.05 per mo.
		All	\$936.15 per mo.	Greater than 6"	1,388.45 per mo.
	<u>One Monthly Billing</u>		<u>Inside City Price Per 1,000 Gals.</u>		<u>Outside City Price Per 1,000 Gals.</u>
Over	2,000 Gallons		\$ 3.85	All sizes	5.90

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, 2019**

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 \$12.55 per month. In addition to the base charge there shall be a charge of \$5.25 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 \$21.45 per month. In addition to the base charge there shall be a charge of \$8.95 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 \$23.05 per month. In addition to the base charge there shall be a charge of \$5.25 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 \$39.20 per month. In addition to the charge there shall be a charge of \$8.95 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 \$23.05 per month. In addition to the base charge there shall be a charge of \$5.25 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 \$39.20 per month. In addition to the base charge there shall be a charge of \$8.95 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, 2019**

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, 2019**

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, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Residential – inside city	3,739	3,576	3,537	3,351	3,189	3,158
Residential – outside city	5,231	5,192	5,183	2,227	2,211	2,206
Commercial – inside city	929	910	910	723	712	708
Commercial – outside city	399	404	404	175	177	182
Industrial – inside city	1	1	1	1	1	1
Industrial – outside city	<u>3</u>	<u>3</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>1</u>
Totals.....	<u>10,302</u>	<u>10,086</u>	<u>10,038</u>	<u>6,478</u>	<u>6,291</u>	<u>6,256</u>

**CITY OF ALCOA, TENNESSEE
JUNE 30, 2019**

**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 (0000007)**
Reporting Year: **2019** 7/2018 - 6/2019

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

----- Enter grading in column 'E' and 'J' ----->

Volume from own sources:	<input type="button" value="+"/> <input type="button" value="?"/> <input type="button" value="8"/>	<input type="text" value="2,186.151"/>	MG/Yr	<input type="button" value="+"/> <input type="button" value="?"/> <input type="button" value="4"/>	<input type="text" value="-0.15%"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="text"/>	MG/Yr
Water imported:	<input type="button" value="+"/> <input type="button" value="?"/> <input type="button" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr	<input type="button" value="+"/> <input type="button" value="?"/> <input type="button" value="7"/>	<input type="text"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="text"/>	MG/Yr
Water exported:	<input type="button" value="+"/> <input type="button" value="?"/> <input type="button" value="8"/>	<input type="text" value="380.390"/>	MG/Yr	<input type="button" value="+"/> <input type="button" value="?"/> <input type="button" value="7"/>	<input type="text"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="text"/>	MG/Yr

WATER SUPPLIED: MG/Yr

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

AUTHORIZED CONSUMPTION

Billed metered:	<input type="button" value="+"/> <input type="button" value="?"/> <input type="button" value="8"/>	<input type="text" value="1,335.014"/>	MG/Yr	<input type="button" value="0.25%"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="text" value="9.939"/>	MG/Yr
Billed unmetered:	<input type="button" value="+"/> <input type="button" value="?"/> <input type="button" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr	<input type="button" value="0.25%"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="text"/>	MG/Yr
Unbilled metered:	<input type="button" value="+"/> <input type="button" value="?"/> <input type="button" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr	<input type="button" value="0.25%"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="text"/>	MG/Yr
Unbilled unmetered:	<input type="button" value="+"/> <input type="button" value="?"/> <input type="button" value="9"/>	<input type="text" value="9.939"/>	MG/Yr	<input type="button" value="0.25%"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="text"/>	MG/Yr

AUTHORIZED CONSUMPTION: MG/Yr

Click here: for help using option buttons below

Use buttons to select percentage of water supplied **OR** value

WATER LOSSES (Water Supplied - Authorized Consumption)

MG/Yr

Apparent Losses

Unauthorized consumption: MG/Yr
 Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: MG/Yr
 Systematic data handling errors: MG/Yr
 Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses: MG/Yr

Pcnt:

Real Losses (Current Annual Real Losses or CARL)

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

WATER LOSSES: MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: miles
 Number of active AND inactive service connections:
 Service connection density: conn./mile main

Are customer meters typically located at the curbside or property line? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line:

Average operating pressure: psi

COST DATA

Total annual cost of operating water system: \$/Year
 Customer retail unit cost (applied to Apparent Losses): \$/1000 gallons (US)
 Variable production cost (applied to Real Losses): \$/Million gallons Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 81 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: Unauthorized consumption
- 3: Systematic data handling errors

**CITY OF ALCOA, TENNESSEE
JUNE 30, 2019**



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

WAS v5.0
American Water Works Association
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Water Audit Report for: **City of Alcoa (0000007)**

Reporting Year: **2019** | **7/2018 - 6/2019**

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 81 out of 100 *****

System Attributes:

	Apparent Losses:	7.860	MG/Yr
	+ Real Losses:	456.232	MG/Yr
	= Water Losses:	464.092	MG/Yr
?	Unavoidable Annual Real Losses (UARL):	93.25	MG/Yr
	Annual cost of Apparent Losses:	\$30,262	
	Annual cost of Real Losses:	\$329,177	Valued at Variable Production Cost
			<small>Return to Reporting Worksheet to change this assumption</small>

Performance Indicators:

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	26.2%	
		Non-revenue water as percent by cost of operating system:	5.1%	Real Losses valued at Variable Production Cost
Operational Efficiency:	{	Apparent Losses per service connection per day:	1.89	gallons/connection/day
		Real Losses per service connection per day:	109.47	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	1.29	gallons/connection/day/psi
		From Above, Real Losses = Current Annual Real Losses (CARL):	456.23	million gallons/year
?		Infrastructure Leakage Index (ILI) [CARL/UARL]:	4.89	

* 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, 2019

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:

For billings calculated on or after January 1, 2017:

Detached Dwelling Unit - \$4.00 per month according to the following schedule:

Class I	0 – 1.0 ERU	\$ 4.00 per month
Class II	>1.0 – 1.5 ERU	\$ 6.00 per month
Class III	>1.5 – 2.0 ERU	\$ 8.00 per month
Class IV	>2.0 – 2.5 ERU	\$10.00 per month
Class V	>2.5 ERU	\$12.00 per month

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 UNCOLLECTED DELINQUENT
TAXES FILED IN BLOUNT COUNTY, TENNESSEE
CIRCUIT COURT
June 30, 2019**

<u>Property Tax Year</u>	<u>Uncollected Delinquent Taxes</u>	<u>Penalty</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 291,266	\$ -	\$ 57,323	\$ 348,589
2017	82,376	-	22,438	104,814
2016	16,549	2,844	7,832	27,225
2015	9,252	3,534	4,778	17,564
2014	7,933	4,397	4,531	16,861
2013	16,476	14,746	7,910	39,132
2012	13,039	14,546	6,261	33,846
2011	24,232	32,962	11,634	68,828
2010	5,043	8,078	2,423	15,544
2009	<u>16,459</u>	<u>29,958</u>	<u>7,899</u>	<u>54,316</u>
Totals	<u>\$ 482,625</u>	<u>\$ 111,065</u>	<u>\$ 133,029</u>	<u>\$ 726,719</u>

**CITY OF ALCOA, TENNESSEE
 SCHEDULE OF MISCELLANEOUS DATA -
 EDUCATION FUND
 June 30, 2019**

Education:

Number of Schools	4
Number of Administrative Personnel	13
Number of Instructional Personnel (includes 37 paraprofessionals)	182
Number of Other Personnel (includes 28 lunchroom and and 12 after school program)	88
Number of Students enrolled	2,077

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>
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	-
2015-2016	1,898	129	19,210,000	-
2016-2017	1,915	143	19,740,000	-
*2017-2018	1,879	144	21,714,000	-
**2018-2019	1,950	145	22,178,000	-

* Does not include Pre-K, estimated to be 40 students.

** Does not include Pre-K, estimated to be 45 students.

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CITY OF ALCOA, TENNESSEE

SECTION FOUR

STATISTICAL SECTION

June 30, 2019

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CITY OF ALCOA, TENNESSEE
STATISTICAL SECTION
June 30, 2019

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets	\$ 22,738,623	\$ 26,539,320	\$ 20,456,653	\$ 18,305,142	\$ 18,643,895	\$ 6,206,361	\$ 9,138,604	\$ 17,131,555	\$19,139,028	\$16,394,858
Restricted.....	6,704,473	4,564,341	7,522,158	9,100,582	12,237,981	18,960,022	12,890,404	5,656,633	5,182,983	4,557,091
Unrestricted (deficit).....	<u>(7,001,181)</u>	<u>(6,362,087)</u>	<u>(8,626,812)</u>	<u>(14,907,903)</u>	<u>(19,025,038)</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>
Total Governmental Activities Net Position.....	<u>\$ 22,441,915</u>	<u>\$ 24,741,574</u>	<u>\$ 19,351,999</u>	<u>\$ 12,497,821</u>	<u>\$ 11,856,838</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>
BUSINESS-TYPE ACTIVITIES:										
Net investment in capital assets	\$ 55,863,096	\$ 51,253,207	\$ 52,038,148	\$ 49,237,556	\$ 50,190,104	\$ 41,602,343	\$ 38,763,375	\$ 37,278,343	\$37,476,104	\$36,064,484
Restricted.....	1,285,565	1,300,187	1,281,411	1,264,653	1,477,123	1,407,958	1,338,590	1,269,617	1,200,538	1,131,873
Unrestricted	<u>9,201,959</u>	<u>6,595,994</u>	<u>10,254,121</u>	<u>9,450,499</u>	<u>8,477,339</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>
Total Business-Type Activities Net Position.....	<u>\$ 66,350,620</u>	<u>\$ 59,149,388</u>	<u>\$ 63,573,680</u>	<u>\$ 59,952,708</u>	<u>\$ 60,144,566</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>
PRIMARY GOVERNMENT:										
Net investment in capital assets	\$ 78,601,719	\$ 77,792,527	\$ 72,494,801	\$ 67,542,698	\$ 68,833,999	\$ 47,808,704	\$ 47,901,979	\$ 54,409,898	\$56,615,132	\$52,459,342
Restricted.....	7,990,738	5,864,528	8,803,569	10,365,235	13,715,104	20,367,980	14,228,994	6,926,250	6,383,521	5,688,964
Unrestricted (deficit).....	<u>2,200,778</u>	<u>233,907</u>	<u>1,627,309</u>	<u>(5,457,404)</u>	<u>(10,547,699)</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>
Total Primary Government Net Position	<u>\$ 88,792,535</u>	<u>\$ 83,890,962</u>	<u>\$ 82,925,679</u>	<u>\$ 72,450,529</u>	<u>\$ 72,001,404</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>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenses:										
Governmental Activities:										
General Government	\$ 7,691,090	\$ 8,990,425	\$ 3,605,345	\$ 2,675,015	\$ 2,226,413	\$ 2,163,198	\$ 2,643,841	\$ 2,431,591	\$ 1,897,624	\$ 1,522,712
Public Safety.....	10,515,653	10,132,385	10,071,775	10,652,182	9,544,500	9,118,341	8,354,301	8,242,524	7,095,684	7,016,544
Public Works	6,599,273	6,462,318	5,733,789	5,815,449	5,698,308	4,583,593	4,183,912	5,484,274	4,453,578	4,522,688
Culture and Recreation	635,635	863,740	2,682,489	938,333	1,110,699	1,003,749	1,316,438	1,342,132	1,058,816	1,140,865
Education.....	25,055,763	24,678,680	22,041,495	22,072,833	19,998,346	20,290,532	19,836,728	18,980,713	18,327,823	16,451,592
Economic Development	1,626,729	1,292,190	1,123,627	1,403,320	1,042,221	713,405	748,075	690,939	746,932	2,167,843
Interest on Long-term debt	2,248,871	2,095,576	1,989,192	1,207,000	1,324,010	1,189,641	1,166,010	2,675,165	3,447,121	5,644,637
Total Governmental Activities Expenses.....	54,373,014	54,515,314	47,247,712	44,764,132	40,944,497	39,062,459	38,249,305	39,847,338	37,027,578	38,466,881
Business-type Activities:										
Stormwater Utility	1,267,648	1,078,091	1,126,244	1,146,369	1,108,997	1,082,711	901,571	1,008,510	856,813	684,311
Water and Sewer.....	12,756,765	12,078,385	12,029,149	12,183,484	10,986,018	10,247,877	10,647,505	10,513,127	10,871,063	10,757,815
Electric	67,833,110	64,529,615	62,496,910	60,690,350	62,513,432	61,009,610	59,171,822	57,423,290	59,534,420	52,772,944
Landfill	3,971,137	3,863,804	3,952,854	3,840,763	3,619,982	3,943,753	3,629,673	3,788,479	3,294,204	3,291,294
Total Business- type Activities Expenses.....	85,828,660	81,549,895	79,605,157	77,860,996	78,228,429	76,283,951	74,350,571	72,733,406	74,556,500	67,506,364
Total Primary Government Expenses.....	140,201,674	136,065,209	126,852,869	122,625,098	119,172,926	115,346,410	112,599,876	112,580,744	111,584,078	105,973,245
Program Revenues:										
Governmental Activities:										
Charges for services:										
General Government.....	7,378,694	6,884,388	6,901,490	675,592	279,171	496,005	178,493	1,023,162	1,028,807	421,735
Police and Fire.....	580,532	656,737	636,235	663,174	504,445	15,087	18,146	29,985	-	-
Public Works	879,283	825,325	912,557	433,611	304,002	349,703	372,895	627,425	34,351	402,569
Economic Development	-	-	23,396	18,986	19,700	14,434	17,350	-	41,737	20,948
Education.....	371,794	1,134,061	1,205,635	603,372	451,405	849,379	552,034	782,537	754,043	736,025
Operating grants and contributions.....	11,787,718	12,582,245	10,163,304	10,218,711	10,536,788	9,071,291	8,823,444	3,577,873	3,526,523	2,285,592
Capital grants and contributions.....	260,050	2,946,797	569,067	1,385,336	5,202,207	3,107,392	223,478	328,348	3,238,754	665,927
Total Governmental Activities Program Revenues.....	21,258,071	25,029,553	20,411,684	13,998,782	17,297,718	13,903,291	10,185,840	6,369,330	8,624,215	4,532,796

(Continued)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Business-type Activities:										
Charges for services:										
Stormwater Utility.....	1,318,670	1,304,463	1,180,437	1,061,473	1,035,588	1,026,324	1,015,899	1,032,697	997,509	907,020
Water and Sewer	14,578,655	13,928,825	12,269,851	11,251,858	10,852,298	10,958,811	10,584,258	11,121,466	10,127,771	10,354,502
Electric	69,474,339	67,502,185	66,503,968	63,062,563	64,201,148	63,215,476	61,827,061	61,180,133	62,679,266	53,854,543
Landfill.....	4,927,248	4,431,096	4,290,739	3,635,050	3,534,132	3,319,691	3,461,295	4,158,261	3,554,335	3,276,464
Operating grants and contributions..	25,941	147,596	127,253	153,261	75,718	90,559	105,603	85,166	69,490	75,926
Capital grants and contributions.....	4,061,553	540,608	178,450	377,230	1,610,605	-	473,138	942,024	2,667,043	1,814,111
Total Business-type Activities										
Program Revenues.....	<u>94,386,406</u>	<u>87,854,773</u>	<u>84,550,698</u>	<u>79,541,435</u>	<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>
Total Primary Government										
Program Revenues.....	<u>115,644,477</u>	<u>112,884,326</u>	<u>104,961,389</u>	<u>93,540,217</u>	<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>
Net (Expense) / Revenue:										
Governmental Activities.....	(33,114,943)	(29,485,761)	(26,836,028)	(30,765,350)	(23,646,779)	(25,159,168)	(28,063,465)	(33,478,008)	(28,403,363)	(33,934,085)
Business-type Activities.....	<u>8,557,746</u>	<u>6,304,878</u>	<u>4,945,541</u>	<u>1,680,469</u>	<u>3,081,060</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>
Total primary government										
(expense) / revenue.....	<u>(24,557,197)</u>	<u>(23,180,883)</u>	<u>(21,890,487)</u>	<u>(29,084,881)</u>	<u>(20,565,719)</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>
General Revenues and Other Changes										
In Net Position										
Governmental Activities:										
Sales Taxes and other state taxes.....	15,536,754	13,811,770	14,722,171	14,142,755	14,520,112	14,256,596	15,445,336	15,002,875	15,808,462	18,667,876
State income taxes and excise taxes	91,846	100,413	127,426	135,244	95,095	87,636	104,705	145,229	69,431	101,659
Property taxes.....	14,535,523	14,275,685	14,297,638	13,744,696	13,734,216	12,723,141	12,129,571	12,211,321	13,797,967	11,768,876
Business taxes/licenses.....	878,570	895,245	961,373	942,515	897,280	902,658	284,263	1,361,561	817,279	684,788
Miscellaneous taxes.....	669,610	765,375	447,576	1,061,384	790,571	512,845	467,396	512,818	265,316	684,577
In lieu of taxes.....	1,172,589	1,058,111	1,207,703	297,331	371,954	155,929	255,535	-	-	140,979
Interest earned.....	262,877	186,461	26,390	117,349	56,826	17,032	3,476	17,931	19,370	11,828
Other general revenue	-	-	-	-	-	-	-	-	-	-
Gain/loss on sale of capital assets....	-	-	-	-	-	64,258	13,296	-	-	-
Payment to Maryville College.....	-	-	-	-	-	-	-	-	-	-
Bond proceeds from Blount County	-	-	-	-	-	-	-	-	-	-
Transfers-in-lieu of taxes.....	1,535,975	1,844,322	1,899,929	1,889,495	1,728,324	1,686,883	1,629,657	1,621,501	1,576,436	1,548,497
Transfers of capital assets.....	(3,868,460)	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>30,815,284</u>	<u>32,937,382</u>	<u>33,690,206</u>	<u>32,330,769</u>	<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>
Business-type Activities:										
Gain/loss on sale of fixed assets.....	-	-	-	-	-	(50,755)	45,783	-	-	-
Interest earned.....	179,461	57,122	31,189	17,168	7,322	22,752	23,313	53,219	37,511	182,101
Transfers-in-lieu of taxes.....	(1,535,975)	(1,844,322)	(1,899,929)	(1,889,495)	(1,728,324)	(1,686,883)	(1,629,657)	(1,621,501)	(1,576,436)	(1,548,497)
Total Business-type Activities	<u>(1,356,514)</u>	<u>(1,787,200)</u>	<u>(1,868,740)</u>	<u>(1,872,327)</u>	<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>
Total Primary Government	<u>29,458,770</u>	<u>31,150,182</u>	<u>31,821,466</u>	<u>30,458,442</u>	<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>
Change in Net Position:										
Governmental Activities	(2,299,659)	3,451,621	6,854,178	1,565,419	8,547,599	5,247,810	2,269,770	(2,604,772)	3,950,898	(325,005)
Business-type Activities	<u>7,201,232</u>	<u>4,517,678</u>	<u>3,076,801</u>	<u>(191,858)</u>	<u>1,360,058</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>
Total Primary Government	<u>\$ 4,901,573</u>	<u>\$ 7,969,299</u>	<u>\$ 9,930,979</u>	<u>\$ 1,373,561</u>	<u>\$ 9,907,657</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>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
GENERAL FUND										
Assigned	\$ 997,488	\$ 512,658	\$ 508,792	\$ 947,010	\$ 941,852	\$ 631,139	\$ -	\$ -	\$ 1,135,718	\$ -
Restricted	127,991	124,927	325,264	165,441	63,674	2,222	2,096	180,786	990	16,495
Unassigned.....	<u>5,392,620</u>	<u>7,669,588</u>	<u>7,741,634</u>	<u>5,355,971</u>	<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>
Total General Fund.....	<u>\$ 6,518,099</u>	<u>\$ 8,307,173</u>	<u>\$ 8,575,690</u>	<u>\$ 6,468,422</u>	<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>
All Other Governmental Funds										
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72	\$ -	\$ -
Restricted	9,679,811	10,779,742	13,011,926	4,400,023	5,408,474	2,774,092	3,215,522	2,533,986	41,988	1,168,915
Assigned, reported in:										
Debt Service Fund.....	1,384,747	1,181,483	759,849	1,019,041	2,945,179	1,787,413	804,120	94,697	95,232	95,766
Special Revenue Funds	513,699	408,821	318,659	188,901	159,708	165,066	641,993	1,265,943	2,685,827	2,576,815
Capital Projects Funds.....	450,802	1,461,753	304,428	820,051	366,624	685,982	3,307,028	1,081,149	1,004,074	715,595
Committed	<u>981,411</u>	<u>1,011,620</u>	<u>1,357,262</u>	<u>3,484,317</u>	<u>2,352,470</u>	<u>12,914,108</u>	<u>5,834,498</u>	<u>412,316</u>	<u>-</u>	<u>-</u>
Total All Other										
Governmental Funds	<u>\$ 13,010,470</u>	<u>\$ 14,843,419</u>	<u>\$ 15,752,124</u>	<u>\$ 9,912,333</u>	<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>

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
REVENUES:										
Taxes	\$ 30,733,301	\$ 29,468,908	\$ 30,380,301	\$ 25,390,315	\$ 26,555,861	\$ 24,149,030	\$ 22,449,030	\$ 18,847,900	\$ 20,758,394	\$ 19,241,999
Licenses, permits and fees	511,043	441,174	499,309	141,755	222,483	527,213	448,607	387,426	362,880	418,004
Rent	142,336	193,056	145,138	153,336	143,388	143,547	143,389	136,533	154,944	154,744
Intergovernmental.....	13,841,266	16,781,681	13,019,800	13,102,650	18,300,151	15,992,077	14,337,120	19,660,547	19,471,744	15,452,554
American Recovery and Reinvestment Act (ARRA)...	-	-	-	-	-	-	-	-	2,796,361	1,432,448
Fines, forfeitures and costs	525,147	603,444	590,061	663,174	517,539	507,920	467,396	504,571	833,623	580,522
Interest earned.....	256,807	185,737	26,390	85,317	56,826	17,032	3,476	14,301	15,381	11,828
Other revenue	413,828	429,513	405,023	3,566,681	758,671	130,807	98,121	1,022,837	235,338	144,164
Charges for service	<u>1,406,462</u>	<u>1,344,381</u>	<u>1,275,152</u>	<u>920,100</u>	<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>
 Total Revenues	<u>47,830,190</u>	<u>49,447,894</u>	<u>46,341,174</u>	<u>44,023,328</u>	<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>
EXPENDITURES:										
General government.....	2,635,364	2,734,496	2,864,149	1,665,434	1,740,661	1,726,638	1,703,606	1,725,782	1,703,547	1,585,698
Public safety	9,668,007	9,640,735	9,596,090	9,266,855	9,126,797	8,691,747	8,047,944	7,831,192	7,381,046	7,145,375
Public Works	5,517,199	5,357,568	4,670,404	5,039,816	4,974,584	5,167,334	4,913,515	5,277,899	6,206,920	4,330,871
Recreation and Arts	400,741	627,097	873,137	785,765	851,898	747,727	1,060,417	1,096,972	583,044	1,140,865
Other Appropriations	-	-	-	-	-	-	-	-	-	-
Education.....	23,241,540	22,856,597	21,790,764	20,509,466	18,833,640	18,869,100	18,468,873	17,958,585	17,303,597	16,451,592
Other - Building.....	194,303	51,442	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	3,215,000	3,125,000	2,770,000	5,560,136	5,269,964	4,157,023	3,354,834	3,497,476	3,022,318	2,462,276
Interest and fiscal fees.....	2,248,871	2,095,576	1,989,192	3,949,082	4,003,952	3,433,555	3,118,018	5,421,897	5,625,452	5,644,637
Capital Outlay.....	4,240,434	11,581,448	2,742,568	3,327,687	24,902,807	20,274,934	4,403,369	1,174,219	3,383,297	3,673,344
Community development/ Culture	<u>1,626,729</u>	<u>1,292,190</u>	<u>1,123,627</u>	<u>1,403,320</u>	<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>
 Total Expenditures.....	<u>52,988,188</u>	<u>59,362,149</u>	<u>48,419,931</u>	<u>51,507,561</u>	<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>
Deficiency of Revenue										
Over Expenditures Before Financing Sources (Uses)	<u>(5,157,998)</u>	<u>(9,914,255)</u>	<u>(2,078,757)</u>	<u>(7,484,233)</u>	<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>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE 4
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (Continued)
(Prepared Using the Modified Accrual Basis of Accounting)
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
OTHER FINANCING										
SOURCES (USES)										
Operating Transfers.....	-	-	55,089	4,594,973	5,738,182	4,455,371	3,778,480	(68,500)	(68,500)	(94,000)
Issuance of debt/capital lease	-	6,915,000	9,995,000	-	9,995,000	20,850,000	10,000,000	402,528	1,422,511	1,024,635
In lieu of taxes.....	1,535,975	1,844,322	1,899,929	1,889,495	1,728,324	1,686,883	1,629,657	1,621,501	1,576,436	1,548,497
Debt issuance costs	-	(22,289)	-	-	176,654	-	-	-	-	-
Paid to debt escrow agent.....	-	-	-	-	-	-	-	-	(470,000)	-
 Total Other Financing Sources.....	<u>1,535,975</u>	<u>8,737,033</u>	<u>11,950,018</u>	<u>6,484,468</u>	<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>
Excess (Deficiency) of Revenues and Other Financing Sources										
Over Expenditures and Other Financing Uses.....	<u>\$ (3,622,023)</u>	<u>\$ (1,177,222)</u>	<u>\$ 9,871,261</u>	<u>\$ (999,765)</u>	<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>
Debt service as a percentage of non-capital expenditures										
	<u>11.2%</u>	<u>10.9%</u>	<u>10.5%</u>	<u>19.7%</u>	<u>20.2%</u>	<u>17.4%</u>	<u>15.6%</u>	<u>19.4%</u>	<u>20.2%</u>	<u>19.8%</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	Commercial Property	Residential Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2010	2009	\$ 272,106,130	\$107,305,226	\$ 20,424,399	\$399,835,755	2.10	\$1,359,312,773	29%
2011	2010	299,141,245	131,234,268	21,590,546	451,966,059	1.96	1,492,090,101	30%
2012	2011	298,353,980	121,632,050	21,242,913	441,228,943	1.96	1,468,493,462	30%
2013	2012	297,910,805	136,969,733	19,598,651	454,479,189	1.96	1,522,336,648	30%
2014	2013	300,422,940	129,589,563	20,655,563	450,667,633	1.96	1,524,033,999	29%
2015	2014	307,716,795	118,361,585	20,736,324	446,814,704	1.96	1,512,783,981	30%
2016	2015	345,523,373	119,580,225	28,845,040	493,948,638	1.96	1,513,008,885	33%
2017	2016	353,008,768	121,353,975	36,253,880	510,616,623	1.96	1,551,573,604	33%
2018	2017	351,952,477	123,191,450	34,438,280	509,582,207	1.96	1,571,415,375	32%
2019	2018	354,484,084	121,061,475	33,375,720	508,921,279	1.96	1,570,065,116	32%

CITY OF ALCOA, TENNESSEE
SCHEDULE 6
SCHEDULE OF PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax 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>
2010	2009	1.96	9,132,861	8,864,975	97.1	-	8,864,975	97.1	267,886	2.93%
2011	2010	1.96	8,945,269	8,641,271	96.6	195,439	8,836,710	98.8	303,998	3.40%
2012	2011	1.96	9,712,794	8,759,559	95.5	232,414	8,991,973	98.0	413,235	4.51%
2013	2012	1.96	8,951,791	8,540,278	95.4	501,398	9,041,676	100.0	292,808	3.27%
2014	2013	1.96	9,681,393	8,241,080	85.1	1,254,783	9,495,863	98.1	516,355	5.33%
2015	2014	1.96	10,014,628	9,080,958	90.7	599,187	9,680,145	96.7	600,435	6.00%
2016	2015	1.96	9,987,811	9,394,840	94.1	581,503	9,976,343	99.8	826,995	8.28%
2017	2016	1.96	9,974,857	9,631,915	96.6	609,091	10,241,006	100.0	561,691	5.63%
2018	2017	1.96	9,987,811	9,394,840	94.1	581,503	9,976,343	99.8	826,995	8.28%
2019	2018	1.96	9,974,857	9,631,915	96.6	609,091	10,241,006	100.0	561,691	5.63%

CITY OF ALCOA, TENNESSEE
SCHEDULE 7
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
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	2.47
2016	2015	0.27	0.88	0.80	1.96	2.47
2017	2016	0.06	1.10	0.80	1.96	2.47
2018	2017	0.06	1.11	0.81	1.96	2.47
2019	2018	0.51	1.04	0.72	1.96	2.47

**CITY OF ALCOA, TENNESSEE
SCHEDULE 8
PRINCIPAL TAXPAYERS
June 30, 2019**

FOR TAX YEAR 2018

FOR TAX YEAR 2008

	<u>ASSESSMENT</u>	<u>Rank</u>	Percentage of Total City Taxable Assessed <u>Value</u>		<u>ASSESSMENT</u>	<u>Rank</u>	Percentage of Total City Taxable Assessed <u>Value</u>
ARCONIC	\$ 153,748,715	1	13.1%	ALCOA	\$ 153,748,715	1	38.0%
ALCOA	31,801,935	2	6.2%	CMH MANAGEMENT	13,165,586	2	3.0%
RIDGE AT HAMILTON CROSSING	13,595,015	3	2.7%	FAULKNER PROPERTIES	6,166,280	3	1.5%
KROGER ALCOA HAMILTON LLC	12,187,400	4	2.4%	ETMG INVESTMENTS, LLC	4,549,760	4	1.1%
CMH SERVICES	10,888,941	5	2.1%	MIDEB NOMINEES INC #672	4,506,720	5	1.1%
MIDEB NOMINEES INC	10,619,080	6	2.1%	HAMILTON CROSSING, LLC	3,953,800	6	.9%
FAULKNER PROPERTIES	9,272,120	7	1.8%	STOCK CREEK, LLC	3,061,800	7	.7%
CORNERSTONE OF RECOVERY	6,738,440	8	1.3%	MIDEB NOMINEES INC	3,057,760	8	.7%
WEST 2 EAST LAND, LP	4,550,480	9	.9%	REHOLD ALCOA, LLC	<u>3,018,640</u>	9	<u>.6%</u>
CLAYTON EDUCATION CORP	4,377,720	10	.9%				
COLEMAN - PROSPERO	4,359,480	11	.9%				
STOCK CREEK LLC	<u>4,209,920</u>	12	<u>.8%</u>				
	<u>\$ 179,061,523</u>		<u>35.2%</u>		<u>\$ 195,229,061</u>		<u>47.6%</u>
Total City Assessment	<u>\$ 508,921,279</u>			Total City Assessment	<u>\$ 399,835,755</u>		

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

Fiscal Year	Governmental Activities			Business Type Activities						Percentage of Personal Income	Per Capita
	General Obligation/ Revenue Bonds	Capital Outlay Notes	Capital Leases	Water & Sewer Bonds	Landfill Bonds	Landfill Capital Outlay Notes	Electric Bonds	Capital Leases	Total		
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	50.46%	15,322
2012	44,865,000	-	10,443,284	48,491,008	6,935,000	-	19,665,000	264,777	130,664,069	50.21%	15,246
2013	52,975,000	-	10,072,979	48,290,824	6,365,000	-	18,985,000	130,285	136,819,088	49.47%	15,835
2014	70,550,000	-	9,802,394	48,178,801	6,375,000	-	18,280,000	27,947	153,214,142	54.25%	17,504
2015	78,150,000	-	9,656,129	47,153,837	5,630,000	-	17,550,000	-	158,139,966	53.79%	17,980
2016	75,605,000	-	9,554,742	46,613,701	4,760,000	-	16,765,000	-	153,298,443	53.19%	15,525
2017	82,520,000	-	7,961,166	45,527,201	3,965,000	216,374	15,950,000	-	156,140,741	52.79%	15,808
2018	86,310,000	-	7,621,966	47,452,169	3,145,000	128,283	15,110,000	-	159,767,418	49.58%	(1)
2019	83,095,000	-	7,304,785	46,020,401	2,290,000	38,161	14,215,000	-	152,963,347	46.07%	(1)

Notes:

Details regarding the City's outstanding debt may be found in the Notes to the Financial Statements.

See Schedule 14 for personal income and population data for the City. These ratios are calculated using personal income and population for the prior calendar year.

(1) Data not available.

CITY OF ALCOA, TENNESSEE
SCHEDULE 10
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Calendar Years

<u>Fiscal Year</u>	<u>General Obligation/ Revenue Bonds</u>	<u>Capital Outlay Notes</u>	<u>Total</u>	<u>Tax Year</u>	<u>Taxable Value of Property</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2010	48,695,000	-	48,695,000	2009	445,953,513	12.18%	5,610
2011	46,625,000	-	46,625,000	2010	399,835,755	10.32%	5,518
2012	44,865,000	-	44,865,000	2011	451,966,059	10.17%	5,256
2013	52,975,000	-	52,975,000	2012	441,228,943	11.75%	5,307
2014	70,550,000	-	70,550,000	2013	450,667,633	15.79%	6,878
2015	78,150,000	-	78,150,000	2014	446,814,704	15.82%	8,885
2016	75,605,000	-	75,605,000	2015	493,948,638	14.81%	7,656
2017	82,520,000	-	82,520,000	2016	510,616,623	16.19%	8,354
2018	86,310,000	-	86,310,000	2017	509,582,207	16.96%	(1)
2019	83,095,000	-	83,095,000	2018	508,921,279	16.32%	(1)

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.

(1) Data not available.

CITY OF ALCOA, TENNESSEE
SCHEDULE 11
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2019

<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	\$ 83,095,000		
Capital Leases	<u>7,275,088</u>		
Total Direct Debt	90,370,088	100%	90,370,088
Overlapping Debt:			
Blount County General Government	158,109,435	15%	<u>23,716,415</u>
Total Direct and Overlapping Debt			<u>\$ 114,086,503</u>

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

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

Source: Blount County, Tennessee government

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

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

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

Fiscal Year Ending 30-Jun	Landfill Revenue Debt					
	<u>Landfill Service Charges</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
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
2016	3,623,476	2,814,377	809,099	795,000	192,838	0.82
2017	4,290,739	3,028,528	1,262,211	845,616	111,055	1.32
2018	4,431,096	3,772,359	592,905	945,122	91,445	0.57
2019	4,817,427	3,152,151	1,665,276	965,126	71,496	1.61

	Electric Revenue Debt					
	<u>Utility Service Charges</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
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
2016	63,060,136	57,427,543	5,632,593	815,000	169,167	5.72
2017	66,500,398	59,299,057	7,201,341	815,000	14,757	8.67
2018	67,499,927	61,192,047	6,307,880	895,000	300,587	5.28
2019	69,471,689	68,881,304	5,590,385	1,100,000	457,634	3.59

(Continued)

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

Water and Sewer Revenue Debt						
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
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
2016	11,205,806	8,090,148	3,115,658	1,085,500	1,244,342	1.34
2017	12,269,851	8,023,884	4,245,967	1,085,500	1,323,560	1.76
2018	13,928,825	8,048,135	5,880,690	1,431,768	1,429,986	2.05
2019	14,569,782	8,430,553	6,139,229	1,546,768	1,732,613	1.87

Stormwater Revenue Debt						
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
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
2016	1,061,473	1,075,048	(13,575)	-	-	0.00
2017	1,180,437	1,058,940	121,497	-	-	0.00
2018	1,304,463	1,002,328	302,135	-	-	0.00
2019	1,318,670	1,157,162	161,508	-	-	0.00

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	(2) Personal Income	(2) Per Capita Income	(3) School Enrollment	(4) Unemployment Rate
2009	8,680	\$ 218,408,000	\$ 34,589	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%
2015	8,795	\$ 293,953,131	\$ 28,930	1,969	4.20%
2016	9,874	\$ 288,169,968	\$ 24,507	1,987	3.70%
2017	9,877	\$ 296,900,000	\$ 23,166	1,969	2.70%
2018	10,228	\$ 322,220,700	*	2,053	3.1%
2019	10,499	\$ 332,003,600	*	2,077	3.0%

Sources: (1) U.S. Census Bureau
(2) Bureau of Economic Analysis report; Tennessee
(3) City of Alcoa Schools
(4) East Tennessee Economic Development Agency

*Data not available

**CITY OF ALCOA, TENNESSEE
SCHEDULE 15
PRINCIPAL EMPLOYERS
June 30, 2019**

<u>Employer</u>	<u>2019</u>			<u>2010 (3)</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)	5,000	1	7.94%	2,500	2	4.30%
Clayton Homes (1)	3,188	2	5.06%	2,511	1	4.32%
Blount Memorial Hospital, Inc. (1)	2,470	3	3.92%	2,198	3	3.78%
Blount County School System (1)	1,728	4	2.75%	-	-	-
McGhee Tyson ANG Base (1)	1,701	5	2.70%	1,600	4	2.75%
Newell Rubbermaid (1) Sanford Brands	1,100	6	1.75%	300	14	-
Arconic (1)	995	7	1.58%	1,368	5	-
Blount County Government (1)	764	8	1.21%	745	7	1.25%
Maryville City Schools (2)	705	9	1.12%	658	8	1.13%
Walmart Super Center (2)	606	10	0.96%	603	9	-
Accenture Hospitality Service (1)	541	11	0.86%	-	-	-
Ruby Tuesday (1)	451	12	0.72%	-	-	-
TeamHealth Alcoa Billing Center (1)	425	13	0.68%	1,301	6	2.24%
Massey Group (2)	400	14	0.64%	-	-	-
Reinhart Food Service (1) Formerly IJ Co.	384	15	0.61%	-	-	0.00%
City of Maryville (2)	344	16	0.55%	483	12	0.83%
K 12	316	17	0.50%	336	13	0.58%
Rockford Manufacturing (1)	305	18	0.48%	-	-	-
City of Alcoa (2)	300	19	0.48%	300	15	-
Maryville College (1)	279	20	0.44%	284	16	-
Alcoa City Schools (2)	265	21	0.42%	-	-	-
Peninsula Hospital (1), division of Covenant Health	253	22	0.40%	227	17	-
Standard Aero, Inc. (1)	<u>242</u>	23	<u>0.38%</u>	<u>-</u>	-	-
	<u>22,758</u>		<u>36.15%</u>	<u>15,414</u>		<u>26.53%</u>
Total Blount County Employment 2019 (as of 05/19) (4)	62,950					
Total Blount County Employment 2010 (as of 05/10) (4)	58,100					

*Total employment for Blount County

Source: (1) The Knoxville News Sentinel "Book of Lists"
(2) 2019 Responses from Employer
(3) City of Alcoa Comprehensive Annual Financial Report 6/30/10
(4) US Bureau of Labor Statistics

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

	<u>Actual FY2019</u>	<u>Actual FY2018</u>	<u>Actual FY2017</u>	<u>Actual FY2016</u>	<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>
General Government											
Administration / Office	43	43	42	42	42	42	43	42	51	51	51
Police	50	49	48	49	49	41	42	42	42	41	43
Fire	38	34	34	34	32	29	30	30	30	28	29
Public Works and Streets	12	14	13	13	17	17	15	15	18	18	20
Other-support service and maintenance	6	6	6	6	6	6	6	6	7	7	10
Education	218	218	242	249	235	231	231	231	228	227	227
Solid Waste	13	10	10	10	11	11	11	11	10	10	11
Other – inspectors	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>5</u>
Total General Government	<u>383</u>	<u>377</u>	<u>398</u>	<u>406</u>	<u>395</u>	<u>380</u>	<u>381</u>	<u>382</u>	<u>390</u>	<u>386</u>	<u>396</u>
Utilities											
Water and Sewer	35	35	35	34	34	34	34	34	33	33	34
Stormwater	7	7	8	8	8	8	8	8	8	8	-
Electric	58	61	57	60	60	61	62	62	61	61	63
Landfill	<u>17</u>	<u>17</u>	<u>18</u>	<u>17</u>	<u>17</u>	<u>18</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>18</u>	<u>18</u>
Total Utilities	<u>117</u>	<u>120</u>	<u>118</u>	<u>119</u>	<u>119</u>	<u>121</u>	<u>120</u>	<u>120</u>	<u>118</u>	<u>120</u>	<u>115</u>
Total General Government and Utilities	<u>500</u>	<u>497</u>	<u>516</u>	<u>525</u>	<u>514</u>	<u>501</u>	<u>501</u>	<u>502</u>	<u>508</u>	<u>506</u>	<u>511</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Function/Program</u>										
Police										
Physical arrests	1,512	921	1,248	1,145	1,245	1,492	1,506	697	1,449	1,321
Traffic violations	6,686	5,417	5,199	5,298	6,061	7,431	7,179	7,550	8,067	6,403
Fire										
Emergency responses	2,708	2,245	2,184	2,185	1,519	1,867	1,797	1,669	1,591	1,518
Fires extinguished	58	43	71	84	46	61	58	75	99	63
Inspections	331	318	301	289	501	303	283	850	131	729
Public works/Streets										
Street resurfacing (lanes)	5.3	5.0	3.5	3.4	2.3	4.5	1.3	1.5	3.3	0.81
Potholes repaired	367	325	77	253	83	52	126	83	38	203
Education										
Tuition students served	357	407	378	409	435	483	473	484	490	482
Parks and recreation										
Community pool admissions	29,345	32,600	32,360	36,045	30,368	34,677	35,500	40,510	44,506	47,474
Landfill										
Refuse collected (tons per day)	265.92	266.43	244.49	332.46	290.87	327.13	227.87	283.57	295.60	202.00
Recyclables collected (tons per day)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	188.65	150.00	145.00
Water/Sewer										
New connections	261	64	71	83	232	219	147	117	81	79
Water mains breaks-leak repaired	114	80	79	108	160	216	154	208	194	116
Average daily consumption (thousands of gallons)	4,700	4,478	4,832	4,933	4,687	6,237	6,566	5,308	5,040	5,858
Peak daily consumption (thousands of gallons)	8,310	8,720	8,480	9,070	8,470	9,380	9,040	8,990	9,550	9,890
Average daily sewage treatment (thousands of gallons)	2,020	1,422	1,755	1,926	1,348	1,740	2,125	2,025	1,227	1,693
Electric Utility										
Average monthly kwh purchased	53,916,652	54,665,807	52,830,896	52,465,339	54,395,397	53,911,198	52,276,324	51,720,533	55,409,355	54,855,918

Sources: Various City departments.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Function/Program</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	34	34	44	46	42	42	42	42	42	33
Police Adm./other vehicles	17	17	17	16	16	15	15	15	15	21
Fire stations	3	3	3	3	3	3	3	3	3	3
Landfill										
Collection trucks (customers)	70,040	70,040	70,712	69,548	53,056	57,873	56,809	71,500	71,500	80,784
Public works/Streets										
Highway (miles)	97.7	97.7	97.7	110.9	110.9	110.5	110.5	110.5	110.5	110
Streetlights										
Traffic signals	31	31	24	24	24	24	24	24	24	21
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
Intermediate School	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	7	7	3	3	3	3	3	3	3	3
Community centers	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	238.9	257.2	257.0	255.0	251.8	213.1	213.1	213.1	213.1	213.1
Storage capacity (thousands of gallons)	14,950	14,950	14,950	14,950	14,950	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	16,000
Sewage										
Sanitary sewers (miles)	144.3	143.8	141.4	140.3	137.1	137.6	137.6	133.6	133.6	133.6
Storm sewers (miles)	53.5	49.3	49.7	49.6	138.36	47.3	47.3	47.3	47.3	47.3
Electric										
Number of Customers	29,750	29,262	28,915	28,728	28,549	27,905	27,808	27,640	27,443	27,431
Annual KWH sold	624,005,361	624,009,864	613,858,813	601,572,219	621,642,357	616,051,727	627,315,889	620,646,399	632,856,770	621,001,490
Sub Stations	13	13	13	13	13	12	12	12	12	12
Pole line (miles)	1,103	1,086	1,079	1,068	1,200	1,145	1,145	1,145	1,145	1,145
Sources: Various city departments.										

CITY OF ALCOA, TENNESSEE

SECTION FIVE

SINGLE AUDIT SECTION

June 30, 2019

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CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended June 30, 2019

<u>Federal Granter/Pass Through Granter</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
FEDERAL AWARDS:			
U.S. Department of Transportation:			
Passed through Tennessee Department of Transportation:			
Tennessee Highway Safety	20.600	N/A	\$ 15,071
Safer Firefighter Grant	97.083	N/A	75,067
Duck Pond Walking and Biking Path	20.205	N/A	167,905
Highway Planning and Commission	20.205	N/A	<u>130,997</u>
Total U.S. Department of Transportation			<u><u>389,040</u></u>
U.S. Department of Education:			
Passed through the Tennessee Department of Education:			
Carl Perkins Program Improvement	84.048	2018-2019	59,338
Title I	84.010	19-01	310,812
Title I Carryover	84.010	18-01	19,434
Title II-A Training	84.367	19-01	49,323
Title IV	84.377	19-01	3,841
Preschool	84.173	19-01	5,994
IDEA B	84.027	19-01	353,246
IDEA Discretionary	84.010	19-01	11,263
Read to be Ready	95.575	19-01	<u>29,998</u>
Total U.S. Department of Education			<u><u>843,249</u></u>
U.S. Department of Agriculture:			
Passed through Tennessee Department of Education:			
National School Lunch Program	10.555	N/A	444,004
National School Breakfast Program	10.553	N/A	156,329
Summer Feeding Program	10.569	N/A	41,384
National School Lunch Program (Commodities – noncash assistance)	10.555	N/A	<u>67,744</u>
Total U.S. Department of Transportation			<u><u>709,461</u></u>
TOTAL FEDERAL AWARDS			\$ <u>1,941,750</u>
STATE AWARDS AND ASSISTANCE:			
Early Childhood Education – State Department of Education	N/A	N/A	\$ 179,607
Coordinated School Health – State Department of Education	N/A	N/A	80,000
Career Ladder Extended Contract – State Department of Education	N/A	N/A	<u>68,687</u>
TOTAL STATE AWARDS AND ASSISTANCE			\$ <u>328,294</u>

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AND STATE FINANCIAL ASSISTANCE (Continued)
For the Fiscal Year Ended June 30, 2019

Notes to Schedule of Expenditures of Federal and State Awards for the Year Ended June 30, 2019:

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, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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. The City has not elected to use the 10-percent de minimus indirect cost rate.

(Continued)

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 THE UNIFORM GUIDANCE**

AND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

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Whitlock & Company, P.C.

Certified Public Accountants

December 30, 2019

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, 2019, 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 30, 2019.

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 material 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Alcoa, Tennessee's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Whitlock & Company, PC

Alcoa, Tennessee
December 30, 2019



Whitlock & Company, P.C.

Certified Public Accountants

December 30, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2019.

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 could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Whitlock & Company, PC

Alcoa, Tennessee
December 30, 2019

CITY OF ALCOA, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2019

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified 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 in accordance with GAAP.
2. No instances of noncompliance are reported in the audit of the financial statements of the City of Alcoa based on 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 significant deficiencies disclosed during the audit of the financial statements of the City of Alcoa, Tennessee are reported in 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 relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to the Major Programs and Internal Control Over Compliance in Accordance with the Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs for the City of Alcoa, Tennessee expresses an unmodified opinion on all major federal programs.
6. Audit findings, if any, that are required to be reported in accordance with 2 CFR Section 200.516(a) 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 (Cluster):	
Idea Part B/Comp. Plan/Special Education...	84.027
Title I Improving Basic Education.....	84.010
Supporting Effective Instruction.....	84.367
Career and Technical Education	84.048

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The City of Alcoa, Tennessee was determined to be a low-risk auditee.

(Continued)

CITY OF ALCOA, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2019

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

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

None.

D. PRIOR YEAR FINDINGS IMPLEMENTED

None.