

CITY OF ALCOA

CITY OF ALCOA, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2021



"Excellence in Service - Quality of Life"

CITY OF ALCOA, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

Prepared By:

Brittany Spence, CMFO
Director of Finance

CITY OF ALCOA, TENNESSEE

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-v
GFOA Certificate.....	vi
City Organizational Chart.....	vii
Principal Elected and Appointed Officials	viii
FINANCIAL SECTION	
Independent Auditor's Report	ix-x
Management's Discussion and Analysis.....	xi-xxi
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
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	8
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Education Fund – Special Revenue Fund.....	9
Statement of Net Position – Proprietary Funds	10-11
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	12
Statement of Cash Flows – Proprietary Funds	13-14
Statement of Fiduciary Assets, Liabilities and Net Position – Employees' Retirement System Fund	15
Statement of Changes in Fiduciary Plan Net Position – Employees' Retirement System Fund	16
Notes to Financial Statements	17-61
REQUIRED SUPPLEMENTARY INFORMATION SECTION	
Schedules of Changes in Net Pension Liability (Asset) and Related Ratios Employees' Retirement Plan of the City of Alcoa	62
Schedules of Contributions Based on Participation in the Employees' Retirement Plan of the City of Alcoa	63
Schedules of Changes in Net Pension Liability (Asset) and Related Ratios Public Employee Retirement Plan of TCRS	64
Schedules of Contributions – Public Employee Retirement Plan of TCRS.....	65
Schedules of Changes in Net Pension Liability (Asset) and Related Ratios Public Employee Retirement Plan of TCRS Hybrid without Cost Controls.....	66
Schedules of Contributions Based on Participation in the Public Employee Retirement Plan of TCRS Hybrid without Cost Controls.....	67
Schedules of Proportionate Share of Net Pension Liability (Asset) Teacher Legacy Retirement Plan of TCRS	68
Schedules of Alcoa City Schools' Contributions Teacher Legacy Retirement Plan of TCRS.....	69

CITY OF ALCOA, TENNESSEE

TABLE OF CONTENTS (Continued)

Page

REQUIRED SUPPLEMENTARY INFORMATION SECTION (Continued)

Schedules of Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset)
Teacher Hybrid Retirement Plan of TCRS70

Schedules of Alcoa City Schools' Contributions Teacher Hybrid Retirement Plan of TCRS71

Schedules of Changes in Total OPEB Liability and Related Ratios – City Plan72

Schedules of Alcoa City Schools' Changes in Total OPEB Liability and Related Ratios73

OTHER SUPPLEMENTARY INFORMATION SECTION

Combining and Individual Fund Statements

Non-Major Governmental Funds

Combining Balance Sheet..... 74-76

Combining Statement of Revenues, Expenditures and Changes in Fund Balance 77-79

Internal Service Funds

Combining Statement of Net Position80

Combining Statement of Revenues, Expenditures and Changes in Fund Net Position.....81

Combining Cash Flows 82-83

Budgetary Comparison Schedules

General Fund
Statement of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual84

Education Fund
Statement of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual85

Debt Service Fund
Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual.....86

West Plant Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....87

Special Revenue Funds

State Street Aid Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....88

Federal Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....89

Alcoa Schools Cafeteria Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....90

Alcoa Schools Extended Day Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....91

Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....92

Commercial Motor Vehicle Fines Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....93

Alcoa Schools Internal School Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Actual94

Debt Service Funds

Project Pearl Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....95

CITY OF ALCOA, TENNESSEE

TABLE OF CONTENTS (Continued)

Page

OTHER SUPPLEMENTARY INFORMATION SECTION (Continued)

Combining and Individual Fund Statements (Continued)

Capital Projects Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual96

Equipment Replacement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....97

Home Grant Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....98

Landscaping Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual99

General Obligation Public Works Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....100

Legacy Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....101

ADA Improvements Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....102

Alcoa Intermediate School (AIS) Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....103

Enterprise Funds

Stormwater Utility Fund
Statement of Net Position104

Stormwater Utility Fund
Schedules of Revenues, Expenditures and Changes in Net Position105

Water and Sewer Utility Fund
Statement of Net Position 106-107

Water and Sewer Utility Fund
Schedules of Revenues, Expenditures and Changes in Net Position108

Electric Utility Fund
Statement of Net Position 109-110

Electric Utility Fund
Schedules of Revenues, Expenditures and Changes in Net Position111

Landfill Fund
Statement of Net Position 112-113

Landfill Fund
Schedules of Revenues, Expenditures and Changes in Net Position114

Fiduciary Funds

Employees' Retirement System Fund
Schedule of Fiduciary Assets, Liabilities and Net Position115

Employees' Retirement System Fund
Schedule of Changes in Fiduciary Plan Net Position116

Schedule of Changes in Long-Term Debt by Individual Issue.....117

Schedule of Bond and Interest Requirements by Fiscal Year 118-121

Schedule of Insurance in Force - Electric Utility122

CITY OF ALCOA, TENNESSEE

TABLE OF CONTENTS (Continued)

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION SECTION (Continued)	
Combining and Individual Fund Statements (Continued)	
Schedule of Insurance in Force - General / Water and Sewer Utility	123
Schedule of Insurance in Force - Schools	124
Schedule of Utility Rates - Electric	125
Schedule of Utility Rates - Water and Sewer	126
Schedule of Stormwater Utility Rates in Force	127
AWWA Water Audit Reporting Worksheet for the Year Ended June 30, 2021	128
AWWA Water Audit Performance Indicators for the Year Ended June 30, 2021	129
OTHER INFORMATION SECTION	
Statistical Information Section	
Schedule 1 – Net Position by Component Last Ten Fiscal Years	130
Schedule 2 – Changes in Net Position Last Ten Fiscal Years	131-133
Schedule 3 – Fund Balances, Governmental Funds Last Ten Fiscal Years	134
Schedule 4 – Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years	135-136
Schedule 5 – Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years	137
Schedule 6 – Property Tax Levies and Collections Last Ten Fiscal Years	138
Schedule 7 – Direct and Overlapping Property Taxes Last Ten Calendar Years	139
Schedule 8 – Principal Tax Payers.....	140
Schedule 9 – Ratios of Outstanding Debt by Type Last Ten Fiscal Years.....	141
Schedule 10 – Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years	142
Schedule 11 – Direct and Overlapping Governmental Activities Debt as of June 30, 2021	143
Schedule 12 – Pledged – Revenue Coverage Last Ten Fiscal Years.....	144-145
Schedule 13 – Demographic and Economic Statistics Last Ten Fiscal Years	146
Schedule 14 – Principal Employers.....	147
Schedule 15 – Full-time Equivalent City Government Employees by Function Last Ten Fiscal Years.....	148
Schedule 16 – Operating Indicators by Function/Program Last Ten Fiscal Years	149
Schedule 17 – Capital Assets Statistics By Function/Program Last Ten Fiscal Years.....	150
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	151-152
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	153
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	154-155
Report for Each Major Program and Report on Internal Control Over Compliance Required by Uniform Guidance	156-157
Schedule of Findings and Questioned Costs	158-159
Schedule of Prior Year Findings	160
Corrective Action Plan	161

INTRODUCTORY SECTION



223 Associates Blvd., Alcoa, TN 37701

Phone: 865-380-4700 Fax: 865-380-4797

December 3, 2021

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, 2021, 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 Alcoa-Maryville-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 2020 U.S. Census certified population of Blount County is 135,280. The City of Alcoa's 2020 population is 10,834 which represents a 28% increase over the 2010 Census population of 8,449. The City was originally designed to serve as a company town by the Aluminum Company of America beginning around 1910. The Alcoa Company of America was attracted to this area because of the abundance of waterpower 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 approximately 30,300 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 10,500 and 6,700, 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 begin meeting in March and April to discuss proposed budgets. In mid-May the City Manager presents his proposed budget for the upcoming fiscal year to the City Commission during 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. Since 2012, growth in property values along with net new construction have led to an increase in tax appraised values of over 34%. 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 such as Amazon and Smith & Wesson, as well as facilitating expansions of existing employers such as Denso Manufacturing and Arconic (formerly Alcoa, Inc.). Since 2010, the EDB has secured over \$2.4 billion in new capital investment which has brought over 6,600 new jobs to Alcoa, Maryville, and Blount County. As a result, the local unemployment rate is only 3.4% as compared to 4.6% for the State of Tennessee and 5.2% for the United States.

The City entered into an agreement in FY 2016 with Arconic and a private developer to create a mixed-use urban development on the 300-acre former 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 space, 500 hotel rooms and over 1,300 residential units consisting of a mix of single-family lots, townhomes, apartments, and senior living facilities. Construction of a national brand hotel was completed and opened for business in 2021. A second national brand hotel is scheduled to begin construction within the next few months. Construction began in 2021 on a new supermarket and is expected to reach completion sometime in 2023. Site grading is currently underway for a 300-unit upscale apartment complex. A new distilling company is expected to open in 2022 and will provide new and exciting activities for the community including live music, bonfire pits, and open access to the greenway trail.

In February, Amazon announced their plans to construct a 650 thousand square foot regional distribution center with investment in excess of \$200 million. Construction began on the facility shortly after the announcement and is scheduled to be operational within two years. The distribution center will create 800 to 1,000 new jobs in Blount County.

A second major economic development was announced in September 2021. Smith & Wesson, a 169-year-old firearms company in Springfield Massachusetts, will move their entire operation including manufacturing, headquarters, and visitor center to Partnership Park North, a joint venture between the cities of Maryville, Alcoa, and Blount County. Investment by the company will be approximately \$125 million and will create 720 jobs in Blount County.

Long-term Financial Planning

The City has made long-term financial provisions for various projects that will need to be undertaken in the next five 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). Phase I of construction was completed in June 2020 with Phase II scheduled to be completed in 2022. Phase II of the project totals approximately \$700 thousand to date 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 issued two general obligation refunding bonds in FY21. In December 2020, an \$11 million general obligation refunding bond in relation to the Water & Sewer fund was issued. The purpose of this bond issue was to replace synthetically fixed interest rates with traditional fixed interest rates while simultaneously improving the overall debt structure of the Water & Sewer fund. To take advantage of low interest rates a second \$3.95 million general obligation bond was issued in March 2020. The proceeds from the original bond issue were used to meet minimum pension funding requirements for all City departments. Because the General Fund and all enterprise funds are responsible for a portion of the annual debt payments, each fund benefitted from the \$347 thousand in savings.

In March 2020, the City issued a total of \$11.6 million in general obligation bonds in relation to the General Fund, Water & Sewer, and Landfill. The proceeds will be used to meet infrastructure requirements for major economic development projects as well as Wastewater Treatment Plant improvements and Landfill expansion requirements.

The City is planning to issue a \$25 million bond in early 2022 to cover several major projects that will take place in the near future. A majority of the proceeds, approximately \$18 million, will be used to fund the 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 indicated 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 \$18 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 FY 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 taking place in Springbrook Farm, as discussed above, and Amazon construction is well underway the Commission authorized bonds to be issued in early FY 2022. The remaining bond proceeds will be used to purchase two fire trucks and fund various capital projects tied to the Electric Department as well as infrastructure improvements taking place in Partnership Park North to meet the needs of Smith & Wesson.

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 Manager is authorized to transfer budgeted amounts within major functional areas of any fund, as outlined in the budget ordinance, as long as it does not increase the total expenditure amount previously approved by the Board of Commissioners for any major functional area or fund. 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 fiscal 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 Guidance, 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, 2021, 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 Pugh CPAs 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, Pugh CPAs 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 Single Audit Act and the 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 annual comprehensive financial report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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 Pugh CPAs. 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



Brittany Spence, CMFO
Director of Finance & Administration



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

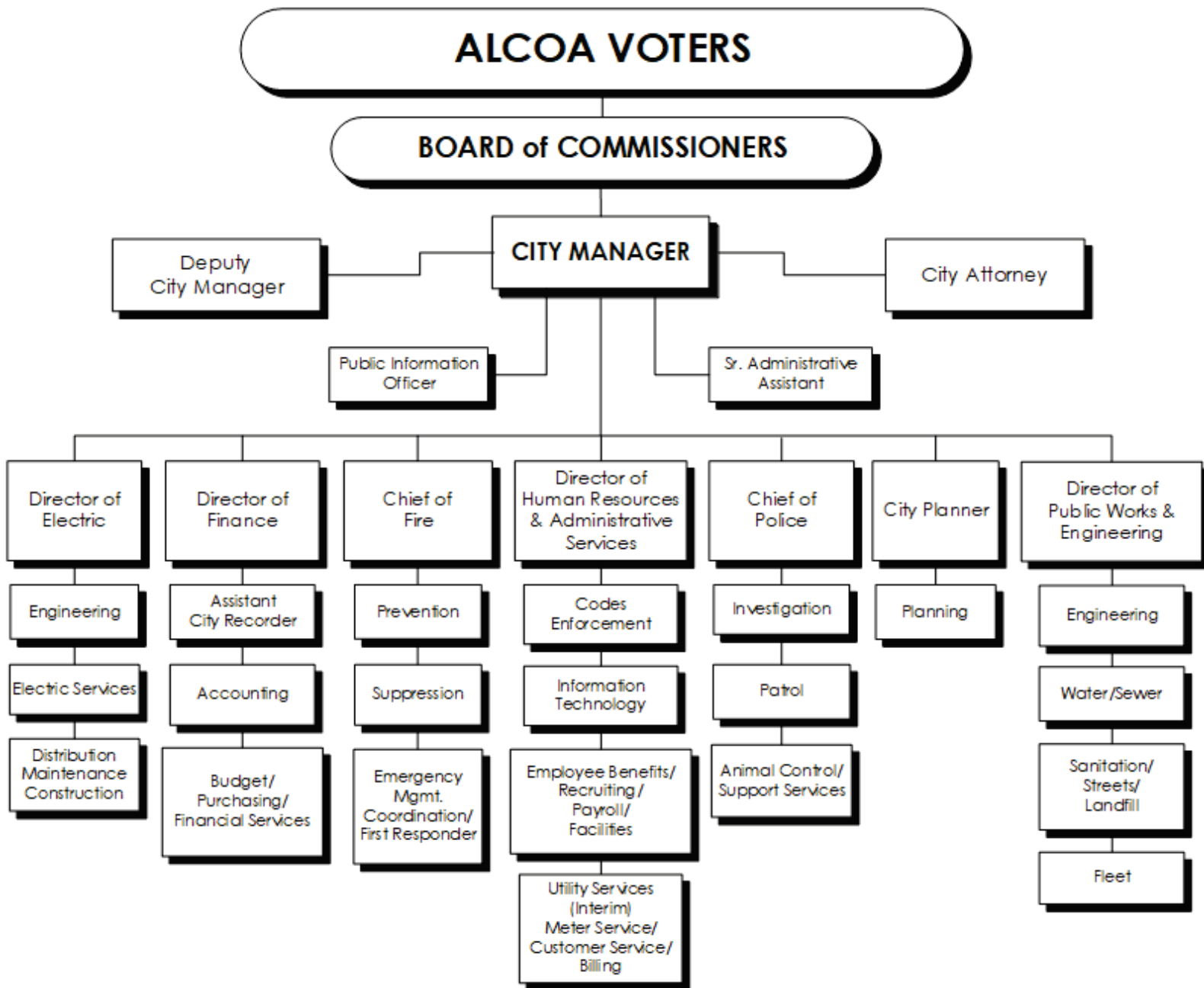
June 30, 2020

Christopher P. Morill

Executive Director/CEO



City of Alcoa



CITY OF ALCOA

City Officials

CITY OF ALCOA, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2021

BOARD OF COMMISSIONERS

Odis Clint Abbott, Jr., Mayor
Jim Buchanan, Vice Mayor
Vaughn Belcher, Commissioner
Tracey Cooper, Commissioner
Tanya Martin, Commissioner

Mark L. Johnson, CPA, City Manager
Brittany Spence, CMFO, Director of Finance

FINANCIAL SECTION



PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660
FAX 865-769-1660
www.pughcpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of Board of Commissioners,
and City Manager of 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, budgetary comparisons for the general fund, education fund, debt service fund, west plant construction fund, and the aggregate remaining fund information of City of Alcoa, Tennessee (the "City") as of and for the year ended June 30, 2021, 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, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, education fund, debt service fund, west plant construction fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



An independently owned member
RSM US Alliance



TSCPA
Members of the Tennessee
Society
Of Certified Public Accountants

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 xi - xxi and the required supplementary information on pages 62 - 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 opinions on the financial statements that collectively comprise City of Alcoa's basic financial statements. The introductory, supplementary information and statistical information sections, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* on pages 151 - 153, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information included in the supplementary information section as listed in the table of contents and the schedule of expenditures of federal awards and state financial assistance 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 supplementary information and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the 2021 basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the City's 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 City of Alcoa's internal control over financial reporting and compliance.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 3, 2021



223 Associates Blvd., Alcoa, TN 37701

Phone: 865-380-4700 Fax: 865-380-4797

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Alcoa's (the City) Annual Comprehensive Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. 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, 2021 is \$119,463,186, an increase of \$18,594,454 over prior year as restated. Of this amount, \$21,430,939 is unrestricted which may be used to meet the government's ongoing obligations to citizens and creditors.
- As of June 30, 2021, the City's governmental activities reported combined ending net position of \$42,480,167, an increase of \$13,533,202 over the prior year as restated.
- The City's General Fund reported total fund balance of \$13,245,986 on June 30, 2021, an increase of \$4,491,790. This fund balance is 45% of total general fund revenue.
- On June 30, 2021, the City's Education Fund reported total fund balance of \$2,431,398, an increase of \$1,192,718 from last fiscal year. Fund balance of the Education Fund is 10% of total revenue. Tennessee State Law requires schools to maintain a minimum fund balance of 3% (TCA 49-3-352).
- In 2021, the City issued five general obligation bonds. Two were refunding bonds, one was issued to extinguish synthetic debt, and two others provided funding for various infrastructure improvements related to economic growth.

Overview of the Financial Statements

This discussion and analysis are 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, 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 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 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 mayor and commission, police, fire, community services, public works, community relations, 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 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), the general obligation debt service fund, and the west plant construction 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, but in more detail. The City maintains two types of proprietary funds:

- *Enterprise Funds:* 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 major funds of the City.
- *Internal Service Funds:* 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

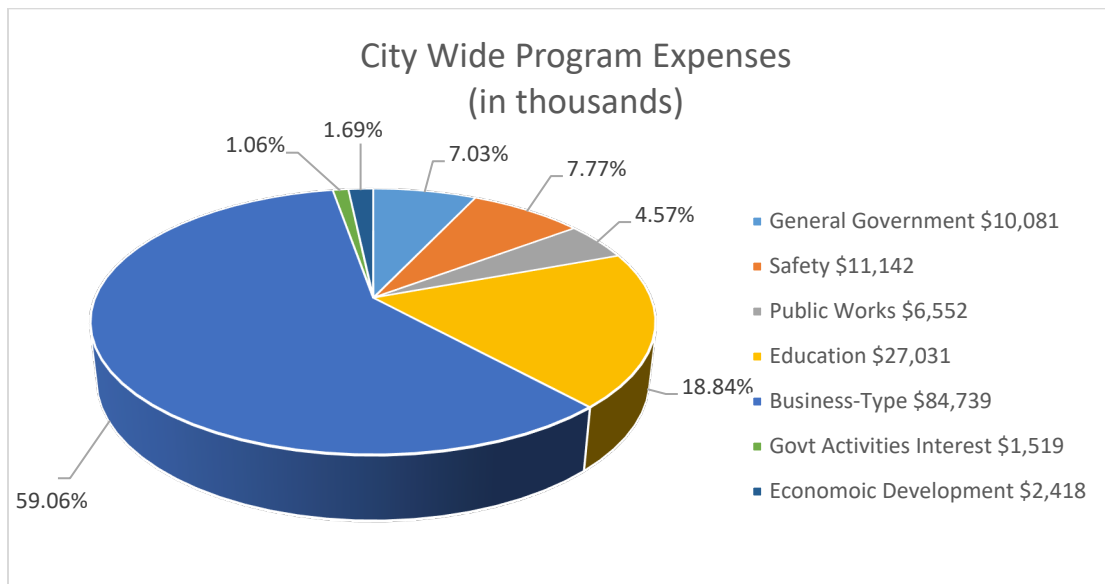
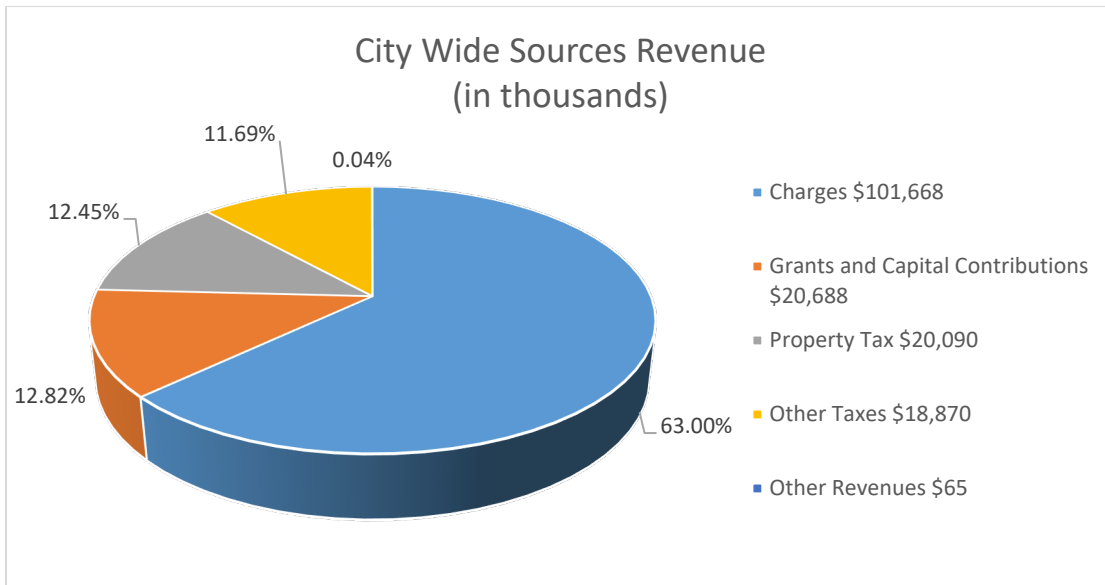
Over time, net position may serve as a useful indicator of a government's financial position. As shown on the following statement, the City's net position is \$119,463,186 at the close of the most recent fiscal year. The largest portion of the City's net position (77%) reflects its net investment of \$92 million in capital assets (e.g. land, buildings, infrastructure, improvements, machinery and equipment), less related debt used to acquire those assets that are 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, as the capital assets themselves cannot be liquidated for these liabilities. An additional portion of the City's net position, \$5.8 million (5%) represents resources that are subject to external restrictions on how they may be used.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and Other Assets	\$ 53,294,038	\$ 33,733,318	\$ 54,225,841	\$ 45,177,834	\$ 107,519,879	\$ 78,911,152
Capital Assets (net)	102,521,023	105,656,884	117,920,328	117,820,577	220,441,351	223,477,461
Total Assets	155,815,061	139,390,202	172,146,169	162,998,411	327,961,230	302,388,613
Deferred Outflows of Resources:						
Deferred Pension and OPEB Outflow s	6,814,656	6,221,858	3,068,051	3,336,051	9,882,707	9,557,909
Deferred Bond Refunding Costs	66,319	69,082	4,984,000	445,200	5,050,319	514,282
Accumulated Change in Fair Value of Interest Rate Sw aps	0	206,565	0	7,602,232	0	7,808,797
Total Deferred Outflow s of Resources	6,880,975	6,497,505	8,052,051	11,383,483	14,933,026	17,880,988
Liabilities:						
Other Liabilities	4,851,217	3,124,709	14,452,952	12,984,502	19,304,169	16,109,211
Long-Term Liabilities	98,863,166	95,588,511	88,505,742	88,602,680	187,368,908	184,191,191
Total Liabilities	103,714,383	98,713,220	102,958,694	101,587,182	206,673,077	200,300,402
Deferred Inflows of Resources:						
Deferred Revenue - Property Tax	13,381,452	13,472,910	0	0	13,381,452	13,472,910
Deferred Pension and OPEB Inflow s	3,120,034	4,754,612	239,840	839,612	3,359,874	5,594,224
Deferred Bond Refunding Costs	0	0	16,667	33,333	16,667	33,333
Total Deferred Inflow s of Resources	16,501,486	18,227,522	256,507	872,945	16,757,993	19,100,467
Net Position:						
Net Investment in Capital Assets	29,558,104	24,517,065	62,693,646	58,479,351	92,251,750	82,996,416
Restricted	5,780,497	11,328,383	0	0	5,780,497	11,328,383
Unrestricted (deficit)	7,141,566	(6,898,483)	14,289,373	13,442,416	21,430,939	6,543,933
Total Net Position	\$ 42,480,167	\$ 28,946,965	\$ 76,983,019	\$ 71,921,767	\$ 119,463,186	\$ 100,868,732

Analysis of Change in Net Position

The following statement and associated graph indicate an increase in net position as of June 30, 2021 of \$18,594,454 over prior year as restated. Normal operations increased net position by \$17.9 million primarily due to increased program revenue in both governmental and business type activities. Sales and other state taxes grew approximately \$1.4 million from FY2020, which includes a \$489 thousand increase in sales taxes. Property taxes grew \$1.1 million, mainly due to increased residential development over the past 12 months. Operating grants grew by approximately \$1.7 million, largely due to the addition of two TDOT projects as well as the increased activity of existing TDOT projects. The expense side increased \$1.4 million for governmental activities and \$1.2 million in business-type activities resulting in a total increase of \$2.6 million in total expenses. The increase in expenses is mainly due to infrastructure improvements required to meet the growth needs of several major economic development projects.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	\$ 10,862,014	\$ 10,841,798	\$ 90,806,110	\$ 89,930,966	\$ 101,668,124	\$ 100,772,764
Operating Grants and Contributions	15,687,429	13,982,663	7,235	1,260	15,694,664	13,983,923
Capital Grants and Contributions	4,838,848	137,600	154,724	787,977	4,993,572	925,577
General Revenues:						
Sales and Other State Taxes	17,146,232	15,781,259	0	0	17,146,232	15,781,259
State Income Taxes	96,485	128,518	0	0	96,485	128,518
Property Taxes	18,962,159	17,853,420	0	0	18,962,159	17,853,420
Business Taxes/Licenses	984,525	1,023,424	0	0	984,525	1,023,424
Miscellaneous Taxes	643,199	617,090	0	0	643,199	617,090
In-Lieu of Taxes	1,127,309	1,196,851	0	0	1,127,309	1,196,851
Interest Income	36,234	287,206	28,693	131,527	64,927	418,733
Total Revenues	70,384,434	61,849,829	90,996,762	90,851,730	161,381,196	152,701,559
Expenses						
General Government	10,081,024	10,102,269	0	0	10,081,024	10,102,269
Public Safety	11,141,433	10,163,133	0	0	11,141,433	10,163,133
Public Works	6,552,288	6,303,387	0	0	6,552,288	6,303,387
Economic Development	2,418,114	2,353,303	0	0	2,418,114	2,353,303
Education	27,031,042	26,115,353	0	0	27,031,042	26,115,353
Interest on Long-Term Debt	1,518,981	2,262,253	0	0	1,518,981	2,262,253
Stormwater Utility	0	0	1,227,614	1,189,745	1,227,614	1,189,745
Water and Sewer	0	0	13,543,710	13,198,361	13,543,710	13,198,361
Electric Utility	0	0	65,654,344	65,026,188	65,654,344	65,026,188
Landfill	0	0	4,313,083	4,106,392	4,313,083	4,106,392
Total Expenses	58,742,882	57,299,698	84,738,751	83,520,686	143,481,633	140,820,384
Change in Net Position Before Transfers	11,641,552	4,550,131	6,258,011	7,331,044	17,899,563	11,881,175
Transfers-In Lieu of Tax Payments	1,334,255	2,042,775	(1,334,255)	(2,042,775)	0	0
Transfers-Capital Assets	(137,496)	(282,878)	137,496	282,878	0	0
Change in Net Position	12,838,311	6,310,028	5,061,252	5,571,147	17,899,563	11,881,175
Net Position at Beginning of Year	28,946,965	22,441,915	71,921,767	66,350,620	100,868,732	88,792,535
Restatement	694,891	195,022	0	0	694,891	195,022
Net Position at End of Year	\$ 42,480,167	\$ 28,946,965	\$ 76,983,019	\$ 71,921,767	\$ 119,463,186	\$ 100,868,732



Governmental Activities:

- Governmental activities increased the City's governmental net position by \$12,838,311.
- Governmental activities revenue increased by \$8.5 million over the prior year primarily due to an increase of \$1.1 million in property taxes, an increase of \$1.7 million in operating grants, and an increase of \$1.4 million in sales and other state taxes.
- Expenses increased by \$1.4 million or 2.5%, due to the increased cost of materials coupled with infrastructure improvements required to meet the demands of economic growth.

Business-type Activities:

- Business-type activities increased the City's net position by \$5,061,252.
- The Electric Utility is the largest business-type activity with operating revenues of \$67,511,698 and total operating expenses of \$64,771,318. Of that amount, Purchased Power expense totaled \$48,184,826 which is a decrease of \$1.4 million or 2.8% from the prior year. There was a minimal increase of \$14,475 in total operating expenditures from the prior year.
- The Water and Sewer Utility ended the fiscal year with total operating revenues of \$16,082,319, operating expenses of \$12,065,977 and a change in net position of approximately \$2.3 million. A \$210 thousand increase in revenue is primarily due to increased water and sewer connections related to development as well as an automatic annual consumer price index (CPI) adjustment on rates. On the expense side, normal operations increased by \$589 thousand due to an increase in the cost of construction materials.
- The Landfill Utility Fund ended the fiscal year with a change in net position of \$1.5 million. This is an increase of \$259,289 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 \$231,614. This is a decrease of \$274,897 from the prior year and is mainly due to an increase in expenditures related to normal inflationary costs.

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. 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 June 30, 2021, the City's governmental funds reported combined ending fund balances of \$25.6 million, an increase of \$4 million from 2020. The bulk of this increase is due to an increase in both property and sales tax revenue. Approximately \$12.7 million or 49.8% of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion.

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 \$12.7 million with total fund balance at \$13.2 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Total unassigned fund balance represents 62.7% of the \$20.3 million total general fund operating expenditures.

The Education Fund is the operating fund for Alcoa City Schools. As of June 30, 2021, the fund balance is \$2.4 million which is an increase of \$1.2 million over the prior year amount of \$1,238,680. The fund balance represents 10% of the school's total budget of \$23.6 million. The key reasons for the increase can be attributed to growth in the State's Basic Education (BEP) funding and increased sales tax at the county level.

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 committed fund balance at June 30, 2021 is \$1,718,254 reported in the Debt Service Fund. This can be used in the future to pay toward debt.

The West Plant Construction Fund is used to account for funding sources and associated expenditures incurred in conjunction with infrastructure construction relating to the West Plant re-development project. The revenue in the West Plant Construction Fund is composed of Tennessee Department of Transportation grants. The restricted fund balance at June 30, 2021 is \$1,949,561 reported in the West Plant Construction Fund. This can be used in the future to pay toward expenditures incurred with the re-development project.

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

Proprietary Funds

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

As of June 30, 2021, the Stormwater Utility net position totaled \$2,806,029. The Stormwater Utility's revenues exceeded expenses and generated a change in net position of \$231,614. This is mainly due to delayed capital projects related to material shortages.

Net position for the Water and Sewer Utility as of June 30, 2021 was \$28,263,604, an increase of \$2,342,999 from 2020. The annual CPI adjustment on rates contributed to much of the increase along with growth in water and sewer connections related to residential development.

Net position of the Electric Utility as of June 30, 2021 was \$39,335,933, an increase of \$943,683. Although total operating expenses increased minimally, purchased power decreased by \$1.4 million. Residential energy sales increased by \$652,542, mainly due to the widespread "work from home" transition that was adopted during the COVID-19 pandemic.

Net position of the Landfill Utility as of June 30, 2021 was \$6,577,453, an increase of \$1,543,456 primarily due to an increase in the CPI on tipping fees per ton of refuse.

Budget Highlights

General Fund

The City passed one General Fund budget amendment on November 10, 2020 for the year ended June 30, 2021. The amendment increased revenues and expenditures by \$419,182 and \$360,395, respectively, resulting in a \$58,787 net effect. The main purpose of the amendment was to provide a cost-of-living adjustment to employees. The salary adjustment was initially put on hold until the effects of COVID-19 on revenue could be further assessed. The amendment also provided funding for the renovation of the Municipal Building lobby to mitigate the risk of COVID-19 to both employees and customers. Once City officials observed that revenue sources were performing better than expected, actions were taken to amend the FY2021 budget. Due to growth in both property and sales taxes, General Fund revenues came in over budget by approximately \$2.6 million. Expenditures were under budget by approximately \$1 million primarily due to the production slowdown caused by COVID-19 which resulted in limited availability of construction materials and delayed the purchase of several capital expenditures.

Capital Assets and Debt Administration

The City's capital assets for governmental and business type activities as of June 30, 2021 amount to \$220,441,351 (net of accumulated depreciation). Capital assets include land, buildings, infrastructure, improvements, machinery and equipment, capital lease property, and construction in progress.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,197,303	\$ 2,197,303	\$ 3,897,415	\$ 3,754,381	\$ 6,094,718	\$ 5,951,684
Buildings	64,529,907	64,529,907	87,426,857	84,819,032	151,956,764	149,348,939
Infrastructure	57,756,824	52,828,537	58,783,186	57,151,444	116,540,010	109,979,981
Improvements	16,679,022	16,184,931	29,232,935	28,905,223	45,911,957	45,090,154
Machinery and Equipment	12,180,289	11,724,202	34,994,495	34,238,279	47,174,784	45,962,481
Capital Lease Property	9,894,150	9,894,150	0	0	9,894,150	9,894,150
Construction in Progress	10,486,510	5,013,396	3,924,295	2,498,086	14,410,805	7,511,482
Total Capital Assets	173,724,005	162,372,426	218,259,183	211,366,445	391,983,188	373,738,871
Less: Accumulated Depreciation	71,202,982	66,609,692	100,338,855	93,545,868	171,541,837	160,155,560
Net Capital Assets	\$ 102,521,023	\$ 95,762,734	\$ 117,920,328	\$ 117,820,577	\$ 220,441,351	\$ 213,583,311
Net Capital Assets - Beginning	\$ 95,762,734	\$ 95,661,174	\$ 117,820,577	\$ 118,660,636	\$ 213,583,311	\$ 214,321,810
Increase/(Decrease) in Net Capital Assets	6,758,289	101,560	99,751	(840,059)	6,858,040	(738,499)
Net Capital Assets - Ending	\$ 102,521,023	\$ 95,762,734	\$ 117,920,328	\$ 117,820,577	\$ 220,441,351	\$ 213,583,311

Major capital asset events during the current fiscal year include 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).
- Completion of Pistol Creek Ph 4 Greenway Extension.
- Voltage and substation improvements and line extensions in the electric department.
- Construction in process for an additional Landfill cell.
- Continued infrastructure construction in process at the Springbrook Farm development.
- Infrastructure construction in process at the future Amazon distribution center.

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 6 – 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 debt obligations outstanding of \$187.4 million. Of this amount, \$138 million are general obligation bonds backed by the full faith and credit of the City. The estimated liability for Landfill closure and post closure costs is \$12.3 million. The remainder includes capital leases of \$6.5 million and compensated absences of \$2 million.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General Obligation/Revenue Bonds	\$ 73,260,000	\$ 70,680,000	\$ 64,810,000	\$ 59,125,000	\$ 138,070,000	\$ 129,805,000
Premium on Bonds	3,381,193	3,109,118	836,585	361,923	4,217,778	3,471,041
Capital Leases	6,500,000	6,892,544	0	0	6,500,000	6,892,544
Total Debt Payable	83,141,193	80,681,662	65,646,585	59,486,923	148,787,778	140,168,585
Compensated Absences	1,028,553	954,412	1,015,292	897,866	2,043,845	1,852,278
Pension Liability	6,871,530	6,206,919	6,631,948	5,857,965	13,503,478	12,064,884
OPEB Liability	7,821,890	7,538,953	2,918,132	2,974,524	10,740,022	10,513,477
Interest Rate Swap Liability	0	206,565	0	7,602,232	0	7,808,797
Estimated Liability for Closure/ Post-Closure Care Costs	0	0	12,293,785	11,783,170	12,293,785	11,783,170
Total Long Term Obligations	\$ 98,863,166	\$ 95,588,511	\$ 88,505,742	\$ 88,602,680	\$ 187,368,908	\$ 184,191,191

The City of Alcoa's debt payable increased by a net of \$8,619,193 during the current fiscal year due to the issuance of new debt and the refunding of old debt. In December 2020 the City issued two general obligation bonds totaling \$11 million in relation to the Water & Sewer fund. The purpose of the bond issues was twofold; one issue allowed the City to terminate debt with a synthetic interest rate and the second issue, involving a refunding bond, improved the existing debt structure in the Water & Sewer fund. A second general obligation refunding bond of \$3.95 million was issued in March 2020 which provided the City with \$347 thousand in savings due to lower interest rates. Since the purpose of the original issue was to meet minimum pension funding requirements, the savings benefited the General Fund, Water & Sewer, Electric, and Landfill. The City issued two other general obligation bonds in March 2020 that provided a total of \$11 million in new money, the proceeds of which were split between the General Fund, Water & Sewer and the Landfill. The General Fund will utilize the proceeds to construct the infrastructure required to meet the demands of the new Amazon distribution center currently under construction. The portion of the proceeds allocated to Water & Sewer will be used to fund improvements at the Regional Wastewater Treatment Plant and the Landfill will execute the construction of a new class I solid waste cell.

Principal pay downs were \$7.5 million on bonds and \$392,544 on capital leases. Liabilities for closure/post-closure increased \$510,615 based on state formula guidelines and compensated absences increased \$191,567 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 7 – Debt and 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 hotel/motel, various related alcohol, general business, 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 steadily 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 and a recent property tax rate increase have led to an increase in property tax collected of 68%. 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 proprietary funds. More residential and commercial development should equate to an increase in water, sewer, and electric sales. However, both electric and water sales growth projections have been tempered by a continuing trend of reduced consumption per customer. This is a result of both conservation efforts and vast improvements in the efficiency of residential and commercial fixtures, appliances, and equipment. The impact of this has affected the water and sewer utilities more so than electric due to their smaller size in terms of customers and overall revenue. The major investment in capital assets required by water production, distribution, and wastewater treatment, coupled with mandated staffing levels of licensed personnel to operate the facilities create a heavy burden of fixed costs. In other words, these fixed costs must be covered by water and sewer sales regardless of the volumes sold. The City of Alcoa continuously monitors its water and sewer operations to ensure that rates and resulting revenues are sufficient to adequately provide for system operations yet remain at competitive levels 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.

The City of Alcoa's population has grown steadily over the past four decennial censuses from 6,400 in 1990 to 10,834 in 2020 which represents an annual growth rate of 1.8%. This correlates with the growth in single-family and multifamily residential development mentioned above. Although population growth generally translates into additional property and sales taxes, there is also a cost to provide services to those new populations. When the existing capacity of service, from garbage collection service to having enough classrooms is reached, the cost of added capacity can have a significant impact on the City's budget. So far, the City's growth has not reached the threshold requiring significant expansion of general governmental services; however, classroom capacity has been reached at the Alcoa Intermediate School. In October 2021 construction began on a major addition that will include classrooms 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 of those taxes. Alcoa is a commercial center that surrounds the Knoxville Metropolitan Airport and borders the City of Knoxville and Knox County, thereby making it a convenient destination for customers from all over the metropolitan area.

However, a recent change in the distribution of tax collected by the State from out of state retailers in October 2019 has had an impact on Alcoa's sales tax revenue. Before the change, 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. Under this distribution method, Alcoa's share of internet sales tax revenues had grown significantly as state-wide internet purchases grew. For example, in December 2017, 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. The change implemented in October 2019 by the Tennessee Department of Revenue required all out of state retailers conducting more than \$500 million in annual sales within the state to begin reporting sales tax on a situs basis. The State would then distribute the actual sales tax collected to the city or county having direct jurisdiction over the physical address of the purchaser. Compliance with this new ruling by major internet retailers occurred rapidly but has continued to be a gradual process for new or smaller retailers. By December 2019, Alcoa's allocated internet sales tax had dropped to \$113,980 and has further declined to a mere \$8,254 in June 2021. The City projected a fairly rapid decline in the allocation of out of state sales tax and the resulting revenue estimate was reflected in the FY2021 budget. As FY2021 progressed, actual monthly sales tax was better than expected with a cumulative total at June 30th coming in at 4.4% over 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. For example, the Board recently announced that Arconic will be investing \$100 million to expand their operations which will create 200 new jobs.

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 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 is being depleted and available land for future development is limited. Additionally, a 269-unit non-subsidized apartment complex was opened in 2016. 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. A new mixed-use development containing 192 units is currently under construction and expected to be completed sometime in 2022. Two additional developments are currently in the review process and will result in 498 units as well as future retail space in the Topside Road area.

However, the positive growth in appraised values resulting from new construction has somewhat been offset by the ongoing demolition of the former 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 the massive buildings roughly three years ago. Fortunately, major capital additions at Alcoa Inc. North Plant related to modernizing and converting production capacity for the growing automotive aluminum market have largely offset the loss of the South Plant. Despite positive growth trends in population, jobs, sales and property tax experienced over the past several years, the City recognizes there is more that can be accomplished to aid in creating an increased level of economic stability 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.

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 structures occurred shortly thereafter and discussions as to the property's reuse continued until 2008 when Alcoa Inc. began a search for qualified firms with the experience and capacity to successfully complete a redevelopment project of this size. In 2009, Alcoa Inc. (now Arconic) entered a re-development 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. In FY 2021 construction was completed on a national brand hotel while construction began on a new supermarket and a 300-unit upscale apartment complex. Construction of a major restaurant is expected to begin within the next few months. Company Distilling, Tennessee's newest distillery, is set to open in 2022, will serve as its primary distillery and will include a tasting room, restaurant, brewery, and retail store.

Two major economic development agreements were announced in 2021. In February, a development agreement was executed for the construction of a regional distribution center for Amazon. This agreement will result in a 650,000 square foot facility providing up to 1,000 new employment opportunities in Blount County. Amazon's investment in the facility is estimated to be over \$200 million. The second major development was announced in September 2021 when Smith & Wesson revealed their plans to relocate from Springfield, Massachusetts to Blount County. Smith & Wesson's estimated investment is \$125 million and will result in 270 new jobs in Blount County.

Many of these factors were considered in preparing the City of Alcoa's budget for the 2021 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 time 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

BASIC FINANCIAL STATEMENTS

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 28,619,002	\$ 40,986,163	\$ 69,605,165
Receivables			
Taxes, Net	14,746,581	0	14,746,581
Accounts, Net	1,690,609	6,023,818	7,714,427
Accrued Interest	169	52,118	52,287
Note Receivable	3,500,000	0	3,500,000
Internal Balances	(115,590)	115,590	0
Due from Other Governments	2,385,773	0	2,385,773
Inventories	2,378	2,621,242	2,623,620
Prepaid Items/ Clearing Accounts/ Other Assets	9,890	3,642,264	3,652,154
Energy Service Loans Receivable	0	354,768	354,768
Other Receivables	0	166,012	166,012
Net Pension Asset	2,368,922	0	2,368,922
TCRS Stabilization Trust	86,304	0	86,304
Regulatory Asset - Debt Issuance Costs	0	263,866	263,866
Capital Assets			
Nondepreciable	12,683,813	7,821,710	20,505,523
Depreciable, Net of Accumulated Depreciation	89,837,210	110,098,618	199,935,828
Total Capital Assets, Net of Depreciation	102,521,023	117,920,328	220,441,351
Total Assets	155,815,061	172,146,169	327,961,230
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Bond Refunding Costs	66,319	4,984,000	5,050,319
Deferred Pension Outflows	5,221,830	2,764,463	7,986,293
Deferred Other-Postemployment Benefits Outflows	1,592,826	303,588	1,896,414
Total Deferred Outflows of Resources	6,880,975	8,052,051	14,933,026

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION (Continued)
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Accounts Payable	2,992,778	10,487,433	13,480,211
Accrued Payroll	513,728	473,957	987,685
Other Liabilities	1,344,711	494,058	1,838,769
Customer Deposits	0	2,617,565	2,617,565
Advances from TVA for Energy Service Loans	0	379,939	379,939
Long-Term Liabilities			
Due Within One Year	5,431,588	4,754,736	10,186,324
Due in More Than One Year			
Long-Term Debt	72,548,158	61,907,141	134,455,299
Capital Lease Obligations	6,190,000	0	6,190,000
Landfill Closure/Post Closure Costs	0	12,293,785	12,293,785
Net Pension Liability	6,871,530	6,631,948	13,503,478
Other Post-Employment Benefit Liability	7,821,890	2,918,132	10,740,022
Total Liabilities	<u>103,714,383</u>	<u>102,958,694</u>	<u>206,673,077</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	13,381,452	0	13,381,452
Deferred Pension Inflows	1,308,381	119,031	1,427,412
Deferred Other-Postemployment Benefits Inflows	1,811,653	120,809	1,932,462
Deferred Bond Refunding Costs	0	16,667	16,667
Total Deferred Inflows of Resources	<u>16,501,486</u>	<u>256,507</u>	<u>16,757,993</u>
NET POSITION			
Net Investment in Capital Assets	29,558,104	62,693,646	92,251,750
Restricted for			
Special Revenue			
State Street Aid	396,738	0	396,738
Drug Enforcement	84,300	0	84,300
Education	86,304	0	86,304
Federal Projects	1,392	0	1,392
Vehicle Enforcement	6,535	0	6,535
Capital Projects	2,836,306	0	2,836,306
Pensions	2,368,922	0	2,368,922
Unrestricted Position	7,141,566	14,289,373	21,430,939
Total Net Position	<u>\$ 42,480,167</u>	<u>\$ 76,983,019</u>	<u>\$ 119,463,186</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 10,081,024	\$ 8,488,621	\$ 564,845	\$ 0	\$ (1,027,558)	\$ 0	\$ (1,027,558)
Public Safety	11,141,433	483,281	292,112	0	(10,366,040)	0	(10,366,040)
Public Works	6,552,288	448,130	1,205,903	4,838,848	(59,407)	0	(59,407)
Economic Development	2,418,114	0	0	0	(2,418,114)	0	(2,418,114)
Education	27,031,042	1,441,982	13,624,569	0	(11,964,491)	0	(11,964,491)
Debt Service:							
Interest on Long-Term Debt	1,518,981	0	0	0	(1,518,981)	0	(1,518,981)
Total Governmental Activities	58,742,882	10,862,014	15,687,429	4,838,848	(27,354,591)	0	(27,354,591)
Business-Type Activities							
Stormwater Utility	1,227,614	1,321,071	90	0	0	93,547	93,547
Water and Sewer Utility	13,543,710	16,117,965	2,145	154,724	0	2,731,124	2,731,124
Electric	65,654,344	67,515,827	0	0	0	1,861,483	1,861,483
Landfill	4,313,083	5,851,247	5,000	0	0	1,543,164	1,543,164
Total Business-Type Activities	84,738,751	90,806,110	7,235	154,724	0	6,229,318	6,229,318
Total Government	\$ 143,481,633	\$ 101,668,124	\$ 15,694,664	\$ 4,993,572	(27,354,591)	6,229,318	(21,125,273)
General Revenues:							
Sales Tax and Other State Taxes					17,146,232	0	17,146,232
State Income Taxes and Excise Taxes					96,485	0	96,485
Property Taxes					18,962,159	0	18,962,159
Business Taxes					984,525	0	984,525
Miscellaneous Taxes					643,199	0	643,199
In-Lieu-of Taxes					1,127,309	0	1,127,309
Interest Income					36,234	28,693	64,927
Transfers - In-Lieu-of-tax payments					1,334,255	(1,334,255)	0
Transfers - Contributions of Capital Assets					(137,496)	137,496	0
Total General Revenues and Transfers					40,192,902	(1,168,066)	39,024,836
Change in Net Position					12,838,311	5,061,252	17,899,563
Net Position - Beginning, As Previously Reported					28,946,965	71,921,767	100,868,732
Restatement - See Note 18					694,891	0	694,891
Adjusted Net Position - Beginning					29,641,856	71,921,767	101,563,623
Net Position - Ending					\$ 42,480,167	\$ 76,983,019	\$ 119,463,186

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General	Education	Debt Service	West Plant Construction	Non-Major Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 11,959,017	\$ 2,480,724	\$ 1,857,746	\$ 2,336,868	\$ 5,921,186	\$ 24,555,541
Receivables:						
Sales Taxes	0	1,179	0	0	0	1,179
Property Taxes	13,830,299	785,576	0	0	0	14,615,875
Less: Allowance for Uncollectible Taxes	(51,852)	0	0	0	0	(51,852)
Accounts	185,978	139,915	0	974,410	571,853	1,872,156
Prepaid Expenditures	0	9,890	0	0	0	9,890
Inventories	0	0	0	0	2,378	2,378
TCRS Stabilization Trust	0	86,304	0	0	0	86,304
Due from Other Governments	2,282,689	0	0	0	103,084	2,385,773
Due from Other Funds	23,902	0	0	0	0	23,902
Total Assets	\$ 28,230,033	\$ 3,503,588	\$ 1,857,746	\$ 3,311,278	\$ 6,598,501	\$ 43,501,146
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 850,582	\$ 405,182	\$ 0	\$ 1,361,717	\$ 336,433	\$ 2,953,914
Due to Other Funds	0	0	139,492	0	0	139,492
Accrued Expenses	750,116	0	0	0	0	750,116
Due to State of Tennessee	0	667,008	0	0	0	667,008
Unearned Revenue	1,897	0	0	0	0	1,897
Other Liabilities	0	0	0	0	4,587	4,587
Total Liabilities	1,602,595	1,072,190	139,492	1,361,717	341,020	4,517,014
Deferred Inflows of Resources						
Deferred Revenue - Property Taxes	13,381,452	0	0	0	0	13,381,452
Total Deferred Inflows of Resources	13,381,452	0	0	0	0	13,381,452
Fund Balances						
Nonspendable	0	9,890	0	0	2,378	12,268
Restricted	0	86,304	0	1,949,561	1,445,211	3,481,076
Committed	500,000	2,335,204	1,718,254	0	3,632,269	8,185,727
Assigned	0	0	0	0	1,177,623	1,177,623
Unassigned	12,745,986	0	0	0	0	12,745,986
Total Fund Balances	13,245,986	2,431,398	1,718,254	1,949,561	6,257,481	25,602,680
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,230,033	\$ 3,503,588	\$ 1,857,746	\$ 3,311,278	\$ 6,598,501	\$ 43,501,146

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Ending Fund Balance - Governmental Funds	\$	25,602,680
Note Receivables recorded in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		3,500,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital Assets	\$ 173,724,005	
Less: Accumulated Depreciation	<u>(71,202,982)</u>	102,521,023
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Long-Term Debt	(73,260,000)	
Unamortized Bond Premium	(3,381,193)	
Capital Lease Obligations	(6,500,000)	
Compensated Absences	<u>(792,186)</u>	(83,933,379)
Internal service funds are used by management to charge certain costs (e.g., certain employee benefits, insurance, maintenance, and use of equipment) to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		3,353,400
Net pension assets and liabilities of the City's pension plans are not current financial resources and, therefore, are not reported in the governmental funds.		(4,502,608)
Other post-employment benefits liabilities are not current financial resources and, therefore, are not reported in the governmental funds.		(7,821,890)
Amounts reported as deferred outflows of unamortized amounts on refundings, deferred outflows related to other post-employment benefits, and deferred outflows related to pensions increase the amount of net position reported in the statement of net position, but are not reported as assets in the funds. Similarly, deferred inflows related to pensions and other postemployment benefits decrease the amount of net position reported in the statement of net position, but are not reported as liabilities in the funds.		
Deferred Outflows of Resources Related to Deferred Bond Refunding Costs	66,319	
Deferred Outflows of Resources Related to Pensions	5,221,830	
Deferred Outflows of Resources Related to Other Post-employment Benefits	1,592,826	
Deferred Inflows of Resources Related to Pensions	(1,308,381)	
Deferred Inflows of Resources Related to Other Post-employment Benefits	<u>(1,811,653)</u>	<u>3,760,941</u>
Net Position of Governmental Activities	\$	<u><u>42,480,167</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

	General Fund	Education Fund	Debt Service Fund	West Plant Construction	Non-Major Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Property Taxes	\$ 10,348,359	\$ 8,613,800	\$ 0	\$ 0	\$ 0	\$ 18,962,159
Local Option Sales Taxes	10,910,635	3,984,880	0	0	0	14,895,515
Other Taxes	3,137,033	56,279	0	0	305,765	3,499,077
Licenses, Permits and Fees	842,527	380,650	0	0	0	1,223,177
Intergovernmental:						
Unrestricted						
State Taxes	1,486,903	116,255	0	0	0	1,603,158
Restricted:						
Federal Grants	223,670	729,331	0	3,644,511	3,138,807	7,736,319
State Grants	432,580	0	0	0	0	432,580
U.S.D.A Reimbursements	0	0	0	0	779,277	779,277
Other State Revenues	62,400	9,887,972	0	0	492,201	10,442,573
Other Local Revenues	0	181,953	0	0	0	181,953
Charges for Services	768,215	0	0	0	252,760	1,020,975
Fines, Forfeitures and Costs	354,221	0	0	0	17,586	371,807
Property Rental	141,003	0	0	0	0	141,003
Interest Income	7,491	14,562	9,273	368	2,314	34,008
Internal School Fund Revenue	0	0	0	0	924,001	924,001
Miscellaneous Income	582,003	8,899	0	0	80,044	670,946
Total Revenues	<u>29,297,040</u>	<u>23,974,581</u>	<u>9,273</u>	<u>3,644,879</u>	<u>5,992,755</u>	<u>62,918,528</u>
Expenditures:						
Current:						
General Government	2,689,794	0	0	0	0	2,689,794
Public Safety	10,405,662	0	0	0	0	10,405,662
Public Works	4,658,603	0	0	0	531,927	5,190,530
Contributions to Other Agencies	2,418,114	0	0	0	0	2,418,114
Education	0	22,781,863	0	0	3,762,584	26,544,447
Capital Outlay/Capital Assets	140,832	0	0	7,766,487	2,540,007	10,447,326
Debt Service:						
Industrial Revenue Note Disbursement	0	0	0	0	3,500,000	3,500,000
Principal Retirement	0	0	3,435,000	0	0	3,435,000
Interest and Fiscal Fees	0	0	1,997,966	0	0	1,997,966
Bond Issuance Costs	0	0	53,672	0	121,440	175,112
Total Expenditures	<u>20,313,005</u>	<u>22,781,863</u>	<u>5,486,638</u>	<u>7,766,487</u>	<u>10,455,958</u>	<u>66,803,951</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>8,984,035</u>	<u>1,192,718</u>	<u>(5,477,365)</u>	<u>(4,121,608)</u>	<u>(4,463,203)</u>	<u>(3,885,423)</u>
Other Financing Sources (Uses):						
Transfers to Other Funds	(5,826,500)	0	0	(550,000)	0	(6,376,500)
Transfer from Other Funds	0	0	5,605,000	0	771,500	6,376,500
Transfer from Business-Type						
Activities In-Lieu of Tax	1,334,255	0	0	0	0	1,334,255
Refunding Bond Issues	0	0	3,950,000	0	0	3,950,000
Bond Issues	0	0	0	0	6,305,000	6,305,000
Premium on Bonds	0	0	0	0	396,440	396,440
Payoff to Refunded Bond Escrow Agent	0	0	(3,940,958)	0	0	(3,940,958)
Gain/Loss on Termination of Derivative	0	0	(66,547)	0	0	(66,547)
Total Other Financing Sources (Uses)	<u>(4,492,245)</u>	<u>0</u>	<u>5,547,495</u>	<u>(550,000)</u>	<u>7,472,940</u>	<u>7,978,190</u>
Net Change in Fund Balances	<u>4,491,790</u>	<u>1,192,718</u>	<u>70,130</u>	<u>(4,671,608)</u>	<u>3,009,737</u>	<u>4,092,767</u>
Fund Balances, July 1st	8,754,196	1,238,680	1,648,124	6,621,169	2,552,853	20,815,022
Restatement - See Note 18	0	0	0	0	694,891	694,891
Adjusted Fund Balance - Beginning	8,754,196	1,238,680	1,648,124	6,621,169	3,247,744	21,509,913
Fund Balances, June 30th	<u>\$ 13,245,986</u>	<u>\$ 2,431,398</u>	<u>\$ 1,718,254</u>	<u>\$ 1,949,561</u>	<u>\$ 6,257,481</u>	<u>\$ 25,602,680</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Net Change in Fund Balances – Total Governmental Funds	\$	4,092,767
<p>Governmental funds report note receivable disbursements as expenditures and the subsequent receipts as revenues. However, on the Statement of Net Position the disbursements (\$3,500,000) are recognized as a receivable, and the subsequent receipts (\$0) reduce the receivable.</p>		
		3,500,000
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital Assets Purchased	\$ 11,618,734	
Capital Assets Transferred	(137,496)	
Depreciation Expense	<u>(4,722,949)</u>	6,758,289
Net Change in Capital Assets		
<p>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.</p>		
Add: Principal Payments on Debt	3,800,000	
Add: Debt Refunding	3,875,000	
Add: Payment of Capital Leases	392,544	
Less Debt Proceeds	<u>(10,651,440)</u>	(2,583,896)
<p>Expenses reported in the statement of activities include amortization of the deferred amount on debt refunding (\$2,763). In addition, the amortization of bond premium results in reduction of expenses (\$124,365). These amounts do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		121,602
<p>Internal service funds are used by management to charge certain costs (e.g., certain employee benefits, insurance, maintenance, and use or equipment) to individual funds. The net revenue (expense) amounts of the internal service funds are reported with governmental activities.</p>		
		368,641
<p>Certain assets, liabilities, deferred inflows, and deferred outflows accounted for using the economic resources focus and the accrual basis of accounting are reported in the Statement of Net Position but are not reported in the fund financial statements, which include only items that are accounted for using current financial resources measurement and modified accrual basis of accounting. These amounts do not provide or require the use of current financial resources and, therefore, are not reflected in the revenues and expenditures of governmental funds.</p>		
Change in Assets and Deferred Outflows of Resources		
Net Pension Asset	(661,726)	
Deferred Pension Outflows	370,437	
Deferred Other-Postemployment Benefits Outflows	222,361	
Accumulated Change in Fair Value of Interest Rate Swaps	<u>(206,565)</u>	(275,493)
Change in Liabilities and Deferred Inflows of Resources		
Interest Rate Swap Liability	206,565	
Net Pension Liability	(664,611)	
Other Post-Employment Benefit Liability	(282,937)	
Compensated Absences	(37,194)	
Deferred Pension Inflows	1,737,592	
Deferred Other Post-Employment Benefits Inflows	<u>(103,014)</u>	856,401
Change in Net Position of Governmental Activities	\$	<u><u>12,838,311</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property Taxes	\$ 9,430,200	\$ 9,430,200	\$ 10,348,359	\$ 918,159
Local Option Sales Taxes	10,447,235	10,447,235	10,910,635	463,400
Other Taxes	3,022,690	3,022,690	3,137,033	114,343
Licenses, Permits and Fees	102,000	102,000	842,527	740,527
Fines, Forfeitures and Costs	353,000	353,000	354,221	1,221
Intergovernmental:				
Unrestricted:				
State Taxes	1,352,855	1,352,855	1,486,903	134,048
Restricted:				
Federal Grants	221,070	221,070	223,670	2,600
State Grants	20,000	439,182	432,580	(6,602)
Other State Revenues	62,400	62,400	62,400	0
Interest Income	20,000	20,000	7,491	(12,509)
Public Works, Labor, and Material	431,100	431,100	436,428	5,328
Miscellaneous	130,000	130,000	135,203	5,203
Property Rental	153,780	153,780	141,003	(12,777)
Department Services	408,600	408,600	296,223	(112,377)
Fees Development	29,500	29,500	35,564	6,064
Insurance Refunds	20,000	20,000	101,847	81,847
Sale of Property/Equipment	25,000	25,000	59,481	34,481
Private Grants	0	0	2,414	2,414
TML Grants	0	0	7,530	7,530
City Development Proceeds	0	0	179,310	179,310
Contributions and Donations - Business	96,200	96,200	96,218	18
Total Revenues	<u>26,325,630</u>	<u>26,744,812</u>	<u>29,297,040</u>	<u>2,552,228</u>
Expenditures:				
General Government	2,763,220	2,833,524	2,689,794	143,730
Public Works	4,951,360	5,029,734	4,658,603	371,131
Public Safety	10,682,615	10,785,988	10,405,662	380,326
Contributions to Other Agencies	2,440,095	2,418,439	2,418,114	325
Capital Outlay	130,000	260,000	140,832	119,168
Total Expenditures	<u>20,967,290</u>	<u>21,327,685</u>	<u>20,313,005</u>	<u>1,014,680</u>
Net Change in Fund Balance Before				
Other Financing Sources (Uses)	<u>5,358,340</u>	<u>5,417,127</u>	<u>8,984,035</u>	<u>3,566,908</u>
Other Financing Sources (Uses)				
Operating Transfers In (Out):				
Payments in Lieu of Taxes - Business-Type Activities	1,694,225	1,694,225	1,334,255	(359,970)
Debt Service Fund	(5,605,000)	(5,605,000)	(5,605,000)	0
Capital Projects	(221,500)	(221,500)	(221,500)	0
Total Other Financing Sources (Uses)	<u>(4,132,275)</u>	<u>(4,132,275)</u>	<u>(4,492,245)</u>	<u>(359,970)</u>
Net Change in Fund Balance	1,226,065	1,284,852	4,491,790	3,206,938
Fund Balance, July 1st	<u>8,754,196</u>	<u>8,754,196</u>	<u>8,754,196</u>	<u>0</u>
Fund Balance, June 30th	<u>\$ 9,980,261</u>	<u>\$ 10,039,048</u>	<u>\$ 13,245,986</u>	<u>\$ 3,206,938</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
EDUCATION FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2021

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property Taxes	\$ 8,520,000	\$ 8,695,000	\$ 8,613,800	\$ (81,200)
Local Option Sales Taxes	3,060,000	3,760,000	3,984,880	224,880
Other Taxes	36,000	36,000	56,279	20,279
Licenses, Permits and Fees	386,900	316,900	380,650	63,750
Intergovernmental:				
Unrestricted:				
State Taxes	91,000	91,000	116,255	25,255
Restricted:				
Federal Grants	695,000	720,000	729,331	9,331
Other State Revenues	9,819,700	9,819,700	9,887,972	68,272
Other Local Revenues	52,400	172,400	181,953	9,553
Miscellaneous Income	0	0	8,899	8,899
Interest Income	0	0	14,562	14,562
Total Revenues	<u>22,661,000</u>	<u>23,611,000</u>	<u>23,974,581</u>	<u>363,581</u>
Expenditures				
Instruction Elementary/Secondary	11,923,384	12,223,384	11,882,876	340,508
Special Education Program	1,686,058	1,686,058	1,630,410	55,648
Vocational Education	452,239	534,239	531,994	2,245
Health Services	291,277	341,277	332,536	8,741
Other Student Support	818,701	818,701	790,851	27,850
Instruction Regular	570,966	590,966	563,071	27,895
Technology	672,385	682,385	629,169	53,216
Board of Education	354,874	412,874	354,745	58,129
Office of the Director	184,856	184,856	170,591	14,265
Office of Principals	1,596,082	1,596,082	1,558,414	37,668
Fiscal Services	192,163	192,163	144,739	47,424
Human Services	192,776	195,776	191,674	4,102
Operation of Plant	1,735,025	1,738,025	1,714,009	24,016
Maintenance of Plant	821,625	868,125	779,788	88,337
Transportation	371,571	394,071	430,349	(36,278)
Food Services	675,650	780,650	733,541	47,109
Family Resource Center	95,239	95,239	90,811	4,428
Lottery Pre-K	256,129	256,129	245,818	10,311
Capital Outlay	20,000	20,000	6,477	13,523
Total Expenditures	<u>22,911,000</u>	<u>23,611,000</u>	<u>22,781,863</u>	<u>829,137</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(250,000)</u>	<u>0</u>	<u>1,192,718</u>	<u>1,192,718</u>
Other Financing Sources (Uses)				
Transfer from General Fund	<u>170,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses) Total	<u>170,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	<u>(80,000)</u>	<u>0</u>	<u>1,192,718</u>	<u>1,192,718</u>
Fund Balance, July 1st	<u>1,238,680</u>	<u>1,238,680</u>	<u>1,238,680</u>	<u>0</u>
Fund Balance, June 30th	<u>\$ 1,158,680</u>	<u>\$ 1,238,680</u>	<u>\$ 2,431,398</u>	<u>\$ 1,192,718</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-Type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Major Funds					
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 751,106	\$ 14,209,726	\$ 8,205,993	\$ 5,609,264	\$ 28,776,089	\$ 4,063,461
Accounts Receivable, Net	220,685	2,704,286	2,708,889	389,958	6,023,818	0
Materials and Supplies	0	1,140,458	1,480,784	0	2,621,242	0
Other Current Assets	0	52,118	0	0	52,118	0
Due From Other Funds	0	78,783	138,176	1,316	218,275	0
Prepaid TVA Power Invoice Program	0	0	3,642,264	0	3,642,264	0
Total Current Assets	<u>971,791</u>	<u>18,185,371</u>	<u>16,176,106</u>	<u>6,000,538</u>	<u>41,333,806</u>	<u>4,063,461</u>
Noncurrent Assets						
Capital Assets						
Land and Easements	0	1,194,236	1,260,996	1,442,183	3,897,415	0
Construction in Progress	0	814,415	2,903,074	206,806	3,924,295	0
Structures, Improvements and Equipment	2,910,422	96,257,583	96,214,515	15,054,953	210,437,473	0
	<u>2,910,422</u>	<u>98,266,234</u>	<u>100,378,585</u>	<u>16,703,942</u>	<u>218,259,183</u>	<u>0</u>
Less: Accumulated Depreciation	(823,272)	(39,198,336)	(47,713,979)	(12,603,268)	(100,338,855)	0
Net Capital Assets	<u>2,087,150</u>	<u>59,067,898</u>	<u>52,664,606</u>	<u>4,100,674</u>	<u>117,920,328</u>	<u>0</u>
Other Noncurrent Assets						
Cash Held for Long-Term Purposes	0	0	0	12,210,074	12,210,074	0
Other Receivables	0	0	166,012	0	166,012	0
Receivables from Customers for Conservation Loans	0	0	354,768	0	354,768	0
Regulatory Asset - Debt Issuance Costs	0	0	263,866	0	263,866	0
Total Other Noncurrent Assets	<u>0</u>	<u>0</u>	<u>784,646</u>	<u>12,210,074</u>	<u>12,994,720</u>	<u>0</u>
Total Noncurrent Assets	<u>2,087,150</u>	<u>59,067,898</u>	<u>53,449,252</u>	<u>16,310,748</u>	<u>130,915,048</u>	<u>0</u>
Total Assets	<u>3,058,941</u>	<u>77,253,269</u>	<u>69,625,358</u>	<u>22,311,286</u>	<u>172,248,854</u>	<u>4,063,461</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Pension Outflows	144,000	843,441	1,456,219	320,803	2,764,463	0
Deferred Other Post Employment Benefits Outflows	18,376	69,973	167,595	47,644	303,588	0
Deferred Bond Refunding Costs	0	4,984,000	0	0	4,984,000	0
Total Deferred Outflows of Resources	<u>162,376</u>	<u>5,897,414</u>	<u>1,623,814</u>	<u>368,447</u>	<u>8,052,051</u>	<u>0</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
June 30, 2021

	Business-Type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Major Funds					
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	
LIABILITIES						
Current Liabilities						
Accounts Payable	34,610	873,817	9,448,195	130,811	10,487,433	38,864
Due to Other Funds	0	0	102,685	0	102,685	0
Medical Claims Payable	0	0	0	0	0	671,197
Customer Deposits	0	0	2,617,565	0	2,617,565	0
Other Accrued Liabilities	27,036	146,884	308,214	55,185	537,319	0
Current Portion of Long-Term Debt	0	1,929,444	1,035,000	775,000	3,739,444	0
Compensated Absences	39,546	312,804	528,660	134,282	1,015,292	0
Total Current Liabilities	101,192	3,262,949	14,040,319	1,095,278	18,499,738	710,061
Noncurrent Liabilities						
Long-Term Debt	0	49,042,141	11,265,000	1,600,000	61,907,141	0
Estimated Liability for Landfill Closure and Postclosure Care Costs	0	0	0	12,293,785	12,293,785	0
Unearned Credits	0	0	430,696	0	430,696	0
Conservation -TVA	0	0	379,939	0	379,939	0
Net Pension Liability	122,664	1,842,984	4,063,234	603,066	6,631,948	0
Other Post-Employment Benefit Liability	176,633	672,588	1,610,948	457,963	2,918,132	0
Total Noncurrent Liabilities	299,297	51,557,713	17,749,817	14,954,814	84,561,641	0
Total Liabilities	400,489	54,820,662	31,790,136	16,050,092	103,061,379	710,061
DEFERRED INFLOWS OF RESOURCES						
Deferred Pension Inflows	7,486	38,572	56,411	16,562	119,031	0
Deferred Other Post Employment Benefits Inflows	7,313	27,845	66,692	18,959	120,809	0
Deferred Bond Refunding Costs	0	0	0	16,667	16,667	0
Total Deferred Inflows of Resources	14,799	66,417	123,103	52,188	256,507	0
NET POSITION						
Net Investment in Capital Assets	2,807,150	16,320,313	40,298,746	3,267,437	62,693,646	0
Unrestricted	(1,121)	11,943,291	(962,813)	3,310,016	14,289,373	3,353,400
Total Net Position	\$ 2,806,029	\$ 28,263,604	\$ 39,335,933	\$ 6,577,453	\$ 76,983,019	\$ 3,353,400

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2021

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Major Funds					
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	
OPERATING REVENUES						
Charges for Services	\$ 1,315,880	\$ 15,393,998	\$ 65,566,772	\$ 5,674,345	\$ 87,950,995	\$ 6,384,352
Rents and Other Services	0	514,939	1,528,141	0	2,043,080	0
Miscellaneous	0	173,382	416,785	0	590,167	0
Total Operating Revenues	<u>1,315,880</u>	<u>16,082,319</u>	<u>67,511,698</u>	<u>5,674,345</u>	<u>90,584,242</u>	<u>6,384,352</u>
OPERATING EXPENSES						
Medical Claims Paid	0	0	0	0	0	4,037,942
Insurance Premiums/Administration	0	0	0	0	0	1,979,995
Purchased Power	0	0	48,184,826	0	48,184,826	0
Administrative and General	416,631	1,063,845	3,861,462	586,693	5,928,631	0
Accounting and Collections	0	1,084,624	0	0	1,084,624	0
Supervision	0	587,059	0	0	587,059	0
Water Treatment Plant	0	1,680,429	0	0	1,680,429	0
Distribution and Transmission	0	817,445	2,393,939	0	3,211,384	0
Meter Readings and Repairs	0	383,628	0	0	383,628	0
Water Maintenance	0	330,815	0	0	330,815	0
Sewage Collection/Disposal/Pumping	0	3,108,341	0	0	3,108,341	0
Customer Accounts, Services and Sales	0	0	1,855,748	0	1,855,748	0
Stormwater Operations	716,760	0	0	0	716,760	0
Landfill Operations	0	0	0	2,199,061	2,199,061	0
Environmental Compliance	0	98,640	0	725,869	824,509	0
Depreciation	94,223	2,911,151	3,239,604	704,530	6,949,508	0
Electric Maintenance	0	0	5,235,739	0	5,235,739	0
Total Operating Expenses	<u>1,227,614</u>	<u>12,065,977</u>	<u>64,771,318</u>	<u>4,216,153</u>	<u>82,281,062</u>	<u>6,017,937</u>
OPERATING INCOME	<u>88,266</u>	<u>4,016,342</u>	<u>2,740,380</u>	<u>1,458,192</u>	<u>8,303,180</u>	<u>366,415</u>
NONOPERATING REVENUES (EXPENSES)						
Other Income (Expense)	5,281	37,791	4,129	123,974	171,175	0
Debt Issuance Costs	0	(263,559)	0	(20,311)	(283,870)	0
Amortization Expense	0	(182,304)	(26,387)	0	(208,691)	0
Interest Expense	0	(1,031,870)	(108,469)	(18,691)	(1,159,030)	0
Interest Income	571	11,375	16,455	292	28,693	2,226
Total Non-Operating Revenues (Expenses)	<u>5,852</u>	<u>(1,428,567)</u>	<u>(114,272)</u>	<u>85,264</u>	<u>(1,451,723)</u>	<u>2,226</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	<u>94,118</u>	<u>2,587,775</u>	<u>2,626,108</u>	<u>1,543,456</u>	<u>6,851,457</u>	<u>368,641</u>
CONTRIBUTIONS AND TRANSFERS						
Transfers of Capital Assets	137,496	0	0	0	137,496	0
Capital Contributions	0	154,724	0	0	154,724	0
Payments to County	0	0	(748,170)	0	(748,170)	0
Payments in Lieu of Taxes	0	(400,000)	(934,255)	0	(1,334,255)	0
Total Contributions and Transfers	<u>137,496</u>	<u>(245,276)</u>	<u>(1,682,425)</u>	<u>0</u>	<u>(1,790,205)</u>	<u>0</u>
CHANGE IN NET POSITION	<u>231,614</u>	<u>2,342,499</u>	<u>943,683</u>	<u>1,543,456</u>	<u>5,061,252</u>	<u>368,641</u>
NET POSITION, July 1st	<u>2,574,415</u>	<u>25,921,105</u>	<u>38,392,250</u>	<u>5,033,997</u>	<u>71,921,767</u>	<u>2,984,759</u>
NET POSITION, June 30th	<u>\$ 2,806,029</u>	<u>\$ 28,263,604</u>	<u>\$ 39,335,933</u>	<u>\$ 6,577,453</u>	<u>\$ 76,983,019</u>	<u>\$ 3,353,400</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Major Funds					
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers/Employees' Insurance	\$ 1,205,551	\$ 14,729,527	\$ 68,803,543	\$ 5,671,644	\$ 90,410,265	\$ 6,384,352
Cash Payments to Suppliers for Goods and Services/ Medical Claims	(567,648)	(4,203,002)	(53,983,399)	(1,256,196)	(60,010,245)	(6,054,177)
Cash Payments to Employees for Services	(539,650)	(4,261,666)	(6,111,417)	(1,693,170)	(12,605,903)	0
Net Cash Flows Provided By (Used In) Operating Activities	<u>98,253</u>	<u>6,264,859</u>	<u>8,708,727</u>	<u>2,722,278</u>	<u>17,794,117</u>	<u>330,175</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers Out - In Lieu of Taxes	0	(400,000)	(934,255)	0	(1,334,255)	0
Payments to County	0	0	(748,170)	0	(748,170)	0
Net Cash Provided By (Used In) Non Capital Financing Activities	<u>0</u>	<u>(400,000)</u>	<u>(1,682,425)</u>	<u>0</u>	<u>(2,082,425)</u>	<u>0</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Advances from TVA	0	0	(239,088)	0	(239,088)	0
Acquisition of Conservation Loans	0	0	240,054	0	240,054	0
Proceeds from Sale of Capital Assets	0	4,550	0	0	4,550	0
Acquisition of Capital Assets	(365,437)	(1,933,731)	(4,008,288)	(717,947)	(7,025,403)	0
Utility Plant Removal Costs	0	0	3,032	0	3,032	0
Principal Paid on Long-Term Debt	0	(8,330,000)	(985,000)	(770,000)	(10,085,000)	0
Interest Paid on Long-Term Debt	0	(1,031,870)	19,018	(35,357)	(1,048,209)	0
Additional Long-Term Bond/Capital Outlay Notes/ Revolving Loans	0	4,831,162	0	0	4,831,162	0
Proceeds From Issuance of Long-Term Debt	0	0	0	1,600,000	1,600,000	0
Extinguishment of Derivative	0	(4,750,000)	0	0	(4,750,000)	0
Proceeds from Debt Refundings	0	9,842,396	0	0	9,842,396	0
Bond Issuance Costs, Net	0	(263,559)	0	(20,311)	(283,870)	0
Net Cash Flows Provided By (Used In) Capital and Related Financing Activities	<u>(365,437)</u>	<u>(1,631,052)</u>	<u>(4,970,272)</u>	<u>56,385</u>	<u>(6,910,376)</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and Dividends on Investments	571	11,375	16,455	292	28,693	2,226
Net Cash Flows Provided By (Used In) Investing Activities	<u>571</u>	<u>11,375</u>	<u>16,455</u>	<u>292</u>	<u>28,693</u>	<u>2,226</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(266,613)	4,245,182	2,072,485	2,778,955	8,830,009	332,401
CASH & CASH EQUIVALENTS - July 1st	1,017,719	9,964,544	6,133,508	15,040,383	32,156,154	3,731,060
CASH & CASH EQUIVALENTS - June 30th	<u>\$ 751,106</u>	<u>\$ 14,209,726</u>	<u>\$ 8,205,993</u>	<u>\$ 17,819,338</u>	<u>\$ 40,986,163</u>	<u>\$ 4,063,461</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Major Funds					
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating Income	\$ 88,266	\$ 4,016,342	\$ 2,740,380	\$ 1,458,192	\$ 8,303,180	\$ 366,415
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:						
Depreciation	94,223	2,911,151	3,504,936	704,530	7,214,840	0
Changes in Assets and Liabilities						
Accounts Receivable	(110,329)	(1,304,252)	1,374,226	(1,399)	(41,754)	0
Due from Other Funds	0	(43,340)	(138,176)	(1,302)	(182,818)	0
Other Current Assets	0	(5,200)	0	0	(5,200)	0
Other Receivables	0	0	(100)	0	(100)	0
Prepaid Expenses	0	0	(233,353)	0	(233,353)	0
Materials and Supplies	0	(35,073)	(43,372)	0	(78,445)	0
Deferred Outflows - Pension Expense	(1,159)	108,035	38,441	21,486	166,803	0
Deferred Outflows - OPEB	6,126	23,324	55,865	15,882	101,197	0
Accounts Payable	18,178	483,984	1,258,227	(151,535)	1,608,854	23
Other Accrued Liabilities	4,317	23,492	(121,743)	9,235	(84,699)	(36,263)
Due to Other Funds	0	0	57,232	0	57,232	0
Net Pension Liability	8,442	242,638	454,411	68,492	773,983	0
OPEB Liability	(3,414)	(12,997)	(31,131)	(8,850)	(56,392)	0
Deferred Inflows - Pension Expense	(12,825)	(232,105)	(252,971)	(61,602)	(559,503)	0
Deferred Inflows - OPEB	(2,437)	(9,281)	(22,231)	(6,320)	(40,269)	0
Customer Deposits	0	0	55,895	0	55,895	0
Other Revenue (Expense)	5,281	33,241	4,129	123,974	166,625	0
Closure and Postclosure Care Costs	0	0	0	510,615	510,615	0
Compensated Absences	3,584	64,900	8,062	40,880	117,426	0
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>\$ 98,253</u>	<u>\$ 6,264,859</u>	<u>\$ 8,708,727</u>	<u>\$ 2,722,278</u>	<u>\$ 17,794,117</u>	<u>\$ 330,175</u>
SUPPLEMENTARY SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital Asset Contributions	\$ 0	\$ 154,724	\$ 0	\$ 0	\$ 154,724	\$ 0
Transfer of Capital Asset	137,496	0	0	0	137,496	0
Gain/(Loss) on Disposal of Capital Assets	0	4,550	0	0	4,550	0
Amortization (Accretion) of Deferred Amount on Refunding	0	(211,200)	(26,386)	0	(237,586)	0
Amortization (Accretion) of Bond Premium	0	28,896	0	0	28,896	0
Deferred Credits/Regulatory Charges	0	0	(127,488)	16,666	(110,822)	0

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM FUND - FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS, LIABILITIES AND NET POSITION
June 30, 2021

ASSETS	
Investments in Tennessee Retirement Group Trust	\$ 30,791,195
LIABILITIES	<u>0</u>
NET POSITION	
Restricted for Pension Benefits	<u>30,791,195</u>
TOTAL NET POSITION	<u><u>\$ 30,791,195</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM FUND - FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY PLAN NET POSITION
For the Fiscal Year Ended June 30, 2021

Additions	
Employer Contributions	\$ 1,397,041
Interest/Dividend Income	<u>6,536,257</u>
Total Additions	<u>7,933,298</u>
Deductions	
Administrative Expenses	77,360
Benefit Payments	<u>3,051,726</u>
Total Deductions	<u>3,129,086</u>
Change in Net Position	4,804,212
Net Position Restricted for Pension Benefits - Beginning of Year	<u>25,986,983</u>
Net Position Restricted for Pension Benefits - End of Year	<u>\$ 30,791,195</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) REPORTING ENTITY

The City of Alcoa, Tennessee (the "City") 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 governed by an elected five-member Board of Commissioners. The City 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 financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) followed in the United States of America. The Governmental Accounting Standards Board (GASB) is the established and recognized standard-setting body for governmental accounting and financial reporting. The GASB periodically issues new or revised standards that are implement by the City.

Governmental Accounting Standards Board (GASB) *Statement No. 14 - "The Financial Reporting Entity"* as amended by *GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units"* defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of a component unit's Board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The City is a primary government including Alcoa City Schools (the School System) and has no component units.

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide 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 year.

The government-wide statement of activities demonstrates the degree to which the direct expenses, including depreciation, of 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.

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.

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 fund financial statements emphasis is on the major funds in either the governmental or business-type categories. Non-major funds are summarized into a single column.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

Governmental Funds are those through which most of the governmental functions of the City are financed. The focus of Governmental Fund measurement, in the fund financial statements, is upon determination of financial position and changes in financial position rather than upon net income. Governmental Funds are accounted for using the modified accrual basis of accounting. 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 City performs for its citizens. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required or elected 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 or committed to expenditures for specified purposes. There is one special revenue fund presented as a major fund in the basic financial statements as follows:

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 transfers from the City's General Fund.

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

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.

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 proprietary funds operations. There is one capital project fund presented as a major fund in the basic financial statements as follows:

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 redevelopment project.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) BASIS OF PRESENTATION (Continued)

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. 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 business enterprises - where the intent of the governing 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 decided 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:

Stormwater Utility Fund: The Stormwater Utility Fund is used to account for the operations of the City's stormwater utility system. This fund 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. This fund is presented as a major fund in the basic financial statements.

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

Internal Service Funds: Internal Service Funds are used to account for the providing of goods or services to other governmental operating units on a cost reimbursement basis. 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. The objective of an Internal Service Fund is not to make a profit but rather to recover, over a period of time, the total cost of providing the goods or services. The following internal service funds are used by the City:

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

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

City OPEB Insurance Fund: The City OPEB Insurance Fund is used to account for the City's other postemployment benefits.

School's OPEB Insurance Fund: The School's OPEB Insurance Fund is used to account for the School's other postemployment benefits.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Fiduciary Fund Types

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

Employees' Retirement System Fund: The Employees' Retirement System Fund was established to provide pension benefits for City employees. The Pension Trust Fund is used to account for assets held by the City 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.

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 annual 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.

Revenues susceptible to accrual include property tax, local sales tax, state-shared sales tax, highway user tax, franchise fees, 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 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 electric and water/sewer functions 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 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. Nonoperating revenues and expenses are items such as investment income and interest expense, which are not a result of the direct operations of the activity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION/FUND BALANCES

Deposits and Investments - Cash and cash equivalents include cash on hand, bank deposits and short-term investments with maturities of three months or less at the time of purchase, including deposits with the State Treasurer's Local Government Investment Pool (LGIP). The City pools substantially all of its cash and cash equivalents. All bank deposits are fully insured by the Tennessee Investment Collateral Pool.

Deposits with LGIP may be withdrawn with a maximum of one day's notice and are valued at cost. The State Pooled Investment Fund, of which LGIP is a part, is managed like a Rule SEC 2a-7 fund. The same investment guidelines are followed, but the State Pooled Investment Fund is not reported to the SEC.

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 Rule SEC 2a-7 requirements and State laws.

Receivables - All receivables are shown net of an allowance for uncollectible accounts.

Unbilled Accounts Receivable - The City of Alcoa Utilities delay the recording of some accrued revenues due to the staggering of 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 average daily revenue for the number of days unrecorded based on the following month's billing.

For the Electric Utility at June 30, 2021, unbilled revenue was estimated to be \$1,847,006. For the Water and Sewer Utility at June 30, 2021, unbilled revenue was estimated to be \$374,843.

Inventories and Prepaid Items - Materials and supplies inventories of the Proprietary Funds are maintained by a perpetual inventory accounting system and are valued on the lower of average cost or market, using the 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.

Regulated Operations - The Electric Utility Fund is an electric utility operation regulated by Tennessee Valley Authority (TVA), an agency of the federal government. TVA exercise oversight in the rate setting process and requires the use of accounting policies for public electric utilities as prescribed by the Federal Energy Regulatory Commission (FERC).

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

The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend its life, are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives (land, rights-of-way/easements, and construction-in-progress are not depreciated):

<u>Assets</u>	<u>Useful Life (Years)</u>
Building	50
Improvements	20-50
Equipment and Vehicles	5-25
Infrastructure	25-50

Depreciation for certain transportation equipment is distributed to various accounts on the basis of labor for each asset.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION/FUND BALANCES (Continued)

Deferred Outflows of Resources/Inflows of Resources - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences - 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.

City Employees - 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.

School System Personnel - Employees 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 School System have the same sick leave policies as other employees of the City.

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 premiums and discounts 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 premiums and discounts as deferrals that are amortized to interest expense over the life of the debt. Debt payable is reported net of the applicable premium or 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.

Interfund Transactions - Interfund transactions consist of identified services performed for other funds or costs billed to other funds and are recorded as expenditures in the fund receiving the services and as a reimbursement, reducing expenditures, in the fund performing the services except for sales of electric and water/sewer services to other City departments. All other interfund transactions are reported as transfers.

Net Position and Fund Balance - Government-wide and proprietary fund net position is classified into three components. "Net investment in capital assets" consists of capital assets net of accumulated depreciation and reduced by outstanding debt used to finance the purchase or construction of those assets. "Restricted" net position is noncapital net assets that must be used for a particular purpose as specified by creditors, grantors, or contributors external to the City. "Unrestricted" net position is remaining net position that does not meet the definition of the other two categories.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION/FUND BALANCES (Continued)

Governmental fund equity is classified as fund balance. The City follows GASB No. Statement 54, *Fund Balance and Governmental Fund Type Definitions*. Under this statement fund balances are classified into the following categories:

- a. Nonspendable fund balances comprise those amounts that cannot be spent due to their form (e.g. inventory and prepaids) or funds that legally or contractually are required to be maintained intact.
- b. Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitutional provisions or enabling legislation.
- c. Committed fund balances comprise those amounts that are set aside for a specific purpose by the City's highest level of decision-making authority (City Commission) through its highest level of formal action (ordinance). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds. The General Fund has committed fund balance of \$500,000 for debt service.
- d. Assigned fund balances consist of amounts constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.
- e. Unassigned fund balances consist of excess funds that have not been classified in the previous four categories. The general fund is the only governmental fund that reports positive unassigned fund balance. In governmental funds other than the General Fund, expenditures incurred for specific purposes exceeding the amounts that are restricted, committed or assigned to those purposes will result in a negative unassigned fund balance in that fund,

City Commission has retained the authority to assign funds for specific purposes. When both restricted and unrestricted funds are available for expenditure, restricted funds are spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, committed funds are spent first, assigned funds next, and unassigned funds last.

Pensions - 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's participation in the Public Employee Retirement Plan, the Public Employee Retirement Plan (Hybrid Without Cost Controls), the Teacher Legacy Plan, and the Teacher Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and the 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. 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, the Public Employee Retirement Plan (Hybrid Without Cost Controls), the Teacher Legacy Plan, and the Teacher Retirement Plan of TCRS. Investments are reported at fair value.

Comparative Data/Reclassifications - Comparative total date for the prior year has been presented in selected sections of the accompanying financial statements to provide and understanding of the changes in the financial position and operations of the City. Comparative totals have not been included on statements where their inclusion would not provide enhanced understanding of the City's financial position and operations or would cause the statements to be unduly complex and difficult to understand.

Use of Estimates - The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses/expenditures, and the disclosure of contingent assets and liabilities at the date of the basic financial statements. Actual results could differ from those estimates.

(F) ADOPTION OF NEW ACCOUNTING STANDARDS

Implementation of GASB Statement No. 84 – During the fiscal year ended June 30, 2021, the City implemented GASB Statement No. 84, *Fiduciary Activities*, which addresses reporting by governments for fiduciary activities. The Statement's effect on the financial statements is more fully explained in Note 18.

Implementation of GASB Statement No. 97 – During the fiscal year ended June 30, 2021, the City implemented GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which addresses reporting by governments for component units and deferred compensation plans. The Statement relieves the effect from reporting certain units as component units.

Other than disclosed in Note 18, the effect of adopting these standards is immaterial to the City's Financial Statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

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. 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 *major functional areas* of any fund as *outlined in the budget ordinance*; however, any revisions that may alter the total expenditures of any major functional area or fund must be approved by the Board of Commissioners. The general fund is divided into the following major functional areas: *General Government, Public Works, Public Safety, Contributions to Other Agencies, Capital Outlay, and Transfers to Debt Service & Other Funds*.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.
6. Budgets for the General Fund, Special Revenue Funds and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles.

(B) SUPPLEMENTAL APPROPRIATIONS

The following revisions were made to the original fiscal 2021 budgeted expenditures and other financing uses by additional appropriations for the following major governmental funds:

Fund	Original Budget	Revisions	Final Budget
General Fund	\$ 20,967,290	\$ 360,395	\$ 21,327,685
Education Fund	\$ 22,911,000	\$ 700,000	\$ 23,611,000

NOTE 3 - DEPOSITS AND INVESTMENTS

(A) DEPOSITS

Custodial Credit Risk - Deposits - For cash and cash equivalents, this is the risk that, in the event of a bank failure, the City's deposits may not be available, or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires that deposits be either (i) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institution, less the amount protected by federal depository insurance or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Institutions participating in the collateral pool determine the aggregated balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held.

Included in Cash and Cash equivalents at June 30, 2021 were balances in the State Treasurer's Local Government Investment Pool (LGIP) in the amount of \$16,000,708. Deposits with the LGIP are not subject to categorization and are reported at amortized cost using a table net asset value. The LGIP is not registered with the SEC as an investment company. However, the LGIP has a policy that it will operate in a manner consistent with the SEC's Rule 2a-7. SEC Rule 2a-7 allows SEC registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the State Treasurer to administer the LGIP under the same terms and conditions, including collateral requirements, as required for other funds invested by the Treasurer. The reported value of the pool is the same as the fair value of the pool shares. There are no minimum or maximum dollar limits on the size of withdrawal transactions. In most cases, a withdrawal will be honored the same day it is requested. However, withdrawals of \$5,000,000 or more will be honored the next working day after request.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

(B) INVESTMENTS

TCRS Stabilization Trust - The Alcoa City Schools is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The Alcoa City Schools has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of Alcoa City Schools. The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Alcoa City Schools may not impose any restrictions on investments placed by the trust on their behalf.

Employees' Retirement System of the City of Alcoa (the "System") - The System is included in the City's consolidated annual financial report as a pension trust fund, which is a fiduciary fund of the City.

Investment Balances - The Stabilization Reserve Trust and the assets of the System, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2021, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3: Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

NOTE 3 - DEPOSITS AND INVESTMENTS

(B) INVESTMENTS (Continued)

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2021, the Alcoa City Schools and the System had the following investments held by the trust on its behalf.

	Weighted Average Maturity (Days)	Maturities	Stabilization Reserve Trust Fair Value	System Fair Value	Total
Investments at Fair Value					
U.S. Equity	N/A	N/A	\$ 26,755	\$ 9,545,270	\$ 9,572,025
Developed Market International Equity	N/A	N/A	12,082	4,310,767	4,322,849
Emerging Market International Equity	N/A	N/A	3,452	1,231,648	1,235,100
U.S. Fixed Income	N/A	N/A	17,261	6,158,239	6,175,500
Real Estate	N/A	N/A	8,630	3,079,119	3,087,749
Short-Term Securities	N/A	N/A	863	307,913	308,776
NAV - Private Equity and Strategic Lending	N/A	N/A	17,261	6,158,239	6,175,500
Total			\$ 86,304	\$ 30,791,195	\$ 30,877,499

	Fair Value Measurements Using				
	Carrying Amount	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Amortized Cost (NAV)
Investments at Fair Value					
U.S. Equity	\$ 9,572,025	\$ 9,572,025	\$ 0	\$ 0	\$ 0
Developed Market International Equity	4,322,849	4,322,849	0	0	0
Emerging Market International Equity	1,235,100	1,235,100	0	0	0
U.S. Fixed Income	6,175,500	0	6,175,500	0	0
Real Estate	3,087,749	0	0	3,087,749	0
Short-Term Securities	308,776	0	308,776	0	0
Private Equity and Strategic Lending	6,175,500	0	0	0	6,175,500
Total	\$ 30,877,499	\$ 15,129,974	\$ 6,484,276	\$ 3,087,749	\$ 6,175,500

Risks and Uncertainties - The trust’s investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Alcoa City Schools and the System do not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Alcoa City Schools and the System do not have the ability to limit the credit ratings of individual investments made by the trust.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

(B) INVESTMENTS (Continued)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Alcoa City Schools and the System places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Alcoa City Schools and the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Alcoa City Schools and the System to pay retirement benefits of the employees.

For further information concerning the investments with TCRS, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at:

https://treasury.tn.gov/Portals/0/Documents/Retirement/CAFR%20Reports/2020/2020CAFR_FullReport.pdf

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 year ended June 30, 2021 was \$2.27 per \$100 of assessed value.

Property taxes levied for 2020 and prior years, but uncollected as of June 30, 2021, 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, 2020 is \$51,852. The taxes collected during the fiscal year ended June 30, 2021, and those taxes expected to be collected in the subsequent sixty (60) days, are recognized as revenues in the fiscal year ended June 30, 2021. The remainder of net property taxes receivable are recorded as deferred revenue.

Property taxes levied for the fiscal year ending June 30, 2021 are recorded as receivables and deferred revenue.

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

As of June 30, 2021, interfund receivables and payables were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>	<u>Total Balances</u>
Governmental Activities			
General Fund	\$ 23,902	\$ 0	\$ 23,902
Debt Service Fund	<u>0</u>	<u>(139,492)</u>	<u>(139,492)</u>
Total Governmental Activities	<u>\$ 23,902</u>	<u>\$ (139,492)</u>	<u>\$ (115,590)</u>
Business-Type Activities			
Water and Sewer Utility	\$ 78,783	\$ 0	\$ 78,783
Electric Utility	138,176	(102,685)	35,491
Landfill	<u>1,316</u>	<u>0</u>	<u>1,316</u>
Total Business-Type Activities	<u>\$ 218,275</u>	<u>\$ (102,685)</u>	<u>\$ 115,590</u>

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

NOTE 5 - INTERFUND BALANCES AND TRANSFERS (Continued)

Transfers during the year are as follows:

Transfers From:	Transfers to:			
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
General Fund	\$ 0	\$ 5,605,000	\$ 221,500	\$ 5,826,500
West Plant Construction Fund	0	0	550,000	550,000
Water & Sewer Utility Fund	400,000	0	0	400,000
Electric Utility Fund	934,255	0	0	934,255
Total	\$ 1,334,255	\$ 5,605,000	\$ 771,500	\$ 7,710,755

The transfers from the General Fund are to fund the operating activities of the receiving fund. The transfers from the Electric Utility Fund and Water and Sewer Utility Fund are transfers in lieu of payment of taxes.

NOTE 6 - CAPITAL ASSETS

A summary of capital asset activity, for the government-wide financial statements, for the fiscal year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,197,303	\$ 0	\$ 0	\$ 2,197,303
Construction in Progress	5,013,396	9,602,663	(4,129,549)	10,486,510
Total Capital Assets, Not Being Depreciated	7,210,699	9,602,663	(4,129,549)	12,683,813
Capital Assets, Being Depreciated:				
Buildings	64,529,907	0	0	64,529,907
Parks & Greenways	6,388,228	4,029,588	0	10,417,816
Improvements	16,184,931	494,091	0	16,679,022
Swimming Pools	1,047,667	0	0	1,047,667
Infrastructure	45,392,642	898,699	0	46,291,341
Capital Lease:				
Buildings (Civic Arts Center)	9,142,400	0	0	9,142,400
Communications Center	751,750	0	0	751,750
Equipment and Vehicles	11,724,202	585,746	(129,659)	12,180,289
Total Capital Assets, Being Depreciated	155,161,727	6,008,124	(129,659)	161,040,192
Less Accumulated Depreciation for:				
Buildings	(17,635,931)	(1,754,804)	0	(19,390,735)
Parks & Greenways	(1,770,982)	(245,520)	0	(2,016,502)
Improvements	(9,749,301)	(594,173)	0	(10,343,474)
Swimming Pools	(908,971)	(52,383)	0	(961,354)
Infrastructure	(23,400,173)	(1,076,546)	0	(24,476,719)
Capital Lease	(4,269,540)	(376,195)	0	(4,645,735)
Equipment and Vehicles	(8,874,794)	(623,328)	129,659	(9,368,463)
Total Accumulated Depreciation	(66,609,692)	(4,722,949)	129,659	(71,202,982)
Total Capital Assets, Being Depreciated, Net	88,552,035	1,285,175	0	89,837,210
Governmental Activities Capital Assets, Net	\$ 95,762,734	\$ 10,887,838	\$ (4,129,549)	\$ 102,521,023

NOTE 6 - CAPITAL ASSETS (Continued)

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land and Land Rights	\$ 3,754,381	\$ 143,034	\$ 0	\$ 3,897,415
Construction in Progress	<u>2,498,086</u>	<u>3,706,386</u>	<u>(2,280,177)</u>	<u>3,924,295</u>
Total Capital Assets, Not Being Depreciated	<u>6,252,467</u>	<u>3,849,420</u>	<u>(2,280,177)</u>	<u>7,821,710</u>
Capital Assets, Being Depreciated:				
Electric Plant in Service:				
Transmission	16,600,968	87,295	0	16,688,263
Distribution	63,674,824	2,398,530	(353,004)	65,720,350
General	13,546,187	279,932	(20,217)	13,805,902
Water & Sewer Plant in Service	94,565,053	1,744,194	(51,664)	96,257,583
Stormwater in Service	2,407,489	502,933	0	2,910,422
Landfill in Service	<u>14,319,457</u>	<u>735,496</u>	<u>0</u>	<u>15,054,953</u>
Total Capital Assets, Being Depreciated	<u>205,113,978</u>	<u>5,748,380</u>	<u>(424,885)</u>	<u>210,437,473</u>
Less Accumulated Depreciation for:				
Electric Plant in Service:				
Transmission	(9,482,188)	(511,783)	0	(9,993,971)
Distribution	(29,179,108)	(2,515,641)	353,004	(31,341,745)
General	(5,917,936)	(477,511)	17,184	(6,378,263)
Water & Sewer Plant in Service	(36,338,849)	(2,911,151)	51,664	(39,198,336)
Stormwater in Service	(729,049)	(94,223)	0	(823,272)
Landfill in Service	<u>(11,898,738)</u>	<u>(704,530)</u>	<u>0</u>	<u>(12,603,268)</u>
Total Accumulated Depreciation	<u>(93,545,868)</u>	<u>(7,214,839)</u>	<u>421,852</u>	<u>(100,338,855)</u>
Total Capital Assets, Being Depreciated, Net	<u>111,568,110</u>	<u>(1,466,459)</u>	<u>(3,033)</u>	<u>110,098,618</u>
Business-Type Activities Capital Assets, Net	<u>\$ 117,820,577</u>	<u>\$ 2,382,961</u>	<u>\$ (2,283,210)</u>	<u>\$ 117,920,328</u>

Depreciation expense was charged to the governmental functions in the government-wide financial statement as follows:

General Government	\$ 910,410
Public Safety	1,067,601
Public Works	1,214,585
Education	<u>1,530,353</u>
	<u>\$ 4,722,949</u>

NOTE 7 - DEBT AND LONG-TERM LIABILITIES

(A) BONDS AND NOTES PAYABLE

General Obligation Bonds - The City issues general obligation bonds to provide for the acquisition and construction of major roads, capital facilities and equipment. General obligation bonds have been issued for general government activities, business-type activities and to refund previously issued general obligation bonds. General obligation bonds outstanding at June 30, 2021 were as follows:

	Governmental Activities	Business-Type Activities	Total
\$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 4.00% to 5.00%.	\$ 8,685,000	\$ 39,230,000	\$ 47,915,000
\$9,995,000 - 2015 General Obligation Bonds - due in annual installments of \$245,000 to \$545,000 through June 2045, variable interest 2.00% to 4.00%.	8,985,000	0	8,985,000
\$9,625,000 - 2016A General Obligation Bonds - due in annual installments of \$65,000 to \$975,000 through June 2036, variable interest 2.00% to 3.00%.	3,630,000	5,040,000	8,670,000
\$4,395,000 - 2016B Landfill General Obligation Bonds - due in annual installments of \$675,000 to \$775,000 through June 2022, interest at 2%.	0	775,000	775,000
\$9,995,000 - 2017 General Obligation Bonds - due in annual installments of \$460,000 to \$685,000 through June 2037, variable interest 2.00% to 3.00%.	9,065,000	0	9,065,000
\$9,975,000 - 2018 General Obligation Bonds - due in annual installments of \$255,000 to \$380,000 through May 2048, variable interest 3.50% to 5.00%.	6,915,000	2,275,000	9,190,000
\$28,300,000 - 2020 General Obligation Refunding Bonds - due in annual installments of \$355,000 to \$1,630,000 through June 2043, variable interest 3.00% to 5.00%.	25,725,000	2,220,000	27,945,000
\$6,200,000 - 2020B General Obligation Refunding Bonds - due in annual installments of \$265,000 to \$275,000 through June 2045, variable interest 2.00% to 3.00%.	0	6,200,000	6,200,000
\$4,815,000 - 2020C General Obligation Bonds (Taxable) - due in annual installments of \$325,000 to \$500,000 through June 2034, variable interest 0.30% to 1.85%.	0	4,315,000	4,315,000
\$9,460,000 - 2021A General Obligation Bonds - due in annual installments of \$110,000 to \$555,000 through March 2050, variable interest 2.00% to 4.00%.	6,305,000	3,155,000	9,460,000
\$5,550,000 - 2021B General Obligation Refunding Bonds (Taxable) - due in annual installments of \$770,000 to \$1,200,000 through March 2050, variable interest 0.15% to 0.82%.	3,950,000	1,600,000	5,550,000
Total General Obligation Bonds	\$ 73,260,000	\$ 64,810,000	\$ 138,070,000

The various bond indentures contain significant limitations and restrictions on annual debt service requirements. The City is in compliance with all significant limitations and restrictions. Premiums related to issuance of bonds are being amortized over the life of the bonds.

NOTE 7 - DEBT AND LONG-TERM LIABILITIES (Continued)

(A) BONDS AND NOTES PAYABLE (Continued)

On December 16, 2020, the City issued \$6,200,000 General Refunding Obligation Bonds, Series 2020B, maturing on June 1, 2045, with interest rates ranging from 2.00% to 3.00%. Of the Series 2020B, the full amount has been allocated to business-type activities. This refunded a portion of the 2008 Local Government Improvement Bonds, Series E-5-B. The Series 2020B provided a premium of \$347,693. Concurrently, the City issued \$4,815,000 General Obligation Bonds, Series 2020C, maturing on June 1, 2034, with interest rates ranging from 0.30% to 1.85%. The Series 2020C provided a premium of \$16,163. Of the Series 2020C, the full amount has been allocated to business-type activities. The issuance funded the termination of interest rate swaps D-5-C and D-7-A.

On March 25, 2021, the City issued \$9,460,000 General Obligation Bonds, Series 2021A, maturing on March 1, 2050, with interest rates ranging from 2.00% to 4.00%. Of the Series 2021A, \$6,305,000 has been allocated to governmental activities and the remaining \$3,155,000 to business-type activities. The Series 2021A provided a premium of \$536,143. Of the Series 2021A premium, \$396,440 is allocated to governmental activities and the remaining \$139,703 to business-type activities. The governmental-type allocation provides funding for the industrial revenue note to the Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee related to Project Pearl (see Note 15). The business-type allocation provides funding for water and sewer improvements.

On March 25, 2021, the City issued \$5,500,000 General Refunding Obligation Bonds, Series 2021B (Federally Taxable), maturing on March 1, 2026, with interest rates ranging from 0.15% to 0.82%. Of the Series 2021B, \$3,950,000 has been allocated to governmental activities and the remaining \$1,600,000 to business-type activities. The governmental-type allocation of \$3,950,000 refunded the General Obligation Bonds, Series 2014. The refunding resulted in an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$302,416. The business-type allocation of \$1,600,000 provides funds for improvements to the solid waste system.

The following is a summary of debt transactions of the City for the fiscal year ended June 30, 2021:

	Debt Payable July 1, 2020	Debt Issued	Debt Retired	Debt Refunded	Debt Payable June 30, 2021
General Obligation Bonds	\$ 129,805,000	\$ 26,025,000	\$ 7,465,000	\$ 10,295,000	\$ 138,070,000
Total Debt Payable	<u>\$ 129,805,000</u>	<u>\$ 26,025,000</u>	<u>\$ 7,465,000</u>	<u>\$ 10,295,000</u>	<u>\$ 138,070,000</u>

The following is a summary of the City's debt service requirements in five-year increments:

Fiscal Years Ending June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 3,955,000	\$ 2,273,583	\$ 3,690,000	\$ 2,177,491	\$ 7,645,000	\$ 4,451,074
2023	3,205,000	2,153,161	3,275,000	2,061,808	6,480,000	4,214,969
2024	3,565,000	2,066,399	3,490,000	1,957,038	7,055,000	4,023,437
2025	3,620,000	1,964,748	3,585,000	1,842,478	7,205,000	3,807,226
2026	3,700,000	1,858,049	3,705,000	1,723,928	7,405,000	3,581,977
2027 - 2031	16,155,000	7,626,964	18,290,000	6,748,083	34,445,000	14,375,047
2032 - 2036	18,140,000	5,036,607	12,165,000	3,973,900	30,305,000	9,010,507
2037 - 2041	13,245,000	2,486,689	11,975,000	1,969,650	25,220,000	4,456,339
2042 - 2046	6,930,000	662,162	4,180,000	230,810	11,110,000	892,972
2047 - 2050	745,000	39,375	455,000	25,253	1,200,000	64,628
Totals	<u>\$ 73,260,000</u>	<u>\$ 26,167,737</u>	<u>\$ 64,810,000</u>	<u>\$ 22,710,439</u>	<u>\$ 138,070,000</u>	<u>\$ 48,878,176</u>

NOTE 7 - DEBT AND LONG-TERM LIABILITIES (Continued)

(B) CAPITALIZED LEASE OBLIGATIONS

Civic Arts Center

On May 2, 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 in an amount not to exceed \$33,685,000 by the Industrial Development Board of Blount County to finance the Civic Arts Centers; 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 lease obligates the City to pay annually an amount not to exceed 28.57% of the rental payments due, which shall be equal to a percentage of the principal and interest on the bonds. The Industrial Board entered a fifty (50) year lease with Maryville College to lease the land on which the Civic Arts Center was constructed. At the end of the fifty-year lease, the Civic Arts Center becomes the property of Maryville College.

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.

Communications Equipment

In 2010 the City of Alcoa entered into an inter-governmental agreement with Blount County, Tennessee and the City of Maryville, Tennessee to acquire emergency communication equipment with Blount County being the lessee. The County subleased to each city their pro rata share. The terms of the agreement require the City to make lease payments totaling \$751,750, plus interest at 2.3%. This lease terminated in July 2020 and title to the equipment transferred to each government.

Changes in capital lease obligations for the year end June 30, 2021 were:

	<u>Balance</u> <u>July 1, 2020</u>	<u>New</u> <u>Leases</u>	<u>Lease</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2021</u>
Civic Center	\$ 6,800,000	\$ 0	\$ 300,000	\$ 6,500,000
Communications Center	92,544	0	92,544	0
Total	<u>\$ 6,892,544</u>	<u>\$ 0</u>	<u>\$ 392,544</u>	<u>\$ 6,500,000</u>

The following is a summary of the City's payments of capitalized lease obligations in five-year increments:

<u>Fiscal Years Ending</u> <u>June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 310,000	\$ 292,500
2023	325,000	278,550
2024	340,000	263,925
2025	360,000	248,625
2026	375,000	232,425
2027 - 2031	2,140,000	893,925
2032- 2036	<u>2,650,000</u>	<u>366,975</u>
Totals	<u>\$ 6,500,000</u>	<u>\$ 2,576,925</u>

NOTE 7 - DEBT AND LONG-TERM LIABILITIES (Continued)

(C) TOTAL LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Governmental Activities					
Debt Payable:					
General Obligation Bonds	\$ 70,680,000	\$ 10,255,000	\$ 7,675,000	\$ 73,260,000	\$ 3,955,000
Premium on Bond Issuance	3,109,118	396,440	124,365	3,381,193	138,035
Total Debt Payable	<u>73,789,118</u>	<u>10,651,440</u>	<u>7,799,365</u>	<u>76,641,193</u>	<u>4,093,035</u>
Other Liabilities:					
Capital Lease Obligations	6,892,544	0	392,544	6,500,000	310,000
Compensated Absences	954,412	1,252,244	1,178,103	1,028,553	1,028,553
Total Other Liabilities	<u>7,846,956</u>	<u>1,252,244</u>	<u>1,570,647</u>	<u>7,528,553</u>	<u>1,338,553</u>
Total Liabilities	<u>\$ 81,636,074</u>	<u>\$ 11,903,684</u>	<u>\$ 9,370,012</u>	<u>\$ 84,169,746</u>	<u>\$ 5,431,588</u>
Business-Type Activities					
Debt Payable:					
General Obligation Bonds	\$ 59,125,000	\$ 15,770,000	\$ 10,085,000	\$ 64,810,000	\$ 3,690,000
Premium on Bond Issuance	361,923	503,558	28,896	836,585	49,444
Total Debt Payable	<u>59,486,923</u>	<u>16,273,558</u>	<u>10,113,896</u>	<u>65,646,585</u>	<u>3,739,444</u>
Other Liabilities:					
Compensated Absences	897,866	787,577	670,151	1,015,292	1,015,292
Total Liabilities	<u>\$ 60,384,789</u>	<u>\$ 17,061,135</u>	<u>\$ 10,784,047</u>	<u>\$ 66,661,877</u>	<u>\$ 4,754,736</u>

(D) INTEREST RATE SWAPS

During the fiscal year ended June 30, 2021, all interest rate swap derivatives previously held by the City as of June 30, 2020 were terminated. The City has not entered into any additional interest rate swap derivative agreements as of June 30, 2021. The following is a summary of each terminated interest rate swap derivative.

Series D-5-C and D-7-A

D-5-C

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, 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. In order to protect against the potential of rising interest rates and to balance its mixture of variable 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 had since been refunded with a portion of the proceeds of the Series E-5-B bonds and the interest rate swap was then associated with the Series E-5-B bonds.

D-7-A

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, 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. In order to protect against the potential of rising interest rates and to balance its mixture of variable 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 had since been refunded with a portion of the proceeds of the Series E-5-B bonds and the interest rate swap was then associated with the Series E-5-B bonds.

NOTE 7 - DEBT AND LONG-TERM LIABILITIES (Continued)

(D) INTEREST RATE SWAPS (Continued)

Series D-5-C and D-7-A (Continued)

During 2021, the City terminated both the D-5-C and D-7-A interest rate swap agreements. The termination of these interest rate swaps was funded by the issuance of the Series 2020B and Series 2020C bonds as discussed above. At the time of the termination, the interest rate swaps had a combined remaining fair value of \$4,500,000. The Series 2020B and Series 2020C issuances and swap terminations resulted in a loss recognized as deferred bond refunding costs.

Series IV-B-5

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, entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-B-5 on June 19, 2002. In order to protect against the potential of rising interest rates and to balance its mixture of variable 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 was then associated with the Series E-5-B bonds. During 2021, the City terminated the interest rate swap. At the time of the termination, the interest rate swap had a remaining fair value of \$66,547. The termination resulted in a loss recognized for this amount.

NOTE 8 - EMPLOYEE RETIREMENT PLANS

Employees of the City and its School System participate in the following retirement systems:

- a. Employees' Retirement System of the City of Alcoa
- b. Public Employee Retirement Plan (Legacy)
- c. Public Employee Retirement Plan (Hybrid Without Cost Controls)
- d. Teacher Legacy Plan
- e. Teacher Retirement Plan
- f. Deferred Compensation Plan

The following information is provided to support the balances as of June 30, 2021 in the total column on the Statement of Net Position on pages 1 and 2 of the financial statements.

	Employees' Retirement System of the City of Alcoa	Public Employee Retirement Plan (Legacy)	Public Employee Retirement Plan (Hybrid Without Cost Controls)	Teacher Legacy Plan	Teacher Retirement Plan	All Plans
Net Pension Asset	\$ 0	\$ 0	\$ 0	\$ 2,318,609	\$ 50,313	\$ 2,368,922
Net Pension Liability	\$ 11,469,669	\$ 1,973,137	\$ 60,672	\$ 0	\$ 0	\$ 13,503,478
Pension Deferred Outflow s	\$ 1,555,805	\$ 3,948,022	\$ 519,031	\$ 1,923,603	\$ 39,832	\$ 7,986,293
Pension Deferred Inflow s	\$ 0	\$ 257,448	\$ 0	\$ 1,153,088	\$ 16,876	\$ 1,427,412
Pension Expense	\$ 931,064	\$ 1,604,347	\$ 248,175	\$ 19,556	\$ 20,195	\$ 2,823,337

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

General Information

Plan Description - The City's single-employer defined benefit plan, the Employees' Retirement System of the City of Alcoa (the "System"), provides pension benefits to City employees. All full-time employees that are employed at least 30 hours per week shall become members of the System on the first day of the calendar month coincident with or next following the date of employment. 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. The funds of the retirement system are invested in a trust fund managed and custodied by the Tennessee Consolidated Retirement System. The System's complete financial statements are included in the City of Alcoa's consolidated annual financial report.

Benefits Provided - The System provides benefits as follows:

	<u>Condition/Benefit</u>
Retirement Dates:	
Normal Retirement Date	Age 55 with 25 years of service, or age 65 with 5 years of service.
Early Retirement Date	Age 55 with 15 years of service.
Retirement Income:	
Normal Retirement or After	Average annual salary times 1.40% per year of service, plus excess average annual salary times 0.316% per year of service up to 35. If a member's normal retirement benefit payments commence before age 62, then the member will receive a temporary supplemental equal to the member's projected social security benefit, payable until age 62.
Early Retirement	A benefit deferred to normal retirement age, calculated as above, or an immediate benefit actuarially reduced.
Disability	A benefit deferred to normal retirement age, calculated as above, but with service credited to the normal retirement age. Available for total and permanent disability after 5 years of service.
Other Termination	A benefit deferred to normal retirement age, calculated as above. Available after 5 years of service.
Normal Form of Payment	Single life annuity, starting after the payment of three months of severance payments for retirement eligible members.
Optional Payment Forms	Life income with guaranteed payments (5, 10 or 15 years). Joint and survivor with 50%, 75% or 100% to the survivor.
Death Benefit:	
Pre-retirement	If a participant dies before retirement, but after 5 years of service, a monthly death benefit equal to 50% of the benefit earned by the member is payable for the life of the surviving spouse, or for a 5-year period if there is not a surviving spouse. The death benefit starts at the member's earliest retirement age.

Employees Covered by Benefit Terms - At the measurement date of June 30, 2020, the following City employees were covered by the System:

Inactive Employees or Beneficiaries Currently Receiving Benefits	170
Inactive Employees Entitled to, but not yet Receiving Benefits	14
Active Employees Entitled to, but not yet Receiving Benefits	31
Total	215

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

General Information (Continued)

The System was closed to new entrants effective May 18, 2000.

Contributions - The City makes employer contributions based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability for past service costs. The System is noncontributory, and no contributions are required by members of the system. For the year ended June 30, 2021, the employer contributions for the City to the System were \$1,397,040 based on a rate of 56.58% of covered payroll.

Net Pension Liability

Pension Liability - The City's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of July 1, 2020.

Actuarial Assumptions - The total pension liability as of the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Actuarial Cost Method:	Entry Age Normal (level percentage of pay).
Amortization Method:	Level Dollar, not to exceed 30-year closed period.
Mortality Rates:	110% of the SOA PubG-2010 Mortality Tables, with current and future mortality improvement estimated by projecting improvement using Scale MP-2019.
Salary Scale:	4.0% Annual increase to normal retirement, with adjustment for longevity and sick pay.
Social Security Scale:	4.0% Annual increase to wage base and cost of living escalation.
Discount Rate:	7.25% per Annum.
Marriage Assumption:	85% of Participants are Assumed to be married with husbands assumed to be 4 years older than wives.
Other Assumptions:	Credited service adjusted to reflect accumulated sick leave.
Provision for Expenses:	Expected expenses are assumed to equal prior year actual expenses.
Asset Valuation Method:	Five-year smoothing of difference between market value and expected market assets.

The funds of the System are invested in the Tennessee Retiree Group Trust (the "TRGT"). The TCRS and State Treasurer serve as custodians of the TRGT and are responsible for managing and directing the investments of the TRGT. See summary information below for the long-term expected rate of return and target allocations of the TCRS for the TRGT.

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

Changes in Net Pension Liability

The changes in net pension liability are shown below:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
<u>Balances at June 30, 2019</u>	\$ 36,409,373	\$ 26,276,833	\$ 10,132,540
Changes for the Year:			
Service Cost	174,173	0	174,173
Interest	2,542,594	0	2,542,594
Difference between Expected and Actual Experience	462,715	0	462,715
Changes of Assumptions	894,375	0	894,375
Contributions - Employer	0	1,512,265	(1,512,265)
Net Investment Income	0	1,261,933	(1,261,933)
Benefit Payments - Including Refunds of Employee Contributions	(3,026,576)	(3,026,576)	0
Administrative Expenses	0	(37,470)	37,470
Net Changes	<u>1,047,281</u>	<u>(289,848)</u>	<u>1,337,129</u>
<u>Balances at June 30, 2020</u>	<u>\$ 37,456,654</u>	<u>\$ 25,986,985</u>	<u>\$ 11,469,669</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - 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 (Asset) 2020	\$ <u>15,066,399</u>	\$ <u>11,469,669</u>	\$ <u>8,379,780</u>

Pension Expense and Deferred Outflows/Inflows of Resources Related to the System

For the fiscal year ended June 30, 2021, the City recognized pension expense of \$931,064. At June 30, 2021, the City reported deferred outflows of resources and deferred inflow of resources related to the System from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 158,765	\$ 0
Contributions Subsequent to the Measurement Date of June 30, 2020	<u>1,397,040</u>	<u>0</u>
Total	<u>\$ 1,555,805</u>	<u>\$ 0</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2020" will be recognized as a reduction to net pension liability in the following measurement period.

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

Pension Expense and Deferred Outflows/Inflows of Resources Related to the System (Continued)

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

For the Years ended June 30,

2022	\$	(123,201)
2023		54,726
2024		109,863
2025		117,377

(B) PLANS ADMINISTERED BY THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (TCRS)

The Public Employee Retirement Plan (Legacy), Public Employee Retirement Plan (Hybrid Without Cost Controls), Teacher Legacy Plan and Teacher Retirement plan are defined benefits plans administered by the Tennessee Consolidated Retirement System (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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-investment-Policies>.

The following information applies to all four retirement plans administered by the TCRS and is provided here so it is not repeated in the descriptions of each of these plans.

Contributions - TCRS

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset) - TCRS

Net Pension Liability (Asset) - The net pension liability (asset) for each plan was measured as of June 30, 2020, 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 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.0%
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2020 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.

(B) PLANS ADMINISTERED BY THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (TCRS)

Net Pension Liability (Asset) – 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%. 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 Markets 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%
Total		<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% based in a blending of the three factors described above.

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. 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 Alcoa 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.

(C) PUBLIC EMPLOYEE RETIREMENT PLAN - LEGACY

General Information about the Pension Plan

Plan Description - Employees of City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the 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 nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% 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%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A 1% COLA is granted if the CPI change is between one-half percent and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

(C) PUBLIC EMPLOYEE RETIREMENT PLAN – LEGACY (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by the Benefit Terms - At the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	77
Inactive Employees Entitled to, but not yet Receiving Benefits	121
Active Employees	<u>201</u>
Total	<u><u>399</u></u>

The plan is closed to new entrants hired after July 1, 2014.

Contributions - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City has adopted a noncontributory plan. 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, 2021, employer contributions for the City were \$1,828,105 based on a rate of 15.86% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
<u>Balances at June 30, 2019</u>	<u>\$ 48,003,175</u>	<u>\$ 46,102,541</u>	<u>\$ 1,900,634</u>
Changes for the Year:			
Service Cost	910,481	0	910,481
Interest	3,493,920	0	3,493,920
Difference between Expected and Actual Experience	(176,721)	0	(176,721)
Contributions - Employer	0	1,876,225	(1,876,225)
Contributions - Employees	0	0	0
Net Investment Income	0	2,297,016	(2,297,016)
Benefit Payments - Including Refunds of Employee Contributions	(1,443,310)	(1,443,310)	0
Administrative Expenses	0	(18,064)	18,064
Net Changes	<u>2,784,370</u>	<u>2,711,867</u>	<u>72,503</u>
<u>Balances at June 30, 2020</u>	<u>\$ 50,787,545</u>	<u>\$ 48,814,408</u>	<u>\$ 1,973,137</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%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net Pension Liability (Asset) 2020	<u>\$ 9,154,232</u>	<u>\$ 1,973,137</u>	<u>\$ (3,998,482)</u>

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

(C) PUBLIC EMPLOYEE RETIREMENT PLAN - LEGACY (Continued)

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

Pension Expense - For the year ended June 30, 2021, the City recognized pension expense of \$1,604,347.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2021, 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	\$ 1,289,788	\$ 257,448
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	373,268	0
Changes of Assumptions	456,861	0
Contributions Subsequent to the Measurement Date of June 30, 2020	<u>1,828,105</u>	<u>0</u>
Total	<u>\$ 3,948,022</u>	<u>\$ 257,448</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2020,” 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:

For the Years ended June 30,

2022	\$ 225,648
2023	487,433
2024	571,588
2025	552,655
2026	25,145

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

Payable to the Pension Plan

The City reported no outstanding amount of contributions to the pension plan, including employee contributions, required at the year ended June 30, 2021.

(D) PUBLIC EMPLOYEE RETIREMENT PLAN (HYBRID WITHOUT COST CONTROLS)

Plan Description - Employees of City are provided a defined benefit pension plan through the Public Employee Retirement Plan (Hybrid Without Cost Controls), an agent multiple-employer pension plan administered by the 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 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 retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

(D) PUBLIC EMPLOYEE RETIREMENT PLAN (HYBRID WITHOUT COST CONTROLS) (Continued)

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%, and applied to the current benefits. No COLA is granted if the change in the CPI is less than one-half percent. A 1% COLA is granted if the CPI change is between one-half percent and 1%. 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, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	0
Inactive Employees Entitled to, but not yet Receiving Benefits	7
Active Employees	<u>114</u>
Total	<u><u>121</u></u>

Contributions - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City has adopted a noncontributory plan. 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, 2021, the employer contributions for the City were \$317,714 based on a rate of 5.84% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
<u>Balances at June 30, 2019</u>	\$ <u>607,595</u>	\$ <u>575,885</u>	\$ <u>31,710</u>
Changes for the Year:			
Service Cost	208,853	0	208,853
Interest	59,192	0	59,192
Difference between Expected and Actual Experience	47,023	0	47,023
Changes of Assumptions	0	0	0
Contributions - Employer	0	260,940	(260,940)
Contributions - Employees	0	0	0
Net Investment Income	0	34,798	(34,798)
Benefit Payments - Including Refunds of Employee Contributions	0	0	0
Administrative Expenses	<u>0</u>	<u>(9,632)</u>	<u>9,632</u>
Net Changes	<u>315,068</u>	<u>286,106</u>	<u>28,962</u>
<u>Balances at June 30, 2020</u>	<u>\$ 922,663</u>	<u>\$ 861,991</u>	<u>\$ 60,672</u>

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

(D) PUBLIC EMPLOYEE RETIREMENT PLAN (HYBRID WITHOUT COST CONTROLS) (Continued)

Net Pension Liability (Asset) (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, calculated using the discount rate of 7.25%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net Pension Liability (Asset) 2020	\$ 311,481	\$ 60,672	\$ (129,620)

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

Pension Expense - For the year ended June 30, 2021, the City recognized pension expense of \$248,175.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources relate to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 188,200	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	10,439	0
Changes of Assumptions	2,678	0
Contributions Subsequent to the Measurement Date of June 30, 2020	<u>317,714</u>	<u>0</u>
Total	<u>\$ 519,031</u>	<u>\$ 0</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2020,” 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:

<u>For the Years ended June 30,</u>	
2022	\$ 21,087
2023	21,933
2024	22,456
2025	22,630
2026	19,365
Thereafter	93,846

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, 2021, the City reported no payables outstanding to the pension plan.

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

(D) PUBLIC EMPLOYEE RETIREMENT PLAN (HYBRID WITHOUT COST CONTROLS) (Continued)

Defined Contribution Plan

The City has adopted the State of Tennessee's defined contribution retirement plan for employees as a component of the Public Employee Retirement Plan (Hybrid Plan Without Cost Controls) for employees hired on or after July 1, 2014.

The City has elected to contribute 5% of each eligible participant's compensation per year. The City contributed \$317,714 to the plan during 2021 which represents 5% of covered payroll. Covered payroll for the City for the year ended June 30, 2021 was \$5,440,302.

(E) TEACHER LEGACY PLAN

General Information about the Pension Plan

Plan Description - Teachers employed by the Alcoa City Schools with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 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.

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 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. 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 nonservice-related disability eligibility. The service related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% 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%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A 1% COLA is granted if the CPI change is between one-half percent and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions - Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Alcoa City Schools for the year ended June 30, 2021 to the Teacher Legacy Pension Plan were \$1,047,266 which is 10.04% 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, 2021, the Alcoa City Schools reported a liability (asset) of \$(2,318,609) for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Alcoa City Schools' proportion of the net pension liability (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, 2020, Alcoa City Schools' proportion was 0.304050%. The proportion measured as of June 30, 2019 was 0.289842%.

Pension Expense (Negative Pension Expense) - For the year ended June 30, 2021, Alcoa City Schools recognized pension expense (negative pension expense) of \$19,556.

NOTE 8 - EMPLOYEES' RETIREMENT PLANS (Continued)

(E) TEACHER LEGACY PLAN (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2021, Alcoa City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources shown below:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 88,143	\$ 1,114,746
Changes of Assumptions	210,635	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	517,838	0
Changes in Proportion of Net Pension Liability (Asset) LEAs Contributions Subsequent to the Measurement Date of June 30, 2020	59,721	38,342
	<u>1,047,266</u>	<u>0</u>
Total	<u>\$ 1,923,603</u>	<u>\$ 1,153,088</u>

Alcoa City Schools' employer contributions of \$1,047,266 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction (increase) in net pension liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Years ended June 30,

2022	\$ (541,517)
2023	(83,744)
2024	5,479
2025	343,031

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

Sensitivity of the 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%, as well as what Alcoa City Schools' proportionate share of the net pension liability (asset) would be if we were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ <u>7,210,821</u>	\$ <u>(2,318,609)</u>	\$ <u>(10,220,744)</u>

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, 2021, Alcoa City Schools' reported no payables for the outstanding amount of contributions to the pension plan, including employee contributions, required at the year ended June 30, 2021.

NOTE 8 - EMPLOYEES' RETIREMENT PLANS (Continued)

(F) TEACHER RETIREMENT PLAN

General Information about the Pension Plan

Plan Description - Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits Provided - Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. 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 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 nonservice-related disability eligibility. The service related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% 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%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A 1% COLA is granted if the CPI change is between one-half percent and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions - Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% 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%, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2021 to the Teacher Retirement Plan were \$57,687, which is 4% 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, 2021, Alcoa City Schools reported a liability (asset) of (\$50,313) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020, 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 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, 2020, Alcoa City Schools' proportion was 0.088480%. The proportion measured as of June 30, 2019 was 0.089544%.

Pension Expense - For the year ended June 30, 2021, Alcoa City Schools' recognized a pension expense of \$20,195.

NOTE 8 - EMPLOYEES' RETIREMENT PLANS (Continued)

(F) TEACHER RETIREMENT PLAN (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2021, Alcoa City Schools' reported deferred outflows 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	\$ 1,869	\$ 12,608
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,099	0
Changes of Assumptions	1,578	0
Changes in Proportion of Net Pension Liability (Asset)	3,154	4,268
LEAs Contributions Subsequent to the Measurement Date of June 30, 2020	<u>29,132</u>	<u>0</u>
Total	<u>\$ 39,832</u>	<u>\$ 16,876</u>

Alcoa City Schools employer contributions of \$29,132, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Years ended June 30,

2020	\$ (561)
2021	31
2022	333
2023	419
2024	(969)
Thereafter	(5,429)

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

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%, as well as what Alcoa City Schools' proportionate share of the net pension liability (asset) would be if we were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ <u>39,135</u>	\$ <u>(50,313)</u>	\$ <u>(116,248)</u>

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, 2021, Alcoa City Schools' reported no payable for the outstanding amount of contributions to the pension plan, including employee contributions, required at the year ended June 30, 2021.

NOTE 8 - EMPLOYEES' RETIREMENT PLANS (Continued)

(F) TEACHER RETIREMENT PLAN (Continued)

Defined Contribution Plan

Alcoa City Schools contributes to the Higher Education and Teacher Hybrid Plan, a defined contribution pension plan under section 401(k) of the Internal Revenue Code, for teachers with membership in the Tennessee Consolidated Retirement System after July 1, 2014. This plan is a component of the defined benefit plan reported above. Benefit terms, including contribution requirements, for the defined contribution plan are established by Tennessee Code Annotated Title 8, Chapters 34-37 and may be amended by the Tennessee General Assembly. For each employee in the pension plan, the Alcoa City Schools is required to contribute 5% of annual salary to an individual employee account. Employees have a 2% contribution, with an opt-out feature. For the year ended June 30, 2021, the Alcoa City Schools recognized pension expense of \$71,159. Employees are immediately vested on all contributions and earnings on those contributions. The Alcoa City Schools reported no payable for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2021.

(G) DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan known as the City of Alcoa Thrift Plan (the "Thrift Plan"). The Thrift Plan is available to all city employees and 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.

The 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 Thrift Plan administrator provides an annual valuation report to the City. The Thrift Plan assets totaled \$27,659,827 as of June 30, 2021.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

In addition to the pension benefits described in Note 8, the City maintains separate OPEB plans for City Retirees and for School System Retirees. As of June 30, 2021, total plan balances presented in the statement of net position are as follows:

	<u>City</u>	<u>School System</u>	<u>All Plans</u>
Other Postemployment Benefit Liability	\$ 5,818,019	\$ 4,922,003	\$ 10,740,022
Other Postemployment Benefit Outflows	\$ 605,277	\$ 1,291,137	\$ 1,896,414
Other Postemployment Benefit Inflows	\$ 240,863	\$ 1,691,599	\$ 1,932,462
Other Postemployment Benefit Expense	\$ 9,041	\$ 323,179	\$ 332,220

(A) CITY

General Information About the OPEB Plan

Plan Description - The City provides post-retirement health care benefits (the "Plan") to certain retirees. The City will allow retirees and their spouse to participate in the City's health insurance plan provided the retiree pays the requisite premium. 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 benefits 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. The Plan is a single-employer plan.

Benefits Provided - The City's healthcare plan is insured by UMR. A premium is paid for medical coverage which is not age related. However, the underlying cost of the medical coverage does vary by age as medical costs tend to increase with age. As a result, older employees receive a more valuable benefit than younger employees. As the premium paid for retirees is the same as for active employees, a more valuable benefit is received by retirees as compared to younger, active employees. GASB 75 defines this benefit as an implicit rate subsidy, and it is to be valued under the standards.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

(A) CITY (Continued)

General Information About the OPEB Plan (Continued)

Employees Covered by the Benefit Terms - At the measurement date of June 30, 2021, the following employees of the City were covered by the benefit terms of the Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	56
Inactive Employees Entitled to, but not yet Receiving Benefits	0
Active Employees	267
Total	323

The contribution requirements are established and may be amended by the City. The Plan is currently being funded on a pay-as-you-go basis, whereby amounts paid to retirees and their matching payments are the only contributions. There are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. For the fiscal year ended June 30, 2021, the City paid \$389,700 to the Plan for OPEB benefits as they came due.

Total OPEB Liability

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2020 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%
Healthcare Cost Trend Rates	7.50% graded uniformly to 6.75% over 3 years and following the Getzen model thereafter.
Retiree's Share of Benefit-Related Costs	Members are required to make monthly contributions in order to maintain coverage.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial demographic assumptions used in the July 1, 2020 actuarial valuation were based on the results of past experience. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the Group Annuity 1983 Mortality Table.

Discount Rate - The discount rate used to measure the total OPEB liability as of June 30, 2021 was 2.51%. This rate reflects the interest rate derived from yields on the S&P Municipal Bond Index prevailing on the measurement date.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

(A) CITY (Continued)

Total OPEB Liability (Continued)

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
<u>Balance at June 30, 2020</u>	\$ <u>5,930,449</u>
Changes for the Year	
Service Cost	134,813
Interest	142,457
Benefits Payments	<u>(389,700)</u>
Net Changes	<u>(112,430)</u>
<u>Balance at June 30, 2021</u>	\$ <u><u>5,818,019</u></u>

Changes in Assumptions - The discount rate was changed from 3.23% as of June 30, 2020 to 2.51% as of June 30, 2021. Mortality was updated from table RP-2014 adjusted to 2006 and projected using scale MP-2017 to table Pri-2012 projected using scale MP-2019. The age variance was changed from 3% from year down from age 65 to age 55 to the factors in the Yamamoto Aging Tables. The healthcare cost trend rate was changed from 8% graded uniformly to 5% over 10 years to 7.5% graded uniformly to 6.75% over 3 years and following the Getzen model thereafter to an ultimate rate of 4.04% in the year 2075.

Sensitivity of Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability related to the plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.51%) or 1 percentage-point higher (3.51%) than the current discount rate:

	<u>1% Decrease (1.51%)</u>	<u>Current Discount Rate (2.51%)</u>	<u>1% Increase (3.51%)</u>
Total OPEB Liability	\$ <u><u>6,232,607</u></u>	\$ <u><u>5,818,019</u></u>	\$ <u><u>5,430,771</u></u>

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability related to the Plan, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current healthcare cost trend rate.

	<u>1% Decrease (5.75%)</u>	<u>Healthcare Cost Trend Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Total OPEB Liability	\$ <u><u>5,261,352</u></u>	\$ <u><u>5,818,019</u></u>	\$ <u><u>6,464,704</u></u>

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

(A) CITY (Continued)

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

OPEB Expense - For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$9,041.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the fiscal year ended June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience Gains	\$ 0	\$ 240,863
Change in Assumptions	<u>605,277</u>	<u>0</u>
Totals as of June 30, 2021	<u>\$ 605,277</u>	<u>\$ 240,863</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

For the Years ended June 30:

2022	\$ 121,471
2023	121,471
2024	<u>121,472</u>
Total	<u>\$ 364,414</u>

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

(B) SCHOOL SYSTEM

General Information About the OPEB Plan

Plan Description – Employees of Alcoa City Schools who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Once the certified retirees of Alcoa City Schools reach Medicare eligibility, they may then join the Tennessee Plan (TNP), which provides supplemental medical insurance for retirees with Medicare. However, the Alcoa City Schools does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNP.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

(B) SCHOOL SYSTEM (Continued)

General Information About the OPEB Plan (Continued)

Benefits Provided - The Alcoa City Schools offers the TGOP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the TGOP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Alcoa City Schools does not provide a direct subsidy toward retirees' insurance premiums and is subject only to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP 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 Benefit Terms - At the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	37
Inactive Employees Entitled to, but not yet Receiving Benefits	16
Active Employees	<u>144</u>
Total	<u><u>197</u></u>

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Alcoa City Schools paid \$164,096 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial Assumptions - The collective total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.10%
Salary Increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4%.
Healthcare Cost Trend Rates	9.02% for pre-65 in 2020, decreasing annually over a 10 year period to an ultimate rate of 4.50%. 7.56% for post-65 in 2020, decreasing annually over a 4 year period to an ultimate rate of 4.50%.
Retiree's Share of Benefit-Related Costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

(B) SCHOOL SYSTEM (Continued)

Total OPEB Liability (Continued)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2020, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount Rate - The discount rate used to measure the total OPEB liability was 2.21%. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Changes in the Collective Total Liability – Changes in the collective total liability are as follows:

	<u>Total OPEB Liability</u>
<u>Balance at June 30, 2020</u>	\$ <u>6,058,984</u>
Changes for the Year	
Service Cost	323,219
Interest	219,486
Differences Between Expected and Actual Experience	(425,640)
Changes in Assumptions	691,789
Benefits Payments	<u>(260,351)</u>
Net Changes	<u>548,503</u>
<u>Balance at June 30, 2021</u>	\$ <u><u>6,607,487</u></u>
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	\$ 1,685,484
Employer's Proportionate Share of the Collective Total OPEB Liability	\$ 4,922,003
Employer's Proportion of the Collective Total OPEB Liability	\$ 74.49%

The Alcoa City Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Alcoa City Schools' proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed (1.15)% from the prior measurement date. Alcoa City Schools recognized \$108,840 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Alcoa City School retirees.

Changes in Assumptions - The discount rate was changed from 3.51% as of the beginning of the measurement period to 2.21% as of June 30, 2020. This change in assumption decreased the total OPEB liability.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

(B) SCHOOL SYSTEM (Continued)

Total OPEB Liability (Continued)

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate - The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	1% Decrease <u>(1.21%)</u>	Current Discount Rate (2.21%)	1% Increase <u>(3.21%)</u>
Proportionate Share of Collective Total OPEB Liability	\$ <u>5,339,089</u>	\$ <u>4,922,003</u>	\$ <u>4,536,522</u>

Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate - The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	1% Decrease (8.02%/6.56%) <u>Decreasing to 3.50%</u>	Healthcare Cost Trend Rates (9.02%/7.56%) <u>Decreasing to 4.5%</u>	1% Increase (10.02%/8.56%) <u>Decreasing to 5.50%</u>
Proportionate Share of Collective Total OPEB Liability	\$ <u>4,317,259</u>	\$ <u>4,922,003</u>	\$ <u>5,643,392</u>

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

OPEB Expense - For the fiscal year ended June 30, 2021, Alcoa City Schools recognized OPEB expense of \$323,179.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the fiscal year ended June 30, 2021, Alcoa City Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ 464,564	\$ 1,229,904
Changes of Assumptions	580,368	385,602
Changes in Proportions	82,109	76,093
Employer Payments Subsequent to the Measurement Date	<u>164,096</u>	<u>0</u>
Totals as of June 30, 2021	<u>\$ 1,291,137</u>	<u>\$ 1,691,599</u>

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

(B) SCHOOL SYSTEM (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>For the Years ended June 30:</u>	
2022	\$ (81,089)
2023	(81,089)
2024	(81,089)
2025	(81,089)
2026	(81,089)
Thereafter	<u>(159,113)</u>
Total	<u>\$ (564,558)</u>

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

On-Behalf Payments

TGOP Plan - The State of Tennessee makes a contribution (on-behalf payment) for School System employees who participate in the TGOP. The on-behalf payment for fiscal year 2021 was \$61,489 and has been recorded as a revenue and expenditure in the Education Fund.

TNP - The State of Tennessee makes a contribution (on-behalf payment) for School System employees who participate in the TNO. The on-behalf payment for fiscal year 2021 was \$20,729 and has been recorded as a revenue and expenditure in the Education Fund.

NOTE 10 - EMPLOYEE HEALTH INSURANCE INTERNAL SERVICE FUND

The City has established 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 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.

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

<u>Year Ended June 30,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims</u>	<u>Liability Balance at Fiscal Year End</u>
2019	\$ 686,316	\$ 4,030,887	\$ 686,316
2020	686,316	3,780,224	707,457
2021	707,457	3,865,152	671,197

The City 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 prior three (3) fiscal years.

NOTE 11 - CONTRACT/PROGRAMS WITH TENNESSEE VALLEY AUTHORITY (TVA)

The City has a power contract with TVA whereby the City purchases 100% its electric power from TVA subject to certain restrictions and conditions. The restrictions and conditions include prohibitions against diverting Electric Utility Fund assets to other operations of the City, securing indebtedness of other operations, or paying more than the Electric Utility Fund's equitable share of tax equivalents.

The City participates in TVA's Home Energy Conservation Program. TVA advances the funds from which the City disburses for approved customer home insulation and heat pumps. In the event of customer default, the City does not have loss exposure. As of June 30, 2021, receivables from customers for conservation loans was \$354,768.

The City participates in the TVA program for prepayment of wholesale power invoices. The prepayment account earns daily interest based on TVA's average short-term interest rate. TVA reduces the prepayment account for the amount of the City's monthly power invoice each month. As of June 30, 2021, the total prepaid TVA power invoice program was \$3,642,264.

NOTE 12 - CONSTRUCTION CONTRACTS

As of June 30, 2021, the City had the following commitments with respect to unfinished construction—in-progress:

Project Name	Total Contract or Estimated Amount	Costs Incurred Through June 30, 2021	Estimated Cost to Complete
Marconi	\$ 11,049,866	\$ 6,815,580	\$ 4,234,286
Faraday	5,286,666	2,030,853	3,255,813
Duck Pond GW Ph 3	591,684	91,684	500,000
Greenway Restrooms	243,285	43,285	200,000
Hunters Crossing Curb & Gutter	78,300	14,700	63,600
Bungalow Traffic Signal	296,794	101,275	195,519
Kings Ct - Ped Crossing	542,668	683	541,985
Ped Bridge Improvements	29,824	10,831	18,993
AIS Construction	18,414,787	1,214,787	17,200,000
TDOT Ph 1 Water	112,650	105,921	6,729
TDOT Ph 2 Sewer	159,937	104,790	55,147
TDOT Ph 3 Sewer	160,270	106,188	54,082
TDOT Ph 4 Sewer	167,475	38,653	128,822
TDOT Ph 2 Water	181,988	89,515	92,473
TDOT Ph 3 Water	255,730	100,866	154,864
TDOT Ph 4 Water	157,625	44,314	113,311
Leachate Lift Station	215,830	185,547	30,283
New Cell Construction	1,600,000	21,259	1,578,741
	<u>\$ 39,545,379</u>	<u>\$ 11,120,731</u>	<u>\$ 28,424,648</u>

NOTE 13 - LANDFILL OPERATIONS

(A) SOLID WASTE AUTHORITY

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

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

Expenditures of the Authority for management and a solid waste plan are paid by the City of Alcoa Landfill Fund and amounted to \$106,333 for the year ended June 30, 2021.

NOTE 13 - LANDFILL OPERATIONS

(B) LANDFILL CLOSURE AND POSTCLOSURE

Blount County, Tennessee and the Cities of Maryville and Alcoa are currently being served by one landfill area operated by the City. 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 \$12,293,785 reported as landfill closure and postclosure care liability at June 30, 2021, represents the cumulative amount reported to date based on the use of twenty-eight (28%) percent of the estimated capacity of the Landfill. 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.

NOTE 14 - 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 participates (has an on-going financial interest and financial responsibility) in the following joint ventures:

(A) EMERGENCY COMMUNICATIONS DISTRICT OF BLOUNT COUNTY

Pursuant to an agreement dated August 28, 1984, between the City of Alcoa, Blount County, and the City of Maryville, Tennessee, a Communications Center was established for the purpose of handling emergency calls for the three (3) governmental entities. Effective July 1, 1999, the Blount County Communications Center was combined with the Emergency Communications District of Blount County, a component unit of Blount County, Tennessee. The three (3) governmental entities participate in the funding of the District while exercising no direct control over the District.

The Emergency Communications District of Blount County is governed by nine (9) directors appointed by the Blount County Board of County Commissioners. Before the issuance of most debt instruments, the District must obtain the approval of the Blount County Board of County Commissioners. The District's Board employs coordinators and staff to conduct the daily business of the organization.

For the fiscal year ended June 30, 2021, the City of Alcoa, Tennessee contributed \$198,911 to the Blount County Emergency Communications District. Summary financial information, as required by generally accepted accounting principles, for the fiscal year ended June 30, 2020, the most recent fiscal year available, is presented below:

Operating Revenues	\$ 1,497,344
Operating Expenses	<u>2,208,543</u>
Operating Income (Loss)	(711,199)
Non-Operating Revenues	<u>1,000,361</u>
Change in Net Position	289,162
Net Position - July 1, 2019	<u>4,532,298</u>
Net Position - June 30, 2020	<u>\$ 4,821,460</u>
Total Assets	<u>\$ 6,173,892</u>
Deferred Outflows of Resources	<u>\$ 222,320</u>
Total Liabilities	<u>\$ 981,642</u>
Deferred Inflows of Resources	<u>\$ 593,110</u>
Net Position	<u>\$ 4,821,460</u>

The Emergency Communications District of Blount County issues a publicly available financial report. A report may be obtained by writing to the Blount County Communications District, P. O. Box 4609, Maryville, TN 37802.

NOTE 14 - JOINT VENTURES (Continued)

(B) 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 Blount County and the City of Maryville, Tennessee. 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.

For the fiscal year ended June 30, 2021, the City contributed \$566,556 to the Recreation and Parks Commission to fund operations. Summary financial information, as required by accounting principles generally accepted in the United States of America, for the fiscal year ended June 30, 2020, the most recent physical year available, is presented below:

Revenues	\$ 2,794,487
Expenditures	<u>2,863,056</u>
Change in Net Position	(68,569)
Net Position - July 1, 2019	<u>3,052,868</u>
Net Position - June 30, 2020	<u>\$ 2,984,299</u>
Total Assets	<u>\$ 1,799,059</u>
Deferred Outflows of Resources	<u>\$ 1,791,790</u>
Total Liabilities	<u>\$ 606,550</u>
Net Position	<u>\$ 2,984,299</u>

The Recreation and Parks Commission issues a publicly available financial report. A copy may be obtained by writing to Recreation and Parks Commission, 316 Everett High Road, Maryville, TN 37804.

(C) BLOUNT COUNTY CABLE TELEVISION AUTHORITY

The City of Alcoa, Blount County, and the City of Maryville, Tennessee jointly regulate the operation of cable television through the Blount County Cable Television Authority. The Authority is composed of nine (9) appointed members, three (3) of whom are appointed by the City of Alcoa Commission. The remaining six (6) members are appointed by Blount County and the City of Maryville. 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.

Summary financial information, as required by accounting principles generally accepted in the United States of America, for the fiscal year ended June 30, 2020, the most recent physical year available is presented below:

Revenues	\$ 1,071,445
Expenditures	<u>22,445</u>
Excess of Revenue Over Expenditures Before	
Franchise Fee Distributions	1,049,000
Franchise Fee Distributions to County and Cities	<u>1,036,250</u>
Change in Net Position	12,750
Net Position - July 1, 2019	<u>19,750</u>
Net Position - June 30, 2020	<u>\$ 32,500</u>
Total Assets	<u>\$ 267,788</u>
Total Liabilities	<u>\$ 235,288</u>
Net Position	<u>\$ 32,500</u>

NOTE 14 - JOINT VENTURES (Continued)

(C) BLOUNT COUNTY CABLE TELEVISION AUTHORITY

No joint venture debt was reported on the financial statements of the Authority as of June 30, 2020.

The Blount County Cable Television Authority issues a publicly available financial report. A copy may be obtained by writing to Blount County Cable Television Authority, P. O. Box 4338, Maryville, TN 37802.

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

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

For the fiscal year ended June 30, 2021, the City contributed \$460,875 to the Industrial Development Board of Blount County.

Summary financial information, as required by accounting principles generally accepted in the United States of America, for the fiscal year ended June 30, 2020, the most recent fiscal year available, is presented below:

Revenues	\$ 3,848,108
Expenditures	<u>4,569,627</u>
Change in Net Position	<u>(721,519)</u>
Net Position - July 1, 2019	35,489,061
Prior Period Adjustment	<u>17,194</u>
Net Position - July, 1 2019 - Restated	<u>35,506,255</u>
Net Position - June 30, 2020	<u>\$ 34,784,736</u>
Total Assets	<u>\$ 68,133,587</u>
Total Liabilities	<u>\$ 33,348,851</u>
Net Position	<u>\$ 34,784,736</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.

NOTE 15 - JOINT DEVELOPMENTS

(A) PARTNERSHIP PARK NORTH - PARTNERSHIP PARK SOUTH

Pursuant to an Intergovernmental Cooperation Agreement dated December 16, 1997, by and among the City of Maryville, Tennessee, the City of Alcoa, Tennessee, Blount County, Tennessee, and the Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee, the two (2) cities and Blount County 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 two (2) industrial parks. Such financial assistance is to be provided as follows: Blount County –40%; City of Maryville –30%; and City of Alcoa – 30%.

NOTE 15 - JOINT DEVELOPMENTS (Continued)

(A) PARTNERSHIP PARK NORTH - PARTNERSHIP PARK SOUTH (Continued)

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 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 Alcoa, the City of Maryville, 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.

(B) THE PELLISSIPPI RESEARCH CENTRE ON THE OAK RIDGE CORRIDOR

Pursuant to an Intergovernmental Cooperation Agreement dated May 2006 by and among the City of Alcoa, Tennessee; the City of Maryville, Tennessee; Blount County, Tennessee; Knox County, Tennessee; and the Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, 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 – 25%; Knox County – 25%; City of Maryville – 25%; and City of Alcoa – 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 Alcoa, the City of Maryville, 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.

(C) PROJECT PEARL

On January 21, 2021, the City entered into an intergovernmental agreement with Blount County, and The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee (“Board”). The agreement is to induce the construction, equipping and operation by Amazon of a distribution and robotics processing facility in order to promote economic development within the boundaries of the City and County. The Board desires to design and construct certain public road, greenway and utility infrastructure improvements. To finance certain costs of the infrastructure work, the City has executed an industrial revenue note with the Board in an amount not to exceed \$6,000,000. The Board will draw down the proceeds in accordance with terms of the agreement. As of June 30, 2021, the outstanding amount due to the City from the Board is \$3,500,000. The additional \$2,500,000 is expected to be drawn during fiscal year 2022. The industrial revenue note will be repaid to the City by the Board through payments in lieu of taxes generated in connection with the project. The industrial revenue note does not bear interest and matures March 1, 2044. In order to fund the loan to the Board, the City issued General Obligation Bonds, Series 2021A (see Note 7) for \$6,305,000. All activity related to the project will be recorded in the Project Pearl Debt Service Fund.

NOTE 16 - 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, worker's compensation, and employee health and accident claims. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal 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 105% of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public funds accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in aggregate rather than against each individual account. Under this assessment agreement, public funds accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

NOTE 17 - PENDING LITIGATION

The City is involved in various litigations arising in the ordinary course of its operations. The City is vigorously defending each of the suits. The outcome of these suits is not presently determinable. However, management believes that if any suit results in an unfavorable outcome that its insurance coverage is sufficient to cover any judgment.

NOTE 18 - NET POSITION RESTATEMENT

Effective July 1, 2020, the City adopted GASB Statement No. 84, Fiduciary Activities, which addresses reporting on fiduciary activities. As a result, the City restated beginning net position to include the Internal School Fund as a special revenue fund. This resulted in an adjustment to the beginning net position of governmental activities of \$694,891.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

CITY OF ALCOA, TENNESSEE

**SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF ALCOA**

Fiscal Years Ended June 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability							
Service Cost	\$ 174,173	\$ 167,476	\$ 178,301	\$ 171,443	\$ 205,136	\$ 190,824	\$ 232,880
Interest	2,542,594	2,560,640	2,586,636	2,607,943	2,695,269	2,688,755	2,612,606
Changes in Benefit Terms	0	0	0	0	0	0	0
Differences between Actual and Expected Experience	462,715	0	219,890	0	117,353	0	547,119
Change of Assumptions	894,375	0	789,732	0	(1,221,352)	0	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,026,576)</u>	<u>(2,940,875)</u>	<u>(2,925,221)</u>	<u>(3,215,457)</u>	<u>(2,832,855)</u>	<u>(2,587,026)</u>	<u>(2,549,182)</u>
Net Change in Total Pension Liability	1,047,281	(212,759)	849,338	(436,071)	(1,036,449)	292,553	843,423
Total Pension Liability - Beginning	<u>36,409,373</u>	<u>36,622,132</u>	<u>35,772,794</u>	<u>36,208,865</u>	<u>37,245,314</u>	<u>36,952,761</u>	<u>36,109,338</u>
Total Pension Liability - Ending (a)	<u>\$ 37,456,654</u>	<u>\$ 36,409,373</u>	<u>\$ 36,622,132</u>	<u>\$ 35,772,794</u>	<u>\$ 36,208,865</u>	<u>\$ 37,245,314</u>	<u>\$ 36,952,761</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 1,512,265	\$ 1,397,040	\$ 1,554,021	\$ 2,132,867	\$ 2,406,072	\$ 2,173,944	\$ 1,451,649
Contributions - Employee	0	0	0	0	0	0	0
Net Investment Income	1,261,933	1,865,151	2,062,113	2,634,609	802,129	693,555	2,612,615
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,026,576)</u>	<u>(2,940,875)</u>	<u>(2,925,221)</u>	<u>(3,215,457)</u>	<u>(2,832,855)</u>	<u>(2,587,026)</u>	<u>(2,549,182)</u>
Administrative Expense	<u>(37,470)</u>	<u>(48,597)</u>	<u>(25,732)</u>	<u>(41,329)</u>	<u>(83,979)</u>	<u>(73,003)</u>	<u>(75,650)</u>
Net Change in Plan Fiduciary Net Position	(289,848)	272,719	665,181	1,510,690	291,367	207,470	1,439,432
Plan Fiduciary Net Position - Beginning	<u>26,276,833</u>	<u>26,004,114</u>	<u>25,338,933</u>	<u>23,828,243</u>	<u>23,536,876</u>	<u>23,329,406</u>	<u>21,889,974</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 25,986,985</u>	<u>\$ 26,276,833</u>	<u>\$ 26,004,114</u>	<u>\$ 25,338,933</u>	<u>\$ 23,828,243</u>	<u>\$ 23,536,876</u>	<u>\$ 23,329,406</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 11,469,669</u>	<u>\$ 10,132,540</u>	<u>\$ 10,618,018</u>	<u>\$ 10,433,861</u>	<u>\$ 12,380,622</u>	<u>\$ 13,708,438</u>	<u>\$ 13,623,355</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.38%	72.17%	71.01%	70.83%	65.81%	63.19%	63.13%
Covered Payroll	\$ 2,469,096	\$ 2,844,881	\$ 2,844,881	\$ 3,087,577	\$ 3,087,577	\$ 3,747,156	\$ 3,747,156
Net Pension Liability (Asset) as a Percentage of Covered Payroll	464.53%	356.17%	373.23%	337.93%	400.98%	365.84%	363.57%

Notes: 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
SCHEDULES OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF ALCOA

Fiscal Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,397,037	\$ 1,397,037	\$ 1,512,242	\$ 1,512,242	\$ 1,445,037	\$ 1,445,037	\$ 1,427,703	\$ 1,427,703
Contribution in Relation to the Contractually Required Contribution	<u>1,397,040</u>	<u>1,512,265</u>	<u>1,397,040</u>	<u>1,554,021</u>	<u>2,132,867</u>	<u>2,406,072</u>	<u>2,173,944</u>	<u>1,451,649</u>
Contribution Deficiency (Excess)	<u>\$ (3)</u>	<u>\$ (115,228)</u>	<u>\$ 115,202</u>	<u>\$ (41,779)</u>	<u>\$ (687,830)</u>	<u>\$ (961,035)</u>	<u>\$ (746,241)</u>	<u>\$ (23,946)</u>
Covered Payroll	\$ 2,469,096	\$ 2,469,096	\$ 2,844,881	\$ 2,844,881	\$ 3,087,577	\$ 3,087,577	\$ 3,747,156	\$ 3,747,156
Contributions as a percentage of Covered Payroll	56.58%	61.25%	49.11%	54.63%	69.08%	77.93%	58.02%	38.74%

Note: 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.

Notes:

Valuation Date:

Actuarially determined contribution rates for 2021 were calculated based on July 1, 2020 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Amortization method	Level dollar, closed (not to exceed 30 years)
Asset valuation	5 year smoothing of difference of expected value and market value
Inflation	4.0%
Salary increases	4.0% Annual Increase to Normal Retirement age, including inflation
Investment Rate of Return	7.25%, Net investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Retirement age	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
SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
PUBLIC EMPLOYEE RETIREMENT PLAN OF TCRS

Fiscal Years Ended June 30

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 910,481	\$ 924,323	\$ 924,442	\$ 931,368	\$ 948,025	\$ 904,768	\$ 894,770
Interest	3,493,920	3,264,516	3,077,693	2,784,741	2,593,218	2,379,080	2,204,346
Changes in Benefit Terms	0	0	0	0	0	0	0
Differences between Actual and Expected Experience	(176,721)	382,156	(163,031)	1,792,558	(36,221)	361,622	(23,187)
Change of Assumptions	0	0	0	913,725	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(1,443,310)	(1,342,601)	(1,187,648)	(1,001,168)	(868,269)	(798,854)	(713,405)
Net Change in Total Pension Liability	2,784,370	3,228,394	2,654,456	5,421,224	2,636,753	2,846,616	2,362,524
Total Pension Liability - Beginning	48,003,175	44,774,781	42,120,325	36,699,101	34,062,348	31,215,732	28,853,208
Total Pension Liability - Ending (a)	<u>\$ 50,787,545</u>	<u>\$ 48,003,175</u>	<u>\$ 44,774,781</u>	<u>\$ 42,120,325</u>	<u>\$ 36,699,101</u>	<u>\$ 34,062,348</u>	<u>\$ 31,215,732</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 1,876,225	\$ 1,898,893	\$ 1,890,068	\$ 1,927,489	\$ 1,949,830	\$ 1,902,848	\$ 1,770,618
Contributions - Employee	0	0	0	0	0	0	0
Net Investment Income	2,297,016	3,176,264	3,222,720	3,870,902	855,389	931,379	4,154,442
Benefit Payments, Including Refunds of Employee Contributions	(1,443,310)	(1,342,601)	(1,187,648)	(1,001,168)	(868,269)	(798,854)	(713,405)
Administrative Expense	(18,064)	(18,790)	(20,690)	(18,845)	(18,410)	(12,952)	(10,211)
Net Change in Plan Fiduciary Net Position	2,711,867	3,713,766	3,904,450	4,778,378	1,918,540	2,022,421	5,201,444
Plan Fiduciary Net Position - Beginning	46,102,541	42,388,775	38,484,325	33,705,947	31,787,407	29,764,986	24,563,542
Plan Fiduciary Net Position - Ending (b)	<u>\$ 48,814,408</u>	<u>\$ 46,102,541</u>	<u>\$ 42,388,775</u>	<u>\$ 38,484,325</u>	<u>\$ 33,705,947</u>	<u>\$ 31,787,407</u>	<u>\$ 29,764,986</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 1,973,137</u>	<u>\$ 1,900,634</u>	<u>\$ 2,386,006</u>	<u>\$ 3,636,000</u>	<u>\$ 2,993,154</u>	<u>\$ 2,274,941</u>	<u>\$ 1,450,746</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.11%	96.04%	94.67%	91.37%	91.84%	93.32%	95.35%
Covered Payroll	\$ 11,805,789	\$ 11,678,300	\$ 11,624,034	\$ 11,868,775	\$ 12,006,344	\$ 11,714,226	\$ 11,108,012
Net Pension Liability (Asset) as a Percentage of Covered Payroll	16.71%	16.27%	20.53%	30.64%	24.93%	19.42%	13.06%

Notes: *Changes of assumptions* - In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

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. Please refer to previously supplied data from the TCRS GASB website for the prior years' data, if needed.

CITY OF ALCOA, TENNESSEE
SCHEDULES OF CONTRIBUTIONS
PUBLIC EMPLOYEE RETIREMENT PLAN OF TCRS

Fiscal Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 1,828,105	\$ 1,876,225	\$ 1,898,893	\$ 1,890,067	\$ 1,927,489	\$ 1,949,830	\$ 1,902,848	\$ 1,770,618
Contributions in Relation to the Actuarially Determined Contribution	<u>1,828,105</u>	<u>1,876,225</u>	<u>1,898,893</u>	<u>1,890,067</u>	<u>1,927,489</u>	<u>1,949,830</u>	<u>1,902,848</u>	<u>1,770,618</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 11,527,701	\$ 11,805,789	\$ 11,678,300	\$ 11,624,034	\$ 11,868,775	\$ 12,006,344	\$ 11,714,226	\$ 11,108,012
Contributions as a Percentage of Covered Payroll	15.86%	15.89%	16.26%	16.26%	16.24%	16.24%	16.24%	15.94%

Note: 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. Please refer to the previously supplied data from the TCRS GASB website for prior years' data, if needed.

Notes:

Valuation date: Actuarially determined contribution rates for 2021 were calculated based on the June 30, 2020 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 within a 20.0% corridor to market value
Inflation	2.5%
Salary Increases:	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25%, 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%

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

CITY OF ALCOA, TENNESSEE
SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
PUBLIC EMPLOYEE RETIREMENT PLAN OF TCRS HYBRID WITHOUT COST CONTROLS

Fiscal Years Ended June 30

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service Cost	\$ 208,853	\$ 150,708	\$ 111,940	\$ 64,876	\$ 6,951	\$ 3,019
Interest	59,192	37,099	21,355	8,868	803	226
Changes in Benefit Terms	0	0	0	0	0	0
Differences between Actual and Expected Experience	47,023	58,780	45,099	51,643	41,847	515
Change of Assumptions	0	0	0	3,866	0	0
Benefit Payments, Including Refunds of Employee Contributions	0	0	0	0	0	0
Net Change in Total Pension Liability	315,068	246,587	178,394	129,253	49,601	3,760
Total Pension Liability - Beginning	607,595	361,008	182,614	53,361	3,760	0
Total Pension Liability - Ending (a)	<u>\$ 922,663</u>	<u>\$ 607,595</u>	<u>\$ 361,008</u>	<u>\$ 182,614</u>	<u>\$ 53,361</u>	<u>\$ 3,760</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 260,940	\$ 207,800	\$ 154,071	\$ 113,677	\$ 53,225	\$ 3,019
Contributions - Employee	0	0	0	0	0	0
Net Investment Income	34,798	32,996	20,678	12,384	750	29
Benefit Payments, Including Refunds of Employee Contributions	0	0	0	0	0	0
Administrative Expense	(9,632)	(8,300)	(6,905)	(4,811)	(2,639)	(89)
Net Change in Plan Fiduciary Net Position	286,106	232,496	167,844	121,250	51,336	2,959
Plan Fiduciary Net Position - Beginning	575,885	343,389	175,545	54,295	2,959	0
Plan Fiduciary Net Position - Ending (b)	<u>\$ 861,991</u>	<u>\$ 575,885</u>	<u>\$ 343,389</u>	<u>\$ 175,545</u>	<u>\$ 54,295</u>	<u>\$ 2,959</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 60,672</u>	<u>\$ 31,710</u>	<u>\$ 17,619</u>	<u>\$ 7,069</u>	<u>\$ (934)</u>	<u>\$ 801</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.42%	94.78%	95.12%	96.13%	101.75%	78.70%
Covered Payroll	\$ 4,492,849	\$ 3,639,234	\$ 2,674,836	\$ 1,891,468	\$ 902,111	\$ 51,170
Net Pension Liability (Asset) as a Percentage of Covered Payroll	1.35%	0.87%	0.66%	0.37%	-0.10%	1.57%

Notes: *Changes of assumptions* - In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

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. Please refer to previously supplied data from the TCRS GASB website for the prior years' data, if needed.

CITY OF ALCOA, TENNESSEE
SCHEDULES OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE
PUBLIC EMPLOYEE RETIREMENT PLAN OF TCRS HYBRID WITHOUT COST CONTROLS
Fiscal Years Ended June 30

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 317,714	\$ 260,940	\$ 207,800	\$ 154,071	\$ 113,677	\$ 53,225	\$ 3,019
Contribution in Relation to the Contractually Required Contribution	<u>317,714</u>	<u>260,940</u>	<u>207,800</u>	<u>154,071</u>	<u>113,677</u>	<u>53,225</u>	<u>3,019</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 5,440,302	\$ 4,492,849	\$ 3,639,234	\$ 2,674,836	\$ 1,891,468	\$ 902,111	\$ 51,170
Contributions as a Percentage of Covered Payroll	5.84%	5.81%	5.71%	5.76%	6.01%	5.90%	5.90%

Note: 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. Please refer to the previously supplied data from the TCRS GASB website for prior years' data, if needed.

Notes:

Valuation date: Actuarially determined contribution rates for 2021 were calculated based on the June 30, 2020 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 within a 20.0% corridor to market value
Inflation	2.5%
Salary Increases:	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	7.25%, 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%

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

CITY OF ALCOA, TENNESSEE
SCHEDULES OF ALCOA CITY SCHOOLS'
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
TEACHER LEGACY RETIREMENT PLAN OF TCRS

Fiscal Years Ended June 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Alcoa City Schools' Proportion of the Net Pension Liability (Asset)	0.304050%	0.289842%	0.275366%	0.261150%	0.246955%	0.232672%	0.221788%
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ (2,318,609)	\$ (2,980,102)	\$ (968,987)	\$ (85,446)	\$ 1,543,334	\$ 95,310	\$ (36,040)
Alcoa City Schools' Covered Payroll	\$ 10,114,061	\$ 9,718,827	\$ 9,642,402	\$ 9,234,536	\$ 8,914,911	\$ 8,710,070	\$ 8,705,181
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-22.92%	-30.66%	-10.05%	-0.93%	17.31%	1.09%	-0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	103.09%	104.28%	101.49%	100.14%	97.14%	99.81%	100.08%

Note: 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. Please refer to previously supplied data from the TCRS GASB website for prior year's data, if needed.

CITY OF ALCOA, TENNESSEE
SCHEDULES OF ALCOA CITY SCHOOLS' CONTRIBUTIONS
TEACHER LEGACY RETIREMENT PLAN OF TCRS

Fiscal Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,047,266	\$ 1,075,125	\$ 1,016,590	\$ 875,530	\$ 834,530	\$ 805,879	\$ 787,391	\$ 773,020
Contribution in Relation to the Contractually Required Contribution	<u>1,047,266</u>	<u>1,075,125</u>	<u>1,016,590</u>	<u>875,530</u>	<u>834,530</u>	<u>805,879</u>	<u>787,391</u>	<u>773,020</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Alcoa City Schools' Covered Payroll	\$ 10,431,016	\$ 10,114,061	\$ 9,718,827	\$ 9,642,402	\$ 9,234,536	\$ 8,914,611	\$ 8,710,070	\$ 8,705,181
Contributions as a percentage of Alcoa City Schools' Covered Payroll	10.04%	10.63%	10.46%	9.08%	9.04%	9.04%	9.04%	8.88%

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

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. Please refer to previously supplied data from the TCRS GASB website for prior year's data, if needed.

CITY OF ALCOA, TENNESSEE
SCHEDULES OF ALCOA CITY SCHOOLS'
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
TEACHER HYBRID RETIREMENT OF TCRS

Fiscal Years Ended June 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Alcoa City Schools' Proportion of the Net Pension Liability (Asset)	0.088480%	0.089544%	0.093047%	0.099622%	0.056086%	0.026702%
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ (50,313)	\$ (50,546)	\$ (42,199)	\$ (26,284)	\$ (5,839)	\$ (1,074)
Alcoa City Schools' Covered Payroll	\$ 1,116,539	\$ 947,556	\$ 813,117	\$ 650,860	\$ 246,776	\$ 55,480
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-4.51%	-5.33%	-5.19%	-4.04%	-2.37%	-1.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	116.52%	123.07%	126.97%	126.81%	121.88%	127.46%

Note: 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
SCHEDULES OF ALCOA CITY SCHOOLS' CONTRIBUTIONS
TEACHER HYBRID RETIREMENT PLAN OF TCRS

Fiscal Years Ended June 30

	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 29,132	\$ 22,666	\$ 18,383	\$ 13,260	\$ 26,154	\$ 6,177	\$ 1,387
Contribution in Relation to the Contractually Required Contribution	<u>29,132</u>	<u>22,666</u>	<u>18,383</u>	<u>32,525</u>	<u>26,154</u>	<u>9,871</u>	<u>2,219</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (19,265)</u>	<u>\$ 0</u>	<u>\$ (3,694)</u>	<u>\$ (832)</u>
Alcoa City Schools' Covered Payroll	\$ 1,442,169	\$ 1,116,539	\$ 947,556	\$ 813,117	\$ 650,860	\$ 246,776	\$ 55,480
Contributions as a Percentage of Alcoa City Schools' Covered Payroll	2.02%	2.03%	1.94%	4.00%	4.02%	4.00%	4.00%

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

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. Please refer to previously supplied data from the TCRS GASB website for prior year's data, if needed.

* Alcoa City Schools placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remaining portion of the 4% covered payroll into the Pension Stabilization Reserve Trust.

CITY OF ALCOA, TENNESSEE
SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
CITY PLAN
Fiscal Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 134,813	\$ 127,360	\$ 121,295	\$ 115,519
Interest	142,457	130,338	171,434	174,257
Experiences Losses (Gains)	0	(401,439)	0	0
Change in Assumptions	0	1,008,795	0	0
Benefit Payments	<u>(389,700)</u>	<u>(413,592)</u>	<u>(382,956)</u>	<u>(354,589)</u>
Net Change in Total OPEB Liability	(112,430)	451,462	(90,227)	(64,813)
Total OPEB Liability - Beginning	<u>5,930,449</u>	<u>5,478,987</u>	<u>5,569,214</u>	<u>5,634,027</u>
Total OPEB Liability - Ending	<u>\$ 5,818,019</u>	<u>\$ 5,930,449</u>	<u>\$ 5,478,987</u>	<u>\$ 5,569,214</u>
Covered-Employee Payroll	\$ 11,500,888	\$ 11,058,546	\$ 11,983,656	\$ 11,522,746
Total OPEB Liability (Asset) as a Percentage of Covered Payroll	50.6%	53.6%	45.7%	48.3%

Note: There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

CITY OF ALCOA, TENNESSEE
SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
SCHOOL SYSTEM

Fiscal Years Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 323,219	\$ 296,908	\$ 332,787	\$ 359,136
Interest	219,486	181,590	228,550	189,004
Changes in Benefit Terms	0	630,540	(79,273)	0
Differences Between Expected and Actual Experience	(425,640)	802,344	(1,806,470)	0
Changes of Assumptions	691,789	(436,740)	238,191	(293,130)
Benefit Payments	<u>(260,351)</u>	<u>(267,700)</u>	<u>(294,894)</u>	<u>(270,806)</u>
Net Change in Total OPEB Liability	548,503	1,206,942	(1,381,109)	(15,796)
Total OPEB Liability - Beginning	<u>6,058,984</u>	<u>4,852,042</u>	<u>6,233,201</u>	<u>6,248,997</u>
Total OPEB Liability - Ending	<u>\$ 6,607,487</u>	<u>\$ 6,058,984</u>	<u>\$ 4,852,092</u>	<u>\$ 6,233,201</u>
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	\$ 1,685,484	\$ 1,475,956	\$ 1,187,712	\$ 1,633,498
Employer's Proportionate Share of the Collective Total OPEB Liability	\$ 4,922,003	\$ 4,583,028	\$ 3,664,330	\$ 4,599,703
Covered-Employee Payroll	\$ 11,682,794	\$ 11,242,690	\$ 10,883,282	\$ 10,566,293
Employer's Proportionate Share of Collective Total OPEB Liability as a Percentage of Covered-Employee Payroll	42.1%	40.8%	33.7%	43.5%

Notes: There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET
Non-Major Governmental Funds
June 30, 2021

	Special Revenue Funds							Total Special Revenue Funds
	State Street Aid	Federal Projects	Alcoa City Schools Cafeteria	Alcoa Schools Extended Day Program	Drug	Commercial Motor Vehicle Fines	Internal School Fund	
ASSETS								
Cash and Cash Equivalents	\$ 346,833	\$ 0	\$ 2,654	\$ 227,804	\$ 84,300	\$ 6,535	\$ 776,532	\$ 1,444,658
Accounts Receivable	0	229,531	137,700	204,453	0	0	0	571,684
Due From Grantors, Other Governments, and State of Tennessee	56,304	46,780	0	0	0	0	0	103,084
Inventories	0	0	0	0	0	0	2,378	2,378
Total Assets	\$ 403,137	\$ 276,311	\$ 140,354	\$ 432,257	\$ 84,300	\$ 6,535	\$ 778,910	\$ 2,121,804
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 6,399	\$ 274,332	\$ 14,232	\$ 2,279	\$ 0	\$ 0	\$ 0	\$ 297,242
Other Liabilities	0	587	0	4,000	0	0	0	4,587
Total Liabilities	6,399	274,919	14,232	6,279	0	0	0	301,829
Fund Balances								
Nonspendable	0	0	0	0	0	0	2,378	2,378
Restricted	396,738	1,392	0	0	84,300	6,535	0	488,965
Committed	0	0	126,122	425,978	0	0	0	552,100
Assigned	0	0	0	0	0	0	776,532	776,532
Total Fund Balances	396,738	1,392	126,122	425,978	84,300	6,535	778,910	1,819,975
Total Liabilities and Fund Balances	\$ 403,137	\$ 276,311	\$ 140,354	\$ 432,257	\$ 84,300	\$ 6,535	\$ 778,910	\$ 2,121,804

CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET (Continued)

Non-Major Governmental Funds

June 30, 2021

	Debt Service Fund	Capital Project Funds				
	Project Pearl	Capital Projects	Equipment Replacement	Home Grant Program	Landscaping	General Obligation Public Works Construction
ASSETS						
Cash and Cash Equivalents	\$ 3,080,000	\$ 308,149	\$ 370,780	\$ 1,039	\$ 166,770	\$ 451,017
Accounts Receivable	169	0	0	0	0	0
Due from Grantors, Other Governments, and State of Tennessee	0	0	0	0	0	0
Inventories	0	0	0	0	0	0
Total Assets	\$ 3,080,169	\$ 308,149	\$ 370,780	\$ 1,039	\$ 166,770	\$ 451,017
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 0	\$ 7,744	\$ 0	\$ 0	\$ 0	\$ 31,447
Other Liabilities	0	0	0	0	0	0
Total Liabilities	0	7,744	0	0	0	31,447
Fund Balances						
Nonspendable	0	0	0	0	0	0
Restricted	0	300,405	0	0	166,770	419,570
Committed	3,080,169	0	0	0	0	0
Assigned	0	0	370,780	1,039	0	0
Total Fund Balances	3,080,169	300,405	370,780	1,039	166,770	419,570
Total Liabilities and Fund Balances	\$ 3,080,169	\$ 308,149	\$ 370,780	\$ 1,039	\$ 166,770	\$ 451,017

CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET (Continued)

Non-Major Governmental Funds

June 30, 2021

	Capital Project Funds (Continued)			Total Capital Project Funds	Total Non-Major Governmental Funds
	Legacy	AIS Construction	ADA Improvement		
ASSETS					
Cash and Cash Equivalents	\$ 29,272	\$ 196	\$ 69,305	\$ 1,396,528	\$ 5,921,186
Accounts Receivable	0	0	0	0	571,853
Due from Grantors, Other Governments, and State of Tennessee	0	0	0	0	103,084
Inventories	0	0	0	0	2,378
Total Assets	\$ 29,272	\$ 196	\$ 69,305	\$ 1,396,528	\$ 6,598,501
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 39,191	\$ 336,433
Other Liabilities	0	0	0	0	4,587
Total Liabilities	0	0	0	39,191	341,020
Fund Balances					
Nonspendable	0	0	0	0	2,378
Restricted	0	196	69,305	956,246	1,445,211
Committed	0	0	0	0	3,632,269
Assigned	29,272	0	0	401,091	1,177,623
Total Fund Balances	29,272	196	69,305	1,357,337	6,257,481
Total Liabilities and Fund Balances	\$ 29,272	\$ 196	\$ 69,305	\$ 1,396,528	\$ 6,598,501

CITY OF ALCOA, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Non-Major Governmental Funds

For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds							Total Special Revenue Funds
	State Street Aid	Federal Projects	Alcoa City Schools Cafeteria	Alcoa Schools Extended Day Program	Drug	Commercial Motor Vehicle Fines	Internal School Fund	
Revenues								
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Gasoline Tax	305,765	0	0	0	0	0	0	305,765
Federal and State Grants	0	1,742,069	0	190,835	0	0	0	1,932,904
U.S.D.A Reimbursements	0	0	779,277	0	0	0	0	779,277
Charges for Services	0	0	77,616	163,949	0	0	0	241,565
Fines, Forfeitures and Costs	0	0	0	0	17,211	375	0	17,586
Miscellaneous Income	0	0	0	0	0	0	0	0
Internal School Fund Revenue	0	0	0	0	0	0	924,001	924,001
Interest Income	439	0	77	244	54	4	436	1,254
Total Revenues	<u>306,204</u>	<u>1,742,069</u>	<u>856,970</u>	<u>355,028</u>	<u>17,265</u>	<u>379</u>	<u>924,437</u>	<u>4,202,352</u>
Expenditures								
Current								
Public Works	531,927	0	0	0	0	0	0	531,927
Education	0	1,737,127	843,944	341,095	0	0	840,418	3,762,584
Capital Outlay	0	0	0	0	0	0	0	0
Debt Service:								
Bond Issuance Costs	0	0	0	0	0	0	0	0
Industrial Revenue Note Disbursement	0	0	0	0	0	0	0	0
Total Expenditures	<u>531,927</u>	<u>1,737,127</u>	<u>843,944</u>	<u>341,095</u>	<u>0</u>	<u>0</u>	<u>840,418</u>	<u>4,294,511</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(225,723)</u>	<u>4,942</u>	<u>13,026</u>	<u>13,933</u>	<u>17,265</u>	<u>379</u>	<u>84,019</u>	<u>(92,159)</u>
Other Financing Sources (Uses)								
Transfers In	0	0	0	0	0	0	0	0
Bond Issues	0	0	0	0	0	0	0	0
Premium on Bonds	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	<u>(225,723)</u>	<u>4,942</u>	<u>13,026</u>	<u>13,933</u>	<u>17,265</u>	<u>379</u>	<u>84,019</u>	<u>(92,159)</u>
Fund Balance, July 1st	622,461	(3,550)	113,096	412,045	67,035	6,156	0	1,217,243
Restatement - See Note 18	0	0	0	0	0	0	694,891	694,891
Adjusted Net Position - Beginning	<u>622,461</u>	<u>(3,550)</u>	<u>113,096</u>	<u>412,045</u>	<u>67,035</u>	<u>6,156</u>	<u>694,891</u>	<u>1,912,134</u>
Fund Balance, June 30th	<u>\$ 396,738</u>	<u>\$ 1,392</u>	<u>\$ 126,122</u>	<u>\$ 425,978</u>	<u>\$ 84,300</u>	<u>\$ 6,535</u>	<u>\$ 778,910</u>	<u>\$ 1,819,975</u>

CITY OF ALCOA, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)

Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2021

	Debt Service Fund	Capital Project Funds				General Obligation Public Works Construction
	Project Pearl	Capital Projects	Equipment Replacement	Home Grant Program	Landscaping	
Revenues						
Intergovernmental	\$ 0	\$ 492,201	\$ 0	\$ 0	\$ 0	\$ 0
State Gasoline Tax	0	0	0	0	0	0
Federal and State Grants	0	0	0	0	0	1,205,903
U.S.D.A Reimbursements	0	0	0	0	0	0
Charges for Services	0	0	0	0	11,195	0
Fines, Forfeitures and Costs	0	0	0	0	0	0
Miscellaneous Income	0	0	0	0	0	50,000
Internal School Fund Revenue	0	0	0	0	0	0
Interest Income	169	174	318	0	97	302
Total Revenues	<u>169</u>	<u>492,375</u>	<u>318</u>	<u>0</u>	<u>11,292</u>	<u>1,256,205</u>
Expenditures						
Current						
Public Works	0	0	0	0	0	0
Education	0	0	0	0	0	0
Capital Outlay	0	455,183	200,000	0	14,748	1,843,351
Debt Service:						
Bond Issuance Costs	121,440	0	0	0	0	0
Industrial Revenue Note Disbursement	3,500,000	0	0	0	0	0
Total Expenditures	<u>3,621,440</u>	<u>455,183</u>	<u>200,000</u>	<u>0</u>	<u>14,748</u>	<u>1,843,351</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(3,621,271)</u>	<u>37,192</u>	<u>(199,682)</u>	<u>0</u>	<u>(3,456)</u>	<u>(587,146)</u>
Other Financing Sources (Uses)						
Transfers In	0	0	200,000	0	0	550,000
Bond Issues	6,305,000	0	0	0	0	0
Premium on Bonds	396,440	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>6,701,440</u>	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>550,000</u>
Net Change in Fund Balance	<u>3,080,169</u>	<u>37,192</u>	<u>318</u>	<u>0</u>	<u>(3,456)</u>	<u>(37,146)</u>
Fund Balance, July 1st	0	263,213	370,462	1,039	170,226	456,716
Restatement - See Note 18	0	0	0	0	0	0
Adjusted Net Position - Beginning	0	263,213	370,462	1,039	170,226	456,716
Fund Balance, June 30th	<u>\$ 3,080,169</u>	<u>\$ 300,405</u>	<u>\$ 370,780</u>	<u>\$ 1,039</u>	<u>\$ 166,770</u>	<u>\$ 419,570</u>

CITY OF ALCOA, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)

Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2021

	Capital Project Funds			Total Capital Project Funds	Total Non-Major Governmental Funds
	Legacy	AIS Construction	ADA Improvement		
Revenues					
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 492,201	\$ 492,201
State Gasoline Tax	0	0	0	0	305,765
Federal and State Grants	0	0	0	1,205,903	3,138,807
U.S.D.A Reimbursements	0	0	0	0	779,277
Charges for Services	0	0	0	11,195	252,760
Fines, Forfeitures and Costs	0	0	0	0	17,586
Miscellaneous Income	30,000	0	44	80,044	80,044
Internal School Fund Revenue	0	0	0	0	924,001
Interest Income	0	0	0	891	2,314
Total Revenues	30,000	0	44	1,790,234	5,992,755
Expenditures					
Current					
Public Works	0	0	0	0	531,927
Education	0	0	0	0	3,762,584
Capital Outlay	26,725	0	0	2,540,007	2,540,007
Debt Service:					
Bond Issuance Costs	0	0	0	0	121,440
Industrial Revenue Note Disbursement	0	0	0	0	3,500,000
Total Expenditures	26,725	0	0	2,540,007	10,455,958
Net Change in Fund Balances Before Other Financing Sources (Uses)	3,275	0	44	(749,773)	(4,463,203)
Other Financing Sources (Uses)					
Transfers In	0	0	21,500	771,500	771,500
Bond Issues	0	0	0	0	6,305,000
Premium on Bonds	0	0	0	0	396,440
Total Other Financing Sources (Uses)	0	0	21,500	771,500	7,472,940
Net Change in Fund Balance	3,275	0	21,544	21,727	3,009,737
Fund Balance, July 1st	25,997	196	47,761	1,335,610	2,552,853
Restatement - See Note 18	0	0	0	0	694,891
Adjusted Net Position - Beginning	25,997	196	47,761	1,335,610	3,247,744
Fund Balance, June 30th	\$ 29,272	\$ 196	\$ 69,305	\$ 1,357,337	\$ 6,257,481

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’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’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 School System’s liability for postemployment benefits – medical benefits not associated with a pension plan.

CITY OF ALCOA, TENNESSEE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2021

	<u>Employee Insurance Fund</u>	<u>Flexible Spending Fund</u>	<u>Service Center Fund</u>	<u>City OPEB Insurance Fund</u>	<u>School's OPEB Insurance Fund</u>	<u>Total Internal Service Funds</u>
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 2,505,730	\$ 43,580	\$ 17,748	\$ 758,000	\$ 738,403	\$ 4,063,461
Total Current Assets	<u>2,505,730</u>	<u>43,580</u>	<u>17,748</u>	<u>758,000</u>	<u>738,403</u>	<u>4,063,461</u>
LIABILITIES AND NET POSITION						
Current Liabilities						
Accounts Payable	21,116	0	17,748	0	0	38,864
Medical Claims Payable	671,197	0	0	0	0	671,197
Total Current Liabilities	<u>692,313</u>	<u>0</u>	<u>17,748</u>	<u>0</u>	<u>0</u>	<u>710,061</u>
Net Position						
Unrestricted	1,813,417	43,580	0	758,000	738,403	3,353,400
Total Net Position	<u>\$ 1,813,417</u>	<u>\$ 43,580</u>	<u>\$ 0</u>	<u>\$ 758,000</u>	<u>\$ 738,403</u>	<u>\$ 3,353,400</u>

CITY OF ALCOA, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2021

	Employee Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	School's OPEB Insurance Fund	Total Internal Service Funds
OPERATING REVENUES						
Insurance Charges	\$ 4,973,818	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,973,818
Refunds - Co-Insurance	479,812	0	0	0	0	479,812
Employee Contributions	350,070	203,375	0	0	0	553,445
Employer Contributions	0	0	0	65,000	0	65,000
Service Center Charges	0	0	312,277	0	0	312,277
Total Operating Revenues	<u>5,803,700</u>	<u>203,375</u>	<u>312,277</u>	<u>65,000</u>	<u>0</u>	<u>6,384,352</u>
OPERATING EXPENSES						
Salaries	0	0	41,699	0	0	41,699
Fringe Benefits	0	0	23,251	0	0	23,251
Building Improvements	0	0	2,394	0	0	2,394
Improvement Teams/Training	0	0	0	0	0	0
Maintenance Contracts	0	0	18,595	0	0	18,595
Contract Services	0	0	22,500	0	0	22,500
Utilities	0	0	137,812	0	0	137,812
Supplies	0	0	13,452	0	0	13,452
Repair and Maintenance	0	0	52,574	0	0	52,574
Medical Claims Paid	3,865,152	172,790	0	0	0	4,037,942
Insurance Premiums and Administrative Expenses	1,654,121	0	0	0	0	1,654,121
Actuary Fees	0	0	0	12,000	1,597	13,597
Total Operating Expenses	<u>5,519,273</u>	<u>172,790</u>	<u>312,277</u>	<u>12,000</u>	<u>1,597</u>	<u>6,017,937</u>
OPERATING INCOME (LOSS)	284,427	30,585	0	53,000	(1,597)	366,415
NON-OPERATING REVENUES (EXPENSES)						
Interest Income	2,226	0	0	0	0	2,226
CHANGE IN NET POSITION	286,653	30,585	0	53,000	(1,597)	368,641
NET POSITION - July 1st	<u>1,526,764</u>	<u>12,995</u>	<u>0</u>	<u>705,000</u>	<u>740,000</u>	<u>2,984,759</u>
NET POSITION - June 30th	<u>\$ 1,813,417</u>	<u>\$ 43,580</u>	<u>\$ 0</u>	<u>\$ 758,000</u>	<u>\$ 738,403</u>	<u>\$ 3,353,400</u>

CITY OF ALCOA, TENNESSEE
COMBINING CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2021

	Employee Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	School's OPEB Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Insurance Premiums/Reimbursements Collected	\$ 5,803,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,803,700
Collections from Various City Departments	0	203,375	312,277	65,000	0	580,652
Cash Payments to Supplies for Medical Claims	<u>(5,555,472)</u>	<u>(172,790)</u>	<u>(312,318)</u>	<u>(12,000)</u>	<u>(1,597)</u>	<u>(6,054,177)</u>
Net Cash Provided By (Used In)						
Operating Activities	248,228	30,585	(41)	53,000	(1,597)	330,175
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Income	<u>2,226</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,226</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	250,454	30,585	(41)	53,000	(1,597)	332,401
CASH AND CASH EQUIVALENTS - July 1st	<u>2,255,276</u>	<u>12,995</u>	<u>17,789</u>	<u>705,000</u>	<u>740,000</u>	<u>3,731,060</u>
CASH AND CASH EQUIVALENTS - June 30th	<u><u>\$ 2,505,730</u></u>	<u><u>\$ 43,580</u></u>	<u><u>\$ 17,748</u></u>	<u><u>\$ 758,000</u></u>	<u><u>\$ 738,403</u></u>	<u><u>\$ 4,063,461</u></u>

CITY OF ALCOA, TENNESSEE
COMBINING CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2021

	<u>Insurance Fund</u>	<u>Flexible Spending Fund</u>	<u>Service Center Fund</u>	<u>City OPEB Insurance Fund</u>	<u>School's OPEB Insurance Fund</u>	<u>Total Internal Service Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPEARTING ACTIVITIES						
Operating Income (loss)	\$ 284,427	\$ 30,585	\$ 0	\$ 53,000	\$ (1,597)	\$ 366,415
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Expenses:						
Changes in Assets and Liabilities:						
Accounts Payable	64	0	(41)	0	0	23
Medical Claims Payable	<u>(36,263)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(36,263)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 248,228</u>	<u>\$ 30,585</u>	<u>\$ (41)</u>	<u>\$ 53,000</u>	<u>\$ (1,597)</u>	<u>\$ 330,175</u>

GENERAL FUND

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2020
	Original	Final			
Revenues:					
Taxes:					
Property Taxes	\$ 9,430,200	\$ 9,430,200	\$ 10,348,359	\$ 918,159	\$ 9,406,154
Local Option Sales Taxes	10,447,235	10,447,235	10,910,635	463,400	10,421,624
Other Taxes	3,022,690	3,022,690	3,137,033	114,343	3,218,173
Licenses, Permits and Fees	102,000	102,000	842,527	740,527	133,231
Fines, Forfeitures and Costs	353,000	353,000	354,221	1,221	318,630
Intergovernmental:					
Unrestricted:					
State Taxes	1,352,855	1,352,855	1,486,903	134,048	1,340,540
Restricted:					
Federal Grants	221,070	221,070	223,670	2,600	148,782
State Grants	20,000	439,182	432,580	(6,602)	23,273
Other State Revenues	62,400	62,400	62,400	0	58,400
Other Local Revenues	0	0	0	0	131,045
Interest Income	20,000	20,000	7,491	(12,509)	55,566
Public Works, Labor, and Material	431,100	431,100	436,428	5,328	456,961
Miscellaneous Income	130,000	130,000	135,203	5,203	124,481
Property Rental	153,780	153,780	141,003	(12,777)	143,794
Department Services	408,600	408,600	296,223	(112,377)	250,605
Fees Development	29,500	29,500	35,564	6,064	34,267
Insurance Refunds	20,000	20,000	101,847	81,847	5,050
Sale of Property/Equipment	25,000	25,000	59,481	34,481	17,965
Private Grants	0	0	2,414	2,414	55,175
TML Grants	0	0	7,530	7,530	7,235
City Development Proceeds	0	0	179,310	179,310	0
Contributions and Donations - Business	96,200	96,200	96,218	18	135,325
Total Revenues	<u>26,325,630</u>	<u>26,744,812</u>	<u>29,297,040</u>	<u>2,552,228</u>	<u>26,486,276</u>
Expenditures:					
General Government	2,763,220	2,833,524	2,689,794	143,730	2,719,864
Public Works	4,951,360	5,029,734	4,658,603	371,131	4,813,377
Public Safety	10,682,615	10,785,988	10,405,662	380,326	9,911,410
Contributions to Other Agencies	2,440,095	2,418,439	2,418,114	325	2,353,303
Capital Outlay	130,000	260,000	140,832	119,168	0
Total Expenditures	<u>20,967,290</u>	<u>21,327,685</u>	<u>20,313,005</u>	<u>1,014,680</u>	<u>19,797,954</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>5,358,340</u>	<u>5,417,127</u>	<u>8,984,035</u>	<u>3,566,908</u>	<u>6,688,322</u>
Other Financing Sources (Uses)					
Operating Transfers In (Out):					
Payments in Lieu of Taxes - Business-Type Activities	1,694,225	1,694,225	1,334,255	(359,970)	2,042,775
Debt Service Fund	(5,605,000)	(5,605,000)	(5,605,000)	0	(5,800,000)
Education Fund	0	0	0	0	(170,000)
Capital Projects	(221,500)	(221,500)	(221,500)	0	(525,000)
Total Other Financing Sources (Uses)	<u>(4,132,275)</u>	<u>(4,132,275)</u>	<u>(4,492,245)</u>	<u>(359,970)</u>	<u>(4,452,225)</u>
Net Change in Fund Balance	1,226,065	1,284,852	4,491,790	3,206,938	2,236,097
Fund Balance, July 1st	<u>8,754,196</u>	<u>8,754,196</u>	<u>8,754,196</u>	<u>0</u>	<u>6,518,099</u>
Fund Balance, June 30th	<u>\$ 9,980,261</u>	<u>\$ 10,039,048</u>	<u>\$ 13,245,986</u>	<u>\$ 3,206,938</u>	<u>\$ 8,754,196</u>

EDUCATION FUND

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
EDUCATION FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				Totals 2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Taxes:					
Property Taxes	\$ 8,520,000	\$ 8,695,000	\$ 8,613,800	\$ (81,200)	\$ 8,447,266
Local Option Sales Taxes	3,060,000	3,760,000	3,984,880	224,880	3,325,928
Other Taxes	36,000	36,000	56,279	20,279	38,335
Licenses, Permits and Fees	386,900	316,900	380,650	63,750	358,210
Intergovernmental:					
Unrestricted:					
State Taxes	91,000	91,000	116,255	25,255	102,276
Restricted:					
Federal Grants	695,000	720,000	729,331	9,331	799,599
Other State Revenues	9,819,700	9,819,700	9,887,972	68,272	9,420,201
Other Local Revenues	52,400	172,400	181,953	9,553	63,939
Miscellaneous Revenues	0	0	8,899	8,899	0
Interest Income	0	0	14,562	14,562	4,117
Total Revenues	<u>22,661,000</u>	<u>23,611,000</u>	<u>23,974,581</u>	<u>363,581</u>	<u>22,559,871</u>
Expenditures					
Instruction Elementary/Secondary	11,923,384	12,223,384	11,882,876	340,508	11,723,118
Special Education Program	1,686,058	1,686,058	1,630,410	55,648	1,589,863
Vocational Education	452,239	534,239	531,994	2,245	470,245
Health Services	291,277	341,277	332,536	8,741	288,797
Other Student Support	818,701	818,701	790,851	27,850	764,280
Instruction Regular	570,966	590,966	563,071	27,895	540,204
Technology	672,385	682,385	629,169	53,216	618,416
Board of Education	354,874	412,874	354,745	58,129	318,928
Office of the Director	184,856	184,856	170,591	14,265	199,666
Office of Principals	1,596,082	1,596,082	1,558,414	37,668	1,562,876
Fiscal Services	192,163	192,163	144,739	47,424	151,392
Human Services	192,776	195,776	191,674	4,102	188,567
Operation of Plant	1,735,025	1,738,025	1,714,009	24,016	1,661,212
Maintenance of Plant	821,625	868,125	779,788	88,337	871,153
Transportation	371,571	394,071	430,349	(36,278)	347,740
Food Services	675,650	780,650	733,541	47,109	810,342
Family Resource Center	95,239	95,239	90,811	4,428	95,742
Lottery Pre-K	256,129	256,129	245,818	10,311	249,222
Capital Outlay	20,000	20,000	6,477	13,523	0
Total Expenditures	<u>22,911,000</u>	<u>23,611,000</u>	<u>22,781,863</u>	<u>829,137</u>	<u>22,451,763</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(250,000)</u>	<u>0</u>	<u>1,192,718</u>	<u>1,192,718</u>	<u>108,108</u>
Other Financing Sources (Uses)					
Transfer to AIS Construction Fund	0	0	0	0	(20,839)
Transfer from General Fund	170,000	0	0	0	170,000
Other Financing Sources (Uses) Total	<u>170,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>149,161</u>
Net Change in Fund Balance	<u>(80,000)</u>	<u>0</u>	<u>1,192,718</u>	<u>1,192,718</u>	<u>257,269</u>
Fund Balance, July 1st	<u>1,238,680</u>	<u>1,238,680</u>	<u>1,238,680</u>	<u>0</u>	<u>981,411</u>
Fund Balance, June 30th	<u>\$ 1,158,680</u>	<u>\$ 1,238,680</u>	<u>\$ 2,431,398</u>	<u>\$ 1,192,718</u>	<u>\$ 1,238,680</u>

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.

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2020
	Original	Final			
Revenues					
Interest Income	\$ 100,000	\$ 100,000	\$ 9,273	\$ (90,727)	\$ 200,594
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>9,273</u>	<u>(90,727)</u>	<u>200,594</u>
Expenditures					
Bond/Capital Outlay Note Redemptions	750,295	750,295	3,435,000	(2,684,705)	3,270,000
Bond Issuance Costs	0	53,670	53,672	(2)	440,036
Interest and Fiscal Fees	4,932,845	4,932,845	1,997,966	2,934,879	2,467,217
Total Expenditures	<u>5,683,140</u>	<u>5,736,810</u>	<u>5,486,638</u>	<u>250,172</u>	<u>6,177,253</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(5,583,140)</u>	<u>(5,636,810)</u>	<u>(5,477,365)</u>	<u>159,445</u>	<u>(5,976,659)</u>
Other Financing Sources (Uses)					
Refunding Bonds Issues	0	3,950,000	3,950,000	0	25,925,000
Premium on Refunding Bonds	0	0	0	0	3,109,118
Payoff to Refunded Bond Escrow Agent	0	(3,940,960)	(3,940,958)	(2)	(28,594,082)
Gain/Loss on Termination of Derivative	0	0	(66,547)	66,547	0
Transfers In	5,605,000	5,605,000	5,605,000	0	5,800,000
Total Other Financing Sources (Uses)	<u>5,605,000</u>	<u>5,614,040</u>	<u>5,547,495</u>	<u>66,545</u>	<u>6,240,036</u>
Net Change in Fund Balance	21,860	(22,770)	70,130	225,990	263,377
Fund Balance, July 1st	<u>1,648,124</u>	<u>1,648,124</u>	<u>1,648,124</u>	<u>0</u>	<u>1,384,747</u>
Fund Balance, June 30th	<u>\$ 1,669,984</u>	<u>\$ 1,625,354</u>	<u>\$ 1,718,254</u>	<u>\$ 225,990</u>	<u>\$ 1,648,124</u>

WEST PLANT CONSTRUCTION FUND

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

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
WEST PLANT CONSTRUCTION FUND – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				Totals 2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Federal Grants	\$ 8,099,299	\$ 8,360,996	\$ 3,644,511	\$ (4,716,485)	\$ 62,040
Interest Income	0	0	368	368	5,956
Total Revenues	<u>8,099,299</u>	<u>8,360,996</u>	<u>3,644,879</u>	<u>(4,716,117)</u>	<u>67,996</u>
Expenditures					
Capital Outlay/Capital Assets	15,241,544	15,241,544	7,766,487	7,475,057	298,020
Total Expenditures	<u>15,241,544</u>	<u>15,241,544</u>	<u>7,766,487</u>	<u>7,475,057</u>	<u>298,020</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(7,142,245)</u>	<u>(6,880,548)</u>	<u>(4,121,608)</u>	<u>2,758,940</u>	<u>(230,024)</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	75,000
Transfers Out	0	0	(550,000)	(550,000)	(650,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(550,000)</u>	<u>(550,000)</u>	<u>(575,000)</u>
Net Change in Fund Balance	<u>(7,142,245)</u>	<u>(6,880,548)</u>	<u>(4,671,608)</u>	<u>2,208,940</u>	<u>(805,024)</u>
Fund Balance, July 1st	<u>6,621,169</u>	<u>6,621,169</u>	<u>6,621,169</u>	<u>0</u>	<u>7,426,193</u>
Fund Balance, June 30th	<u>\$ (521,076)</u>	<u>\$ (259,379)</u>	<u>\$ 1,949,561</u>	<u>\$ 2,208,940</u>	<u>\$ 6,621,169</u>

NON-MAJOR GOVERNMENTAL FUNDS 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.

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 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).

Internal School Fund – The Internal School Fund is used to account for revenues and expenditures associated with various student activities.

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

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

STATE STREET AID – SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				Totals 2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
State Gasoline Tax	\$ 346,470	\$ 346,470	\$ 305,765	\$ (40,705)	\$ 300,266
Interest Income	4,000	4,000	439	(3,561)	5,659
Total Revenues	<u>350,470</u>	<u>350,470</u>	<u>306,204</u>	<u>(44,266)</u>	<u>305,925</u>
Expenditures					
Streets:					
Resurfacing/Striping	585,000	585,000	470,527	114,473	570,039
Other Equipment and Vehicles	61,380	61,380	61,400	(20)	1,016
Snow Removal	15,000	15,000	0	15,000	0
Total Expenditures	<u>661,380</u>	<u>661,380</u>	<u>531,927</u>	<u>129,453</u>	<u>571,055</u>
Net Change in Fund Balance	(310,910)	(310,910)	(225,723)	85,187	(265,130)
Fund Balance, July 1st	<u>622,461</u>	<u>622,461</u>	<u>622,461</u>	<u>0</u>	<u>887,591</u>
Fund Balance, June 30th	<u>\$ 311,551</u>	<u>\$ 311,551</u>	<u>\$ 396,738</u>	<u>\$ 85,187</u>	<u>\$ 622,461</u>

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

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				Totals 2020
	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Monies Received Through the State of Tennessee	\$ 1,028,448	\$ 2,429,532	\$ 1,742,069	\$ (687,463)	\$ 748,177
Expenditures					
Salaries and Related Costs	579,816	950,381	804,494	145,887	566,360
Staff Development and Travel	72,172	87,323	25,898	61,425	64,923
Contracted Services	80,000	89,527	58,602	30,925	38,150
Materials and Supplies	99,780	447,819	151,931	295,888	36,936
Equipment	196,501	854,482	696,202	158,280	45,199
Total Expenditures	<u>1,028,269</u>	<u>2,429,532</u>	<u>1,737,127</u>	<u>692,405</u>	<u>751,727</u>
Net Change in Fund Balance	179	0	4,942	4,942	(3,550)
Fund Balance, July 1st	<u>(3,550)</u>	<u>(3,550)</u>	<u>(3,550)</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30th	<u><u>\$ (3,371)</u></u>	<u><u>\$ (3,550)</u></u>	<u><u>\$ 1,392</u></u>	<u><u>\$ 4,942</u></u>	<u><u>\$ (3,550)</u></u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ALCOA CITY SCHOOLS CAFETERIA FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2020
	Original	Final			
Revenues					
Lunch and Breakfast Payments - Children	\$ 0	\$ 0	\$ 1,641	\$ 1,641	\$ 187,798
Lunch and Breakfast Payments - Adults	0	0	15,952	15,952	5,092
USDA Reimbursements	1,076,000	1,076,000	779,277	(296,723)	815,115
Milk Sales	0	0	393	393	777
A la carte and Other Income	0	0	59,630	59,630	84,725
Interest Income	0	0	77	77	175
Total Revenues	<u>1,076,000</u>	<u>1,076,000</u>	<u>856,970</u>	<u>(219,030)</u>	<u>1,093,682</u>
Expenditures					
Food	525,000	525,000	394,723	130,277	550,424
Labor	535,000	535,000	437,486	97,514	545,858
Transportation	4,000	4,000	4,203	(203)	3,829
Ice Cream and Other Expenses	12,000	12,000	7,532	4,468	9,569
Total Expenditures	<u>1,076,000</u>	<u>1,076,000</u>	<u>843,944</u>	<u>232,056</u>	<u>1,109,680</u>
Net Change in Fund Balance					
Before Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>13,026</u>	<u>13,026</u>	<u>(15,998)</u>
Other Financing Sources (Uses)					
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,000</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,000</u>
Net Change in Fund Balance	0	0	13,026	13,026	4,002
Fund Balance, July 1st	<u>113,096</u>	<u>113,096</u>	<u>113,096</u>	<u>0</u>	<u>109,094</u>
Fund Balance, June 30th	<u>\$ 113,096</u>	<u>\$ 113,096</u>	<u>\$ 126,122</u>	<u>\$ 13,026</u>	<u>\$ 113,096</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

DRUG FUND - SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				Totals 2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Fines and Forfeits:					
DVD Sales	\$ 200	\$ 200	\$ 120	\$ (80)	\$ 750
Interest Income	400	400	54	(346)	523
Drug Control and Seizure	16,000	16,000	17,091	1,091	11,237
Total Revenues	<u>16,600</u>	<u>16,600</u>	<u>17,265</u>	<u>665</u>	<u>12,510</u>
Expenditures					
Public Safety	0	0	0	0	17,918
Capital Outlay	0	0	0	0	86,226
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>104,144</u>
Net Change in Fund Balance	16,600	16,600	17,265	665	(91,634)
Fund Balance, July 1st	<u>67,035</u>	<u>67,035</u>	<u>67,035</u>	<u>0</u>	<u>158,669</u>
Fund Balance, June 30th	<u>\$ 83,635</u>	<u>\$ 83,635</u>	<u>\$ 84,300</u>	<u>\$ 665</u>	<u>\$ 67,035</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
COMMERCIAL MOTOR VEHICLES FINES FUND – SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				Totals 2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Fines, Forfeitures and Court Cases	\$ 0	\$ 0	\$ 375	\$ 375	\$ 625
Interest Income	0	0	4	4	34
Total Revenues	<u>0</u>	<u>0</u>	<u>379</u>	<u>379</u>	<u>659</u>
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	379	379	659
Fund Balance, July 1st	<u>6,156</u>	<u>6,156</u>	<u>6,156</u>	<u>0</u>	<u>5,497</u>
Fund Balance, June 30th	<u>\$ 6,156</u>	<u>\$ 6,156</u>	<u>\$ 6,535</u>	<u>\$ 379</u>	<u>\$ 6,156</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL

ALCOA CITY SCHOOLS INTERNAL SCHOOL FUND - SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2021

	<u>Actual Amounts</u>
Revenues	
Instructional	\$ 2,895
General Administrative	17
Field Trips	775
Grants	13,967
Miscellaneous	88,331
Athletic Funds	462,825
Club Funds	61,000
Other Purposes	224,771
BEP Funds	48,233
Grants - Special Projects Revenues	21,187
Interest Income	436
Total Revenues	<u>924,437</u>
Expenditures	
Instructional	44,264
General Administrative	31,053
Field Trips	755
Grants	12,709
Miscellaneous	11,554
Athletic Funds	408,396
Club Funds	46,050
Other Purposes	201,814
BEP Funds	40,620
Grants - Special Projects Expenses	36,831
Other Expenses	6,372
Total Expenditures	<u>840,418</u>
Net Change in Fund Balance	<u>84,019</u>
Fund Balance, July 1st	0
Restatement - See Note 18	<u>694,891</u>
Adjusted Fund Balance - Beginning	<u>694,891</u>
Fund Balance, June 30th	<u>\$ 778,910</u>

*Due to the specific nature of the fund, the Internal School Fund does not report a budget.

** See Note 18 regarding restatement.

**NON-MAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS**

The Debt Service Funds are 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.

Project Pearl Fund – The Project Pearl Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt of a project the City is partnering in.

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
PROJECT PEARL – DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2020
	Original	Final			
Revenues					
Interest Income	\$ 0	\$ 0	\$ 169	\$ 169	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>169</u>	<u>169</u>	<u>0</u>
Expenditures					
Bond Issuance Costs	0	0	121,440	121,440	0
Industrial Revenue Note Disbursement	<u>0</u>	<u>0</u>	<u>3,500,000</u>	<u>(3,500,000)</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>3,621,440</u>	<u>(3,378,560)</u>	<u>0</u>
Net Change in Fund Balance					
Before Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(3,621,271)</u>	<u>(3,621,271)</u>	<u>0</u>
Other Financing Sources (Uses)					
Bond Issues	0	0	6,305,000	6,305,000	0
Premium on Bonds	<u>0</u>	<u>0</u>	<u>396,440</u>	<u>396,440</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>6,701,440</u>	<u>6,701,440</u>	<u>0</u>
Net Change in Fund Balance	0	0	3,080,169	3,080,169	0
Fund Balance, July 1st	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30th	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,080,169</u>	<u>\$ 3,080,169</u>	<u>\$ 0</u>

NON-MAJOR GOVERNMENTAL FUNDS
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.

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

ADA Improvement Fund – The ADA Improvement Fund is used to account for expenditures incurred for the construction of ADA improvements.

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND

For the Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2020
	Original	Final			
Revenues					
Intergovernmental	\$ 492,000	\$ 492,000	\$ 492,201	\$ 201	\$ 870,085
Interest Income	0	0	174	174	1,120
Total Revenues	<u>492,000</u>	<u>492,000</u>	<u>492,375</u>	<u>375</u>	<u>871,205</u>
Expenditures					
Capital Outlay	492,000	492,000	455,183	36,817	602,200
Total Expenditures	<u>492,000</u>	<u>492,000</u>	<u>455,183</u>	<u>36,817</u>	<u>602,200</u>
Net Change in Fund Balance	0	0	37,192	37,192	269,005
Fund Balance, July 1st	<u>263,213</u>	<u>263,213</u>	<u>263,213</u>	0	<u>(5,792)</u>
Fund Balance, June 30th	<u>\$ 263,213</u>	<u>\$ 263,213</u>	<u>\$ 300,405</u>	<u>\$ 37,192</u>	<u>\$ 263,213</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
EQUIPMENT REPLACEMENT FUND – CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	<u>June 30, 2021</u>				<u>Totals 2020</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
Revenues					
Interest Income	\$ 1,500	\$ 1,500	\$ 318	\$ (1,182)	\$ 2,252
Expenditures					
Capital Outlay	200,000	200,000	200,000	0	248,556
Total Expenditures	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>	<u>248,556</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(198,500)</u>	<u>(198,500)</u>	<u>(199,682)</u>	<u>(1,182)</u>	<u>(246,304)</u>
Other Financing Sources (Uses):					
Transfers In	200,000	200,000	200,000	0	200,000
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>	<u>200,000</u>
Net Change in Fund Balance	1,500	1,500	318	(1,182)	(46,304)
Fund Balance, July 1st	<u>370,462</u>	<u>370,462</u>	<u>370,462</u>	<u>0</u>	<u>416,766</u>
Fund Balance, June 30th	<u>\$ 371,962</u>	<u>\$ 371,962</u>	<u>\$ 370,780</u>	<u>\$ (1,182)</u>	<u>\$ 370,462</u>

CITY OF ALCOA, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

HOME GRANT PROGRAM FUND – CAPITAL PROJECTS FUND

For the Year Ended June 30, 2021

With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				Totals 2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures					
Total Expenditures	0	0	0	0	0
Net Change in Fund Balance	0	0	0	0	0
Fund Balance, July 1st	1,039	1,039	1,039	0	1,039
Fund Balance, June 30th	<u>\$ 1,039</u>	<u>\$ 1,039</u>	<u>\$ 1,039</u>	<u>\$ 0</u>	<u>\$ 1,039</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
LANDSCAPING FUND – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2020
	Original	Final			
Revenues					
Charges for Services	\$ 12,000	\$ 12,000	\$ 11,195	\$ (805)	\$ 75,983
Interest Income	500	500	97	(403)	658
Total Revenues	<u>12,500</u>	<u>12,500</u>	<u>11,292</u>	<u>(1,208)</u>	<u>76,641</u>
Expenditures					
Landscaping Projects	30,000	30,000	3,320	26,680	0
Sidewalk Projects	45,000	45,000	11,428	33,572	3,499
Greenway Projects	23,000	23,000	0	23,000	0
Total Expenditures	<u>98,000</u>	<u>98,000</u>	<u>14,748</u>	<u>83,252</u>	<u>3,499</u>
Net Change in Fund Balance	(85,500)	(85,500)	(3,456)	82,044	73,142
Fund Balance, July 1st	<u>170,226</u>	<u>170,226</u>	<u>170,226</u>	<u>0</u>	<u>97,084</u>
Fund Balance, June 30th	<u>\$ 84,726</u>	<u>\$ 84,726</u>	<u>\$ 166,770</u>	<u>\$ 82,044</u>	<u>\$ 170,226</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

GENERAL OBLIGATION PUBLIC WORKS CONSTRUCTION – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				Totals 2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Federal and State Grants	\$ 1,572,514	\$ 1,572,514	\$ 1,205,903	\$ (366,611)	\$ 2,376,621
Miscellaneous Income	121,000	121,000	50,000	(71,000)	0
Interest Income	0	0	302	302	1,314
Total Revenues	<u>1,693,514</u>	<u>1,693,514</u>	<u>1,256,205</u>	<u>(437,309)</u>	<u>2,377,935</u>
Expenditures					
Public Works	0	0	0	0	18,948
Capital Outlay	<u>2,223,862</u>	<u>2,223,862</u>	<u>1,843,351</u>	<u>380,511</u>	<u>3,837,643</u>
Total Expenditures	<u>2,223,862</u>	<u>2,223,862</u>	<u>1,843,351</u>	<u>380,511</u>	<u>3,856,591</u>
Net Change in Fund Balance					
Before Other Financing Sources (Uses)	<u>(530,348)</u>	<u>(530,348)</u>	<u>(587,146)</u>	<u>(56,798)</u>	<u>(1,478,656)</u>
Other Financing Sources (Uses)					
Transfer from General Fund	<u>0</u>	<u>0</u>	<u>550,000</u>	<u>550,000</u>	<u>825,000</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>550,000</u>	<u>550,000</u>	<u>825,000</u>
Net Change in Fund Balance	(530,348)	(530,348)	(37,146)	493,202	(653,656)
Fund Balance, July 1st	<u>456,716</u>	<u>456,716</u>	<u>456,716</u>	<u>0</u>	<u>1,110,372</u>
Fund Balance, June 30th	<u>\$ (73,632)</u>	<u>\$ (73,632)</u>	<u>\$ 419,570</u>	<u>\$ 493,202</u>	<u>\$ 456,716</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
LEGACY FUND – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2020
	Original	Final			
Revenues					
Donations	\$ 100,000	\$ 100,000	\$ 30,000	\$ (70,000)	\$ 20,000
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>30,000</u>	<u>(70,000)</u>	<u>20,000</u>
Expenditures					
Capital Outlay	100,000	100,000	26,725	73,275	27,000
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>26,725</u>	<u>73,275</u>	<u>27,000</u>
Net Change in Fund Balance	0	0	3,275	3,275	(7,000)
Fund Balance, July 1st	<u>25,997</u>	<u>25,997</u>	<u>25,997</u>	<u>0</u>	<u>32,997</u>
Fund Balance, June 30th	<u><u>\$ 25,997</u></u>	<u><u>\$ 25,997</u></u>	<u><u>\$ 29,272</u></u>	<u><u>\$ 3,275</u></u>	<u><u>\$ 25,997</u></u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
ADA IMPROVEMENT – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				Totals 2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
ADA Improvements	\$ 250	\$ 250	\$ 44	\$ (206)	\$ 395
Total Revenues	<u>250</u>	<u>250</u>	<u>44</u>	<u>(206)</u>	<u>395</u>
Expenditures					
Capital Outlay	90,000	90,000	0	90,000	27,634
Total Expenditures	<u>90,000</u>	<u>90,000</u>	<u>0</u>	<u>90,000</u>	<u>27,634</u>
Net Change in Fund Balance					
Before Other Financing Sources (Uses)	(89,750)	(89,750)	44	89,794	(27,239)
Other Financing Sources (Uses)					
Transfers-In	21,500	21,500	21,500	0	75,000
Net Change in Fund Balance	(68,250)	(68,250)	21,544	89,794	47,761
Fund Balance, July 1st	<u>47,761</u>	<u>47,761</u>	<u>47,761</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30th	<u>\$ (20,489)</u>	<u>\$ (20,489)</u>	<u>\$ 69,305</u>	<u>\$ 89,794</u>	<u>\$ 47,761</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

ALCOA INTERMEDIATE SCHOOL (AIS) CONSTRUCTION – CAPITAL PROJECTS FUND

For the Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2020
	Original	Final			
Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures					
Construction Project	0	0	0	0	839
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>839</u>
Net Change in Fund Balance	0	0	0	0	0
Fund Balance, July 1st	<u>196</u>	<u>196</u>	<u>196</u>	<u>0</u>	<u>196</u>
Fund Balance, June 30th	<u><u>\$ 196</u></u>	<u><u>\$ 196</u></u>	<u><u>\$ 196</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 196</u></u>

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 operations of the City’s water and sewer system. The Water and Sewer Fund is presented as a major fund in the basic financial statements.

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

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

CITY OF ALCOA, TENNESSEE
STORMWATER UTILITY FUND - ENTERPRISE FUND
STATEMENT OF NET POSITION

June 30, 2021
With Comparative Totals at June 30, 2020

	Business-Type Activities	
	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 751,106	\$ 1,017,719
Accounts Receivable, Net	220,685	110,356
Total Current Assets	971,791	1,128,075
Capital Assets		
Structures, Improvements and Equipment	2,910,422	2,407,489
Less: Accumulated Depreciation	(823,272)	(729,049)
Net Capital Assets	2,087,150	1,678,440
Total Assets	3,058,941	2,806,515
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflows	144,000	142,841
Deferred Other Post Employment Benefits Outflows	18,376	24,502
Total Deferred Outflows of Resources	162,376	167,343
LIABILITIES		
Current Liabilities		
Accounts Payable	34,610	16,432
Other Accrued Liabilities	27,036	22,719
Compensated Absences	39,546	35,962
Total Current Liabilities	101,192	75,113
Long-Term Liabilities		
Net Pension Liability	122,664	114,222
Other Post Employment Benefits Liability	176,633	180,047
Total Long-Term Liabilities	299,297	294,269
Total Liabilities	400,489	369,382
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	7,486	20,311
Deferred Other Post Employment Benefits Inflows	7,313	9,750
Total Deferred Inflows of Resources	14,799	30,061
NET POSITION		
Net Investment in Capital Assets	2,807,150	1,678,440
Unrestricted	(1,121)	895,975
Total Net Position	\$ 2,806,029	\$ 2,574,415

CITY OF ALCOA, TENNESSEE
STORMWATER UTILITY FUND - ENTERPRISE FUND
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Business-Type Activities	
	2021	2020
OPERATING REVENUES		
Residential Sales	\$ 225,474	\$ 223,305
Commercial/Industrial Sales	1,090,406	1,110,118
Total Operating Revenue	<u>1,315,880</u>	<u>1,333,423</u>
OPERATING EXPENSES		
Administrative and General	416,631	441,738
Operations and Maintenance	592,245	550,041
Street Cleaning	124,515	101,310
Depreciation	94,223	96,655
Total Operating Expenses	<u>1,227,614</u>	<u>1,189,744</u>
OPERATING INCOME	<u>88,266</u>	<u>143,679</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	571	5,800
Other Income	5,281	254
Total Nonoperating Revenues (Expenses)	<u>5,852</u>	<u>6,054</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	<u>94,118</u>	<u>149,733</u>
CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	0	73,900
Transfer of Capital Assets	137,496	282,878
Total Contributions and Transfers	<u>137,496</u>	<u>356,778</u>
CHANGE IN NET POSITION	231,614	506,511
NET POSTION, July 1st	<u>2,574,415</u>	<u>2,067,904</u>
NET POSITION, June 30th	<u>\$ 2,806,029</u>	<u>\$ 2,574,415</u>

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND - ENTERPRISE FUND
STATEMENT OF NET POSITION

June 30, 2021
With Comparative Totals at June 30, 2020

	Business-Type Activities	
	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 14,209,726	\$ 9,964,544
Accounts Receivable, Net	2,704,286	1,400,034
Materials and Supplies	1,140,458	1,105,385
Other Current Assets	52,118	46,918
Due from Other Funds	78,783	35,443
Total Current Assets	18,185,371	12,552,324
Capital Assets		
Land and Easements	1,194,236	1,194,236
Construction in Progress	814,415	470,155
Structures, Improvements and Equipment	96,257,583	94,565,052
	98,266,234	96,229,443
Less: Accumulated Depreciation	(39,198,336)	(36,338,849)
Net Capital Assets	59,067,898	59,890,594
Total Assets	77,253,269	72,442,918
DEFERRED OUTFLOW OF RESOURCES		
Deferred Pension Outflows	843,441	951,476
Deferred Other Post Employment Benefits Outflows	69,973	93,297
Deferred Bond Refunding Costs	4,984,000	445,200
Accumulated Change in Fair Value of Hedging Derivatives	0	7,602,232
Total Deferred Outflow of Resources	5,897,414	9,092,205

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND - ENTERPRISE FUND
STATEMENT OF NET POSITION (Continued)

June 30, 2021
With Comparative Totals at June 30, 2020

	Business-Type Activities	
	2021	2020
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 873,817	\$ 389,833
Other Accrued Liabilities	146,884	123,392
Current Portion of Long-Term Debt	1,929,444	1,438,896
Compensated Absences	312,804	247,904
Total Current Liabilities	3,262,949	2,533,052
Long-Term Liabilities		
Long-Term Debt	49,042,141	43,218,027
Derivatives - Interest Rate Swap	0	7,602,232
Net Pension Liability	1,842,984	1,600,346
Other Post-Employment Benefits Liability	672,588	685,585
Total Long-Term Liabilities	51,557,713	52,773,163
Total Liabilities	54,820,662	55,306,215
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	38,572	270,677
Deferred Other Post Employment Benefits Inflows	27,845	37,126
Total Deferred Inflows of Resources	66,417	307,803
NET POSITION		
Net Investment in Capital Assets	16,320,313	15,667,221
Unrestricted	11,943,291	10,253,884
Total Net Position	\$ 28,263,604	\$ 25,921,105

CITY OF ALCOA, TENNESSEE
WATER AND SEWER UTILITY FUND - ENTERPRISE FUND
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Business-Type Activities	
	2021	2020
OPERATING REVENUES		
Retail Water Sales	\$ 5,819,038	\$ 5,794,864
Wholesale Water Sales	1,015,693	998,042
Wholesale Water Sales - Arconic	1,641,938	1,632,060
Sewer Charges	6,898,072	6,956,752
Penalties	113,829	191,426
Sewer Taps	124,160	54,340
Connections	217,362	156,775
Fire Hydrant Rental	40,372	36,397
Back Flow and Grease Trap Fees	19,257	0
Line Extension	19,216	31,200
Miscellaneous	173,382	20,444
Total Operating Revenues	<u>16,082,319</u>	<u>15,872,300</u>
OPERATING EXPENSES		
Administration and General	1,063,845	844,736
Accounting and Collections	1,084,624	1,134,675
Supervision	587,059	625,248
Water Treatment Plant	1,680,429	1,573,688
Environmental Compliance	98,640	116,332
Distribution and Transmission	817,445	753,234
Meter Readings and Repairs	383,628	371,303
Water Maintenance	330,815	328,286
Sewer Collection and Pumping	785,450	752,473
Disposal	2,322,891	2,157,115
Deprecation	2,911,151	2,820,140
Total Operating Expenses	<u>12,065,977</u>	<u>11,477,230</u>
OPERATING INCOME	<u>4,016,342</u>	<u>4,395,070</u>
NONOPERATING REVENUES (EXPENSES)		
Other Income	28,702	3,216
Other Expense	(182,304)	(24,992)
Interest Income	11,375	62,677
Interest Expense	(1,031,870)	(1,652,090)
Gain on Sale of Property and Equipment	9,089	10,438
Debt Issuance Costs	(263,559)	(44,049)
Total Nonoperating Revenues (Expenses)	<u>(1,428,567)</u>	<u>(1,644,800)</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	<u>2,587,775</u>	<u>2,750,270</u>
CONTRIBUTIONS AND TRANSFERS		
Transfer in Lieu of Taxes	(400,000)	(400,000)
Capital Contributions	154,724	714,077
Total Contributions and Transfers	<u>(245,276)</u>	<u>314,077</u>
CHANGE IN NET POSITION	2,342,499	3,064,347
NET POSTION, July 1st	<u>25,921,105</u>	<u>22,856,758</u>
NET POSITION, June 30th	<u>\$ 28,263,604</u>	<u>\$ 25,921,105</u>

CITY OF ALCOA, TENNESSEE
ELECTRIC UTILITY FUND - ENTERPRISE FUND
STATEMENT OF NET POSITION

June 30, 2021

With Comparative Totals at June 30, 2020

	Business-Type Activities	
	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 8,205,993	\$ 6,133,508
Accounts receivable less provision for doubtful accounts of \$350,572 at June 30, 2021 and \$324,459 at June 30, 2020	2,651,806	3,720,905
Accounts Receivable - Pole Rentals	57,083	362,210
Due from Other Funds	138,176	0
Materials and Supplies	1,480,784	1,437,412
Prepaid TVA Power Invoice Program	3,642,264	3,408,911
Total Current Assets	16,176,106	15,062,946
Capital Assets		
Land and Easements	1,260,996	1,260,996
Construction in Progress	2,903,074	1,660,543
Structures, Improvements and Equipment	96,214,515	93,821,979
	100,378,585	96,743,518
Less: Accumulated Depreciation	(47,713,979)	(44,579,232)
Net Capital Assets	52,664,606	52,164,286
Other Noncurrent Assets		
Other Receivables	166,012	165,912
Receivables from Customers for Conservation Loans	354,768	594,822
Regulatory Asset - Debt Issuance Costs	263,866	290,252
Total Other Noncurrent Assets	784,646	1,050,986
Total Noncurrent Assets	53,449,252	53,215,272
Total Assets	69,625,358	68,278,218
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflows	1,456,219	1,494,660
Deferred Other Post Employment Benefits Outflows	167,595	223,460
Total Deferred Outflows of Resources	\$ 1,623,814	\$ 1,718,120

CITY OF ALCOA, TENNESSEE
ELECTRIC UTILITY FUND - ENTERPRISE FUND
STATEMENT OF NET POSITION (Continued)

June 30, 2021

With Comparative Totals at June 30, 2020

	Business-Type Activities	
	2021	2020
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 9,448,195	\$ 8,189,968
Due to Other Funds	102,685	45,453
Customer Deposits	2,617,565	2,561,670
Other Accrued Liabilities	308,214	429,957
Current Portion of Long-Term Debt	1,035,000	985,000
Compensated Absences	528,660	520,598
Total Current Liabilities	14,040,319	12,732,646
Long-Term Liabilities		
Long-Term Debt	11,265,000	12,300,000
Unearned Credits	430,696	303,208
Conservation -TVA	379,939	619,027
Net Pension Liability	4,063,234	3,608,823
Other Post Employment Benefit Liability	1,610,948	1,642,079
Total Long-Term Liabilities	17,749,817	18,473,137
Total Liabilities	31,790,136	31,205,783
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Outflows	56,411	309,382
Deferred Other Post Employment Benefits Outflows	66,692	88,923
Total Deferred Inflows of Resources	123,103	398,305
NET POSITION		
Net Investment in Capital Assets	40,298,746	38,794,341
Unrestricted	(962,813)	(402,091)
Total Net Position	\$ 39,335,933	\$ 38,392,250

CITY OF ALCOA, TENNESSEE
ELECTRIC UTILITY FUND - ENTERPRISE FUND
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Business-Type Activities	
	2021	2020
OPERATING REVENUES		
Sale of Electric Energy:		
Residential - Non-Farm	\$ 42,549,194	\$ 41,896,652
Small Lighting and Power Sales	6,255,280	5,898,069
Large Lighting and Power Sales	15,548,541	16,629,253
Street and Outdoor Lighting	1,213,757	1,198,689
Consumer Forfeited Discounts	416,785	375,331
Rents and Other Services	1,528,141	1,344,889
Total Operating Revenues	67,511,698	67,342,883
OPERATING EXPENSES		
Purchased Power	48,184,826	49,544,537
Distribution	2,173,583	2,165,824
Customer Accounts, Services and Sales	1,855,748	2,142,033
Administrative and General	3,841,215	3,300,630
Depreciation	3,239,604	3,145,626
Maintenance Expense:		
Transmission	220,356	178,763
Distribution	5,235,739	4,245,499
Administrative and General	20,247	33,931
Total Operating Expenses	64,771,318	64,756,843
OPERATING INCOME	2,740,380	2,586,040
NONOPERATING EXPENSES		
Interest Income	16,455	39,384
Interest Expense	(134,856)	(269,346)
Other Income	4,129	2,819
Net Nonoperating Revenues (Expenses)	(114,272)	(227,143)
INCOME BEFORE TRANSFERS	2,626,108	2,358,897
CONTRIBUTIONS AND TRANSFERS		
Transfer in Lieu of Tax	(934,255)	(1,642,775)
Payment to County	(748,170)	0
Total Contributions and Transfers	(1,682,425)	(1,642,775)
CHANGE IN NET POSITION	943,683	716,122
NET POSTION, July 1st	38,392,250	37,676,128
NET POSITION, June 30th	\$ 39,335,933	\$ 38,392,250

CITY OF ALCOA, TENNESSEE
LANDFILL FUND - ENTERPRISE FUND
STATEMENT OF NET POSITION

June 30, 2021
With Comparative Totals at June 30, 2020

	Business-Type Activities	
	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 5,609,264	\$ 3,299,141
Accounts Receivable, Net	389,958	388,559
Due from Other Funds	1,316	14
Total Current Assets	6,000,538	3,687,714
Capital Assets		
Land and Easements	1,442,183	1,299,149
Construction in Progress	206,806	367,388
Structures, Improvements and Equipment	15,054,953	14,319,458
	16,703,942	15,985,995
Less: Accumulated Depreciation	(12,603,268)	(11,898,738)
Net Capital Assets	4,100,674	4,087,257
Other Noncurrent Assets		
Cash Held for Long-Term Purposes	12,210,074	11,741,242
Total Assets	22,311,286	19,516,213
DEFERRED OUTFLOW OF RESOURCES		
Deferred Pension Outflows	320,803	342,289
Deferred Other Post Employment Benefits Outflows	47,644	63,526
Total Deferred Outflows of Resources	368,447	405,815

CITY OF ALCOA, TENNESSEE
LANDFILL FUND - ENTERPRISE FUND
STATEMENT OF NET POSITION (Continued)

June 30, 2021
With Comparative Totals at June 30, 2020

	Business-Type Activities	
	2021	2020
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 130,811	\$ 282,346
Other Accrued Liabilities	55,185	45,950
Current Portion of Long-Term Debt	775,000	770,000
Compensated Absences	134,282	93,402
Total Current Liabilities	1,095,278	1,191,698
Long-Term Liabilities		
Long-Term Debt	1,600,000	775,000
Reserve for Closure and Post-Closure Costs	12,293,785	11,783,170
Net Pension Liability	603,066	534,574
Other Post Employment Benefits Liability	457,963	466,813
Total Long-Term Liabilities	14,954,814	13,559,557
Total Liabilities	16,050,092	14,751,255
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	16,562	78,164
Deferred Other Post Employment Benefits Inflows	18,959	25,279
Deferred Bond Refunding Costs	16,667	33,333
Total Deferred Inflows of Resources	52,188	136,776
NET POSITION		
Net Investment in Capital Assets	3,267,437	2,339,350
Unrestricted	3,310,016	2,694,647
Total Net Position	\$ 6,577,453	\$ 5,033,997

CITY OF ALCOA, TENNESSEE
LANDFILL FUND - ENTERPRISE FUND
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Business-Type Activities	
	2021	2020
OPERATING REVENUES		
Fees and Permits	\$ 5,674,345	\$ 5,191,417
OPERATING EXPENSES		
Administration and General	586,693	591,958
Landfill Operations	1,035,536	961,322
Scales and Security Operations	370,249	322,465
Facility Maintenance	310,401	303,790
Vehicle and Equipment Maintenance	376,542	381,013
Solid Waste Authority	106,333	106,733
Environmental Compliance	199,369	171,900
Closure and Post-Closure Costs	526,500	526,500
Depreciation	704,530	704,775
Total Operating Expenses	4,216,153	4,070,456
OPERATING INCOME	1,458,192	1,120,961
NON-OPERATING REVENUES (EXPENSES)		
Other Income	11,230	325
Interest Income	292	23,666
Debt Issuance	(20,311)	0
Interest Expense	(18,691)	(34,935)
Other Expense	(57,929)	(1,000)
Gain on Sale of Structures, Improvements and Equipment	29,735	5,092
Waste Tire Reimbursement	140,938	170,058
Total Non-Operating Revenues (Expenses)	85,264	163,206
CHANGE IN NET POSITION	1,543,456	1,284,167
NET POSTION, July 1st	5,033,997	3,749,830
NET POSITION, June 30th	\$ 6,577,453	\$ 5,033,997

FIDUCIARY FUND

Fiduciary Funds are used to accounts for assets held by the City in a trustee capacity or as an agent for another party. Fiduciary Funds include Pension Trust Funds.

Employees' Retirement System Fund - The Employees' Retirement System Fund is used to account for assets held by the City in a fiduciary capacity for employees or former employees of the City. The Employees' Retirement System Fund uses the accrual method of accounting.

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM FUND - FIDUCIARY FUND
SCHEDULE OF FIDUCIARY ASSETS, LIABILITIES AND NET POSITION

June 30, 2021
With Comparative Totals at June 30, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Investments in Tennessee Retirement Group Trust	\$ 30,791,195	\$ 25,986,983
LIABILITIES	<u>0</u>	<u>0</u>
NET POSITION		
Restricted for Pension Benefits	<u>30,791,195</u>	<u>25,986,983</u>
TOTAL NET POSITION	<u>\$ 30,791,195</u>	<u>\$ 25,986,983</u>

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
Additions		
Employer Contributions	\$ 1,397,041	\$ 1,512,265
Interest/Dividend Income	<u>6,536,257</u>	<u>1,293,042</u>
Total Additions	<u>7,933,298</u>	<u>2,805,307</u>
Deductions		
Administrative Expenses	77,360	68,581
Benefit Payments	<u>3,051,726</u>	<u>3,026,576</u>
Total Deductions	<u>3,129,086</u>	<u>3,095,157</u>
Change in Net Position	4,804,212	(289,850)
Net Position Restricted for Pension Benefits - Beginning of Year	<u>25,986,983</u>	<u>26,276,833</u>
Net Position Restricted for Pension Benefits - End of Year	<u><u>\$ 30,791,195</u></u>	<u><u>\$ 25,986,983</u></u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2021

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2020	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2021
Governmental Activities									
Bonds Payable									
<u>Payable through Debt Service Fund</u>									
2008 Local Government Improvement Bonds, Series E-5-B	\$ 18,735,000	4.00% to 5.00%	8/7/2008	6/1/2036	\$ 10,475,000	\$ 0	\$ 1,790,000	\$ 0	\$ 8,685,000
General Obligation Bonds, Series 2014B (Taxable)	9,000,000	2.40% to 3.75%	9/17/2014	6/1/2026	4,760,000	0	885,000	3,875,000	0
General Obligation Bonds, Series 2015	9,995,000	2.00% to 4.00%	6/15/2015	6/1/2045	9,245,000	0	260,000	0	8,985,000
General Obligation Refunding Bonds, Series 2016A	4,310,000	2.00% to 3.00%	3/10/2016	6/1/2036	3,825,000	0	195,000	0	3,630,000
General Obligation Refunding Bonds, Series 2017	9,995,000	2.00% to 3.00%	3/1/2017	6/1/2037	9,535,000	0	470,000	0	9,065,000
General Obligation Bonds, Series 2018	6,915,000	3.50% to 5.00%	5/4/2018	5/1/2028	6,915,000	0	0	0	6,915,000
General Obligation Refunding Bonds, Series 2020	25,925,000	3.00% to 5.00%	6/25/2020	6/1/2043	25,925,000	0	200,000	0	25,725,000
General Obligation Bonds, Series 2021A	6,305,000	2.00% to 4.00%	3/25/2021	3/1/2040	0	6,305,000	0	0	6,305,000
General Obligation Refunding Bonds, Series 2021B (Taxable)	3,950,000	0.15% to 0.82%	3/25/2021	3/1/2026	0	3,950,000	0	0	3,950,000
Total Bonds Payable through Debt Service Fund					<u>70,680,000</u>	<u>10,255,000</u>	<u>3,800,000</u>	<u>3,875,000</u>	<u>73,260,000</u>
Total Governmental Activities					\$ 70,680,000	\$ 10,255,000	\$ 3,800,000	\$ 3,875,000	\$ 73,260,000
Business-Type Activities									
Bonds Payable									
<u>Payable through Landfill Department Fund</u>									
General Obligation Bonds, Series 2016B	4,395,000	2.00%	5/13/2016	6/1/2022	1,545,000	0	770,000	0	775,000
General Obligation Refunding Bonds, Series 2021B (Taxable)	1,600,000	0.15% to 0.82%	3/25/2021	3/1/2026	0	1,600,000	0	0	1,600,000
Total Bonds Payable through Landfill Fund					<u>1,545,000</u>	<u>1,600,000</u>	<u>770,000</u>	<u>0</u>	<u>2,375,000</u>
<u>Payable through Water and Sewer Department Fund</u>									
2008 Local Government Improvement Bonds, Series E-5-B	37,825,000	4.00% to 5.00%	8/7/2008	6/1/2042	34,310,000	0	960,000	6,420,000	26,930,000
General Obligation Refunding Bonds, Series 2016A	5,315,000	2.00% to 3.00%	3/10/2016	6/1/2042	5,065,000	0	25,000	0	5,040,000
General Obligation Bonds, Series 2018	3,060,000	2.75% to 5.00%	5/4/2018	5/1/2028	2,545,000	0	270,000	0	2,275,000
General Obligation Refunding Bonds, Series 2020	2,375,000	3.00% to 5.00%	6/25/2020	6/1/2033	2,375,000	0	155,000	0	2,220,000
General Obligation Refunding Bonds, Series 2020B	6,200,000	2.00% to 3.00%	12/16/2020	6/1/2045	0	6,200,000	0	0	6,200,000
General Obligation Bonds, Series 2020C (Taxable)	4,815,000	0.30% to 1.85%	12/16/2020	6/1/2034	0	4,815,000	500,000	0	4,315,000
General Obligation Bonds, Series 2021A	3,155,000	2.00% to 4.00%	3/25/2021	3/1/2050	0	3,155,000	0	0	3,155,000
Total Bonds Payable through Water and Sewer Utility Fund					<u>44,295,000</u>	<u>14,170,000</u>	<u>1,910,000</u>	<u>6,420,000</u>	<u>50,135,000</u>
<u>Payable through Electric Utility Fund</u>									
2008 Local Government Improvement Bonds, Series E-5-B	\$ 21,340,000	Variable	8/7/2008	6/1/2031	13,285,000	0	985,000	0	12,300,000
Total Business-Type Activities					\$ 59,125,000	\$ 15,770,000	\$ 3,665,000	\$ 6,420,000	\$ 64,810,000

CITY OF ALCOA, TENNESSEE

SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR

June 30, 2021

Fiscal Year	Total Requirement	Total		2008 Local Government Improvement Bonds, Series E-5-		General Obligation Bonds, Series 2015	
		Bond	Interest	Bond	Interest	Bond	Interest
2022	\$ 12,096,074	\$ 7,645,000	\$ 4,451,074	\$ 3,925,000	\$ 1,935,400	\$ 265,000	\$ 302,945
2023	10,694,969	6,480,000	4,214,969	2,245,000	1,759,600	270,000	297,645
2024	11,078,437	7,055,000	4,023,437	2,310,000	1,669,800	275,000	292,245
2025	11,012,226	7,205,000	3,807,226	2,335,000	1,577,400	280,000	286,745
2026	10,986,977	7,405,000	3,581,977	2,385,000	1,484,000	290,000	279,745
2027	10,043,910	6,690,000	3,353,910	2,770,000	1,388,600	295,000	272,495
2028	9,959,088	6,845,000	3,114,088	2,820,000	1,277,800	305,000	265,415
2029	9,739,012	6,870,000	2,869,012	3,325,000	1,165,000	310,000	257,637
2030	9,719,525	7,085,000	2,634,525	3,450,000	1,032,000	320,000	248,338
2031	9,358,512	6,955,000	2,403,512	2,920,000	894,000	330,000	238,737
2032	8,282,165	6,100,000	2,182,165	1,940,000	777,200	340,000	228,838
2033	8,054,231	6,060,000	1,994,231	2,000,000	699,600	350,000	217,787
2034	7,960,708	6,155,000	1,805,708	2,060,000	619,600	360,000	206,413
2035	7,489,894	5,880,000	1,609,894	2,035,000	537,200	375,000	193,812
2036	7,528,509	6,110,000	1,418,509	2,035,000	455,800	390,000	180,688
2037	6,564,195	5,345,000	1,219,195	1,560,000	374,400	400,000	166,062
2038	5,871,933	4,825,000	1,046,933	1,560,000	312,000	420,000	151,063
2039	5,784,921	4,895,000	889,921	1,560,000	249,600	435,000	135,313
2040	5,746,657	5,015,000	731,657	1,560,000	187,200	450,000	119,000
2041	5,708,633	5,140,000	568,633	1,560,000	124,800	465,000	101,000
2042	5,696,907	5,300,000	396,907	1,560,000	62,400	485,000	82,400
2043	3,060,145	2,840,000	220,145	0	0	505,000	63,000
2044	1,367,545	1,235,000	132,545	0	0	525,000	42,800
2045	1,357,395	1,265,000	92,395	0	0	545,000	21,800
2046	520,980	470,000	50,980	0	0	0	0
2047	516,140	480,000	36,140	0	0	0	0
2048	515,950	495,000	20,950	0	0	0	0
2049	120,063	115,000	5,063	0	0	0	0
2050	112,475	110,000	2,475	0	0	0	0
Totals	\$ <u>186,948,176</u>	\$ <u>138,070,000</u>	\$ <u>48,878,176</u>	\$ <u>47,915,000</u>	\$ <u>18,583,400</u>	\$ <u>8,985,000</u>	\$ <u>4,651,923</u>

CITY OF ALCOA, TENNESSEE

SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)

June 30, 2021

Fiscal Year	General Obligation Refunding Bonds, Series 2016A		General Obligation Bond, Series 2016B		General Obligation Refunding Bonds, Series 2017	
	Bond	Interest	Bond	Interest	Bond	Interest
2022	\$ 230,000	\$ 234,863	\$ 775,000	\$ 15,500	\$ 480,000	\$ 226,281
2023	290,000	230,262	0	0	485,000	216,681
2024	295,000	224,463	0	0	495,000	206,981
2025	300,000	218,562	0	0	505,000	197,082
2026	300,000	212,563	0	0	515,000	186,981
2027	335,000	206,562	0	0	525,000	176,681
2028	335,000	199,863	0	0	540,000	164,869
2029	115,000	193,162	0	0	550,000	152,719
2030	120,000	190,287	0	0	565,000	140,344
2031	445,000	187,287	0	0	580,000	126,219
2032	485,000	176,163	0	0	595,000	110,993
2033	525,000	162,825	0	0	610,000	95,375
2034	515,000	148,387	0	0	625,000	78,600
2035	505,000	132,937	0	0	645,000	59,850
2036	650,000	117,788	0	0	665,000	40,500
2037	260,000	98,288	0	0	685,000	20,550
2038	355,000	89,838	0	0	0	0
2039	350,000	78,300	0	0	0	0
2040	395,000	67,800	0	0	0	0
2041	890,000	55,950	0	0	0	0
2042	975,000	29,250	0	0	0	0
2043	0	0	0	0	0	0
2044	0	0	0	0	0	0
2045	0	0	0	0	0	0
2046	0	0	0	0	0	0
2047	0	0	0	0	0	0
2048	0	0	0	0	0	0
2049	0	0	0	0	0	0
2050	0	0	0	0	0	0
Totals	\$ 8,670,000	\$ 3,255,400	\$ 775,000	\$ 15,500	\$ 9,065,000	\$ 2,200,706

CITY OF ALCOA, TENNESSEE

SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)

June 30, 2021

Fiscal Year	General Obligation Bonds, Series 2018		General Obligation Refunding Bonds, Series 2020		General Obligation Refunding Bonds, Series 2020B	
	Bond	Interest	Bond	Interest	Bond	Interest
2022	\$ 445,000	\$ 315,900	\$ 355,000	\$ 989,350	\$ 0	\$ 137,500
2023	470,000	293,650	965,000	971,600	270,000	137,500
2024	490,000	272,500	1,015,000	923,350	270,000	129,400
2025	510,000	252,900	1,060,000	872,600	270,000	121,300
2026	530,000	232,500	1,110,000	819,600	270,000	113,200
2027	545,000	217,925	1,175,000	764,100	270,000	105,100
2028	560,000	202,938	1,225,000	705,350	270,000	97,000
2029	205,000	186,137	1,290,000	644,100	270,000	91,600
2030	215,000	179,988	1,335,000	592,500	270,000	86,200
2031	220,000	173,537	1,380,000	552,450	270,000	80,800
2032	225,000	166,938	1,425,000	511,050	270,000	75,400
2033	230,000	160,187	1,250,000	468,300	270,000	70,000
2034	240,000	153,000	1,250,000	430,800	270,000	64,600
2035	245,000	145,500	1,290,000	393,300	270,000	59,200
2036	255,000	137,538	1,325,000	354,600	270,000	53,800
2037	265,000	129,250	1,375,000	314,850	270,000	48,400
2038	270,000	120,637	1,415,000	273,600	270,000	43,000
2039	280,000	111,863	1,455,000	231,150	270,000	37,600
2040	290,000	102,762	1,495,000	187,500	270,000	32,200
2041	300,000	93,338	1,540,000	142,650	270,000	26,800
2042	310,000	83,212	1,585,000	96,450	270,000	21,400
2043	320,000	72,750	1,630,000	48,900	270,000	16,000
2044	330,000	61,950	0	0	265,000	10,600
2045	340,000	50,400	0	0	265,000	5,300
2046	355,000	38,500	0	0	0	0
2047	365,000	26,075	0	0	0	0
2048	380,000	13,300	0	0	0	0
2049	0	0	0	0	0	0
2050	0	0	0	0	0	0
Totals	\$ 9,190,000	\$ 3,995,175	\$ 27,945,000	\$ 11,288,150	\$ 6,200,000	\$ 1,663,900

CITY OF ALCOA, TENNESSEE

SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)

June 30, 2021

Fiscal Year	General Obligation Bonds, Series 2020C (Taxable)		General Obligation Bonds, Series 2021A		General Obligation Refunding Bonds, Series 2021B (Taxable)	
	Bond	Interest	Bond	Interest	Bond	Interest
2022	\$ 400,000	\$ 51,803	\$ 0	\$ 218,208	\$ 770,000	\$ 23,324
2023	300,000	50,402	0	233,795	1,185,000	23,834
2024	300,000	49,203	410,000	233,795	1,195,000	21,700
2025	325,000	46,202	420,000	217,395	1,200,000	17,040
2026	370,000	42,953	435,000	200,595	1,200,000	9,840
2027	330,000	39,252	445,000	183,195	0	0
2028	330,000	35,458	460,000	165,395	0	0
2029	330,000	31,662	475,000	146,995	0	0
2030	330,000	27,373	480,000	137,495	0	0
2031	325,000	22,587	485,000	127,895	0	0
2032	325,000	17,388	495,000	118,195	0	0
2033	325,000	11,862	500,000	108,295	0	0
2034	325,000	6,013	510,000	98,295	0	0
2035	0	0	515,000	88,095	0	0
2036	0	0	520,000	77,795	0	0
2037	0	0	530,000	67,395	0	0
2038	0	0	535,000	56,795	0	0
2039	0	0	545,000	46,095	0	0
2040	0	0	555,000	35,195	0	0
2041	0	0	115,000	24,095	0	0
2042	0	0	115,000	21,795	0	0
2043	0	0	115,000	19,495	0	0
2044	0	0	115,000	17,195	0	0
2045	0	0	115,000	14,895	0	0
2046	0	0	115,000	12,480	0	0
2047	0	0	115,000	10,065	0	0
2048	0	0	115,000	7,650	0	0
2049	0	0	115,000	5,063	0	0
2050	0	0	110,000	2,475	0	0
Totals	\$ 4,315,000	\$ 432,158	\$ 9,460,000	\$ 2,696,126	\$ 5,550,000	\$ 95,738

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

June 30, 2021

Name of Company	Policy Number	Term of Policy		Annual Premium	Coverage and Liability Limits
		From	To		
Public Entity Partners	20-0101225	6/30/2021	6/30/2022	\$ 27,340	<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	6/30/2021	6/30/2022	\$ 1,853	<u>CRIME</u> Theft and Embezzlement – \$500,000 Each Loss Deductible – \$5,000
Public Entity Partners	10-0101225	6/30/2021	6/30/2022	\$ 106,605	<u>WORKMEN'S COMPENSATION</u> Legal – Statutory Requirements \$1,000,000 Employer's Liability Limit
Public Entity Partners	50-0101225	6/30/2021	6/30/2022	\$ 98,202	<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	6/30/2021	6/30/2022	\$ 65,449	<u>ERRORS OR OMISSIONS</u> Directors and Officers: Coverage Liability – \$1,000,000 per Occurrence Deductible – \$5,000
Public Entity Partners	20-0101225	6/30/2021	6/30/2022	\$ 40,222	<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 Entity Partners	20-0101225	6/30/2021	6/30/2022	\$ 34,679	<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	\$	59,672,406
Personal Property		3,023,501
Mobile Equipment		2,027,005
Total	\$	<u>64,722,912</u>

CITY OF ALCOA, TENNESSEE

SCHEDULE OF INSURANCE IN FORCE – GENERAL/ WATER AND SEWER UTILITY

June 30, 2021

<u>Name of Company</u>	<u>Policy Number</u>	<u>From</u>	<u>To</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
Public Entity Partners	TML 0247-19	7/28/20	7/28/21	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	\$132,813
				AUTOMOBILE LIABILITY & PHYSICAL DAMAGE Deductible: Comprehensive - \$2,500 Collision - \$2,500 Liability - \$1,000		\$97,289
				PUBLIC OFFICIALS' PERSONAL ERRORS AND OMISSIONS LIABILITY Deductible: \$5,000	\$1,000,000 per Occurrence	\$62,930
Public Entity Partners	TWC-0251-19	7/28/20	7/28/21	WORKER'S COMPENSATION State requirements employer's Liability	\$300,000 – Each Accident \$700,000 – Policy Limit \$300,000 – Each Employee	\$379,293
				PROPERTY DAMAGE Caterpillar Compactor, Scraper, Bulldozer, Tractor, and Backhoes.	\$2,427,992 – Limit per Occurrence	\$2,317
Public Entity Partners	TMP-5296-19	01/20/21	01/20/22	CRIME COVERAGE	\$150,000 per Occurrence	
Public Entity Partners	PPR-5296-20	01/20/21	01/20/22	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	\$87,819
Public Entity Partners	PPR-5296-20	01/20/21	01/20/22	ELECTRONIC DATA PROCESSING - Equipment Coverage	\$1,000,000 Limit per Occurrence	\$954

SCHEDULE OF INSURANCE ON REAL AND PERSONAL PROPERTY:

	<u>General</u>	<u>Blount County Landfill</u>	<u>Water</u>	<u>Electric</u>	<u>Total</u>
Building and Contents	<u>\$85,470,498</u>	<u>\$697,881</u>	<u>\$ 4,545,438</u>	<u>\$55,177,309</u>	<u>\$145,891,126</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE – SCHOOLS
June 30, 2021

<u>Name of Company</u>	<u>Policy Number</u>	<u>From</u>	<u>To</u>	<u>Detail of Coverage</u>	<u>Liability Limits</u>	<u>Premium</u>
Public Entity Partners	TML 0604-20	07/28/20	07/28/21	<p>COMPREHENSIVE GENERAL LIABILITY</p> <p>Covers All Operations of the City and All Officials and Employees</p> <p>ERRORS AND OMISSIONS LIABILITY Deductible: \$5,000</p> <p>COMPREHENSIVE AUTOMOBILE LIABILITY Deductible: Comprehensive - \$250 Collision - \$500</p>	<p>\$300,000 per Person as Limited by the Tort Liability Act \$700,000 per Occurrence \$100,000 Property Damage \$1,000,000 per Occurrence Each Other Loss Non-Tort Acts</p> <p>\$1,000,000</p> <p>\$300,000</p>	<p>\$3,517</p> <p>\$40,447</p> <p>\$3,680</p>
Public Entity Partners	TWC-0581-20	07/28/20	07/28/21	WORKER'S COMPENSATION	\$300,000	\$64,484
Public Entity Partners	PPR-5296-20	01/20/21	01/20/22	<p>Physical Damage to real and personal Property Values - \$97,893,950</p> <p>Copiers and small office equipment and blanket data processing equipment values \$1,227,000</p> <p>Mobile Equipment Values - \$176,050</p>		<p>\$122,817</p> <p>\$1,562</p> <p>\$224</p>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF UTILITY RATES - ELECTRIC

June 30, 2021

The basic utility rates in force as of June 30, 2021 are as follows:

		<u>Base Residential Rate - Schedule RS</u>
	Customer Charge:	\$17 per month
	Energy Charge:	9.810 cents per kWh per month
		<u>Base General Power Rate - Schedule GSA</u>
PART 1	Customer Charge:	\$24.29 per delivery point per month
	Energy Charge:	11.006 cents per kWh per month
PART 2	Customer Charge:	\$98.75 per delivery point per month
	Demand Charge:	First 50 kW of billing demand per month, no demand charge \$14.45/kW for 51-1,000 kWh
	Energy Charge:	10.721 cents per kWh for first 15,000 kWh 6.407 cents per kWh for all additional kWh
PART 3	Customer Charge:	\$237.75 per delivery point per month
	Demand Charge:	First 1,000 kW of billing demand per month at 13.88 cents per kWh From 1,000-5,000 kW of billing demand per month at 14.80 cents per kW
	Energy Charge:	6.387 cents per kWh per month

Adjustment

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 Charges, the monthly bill shall in no event be less than the sum of (a) the base customer charge and (b) 20% 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 charges under Distributor's standard policy.

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

Residential	26,460
General Power - Under 50kw	3,532
General Power - 50kw and Over	307
Street and Athletics	40
Outdoor Lighting	2,975

CITY OF ALCOA, TENNESSEE

SCHEDULE OF UTILITY RATES WATER AND SEWER

June 30, 2021

The basic utility rates in force as of June 30, 2021 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	\$ 15.80 per mo.	5/8" to 1"	\$ 23.75 per mo.
	Commercial	\$ 19.10 per mo.	5/8" to 1"	\$ 28.30 per mo.
	All	\$ 47.75 per mo.	1-1/2 to 3"	\$ 70.85 per mo.
	All	\$ 349.80 per mo.	4" to 6"	\$ 518.80 per mo.
	All	\$ 954.05 per mo.	Greater than 6"	\$ 1,414.95 per mo.
		<u>Inside City Price Per 1,000 Gallons</u>		<u>Outside City Price Per 1,000 Gallons</u>
<u>One Monthly Billing</u>				
Over 2,000 Gallons		\$ 3.90	All Sizes	\$ 6.00

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

SEWER UTILITY RATES:

The following are the rates charged by the City of Alcoa for the different classes of service listed below:

	<u>Location</u>	<u>Charge per 1,000 Gallons of Metered Water</u>	<u>Customer Base Charge</u>
RATE A	Residential - Inside City	\$ 5.35	\$ 12.80
RATE A-1	Residential - Outside City	\$ 9.15	\$ 21.85
RATE B	Commercial - Inside City	\$ 5.35	\$ 23.50
RATE B-1	Commercial - Outside City	\$ 9.15	\$ 39.95
RATE C	Industrial - Inside City	\$ 5.35	\$ 23.50
RATE C-1	Industrial - Outside City	\$ 9.15	\$ 39.95

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.

The class and number of customers served by the Water and Sewer Utility as of June 30, 2021 are as follows:

	<u>Water</u>	<u>Sewer</u>
Residential - Inside City	3,847	3,541
Residential - Outside City	5,300	2,238
Commercial - Inside City	933	721
Commercial - Outside City	388	172
Industrial - Inside City	1	1
Industrial - Outside City	3	1

CITY OF ALCOA, TENNESSEE
STORMWATER UTILITY
SCHEDULE OF STORMWATER UTILITY RATES IN FORCE
For the Fiscal Year Ended June 30, 2021

The median Equivalent Residential Units (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

CITY OF ALCOA, TENNESSEE

AWWA WATER AUDIT REPORTING WORKSHEET

For the Year Ended June 30, 2021

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: 2021 7/2020 - 6/2021

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

WATER SUPPLIED

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

----- Enter grading in column 'E' and 'J' ----->

Volume from own sources:	+	?	8	2,290.953	MG/Yr
Water imported:	+	?	n/a	0.000	MG/Yr
Water exported:	+	?	9	350.449	MG/Yr

WATER SUPPLIED: 1,937.073 MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:	+	?	8	0.15%	MG/Yr
	+	?	7	6.119	MG/Yr

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

AUTHORIZED CONSUMPTION

Billed metered:	+	?	9	1,417.985	MG/Yr
Billed unmetered:	+	?	n/a	0.000	MG/Yr
Unbilled metered:	+	?	n/a	0.000	MG/Yr
Unbilled unmetered:	+	?	9	6.119	MG/Yr

AUTHORIZED CONSUMPTION: 1,424.104 MG/Yr

Click here: ? for help using option buttons below

Pcnt:	+	?	9	6.119	MG/Yr
-------	---	---	---	-------	-------

Use buttons to select percentage of water supplied **OR** value

Pcnt:	+	?	7	0.25%	MG/Yr
	+	?	9	0.715	MG/Yr
	+	?	6	4.705	MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

512.969 MG/Yr

Apparent Losses

Unauthorized consumption: 4.843 MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: 0.715 MG/Yr

Systematic data handling errors: 4.705 MG/Yr

Apparent Losses: 10.263 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 502.706 MG/Yr

WATER LOSSES: 512.969 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 519.088 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+	?	9	261.0	miles
Number of <u>active AND inactive</u> service connections:	+	?	7	11,556	
Service connection density:	?			44	conn./mile main
Are customer meters typically located at the curbside or property line?				Yes	
Average length of customer service line:	+	?			(length of service line, <u>beyond</u> the property boundary, that is the responsibility of the utility)
Average length of customer service line has been set to zero and a data grading score of 10 has been applied					
Average operating pressure:	+	?	9	90.0	psi

COST DATA

Total annual cost of operating water system:	+	?	10	\$8,526,759	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	10	\$3.90	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	9	\$694.16	\$/Million gallons

Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 83 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: Customer metering inaccuracies

CITY OF ALCOA, TENNESSEE
AWWA WATER AUDIT PERFORMANCE INDICATORS
For the Year Ended June 30, 2021

AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association. Copyright © 2014, All Rights Reserved.
Water Audit Report for: City of Alcoa (0000007)		
Reporting Year: 2021 / 7/2020 - 6/2021		
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 83 out of 100 ***		
System Attributes:		
	Apparent Losses:	10.263 MG/Yr
+	Real Losses:	502.706 MG/Yr
=	Water Losses:	512.969 MG/Yr
	? Unavoidable Annual Real Losses (UARL):	103.33 MG/Yr
	Annual cost of Apparent Losses:	\$40,026
	Annual cost of Real Losses:	\$348,958 Valued at Variable Production Cost
Return to Reporting Worksheet to change this assumption		
Performance Indicators:		
Financial:	Non-revenue water as percent by volume of Water Supplied:	26.8%
	Non-revenue water as percent by cost of operating system:	4.6% Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	2.43 gallons/connection/day
	Real Losses per service connection per day:	119.18 gallons/connection/day
	Real Losses per length of main per day*:	N/A
	Real Losses per service connection per day per psi pressure:	1.32 gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	502.71 million gallons/year
	? Infrastructure Leakage Index (ILI) [CARL/UARL]:	4.87
* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline		

OTHER INFORMATION SECTION

CITY OF ALCOA, TENNESSEE

STATISTICAL SECTION

June 30, 2021

This part of the City of Alcoa's annual comprehensive 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 12
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.	13 through 14
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.	15 through 17

CITY OF ALCOA, TENNESSEE
SCHEDULE 1
NET POSITION BY COMPONENT
(Prepared Using the Accrual Basis of Accounting)
Last Ten Fiscal Years
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 29,558,104	\$ 24,517,065	\$ 28,049,182	\$ 26,539,320	\$ 20,456,653	\$ 18,305,142	\$ 18,643,895	\$ 6,206,361	\$ 9,138,604	\$ 17,131,555
Restricted	5,780,497	11,328,383	3,710,323	4,564,341	7,522,158	9,100,582	12,237,981	18,960,022	12,890,404	5,656,633
Unrestricted (Deficit)	<u>7,141,566</u>	<u>(6,898,483)</u>	<u>(9,122,568)</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>
Total Governmental Activities Net Position	<u>\$ 42,480,167</u>	<u>\$ 28,946,965</u>	<u>\$ 22,636,937</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>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 62,693,646	\$ 58,479,351	\$ 55,863,096	\$ 51,253,207	\$ 52,038,148	\$ 49,237,556	\$ 50,190,104	\$ 41,602,343	\$ 38,763,375	\$ 37,278,343
Restricted	0	0	0	1,300,187	1,281,411	1,264,653	1,477,123	1,407,958	1,338,590	1,269,617
Unrestricted	<u>14,289,373</u>	<u>13,442,416</u>	<u>10,487,524</u>	<u>6,595,944</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>
Total Business-Type Activities Net Position	<u>\$ 76,983,019</u>	<u>\$ 71,921,767</u>	<u>\$ 66,350,620</u>	<u>\$ 59,149,338</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>
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	\$ 92,251,750	\$ 82,996,416	\$ 83,912,278	\$ 77,792,527	\$ 72,494,801	\$ 67,542,698	\$ 68,833,999	\$ 47,808,704	\$ 47,901,979	\$ 54,409,898
Restricted	5,780,497	11,328,383	3,710,323	5,864,528	8,803,569	10,365,235	13,715,104	20,367,980	14,228,994	6,926,250
Unrestricted (Deficit)	<u>21,430,939</u>	<u>6,543,933</u>	<u>1,364,956</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>
Total Primary Government Net Position	<u>\$ 119,463,186</u>	<u>\$ 100,868,732</u>	<u>\$ 88,987,557</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>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
EXPENSES										
Governmental Activities										
General Government	\$ 10,081,024	\$ 10,102,269	\$ 7,691,090	\$ 8,990,425	\$ 3,605,345	\$ 2,675,015	\$ 2,226,413	\$ 2,163,198	\$ 2,643,841	\$ 2,431,591
Public Safety	11,141,433	10,163,133	10,515,653	10,132,385	10,071,775	10,652,182	9,544,500	9,118,341	8,354,301	8,242,524
Public Works	6,552,288	6,303,387	6,599,273	6,462,318	5,733,789	5,815,449	5,698,308	4,583,593	4,183,912	5,484,274
Culture and Recreation	0	0	635,635	863,740	2,682,489	938,333	1,110,699	1,003,749	1,316,438	1,342,132
Economic Development	2,418,114	2,353,303	1,626,729	1,292,190	1,123,627	1,403,320	1,042,221	713,405	748,075	690,939
Education	27,031,042	26,115,353	25,055,763	24,678,680	22,041,495	22,072,833	19,998,346	20,290,532	19,836,728	18,980,713
Debt Service:										
Interest on Long-Term Debt	1,518,981	2,262,253	2,248,871	2,095,576	1,989,192	1,207,000	1,324,010	1,189,641	1,166,010	2,675,165
Total Governmental Activities Expenses	<u>58,742,882</u>	<u>57,299,698</u>	<u>54,373,014</u>	<u>54,515,314</u>	<u>47,247,712</u>	<u>44,764,132</u>	<u>40,944,497</u>	<u>39,062,459</u>	<u>38,249,305</u>	<u>39,847,338</u>
Business-Type Activities										
Stormwater Utility	1,227,614	1,189,745	1,267,648	1,078,091	1,126,244	1,146,369	1,108,997	1,082,711	901,571	1,008,510
Water & Sewer	13,543,710	13,198,361	12,756,765	12,078,385	12,029,149	12,183,484	10,986,018	10,247,877	10,647,505	10,513,127
Electric	65,654,344	65,026,188	67,833,110	64,529,615	62,496,910	60,690,350	62,513,432	61,009,610	59,171,822	57,423,290
Landfill	4,313,083	4,106,392	3,971,137	3,863,804	3,952,854	3,840,763	3,619,982	3,943,753	3,629,673	3,788,479
Total Business-Type Activities Expenses	<u>84,738,751</u>	<u>83,520,686</u>	<u>85,828,660</u>	<u>81,549,895</u>	<u>79,605,157</u>	<u>77,860,966</u>	<u>78,228,429</u>	<u>76,283,951</u>	<u>74,350,571</u>	<u>72,733,406</u>
Total Primary Government Expenses	<u>\$ 143,481,633</u>	<u>\$ 140,820,384</u>	<u>\$ 140,201,674</u>	<u>\$ 136,065,209</u>	<u>\$ 126,852,869</u>	<u>\$ 122,625,098</u>	<u>\$ 119,172,926</u>	<u>\$ 115,346,410</u>	<u>\$ 112,599,876</u>	<u>\$ 112,580,744</u>
PROGRAM REVENUES										
Governmental Activities										
Charges for Services										
General Government	\$ 8,488,621	\$ 8,352,607	\$ 7,378,694	\$ 6,884,388	\$ 6,901,490	\$ 675,592	\$ 279,171	\$ 496,005	\$ 178,493	\$ 1,023,162
Public Safety	483,281	441,619	580,532	656,737	636,235	663,174	504,445	15,087	18,146	29,985
Public Works	448,130	471,084	879,283	825,325	912,557	433,611	304,002	349,703	372,895	627,425
Economic Development	0	0	0	0	23,396	18,986	19,700	14,434	17,350	0
Education	1,441,982	1,576,488	371,794	1,134,061	1,205,635	603,372	451,405	849,379	552,034	782,537
Operating Grants and Contributions	15,687,429	13,982,663	11,787,718	12,582,245	10,163,304	10,218,711	10,536,788	9,071,291	8,823,444	3,577,873
Capital Grants and Contributions	4,838,848	137,600	260,050	2,946,797	569,067	1,385,336	5,202,207	3,107,392	223,478	328,348
Total Governmental Activities Program Revenues	<u>31,388,291</u>	<u>24,962,061</u>	<u>21,258,071</u>	<u>25,029,553</u>	<u>20,411,684</u>	<u>13,998,782</u>	<u>17,297,718</u>	<u>13,903,291</u>	<u>10,185,840</u>	<u>6,369,330</u>

CITY OF ALCOA, TENNESSEE

SCHEDULE 2

CHANGES IN NET POSITION (Continued)
(Prepared Using the Accrual Basis of Accounting)

Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
PROGRAM REVENUES (Continued)										
Business-Type Activities										
Charges for Services										
Stormwater Utility	1,321,071	1,333,586	1,318,670	1,304,463	1,180,437	1,061,473	1,035,588	1,026,324	1,015,899	1,032,697
Water and Sewer	16,117,965	15,884,784	14,578,655	13,928,825	12,269,851	11,251,858	10,852,298	10,958,811	10,584,258	11,121,466
Electric	67,515,827	67,345,702	69,474,339	67,502,185	66,503,968	63,062,563	64,201,148	63,215,476	61,827,061	61,180,133
Landfill	5,851,247	5,366,894	4,927,248	4,431,096	4,290,739	3,635,050	3,534,132	3,319,691	3,461,295	4,158,261
Operating Grants and Contributions	7,235	1,260	25,941	147,596	127,253	153,261	75,718	90,559	105,603	85,166
Capital Grants and Contributions	154,724	787,977	4,061,553	540,608	178,450	377,230	1,610,605	0	473,138	942,024
Total Business-Type										
Activities Program Revenues	<u>90,968,069</u>	<u>90,720,203</u>	<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>
Total Primary Government										
Program Revenues	<u>\$ 122,356,360</u>	<u>\$ 115,682,264</u>	<u>\$ 115,644,477</u>	<u>\$ 112,884,326</u>	<u>\$ 104,962,382</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>
NET (EXPENSE) REVENUE										
Governmental Activities	<u>\$ (27,354,591)</u>	<u>\$ (32,337,637)</u>	<u>\$ (33,114,943)</u>	<u>\$ (29,485,761)</u>	<u>\$ (26,836,028)</u>	<u>\$ (30,765,350)</u>	<u>\$ (23,646,779)</u>	<u>\$ (25,159,168)</u>	<u>\$ (28,063,465)</u>	<u>\$ (33,478,008)</u>
Business-Type Activities	<u>6,229,318</u>	<u>7,199,517</u>	<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>
Total Primary Government										
Net Expenses	<u>\$ (21,125,273)</u>	<u>\$ (25,138,120)</u>	<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>
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental Activities										
General Revenues										
Sales Tax and Other State Taxes	\$ 17,146,232	\$ 15,781,259	\$ 15,536,754	\$ 13,811,770	\$ 14,722,171	\$ 14,142,755	\$ 14,520,112	\$ 14,256,596	\$ 15,445,336	\$ 15,002,875
State Income and Excise Taxes	96,485	128,518	91,846	100,413	127,426	135,244	95,095	87,636	104,705	145,229
Property Taxes	18,962,159	17,853,420	14,535,523	14,275,685	14,297,638	13,744,696	13,734,216	12,723,141	12,129,571	12,211,321
Business Taxes	984,525	1,023,424	878,570	895,245	961,373	942,515	897,280	902,658	284,263	1,361,561
Miscellaneous Taxes	643,199	617,090	669,610	765,375	447,576	1,061,384	790,571	512,845	467,396	512,818
In-Lieu-of Taxes	1,127,309	1,196,851	1,172,589	1,058,111	1,207,703	297,331	371,954	155,929	255,535	0
Interest Income	36,234	287,206	262,877	186,461	26,390	117,349	56,826	17,032	3,476	17,931
Gain (Loss) on Deletion of										
Capital Assets	0	0	0	0	0	0	0	64,258	13,296	0
Transfers-in-Lieu of taxes	1,334,255	2,042,775	1,535,975	1,844,322	1,899,929	1,889,495	1,728,324	1,686,883	1,629,657	1,621,501
Transfers - Contributions of Capital Assets	(137,496)	(282,878)	(3,868,460)	0	0	0	0	0	0	0
Total Governmental Activities	<u>40,192,902</u>	<u>38,647,665</u>	<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>

CITY OF ALCOA, TENNESSEE

SCHEDULE 2

**CHANGES IN NET POSITION (Continued)
(Prepared Using the Accrual Basis of Accounting)**

Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION (Continued)										
Business-Type Activities										
General Revenues										
Gain (Loss) on Sale of Fixed Assets	0	0	0	0	0	0	0	(50,755)	45,783	0
Interest Income	28,693	131,527	179,461	57,122	31,189	17,168	7,322	22,752	23,313	53,219
Transfers - Contributions of Capital Assets	137,496	282,878	0	0	0	0	0	0	0	0
Transfers-in-Lieu of taxes	(1,334,255)	(2,042,775)	(1,535,975)	(1,844,322)	(1,899,929)	(1,889,495)	(1,728,324)	(1,686,883)	(1,629,657)	(1,621,501)
Total Business-Type Activities	<u>(1,168,066)</u>	<u>(1,628,370)</u>	<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>(1,560,561)</u>	<u>(1,568,282)</u>
Total Primary Government	\$ <u>39,024,836</u>	\$ <u>37,019,295</u>	\$ <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>28,772,674</u>	\$ <u>29,304,954</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ 12,838,311	\$ 6,310,028	\$ (2,299,659)	\$ 3,451,621	\$ 6,854,178	\$ 1,565,419	\$ 8,547,599	\$ 5,247,810	\$ 2,269,770	\$ (2,604,772)
Business-Type Activities	5,061,252	5,571,147	7,201,232	4,517,678	3,076,801	(191,858)	1,360,058	612,024	1,556,122	4,218,059
Total Primary Government	\$ <u>17,899,563</u>	\$ <u>11,881,175</u>	\$ <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>3,825,892</u>	\$ <u>1,613,287</u>

CITY OF ALCOA, TENNESSEE

SCHEDULE 3

**FUND BALANCES, GOVERNMENTAL FUNDS
(Prepared Using the Modified Accrual Basis of Accounting)**

Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
GENERAL FUND										
Restricted	\$ 0	\$ 0	\$ 127,991	\$ 124,927	\$ 325,264	\$ 165,441	\$ 63,674	\$ 2,222	\$ 2,096	\$ 180,786
Committed	500,000	500,000	0	0	0	0	0	0	0	0
Assigned	0	0	997,488	512,658	508,792	947,010	941,852	631,139	0	0
Unassigned	<u>12,745,986</u>	<u>8,254,196</u>	<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>
Total General Fund	<u>\$ 13,245,986</u>	<u>\$ 8,754,196</u>	<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>
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ 12,268	\$ 10,381	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 72
Restricted	3,481,076	8,298,855	9,679,811	10,779,742	13,011,926	4,400,023	5,408,474	2,774,092	3,215,522	2,533,986
Assigned	1,177,623	397,498	2,349,248	3,052,057	1,382,936	2,027,993	3,471,511	2,638,461	4,753,141	2,441,789
Committed	7,685,727	3,357,642	981,411	1,011,620	1,357,262	3,484,317	2,352,470	12,914,108	5,834,498	412,316
Unassigned	<u>0</u>	<u>(3,550)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total All Other Governmental Funds	<u>\$ 12,356,694</u>	<u>\$ 12,060,826</u>	<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>\$ 5,388,163</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
REVENUES										
Taxes	\$ 37,356,751	\$ 35,157,746	\$ 30,733,301	\$ 29,468,908	\$ 30,380,301	\$ 25,390,315	\$ 26,555,861	\$ 24,149,030	\$ 22,449,030	\$ 18,847,900
Licenses, Permits and Fees	1,223,177	491,441	511,043	441,174	499,309	141,755	222,483	527,213	448,607	387,426
Property Rental	141,003	143,794	142,336	193,056	145,138	153,336	143,388	143,547	143,389	136,533
Intergovernmental	21,299,999	16,658,806	13,841,266	16,781,681	13,019,800	13,102,650	18,300,151	15,992,077	14,337,120	19,660,547
Fines, Forfeitures and Costs	371,807	331,242	525,147	603,444	590,061	663,174	517,539	507,920	467,396	504,571
Interest Income	34,008	280,191	256,807	185,737	26,390	85,317	56,826	17,032	3,476	14,301
Internal School Fund Revenue	924,001	0	0	0	0	0	0	0	0	0
Miscellaneous Income	670,946	365,626	413,828	429,513	405,023	3,566,681	758,671	130,807	98,121	1,022,837
Charges for Service	896,836	1,583,764	1,406,462	1,344,381	1,275,152	920,100	834,269	1,025,789	942,279	1,104,516
Total Revenues	<u>62,918,528</u>	<u>55,012,610</u>	<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>
EXPENDITURES										
General Government	2,689,794	2,719,864	2,635,364	2,734,496	2,864,149	1,665,434	1,740,661	1,726,638	1,703,606	1,725,782
Public Safety	10,405,662	9,929,328	9,668,007	9,640,735	9,596,090	9,266,855	9,126,797	8,691,747	8,047,944	7,831,192
Public Works	5,190,530	5,403,380	5,517,199	5,357,568	4,670,404	5,039,816	4,974,584	5,167,334	4,913,515	5,277,899
Recreation and Arts	0	0	400,741	627,097	873,137	785,765	851,898	747,727	1,060,417	1,096,972
Contributions to Other Agencies	2,418,114	2,353,303	1,626,729	1,292,190	1,123,627	1,403,320	1,042,221	713,405	748,075	690,939
Education	26,544,447	24,494,222	23,241,540	22,856,597	21,790,764	20,509,466	18,833,640	18,869,100	18,468,873	17,958,585
Other-Building	0	0	194,303	51,442	0	0	0	0	0	0
Debt Service:										
Note Disbursement	3,500,000	0	0	0	0	0	0	0	0	0
Principal Retirement	3,435,000	3,270,000	3,215,000	3,125,000	2,770,000	5,560,136	5,269,964	4,157,023	3,354,834	3,497,476
Interest and Fiscal Fees	1,997,966	2,467,217	2,248,871	2,095,576	1,989,192	3,949,082	4,003,952	3,433,555	3,118,018	5,421,897
Bond Issuance Costs	175,112	440,036	0	22,289	0	0	(176,654)	0	0	0
Capital Outlay/Capital Assets	10,447,326	5,131,617	4,240,434	11,581,448	2,742,568	3,327,687	24,902,807	20,274,934	4,403,369	1,174,219
Total Expenditures	<u>66,803,951</u>	<u>56,208,967</u>	<u>52,988,188</u>	<u>59,384,438</u>	<u>48,419,931</u>	<u>51,507,561</u>	<u>70,569,870</u>	<u>63,781,463</u>	<u>45,818,651</u>	<u>44,674,961</u>
Excess (Deficiency) of Revenue Over Expenditures Before Financing Sources (Uses)	<u>(3,885,423)</u>	<u>(1,196,357)</u>	<u>(5,157,998)</u>	<u>(9,936,544)</u>	<u>(2,078,757)</u>	<u>(7,484,233)</u>	<u>(23,180,682)</u>	<u>(21,288,048)</u>	<u>(6,929,233)</u>	<u>(2,996,330)</u>

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
OTHER FINANCING										
SOURCES (USES)										
Operating Transfers	0	0	0	0	55,089	4,594,973	5,738,182	4,455,371	3,778,480	(68,500)
Issuance of Debt/Capital Leases	10,651,440	29,034,118	0	6,915,000	9,995,000	0	9,995,000	20,850,000	10,000,000	402,528
In Lieu of Taxes	1,334,255	2,042,775	1,535,975	1,844,322	1,899,929	1,889,495	1,728,324	1,686,883	1,629,657	1,621,501
Payoff to Refunded Bond Escrow Agent	(3,940,958)	(28,594,082)	0	0	0	0	0	0	0	0
Gain/Loss on Termination of Derivative	(66,547)	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>7,978,190</u>	<u>2,482,811</u>	<u>1,535,975</u>	<u>8,759,322</u>	<u>11,950,018</u>	<u>6,484,468</u>	<u>17,461,506</u>	<u>26,992,254</u>	<u>15,408,137</u>	<u>1,955,529</u>
Net Change in Fund Balance	<u>\$ 4,092,767</u>	<u>\$ 1,286,454</u>	<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>\$ (1,040,801)</u>
Debt Service as a Percentage of Noncapital Expenditures	9.8%	11.2%	11.2%	10.9%	10.4%	19.7%	20.3%	17.4%	15.6%	20.5%

CITY OF ALCOA, TENNESSEE

SCHEDULE 5

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ending June 30	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 Actual Value
2021	2020	\$ 313,167,175	\$ 150,726,200	\$ 124,997,057	\$ 588,890,432	2.27	\$ 1,812,207,264	32%
2020	2019	308,948,731	146,895,750	112,131,766	567,976,247	2.27	1,741,557,152	33%
2019	2018	354,484,084	121,061,475	33,375,720	508,921,279	1.96	1,570,065,116	32%
2018	2017	351,952,477	123,191,450	34,438,280	509,582,207	1.96	1,571,415,375	32%
2017	2016	353,008,768	121,353,975	36,253,880	510,616,623	1.96	1,551,573,604	33%
2016	2015	345,523,373	119,580,225	28,845,040	493,948,638	1.96	1,513,008,885	33%
2015	2014	307,716,795	118,361,585	20,736,324	446,814,704	1.96	1,512,783,981	30%
2014	2013	300,422,940	129,589,563	20,655,563	450,668,066	1.96	1,524,033,999	29%
2013	2012	297,970,805	136,969,733	19,598,651	454,539,189	1.96	1,522,336,648	30%
2012	2011	298,353,980	121,632,050	21,242,913	441,228,943	1.96	1,468,493,462	30%

CITY OF ALCOA, TENNESSEE

SCHEDULE 6

SCHEDULE OF PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Calendar 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>
2021	2020	2.27	\$ 13,789,212	\$ 13,501,757	97.9%	\$ 232,414	\$ 13,734,171	97.9%	\$ 448,846	3.26%
2020	2019	2.27	12,916,005	12,856,755	99.5%	407,313	13,264,067	100.0%	486,304	3.77%
2019	2018	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%	583,503	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%
2016	2015	1.96	9,987,811	9,394,840	94.1%	581,503	9,976,343	99.8%	826,995	8.28%
2015	2014	1.96	10,014,628	9,080,958	90.7%	599,187	9,680,145	96.7%	600,435	6.00%
2014	2013	1.96	9,681,393	8,241,080	85.1%	1,254,783	9,495,863	98.1%	516,355	5.33%
2013	2012	1.96	8,951,791	8,540,278	95.4%	501,398	9,041,676	100.0%	292,808	3.27%
2012	2011	1.96	9,712,794	8,759,559	90.2%	232,414	8,991,973	98.0%	413,235	4.51%

CITY OF ALCOA, TENNESSEE

SCHEDULE 7

DIRECT AND OVERLAPPING PROPERTY TAXES
(Rates per \$100 of Assess Value)
Last Ten Calendar Years

Fiscal Year Ending June 30,	Tax Year	General Fund	Debt Service Fund	General Purpose School Fund	Total Direct Tax Rate	Overlapping Tax Rate - Blount County
2021	2020	\$ 0.62	\$ 0.95	\$ 0.70	\$ 2.27	\$ 2.47
2020	2019	0.62	0.96	0.69	2.27	2.47
2019	2018	0.06	1.10	0.80	1.96	2.47
2018	2017	0.06	1.11	0.81	1.96	2.47
2017	2016	0.06	1.10	0.80	1.96	2.47
2016	2015	0.27	0.88	0.80	1.96	2.47
2015	2014	0.49	0.58	0.89	1.96	2.47
2014	2013	0.49	0.58	0.89	1.96	2.15
2013	2012	0.48	0.55	0.93	1.96	2.15
2012	2011	0.48	0.55	0.93	1.96	2.15

CITY OF ALCOA, TENNESSEE

SCHEDULE 8

PRINCIPAL TAXPAYERS

June 30, 2021

Taxpayer	Fiscal Year 2020			Taxpayer	Fiscal Year 2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Arconic	\$ 87,548,247	1	14.9%	Alcoa	\$ 123,073,036	1	27.9%
Alcoa	32,330,830	2	5.5%	CMH Management	15,739,817	2	3.6%
Ridge at Hamilton Crossing	18,370,174	3	3.1%	Hamilton Crossing	7,357,640	3	1.7%
CMH Services	13,292,507	4	2.3%	Faulkner Properties	6,391,400	4	1.4%
Alcoa HC LP & Mont Belvieu	11,149,845	5	1.9%	ETMG Investments, LLC	5,506,120	5	1.2%
Faulkner Properties	9,033,000	6	1.5%	Mideb Nonminees Inc #672	4,536,200	6	1.0%
Airport Center Development	7,935,335	7	1.3%	Mideb Nominees Inc	3,202,000	7	0.7%
Cornerstone of Recovery	7,153,320	8	1.2%	Stock Creek	3,302,440	8	0.7%
Mideb Nominees Inc #672	6,460,080	9	1.1%	Rehold Alcoa, LLC	2,604,800	9	0.6%
Clayton Education Corp	4,751,040	10	0.8%				
Totals	\$ <u>198,024,378</u>		<u>33.6%</u>		\$ <u>171,713,453</u>		38.9%
Total Assessed Value All Property (Excluding Public Utilities)	\$ <u>588,890,432</u>				\$ <u>441,228,943</u>		

CITY OF ALCOA, TENNESSEE

SCHEDULE 9

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation/ Revenue Bonds	Capital Outlay Notes	Capital Capital Leases	Water & Sewer Bonds	Landfill Bonds	Landfill Capital Outlay Notes	Electric Bonds	Capital Leases			
2021	\$ 76,641,193	\$ 0	\$ 6,500,000	\$ 50,971,585	\$ 2,375,000	\$ 0	\$ 12,300,000	\$ 0	\$ 148,787,778	29.48%	\$ 13,733
2020	73,789,118	0	6,892,544	44,656,923	1,545,000	0	13,285,000	0	140,168,585	29.70%	13,153
2019	83,095,000	0	7,304,785	46,020,401	2,290,000	38,161	14,215,000	0	152,963,347	33.39%	14,569
2018	86,310,000	0	7,621,966	47,452,169	3,145,000	128,283	15,110,000	0	159,767,418	36.33%	15,621
2017	82,520,000	0	7,961,166	45,527,201	3,965,000	216,374	15,950,000	0	156,139,741	38.36%	15,813
2016	75,605,000	0	9,554,742	46,613,701	4,760,000	0	16,765,000	0	153,298,443	44.44%	17,430
2015	78,150,000	0	9,656,129	47,153,837	5,630,000	0	17,550,000	27,947	158,167,913	47.20%	18,070
2014	70,550,000	0	9,802,394	48,178,801	6,375,000	0	18,280,000	130,285	153,316,480	47.77%	17,432
2013	52,975,000	0	10,072,979	48,290,824	6,365,000	0	18,985,000	264,777	136,953,580	44.67%	15,851
2012	44,865,000	0	10,443,284	48,491,008	6,935,000	0	19,665,000	409,718	130,809,010	43.32%	15,264

Notes:

Details regarding the City's outstanding debt may be found in the Notes to the Financial Statements.

See schedule 13 for personal income and population data for the City.

CITY OF ALCOA, TENNESSEE
SCHEDULE 10
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Calendar Years

<u>Fiscal Year Ending June 30,</u>	<u>General Obligation/ Revenue Debt</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>
2021	\$ 76,641,193	\$ 0	\$ 76,641,193	2020	\$ 588,890,432	13.01%	\$ 7,074
2020	73,789,118	0	73,789,118	2019	567,976,247	12.99%	6,924
2019	83,095,000	0	83,095,000	2018	508,921,279	16.33%	7,915
2018	86,310,000	0	86,310,000	2017	509,582,207	16.94%	8,439
2017	82,520,000	0	82,520,000	2016	510,616,623	16.16%	8,357
2016	75,605,000	0	75,605,000	2015	493,948,638	15.31%	8,596
2015	78,150,000	0	78,150,000	2014	446,814,704	17.49%	8,928
2014	70,550,000	0	70,550,000	2013	450,667,633	15.65%	8,022
2013	52,975,000	0	52,975,000	2012	454,479,189	11.66%	6,131
2012	44,865,000	0	44,865,000	2011	441,228,943	10.17%	5,235

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 13.

CITY OF ALCOA, TENNESSEE

SCHEDULE 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2021

<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	\$ 76,641,193		
Capital Leases	<u>6,500,000</u>		
Total Direct Debt	83,141,193	100.00%	\$ 83,141,193
Overlapping Debt			
Blount County General Government	138,847,956	15%	<u>20,827,193</u>
Total Direct and Overlapping Debt			<u>\$ 103,968,386</u>

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding indebtedness of those overlapping governments that is borne by the residents and businesses 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 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 by dividing Blount County, Tennessee's total taxable value assessed.

SOURCE: Blount County, Tennessee Government

CITY OF ALCOA, TENNESSEE
SCHEDULE 12
PLEDGED - REVENUE COVERAGE

Last Ten Fiscal Years*

Stormwater Debt

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2021	\$ 1,315,880	\$ 1,133,391	\$ 182,489	\$ 0	\$ 0	0.00
2020	1,333,423	1,093,089	240,334	0	0	0.00
2019	1,318,670	1,157,162	161,508	0	0	0.00
2018	1,304,463	1,002,328	302,135	0	0	0.00
2017	1,180,437	1,058,940	121,497	0	0	0.00
2016	1,061,473	1,075,048	(13,575)	0	0	0.00
2015	1,035,588	1,033,603	1,985	27,947	0	0.07
2014	1,026,324	1,010,542	15,782	54,491	0	0.29
2013	1,015,899	833,508	182,391	52,671	0	3.46
2012	1,032,697	958,598	74,099	50,913	0	1.46

Water & Sewer Utility Debt

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2021	\$ 16,082,319	\$ 9,154,826	\$ 6,927,493	\$ 1,910,000	\$ 1,031,870	2.35
2020	15,872,300	8,657,090	7,215,210	1,288,854	1,419,691	2.66
2019	14,569,782	8,430,553	6,139,229	1,546,768	1,732,613	1.87
2018	13,928,825	8,048,135	5,880,690	1,431,768	1,429,986	2.05
2017	12,269,851	8,023,884	4,245,967	1,085,500	1,323,560	1.76
2016	11,205,806	8,090,148	3,115,658	1,085,500	1,244,342	1.34
2015	10,852,298	7,363,257	3,489,041	1,024,964	1,857,975	1.21
2014	10,958,811	6,311,934	4,646,877	656,848	1,637,424	2.03
2013	10,686,651	6,907,487	3,779,164	497,712	1,395,130	2.00
2012	11,981,772	6,884,584	5,097,188	567,486	1,433,809	2.55

Electric Utility Debt

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2021	\$ 67,511,698	\$ 61,531,714	\$ 5,979,984	\$ 985,000	\$ 19,018	5.96
2020	67,342,883	61,611,217	5,731,666	930,000	232,341	4.93
2019	69,471,689	68,881,304	590,385	1,100,000	457,634	0.38
2018	67,499,927	61,192,047	6,307,880	895,000	30,587	5.28
2017	66,500,398	59,299,057	7,201,341	815,000	14,757	8.67
2016	63,060,136	57,427,543	5,632,593	815,000	169,167	5.72
2015	64,132,308	59,684,010	4,448,298	730,000	340,000	4.16
2014	63,215,476	58,183,734	5,031,742	705,000	378,333	4.64
2013	61,824,158	56,271,437	5,552,721	680,000	462,500	4.86
2012	61,177,604	57,156,903	4,020,701	630,000	277,575	2.23

CITY OF ALCOA, TENNESSEE
SCHEDULE 12
PLEDGED - REVENUE COVERAGE (Continued)
Last Ten Fiscal Years*

Landfill Debt						
Fiscal Year	Landfill Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2021	\$ 5,674,345	\$ 3,511,623	\$ 2,162,722	\$ 770,000	\$ 35,357	2.69
2020	5,191,417	3,365,681	1,825,736	783,161	51,602	2.19
2019	4,817,427	3,152,151	1,665,276	965,126	71,496	1.61
2018	4,431,096	3,772,359	658,737	945,122	91,445	0.57
2017	4,290,739	3,028,528	1,262,211	845,616	111,055	1.32
2016	3,623,476	2,814,377	809,099	795,000	192,838	0.82
2015	3,533,557	2,789,714	743,843	745,000	208,830	0.78
2014	3,311,193	2,982,477	328,716	595,000	228,157	0.40
2013	3,460,408	3,361,784	98,624	646,145	247,999	0.23
2012	4,227,886	3,503,439	724,447	634,028	259,845	0.81

Notes:

*Operating expenses do not include interest, depreciation, transfers, or amortization expenses.

CITY OF ALCOA, TENNESSEE
SCHEDULE 13
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year Ended June 30,	(1) Population	(2) Personal Income	(3) Per Capita Income	(4) School Enrollment	(5) Unemployment Rate
2021	10,834	\$ 504,743,438	\$ 46,589	2,138	3.50%
2020	10,656	471,980,015	44,290	2,116	6.60%
2019	10,499	458,132,947	43,636	2,077	3.00%
2018	10,228	439,711,948	42,991	2,053	3.10%
2017	9,874	407,045,776	41,224	1,969	2.70%
2016	8,795	344,992,670	39,226	1,987	3.70%
2015	8,753	335,082,346	38,282	1,969	4.20%
2014	8,795	320,938,345	36,491	1,812	4.10%
2013	8,640	306,555,840	35,481	1,813	6.60%
2012	8,570	301,955,380	35,234	1,780	7.80%

- SOURCES:** (1) 2011 - 2020 U.S. Census Bureau
(2) Calculation based upon Population and Per Capita Income
(3) 2011 - 2018 U.S. Bureau of Economic Analysis
2020 - 2021 Estimated based on prior year's growth.
(4) City of Alcoa Schools
(5) East Tennessee Economic Development Agency

CITY OF ALCOA, TENNESSEE

SCHEDULE 14

PRINCIPAL EMPLOYERS

June 30, 2021

Employer	2021			2012 (3)		
	Employees	Rank	Percentage Of Total City/County Employment	Employees	Rank	Percentage Of Total City/County Employment
Clayton Homes (1)	4,262	1	6.91%	2,542	2	4.24%
Denso Manufacturing Tennessee, Inc. (1)	4,200	2	6.81%	2,700	1	4.50%
Blount Memorial Hospital (1)	2,758	3	4.47%	2,256	3	3.76%
Blount County School System (1)	1,701	4	2.76%	1,500	4	2.50%
McGhee Tyson ANG Base (1)	1,609	5	2.61%			
Newell Rubbermaid (1) Sanford Brands	1,000	6	1.62%	350	12	0.58%
Vanderbilt Mortgage and Finance Inc. (1)	994	7	1.61%			
Arconic (1)	850	8	1.38%	1,218	6	2.03%
Maryville City Schools (2)	728	9	1.18%	660	7	1.10%
Blount County Government (1)	667	10	1.08%	630	8	1.05%
Walmart Super Center (2)	610	11	0.99%	559	10	0.93%
Ruby Tuesday (1)	465	12	0.75%	1,242	5	2.01%
TeamHealth Alcoa Billing Center (1)	451	13	0.73%			
Accenture Hospitality Service (1) Formerly Marriott	450	14	0.73%	600	9	0.97%
Massey Group (2)	405	15	0.66%			
Maryville College (1)	329	16	0.53%	253	17	0.41%
City of Maryville (2)	325	17	0.53%	308	13	0.51%
Peninsula Hospital (1), division of Covenant Health	324	18	0.53%			
Alcoa City Schools (2)	302	19	0.49%	231	20	0.37%
City of Alcoa (2)	280	20	0.45%	257	16	0.42%
Standard Aero, Inc. (1)	270	21	0.44%	270	15	0.45%
Reinhart Food Service (1) Formerly IJ Co.	265	22	0.43%	483	11	0.81%
K 12 (1)	265	23	0.43%			
Cornerstone of Recovery (1)	230	24	0.37%			
	<u>23,740</u>		<u>38.51%</u>	<u>16,059</u>		<u>26.65%</u>
Total Blount County						
Employment 2021 (as of 05/2021)	61,650					
Employment 2011 (as of 05/2011).	56,650					

SOURCES:

- (1) The Knoxville News Sentinel "Book of Lists"
- (2) 2021 Responses from Employer
- (3) City of Alcoa Comprehensive Annual Financial Report 6/30/12

CITY OF ALCOA, TENNESSEE

SCHEDULE 15

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	<u>Actual FY 2021</u>	<u>Actual FY 2020</u>	<u>Actual FY 2019</u>	<u>Actual FY 2018</u>	<u>Actual FY 2017</u>	<u>Actual FY 2016</u>	<u>Actual FY 2015</u>	<u>Actual FY 2014</u>	<u>Actual FY 2013</u>	<u>Actual FY 2012</u>
General Government										
Administrative/ Office	41	41	43	43	42	42	42	42	43	42
Police	52	51	50	49	48	49	49	41	42	42
Fire	39	36	38	34	34	34	32	29	30	30
Public Works Admin	8	14	12	14	13	13	17	17	15	15
Streets	8	0	0	0	0	0	0	0	0	0
Other- Support Services and Maintenance	8	6	6	6	6	6	6	6	6	6
Education	237	237	218	218	242	249	235	231	231	231
Solid Waste	19	13	13	10	10	10	11	11	11	11
Other- Inspectors	2	2	3	3	3	3	3	3	3	3
Total General Government	414	400	383	377	398	406	395	380	381	380
Utilities										
Stormwater	31	9	7	7	8	8	8	8	8	8
Water and Sewer	6	38	35	35	35	34	34	34	34	34
Electric	48	50	58	61	57	60	60	61	62	62
Landfill	17	17	17	17	18	17	17	18	16	16
Total Utilities	102	114	117	120	118	119	119	121	120	120
Total Government and Utilities	516	514	500	497	516	525	514	501	501	500

CITY OF ALCOA, TENNESSEE
SCHEDULE 16
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program General Government	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police										
Physical Arrests	1,961	1,723	1,512	921	1,248	1,145	1,245	1,492	1,506	697
Traffic Violations	3,878	4,113	6,686	5,417	5,199	5,298	6,061	7,431	7,179	7,550
Fire										
Emergency Response	2,242	2,137	2,708	2,245	2,184	2,185	1,519	1,867	1,797	1,669
Fires Extinguished	26	32	58	43	71	84	46	61	58	75
Inspections	358	324	331	318	301	289	501	303	283	850
Public Works/Streets										
Street Resurfacing (Lanes)	4.0	6.8	5.3	5.0	3.5	3.4	2.3	4.5	1.3	1.5
Potholes Repaired	230	218	367	325	77	253	83	52	126	83
Education										
Tuition Students Served	343	338	357	407	378	409	435	483	473	484
Parks and Recreation										
Community Pool Admissions	16,039	13,235	29,345	32,600	32,360	36,045	30,368	34,677	35,500	40,510
Landfill										
Refuse Collected (Tons per day)	317.75	261.15	265.92	266.43	244.49	332.46	290.87	327.13	227.87	283.57
Recyclables Collected (Tons per day)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	188.65
Water/Sewer										
New Connections	96	79	261	64	71	83	232	219	147	117
Water Main Breaks-Leak Repaired	139	110	114	80	79	108	160	216	154	208
Average Daily Consumption (thousands of gallons)	4,845	4,898	4,700	4,478	4,832	4,933	4,687	6,237	6,566	5,308
Peak Daily Consumption (thousands of gallons)	7,186	7,670	8,310	8,720	8,480	9,070	8,470	9,380	9,040	8,990
Average Daily Sewage Treatment (thousands of gallons)	2,541	2,544	2,020	1,422	1,755	1,926	1,348	1,740	2,125	2,025
Electric Utility										
Average Monthly kwh Purchased	54,334,733	53,018,402	53,916,652	54,665,807	52,830,896	24,465,339	54,395,397	53,911,198	52,276,324	51,720,533

CITY OF ALCOA, TENNESSEE
SCHEDULE 17
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year Ending									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	41	36	34	34	44	46	42	42	42	42
Police Adm. / Other Vehicles	22	25	17	17	17	16	16	15	15	15
Fire Stations	3	3	3	3	3	3	3	3	3	3
Landfill										
Collection Trucks (customers)	88,651	76,308	70,040	70,040	70,712	69,548	53,056	57,873	56,809	71,500
Public Works / Streets										
Highway (miles)	98.4	98.4	97.7	97.7	97.7	110.9	110.9	110.5	110.5	110.5
Traffic Lights	34	31	31	31	24	24	24	24	24	24
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	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	7	7	3	3	3	3	3	3
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Water Mains (miles)	241.4	241.5	240.6	239.5	237.3	236.0	232.3	230.7	227.6	226.0
Storage Capacity (thousands of gallons)	14,950	14,950	14,950	14,950	14,950	14,950	14,950	13,350	13,350	13,350
Treatment Capacity (thousands of gallons)	16,000	16,000	16,000	16,000	16,000	1,600	16,000	16,000	16,000	16,000
Sewage										
Sanitary Sewers (miles)	132.8	132.7	130.1	130.0	129.0	127.0	126.1	123.0	122.6	120.3
Storm Sewers (miles)	55.6	55.6	53.5	49.3	49.7	49.6	138.36	47.3	47.3	47.3
Electric										
Number of Customers	30,299	30,106	29,750	29,262	28,915	28,728	28,549	27,905	27,808	27,640
Annual KWH Sold	615,815,190	636,220,819	624,005,361	624,009,864	613,858,813	601,572,219	621,642,357	616,051,727	627,315,889	620,646,399
Sub Stations	7	7	13	13	13	13	13	12	12	12
Pole Line (miles)	1,292	1,010	1,103	1,086	1,079	1,068	1,200	1,145	1,145	1,145

Sources: Various city departments

COMPLIANCE SECTION

CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor Program	CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
Federal Awards				
U.S. Department of Agriculture				
Passed through the Tennessee Department of Agriculture:				
Child Nutrition Cluster:				
National School Lunch Program - Non-Cash Assistance-Commodities	10.555	N/A	\$ 0	\$ 75,051
Commodities - Warehousing Rebate	10.555	N/A	0	3,918
Total CFDA Number 10.555			0	78,969
Passed through the Tennessee Department of Education:				
COVID-19 School Breakfast Program	10.553	N/A	0	162,833
COVID-19 National School Lunch Program	10.555	N/A	0	534,110
National School Snack Program	10.555	N/A	0	7,243
Total Child Nutrition Cluster			0	783,155
Total U.S. Department of Agriculture			0	783,155
U.S. Department of Education				
Passed through the Tennessee Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	N/A	0	347,780
Special Education - Preschool Grants	84.173	N/A	0	5,332
Total Special Education Cluster			0	353,112
Career and Technical Education - Basic Grants to States	84.048	N/A	0	188,052
Title I Grants to Local Educational Agencies	84.010	N/A	0	318,160
English Language Acquisition State Grants	84.365	N/A	0	6,924
Supporting Effective Instruction State Grants	84.367	N/A	0	22,649
Student Support and Academic Enrichment Program	84.424	N/A	0	17,263
COVID-19 Education Stabilization Fund:	84.425			
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	0	772,358
Total Passed through the Tennessee Department of Education			0	1,678,518
Total U.S. Department of Education			0	1,678,518
U.S. Department of Health and Human Services				
Passed through the Tennessee Department of Education				
Temporary Assistance for Needy Families (TANF)	93.558	N/A	0	50,087
Total U.S. Department of Health and Human Services			0	50,087
U.S. Department of Justice				
U.S. Department of Justice Direct Assistance:				
Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0188	0	61,919
Bulletproof Vest Partnership Program (2020)	16.607	N/A	0	2,871
Total U.S. Department of Justice			0	64,790
U.S. Department of Transportation				
Passed through the Tennessee Department of Transportation:				
Highway Planning and Construction - Duck Pond Phase 1	20.205	150105	0	87
Highway Planning and Construction - Pistol Creek	20.205	140021	0	1,155,226
Highway Planning and Construction - Duck Pond Phase 2	20.205	150164	0	279,194
Highway Planning and Construction - Tesla Blvd.	20.205	160248	0	3,365,317
Total CFDA Number 20.205			0	4,799,824
Total Passed through the Tennessee Department of Transportation			0	4,799,824

The accompanying notes to the schedule of expenditures of federal and state financial assistance are an integral part of this schedule.

CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (Continued)
For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor Program	CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
Federal Awards (Continued)				
Passed through the Tennessee Department of Safety & Homeland Security:				
State and Community Highway Safety (2020)	20.600	Z20THS002	0	1,811
State and Community Highway Safety (2021)	20.600	Z21THS002	0	11,587
Total CFDA Number 20.600			<u>0</u>	<u>13,398</u>
Total Passed through the Tennessee Department of Safety & Homeland Security			<u>0</u>	<u>13,398</u>
Total U.S. Department of Transportation			<u>0</u>	<u>4,813,222</u>
U.S. Department of Homeland Security				
U.S. Department of Homeland Security Direct Assistance:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	0	157,375
Total U.S. Department of Homeland Security			<u>0</u>	<u>157,375</u>
U.S. Department of the Treasury				
Passed through the Tennessee Department of Education:				
COVID-19 Coronavirus Relief Fund	21.019	N/A	0	76,067
Passed through the Tennessee Department of Finance & Administration:				
COVID-19 Coronavirus Relief Fund	21.019	N/A	0	157,485
Total U.S. Department of the Treasury			<u>0</u>	<u>233,552</u>
Total Federal Awards			<u>0</u>	<u>7,780,699</u>
State Financial Assistance				
Tennessee Department of Agriculture:				
USDA Child Nutrition State Matching		N/A	0	9,874
Tennessee Department of Education:				
Coordinated School Health Project		N/A	0	80,000
Early Childhood Education		N/A	0	164,150
Family Resource Center Program		N/A	0	29,612
Learning Loss Remediation and Student Acceleration Camps		N/A	0	179,748
Safe Schools		N/A	0	36,470
Total Tennessee Department of Education			<u>0</u>	<u>489,980</u>
Tennessee Department of Transportation:				
Aeronautics Education (2020)		N/A	0	20,478
Tennessee Department of Finance & Administration				
Governor's Local Government Support Grant		N/A	0	261,696
Tennessee Higher Education Commission				
Governor's Investment in Vocational Education Grant		N/A	0	40,774
Total State Financial Assistance			<u>0</u>	<u>822,802</u>
Total Federal Awards and State Financial Assistance			<u>\$ 0</u>	<u>\$ 8,603,501</u>

The accompanying notes to the schedule of expenditures of federal and state financial assistance are an integral part of this schedule.

CITY OF ALCOA, TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state grant activity of City of Alcoa (the "City") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, they are not intended to and do not present the financial position, changes in net position, or cash flows of the City.

Federal Financial Assistance - The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Federal financial assistance does not include direct federal cash assistance to individuals.

Direct Payments - Assistance received directly from the Federal government is classified as direct payments on the Schedule.

Pass-through Payments - Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule.

Major Programs - The Single Audit Act Amendments of 1996 and Uniform Guidance establish the criteria to be used in defining major programs. Major programs for the City were defined using a risk-based approach in accordance with Uniform Guidance.

Assistance Listing Number - The Assistance Listing Number (formerly known as Catalog of Federal Domestic Assistance or CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (Assistance Listing Number), which is reflected in the Schedule.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - NON-CASH ASSISTANCE

The Alcoa City Schools is the recipient of certain federal awards that do result in cash receipts or disbursements, including distributions of U.S. Department of Agriculture (USDA) Food Commodities, which are valued based on an USDA price list obtained from the Tennessee Department of Agriculture.

NOTE 4 - INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect rate as allowed under Uniform Guidance.

NOTE 5 - CONTINGENCIES

The federal and state awards received by the government are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, the grantor agency could make a claim for reimbursement.



PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660
FAX 865-769-1660
www.pughcpas.com

INDEPENDENT AUDITOR'S 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 Board of Commissioners,
and City Manager of 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, budgetary comparisons for the general fund, education fund, debt service fund, west plant construction fund, and the aggregate remaining fund information of City of Alcoa, Tennessee (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Alcoa's internal control over financial reporting (internal control) as a basis for designing 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 City of Alcoa's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Alcoa'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 City'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 have not been 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.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Alcoa'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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001.

City of Alcoa's Response to Findings

The City of Alcoa's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and the Management's Corrective Action Plan. The City of Alcoa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 City of Alcoa'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 3, 2021



PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660
FAX 865-769-1660
www.pughcpas.com

REPORT FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited City of Alcoa's (the "City") 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's major federal programs for the year ended June 30, 2021. The City'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 the City'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 the City'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 the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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, 2021.



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Of Certified Public Accountants

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City'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'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 a 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 3, 2021

CITY OF ALCOA, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) Yes No

Major federal programs for the City of Alcoa, Tennessee for the fiscal year ended June 30, 2021 are:

<u>Program Name</u>	<u>Assistance Listing #</u>
Elementary and Secondary School Emergency Relief Fund	84.425D
Coronavirus Relief Fund	21.019
Highway Planning and Construction	20.205

Dollar threshold used to distinguish between Type A & Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

CITY OF ALCOA, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

Current Year Audit Findings: None

Section III - Federal Award Findings

Current Year Audit Findings: None

Section IV – Noncompliance Under *Government Auditing Standards*

2021-001 - Expenditures Exceed Appropriations

Criteria or Specific Requirement - Section 6-56-203, *Tennessee Code Annotated*, states that all money received and expended by a municipality shall be included in a budget ordinance. Therefore, notwithstanding any other provision of law, no municipality may expend moneys regardless of their source, including moneys derived from bond and long-term debt proceeds, federal, state, or private grants or loans, or special assessments, except in accordance with a budget ordinance adopted under this section.

Condition - Actual expenditures in the Project Pearl Fund exceeded the amounts appropriated in the budget.

Cause and Effect - Actual expenditures exceed approved appropriations in the Project Pearl Fund. As a result, the City has not complied with Section 6-56-203, *Tennessee Code Annotated*.

Recommendations - We recommend that officials authorize all expenditures either in the original budget, in an amendment, or in a supplemental appropriation.

Management's Response - We concur with the finding and recommendation. Management will continue to perform detailed monitoring of the budget and expenditures to take appropriate action as needed. Additionally, in relation to the Project Pearl Fund, management would like to point out that although revenues and expenditures were not appropriated in the budget, because the purpose of the bond issue and its intended use were very specific, the receipt and disbursement of bond proceeds were approved by the City's highest level of decision-making authority (City Commission) on two separate occasions.



223 Associates Blvd., Alcoa, TN 37701

Phone: 865-380-4700 Fax: 865-380-4797

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2021

The status of prior year findings for the year ended June 30, 2020:

Financial Statement Findings

Prior Year Finding Number	Finding Title	Status/ Current Year Finding Number
2020-001	Accrual of Long-Term Debt, Capital Leased Assets Amortization, Interest Rate Swap Liability and Other Postemployment Benefit Liability	Corrected



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MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2021

2021-001: Expenditures Exceed Appropriations

Contact Person Responsible for Corrective Action: Brittany Spence, CMFO

Corrective Action Planned: We concur with the finding and recommendation. Management will continue to perform detailed monitoring of the budget and expenditures to take appropriate action as needed. Additionally, in relation to the Project Pearl Fund, management would like to point out that although revenues and expenditures were not appropriated in the budget, because the purpose of the bond issue and its intended use were very specific, the receipt and disbursement of bond proceeds were approved by the City's highest level of decision-making authority (City Commission) on two separate occasions.

Anticipated Completion Date: Management will implement the corrective actions immediately.

Signature: Brittany Spence