

CITY OF ALCOA

CITY OF ALCOA, TENNESSEE

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2022



"Excellence in Service - Quality of Life"

CITY OF ALCOA, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2022

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-xi
Management's Discussion and Analysis.....	xii-xxiii
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	17-64
REQUIRED SUPPLEMENTARY INFORMATION SECTION	
Schedules of Changes in Net Pension Liability (Asset) and Related Ratios Employees' Retirement Plan of the City of Alcoa	65
Schedules of Contributions Based on Participation in the Employees' Retirement Plan of the City of Alcoa	66
Schedules of Changes in Net Pension Liability (Asset) and Related Ratios Public Employee Retirement Plan of TCRS	67
Schedules of Contributions – Public Employee Retirement Plan of TCRS.....	68
Schedules of Changes in Net Pension Liability (Asset) and Related Ratios Public Employee Retirement Plan of TCRS Hybrid without Cost Controls.....	69
Schedules of Contributions Based on Participation in the Public Employee Retirement Plan of TCRS Hybrid without Cost Controls.....	70
Schedules of Proportionate Share of Net Pension Liability (Asset) Teacher Legacy Retirement Plan of TCRS	71
Schedules of Alcoa City Schools' Contributions Teacher Legacy Retirement Plan of TCRS.....	72

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 TCRS73

Schedules of Alcoa City Schools' Contributions Teacher Hybrid Retirement Plan of TCRS74

Schedules of Changes in Total OPEB Liability and Related Ratios – City Plan75

Schedules of Contributions to OPEB Plan – City Plan76

Schedules of Alcoa City Schools' Changes in Total OPEB Liability and Related Ratios77

OTHER SUPPLEMENTARY INFORMATION SECTION

Combining and Individual Fund Statements

Non-Major Governmental Funds

Combining Balance Sheet..... 78-80

Combining Statement of Revenues, Expenditures and Changes in Fund Balance 81-83

Internal Service Funds

Combining Statement of Net Position84

Combining Statement of Revenues, Expenditures and Changes in Fund Net Position.....85

Combining Cash Flows 86-87

Budgetary Comparison Schedules

General Fund
Statement of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual88

Education Fund
Statement of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual89

Debt Service Fund
Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual.....90

Alcoa Intermediate School (AIS) Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....91

West Plant Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....92

Special Revenue Funds

State Street Aid Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....93

Federal Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....94

Alcoa Schools Cafeteria Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....95

Alcoa Schools Extended Day Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....96

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

Commercial Motor Vehicle Fines Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....98

Alcoa Schools Internal School Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Actual99

CITY OF ALCOA, TENNESSEE

TABLE OF CONTENTS (Continued)

Page

OTHER SUPPLEMENTARY INFORMATION SECTION (Continued)

Combining and Individual Fund Statements (Continued)

Debt Service Funds

Project Pearl Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....100

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

Capital Projects Funds

Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....102

Equipment Replacement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....103

Home Grant Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....104

Landscaping Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual105

General Obligation Public Works Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....106

Legacy Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....107

ADA Improvements Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....108

Enterprise Funds

Stormwater Utility Fund
Statement of Net Position109

Stormwater Utility Fund
Schedules of Revenues, Expenditures and Changes in Net Position110

Water and Sewer Utility Fund
Statement of Net Position 111-112

Water and Sewer Utility Fund
Schedules of Revenues, Expenditures and Changes in Net Position113

Electric Utility Fund
Statement of Net Position 114-115

Electric Utility Fund
Schedules of Revenues, Expenditures and Changes in Net Position116

Landfill Fund
Statement of Net Position 117-118

Landfill Fund
Schedules of Revenues, Expenditures and Changes in Net Position119

Fiduciary Funds

Employees' Retirement System Fund
Schedule of Fiduciary Assets, Liabilities and Net Position120

Employees' Retirement System Fund
Schedule of Changes in Fiduciary Plan Net Position121

Schedule of Changes in Long-Term Debt by Individual Issue.....122

Schedule of Bond and Interest Requirements by Fiscal Year 123-126

CITY OF ALCOA, TENNESSEE

TABLE OF CONTENTS (Continued)

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION SECTION (Continued)	
Combining and Individual Fund Statements (Continued)	
Schedule of Changes in Lease Obligations.....	127
Schedule of Lease Obligations, Principal, and Interest Requirements by Fiscal Year.....	128
Schedule of Insurance in Force - Electric Utility.....	129
Schedule of Insurance in Force - General / Water and Sewer Utility.....	130
Schedule of Insurance in Force - Schools.....	131
Schedule of Utility Rates - Electric.....	132
Schedule of Utility Rates - Water and Sewer.....	133
Schedule of Stormwater Utility Rates in Force.....	134
STATISTICAL INFORMATION SECTION	
Schedule 1 – Net Position by Component Last Ten Fiscal Years.....	135
Schedule 2 – Changes in Net Position Last Ten Fiscal Years.....	136-138
Schedule 3 – Fund Balances, Governmental Funds Last Ten Fiscal Years.....	139
Schedule 4 – Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years.....	140
Schedule 5 – Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years.....	141
Schedule 6 – Property Tax Levies and Collections Last Ten Fiscal Years.....	142
Schedule 7 – Direct and Overlapping Property Taxes Last Ten Calendar Years.....	143
Schedule 8 – Principal Tax Payers.....	144
Schedule 9 – Ratios of Outstanding Debt by Type Last Ten Fiscal Years.....	145
Schedule 10 – Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years.....	146
Schedule 11 – Direct and Overlapping Governmental Activities Debt as of June 30, 2022.....	147
Schedule 12 – Pledged – Revenue Coverage Last Ten Fiscal Years.....	148-149
Schedule 13 – Demographic and Economic Statistics Last Ten Fiscal Years.....	150
Schedule 14 – Principal Employers.....	151
Schedule 15 – Full-time Equivalent City Government Employees by Function Last Ten Fiscal Years.....	152
Schedule 16 – Operating Indicators by Function/Program Last Ten Fiscal Years.....	153
Schedule 17 – Capital Assets Statistics By Function/Program Last Ten Fiscal Years.....	154
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	155-156
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.....	157
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>	158-159
Report for Each Major Program and Report on Internal Control Over Compliance Required by Uniform Guidance.....	160-162
Schedule of Findings and Questioned Costs.....	163-165
Schedule of Prior Year Findings.....	166
Corrective Action Plan.....	167-168

INTRODUCTORY SECTION



223 Associates Blvd., Alcoa, TN 37701

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

December 7, 2022

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, 2022, 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 30,950 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 10,600 and 6,800, 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 2013, growth in property values along with new construction have led to an increase in tax appraised values of over 30%. New construction has primarily been in the area of both single family and multifamily residential developments which is evidenced in the population growth mentioned above. Although online sales have dampened the expansion opportunities of large retailers, Alcoa has seen modest growth in new construction initiated by smaller chains, independent retailers, banks, and restaurants over the past year.

In terms of job growth, the joint Economic Development Board (EDB) created by the cities of Maryville, Alcoa and Blount County has seen tremendous success in creating new jobs by attracting new manufacturers such as Amazon and Smith & Wesson as well as facilitating expansions of existing employers such as Denso Manufacturing, Arconic (formerly ALCOA, Inc.). Since 2012, the EDB has secured over \$2.6 billion in new capital investment which has brought over 5,970 new jobs to Alcoa, Maryville, and Blount County. As a result, the local unemployment rate is only 3.4% as compared to 4.3% for the State of Tennessee and 5.3% 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 currently under construction and is scheduled for completion prior to the end of FY 2023. Construction is nearing completion on a new supermarket which is scheduled to open in early December 2022. Construction is currently underway for a 300-unit upscale apartment complex. A new distilling company is expected to open in 2023 and will provide new and exciting activities for the community including live music, bonfire pits, and open access to the greenway trail.

In February 2021, Amazon announced their plans to construct a 2.7 million square foot regional distribution center with an investment in excess of \$200 million. Construction began on the facility shortly after the announcement and was completed in late 2022. The distribution center is scheduled to be fully operational in 2023 and 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 (PPN). PPN is a joint venture industrial park owned by the cities of Maryville, Alcoa, and Blount County. Smith & Wesson will invest approximately \$125 million in the community and will create 750 jobs. Construction began in late 2021 and the facility is scheduled to be in operation in June 2023.

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 by the end of 2022. Phase II of the project totals approximately \$1.3 million 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 conducted two general obligation bond issues in FY22. In February the City issued \$22.9 million in bonds to fund several projects with the largest involving the construction of Phase I of a two phase expansion to the existing intermediate school. This initial phase consists of the addition of 14 new classrooms along with a new kitchen and cafeteria. Phase II will provide additional classrooms, a new library, administrative office space and renovation of the existing school. The estimated cost of Phase I is \$17 million and the City Commission authorized proceeding with construction based on anticipated new revenues stemming from commercial and residential construction taking place in Springbrook Farm along with Amazon breaking ground on their multimillion-dollar facility. The remaining bond proceeds were used to purchase two fire trucks, 51.4 acres of raw land for future Landfill needs, and to fund various capital projects tied to the Electric Department. Additional proceeds will be used to fund infrastructure improvements taking place in Partnership Park North to meet the needs of Smith & Wesson.

In April 2022, an \$8.5 million general obligation refunding bond in relation to the General Fund was issued. The purpose of this bond issue was to provide savings by taking advantage of low interest rates while simultaneously improving the overall debt structure of the General Fund. The proceeds from the original bond issue were used to fund various infrastructure needs and the construction of Alcoa High School. The refunding bond resulted in total savings of \$874 thousand for the General Fund.

Internal Control

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

Budgetary Controls

The City also maintains budgetary controls which are designed to ensure compliance with budgetary and legal provisions embodied in the annually appropriated operating budget approved by the City Commission. Activities of the General Fund, Special Revenue Funds, General Obligation Debt Service Fund, and Proprietary Funds are included in the annually appropriated operating budget. Project-length budgets are prepared for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the total operating budget, as adopted by City Commission. However, for budget administrative purposes, the City maintains budgeting controls at the major functional area appropriation levels. In addition to maintaining budgetary control via a formal appropriation, the City maintains an encumbrance accounting system. Encumbered appropriations are carried forward at the end of each fiscal year. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound 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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for fiscal year ended June 30, 2022, 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 Federal Single Audit Act and the related Uniform Guidance.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alcoa for its comprehensive annual financial report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgment

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Accounting Division, the assistance of administrative personnel in the various departments, and the valuable guidance and assistance of the staff of 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,

A handwritten signature in blue ink, appearing to read "M.L.J.", with a long horizontal flourish extending to the right.

Mark L. Johnson, CPA
City Manager

A handwritten signature in blue ink, appearing to read "Brittany Spence", written in a cursive style.

Brittany Spence, CMFO
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Alcoa
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

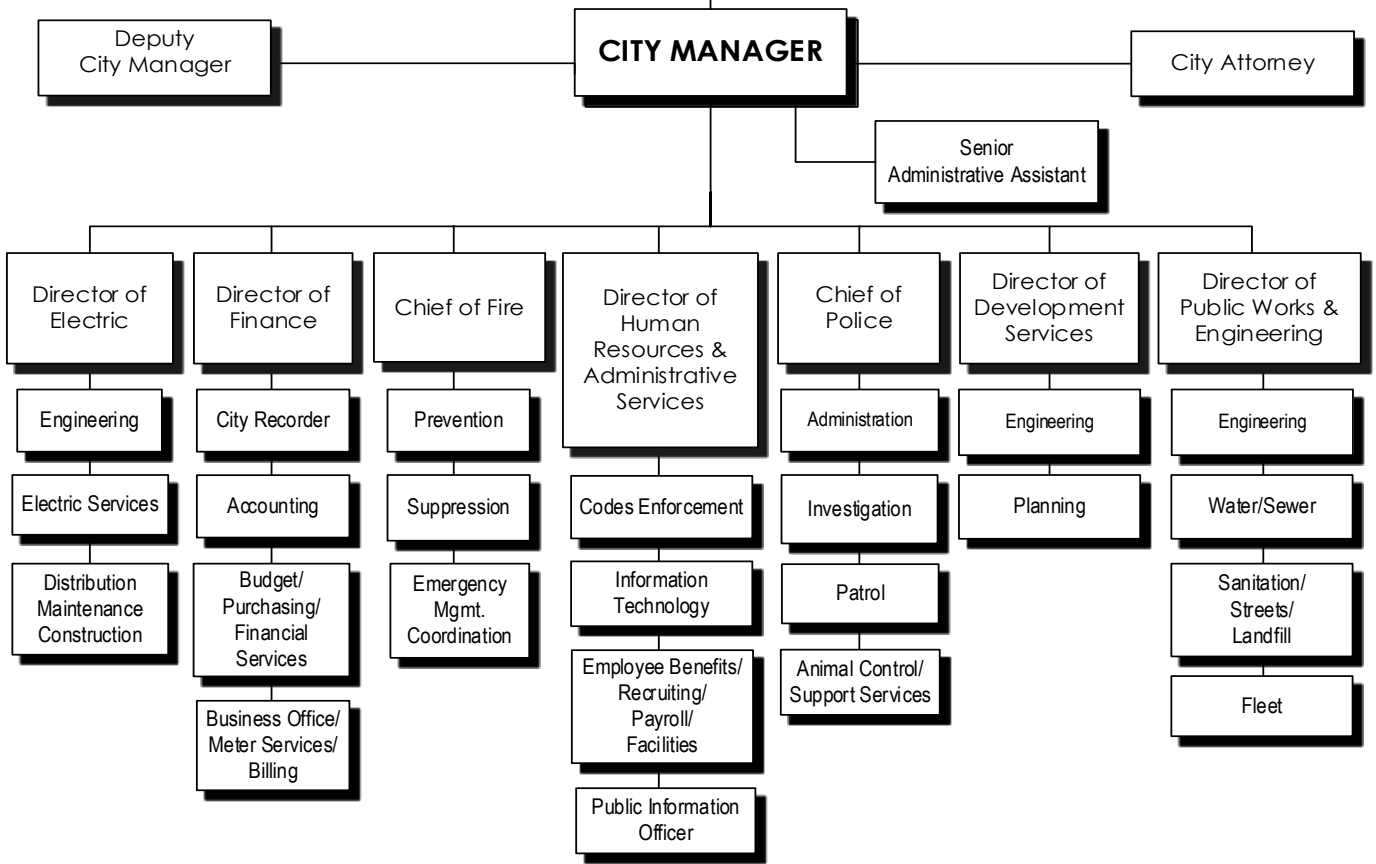
Executive Director/CEO



City of Alcoa

ALCOA VOTERS

BOARD of COMMISSIONERS



CITY OF ALCOA

City Officials

CITY OF ALCOA, TENNESSEE

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

BOARD OF COMMISSIONERS

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

Mark L. Johnson, 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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparisons for the general fund and education fund, and the aggregate remaining fund information of City of Alcoa, Tennessee (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison statements for the general fund and education fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



An independently owned member
RSM US Alliance



TSCPA
Members of the Tennessee
Society
Of Certified Public Accountants

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages xii - xxiii and the required supplementary information on pages 65 - 77 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information section as listed in the table of contents 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 155 – 156 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounts and other records used to statements themselves, and other additional procedures in accordance with prepare the basic financial statements. The information has been subjected to the auditing 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 auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information section and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical information sections as listed in the table of contents but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022 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 to 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 the City of Alcoa’s internal control over financial reporting and compliance.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 7, 2022



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, 2022. 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, 2022 is \$144,284,956, an increase of \$24,821,770 over the prior year. Of this amount, \$21,591,169 is unrestricted which may be used to meet the government's ongoing obligations to citizens and creditors.
- As of June 30, 2022, the City's governmental activities reported combined ending net position of \$58,741,070, an increase of \$16,260,903 over the prior year.
- The City's General Fund reported total fund balance of \$15,225,388 on June 30, 2022, an increase of \$1,979,402. This fund balance is 51% of total general fund revenue.
- On June 30, 2022, the City's Education Fund reported total fund balance of \$3,476,972, an increase of \$1,045,574 from last fiscal year. Fund balance of the Education Fund is 14% of total revenue. Tennessee State Law requires schools to maintain a minimum fund balance of 3% (TCA 49-3-352).
- In 2022, the City issued two general obligation bonds. One refunding bond, and one to provide funding for school construction and 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, the Alcoa Intermediate School construction 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

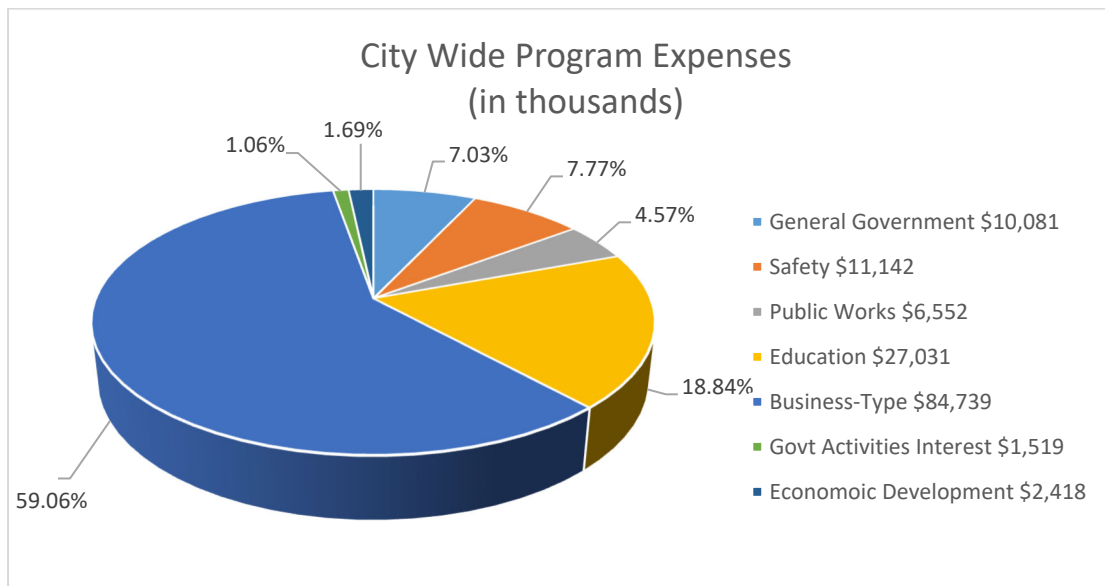
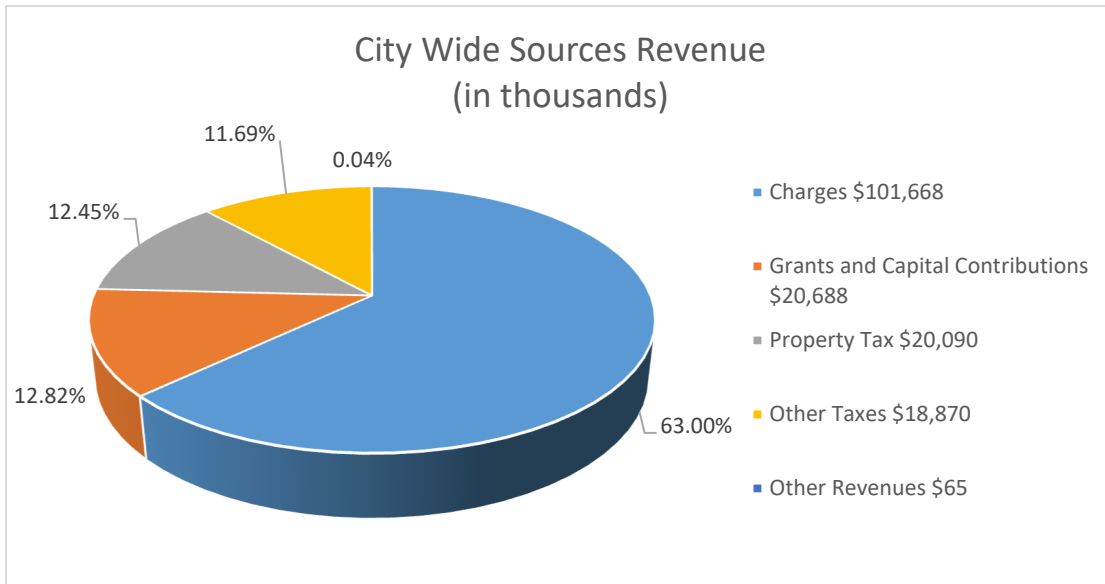
Over time, net position may serve as a useful indicator of a government's financial position. As shown on the following statement, the City's net position is \$144,284,956 at the close of the most recent fiscal year. The largest portion of the City's net position (69%) reflects its net investment of \$100 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, \$22 million (15.6%) represents resources that are subject to external restrictions on how they may be used.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and Other Assets	\$ 86,296,783	\$ 53,294,038	\$ 66,137,855	\$ 54,225,841	\$ 152,434,638	\$ 107,519,879
Capital Assets (net)	116,004,350	102,521,023	118,739,777	117,920,328	234,744,127	220,441,351
Total Assets	<u>202,301,133</u>	<u>155,815,061</u>	<u>184,877,632</u>	<u>172,146,169</u>	<u>387,178,765</u>	<u>327,961,230</u>
Deferred Outflows of Resources:						
Deferred Pension and OPEB Outflow s	11,173,215	6,814,656	4,671,964	3,068,051	15,845,179	9,882,707
Deferred Bond Refunding Costs	63,556	66,319	4,772,800	4,984,000	4,836,356	5,050,319
Total Deferred Outflow s of Resources	<u>11,236,771</u>	<u>6,880,975</u>	<u>9,444,764</u>	<u>8,052,051</u>	<u>20,681,535</u>	<u>14,933,026</u>
Liabilities:						
Other Liabilities	6,966,023	4,851,217	16,350,533	14,452,952	23,316,556	19,304,169
Long-Term Liabilities	114,324,519	98,863,166	86,142,615	88,505,742	200,467,134	187,368,908
Total Liabilities	<u>121,290,542</u>	<u>103,714,383</u>	<u>102,493,148</u>	<u>102,958,694</u>	<u>223,783,690</u>	<u>206,673,077</u>
Deferred Inflows of Resources:						
Deferred Revenue - Property Tax	13,863,507	13,381,452	0	0	13,863,507	13,381,452
Deferred Pension and OPEB Inflow s	19,596,111	3,120,034	5,778,553	239,840	25,374,664	3,359,874
Deferred Bond Refunding Costs	0	0	0	16,667	0	16,667
Deferred Revenue - Grants	46,674	0	506,809	0	553,483	0
Total Deferred Inflow s of Resources	<u>33,506,292</u>	<u>16,501,486</u>	<u>6,285,362</u>	<u>256,507</u>	<u>39,791,654</u>	<u>16,757,993</u>
Net Position:						
Net Investment in Capital Assets	35,763,945	29,558,104	64,475,645	62,693,646	100,239,590	92,251,750
Restricted	19,598,308	5,780,497	2,855,889	0	22,454,197	5,780,497
Unrestricted	3,378,817	7,141,566	18,212,352	14,289,373	21,591,169	21,430,939
Total Net Position	<u>\$ 58,741,070</u>	<u>\$ 42,480,167</u>	<u>\$ 85,543,886</u>	<u>\$ 76,983,019</u>	<u>\$ 144,284,956</u>	<u>\$ 119,463,186</u>

Analysis of Change in Net Position

The following statement and associated graph indicate an increase in net position as of June 30, 2022 of \$24,821,770 over prior year as restated. Normal operations increased net position by \$24.8 million primarily due to increased program revenue in both governmental and business type activities. The increase in business-type activities can be attributed to growth in our customer base as well as incremental rate adjustments based on the Consumer Price Index (CPI). Sales and other state taxes grew approximately \$3.2 million from FY2021, which includes a \$1.9 million increase in sales taxes primarily due to increased spending fueled by COVID stimulus funds and onetime large technology purchases made by Amazon. Operating grants decreased by approximately \$871 thousand, primarily due to onetime COVID funding that was collected in FY21. The expense side decreased \$1.1 million for governmental activities but increased by \$3.7 million in business-type activities resulting in a total net 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. Another factor contributing to rising expenses is the increased cost of materials tied to rising inflation. COVID related supply chain issues have resulted in the unexpected addition of vendor escalation fees which has further increased the cost of certain products.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 11,531,706	\$ 10,862,014	\$ 96,733,648	\$ 90,806,110	\$ 108,265,354	\$ 101,668,124
Operating Grants and Contributions	14,816,634	15,687,429	11,572	7,235	14,828,206	15,694,664
Capital Grants and Contributions	4,382,972	4,838,848	1,902,704	154,724	6,285,676	4,993,572
General Revenues:						
Sales and Other State Taxes	20,353,517	17,146,232	0	0	20,353,517	17,146,232
State Income Taxes	84,795	96,485	0	0	84,795	96,485
Property Taxes	18,431,905	18,962,159	0	0	18,431,905	18,962,159
Business Taxes/Licenses	1,176,744	984,525	0	0	1,176,744	984,525
Miscellaneous Taxes	665,675	643,199	0	0	665,675	643,199
In-Lieu of Taxes	928,349	1,127,309	0	0	928,349	1,127,309
Change in Fair Value of Investments	(71,225)	0	(73,796)	0	(145,021)	0
Interest Income	11,327	36,234	26,814	28,693	38,141	64,927
Total Revenues	72,312,399	70,384,434	98,600,942	90,996,762	170,913,341	161,381,196
Expenses						
General Government	10,258,471	10,081,024	0	0	10,258,471	10,081,024
Public Safety	10,627,324	11,141,433	0	0	10,627,324	11,141,433
Public Works	6,200,286	6,552,288	0	0	6,200,286	6,552,288
Economic Development	2,380,472	2,418,114	0	0	2,380,472	2,418,114
Education	26,521,577	27,031,042	0	0	26,521,577	27,031,042
Interest on Long-Term Debt	1,660,471	1,518,981	0	0	1,660,471	1,518,981
Stormwater Utility	0	0	1,218,101	1,227,614	1,218,101	1,227,614
Water and Sewer	0	0	13,372,281	13,543,710	13,372,281	13,543,710
Electric Utility	0	0	69,806,475	65,654,344	69,806,475	65,654,344
Landfill	0	0	4,046,113	4,313,083	4,046,113	4,313,083
Total Expenses	57,648,601	58,742,882	88,442,970	84,738,751	146,091,571	143,481,633
Change in Net Position Before Transfers	14,663,798	11,641,552	10,157,972	6,258,011	24,821,770	17,899,563
Transfers-In Lieu of Tax Payments	1,597,105	1,334,255	(1,597,105)	(1,334,255)	0	0
Transfers-Capital Assets	0	(137,496)	0	137,496	0	0
Change in Net Position	16,260,903	12,838,311	8,560,867	5,061,252	24,821,770	17,899,563
Net Position at Beginning of Year	42,480,167	28,946,965	76,983,019	71,921,767	119,463,186	100,868,732
Restatement	0	694,891	0	0	0	694,891
Net Position at End of Year	\$ 58,741,070	\$ 42,480,167	\$ 85,543,886	\$ 76,983,019	\$ 144,284,956	\$ 119,463,186



Governmental Activities:

- Governmental activities increased the City's net position by \$16,260,903. This large increase is due to OPEB and pension related market fluctuations and actuarial discount rate adjustments.
- Governmental activities revenue increased by \$1.9 million over the prior year primarily due to an increase of \$3.2 million in sales and other state taxes, as well as increases in both charges for service and business taxes/licenses related to commercial and industrial growth.
- Expenses decreased by \$1.1 million or 1.9%, due to decreased spending mainly related to supply chain issues for both materials and professional services.

Business-type Activities:

- Business-type activities increased the City's net position by \$8,560,867.
- The Electric Utility is the largest business-type activity with operating revenues of \$72,455,407 and total operating expenses of \$69,237,862. Of that amount, Purchased Power expense totaled \$52,656,127 which is an increase of \$4.5 million or 9.3% from the prior year. This increase is primarily the result of pass-through fuel cost adjustments from the City's wholesale electricity supplier, the Tennessee Valley Authority. Other operating costs exhibited a minimal decrease of \$4,757 from the prior year.
- The Water and Sewer Utility ended the fiscal year with total operating revenues of \$16,500,592, and operating expenses of \$12,089,368 which resulted in a change in net position of approximately \$4.7 million. Increased charges for service related to new residential and commercial development as well as an automatic annual consumer price index (CPI) adjustment on rates contributed approximately \$656,000 to increased revenue. The largest factor contributing to increased revenue was the receipt of approximately \$973,000 in ARPA funds to be used on water & sewer infrastructure improvements. On the expense side, normal operating costs increased by minimally by \$23,391 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 \$2.2 million. This is an increase of \$650,930 over the prior year and is mainly due to an increase in the consumer price index (CPI) on tipping fees per ton of refuse. Increased use of the landfill cell designated for demolition/construction materials also contributed to the growth of net position.
- The Stormwater Utility ended the fiscal year with a change in net position of \$177,385. This is a decrease of \$54,230 from the prior year and is mainly related to rapidly increasing 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, 2022, the City's governmental funds reported combined ending fund balances of \$39 million, an increase of \$13 million from 2021. This large increase is mainly the result of bond proceeds appropriated to the Alcoa Intermediate School (AIS) construction fund. As of June 30, 2022 only 35% or \$6.4 million of the \$18.6 million combined total of the bond proceeds and premium had been expended resulting in a large surplus. Approximately \$14.7 million or 37.7% 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 \$14.7 million with total fund balance at \$15.2 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 61.8% of the \$23.8 million total general fund operating expenditures.

The Education Fund is the operating fund for Alcoa City Schools. As of June 30, 2022, the fund balance is \$3.5 million which is an increase of \$1 million over the prior year amount of \$2.4 million. The fund balance represents 13.5% of the school's total budget of \$25.7 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, 2022 is \$2,160,661 which represents an increase of \$442,407 over the previous year.

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 and budgeted transfers from the General Fund. The restricted fund balance at June 30, 2022 is \$1,279,692 which will be used for future expenditures incurred with the re-development project.

The Alcoa Intermediate School (AIS) construction fund is used to account for funding sources and associated expenditures related to the phase I expansion of the existing intermediate school. The revenue in the AIS construction fund is composed of bond proceeds. The restricted fund balance at June 30, 2022 is \$11,270,497 which will be used for future construction related expenditures.

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, 2022, the Stormwater Utility net position totaled \$2,983,414. The Stormwater Utility's revenues exceeded expenses and generated a change in net position of \$177,385. This is mainly due to delayed capital projects related to material shortages.

Net position for the Water and Sewer Utility as of June 30, 2022 was \$32,986,982, which represents an increase of \$4,723,378 from 2021. The annual CPI adjustment on rates contributed to much of the increase along with growth in residential and commercial sales which can be attributed to economic growth over the past 12 months. Operating expenses increased slightly by \$23,391 due to a combination of factors including the increased cost of materials and supplies.

Net position of the Electric Utility as of June 30, 2022 was \$40,801,651, an increase of \$1,465,718 over the previous year. Although total operating expenses increased minimally, purchased power increased by \$4.5 million. Residential energy sales increased by \$2.7 million, mainly due to customer growth and the widespread "work from home" transition that was adopted during the COVID-19 pandemic.

Net position of the Landfill Utility increased by \$2,194,386 to \$8,771,839 as of June 30, 2022. This is the result of increased revenues coupled with a reduction in operating expenses. The improvement in operating revenues stemmed from an automatic CPI adjustment to the per ton tipping fee along with an increase in the tonnage being accepted at the landfill.

Budget Highlights

General Fund

The City passed two General Fund budget amendments for the year ended June 30, 2022. The first amendment was passed on March 8, 2022, and increased revenues and expenditures by \$1,661,330 and \$925,000, respectively, resulting in a \$736,330 net effect. The purpose of this amendment was twofold. On the expenditure side, it appropriated operating transfers to the Alcoa Intermediate School (AIS) phase I construction fund for preliminary construction invoices. On the revenue side, it allocated a portion of the bond proceeds to fully fund the construction of AIS phase I, and to the General Fund to cover architect and design expenditures from a prior year. The second budget amendment was passed on June 24, 2022, and increased revenues and expenditures by \$2,000,000 and \$1,903,500, respectively, resulting in a \$96,500 net effect. The increase in revenue is a result of sales tax growth that exceeded expectations. The main purpose for the increase in appropriations is related to an operating transfer to the West Plant fund for the development of Springbrook Farm. A large street and greenway project in the Springbrook Farm development was funded by an 80% reimbursement grant through the Tennessee Department of Transportation (TDOT). However, TDOT reimbursements are often delayed several months. In order to prevent a funding shortage, a temporary transfer from the General Fund was appropriated until reimbursement funds are received from TDOT. As reimbursement requests are fulfilled the majority of this transfer will be returned to the General Fund. The second purpose of the June 24, 2022 amendment was to provide a salary adjustment to employees. The salary adjustment was initially put on hold until the effects of COVID-19 on revenue could be further assessed. Once City officials observed that revenue sources were performing better than expected, actions were taken to amend the FY2022 budget. Due to growth in sales taxes, prior to the June amendment General Fund operating revenues were coming in over budget by approximately \$2.6 million. After the amendment operating revenues were still over budget by approximately \$661,000. Operating expenditures were under budget by approximately \$518,000 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, 2022 amount to \$234,744,127 (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 the current and prior fiscal years:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 2,197,303	\$ 2,197,303	\$ 5,022,573	\$ 3,897,415	\$ 7,219,876	\$ 6,094,718
Buildings	64,529,907	64,529,907	91,136,964	87,426,857	155,666,871	151,956,764
Infrastructure	57,787,677	57,756,824	60,316,121	58,783,186	118,103,798	116,540,010
Improvements	16,679,022	16,679,022	29,265,652	29,232,935	45,944,674	45,911,957
Machinery and Equipment	13,549,872	12,180,289	35,920,193	34,994,495	49,470,065	47,174,784
Lease Assets	11,086,761	9,894,150	0	0	11,086,761	9,894,150
Construction in Progress	25,185,025	10,486,510	3,990,379	3,924,295	29,175,404	14,410,805
Total Capital Assets	191,015,567	173,724,005	225,651,882	218,259,183	416,667,449	391,983,188
Less: Accumulated Depreciation / Amortization	75,011,217	71,202,982	106,912,105	100,338,855	181,923,322	171,541,837
Net Capital Assets	<u>\$ 116,004,350</u>	<u>\$ 102,521,023</u>	<u>\$ 118,739,777</u>	<u>\$ 117,920,328</u>	<u>\$ 234,744,127</u>	<u>\$ 220,441,351</u>
Net Capital Assets - Beginning	\$ 102,521,023	\$ 95,762,734	\$ 117,920,328	\$ 117,820,577	\$ 220,441,351	\$ 213,583,311
Increase/(Decrease) in Net Capital Assets	13,483,327	6,758,289	819,449	99,751	14,302,776	6,858,040
Net Capital Assets - Ending	<u>\$ 116,004,350</u>	<u>\$ 102,521,023</u>	<u>\$ 118,739,777</u>	<u>\$ 117,920,328</u>	<u>\$ 234,744,127</u>	<u>\$ 220,441,351</u>

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).
- Voltage and substation improvements and line extensions in the electric department.
- Construction in progress for an additional Landfill cell.
- Acquisition of a 51.4 acre parcel adjacent to the Landfill.
- Continued infrastructure construction in progress at the Springbrook Farm development.
- Infrastructure construction in progress at the future Amazon distribution center.
- Infrastructure construction in progress at the future Smith & Wesson manufacturing and headquarters site.

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 \$200.5 million. Of this amount, \$153 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 \$12.8 million. The remainder includes capital leases of \$7.9 million and compensated absences of \$2 million.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
General Obligation/Revenue Bonds	\$ 88,300,000	\$ 73,260,000	\$ 64,780,000	\$ 64,810,000	\$ 153,080,000	\$ 138,070,000
Premium on Bonds	5,574,621	3,381,193	1,301,686	836,585	6,876,307	4,217,778
Leases	7,863,357	6,500,000	0	0	7,863,357	6,500,000
Total Debt Payable	101,737,978	83,141,193	66,081,686	65,646,585	167,819,664	148,787,778
Compensated Absences	1,007,865	1,028,553	1,046,849	1,015,292	2,054,714	2,043,845
Pension Liability	3,402,535	6,871,530	3,024,288	6,631,948	6,426,823	13,503,478
OPEB Liability	8,176,141	7,821,890	3,199,447	2,918,132	11,375,588	10,740,022
Estimated Liability for Closure/ Post-Closure Care Costs	0	0	12,790,345	12,293,785	12,790,345	12,293,785
Total Long Term Obligations	\$ 114,324,519	\$ 98,863,166	\$ 86,142,615	\$ 88,505,742	\$ 200,467,134	\$ 187,368,908

The City of Alcoa's debt payable increased by a net of \$19,031,886 during the current fiscal year due to the issuance of new debt and the refunding of old debt. In February 2022, the City issued a \$22.9 million general obligation bond to fund various capital projects across multiple funds. The bulk of the bond proceeds, approximately \$18.6 million, were appropriated to the construction of the Alcoa Intermediate School phase I expansion project. Phase I of the project will result in 14 additional classrooms, a new kitchen, and a new cafeteria. The remaining proceeds were spread across multiple funds including the General Fund for the purchase of two new firetrucks. Approximately \$1.2 million was allocated to the Landfill fund for the purchase of 51.4 acres which will be used to meet future expansion needs. The Electric Department received \$2.9 million in proceeds to fund required substation improvements. The remaining proceeds have been earmarked for required infrastructure improvements related to Smith & Wesson at Partnership Park North. In April 2022, the City issued a \$8.5 million general obligation refunding bond in relation to the General Fund. This refunding bond provided an opportunity to improve the City's debt structure and allowed the City to benefit from low interest rates. The result was a total savings of approximately \$874,000 over the existing life of the debt. Since 2020 the City has saved approximately \$8.7 million through the issuance of refunding bonds.

Principal payments in FY2022 consisted of \$7.6 million for bonds and \$431,260 for capital leases. Liabilities for closure/post-closure increased \$496,560 based on state formula guidelines and compensated absences increased minimally by \$10,869 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 the hotel/motel tax, various alcohol related taxes, general business taxes, 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 FY2009, which was the first year of the great recession. Over that same period, growth in existing property values along with net new construction coupled with a 2020 property tax rate increase have led to an increase in property tax collected of 64%. 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 creates 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 capacity of any service provided 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 with the exception of classroom capacity at the Alcoa Intermediate School. As mentioned previously, construction began in October 2021 on a major addition to provide additional classrooms along with a new kitchen and cafeteria.

With respect to consumption taxes, i.e., sales taxes, Alcoa's population levels have not historically played a significant 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. In other words, Alcoa's retail customer base is much larger than its population base.

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) which has been tremendously successful in creating new jobs through both attracting new employers and facilitating the expansion of existing ones. For example, Smith & Wesson, announced they would be moving their gun manufacturing and corporate headquarters to Blount County after residing in Springfield Massachusetts, for the past 169 years. Their facility is currently under construction in an industrial park owned jointly by the Cities of Alcoa, Maryville, and Blount County. Smith & Wesson will invest an estimated \$133 million in constructing their facility and will provide 750 new jobs.

Commercial and residential assessments grew by \$9.9 and \$2.2 million, respectively in FY2022 over FY2021. Despite this growth, property tax revenue dropped by over ½ million dollars in FY2022 from FY2021. To a minor extent this reduction is attributable to the on-going demolition of the former Alcoa Inc. South Plant; however, the primary reason relates to a factor known as the Equalization Ratio. Application of the Equalization Ratio is required by the State whenever market values of real property exceed the Property Assessor's appraised values. Since property re-appraisal only occurs every 4 years, real property can appreciate to levels significantly higher than the Assessor's value during good economic times. That translates into real property not being taxed at its full value whereas personal property is taxed based on its cost at the time it is purchased and theoretically is always taxed at 100% of its value. The courts have ruled that inequity in taxation violates the constitutional provision of all property being taxed equally. This inequity is remedied by adjusting the value of personal property by the percentage difference between market value, i.e., 100% value of real property to the value on the Property Assessor's records. This percentage difference is the Equalization Ratio and is calculated by the State Division of Property Assessments. Beginning in FY2022, the Assessor's value of real property was determined to be only 81.5% of the market value of that same property. Therefore, commercial, and industrial assessed values were multiplied by an Equalization Ratio of 0.815 to determine their equalized assessment or taxable value. This reduced the taxable value of commercial and industrial property by \$12.7 million which exceeded the growth in commercial and residential real property growth and therefore reduced the overall tax levy for FY2022. Continued growth in commercial and residential construction coupled with significant additions in both commercial and industrial personal property indicate that assessed value of all property will increase by \$19.7 million for the property tax levy in FY2023.

With respect to residential construction, over the past six years, the City has averaged around 35 new single-family homes per year. 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. Growth in this type of housing is expected to taper off in the coming years, as the inventory of available lots is being depleted and available land for future development is limited. However, residential developments for single family detached on smaller lots combined with attached townhomes appears to be the new trend in home ownership. One project with 141 total units is under construction and a second with 112 is in the final stages of design. On the other hand, there has been a boom in apartment complex construction over the past few years and it appears that trend in residential development will continue for some time to come. Since 2016, 722 units spread across four developments have been finished and all have waiting lists. There are three apartment developments currently under construction consisting of an additional 798 units. Another mixed-use development complex with 400 residential units is in the design phase.

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 assist 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 \$5 million allocated for roadway renovations in FY2018. 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 FY2021 construction was completed on a national brand hotel while preliminary grade-work began on a new supermarket and a 300-unit upscale apartment complex. The supermarket is scheduled to open in early December 2022 and the apartments will begin renting in the spring of 2023. A major restaurant opened in August 2022 and a second will begin construction within the next few months. A second major brand hotel is currently under construction along with 3 fast food restaurants and 2 multi-story mixed use buildings. Company Distilling, Tennessee's newest distillery, is set to open in 2023, this facility 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 5 story, 2.8 million 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. Amazon is scheduled to open in late spring 2023. 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 \$133 million and will result in 750 new jobs in Blount County. Smith & Wesson is scheduled to begin production in July 2023.

Many factors were considered in preparing the City of Alcoa's budget for the 2023 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 utilizing existing revenues and funding sources available.

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, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 29,059,651	\$ 38,963,434	\$ 68,023,085
Investments	14,069,909	8,826,204	22,896,113
Receivables			
Taxes, Net	15,507,503	0	15,507,503
Accounts, Net	3,359,200	6,982,758	10,341,958
Accrued Interest	1,733	61,442	63,175
Note Receivable	5,995,975	0	5,995,975
Internal Balances	(765,603)	765,603	0
Due from Other Governments	2,694,815	0	2,694,815
Inventories	7,222	3,511,497	3,518,719
Prepaid Items/ Clearing Accounts/ Other Assets	0	4,297,864	4,297,864
Energy Service Loans Receivable	0	142,494	142,494
Net Pension Asset	16,240,838	2,349,080	18,589,918
TCRS Stabilization Trust	125,540	0	125,540
Regulatory Asset - Debt Issuance Costs	0	237,479	237,479
Capital Assets			
Nondepreciable	27,382,328	9,012,952	36,395,280
Depreciable, Net of Accumulated Depreciation	88,622,022	109,726,825	198,348,847
Total Capital Assets, Net of Depreciation	116,004,350	118,739,777	234,744,127
Total Assets	202,301,133	184,877,632	387,178,765
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Bond Refunding Costs	63,556	4,772,800	4,836,356
Deferred Pension Outflows	9,147,035	3,650,495	12,797,530
Deferred Other-Postemployment Benefits Outflows	2,026,180	1,021,469	3,047,649
Total Deferred Outflows of Resources	11,236,771	9,444,764	20,681,535

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION (Continued)
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	5,188,741	12,192,880	17,381,621
Accrued Payroll	503,549	584,698	1,088,247
Other Liabilities	1,273,733	589,598	1,863,331
Customer Deposits	0	2,784,450	2,784,450
Advances from TVA for Energy Service Loans	0	198,907	198,907
Long-Term Liabilities			
Due Within One Year	5,013,909	4,488,298	9,502,207
Due in More Than One Year			
Long-Term Debt	90,301,585	62,640,237	152,941,822
Lease Obligations	7,430,349	0	7,430,349
Landfill Closure/Post Closure Costs	0	12,790,345	12,790,345
Net Pension Liability	3,402,535	3,024,288	6,426,823
Other Post-Employment Benefit Liability	8,176,141	3,199,447	11,375,588
Total Liabilities	<u>121,290,542</u>	<u>102,493,148</u>	<u>223,783,690</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	13,863,507	0	13,863,507
Deferred Pension Inflows	17,598,019	5,246,452	22,844,471
Deferred Other-Postemployment Benefits Inflows	1,998,092	532,101	2,530,193
Deferred Revenue - Grants	46,674	506,809	553,483
Total Deferred Inflows of Resources	<u>33,506,292</u>	<u>6,285,362</u>	<u>39,791,654</u>
NET POSITION			
Net Investment in Capital Assets	35,763,945	64,475,645	100,239,590
Restricted for			
Special Revenue			
State Street Aid	307,701	0	307,701
Drug Enforcement	119,979	0	119,979
Education	125,540	0	125,540
Federal Projects	2,006	0	2,006
Cafeteria Fund	46,674	0	46,674
Vehicle Enforcement	6,608	0	6,608
Capital Projects	2,748,962	0	2,748,962
Stormwater Utility	0	147,764	147,764
Water and Sewer Utility	0	1,268,097	1,268,097
Electric	0	1,113,160	1,113,160
Landfill	0	326,868	326,868
Pensions	16,240,838	0	16,240,838
Unrestricted Position	<u>3,378,817</u>	<u>18,212,352</u>	<u>21,591,169</u>
Total Net Position	<u>\$ 58,741,070</u>	<u>\$ 85,543,886</u>	<u>\$ 144,284,956</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, 2022

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	\$ 10,258,471	\$ 8,594,282	\$ 124,056	\$ 48,961	\$ (1,491,172)	\$ 0	\$ (1,491,172)
Public Safety	10,627,324	437,999	187,899	0	(10,001,426)	0	(10,001,426)
Public Works	6,200,286	453,188	36,549	4,334,011	(1,376,538)	0	(1,376,538)
Economic Development	2,380,472	0	0	0	(2,380,472)	0	(2,380,472)
Education	26,521,577	2,046,237	14,468,130	0	(10,007,210)	0	(10,007,210)
Debt Service:							
Interest on Long-Term Debt	1,660,471	0	0	0	(1,660,471)	0	(1,660,471)
Total Governmental Activities	57,648,601	11,531,706	14,816,634	4,382,972	(26,917,289)	0	(26,917,289)
Business-Type Activities							
Stormwater Utility	1,218,101	1,392,004	3,058	0	0	176,961	176,961
Water and Sewer Utility	13,372,281	16,574,912	2,842	1,902,704	0	5,108,177	5,108,177
Electric	69,806,475	72,455,407	0	0	0	2,648,932	2,648,932
Landfill	4,046,113	6,311,325	5,672	0	0	2,270,884	2,270,884
Total Business-Type Activities	88,442,970	96,733,648	11,572	1,902,704	0	10,204,954	10,204,954
Total Government	\$ 146,091,571	\$ 108,265,354	\$ 14,828,206	\$ 6,285,676	(26,917,289)	10,204,954	(16,712,335)
General Revenues:							
					20,353,517	0	20,353,517
					84,795	0	84,795
					18,431,905	0	18,431,905
					1,176,744	0	1,176,744
					665,675	0	665,675
					928,349	0	928,349
					(71,225)	(73,796)	(145,021)
					11,327	26,814	38,141
					1,597,105	(1,597,105)	0
					43,178,192	(1,644,087)	41,534,105
					16,260,903	8,560,867	24,821,770
					42,480,167	76,983,019	119,463,186
					\$ 58,741,070	\$ 85,543,886	\$ 144,284,956

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

CITY OF ALCOA, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	Education	Debt Service	AIS Construction	West Plant Construction	Non-Major Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 13,669,905	\$ 3,354,487	\$ 2,942,300	\$ 318,625	\$ 436,885	\$ 3,950,164	\$ 24,672,366
Investments	0	0	0	12,989,086	0	1,080,823	14,069,909
Receivables:							
Property Taxes	14,432,130	947,752	0	0	0	0	15,379,882
Less: Allowance for Uncollectible Taxes	(54,179)	0	0	0	0	0	(54,179)
Accounts	188,700	468,534	0	0	894,401	1,735,273	3,286,908
Inventories	0	0	0	0	0	7,222	7,222
TCRS Stabilization Trust	0	125,540	0	0	0	0	125,540
Due from Other Governments	2,536,681	0	0	0	0	158,134	2,694,815
Due from Other Funds	16,036	0	13,758	0	0	0	29,794
Total Assets	<u>\$ 30,789,273</u>	<u>\$ 4,896,313</u>	<u>\$ 2,956,058</u>	<u>\$ 13,307,711</u>	<u>\$ 1,331,286</u>	<u>\$ 6,931,616</u>	<u>\$ 60,212,257</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ 1,085,284	\$ 743,906	\$ 0	\$ 2,037,214	\$ 51,594	\$ 1,210,827	\$ 5,128,825
Due to Other Funds	0	0	795,397	0	0	0	795,397
Accrued Expenses	614,297	0	0	0	0	0	614,297
Due to State of Tennessee	405	675,435	0	0	0	0	675,840
Unearned Revenue	392	0	0	0	0	0	392
Other Liabilities	0	0	0	0	0	4,587	4,587
Total Liabilities	<u>1,700,378</u>	<u>1,419,341</u>	<u>795,397</u>	<u>2,037,214</u>	<u>51,594</u>	<u>1,215,414</u>	<u>7,219,338</u>
Deferred Inflows of Resources							
Deferred Revenue - Property Taxes	13,863,507	0	0	0	0	0	13,863,507
Deferred Revenue - Grants	0	0	0	0	0	46,674	46,674
Total Deferred Inflows of Resources	<u>13,863,507</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>46,674</u>	<u>13,910,181</u>
Fund Balances							
Nonspendable	0	0	0	0	0	7,222	7,222
Restricted	0	125,540	0	11,270,497	1,279,692	2,064,935	14,740,664
Committed	500,000	3,351,432	2,160,661	0	0	2,289,308	8,301,401
Assigned	0	0	0	0	0	1,308,063	1,308,063
Unassigned	14,725,388	0	0	0	0	0	14,725,388
Total Fund Balances	<u>15,225,388</u>	<u>3,476,972</u>	<u>2,160,661</u>	<u>11,270,497</u>	<u>1,279,692</u>	<u>5,669,528</u>	<u>39,082,738</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 30,789,273</u>	<u>\$ 4,896,313</u>	<u>\$ 2,956,058</u>	<u>\$ 13,307,711</u>	<u>\$ 1,331,286</u>	<u>\$ 6,931,616</u>	<u>\$ 60,212,257</u>

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, 2022

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

Ending Fund Balance - Governmental Funds	\$	39,082,738	
Note Receivables recorded in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			5,995,975
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Capital Assets	\$	191,015,567	
Less: Accumulated Depreciation		<u>(75,011,217)</u>	116,004,350
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Long-Term Debt		(88,300,000)	
Unamortized Bond Premium		(5,574,621)	
Lease Obligations		(7,863,357)	
Compensated Absences		<u>(897,125)</u>	(102,635,103)
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.			3,990,288
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.			12,838,303
Other post-employment benefits liabilities are not current financial resources and, therefore, are not reported in the governmental funds.			(8,176,141)
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		63,556	
Deferred Outflows of Resources Related to Pensions		9,147,035	
Deferred Outflows of Resources Related to Other Post-employment Benefits		2,026,180	
Deferred Inflows of Resources Related to Pensions		(17,598,019)	
Deferred Inflows of Resources Related to Other Post-employment Benefits		<u>(1,998,092)</u>	<u>(8,359,340)</u>
Net Position of Governmental Activities	\$		<u><u>58,741,070</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, 2022

	General Fund	Education Fund	Debt Service Fund	AIS Construction	West Plant Construction	Non-Major Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes:							
Property Taxes	\$ 9,829,882	\$ 8,602,022	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,431,904
Local Option Sales Taxes	12,771,437	4,749,935	0	0	0	0	17,521,372
Other Taxes	3,279,451	34,583	0	0	0	376,483	3,690,517
Licenses, Permits and Fees	587,772	429,775	0	0	0	0	1,017,547
Intergovernmental:							
Unrestricted							
State Taxes	1,868,278	132,940	0	0	0	0	2,001,218
Restricted:							
Federal Grants	126,579	23,000	0	0	4,209,822	2,429,951	6,789,352
State Grants	2,871	0	0	0	0	0	2,871
U.S.D.A Reimbursements	0	0	0	0	0	1,384,796	1,384,796
Other State Revenues	58,400	10,383,102	0	0	0	692,949	11,134,451
Other Local Revenues	0	103,560	0	0	0	0	103,560
Charges for Services	663,722	0	0	0	0	459,661	1,123,383
Fines, Forfeitures and Costs	371,026	0	0	0	0	35,073	406,099
Property Rental	179,940	0	0	0	0	0	179,940
Change in Fair Value of Investments	0	(4,957)	0	(67,025)	0	757	(71,225)
Interest Income	6,681	0	63	0	57	2,971	9,772
Internal School Fund Revenue	0	0	0	0	0	1,491,418	1,491,418
Miscellaneous Income	334,684	129,671	0	0	0	28,913	493,268
Total Revenues	30,080,723	24,583,631	63	(67,025)	4,209,879	6,902,972	65,710,243
Expenditures:							
Current:							
General Government	2,930,449	0	0	0	0	0	2,930,449
Public Safety	10,856,239	0	0	0	0	0	10,856,239
Public Works	5,525,925	0	0	0	0	531,326	6,057,251
Contributions to Other Agencies	2,380,472	0	0	0	0	0	2,380,472
Education	0	23,492,471	0	0	0	4,949,064	28,441,535
Capital Outlay/Capital Assets	1,969,298	0	0	6,443,785	6,633,248	2,739,955	17,786,286
Debt Service:							
Industrial Revenue Note Disbursement	0	0	0	0	0	2,500,000	2,500,000
Principal Retirement	143,704	6,040	3,238,080	0	0	0	3,387,824
Interest and Fiscal Fees	3,771	1,169	2,025,842	0	0	0	2,030,782
Bond Issuance Costs	0	0	175,116	353,682	0	51,406	580,204
Total Expenditures	23,809,858	23,499,680	5,439,038	6,797,467	6,633,248	10,771,751	76,951,042
Net Change in Fund Balance Before Other Financing Sources (Uses)	6,270,865	1,083,951	(5,438,975)	(6,864,492)	(2,423,369)	(3,868,779)	(11,240,799)
Other Financing Sources (Uses):							
Transfers to Other Funds	(9,452,640)	(600,000)	0	(2,011,333)	0	(1,500,000)	(13,563,973)
Transfer from Other Funds	1,661,333	520,000	6,029,590	1,525,000	1,753,500	2,074,550	13,563,973
Transfer from Business-Type							
Activities In-Lieu of Tax	1,597,105	0	0	0	0	0	1,597,105
Financing of Leases	1,902,739	41,623	0	0	0	0	1,944,362
Refunding Bond Issues	0	0	8,475,000	0	0	0	8,475,000
Bond Issues	0	0	0	16,798,444	0	2,441,556	19,240,000
Premium on Refunding Bonds	0	0	243,865	0	0	0	243,865
Premium on Bonds	0	0	0	1,822,682	0	264,916	2,087,598
Payoff to Refunded Bond Escrow Agent	0	0	(8,867,073)	0	0	0	(8,867,073)
Total Other Financing Sources (Uses)	(4,291,463)	(38,377)	5,881,382	18,134,793	1,753,500	3,281,022	24,720,857
Net Change in Fund Balances	1,979,402	1,045,574	442,407	11,270,301	(669,869)	(587,757)	13,480,058
Fund Balances, July 1st	13,245,986	2,431,398	1,718,254	196	1,949,561	6,257,285	25,602,680
Fund Balances, June 30th	\$ 15,225,388	\$ 3,476,972	\$ 2,160,661	\$ 11,270,497	\$ 1,279,692	\$ 5,669,528	\$ 39,082,738

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, 2022

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

Net Change in Fund Balances – Total Governmental Funds	\$	13,480,058
--	----	------------

Governmental funds report note receivable disbursements as expenditures and the subsequent receipts as revenues. However, on the Statement of Net Position the disbursements (\$2,500,000) are recognized as a receivable, and the subsequent receipts (\$4,025) reduce the receivable.

		2,495,975
--	--	-----------

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.

Capital Assets Purchased	\$ 18,109,196	
Depreciation Expense	(4,625,869)	
Net Change in Capital Assets	13,483,327	13,483,327

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.

Add: Principal Payments on Debt	3,955,000	
Add: Debt Refunding	8,720,000	
Add: Principal Payments on Leases	581,004	
Less: Debt Proceeds	(30,046,463)	
Less: Issuance of Lease	(1,944,361)	(18,734,820)

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 (\$138,035). These amounts do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

		135,272
--	--	---------

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.

		636,888
--	--	---------

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.

Change in Assets and Deferred Outflows of Resources		
Net Pension Asset	13,871,916	
Deferred Pension Outflows	3,925,205	
Deferred Other-Postemployment Benefits Outflows	433,354	18,230,475

Change in Liabilities and Deferred Inflows of Resources		
Net Pension Liability	3,468,995	
Other Post-Employment Benefit Liability	(354,251)	
Compensated Absences	(104,939)	
Deferred Pension Inflows	(16,289,638)	
Deferred Other Post-Employment Benefits Inflows	(186,439)	(13,466,272)

Change in Net Position of Governmental Activities	\$	16,260,903
---	----	------------

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

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

For the Fiscal Year Ended June 30, 2022

	<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	\$ 9,676,725	\$ 9,676,725	\$ 9,829,882	\$ 153,157
Local Option Sales Taxes	11,100,000	12,400,000	12,771,437	371,437
Other Taxes	3,022,250	3,322,250	3,279,451	(42,799)
Licenses, Permits and Fees	305,350	555,350	587,772	32,422
Fines, Forfeitures and Costs	269,150	269,150	371,026	101,876
Intergovernmental:				
Unrestricted:				
State Taxes	1,550,650	1,700,650	1,868,278	167,628
Restricted:				
Federal Grants	151,580	151,580	126,579	(25,001)
State Grants	5,000	5,000	2,871	(2,129)
Other State Revenues	61,600	61,600	58,400	(3,200)
Interest Income	6,000	6,000	6,681	681
Public Works, Labor, and Material	454,500	454,500	439,225	(15,275)
Miscellaneous	130,000	130,000	137,458	7,458
Property Rental	140,990	140,990	179,940	38,950
Department Services	320,100	320,100	188,103	(131,997)
Fees Development	29,000	29,000	36,394	7,394
Insurance Refunds	20,000	20,000	82,547	62,547
Sale of Property/Equipment	30,000	30,000	14,306	(15,694)
Private Grants	55,175	55,175	1,318	(53,857)
TML Grants	4,000	4,000	2,284	(1,716)
Contributions and Donations - Business	87,800	87,800	96,771	8,971
Total Revenues	<u>27,419,870</u>	<u>29,419,870</u>	<u>30,080,723</u>	<u>660,853</u>
Expenditures:				
General Government	3,030,876	3,280,876	2,930,449	350,427
Public Works	5,596,926	5,846,926	5,525,925	321,001
Public Safety	10,983,491	11,233,491	10,856,239	377,252
Contributions to Other Agencies	2,573,270	2,573,270	2,380,472	192,798
Debt Service:				
Principal	143,704	143,704	143,704	0
Interest and Other Charges	3,771	3,771	3,771	0
Capital Outlay	210,000	210,000	1,969,298	(1,759,298)
Total Expenditures	<u>22,542,038</u>	<u>23,292,038</u>	<u>23,809,858</u>	<u>(517,820)</u>
Net Change in Fund Balance Before				
Other Financing Sources (Uses)	<u>4,877,832</u>	<u>6,127,832</u>	<u>6,270,865</u>	<u>143,033</u>
Other Financing Sources (Uses)				
Operating Transfers In (Out):				
Payments in Lieu of Taxes - Business-Type Activities	2,120,000	2,120,000	1,597,105	(522,895)
Debt Service Fund - In	0	1,661,333	1,661,333	0
Debt Service Fund - Out	(6,029,590)	(6,029,590)	(6,029,590)	0
Education Fund	(170,000)	(1,095,000)	(1,095,000)	0
Capital Projects	(1,174,550)	(2,328,050)	(2,328,050)	0
Financing of Leases	0	0	1,902,739	1,902,739
Total Other Financing Sources (Uses)	<u>(5,254,140)</u>	<u>(5,671,307)</u>	<u>(4,291,463)</u>	<u>1,379,844</u>
Net Change in Fund Balance	(376,308)	456,525	1,979,402	1,522,877
Fund Balance, July 1st	<u>13,245,986</u>	<u>13,245,986</u>	<u>13,245,986</u>	<u>0</u>
Fund Balance, June 30th	<u>\$ 12,869,678</u>	<u>\$ 13,702,511</u>	<u>\$ 15,225,388</u>	<u>\$ 1,522,877</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, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property Taxes	\$ 8,723,000	\$ 8,768,000	\$ 8,602,022	\$ (165,978)
Local Option Sales Taxes	3,981,000	4,581,000	4,749,935	168,935
Other Taxes	36,000	36,000	34,583	(1,417)
Licenses, Permits and Fees	347,900	347,900	429,775	81,875
Intergovernmental:				
Unrestricted:				
State Taxes	91,000	91,000	132,940	41,940
Restricted:				
Federal Grants	993,000	1,347,000	23,000	(1,324,000)
Other State Revenues	10,142,700	10,287,700	10,383,102	95,402
Other Local Revenues	52,400	82,400	103,560	21,160
Miscellaneous Income	0	30,000	129,671	99,671
Change in Fair Value of Investments	0	0	(4,957)	(4,957)
Total Revenues	24,367,000	25,571,000	24,583,631	(987,369)
Expenditures				
Instruction Elementary/Secondary	12,817,651	12,779,651	12,447,116	332,535
Special Education Program	1,840,092	1,893,092	1,676,639	216,453
Vocational Education	477,659	643,659	587,472	56,187
Health Services	336,169	336,169	157,654	178,515
Other Student Support	837,439	837,439	823,545	13,894
Instruction Regular	572,725	572,725	558,396	14,329
Technology	727,790	727,790	712,018	15,772
Board of Education	364,874	364,874	360,162	4,712
Office of the Director	182,192	182,192	176,489	5,703
Office of Principals	1,611,913	1,611,913	1,607,056	4,857
Fiscal Services	185,410	185,410	167,317	18,093
Human Services	197,901	207,901	197,135	10,766
Operation of Plant	1,845,570	2,135,570	2,099,973	35,597
Maintenance of Plant	829,179	859,179	814,940	44,239
Transportation	382,094	487,094	435,425	51,669
Food Services	979,450	1,368,450	2,261	1,366,189
Family Resource Center	96,184	96,184	93,218	2,966
Lottery Pre-K	261,499	266,499	252,532	13,967
Debt Service:				
Principal	6,040	6,040	6,040	0
Interest and Other Charges	1,169	1,169	1,169	0
Capital Outlay	20,000	178,000	323,123	(145,123)
Total Expenditures	24,573,000	25,741,000	23,499,680	2,241,320
Net Change in Fund Balance Before Other Financing Sources (Uses)	(206,000)	(170,000)	1,083,951	1,253,951
Other Financing Sources (Uses)				
Transfer to AIS Construction Fund	0	0	(600,000)	(600,000)
Transfer from General Fund	170,000	170,000	520,000	350,000
Financing of Leases	0	0	41,623	41,623
Other Financing Sources (Uses) Total	170,000	170,000	(38,377)	(208,377)
Net Change in Fund Balance	(36,000)	0	1,045,574	1,045,574
Fund Balance, July 1st	2,431,398	2,431,398	2,431,398	0
Fund Balance, June 30th	\$ 2,395,398	\$ 2,431,398	\$ 3,476,972	\$ 1,045,574

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	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	\$ 1,043,972	\$ 17,820,321	\$ 6,573,744	\$ 6,846,100	\$ 32,284,137	\$ 4,387,285
Investments	0	0	2,903,695	5,922,509	8,826,204	0
Accounts Receivable, Net	119,899	1,449,076	4,917,812	495,971	6,982,758	255,825
Materials and Supplies	0	1,329,566	2,181,931	0	3,511,497	0
Other Current Assets	0	61,442	0	0	61,442	0
Due From Other Funds	0	744,639	246,155	0	990,794	0
Prepaid TVA Power Invoice Program	0	0	4,297,864	0	4,297,864	0
Total Current Assets	1,163,871	21,405,044	21,121,201	13,264,580	56,954,696	4,643,110
Noncurrent Assets						
Capital Assets						
Land and Easements	0	1,194,236	1,260,996	2,567,341	5,022,573	0
Construction in Progress	0	1,821,188	1,939,569	229,622	3,990,379	0
Structures, Improvements and Equipment	2,812,015	98,165,472	99,774,000	15,887,443	216,638,930	0
	2,812,015	101,180,896	102,974,565	18,684,406	225,651,882	0
Less: Accumulated Depreciation	(784,717)	(42,106,607)	(50,699,276)	(13,321,505)	(106,912,105)	0
Net Capital Assets	2,027,298	59,074,289	52,275,289	5,362,901	118,739,777	0
Other Noncurrent Assets						
Cash Held for Long-Term Purposes	0	0	0	6,679,297	6,679,297	0
Receivables from Customers for Conservation Loans	0	0	142,494	0	142,494	0
Regulatory Asset - Debt Issuance Costs	0	0	237,479	0	237,479	0
Net Pension Asset	147,764	761,288	1,113,160	326,868	2,349,080	0
Total Other Noncurrent Assets	147,764	761,288	1,493,133	7,006,165	9,408,350	0
Total Noncurrent Assets	2,175,062	59,835,577	53,768,422	12,369,066	128,148,127	0
Total Assets	3,338,933	81,240,621	74,889,623	25,633,646	185,102,823	4,643,110
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Pension Outflows	207,502	1,129,329	1,875,064	438,600	3,650,495	0
Deferred Other Post Employment Benefits Outflows	55,549	257,176	551,726	157,018	1,021,469	0
Deferred Bond Refunding Costs	0	4,772,800	0	0	4,772,800	0
Total Deferred Outflows of Resources	263,051	6,159,305	2,426,790	595,618	9,444,764	0

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
June 30, 2022

	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	32,859	1,165,880	10,835,619	158,522	12,192,880	59,916
Due to Other Funds	0	0	170,950	54,241	225,191	0
Medical Claims Payable	0	0	0	0	0	592,906
Customer Deposits	0	0	2,784,450	0	2,784,450	0
Other Accrued Liabilities	29,682	156,427	609,476	88,707	884,292	0
Current Portion of Long-Term Debt	0	1,839,444	1,095,881	506,124	3,441,449	0
Compensated Absences	60,186	273,886	608,099	104,678	1,046,849	0
Total Current Liabilities	122,727	3,435,637	16,104,475	912,272	20,575,111	652,822
Noncurrent Liabilities						
Long-Term Debt	0	47,202,697	13,130,548	2,306,992	62,640,237	0
Estimated Liability for Landfill Closure and Postclosure Care Costs	0	0	0	12,790,345	12,790,345	0
Unearned Credits	0	0	290,004	0	290,004	0
Conservation -TVA	0	0	198,907	0	198,907	0
Net Pension Liability	45,718	716,783	2,041,198	220,589	3,024,288	0
Other Post-Employment Benefit Liability	191,200	745,947	1,761,477	500,823	3,199,447	0
Total Noncurrent Liabilities	236,918	48,665,427	17,422,134	15,818,749	82,143,228	0
Total Liabilities	359,645	52,101,064	33,526,609	16,731,021	102,718,339	652,822
DEFERRED INFLOWS OF RESOURCES						
Deferred Pension Inflows	230,315	1,669,972	2,701,383	644,782	5,246,452	0
Deferred Other Post Employment Benefits Inflows	28,610	135,099	286,770	81,622	532,101	0
Deferred Revenue	0	506,809	0	0	506,809	0
Total Deferred Inflows of Resources	258,925	2,311,880	2,988,153	726,404	6,285,362	0
NET POSITION						
Net Investment in Capital Assets	2,027,298	17,718,499	40,829,997	3,899,852	64,475,646	0
Restricted	147,764	1,268,097	1,113,160	326,868	2,855,889	0
Unrestricted	808,352	14,000,386	(1,141,506)	4,545,119	18,212,351	3,990,288
Total Net Position	\$ 2,983,414	\$ 32,986,982	\$ 40,801,651	\$ 8,771,839	\$ 85,543,886	\$ 3,990,288

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, 2022

	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	\$ 1,335,547	\$ 16,050,398	\$ 70,364,490	\$ 6,104,742	\$ 93,855,177	\$ 6,631,488
Rents and Other Services	0	382,636	1,646,688	0	2,029,324	0
Miscellaneous	0	67,558	444,229	0	511,787	0
Total Operating Revenues	<u>1,335,547</u>	<u>16,500,592</u>	<u>72,455,407</u>	<u>6,104,742</u>	<u>96,396,288</u>	<u>6,631,488</u>
OPERATING EXPENSES						
Medical Claims Paid	0	0	0	0	0	4,107,883
Insurance Premiums/Administration	0	0	0	0	0	1,888,273
Purchased Power	0	0	52,656,127	0	52,656,127	0
Administrative and General	384,860	647,202	2,830,568	456,879	4,319,509	0
Accounting and Collections	0	1,081,795	0	0	1,081,795	0
Supervision	0	604,247	0	0	604,247	0
Water Treatment Plant	0	1,584,146	0	0	1,584,146	0
Distribution and Transmission	0	959,874	2,884,777	0	3,844,651	0
Meter Readings and Repairs	0	666,896	0	0	666,896	0
Water Maintenance	0	417,373	0	0	417,373	0
Sewage Collection/Disposal/Pumping	0	3,091,458	0	0	3,091,458	0
Customer Accounts, Services and Sales	0	0	1,923,210	0	1,923,210	0
Stormwater Operations	702,857	0	0	0	702,857	0
Landfill Operations	0	0	0	2,062,963	2,062,963	0
Environmental Compliance	0	105,156	0	725,734	830,890	0
Depreciation	130,384	2,931,221	3,311,659	765,933	7,139,197	0
Electric Maintenance	0	0	5,631,521	0	5,631,521	0
Total Operating Expenses	<u>1,218,101</u>	<u>12,089,368</u>	<u>69,237,862</u>	<u>4,011,509</u>	<u>86,556,840</u>	<u>5,996,156</u>
OPERATING INCOME	<u>117,446</u>	<u>4,411,224</u>	<u>3,217,545</u>	<u>2,093,233</u>	<u>9,839,448</u>	<u>635,332</u>
NONOPERATING REVENUES (EXPENSES)						
Grant	0	973,792	0	0	973,792	0
Other Income (Expense)	12,515	77,161	0	207,205	296,881	0
Gain on Sale of Property and Equipment	47,000	0	0	5,050	52,050	0
Debt Issuance Costs	0	0	(61,429)	(18,491)	(79,920)	0
Amortization Expense	0	(161,756)	(26,387)	0	(188,143)	0
Change in Fair Value of Investments	0	0	3,695	(77,491)	(73,796)	0
Interest Expense	0	(1,121,157)	(133,250)	(16,113)	(1,270,520)	0
Interest Income	424	15,201	10,196	993	26,814	1,556
Total Non-Operating Revenues (Expenses)	<u>59,939</u>	<u>(216,759)</u>	<u>(207,175)</u>	<u>101,153</u>	<u>(262,842)</u>	<u>1,556</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	<u>177,385</u>	<u>4,194,465</u>	<u>3,010,370</u>	<u>2,194,386</u>	<u>9,576,606</u>	<u>636,888</u>
CONTRIBUTIONS AND TRANSFERS						
Capital Contributions	0	928,913	0	0	928,913	0
Payments in Lieu of Taxes - County	0	0	(347,547)	0	(347,547)	0
Payments in Lieu of Taxes - City	0	(400,000)	(1,197,105)	0	(1,597,105)	0
Total Contributions and Transfers	<u>0</u>	<u>528,913</u>	<u>(1,544,652)</u>	<u>0</u>	<u>(1,015,739)</u>	<u>0</u>
CHANGE IN NET POSITION	<u>177,385</u>	<u>4,723,378</u>	<u>1,465,718</u>	<u>2,194,386</u>	<u>8,560,867</u>	<u>636,888</u>
NET POSITION, July 1st	<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>
NET POSITION, June 30th	<u>\$ 2,983,414</u>	<u>\$ 32,986,982</u>	<u>\$ 40,801,651</u>	<u>\$ 8,771,839</u>	<u>\$ 85,543,886</u>	<u>\$ 3,990,288</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, 2022

	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	\$ 1,436,333	\$ 17,080,622	\$ 70,471,402	\$ 6,000,045	\$ 94,988,402	\$ 6,375,663
Cash Payments to Suppliers for Goods and Services/ Medical Claims	(427,452)	(4,961,401)	(47,922,154)	(918,356)	(54,229,363)	(6,053,395)
Cash Payments to Employees for Services	(692,907)	(4,087,763)	(18,164,829)	(1,740,358)	(24,685,857)	0
Net Cash Flows Provided By (Used In) Operating Activities	<u>315,974</u>	<u>8,031,458</u>	<u>4,384,419</u>	<u>3,341,331</u>	<u>16,073,182</u>	<u>322,268</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers Out - In Lieu of Taxes	0	(400,000)	(1,197,105)	0	(1,597,105)	0
Payments to County	0	0	(347,547)	0	(347,547)	0
Net Cash Provided By (Used In) Non Capital Financing Activities	<u>0</u>	<u>(400,000)</u>	<u>(1,544,652)</u>	<u>0</u>	<u>(1,944,652)</u>	<u>0</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Advances from TVA	0	0	(181,032)	0	(181,032)	0
Acquisition of Conservation Loans	0	0	212,274	0	212,274	0
Proceeds from Sale of Capital Assets	47,000	0	0	5,050	52,050	0
Acquisition of Capital Assets	(70,532)	(2,008,699)	(3,229,782)	(2,028,160)	(7,337,173)	0
Utility Plant Removal Costs	0	0	25,270	0	25,270	0
Principal Paid on Long-Term Debt	0	(1,880,000)	(1,035,000)	(775,000)	(3,690,000)	0
Interest Paid on Long-Term Debt	0	(1,121,157)	(273,942)	(38,155)	(1,433,254)	0
Proceeds From Issuance of Long-Term Debt	0	0	2,961,429	1,218,491	4,179,920	0
Bond Issuance Costs, Net	0	0	(61,429)	(18,491)	(79,920)	0
Grant Proceeds	0	973,792	0	0	973,792	0
Net Cash Flows Provided By (Used In) Capital and Related Financing Activities	<u>(23,532)</u>	<u>(4,036,064)</u>	<u>(1,582,212)</u>	<u>(1,636,265)</u>	<u>(7,278,073)</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of Investments	0	0	(2,900,000)	(6,000,000)	(8,900,000)	0
Interest and Dividends on Investments	424	15,201	10,196	993	26,814	1,556
Net Cash Flows Provided By (Used In) Investing Activities	<u>424</u>	<u>15,201</u>	<u>(2,889,804)</u>	<u>(5,999,007)</u>	<u>(8,873,186)</u>	<u>1,556</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	292,866	3,610,595	(1,632,249)	(4,293,941)	(2,022,729)	323,824
CASH & CASH EQUIVALENTS - July 1st	<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>
CASH & CASH EQUIVALENTS - June 30th	<u>\$ 1,043,972</u>	<u>\$ 17,820,321</u>	<u>\$ 6,573,744</u>	<u>\$ 13,525,397</u>	<u>\$ 38,963,434</u>	<u>\$ 4,387,285</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, 2022

	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	\$ 117,446	\$ 4,411,224	\$ 3,217,545	\$ 2,093,233	\$ 9,839,448	\$ 635,332
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:						
Depreciation	130,384	2,931,221	3,593,829	765,933	7,421,367	0
Changes in Assets and Liabilities						
Accounts Receivable	100,786	1,255,210	(2,208,923)	(106,013)	(958,940)	(255,825)
Due from Other Funds	0	(665,856)	(107,979)	1,316	(772,519)	0
Other Current Assets	0	(9,324)	0	0	(9,324)	0
Other Receivables	0	0	166,012	0	166,012	0
Prepaid Expenses	0	0	(655,600)	0	(655,600)	0
Materials and Supplies	0	(189,108)	(701,147)	0	(890,255)	0
Net Pension Asset	(147,764)	(761,288)	(1,113,160)	(326,868)	(2,349,080)	0
Deferred Outflows - Pension Expense	(63,502)	(285,888)	(418,845)	(117,797)	(886,032)	0
Deferred Outflows - OPEB	(37,173)	(187,203)	(384,131)	(109,374)	(717,881)	0
Accounts Payable	(1,751)	292,063	1,387,424	27,711	1,705,447	21,052
Other Accrued Liabilities	2,646	9,543	301,262	33,522	346,973	(78,291)
Due to Other Funds	0	0	68,265	54,241	122,506	0
Net Pension Liability	(76,946)	(1,126,201)	(2,022,036)	(382,477)	(3,607,660)	0
OPEB Liability	14,567	73,359	150,529	42,860	281,315	0
Deferred Inflows - Pension Expense	222,829	1,631,400	2,644,972	628,220	5,127,421	0
Deferred Inflows - OPEB	21,297	107,254	220,078	62,663	411,292	0
Deferred Revenue	0	506,809	0	0	506,809	0
Customer Deposits	0	0	166,885	0	166,885	0
Other Revenue (Expense)	12,515	77,161	0	207,205	296,881	0
Closure and Postclosure Care Costs	0	0	0	496,560	496,560	0
Compensated Absences	20,640	(38,918)	79,439	(29,604)	31,557	0
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>\$ 315,974</u>	<u>\$ 8,031,458</u>	<u>\$ 4,384,419</u>	<u>\$ 3,341,331</u>	<u>\$ 16,073,182</u>	<u>\$ 322,268</u>
SUPPLEMENTARY SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital Asset Contributions	\$ 0	\$ 928,913	\$ 0	\$ 0	\$ 928,913	\$ 0
Gain/(Loss) on Disposal of Capital Assets	47,000	0	0	5,050	52,050	0
Amortization (Accretion) of Deferred						
Amount on Refunding	0	(211,200)	(26,387)	0	(237,587)	0
Amortization (Accretion) of Bond Premium	0	49,444	0	5,375	54,819	0
Deferred Credits/Regulatory Charges	0	0	140,692	16,667	157,359	0
Change in Fair Value of Investments	0	0	3,695	(77,491)	(73,796)	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, 2022

ASSETS	
Investments in Tennessee Retirement Group Trust	\$ <u>28,057,613</u>
LIABILITIES	\$ <u>0</u>
NET POSITION	
Restricted for Pension Benefits	<u>28,057,613</u>
TOTAL NET POSITION	\$ <u>28,057,613</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
June 30, 2022

Additions	
Employer Contributions	\$ 1,448,328
Investment Income (Loss):	
Investment Income (Loss)	(1,059,882)
Less Investment Expenses	<u>(31,655)</u>
Net Investment Income	<u>(1,091,537)</u>
Total Additions	<u>356,791</u>
Deductions	
Administrative Expenses	20,185
Benefit Payments	<u>3,070,188</u>
Total Deductions	<u>3,090,373</u>
Change in Net Position	(2,733,582)
Net Position Restricted for Pension Benefits - Beginning of Year	<u>30,791,195</u>
Net Position Restricted for Pension Benefits - End of Year	<u><u>\$ 28,057,613</u></u>

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

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Alcoa Intermediate School Construction Fund: The Alcoa Intermediate School Construction Fund is used to account for expenditures incurred for the construction of the intermediate school addition.

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, 2022, unbilled revenue was estimated to be \$1,140,376. For the Water and Sewer Utility at June 30, 2022, unbilled revenue was estimated to be \$391,106.

Investments - Investments are carried at fair value. State statutes authorize the City to invest in obligations of federal treasuries and agencies, certificates of deposit, and the state investment pool.

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):

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

<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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

The City adopted the provisions of GASB Statement No. 87, *Leases*. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes inflows of resources or outflows of resources based on the payment provisions of the contract. This standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-sue lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Adoption of this standard had no significant impact on the City's financials 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 2022 budgeted expenditures and other financing uses by additional appropriations for the following major governmental funds:

Fund	Original Budget	Revisions	Final Budget
General Fund	\$ 22,542,038	\$ 750,000	\$ 23,292,038
Education Fund	\$ 24,573,000	\$ 1,168,000	\$ 25,741,000

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, 2022 were balances in the State Treasurer's Local Government Investment Pool (LGIP) in the amount of \$6,060,683. 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

Investments - Investments are stated at estimated fair value. State statutes authorize the City to invest in obligations of federal treasuries and agencies, certificates of deposit, and the state investment pool.

Investment Policies:

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates the City's investment policies limit investments to terms of no more than four years. As of June 30, 2022, the average weighted maturity of the Utilities portfolio was 2 months.

Credit Risk - Credit risk is the risk that the issuer, or other counterparty to an investment, will not fulfill its obligations. Investing is performed in accordance with investment policies which comply with applicable state statutes. The City's Investment Policy allows only investments in the highest-grade securities. As of June 30, 2022, the City's investment holdings were in compliance with state statutes.

Custodial Credit Risk - Investments - For an investment, custodial credit risk is the risk that, in the event of failure of the custodian, the City will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The City's investments are typically uninsured and unregistered investments for which the securities are held by the custodian's trust department or agent in the Utility's name. Certificates of deposit are secured by collateral held by the State's Collateral Pool. These would again include uninsured and unregistered investments for which the securities are held by the custodian's trust department or agent in the State's name.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City has no limit on the amount it may invest in any one issuer. As of June 30, 2022, all of the City's investments are in United States Treasury Bills which are securities issued by the government of the United States of America. All U.S. Government Treasury investments have an Aaa credit rating.

As of June 30, 2022, the City had the following investments and related maturities.

	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 - 2 Years</u>	<u>2 - 4 Years</u>
Investments:				
U.S. Treasuries	\$ <u>22,896,113</u>	\$ <u>18,905,446</u>	\$ <u>3,990,667</u>	\$ <u>0</u>

Fair Value:

GASB Statement 72 Fair Value Measurements and Disclosures (GASB 72) defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GASB 72 also established a fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1: Quoted priced in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

(B) INVESTMENTS (Continued)

The City has the following recurring fair value measurement as of June 30, 2022:

U.S. Treasuries: Actively traded individual debt securities are valued at the quoted market prices for identical assets in active markets. For non-actively traded individual debt securities are valued using pricing models that maximize the use of observable inputs or similar securities which includes the yield currently available on comparable securities of issuers with similar maturities and credit ratings.

Below is a table that present information about certain assets measured at estimated fair value on a recurring basis:

	Carrying Amount in the Statement of Net Position	Fair Value Measurement Using		
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of June 30, 2022				
U.S. Treasuries	\$ 22,896,113	\$ 22,896,113	\$ 0	\$ 0

(C) INVESTMENTS - TCRS STABILIZATION TRUST / EMPLOYEE RETIREMENT SYSTEM OF THE CITY OF ALCOA

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, 2022, 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.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

(C) INVESTMENTS - TCRS STABILIZATION TRUST / EMPLOYEE RETIREMENT SYSTEM OF THE CITY OF ALCOA (Continued)

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.

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, 2022, 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	\$ 38,917	\$ 8,697,860	\$ 8,736,777
Developed Market International Equity	N/A	N/A	17,576	3,928,066	3,945,642
Emerging Market International Equity	N/A	N/A	5,022	1,122,305	1,127,327
U.S. Fixed Income	N/A	N/A	25,108	5,611,523	5,636,631
Real Estate	N/A	N/A	12,554	2,805,760	2,818,314
Short-Term Securities	N/A	N/A	1,255	280,576	281,831
NAV - Private Equity and Strategic Lending	N/A	N/A	25,108	5,611,523	5,636,631
Total			\$ 125,540	\$ 28,057,613	\$ 28,183,153

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

(C) INVESTMENTS - TCRS STABILIZATION TRUST / EMPLOYEE RETIREMENT SYSTEM OF THE CITY OF ALCOA (Continued)

	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	\$ 8,736,777	\$ 8,736,777	\$ 0	\$ 0	\$ 0
Developed Market International Equity	3,945,642	3,945,642	0	0	0
Emerging Market International Equity	1,127,327	1,127,327	0	0	0
U.S. Fixed Income	5,636,631	0	5,636,631	0	0
Real Estate	2,818,314	0	0	2,818,314	0
Short-Term Securities	281,831	0	281,831	0	0
Private Equity and Strategic Lending	5,636,631	0	0	0	5,636,631
Total	<u>\$ 28,183,153</u>	<u>\$ 13,809,746</u>	<u>\$ 5,918,462</u>	<u>\$ 2,818,314</u>	<u>\$ 5,636,631</u>

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.

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/2021/2021TCRSReport_Full%20Report.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, 2022 was \$2.27 per \$100 of assessed value.

Property taxes levied for 2021 and prior years, but uncollected as of June 30, 2022, 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, 2022 is \$54,178. The taxes collected during the fiscal year ended June 30, 2022, and those taxes expected to be collected in the subsequent sixty (60) days, are recognized as revenues in the fiscal year ended June 30, 2022. The remainder of net property taxes receivable are recorded as deferred revenue.

Property taxes levied for the fiscal year ending June 30, 2022 are recorded as receivables and deferred revenue.

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

As of June 30, 2022, 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	\$ 16,036	\$ 0	\$ 16,036
Debt Service Fund	<u>13,758</u>	<u>(795,397)</u>	<u>(781,639)</u>
Total Governmental Activities	<u>\$ 29,794</u>	<u>\$ (795,397)</u>	<u>\$ (765,603)</u>
Business-Type Activities			
Water and Sewer Utility	\$ 744,639	\$ 0	\$ 744,639
Electric Utility	246,155	(170,950)	75,205
Landfill	<u>0</u>	<u>(54,241)</u>	<u>(54,241)</u>
Total Business-Type Activities	<u>\$ 990,794</u>	<u>\$ (225,191)</u>	<u>\$ 765,603</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.

Transfers during the year are as follows:

<u>Transfers From:</u>	<u>Transfers to:</u>						
	General Fund	Debt Service Fund	Education Fund	West Plant Construction Fund	AIS Construction Fund	Nonmajor Governmental Funds	Total
General Fund	\$ 0	\$ 6,029,590	\$ 170,000	\$ 1,753,500	\$ 925,000	\$ 574,550	\$ 9,452,640
AIS Construction Fund	1,661,333	0	350,000	0	0	0	2,011,333
Nonmajor Governmental Funds	0	0	0	0	0	1,500,000	1,500,000
Education Fund	0	0	0	0	600,000	0	600,000
Water & Sewer Utility Fund	400,000	0	0	0	0	0	400,000
Electric Utility Fund	<u>1,197,105</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,197,105</u>
Total	<u>\$ 3,258,438</u>	<u>\$ 6,029,590</u>	<u>\$ 520,000</u>	<u>\$ 1,753,500</u>	<u>\$ 1,525,000</u>	<u>\$ 2,074,550</u>	<u>\$ 15,161,078</u>

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, 2022 is as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,197,303	\$ 0	\$ 0	\$ 2,197,303
Construction in Progress	10,486,510	14,709,347	(10,832)	25,185,025
Total Capital Assets, Not Being Depreciated	12,683,813	14,709,347	(10,832)	27,382,328
Capital Assets, Being Depreciated / Amortized:				
Buildings	64,529,907	0	0	64,529,907
Parks & Greenways	10,417,816	12,502	0	10,430,318
Improvements	16,679,022	0	0	16,679,022
Swimming Pools	1,047,667	0	0	1,047,667
Infrastructure	46,291,341	18,351	0	46,309,692
Lease Assets:				
Buildings (Civic Arts Center)	9,142,400	0	0	9,142,400
Communications Equipment	751,750	1,149,908	(751,750)	1,149,908
Equipment	0	794,453	0	794,453
Equipment and Vehicles	12,180,289	1,435,467	(65,884)	13,549,872
Total Capital Assets, Being Depreciated / Amortize	161,040,192	3,410,681	(817,634)	163,633,239
Less Accumulated Depreciation for:				
Buildings	(19,390,735)	(1,260,806)	0	(20,651,541)
Parks & Greenways	(2,016,502)	(341,332)	0	(2,357,834)
Improvements	(10,343,474)	(548,276)	0	(10,891,750)
Swimming Pools	(961,354)	(86,313)	0	(1,047,667)
Infrastructure	(24,476,719)	(1,117,329)	0	(25,594,048)
Capital Lease	(4,645,735)	(558,021)	751,750	(4,452,006)
Equipment and Vehicles	(9,368,463)	(713,792)	65,884	(10,016,371)
Total Accumulated Depreciation	(71,202,982)	(4,625,869)	817,634	(75,011,217)
Total Capital Assets, Being Depreciated, Net	89,837,210	(1,215,188)	0	88,622,022
Governmental Activities Capital Assets, Net	\$ 102,521,023	\$ 13,494,159	\$ (10,832)	\$ 116,004,350

NOTE 6 - CAPITAL ASSETS (Continued)

	Balance <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2022</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land and Land Rights	\$ 3,897,415	\$ 1,125,158	\$ 0	\$ 5,022,573
Construction in Progress	<u>3,924,295</u>	<u>2,308,896</u>	<u>(2,242,812)</u>	<u>3,990,379</u>
Total Capital Assets, Not Being Depreciated	<u>7,821,710</u>	<u>3,434,054</u>	<u>(2,242,812)</u>	<u>9,012,952</u>
Capital Assets, Being Depreciated:				
Electric Plant in Service:				
Transmission	16,688,263	32,717	0	16,720,980
Distribution	65,720,350	3,839,334	(435,845)	69,123,839
General	13,805,902	321,236	(197,957)	13,929,181
Water & Sewer Plant in Service	96,257,583	1,930,839	(22,950)	98,165,472
Stormwater in Service	2,910,422	70,533	(168,940)	2,812,015
Landfill in Service	<u>15,054,953</u>	<u>880,185</u>	<u>(47,695)</u>	<u>15,887,443</u>
Total Capital Assets, Being Depreciated	<u>210,437,473</u>	<u>7,074,844</u>	<u>(873,387)</u>	<u>216,638,930</u>
Less Accumulated Depreciation for:				
Electric Plant in Service:				
Transmission	(9,993,971)	(500,491)	0	(10,494,462)
Distribution	(31,341,745)	(2,616,864)	435,844	(33,522,765)
General	(6,378,263)	(476,473)	172,687	(6,682,049)
Water & Sewer Plant in Service	(39,198,336)	(2,931,221)	22,950	(42,106,607)
Stormwater in Service	(823,272)	(130,384)	168,939	(784,717)
Landfill in Service	<u>(12,603,268)</u>	<u>(765,933)</u>	<u>47,696</u>	<u>(13,321,505)</u>
Total Accumulated Depreciation	<u>(100,338,855)</u>	<u>(7,421,366)</u>	<u>848,116</u>	<u>(106,912,105)</u>
Total Capital Assets, Being Depreciated, Net	<u>110,098,618</u>	<u>(346,522)</u>	<u>(25,271)</u>	<u>109,726,825</u>
Business-Type Activities Capital Assets, Net	<u>\$ 117,920,328</u>	<u>\$ 3,087,532</u>	<u>\$ (2,268,083)</u>	<u>\$ 118,739,777</u>

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

General Government	\$ 1,073,496
Public Safety	810,850
Public Works	1,279,156
Education	<u>1,462,367</u>
	<u>\$ 4,625,869</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, 2022 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$77,370,000 - 2008 Local Government Improvement Bonds, Series E-5-B - due in annual installments of \$100,000 to \$2,090,000 through June 2036, variable interest 4.00% to 5.00%.	\$ 6,805,000	\$ 37,185,000	\$ 43,990,000
\$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%.	3,430,000	5,010,000	8,440,000
\$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%.	8,585,000	0	8,585,000
\$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%.	6,755,000	1,990,000	8,745,000
\$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%.	25,525,000	2,065,000	27,590,000
\$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	3,915,000	3,915,000
\$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%.	3,180,000	1,600,000	4,780,000
\$22,900,000 - 2022A General Obligation Bonds - due in annual installments of \$90,000 to \$1,085,000 through June 2052, variable interest 3.00% to 5.00%.	19,240,000	3,660,000	22,900,000
\$8,475,000 - 2022B General Obligation Refunding Bonds - due in annual installments of \$255,000 to \$505,000 through June 2045, variable interest 3.00% to 4.00%.	8,475,000	0	8,475,000
Total General Obligation Bonds	<u>\$ 88,300,000</u>	<u>\$ 64,780,000</u>	<u>\$ 153,080,000</u>

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 February 11, 2022, the City issued \$22,900,000 General Obligation Bonds, Series 2022A, maturing on June 1, 2052, with interest rates ranging from 3.00% to 5.00%. Of the Series 2022A, \$19,240,000 has been allocated to governmental activities and the remaining \$3,660,000 to business-type activities. The Series 2022A provided a premium of \$2,607,518. Of the Series 2022A premium, \$2,087,598 is allocated to governmental activities and the remaining \$519,920 to business-type activities. The governmental-type allocation provides funding for the Alcoa Intermediate School expansion, two new fire trucks, tennis court resurfacing, and infrastructure related to the Smith and Wesson project. The business-type allocation provides funding for a new transformer for the Electric Department and land for the Landfill Fund.

On April 22, 2022, the City issued \$8,475,000 General Refunding Obligation Bonds, Series 2022B, maturing on June 30, 2045, with interest rates ranging from 3.00% to 4.00%. Of the Series 2022B, the entire amount of the bond as well as the associated premium of \$243,865 was fully allocated to governmental-type activities. The issuance refunded the General Obligation Bonds, Series 2015. The refunding reduced cash flows required for future debt service to be repaid by the City by \$874,471. 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 \$516,908.

The following is a summary of debt transactions of the City for the fiscal year ended June 30, 2022:

	<u>Debt Payable</u> <u>July 1, 2021</u>	<u>Debt</u> <u>Issued</u>	<u>Debt</u> <u>Retired</u>	<u>Debt</u> <u>Refunded</u>	<u>Debt Payable</u> <u>June 30, 2022</u>
General Obligation Bonds	\$ <u>138,070,000</u>	\$ <u>31,375,000</u>	\$ <u>7,645,000</u>	\$ <u>8,720,000</u>	\$ <u>153,080,000</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	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 3,215,000	\$ 2,754,844	\$ 3,365,000	\$ 2,205,408	\$ 6,580,000	\$ 4,960,252
2024	3,910,000	2,702,129	3,670,000	2,096,138	7,580,000	4,798,267
2025	3,990,000	2,577,527	3,765,000	1,972,578	7,755,000	4,550,105
2026	4,090,000	2,447,979	3,885,000	1,845,028	7,975,000	4,293,007
2027	3,595,000	2,314,642	3,690,000	1,717,298	7,285,000	4,031,940
2028 - 2032	18,835,000	9,533,120	18,360,000	6,533,143	37,195,000	16,066,263
2033 - 2037	20,885,000	6,360,325	12,290,000	3,815,675	33,175,000	10,176,000
2038 - 2042	15,870,000	3,561,415	13,140,000	1,725,613	29,010,000	5,287,028
2043 - 2047	8,845,000	1,468,049	1,825,000	214,030	10,670,000	1,682,079
2048 - 2052	5,065,000	443,500	790,000	55,688	5,855,000	499,188
Totals	<u>\$ 88,300,000</u>	<u>\$ 34,163,530</u>	<u>\$ 64,780,000</u>	<u>\$ 22,180,599</u>	<u>\$ 153,080,000</u>	<u>\$ 56,344,129</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 an 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.

Communications Equipment

In 2022, the City entered into an agreement with Blount County, Tennessee to acquire emergency communication equipment with Blount County being the lessor. The City's prorata share of the cost was \$1,149,908 and the City is required to make annual payments of \$121,381 including interest at 1.20% for 10 years.

Other Capitalized Lease Obligations

From time to time the City enters into smaller lease agreements during the normal course of its operations. As of June 30, 2022, these additional leases account for \$609,126 of the total lease amount.

Changes in lease obligations for the year end June 30, 2022 were:

	Balance July 1, 2021	Issued	Payments	Balance June 30, 2022
Civic Center	\$ 6,500,000	\$ 0	\$ 310,000	\$ 6,190,000
Communications Equipment	0	1,149,908	121,260	1,028,648
Novatech Copiers	0	145,838	24,082	121,756
Tasers	0	327,493	69,481	258,012
Body Cameras	0	279,499	50,141	229,358
Canon Copiers	0	41,623	6,040	35,583
Total	<u>\$ 6,500,000</u>	<u>\$ 1,944,361</u>	<u>\$ 581,004</u>	<u>\$ 7,863,357</u>

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

Fiscal Years Ending June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 572,820	\$ 310,835
2024	594,396	289,632
2025	620,102	268,625
2026	640,957	246,569
2027	563,782	224,927
2028 - 2032	2,706,300	811,848
2033- 2036	2,165,000	247,725
Totals	<u>\$ 7,863,357</u>	<u>\$ 2,400,161</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, 2022:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental Activities					
Debt Payable:					
General Obligation Bonds	\$ 73,260,000	\$ 27,715,000	\$ 12,675,000	\$ 88,300,000	\$ 3,215,000
Premium on Bond Issuance	3,381,193	2,331,463	138,035	5,574,621	218,224
Total Debt Payable	<u>76,641,193</u>	<u>30,046,463</u>	<u>12,813,035</u>	<u>93,874,621</u>	<u>3,433,224</u>
Other Liabilities:					
Capital Lease Obligations	6,500,000	1,944,361	581,004	7,863,357	572,820
Compensated Absences	1,028,553	794,452	815,140	1,007,865	1,007,865
Total Other Liabilities	<u>7,528,553</u>	<u>2,738,813</u>	<u>1,396,144</u>	<u>8,871,222</u>	<u>1,580,685</u>
Total Liabilities	<u>\$ 84,169,746</u>	<u>\$ 32,785,276</u>	<u>\$ 14,209,179</u>	<u>\$ 102,745,843</u>	<u>\$ 5,013,909</u>
Business-Type Activities					
Debt Payable:					
General Obligation Bonds	\$ 64,810,000	\$ 3,660,000	\$ 3,690,000	\$ 64,780,000	\$ 3,365,000
Premium on Bond Issuance	836,585	519,920	54,819	1,301,686	76,449
Total Debt Payable	<u>65,646,585</u>	<u>4,179,920</u>	<u>3,744,819</u>	<u>66,081,686</u>	<u>3,441,449</u>
Other Liabilities:					
Compensated Absences	1,015,292	626,226	594,669	1,046,849	1,046,849
Total Liabilities	<u>\$ 66,661,877</u>	<u>\$ 4,806,146</u>	<u>\$ 4,339,488</u>	<u>\$ 67,128,535</u>	<u>\$ 4,488,298</u>

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, 2022 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	\$ 5,080,934	\$ 0	\$ 13,400,741	\$ 108,243	\$ 18,589,918
Net Pension Liability	\$ 6,375,703	\$ 0	\$ 51,120	\$ 0	\$ 0	\$ 6,426,823
Pension Deferred Outflow s	\$ 1,448,328	\$ 5,787,823	\$ 791,548	\$ 4,681,152	\$ 88,679	\$ 12,797,530
Pension Deferred Inflow s	\$ 3,463,706	\$ 7,284,484	\$ 141,871	\$ 11,863,102	\$ 91,308	\$ 22,844,471
Pension Expense (Negative Expense)	\$ (1,522,783)	\$ (57,527)	\$ 260,354	\$ (2,083,699)	\$ 12,553	\$ (3,391,102)

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:

	Condition/Benefit
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, 2021, the following City employees were covered by the System:

Inactive Employees or Beneficiaries Currently Receiving Benefits	172
Inactive Employees Entitled to, but not yet Receiving Benefits	9
Active Employees Entitled to, but not yet Receiving Benefits	24
Total	205

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, 2022, the employer contributions for the City to the System were \$1,448,328 based on a rate of 66.54% of covered payroll.

Net Pension Liability

Pension Liability - The City's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of July 1, 2022.

Actuarial Assumptions - The total pension liability as of the July 1, 2022 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).
Mortality Rates:	110% of the SOA PubG-2010 Mortality Tables, with current and future mortality improvement estimated by projecting improvement using Scale MP-2021.
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.
Asset Valuation Method:	Fair market value

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, 2020</u>	\$ 37,456,654	\$ 25,986,985	\$ 11,469,669
Changes for the Year:			
Service Cost	146,377	0	146,377
Interest	2,615,595	0	2,615,595
Difference between Expected and Actual Experience	0	0	0
Changes of Assumptions	0	0	0
Contributions - Employer	0	1,397,040	(1,397,040)
Net Investment Income	0	6,504,510	(6,504,510)
Benefit Payments - Including Refunds of Employee Contributions	(3,051,726)	(3,051,726)	0
Administrative Expenses	0	(45,612)	45,612
Net Changes	<u>(289,754)</u>	<u>4,804,212</u>	<u>(5,093,966)</u>
<u>Balances at June 30, 2021</u>	<u>\$ 37,166,900</u>	<u>\$ 30,791,197</u>	<u>\$ 6,375,703</u>

The components of the net pension liability at June 30, 2021 were as follows:

Total Pension Liability (7.25%)	\$ 37,166,898
Plan Fiduciary Net Position	<u>(30,791,195)</u>
Net Pension Liability	<u>\$ 6,375,703</u>

Plan Fiduciary Net Position as a % of Total Pension Liability 82.85%

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) 2021	<u>\$ 9,888,671</u>	<u>\$ 6,375,703</u>

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

For the fiscal year ended June 30, 2022, the City recognized pension expense (negative pension expense) of (\$1,522,783). At June 30, 2022, the City reported deferred outflows of resources and deferred inflow of resources related to the System from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 0	\$ 3,463,706
Contributions Subsequent to the Measurement Date of June 30, 2021	<u>1,448,328</u>	<u>0</u>
Total	<u>\$ 1,448,328</u>	<u>\$ 3,463,706</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2021" will be recognized as a reduction to net pension liability in the following measurement period.

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

For the Years ended June 30,

2023	\$ (881,692)
2024	(826,555)
2025	(819,041)
2026	(936,418)

(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.

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) - TCRS

Net Pension Liability (Asset) - The net pension liability (asset) for each plan was measured as of June 30, 2021, 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	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.0%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of Assumptions - In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions.

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, 2020 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 2.25%. 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:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88%	31%
Developed Market International Equity	5.37%	14%
Emerging Markets International Equity	6.09%	4%
Private Equity and Strategic Lending	6.57%	20%
U.S. Fixed Income	1.20%	20%
Real Estate	4.38%	10%
Short-Term Securities	0.00%	1%
Total		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based in a blending of the three factors described above.

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) - TCRS (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. 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.

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	85
Inactive Employees Entitled to, but not yet Receiving Benefits	94
Active Employees	187
Total	366

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

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

General Information about the Pension Plan (Continued)

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, 2022, employer contributions for the City were \$1,809,310 based on a rate of 15.87% 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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<u>Balances at June 30, 2020</u>	<u>\$ 50,787,545</u>	<u>\$ 48,814,408</u>	<u>\$ 1,973,137</u>
Changes for the Year:			
Service Cost	908,297	0	908,297
Interest	3,691,414	0	3,691,414
Difference between Expected and Actual Experience	(415,448)	0	(415,448)
Changes of Assumptions	3,197,909	0	3,197,909
Contributions - Employer	0	1,828,104	(1,828,104)
Net Investment Income	0	12,625,054	(12,625,054)
Benefit Payments - Including Refunds of Employee Contributions	(1,559,574)	(1,559,574)	0
Administrative Expenses	0	(16,915)	16,915
Net Changes	<u>5,822,598</u>	<u>12,876,669</u>	<u>(7,054,071)</u>
<u>Balances at June 30, 2021</u>	<u>\$ 56,610,143</u>	<u>\$ 61,691,077</u>	<u>\$ (5,080,934)</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 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset) 2021	<u>\$ 3,285,676</u>	<u>\$ (5,080,934)</u>	<u>\$ (11,999,904)</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 (Negative Pension Expense) - For the year ended June 30, 2022, the City recognized pension expense (negative pension expense) of (\$57,527).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, 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	\$ 970,944	\$ 544,235
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	6,740,249
Changes of Assumptions	3,007,569	0
Contributions Subsequent to the Measurement Date of June 30, 2021	<u>1,809,310</u>	<u>0</u>
Total	<u>\$ 5,787,823</u>	<u>\$ 7,284,484</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2021,” 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>	
2023	\$ (864,201)
2024	(780,046)
2025	(798,979)
2026	(1,326,494)
2027	463,749

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, 2022.

(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, 2021, 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	11
Active Employees	<u>132</u>
Total	<u><u>143</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, 2022, the employer contributions for the City were \$400,552 based on a rate of 5.68% 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</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
<u>Balances at June 30, 2020</u>	<u>\$ 922,663</u>	<u>\$ 861,991</u>	<u>\$ 60,672</u>
Changes for the Year:			
Service Cost	236,998	0	236,998
Interest	84,075	0	84,075
Difference between Expected and Actual Experience	90,530	0	90,530
Changes of Assumptions	147,300	0	147,300
Contributions - Employer	0	317,714	(317,714)
Net Investment Income	0	261,906	(261,906)
Administrative Expenses	0	(11,165)	11,165
Net Changes	<u>558,903</u>	<u>568,455</u>	<u>(9,552)</u>
<u>Balances at June 30, 2021</u>	<u>\$ 1,481,566</u>	<u>\$ 1,430,446</u>	<u>\$ 51,120</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 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net Pension Liability (Asset) 2021	\$ 459,008	\$ 51,120	\$ (258,267)

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

Pension Expense - For the year ended June 30, 2022, the City recognized pension expense of \$260,354.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2022, 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	\$ 252,646	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	141,871
Changes of Assumptions	138,350	0
Contributions Subsequent to the Measurement Date of June 30, 2021	<u>400,552</u>	<u>0</u>
Total	<u>\$ 791,548</u>	<u>\$ 141,871</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2021,” 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>	
2023	\$ 2,568
2024	3,091
2025	3,265
2026	0
2027	37,660
Thereafter	202,541

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, 2022, 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 \$400,552 to the plan during 2022 which represents 5% of covered payroll. Covered payroll for the City for the year ended June 30, 2022 was \$7,051,984.

(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, 2022 to the Teacher Legacy Pension Plan were \$1,045,970 which is 10.03% 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, 2022, the Alcoa City Schools reported a liability (asset) of \$(13,400,741) for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, Alcoa City Schools' proportion was 0.310688%. The proportion measured as of June 30, 2020 was 0.304050%.

Pension Expense (Negative Pension Expense) - For the year ended June 30, 2022, Alcoa City Schools recognized pension expense (negative pension expense) of \$(2,083,699).

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, 2022, 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	\$ 45,034	\$ 1,117,665
Changes of Assumptions	3,580,454	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	10,686,792
Changes in Proportion of Net Pension Liability (Asset)	9,694	58,645
LEAs Contributions Subsequent to the Measurement Date of June 30, 2021	<u>1,045,970</u>	<u>0</u>
Total	<u>\$ 4,681,152</u>	<u>\$ 11,863,102</u>

Alcoa City Schools' employer contributions of \$1,045,970 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, 2023. 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,

2023	\$ (1,957,090)
2024	(1,865,708)
2025	(1,521,066)
2026	(2,884,056)

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 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ <u>(2,384,881)</u>	\$ <u>(13,400,741)</u>	\$ <u>(22,568,135)</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, 2022, 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, 2022.

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, 2022 to the Teacher Retirement Plan were \$89,673, 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, 2022, Alcoa City Schools reported a liability (asset) of (\$108,243) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, 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, 2021, Alcoa City Schools' proportion was 0.099928%. The proportion measured as of June 30, 2020 was 0.088480%.

Pension Expense - For the year ended June 30, 2022, Alcoa City Schools' recognized a pension expense of \$12,553.

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, 2022, 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	\$ 1,883	\$ 19,806
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	62,308
Changes of Assumptions	39,042	0
Changes in Proportion of Net Pension Liability (Asset)	2,855	9,194
LEAs Contributions Subsequent to the Measurement Date of June 30, 2021	<u>44,899</u>	<u>0</u>
Total	<u>\$ 88,679</u>	<u>\$ 91,308</u>

Alcoa City Schools employer contributions of \$44,899, 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, 2023. 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,

2023	\$ (14,278)
2024	(13,937)
2025	(13,840)
2026	(15,408)
2027	1,211
Thereafter	8,724

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 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ <u>37,211</u>	\$ <u>(108,243)</u>	\$ <u>(215,521)</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, 2022, 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, 2022.

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, 2022, the Alcoa City Schools recognized pension expense of \$112,562. 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, 2022.

(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 \$23,231,806 as of June 30, 2022.

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, 2022, 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	\$ 6,334,085	\$ 5,041,503	\$ 11,375,588
Other Postemployment Benefit Outflows	\$ 1,922,209	\$ 1,125,440	\$ 3,047,649
Other Postemployment Benefit Inflows	\$ 995,367	\$ 1,534,826	\$ 2,530,193
Other Postemployment Benefit Expense	\$ (46,362)	\$ 128,424	\$ 82,062

Governmental activities net OPEB liabilities are generally liquidated by the City OPEB Insurance Fund and Schools OPEB Insurance Fund.

(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, 2022, the following employees of the City were covered by the benefit terms of the Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	62
Inactive Employees Entitled to, but not yet Receiving Benefits	0
Active Employees	<u>279</u>
Total	<u><u>341</u></u>

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, 2022, the City paid \$577,807 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, 2022 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	6.00% graded uniformly to 5.50% over 2 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, 2022 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, 2022 was 4.09%. 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, 2021</u>	<u>\$ 5,818,019</u>
Changes for the Year	
Service Cost	138,197
Interest	134,998
Experience Losses (Gains)	1,822,429
Changes in Assumptions	(1,001,751)
Benefits Payments	<u>(577,807)</u>
Net Changes	<u>516,066</u>
<u>Balance at June 30, 2022</u>	<u>\$ 6,334,085</u>

Changes in Assumptions - The discount rate was changed from 2.51% as of June 30, 2021 to 4.09% as of June 30, 2022. Mortality was updated from table RP-2014 adjusted to 2006 and projected using scale MP-2017 to table Pri-2012 projected using scale MP-2021. 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 to 6.00% grading to 5.50% over 2 years and following the Getzen model thereafter to an ultimate rate of 3.94% 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 (3.09%) or 1 percentage-point higher (5.09%) than the current discount rate:

	<u>1% Decrease (3.09%)</u>	<u>Current Discount Rate (4.09%)</u>	<u>1% Increase (5.09%)</u>
Total OPEB Liability	<u>\$ 6,758,129</u>	<u>\$ 6,334,085</u>	<u>\$ 5,941,832</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 (4.50%) or 1-percentage-point higher (6.50%) than the current healthcare cost trend rate.

	<u>1% Decrease (4.50%)</u>	<u>Healthcare Cost Trend Rate (5.50%)</u>	<u>1% Increase (6.50%)</u>
Total OPEB Liability	<u>\$ 5,845,709</u>	<u>\$ 6,334,085</u>	<u>\$ 6,893,293</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 (Negative OPEB Expense) - For the fiscal year ended June 30, 2022, the City recognized OPEB expense (negative OPEB expense) of (\$46,362).

Deferred Outflows of Resources and Deferred Inflows of Resources - For the fiscal year ended June 30, 2022, 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 Losses (Gains)	\$ 1,518,691	\$ 160,575
Change in Assumptions	<u>403,518</u>	<u>834,792</u>
Totals as of June 30, 2022	<u>\$ 1,922,209</u>	<u>\$ 995,367</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:

2023	\$ 258,250
2024	258,251
2025	136,779
2026	136,779
2027	<u>136,783</u>
Total	<u>\$ 926,842</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, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	36
Inactive Employees Entitled to, but not yet Receiving Benefits	19
Active Employees	145
Total	200

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 \$158,907 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial Assumptions - The collective total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4%.
Healthcare Cost Trend Rates	7.36% for pre-65 in 2021, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 7.32% for post-65 in 2021, decreasing annually over an 8 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, 2021, valuations were the same as those employed in the July 1, 2020 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, 2016 - June 30, 2020. 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 headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2020. Post-retirement tables are adjusted with a 19% load for males and a 18% 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 with mortality improvement projected to all future years using Scale MP-2020.

Discount Rate - The discount rate used to measure the total OPEB liability was 2.16%. 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, 2021</u>	<u>\$ 6,607,487</u>
Changes for the Year	
Service Cost	368,314
Interest	151,686
Differences Between Expected and Actual Experience	21,193
Changes in Assumptions	(12,744)
Benefits Payments	<u>(225,585)</u>
Net Changes	<u>302,864</u>
<u>Balance at June 30, 2022</u>	<u>\$ 6,910,351</u>
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	\$ 1,868,848
Employer's Proportionate Share of the Collective Total OPEB Liability	\$ 5,041,503
Employer's Proportion of the Collective Total OPEB Liability	\$ 72.96%

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 (1.54)% from the prior measurement date. Alcoa City Schools recognized \$122,980 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 2.21% as of the beginning of the measurement period to 2.16% as of June 30, 2021. 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>(1.16%)</u>	Current Discount Rate (2.16%)	1% Increase <u>(3.16%)</u>
Proportionate Share of Collective Total OPEB Liability	\$ <u>5,455,698</u>	\$ <u>5,041,503</u>	\$ <u>4,657,323</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 (6.36% / 6.32% <u>Decreasing to 3.50%</u>)	Healthcare Cost Trend Rates (7.36% / 7.32% <u>Decreasing to 4.5%</u>)	1% Increase (8.36% / 8.32% <u>Decreasing to 5.50%</u>)
Proportionate Share of Collective Total OPEB Liability	\$ <u>4,437,394</u>	\$ <u>5,041,503</u>	\$ <u>5,756,896</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, 2022, Alcoa City Schools recognized OPEB expense of \$128,424.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the fiscal year ended June 30, 2022, 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	\$ 403,445	\$ 1,039,068
Changes of Assumptions	492,407	329,409
Changes in Proportions	70,681	166,349
Employer Payments Subsequent to the Measurement Date	<u>158,907</u>	<u>0</u>
Totals as of June 30, 2022	<u>\$ 1,125,440</u>	<u>\$ 1,534,826</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>	
2023	\$ (92,039)
2024	(92,039)
2025	(92,039)
2026	(92,039)
2027	(92,039)
Thereafter	<u>(108,098)</u>
Total	<u>\$ (568,293)</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 2022 was \$56,941 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 2022 was \$20,938 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 \$120,000 per specific loss. The City has obtained a stop/loss commercial insurance policy to cover claims beyond the \$120,000 per specific loss. The maximum liability approximates \$100 million for the year (based on 839 covered persons at a maximum of \$120,000 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>
2020	\$ 686,316	\$ 3,780,224	\$ 707,457
2021	707,457	3,865,152	671,197
2022	671,197	3,871,168	592,906

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, 2022, receivables from customers for conservation loans was \$142,494.

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, 2022, the total prepaid TVA power invoice program was \$4,297,864.

NOTE 12 - CONSTRUCTION CONTRACTS

As of June 30, 2022, 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, 2022	Estimated Cost to Complete
Marconi	\$ 10,961,478	\$ 10,728,019	\$ 233,459
Faraday	5,099,807	4,744,396	355,411
Duck Pond GW Ph 3	500,000	91,684	408,316
Greenway Restrooms	200,000	43,285	156,715
Hunters Crossing Curb & Gutter	75,000	14,700	60,300
Bungalow Traffic Signal	195,519	191,895	3,624
Kings Ct - Ped Crossing	541,985	682	541,303
AFD Pumper Trucks	1,512,000	1,500,000	12,000
Amazon GW Trail	1,714,814	48,961	1,665,853
AIS Construction	17,200,000	7,658,572	9,541,428
TDOT Ph 1 Water	112,650	105,921	6,729
TDOT Ph 2 Sewer	289,172	170,126	119,046
TDOT Ph 3 Sewer	200,720	157,520	43,200
TDOT Ph 4 Sewer	167,475	38,653	128,822
TDOT Ph 2 Water	187,168	135,599	51,569
TDOT Ph 3 Water	267,110	145,867	121,243
TDOT Ph 4 Water	157,625	44,314	113,311
Amazon Water	60,000	49,396	10,604
COM WWTP Improvements	3,941,280	973,792	2,967,488
New Cell Construction	1,600,000	229,622	1,370,378
	<u>\$ 44,983,803</u>	<u>\$ 27,073,004</u>	<u>\$ 17,910,799</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 \$107,683 for the year ended June 30, 2022.

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 \$12,790,345 reported as landfill closure and postclosure care liability at June 30, 2022, represents the cumulative amount reported to date based on the use of 28% 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, 2022, 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, 2021, the most recent fiscal year available, is presented below:

Operating Revenues	\$ 1,588,060
Operating Expenses	<u>2,538,052</u>
Operating Income (Loss)	(949,992)
Non-Operating Revenues	<u>1,677,682</u>
Change in Net Position	727,690
Net Position - July 1, 2020	<u>4,821,460</u>
Net Position - June 30, 2021	<u>\$ 5,549,150</u>
Total Assets	<u>\$ 7,129,879</u>
Deferred Outflows of Resources	<u>\$ 300,513</u>
Total Liabilities	<u>\$ 923,406</u>
Deferred Inflows of Resources	<u>\$ 957,836</u>
Net Position	<u>\$ 5,549,150</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, 2022, the City contributed \$588,946 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, 2021, the most recent fiscal year available, is presented below:

Revenues	\$ 3,107,063
Expenditures	<u>3,114,490</u>
Change in Net Position	(7,427)
Net Position - July 1, 2020	<u>2,984,299</u>
Net Position - June 30, 2021	<u>\$ 2,976,872</u>
Total Assets	<u>\$ 2,414,797</u>
Deferred Outflows of Resources	<u>\$ 1,043,558</u>
Total Liabilities	<u>\$ 481,483</u>
Net Position	<u>\$ 2,976,872</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, 2021, the most recent fiscal year available is presented below:

Revenues	\$ 1,057,422
Expenditures	<u>25,016</u>
Excess of Revenue Over Expenditures Before	
Franchise Fee Distributions	1,032,406
Franchise Fee Distributions to County and Cities	<u>1,057,417</u>
Change in Net Position	(25,011)
Net Position - July 1, 2020	<u>32,500</u>
Net Position - June 30, 2021	<u>\$ 7,489</u>
Total Assets	<u>\$ 267,332</u>
Total Liabilities	<u>\$ 259,843</u>
Net Position	<u>\$ 7,489</u>

NOTE 14 - JOINT VENTURES (Continued)

(C) BLOUNT COUNTY CABLE TELEVISION AUTHORITY (Continued)

No joint venture debt was reported on the financial statements of the Authority as of June 30, 2021.

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, 2022, the City contributed \$502,450 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, 2021, the most recent fiscal year available, is presented below:

Revenues	\$ 2,274,710
Expenditures	<u>10,966,452</u>
Change in Net Position	<u>(8,691,742)</u>
Net Position - July 1, 2020	34,784,736
Prior Period Adjustment	<u>(214,852)</u>
Net Position - July, 1 2020 - Restated	<u>34,569,884</u>
Net Position - June 30, 2021	<u>\$ 25,878,142</u>
Total Assets	<u>\$ 69,174,251</u>
Total Liabilities	<u>\$ 43,296,109</u>
Net Position	<u>\$ 25,878,142</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.

On September 30, 2021, Smith & Wesson Brands, Inc. announced plans to move their headquarters to Partnership Park North. Vast infrastructure improvements will be required in order to meet the needs of such a large organization. All associated cost and related revenue will be split based on the funding structure outlined in the Intergovernmental Development Agreement. The City of Alcoa's 30% share of expenditures is estimated to be approximately \$1.2 million. The City issued General Obligation Bonds, Series 2022A, (see Note 7) and appropriated approximately \$780,000 thousand of the bond proceeds to assist with funding the initial infrastructure needs.

(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 has drawn down the full proceeds in accordance with terms of the agreement. 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. During the year ended June 30, 2022, payments totaling \$4,025 were received leaving a remaining outstanding amount due to the City from the Board of \$5,995,975 as of June 30, 2022. In order to fund the loan to the Board, the City issued General Obligation Bonds, Series 2021A (see Note 7) for \$6,305,000.

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.

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>2021</u>	<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	\$ 146,377	\$ 174,173	\$ 167,476	\$ 178,301	\$ 171,443	\$ 205,136	\$ 190,824	\$ 232,880
Interest	2,615,595	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	0
Differences between Actual and Expected Experience	0	462,715	0	219,890	0	117,353	0	547,119
Change of Assumptions	0	894,375	0	789,732	0	(1,221,352)	0	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,051,726)</u>	<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	(289,754)	1,047,281	(212,759)	849,338	(436,071)	(1,036,449)	292,553	843,423
Total Pension Liability - Beginning	<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>	<u>36,109,338</u>
Total Pension Liability - Ending (a)	<u>\$ 37,166,900</u>	<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	\$ 1,397,040	\$ 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	0
Net Investment Income	6,504,510	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>(3,051,726)</u>	<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>(45,612)</u>	<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	4,804,212	(289,848)	272,719	665,181	1,510,690	291,367	207,470	1,439,432
Plan Fiduciary Net Position - Beginning	<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>	<u>21,889,974</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 30,791,197</u>	<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>\$ 6,375,703</u>	<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	82.85%	69.38%	72.17%	71.01%	70.83%	65.81%	63.19%	63.13%
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
Net Pension Liability (Asset) as a Percentage of Covered Payroll	258.22%	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>2022</u>	<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	\$ 1,448,328	\$ 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>1,448,328</u>	<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>\$ 0</u>	<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	\$ 2,176,616	\$ 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	66.54%	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 2022 were calculated based on July 1, 2022 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Asset valuation	Fair 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
Mortality	SOA PubG-2010 mortality tables for empourees, retirees, disabled retirees and contingent survivors, with current and future mortality improvement estimated by using Scale MP-2021
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

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 908,297	\$ 910,481	\$ 924,323	\$ 924,442	\$ 931,368	\$ 948,025	\$ 904,768	\$ 894,770
Interest	3,691,414	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	0
Differences between Actual and Expected Experience	(415,448)	(176,721)	382,156	(163,031)	1,792,558	(36,221)	361,622	(23,187)
Change of Assumptions	3,197,909	0	0	0	913,725	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(1,559,574)	(1,443,310)	(1,342,601)	(1,187,648)	(1,001,168)	(868,269)	(798,854)	(713,405)
Net Change in Total Pension Liability	5,822,598	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	50,787,545	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>\$ 56,610,143</u>	<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	\$ 1,828,104	\$ 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	0
Net Investment Income	12,625,054	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	(1,559,574)	(1,443,310)	(1,342,601)	(1,187,648)	(1,001,168)	(868,269)	(798,854)	(713,405)
Administrative Expense	(16,915)	(18,064)	(18,790)	(20,690)	(18,845)	(18,410)	(12,952)	(10,211)
Net Change in Plan Fiduciary Net Position	12,876,669	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	48,814,408	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>\$ 61,691,077</u>	<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>\$ (5,080,934)</u>	<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	108.98%	96.11%	96.04%	94.67%	91.37%	91.84%	93.32%	95.35%
Covered Payroll	\$ 11,511,990	\$ 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	-44.14%	16.71%	16.27%	20.53%	30.64%	24.93%	19.42%	13.06%

Notes: Changes of Assumptions - In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,809,310	\$ 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>1,809,310</u>	<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>	<u>\$ 0</u>
Covered Payroll	\$ 11,400,817	\$ 11,511,990	\$ 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	15.87%	15.88%	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 2022 were calculated based on the June 30, 2021 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	2.25%
Salary Increases:	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, 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	2.125%

Changes of Assumptions - In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. 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.

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

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service Cost	\$ 236,998	\$ 208,853	\$ 150,708	\$ 111,940	\$ 64,876	\$ 6,951	\$ 3,019
Interest	84,075	59,192	37,099	21,355	8,868	803	226
Changes in Benefit Terms	0	0	0	0	0	0	0
Differences between Actual and Expected Experience	90,530	47,023	58,780	45,099	51,643	41,847	515
Change of Assumptions	147,300	0	0	0	3,866	0	0
Benefit Payments, Including Refunds of Employee Contributions	0	0	0	0	0	0	0
Net Change in Total Pension Liability	558,903	315,068	246,587	178,394	129,253	49,601	3,760
Total Pension Liability - Beginning	922,663	607,595	361,008	182,614	53,361	3,760	0
Total Pension Liability - Ending (a)	\$ 1,481,566	\$ 922,663	\$ 607,595	\$ 361,008	\$ 182,614	\$ 53,361	\$ 3,760
Plan Fiduciary Net Position							
Contributions - Employer	\$ 317,714	\$ 260,940	\$ 207,800	\$ 154,071	\$ 113,677	\$ 53,225	\$ 3,019
Contributions - Employee	0	0	0	0	0	0	0
Net Investment Income	261,906	34,798	32,996	20,678	12,384	750	29
Benefit Payments, Including Refunds of Employee Contributions	0	0	0	0	0	0	0
Administrative Expense	(11,165)	(9,632)	(8,300)	(6,905)	(4,811)	(2,639)	(89)
Net Change in Plan Fiduciary Net Position	568,455	286,106	232,496	167,844	121,250	51,336	2,959
Plan Fiduciary Net Position - Beginning	861,991	575,885	343,389	175,545	54,295	2,959	0
Plan Fiduciary Net Position - Ending (b)	\$ 1,430,446	\$ 861,991	\$ 575,885	\$ 343,389	\$ 175,545	\$ 54,295	\$ 2,959
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 51,120	\$ 60,672	\$ 31,710	\$ 17,619	\$ 7,069	\$ (934)	\$ 801
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.55%	93.42%	94.78%	95.12%	96.13%	101.75%	78.70%
Covered Payroll	\$ 5,440,302	\$ 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	0.94%	1.35%	0.87%	0.66%	0.37%	-0.10%	1.57%

Notes: Changes of Assumptions - In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. 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

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 400,552	\$ 317,714	\$ 260,940	\$ 207,800	\$ 154,071	\$ 113,677	\$ 53,225	\$ 3,019
Contribution in Relation to the Contractually Required Contribution	<u>400,552</u>	<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>	<u>\$ 0</u>
Covered Payroll	\$ 7,051,984	\$ 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	5.68%	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 2022 were calculated based on the June 30, 2021 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	2.25%
Salary Increases:	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, 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	2.125%

Changes of Assumptions - In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. 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.

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>2021</u>	<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)	0.310688%	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)	\$ (13,400,741)	\$ (2,318,609)	\$ (2,980,102)	\$ (968,987)	\$ (85,446)	\$ 1,543,334	\$ 95,310	\$ (36,040)
Alcoa City Schools' Covered Payroll	\$ 10,197,326	\$ 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	-131.41%	-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)	116.13%	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>2022</u>	<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	\$ 1,045,970	\$ 1,047,265	\$ 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>1,045,970</u>	<u>1,047,265</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>	<u>\$ 0</u>
Alcoa City Schools' Covered Payroll	\$ 10,429,758	\$ 10,197,326	\$ 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	10.03%	10.27%	10.63%	10.46%	9.08%	9.04%	9.04%	9.04%	8.88%

Note: *Changes of assumptions* - In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality 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>2021</u>	<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)	0.099928%	0.088480%	0.089544%	0.093047%	0.099622%	0.056086%	0.026702%
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ (108,243)	\$ (50,313)	\$ (50,546)	\$ (42,199)	\$ (26,284)	\$ (5,839)	\$ (1,074)
Alcoa City Schools' Covered Payroll	\$ 1,442,169	\$ 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	-7.51%	-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)	121.53%	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>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 44,899	\$ 29,132	\$ 22,666	\$ 18,383	\$ 13,260	\$ 26,154	\$ 6,177	\$ 1,387
Contribution in Relation to the Contractually Required Contribution	<u>44,899</u>	<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>\$ 0</u>	<u>\$ (19,265)</u>	<u>\$ 0</u>	<u>\$ (3,694)</u>	<u>\$ (832)</u>
Alcoa City Schools' Covered Payroll	\$ 2,233,772	\$ 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	2.01%	2.02%	2.03%	1.94%	4.00%	4.02%	4.00%	4.00%

Note: *Changes of assumptions* - In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 138,197	\$ 134,813	\$ 127,360	\$ 121,295	\$ 115,519
Interest	134,998	142,457	130,338	171,434	174,257
Experiences Losses (Gains)	1,822,429	0	(401,439)	0	0
Change in Assumptions	(1,001,751)	0	1,008,795	0	0
Benefit Payments	<u>(577,807)</u>	<u>(389,700)</u>	<u>(413,592)</u>	<u>(382,956)</u>	<u>(354,589)</u>
Net Change in Total OPEB Liability	516,066	(112,430)	451,462	(90,227)	(64,813)
Total OPEB Liability - Beginning	<u>5,818,019</u>	<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>\$ 6,334,085</u>	<u>\$ 5,818,019</u>	<u>\$ 5,930,449</u>	<u>\$ 5,478,987</u>	<u>\$ 5,569,214</u>
Covered-Employee Payroll	\$ 11,091,818	\$ 11,500,888	\$ 11,058,546	\$ 11,983,656	\$ 11,522,746
Total OPEB Liability (Asset) as a Percentage of Covered Payroll	57.1%	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 CONTRIBUTIONS TO OPEB PLAN
CITY PLAN

Fiscal Years Ended June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarial Determined Contribution	\$ 582,516	\$ 564,012	\$ 529,152	\$ 513,749	\$ 498,064
Contributions in Relation to the Actuarial Determined Contribution	<u>577,807</u>	<u>389,700</u>	<u>413,592</u>	<u>382,956</u>	<u>354,589</u>
Contribution Deficiency (Excess)	<u>\$ 4,709</u>	<u>\$ 174,312</u>	<u>\$ 115,560</u>	<u>\$ 130,793</u>	<u>\$ 143,475</u>
Covered-Employee Payroll	\$ 11,091,818	\$ 11,500,888	\$ 11,058,546	\$ 11,983,656	\$ 11,522,746
Contribution as a Percentage of Covered- Employee Payroll	5.2%	3.4%	3.7%	3.2%	3.1%

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 CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
SCHOOL SYSTEM

Fiscal Years Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 368,314	\$ 323,219	\$ 296,908	\$ 332,787	\$ 359,136
Interest	151,686	219,486	181,590	228,550	189,004
Changes in Benefit Terms	0	0	630,540	(79,273)	0
Differences Between Expected and Actual Experience	21,193	(425,640)	802,344	(1,806,470)	0
Changes of Assumptions	(12,744)	691,789	(436,740)	238,191	(293,130)
Benefit Payments	<u>(225,585)</u>	<u>(260,351)</u>	<u>(267,700)</u>	<u>(294,894)</u>	<u>(270,806)</u>
Net Change in Total OPEB Liability	302,864	548,503	1,206,942	(1,381,109)	(15,796)
Total OPEB Liability - Beginning	<u>6,607,487</u>	<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>\$ 6,910,351</u>	<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	\$ 1,868,848	\$ 1,685,484	\$ 1,475,956	\$ 1,187,712	\$ 1,633,498
Employer's Proportionate Share of the Collective Total OPEB Liability	\$ 5,041,503	\$ 4,922,003	\$ 4,583,028	\$ 3,664,330	\$ 4,599,703
Covered-Employee Payroll	\$ 12,465,986	\$ 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	40.4%	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, 2022

	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	Total Special Revenue Funds
ASSETS								
Cash and Cash Equivalents	\$ 241,183	\$ 0	\$ 118,939	\$ 234,649	\$ 119,979	\$ 6,608	\$ 904,791	\$ 1,626,149
Investments	0	0	0	0	0	0	0	0
Accounts Receivable	0	1,072,154	399,574	261,812	0	0	0	1,733,540
Due From Grantors, Other Governments, and State of Tennessee	66,518	42,655	0	0	0	0	0	109,173
Inventories	0	0	0	0	0	0	7,222	7,222
Total Assets	\$ 307,701	\$ 1,114,809	\$ 518,513	\$ 496,461	\$ 119,979	\$ 6,608	\$ 912,013	\$ 3,476,084
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 0	\$ 1,112,216	\$ 4,342	\$ 39,877	\$ 0	\$ 0	\$ 0	\$ 1,156,435
Other Liabilities	0	587	0	4,000	0	0	0	4,587
Total Liabilities	0	1,112,803	4,342	43,877	0	0	0	1,161,022
Deferred Inflows of Resources:								
Deferred Revenue - Grants	0	0	46,674	0	0	0	0	46,674
Fund Balances								
Nonspendable	0	0	0	0	0	0	7,222	7,222
Restricted	307,701	2,006	0	0	119,979	6,608	0	436,294
Committed	0	0	467,497	452,584	0	0	0	920,081
Assigned	0	0	0	0	0	0	904,791	904,791
Total Fund Balances	307,701	2,006	467,497	452,584	119,979	6,608	912,013	2,268,388
Total Liabilities and Fund Balances	\$ 307,701	\$ 1,114,809	\$ 518,513	\$ 496,461	\$ 119,979	\$ 6,608	\$ 912,013	\$ 3,476,084

CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET (Continued)

Non-Major Governmental Funds

June 30, 2022

	Debt Service Funds		Total Debt Service Funds	Capital Project Funds				
	Project Pearl	Project Eagle		Capital Projects	Equipment Replacement	Home Grant Program	Landscaping	General Obligation Public Works Construction
ASSETS								
Cash and Cash Equivalents	\$ 560,566	\$ 10,395	\$ 570,961	\$ 385,349	\$ 378,515	\$ 0	\$ 326,717	\$ 478,345
Investments	0	777,099	777,099	0	0	0	0	303,724
Accounts Receivable	1,733	0	1,733	0	0	0	0	0
Due from Grantors, Other Governments, and State of Tennessee	48,961	0	48,961	0	0	0	0	0
Inventories	0	0	0	0	0	0	0	0
Total Assets	<u>\$ 611,260</u>	<u>\$ 787,494</u>	<u>\$ 1,398,754</u>	<u>\$ 385,349</u>	<u>\$ 378,515</u>	<u>\$ 0</u>	<u>\$ 326,717</u>	<u>\$ 782,069</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 29,527	\$ 0	\$ 29,527	\$ 7,521	\$ 0	\$ 0	\$ 0	\$ 17,344
Other Liabilities	0	0	0	0	0	0	0	0
Total Liabilities	<u>29,527</u>	<u>0</u>	<u>29,527</u>	<u>7,521</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,344</u>
Deferred Inflows of Resources:								
Deferred Revenue - Grants	0	0	0	0	0	0	0	0
Fund Balances								
Nonspendable	0	0	0	0	0	0	0	0
Restricted	0	0	0	377,828	0	0	326,717	764,725
Committed	581,733	787,494	1,369,227	0	0	0	0	0
Assigned	0	0	0	0	378,515	0	0	0
Total Fund Balances	<u>581,733</u>	<u>787,494</u>	<u>1,369,227</u>	<u>377,828</u>	<u>378,515</u>	<u>0</u>	<u>326,717</u>	<u>764,725</u>
Total Liabilities and Fund Balances	<u>\$ 611,260</u>	<u>\$ 787,494</u>	<u>\$ 1,398,754</u>	<u>\$ 385,349</u>	<u>\$ 378,515</u>	<u>\$ 0</u>	<u>\$ 326,717</u>	<u>\$ 782,069</u>

CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET (Continued)

Non-Major Governmental Funds

June 30, 2022

	Capital Project Funds (Continued)		Total Capital Project Funds	Total Non-Major Governmental Funds
	Legacy	ADA Improvement		
ASSETS				
Cash and Cash Equivalents	\$ 24,757	\$ 159,371	\$ 1,753,054	\$ 3,950,164
Investments	0	0	303,724	1,080,823
Accounts Receivable	0	0	0	1,735,273
Due from Grantors, Other Governments, and State of Tennessee	0	0	0	158,134
Inventories	0	0	0	7,222
Total Assets	\$ 24,757	\$ 159,371	\$ 2,056,778	\$ 6,931,616
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 0	\$ 0	\$ 24,865	\$ 1,210,827
Other Liabilities	0	0	0	4,587
Total Liabilities	0	0	24,865	1,215,414
Deferred Inflows of Resources:				
Deferred Revenue - Grants	0	0	0	46,674
Fund Balances				
Nonspendable	0	0	0	7,222
Restricted	0	159,371	1,628,641	2,064,935
Committed	0	0	0	2,289,308
Assigned	24,757	0	403,272	1,308,063
Total Fund Balances	24,757	159,371	2,031,913	5,669,528
Total Liabilities and Fund Balances	\$ 24,757	\$ 159,371	\$ 2,056,778	\$ 6,931,616

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, 2022

	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	
Revenues							
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Gasoline Tax	376,483	0	0	0	0	0	376,483
Federal and State Grants	0	2,021,019	0	248,194	0	0	2,269,213
U.S.D.A Reimbursements	0	0	1,384,796	0	0	0	1,384,796
Charges for Services	0	0	100,805	187,028	0	0	299,833
Fines, Forfeitures and Costs	0	0	0	0	35,003	70	35,073
Miscellaneous Income	0	0	0	0	4,000	0	8,847
Internal School Fund Revenue	0	0	0	0	0	1,491,418	1,491,418
Change in Fair Value of Investments	0	0	0	0	0	0	0
Interest Income	162	0	42	163	48	3	868
Total Revenues	<u>376,645</u>	<u>2,021,019</u>	<u>1,485,643</u>	<u>435,385</u>	<u>39,051</u>	<u>73</u>	<u>5,866,531</u>
Expenditures							
Current							
Public Works	465,682	0	0	0	0	0	465,682
Education	0	2,020,405	1,144,268	408,779	0	0	4,949,064
Capital Outlay	0	0	0	0	3,372	0	3,372
Debt Service:							
Bond Issuance Costs	0	0	0	0	0	0	0
Industrial Revenue Note Disbursement	0	0	0	0	0	0	0
Total Expenditures	<u>465,682</u>	<u>2,020,405</u>	<u>1,144,268</u>	<u>408,779</u>	<u>3,372</u>	<u>0</u>	<u>5,418,118</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(89,037)</u>	<u>614</u>	<u>341,375</u>	<u>26,606</u>	<u>35,679</u>	<u>73</u>	<u>448,413</u>
Other Financing Sources (Uses)							
Transfers In	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0
Bond Issues	0	0	0	0	0	0	0
Premium on Bonds	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>
Net Change in Fund Balance	<u>(89,037)</u>	<u>614</u>	<u>341,375</u>	<u>26,606</u>	<u>35,679</u>	<u>73</u>	<u>448,413</u>
Fund Balance, July 1st	<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>1,819,975</u>
Fund Balance, June 30th	<u>\$ 307,701</u>	<u>\$ 2,006</u>	<u>\$ 467,497</u>	<u>\$ 452,584</u>	<u>\$ 119,979</u>	<u>\$ 6,608</u>	<u>\$ 2,268,388</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, 2022

	Debt Service Funds			Capital Project Funds				
	Project Pearl	Project Eagle	Total Debt Service Funds	Capital Projects	Equipment Replacement	Home Grant Program	Landscaping	General Obligation Public Works Construction
Revenues								
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 692,949	\$ 0	\$ 0	\$ 0	\$ 0
State Gasoline Tax	0	0	0	0	0	0	0	0
Federal and State Grants	0	0	0	0	0	0	0	160,738
U.S.D.A Reimbursements	0	0	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0	159,828	0
Fines, Forfeitures and Costs	0	0	0	0	0	0	0	0
Miscellaneous Income	0	0	0	0	0	0	0	0
Internal School Fund Revenue	0	0	0	0	0	0	0	0
Change in Fair Value of Investments	0	553	553	0	0	0	0	204
Interest Income	1,564	0	1,564	125	95	0	119	200
Total Revenues	1,564	553	2,117	693,074	95	0	159,947	161,142
Expenditures								
Current								
Public Works	0	64,605	64,605	0	0	1,039	0	0
Education	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	615,651	1,976,910	0	0	119,507
Debt Service:								
Bond Issuance Costs	0	16,487	16,487	0	0	0	0	34,919
Industrial Revenue Note Disbursement	2,500,000	0	2,500,000	0	0	0	0	0
Total Expenditures	2,500,000	81,092	2,581,092	615,651	1,976,910	1,039	0	154,426
Net Change in Fund Balance Before Other Financing Sources (Uses)	(2,498,436)	(80,539)	(2,578,975)	77,423	(1,976,815)	(1,039)	159,947	6,716
Other Financing Sources (Uses)								
Transfers In	0	0	0	0	1,984,550	0	0	0
Transfers Out	0	0	0	0	0	0	0	(1,500,000)
Bond Issues	0	783,068	783,068	0	0	0	0	1,658,488
Premium on Bonds	0	84,965	84,965	0	0	0	0	179,951
Total Other Financing Sources (Uses)	0	868,033	868,033	0	1,984,550	0	0	338,439
Net Change in Fund Balance	(2,498,436)	787,494	(1,710,942)	77,423	7,735	(1,039)	159,947	345,155
Fund Balance, July 1st	3,080,169	0	3,080,169	300,405	370,780	1,039	166,770	419,570
Fund Balance, June 30th	\$ 581,733	\$ 787,494	\$ 1,369,227	\$ 377,828	\$ 378,515	\$ 0	\$ 326,717	\$ 764,725

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, 2022

	<u>Capital Project Funds</u>		Total Capital Project Funds	Total Non-Major Governmental Funds
	<u>Legacy</u>	<u>ADA Improvement</u>		
Revenues				
Intergovernmental	\$ 0	\$ 0	\$ 692,949	\$ 692,949
State Gasoline Tax	0	0	0	376,483
Federal and State Grants	0	0	160,738	2,429,951
U.S.D.A Reimbursements	0	0	0	1,384,796
Charges for Services	0	0	159,828	459,661
Fines, Forfeitures and Costs	0	0	0	35,073
Miscellaneous Income	20,000	66	20,066	28,913
Internal School Fund Revenue	0	0	0	1,491,418
Change in Fair Value of Investments	0	0	204	757
Interest Income	0	0	539	2,971
Total Revenues	<u>20,000</u>	<u>66</u>	<u>1,034,324</u>	<u>6,902,972</u>
Expenditures				
Current				
Public Works	0	0	1,039	531,326
Education	0	0	0	4,949,064
Capital Outlay	24,515	0	2,736,583	2,739,955
Debt Service:				
Bond Issuance Costs	0	0	34,919	51,406
Industrial Revenue Note Disbursement	0	0	0	2,500,000
Total Expenditures	<u>24,515</u>	<u>0</u>	<u>2,772,541</u>	<u>10,771,751</u>
Net Change in Fund Balances Before Other Financing Sources (Uses)	<u>(4,515)</u>	<u>66</u>	<u>(1,738,217)</u>	<u>(3,868,779)</u>
Other Financing Sources (Uses)				
Transfers In	0	90,000	2,074,550	2,074,550
Transfers Out	0	0	(1,500,000)	(1,500,000)
Bond Issues	0	0	1,658,488	2,441,556
Premium on Bonds	0	0	179,951	264,916
Total Other Financing Sources (Uses)	<u>0</u>	<u>90,000</u>	<u>2,412,989</u>	<u>3,281,022</u>
Net Change in Fund Balance	<u>(4,515)</u>	<u>90,066</u>	<u>674,772</u>	<u>(587,757)</u>
Fund Balance, July 1st	<u>29,272</u>	<u>69,305</u>	<u>1,357,141</u>	<u>6,257,285</u>
Fund Balance, June 30th	<u>\$ 24,757</u>	<u>\$ 159,371</u>	<u>\$ 2,031,913</u>	<u>\$ 5,669,528</u>

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, 2022

	Employee Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	School's OPEB Insurance Fund	Total Internal Service Funds
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 2,779,274	\$ 7,174	\$ 39,434	\$ 823,000	\$ 738,403	\$ 4,387,285
Accounts Receivable	255,825	0	0	0	0	255,825
Total Current Assets	<u>3,035,099</u>	<u>7,174</u>	<u>39,434</u>	<u>823,000</u>	<u>738,403</u>	<u>4,643,110</u>
LIABILITIES AND NET POSITION						
Current Liabilities						
Accounts Payable	20,482	0	39,434	0	0	59,916
Medical Claims Payable	592,906	0	0	0	0	592,906
Total Current Liabilities	<u>613,388</u>	<u>0</u>	<u>39,434</u>	<u>0</u>	<u>0</u>	<u>652,822</u>
Net Position						
Unrestricted	2,421,711	7,174	0	823,000	738,403	3,990,288
Total Net Position	<u>\$ 2,421,711</u>	<u>\$ 7,174</u>	<u>\$ 0</u>	<u>\$ 823,000</u>	<u>\$ 738,403</u>	<u>\$ 3,990,288</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, 2022

	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	\$ 5,103,719	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,103,719
Refunds - Co-Insurance	564,115	0	0	0	0	564,115
Employee Contributions	359,750	200,309	0	0	0	560,059
Employer Contributions	0	0	0	65,000	0	65,000
Service Center Charges	0	0	338,595	0	0	338,595
Total Operating Revenues	<u>6,027,584</u>	<u>200,309</u>	<u>338,595</u>	<u>65,000</u>	<u>0</u>	<u>6,631,488</u>
OPERATING EXPENSES						
Salaries	0	0	12,384	0	0	12,384
Fringe Benefits	0	0	8,591	0	0	8,591
Building Improvements	0	0	2,569	0	0	2,569
Improvement Teams/Training	0	0	96	0	0	96
Maintenance Contracts	0	0	15,273	0	0	15,273
Contract Services	0	0	30,907	0	0	30,907
Utilities	0	0	152,158	0	0	152,158
Supplies	0	0	15,205	0	0	15,205
Repair and Maintenance	0	0	101,412	0	0	101,412
Medical Claims Paid	3,871,168	236,715	0	0	0	4,107,883
Insurance Premiums and Administrative Expenses	1,549,678	0	0	0	0	1,549,678
Actuary Fees	0	0	0	0	0	0
Total Operating Expenses	<u>5,420,846</u>	<u>236,715</u>	<u>338,595</u>	<u>0</u>	<u>0</u>	<u>5,996,156</u>
OPERATING INCOME (LOSS)	606,738	(36,406)	0	65,000	0	635,332
NON-OPERATING REVENUES (EXPENSES)						
Interest Income	1,556	0	0	0	0	1,556
CHANGE IN NET POSITION	608,294	(36,406)	0	65,000	0	636,888
NET POSITION - July 1st	<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>
NET POSITION - June 30th	<u>\$ 2,421,711</u>	<u>\$ 7,174</u>	<u>\$ 0</u>	<u>\$ 823,000</u>	<u>\$ 738,403</u>	<u>\$ 3,990,288</u>

CITY OF ALCOA, TENNESSEE
COMBINING CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2022

	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	\$ 5,771,759	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,771,759
Collections from Various City Departments	0	200,309	338,595	65,000	0	603,904
Cash Payments to Supplies for Medical Claims	<u>(5,499,771)</u>	<u>(236,715)</u>	<u>(316,909)</u>	<u>0</u>	<u>0</u>	<u>(6,053,395)</u>
Net Cash Provided By (Used In) Operating Activities	271,988	(36,406)	21,686	65,000	0	322,268
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Income	<u>1,556</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,556</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	273,544	(36,406)	21,686	65,000	0	323,824
CASH AND CASH EQUIVALENTS - July 1st	<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>
CASH AND CASH EQUIVALENTS - June 30th	<u>\$ 2,779,274</u>	<u>\$ 7,174</u>	<u>\$ 39,434</u>	<u>\$ 823,000</u>	<u>\$ 738,403</u>	<u>\$ 4,387,285</u>

CITY OF ALCOA, TENNESSEE
COMBINING CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2022

	<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)	\$ 606,738	\$ (36,406)	\$ 0	\$ 65,000	\$ 0	\$ 635,332
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Expenses:						
Changes in Assets and Liabilities:						
Accounts Receivable	(255,825)	0	0	0	0	(255,825)
Accounts Payable	(634)	0	21,686	0	0	21,052
Medical Claims Payable	(78,291)	0	0	0	0	(78,291)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 271,988</u>	<u>\$ (36,406)</u>	<u>\$ 21,686</u>	<u>\$ 65,000</u>	<u>\$ 0</u>	<u>\$ 322,268</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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				Totals 2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues:					
Taxes:					
Property Taxes	\$ 9,676,725	\$ 9,676,725	\$ 9,829,882	\$ 153,157	\$ 10,348,359
Local Option Sales Taxes	11,100,000	12,400,000	12,771,437	371,437	10,910,635
Other Taxes	3,022,250	3,322,250	3,279,451	(42,799)	3,137,033
Licenses, Permits and Fees	305,350	555,350	587,772	32,422	842,527
Fines, Forfeitures and Costs	269,150	269,150	371,026	101,876	354,221
Intergovernmental:					
Unrestricted:					
State Taxes	1,550,650	1,700,650	1,868,278	167,628	1,486,903
Restricted:					
Federal Grants	151,580	151,580	126,579	(25,001)	223,670
State Grants	5,000	5,000	2,871	(2,129)	432,580
Other State Revenues	61,600	61,600	58,400	(3,200)	62,400
Interest Income	6,000	6,000	6,681	681	7,491
Public Works, Labor, and Material	454,500	454,500	439,225	(15,275)	436,428
Miscellaneous Income	130,000	130,000	137,458	7,458	135,203
Property Rental	140,990	140,990	179,940	38,950	141,003
Department Services	320,100	320,100	188,103	(131,997)	296,223
Fees Development	29,000	29,000	36,394	7,394	35,564
Insurance Refunds	20,000	20,000	82,547	62,547	101,847
Sale of Property/Equipment	30,000	30,000	14,306	(15,694)	59,481
Private Grants	55,175	55,175	1,318	(53,857)	2,414
TML Grants	4,000	4,000	2,284	(1,716)	7,530
City Development Proceeds	0	0	0	0	179,310
Contributions and Donations - Business	87,800	87,800	96,771	8,971	96,218
Total Revenues	<u>27,419,870</u>	<u>29,419,870</u>	<u>30,080,723</u>	<u>660,853</u>	<u>29,297,040</u>
Expenditures:					
General Government	3,030,876	3,280,876	2,930,449	350,427	2,689,794
Public Works	5,596,926	5,846,926	5,525,925	321,001	4,658,603
Public Safety	10,983,491	11,233,491	10,856,239	377,252	10,405,662
Contributions to Other Agencies	2,573,270	2,573,270	2,380,472	192,798	2,418,114
Debt Service:					
Principal	143,704	143,704	143,704	0	0
Interest and Other Charges	3,771	3,771	3,771	0	0
Capital Outlay	210,000	210,000	1,969,298	(1,759,298)	140,832
Total Expenditures	<u>22,542,038</u>	<u>23,292,038</u>	<u>23,809,858</u>	<u>(517,820)</u>	<u>20,313,005</u>
Net Change in Fund Balance Before					
Other Financing Sources (Uses)	<u>4,877,832</u>	<u>6,127,832</u>	<u>6,270,865</u>	<u>143,033</u>	<u>8,984,035</u>
Other Financing Sources (Uses)					
Operating Transfers In (Out):					
Payments in Lieu of Taxes - Business-Type Activities	2,120,000	2,120,000	1,597,105	(522,895)	1,334,255
Debt Service Fund - In	0	1,661,333	1,661,333	0	0
Debt Service Fund - Out	(6,029,590)	(6,029,590)	(6,029,590)	0	(5,605,000)
Education Fund	(170,000)	(1,095,000)	(1,095,000)	0	0
Capital Projects	(1,174,550)	(2,328,050)	(2,328,050)	0	(221,500)
Financing of Leases	0	0	1,902,739	1,902,739	0
Total Other Financing Sources (Uses)	<u>(5,254,140)</u>	<u>(5,671,307)</u>	<u>(4,291,463)</u>	<u>1,379,844</u>	<u>(4,492,245)</u>
Net Change in Fund Balance	(376,308)	456,525	1,979,402	1,522,877	4,491,790
Fund Balance, July 1st	13,245,986	13,245,986	13,245,986	0	8,754,196
Fund Balance, June 30th	<u>\$ 12,869,678</u>	<u>\$ 13,702,511</u>	<u>\$ 15,225,388</u>	<u>\$ 1,522,877</u>	<u>\$ 13,245,986</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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2021
	Original	Final			
Revenues					
Taxes:					
Property Taxes	\$ 8,723,000	\$ 8,768,000	\$ 8,602,022	\$ (165,978)	8,613,800
Local Option Sales Taxes	3,981,000	4,581,000	4,749,935	168,935	3,984,880
Other Taxes	36,000	36,000	34,583	(1,417)	56,279
Licenses, Permits and Fees	347,900	347,900	429,775	81,875	380,650
Intergovernmental:					
Unrestricted:					
State Taxes	91,000	91,000	132,940	41,940	116,255
Restricted:					
Federal Grants	993,000	1,347,000	23,000	(1,324,000)	729,331
Other State Revenues	10,142,700	10,287,700	10,383,102	95,402	9,887,972
Other Local Revenues	52,400	82,400	103,560	21,160	181,953
Miscellaneous Revenues	0	30,000	129,671	99,671	8,899
Change in Fair Value of Investments	0	0	(4,957)	(4,957)	14,562
Total Revenues	<u>24,367,000</u>	<u>25,571,000</u>	<u>24,583,631</u>	<u>(987,369)</u>	<u>23,974,581</u>
Expenditures					
Instruction Elementary/Secondary	12,817,651	12,779,651	12,447,116	332,535	11,882,876
Special Education Program	1,840,092	1,893,092	1,676,639	216,453	1,630,410
Vocational Education	477,659	643,659	587,472	56,187	531,994
Health Services	336,169	336,169	157,654	178,515	332,536
Other Student Support	837,439	837,439	823,545	13,894	790,851
Instruction Regular	572,725	572,725	558,396	14,329	563,071
Technology	727,790	727,790	712,018	15,772	629,169
Board of Education	364,874	364,874	360,162	4,712	354,745
Office of the Director	182,192	182,192	176,489	5,703	170,591
Office of Principals	1,611,913	1,611,913	1,607,056	4,857	1,558,414
Fiscal Services	185,410	185,410	167,317	18,093	144,739
Human Services	197,901	207,901	197,135	10,766	191,674
Operation of Plant	1,845,570	2,135,570	2,099,973	35,597	1,714,009
Maintenance of Plant	829,179	859,179	814,940	44,239	779,788
Transportation	382,094	487,094	435,425	51,669	430,349
Food Services	979,450	1,368,450	2,261	1,366,189	733,541
Family Resource Center	96,184	96,184	93,218	2,966	90,811
Lottery Pre-K	261,499	266,499	252,532	13,967	245,818
Debt Service:					
Principal	6,040	6,040	6,040	0	0
Interest and Other Charges	1,169	1,169	1,169	0	0
Capital Outlay	20,000	178,000	323,123	(145,123)	6,477
Total Expenditures	<u>24,573,000</u>	<u>25,741,000</u>	<u>23,499,680</u>	<u>2,241,320</u>	<u>22,781,863</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(206,000)</u>	<u>(170,000)</u>	<u>1,083,951</u>	<u>1,253,951</u>	<u>1,192,718</u>
Other Financing Sources (Uses)					
Transfer to AIS Construction Fund	0	0	(600,000)	(600,000)	0
Transfer from General Fund	170,000	170,000	520,000	350,000	0
Financing of Leases	0	0	41,623	41,623	0
Other Financing Sources (Uses) Total	<u>170,000</u>	<u>170,000</u>	<u>(38,377)</u>	<u>(208,377)</u>	<u>0</u>
Net Change in Fund Balance	(36,000)	0	1,045,574	1,045,574	1,192,718
Fund Balance, July 1st	<u>2,431,398</u>	<u>2,431,398</u>	<u>2,431,398</u>	<u>0</u>	<u>1,238,680</u>
Fund Balance, June 30th	<u>\$ 2,395,398</u>	<u>\$ 2,431,398</u>	<u>\$ 3,476,972</u>	<u>\$ 1,045,574</u>	<u>\$ 2,431,398</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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2021
	Original	Final			
Revenues					
Interest Income	\$ 10,000	\$ 10,000	\$ 63	\$ (9,937)	\$ 9,273
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>63</u>	<u>(9,937)</u>	<u>9,273</u>
Expenditures					
Bond/Capital Outlay Note Redemptions	1,348,740	1,348,740	3,238,080	(1,889,340)	3,435,000
Bond Issuance Costs	0	175,120	175,116	4	53,672
Interest and Fiscal Fees	4,680,850	4,680,850	2,025,842	2,655,008	1,997,966
Total Expenditures	<u>6,029,590</u>	<u>6,204,710</u>	<u>5,439,038</u>	<u>765,672</u>	<u>5,486,638</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(6,019,590)</u>	<u>(6,194,710)</u>	<u>(5,438,975)</u>	<u>755,735</u>	<u>(5,477,365)</u>
Other Financing Sources (Uses)					
Refunding Bonds Issues	0	8,475,000	8,475,000	0	3,950,000
Premium on Refunding Bonds	0	234,870	243,865	8,995	0
Payoff to Refunded Bond Escrow Agent	0	(8,867,070)	(8,867,073)	(3)	(3,940,958)
Gain/Loss on Termination of Derivative	0	0	0	0	(66,547)
Transfers In	6,029,590	6,029,590	6,029,590	0	5,605,000
Total Other Financing Sources (Uses)	<u>6,029,590</u>	<u>5,872,390</u>	<u>5,881,382</u>	<u>8,992</u>	<u>5,547,495</u>
Net Change in Fund Balance	10,000	(322,320)	442,407	764,727	70,130
Fund Balance, July 1st	<u>1,718,254</u>	<u>1,718,254</u>	<u>1,718,254</u>	<u>0</u>	<u>1,648,124</u>
Fund Balance, June 30th	<u>\$ 1,728,254</u>	<u>\$ 1,395,934</u>	<u>\$ 2,160,661</u>	<u>\$ 764,727</u>	<u>\$ 1,718,254</u>

ALCOA INTERMEDIATE SCHOOL CONSTRUCTION FUND

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

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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				Totals 2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Change in Fair Value of Investments	\$ 0	\$ 0	\$ (67,025)	\$ (67,025)	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>(67,025)</u>	<u>(67,025)</u>	<u>0</u>
Expenditures					
Bond Issuance Costs	0	353,682	353,682	0	0
Capital Outlay	0	16,256,110	6,443,785	9,812,325	0
Total Expenditures	<u>0</u>	<u>16,609,792</u>	<u>6,797,467</u>	<u>9,812,325</u>	<u>0</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>0</u>	<u>(16,609,792)</u>	<u>(6,864,492)</u>	<u>9,745,300</u>	<u>0</u>
Other Financing Sources (Uses)					
Transfers In	0	0	1,525,000	1,525,000	0
Transfers Out	0	(2,011,333)	(2,011,333)	0	0
Bond Issues	0	16,798,443	16,798,444	1	0
Premium on Bonds	0	1,822,682	1,822,682	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>16,609,792</u>	<u>18,134,793</u>	<u>1,525,001</u>	<u>0</u>
Net Change in Fund Balance	0	0	11,270,301	11,270,301	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>\$ 196</u>	<u>\$ 196</u>	<u>\$ 11,270,497</u>	<u>\$ 11,270,301</u>	<u>\$ 196</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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				Totals 2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Federal Grants	\$ 1,288,019	\$ 1,288,019	\$ 4,209,822	\$ 2,921,803	\$ 3,644,511
Interest Income	0	0	57	57	368
Total Revenues	<u>1,288,019</u>	<u>1,288,019</u>	<u>4,209,879</u>	<u>2,921,860</u>	<u>3,644,879</u>
Expenditures					
Capital Outlay/Capital Assets	4,480,926	7,018,486	6,633,248	385,238	7,766,487
Total Expenditures	<u>4,480,926</u>	<u>7,018,486</u>	<u>6,633,248</u>	<u>385,238</u>	<u>7,766,487</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(3,192,907)</u>	<u>(5,730,467)</u>	<u>(2,423,369)</u>	<u>3,307,098</u>	<u>(4,121,608)</u>
Other Financing Sources (Uses)					
Transfers In	600,000	1,753,500	1,753,500	0	0
Transfers Out	0	0	0	0	(550,000)
Total Other Financing Sources (Uses)	<u>600,000</u>	<u>1,753,500</u>	<u>1,753,500</u>	<u>0</u>	<u>(550,000)</u>
Net Change in Fund Balance	(2,592,907)	(3,976,967)	(669,869)	3,307,098	(4,671,608)
Fund Balance, July 1st	<u>1,949,561</u>	<u>1,949,561</u>	<u>1,949,561</u>	<u>0</u>	<u>6,621,169</u>
Fund Balance, June 30th	<u>\$ (643,346)</u>	<u>\$ (2,027,406)</u>	<u>\$ 1,279,692</u>	<u>\$ 3,307,098</u>	<u>\$ 1,949,561</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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				Totals 2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
State Gasoline Tax	\$ 312,080	\$ 312,080	\$ 376,483	\$ 64,403	\$ 305,765
Interest Income	2,000	2,000	162	(1,838)	439
Total Revenues	<u>314,080</u>	<u>314,080</u>	<u>376,645</u>	<u>62,565</u>	<u>306,204</u>
Expenditures					
Streets:					
Resurfacing/Striping	495,000	495,000	465,682	29,318	470,527
Other Equipment and Vehicles	0	0	0	0	61,400
Total Expenditures	<u>495,000</u>	<u>495,000</u>	<u>465,682</u>	<u>29,318</u>	<u>531,927</u>
Net Change in Fund Balance	(180,920)	(180,920)	(89,037)	91,883	(225,723)
Fund Balance, July 1st	<u>396,738</u>	<u>396,738</u>	<u>396,738</u>	<u>0</u>	<u>622,461</u>
Fund Balance, June 30th	<u>\$ 215,818</u>	<u>\$ 215,818</u>	<u>\$ 307,701</u>	<u>\$ 91,883</u>	<u>\$ 396,738</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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				Totals 2021
	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Monies Received Through the State of Tennessee	\$ 5,010,739	\$ 5,010,739	\$ 2,021,019	\$ (2,989,720)	\$ 1,742,069
Expenditures					
Salaries and Related Costs	2,130,255	2,130,255	1,209,735	920,520	804,494
Staff Development and Travel	176,914	176,914	49,694	127,220	25,898
Contracted Services	282,432	282,432	141,236	141,196	58,602
Materials and Supplies	623,936	623,936	328,137	295,799	151,931
Equipment	1,823,676	1,823,676	291,603	1,532,073	696,202
Total Expenditures	5,037,213	5,037,213	2,020,405	3,016,808	1,737,127
Net Change in Fund Balance	(26,474)	(26,474)	614	27,088	4,942
Fund Balance, July 1st	1,392	1,392	1,392	0	(3,550)
Fund Balance, June 30th	\$ (25,082)	\$ (25,082)	\$ 2,006	\$ 27,088	\$ 1,392

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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				Totals 2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Lunch and Breakfast Payments - Children	\$ 2,400	\$ 2,400	\$ 2,477	\$ 77	\$ 1,641
Lunch and Breakfast Payments - Adults	25,000	25,000	12,128	(12,872)	15,952
USDA Reimbursements	1,367,000	1,367,000	1,384,796	17,796	779,277
Milk Sales	500	500	206	(294)	393
A la carte and Other Income	50,000	50,000	85,994	35,994	59,630
Interest Income	100	100	42	(58)	77
Total Revenues	<u>1,445,000</u>	<u>1,445,000</u>	<u>1,485,643</u>	<u>40,643</u>	<u>856,970</u>
Expenditures					
Food	739,000	739,000	614,469	124,531	394,723
Labor	685,000	685,000	512,160	172,840	437,486
Transportation	6,500	6,500	4,546	1,954	4,203
Ice Cream and Other Expenses	14,500	14,500	13,093	1,407	7,532
Total Expenditures	<u>1,445,000</u>	<u>1,445,000</u>	<u>1,144,268</u>	<u>300,732</u>	<u>843,944</u>
Net Change in Fund Balance	0	0	341,375	341,375	13,026
Fund Balance, July 1st	<u>126,122</u>	<u>126,122</u>	<u>126,122</u>	<u>0</u>	<u>113,096</u>
Fund Balance, June 30th	<u>\$ 126,122</u>	<u>\$ 126,122</u>	<u>\$ 467,497</u>	<u>\$ 341,375</u>	<u>\$ 126,122</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
ALCOA SCHOOLS EXTENDED DAY PROGRAM – SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				Totals 2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Fees	\$ 260,000	\$ 260,000	\$ 187,028	\$ (72,972)	\$ 163,949
Federal Funds	0	0	248,194	248,194	50,087
State Funds	272,215	272,215	0	(272,215)	140,748
Interest Income	0	0	163	163	244
Total Revenues	<u>532,215</u>	<u>532,215</u>	<u>435,385</u>	<u>(96,830)</u>	<u>355,028</u>
Expenditures					
Salaries	340,990	340,990	291,351	49,639	272,100
Fringe Benefits	59,640	59,640	53,540	6,100	46,889
Supplies and Food	39,879	39,879	19,040	20,839	17,674
Other Charges	91,706	91,706	44,848	46,858	4,432
Total Expenditures	<u>532,215</u>	<u>532,215</u>	<u>408,779</u>	<u>123,436</u>	<u>341,095</u>
Net Change in Fund Balance	0	0	26,606	26,606	13,933
Fund Balance, July 1st	<u>425,978</u>	<u>425,978</u>	<u>425,978</u>	<u>0</u>	<u>412,045</u>
Fund Balance, June 30th	<u>\$ 425,978</u>	<u>\$ 425,978</u>	<u>\$ 452,584</u>	<u>\$ 26,606</u>	<u>\$ 425,978</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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				Totals 2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Fines and Forfeits:					
DVD Sales	\$ 300	\$ 300	\$ 1,590	\$ 1,290	\$ 120
Interest Income	200	200	48	(152)	54
Sale of Equipment	0	0	4,000	4,000	0
Drug Control and Seizure	15,000	15,000	33,413	18,413	17,091
Total Revenues	<u>15,500</u>	<u>15,500</u>	<u>39,051</u>	<u>23,551</u>	<u>17,265</u>
Expenditures					
Public Safety	9,500	9,500	0	9,500	0
Capital Outlay	61,570	61,570	3,372	58,198	0
Total Expenditures	<u>71,070</u>	<u>71,070</u>	<u>3,372</u>	<u>67,698</u>	<u>0</u>
Net Change in Fund Balance	(55,570)	(55,570)	35,679	91,249	17,265
Fund Balance, July 1st	<u>84,300</u>	<u>84,300</u>	<u>84,300</u>	<u>0</u>	<u>67,035</u>
Fund Balance, June 30th	<u>\$ 28,730</u>	<u>\$ 28,730</u>	<u>\$ 119,979</u>	<u>\$ 91,249</u>	<u>\$ 84,300</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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				Totals 2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Fines, Forfeitures and Court Cases	\$ 0	\$ 0	\$ 70	\$ 70	\$ 375
Interest Income	0	0	3	3	4
Total Revenues	<u>0</u>	<u>0</u>	<u>73</u>	<u>73</u>	<u>379</u>
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	73	73	379
Fund Balance, July 1st	<u>6,535</u>	<u>6,535</u>	<u>6,535</u>	<u>0</u>	<u>6,156</u>
Fund Balance, June 30th	<u>\$ 6,535</u>	<u>\$ 6,535</u>	<u>\$ 6,608</u>	<u>\$ 73</u>	<u>\$ 6,535</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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	Totals 2022	Totals 2021
Revenues		
Instructional	\$ 4,473	\$ 2,895
General Administrative	31	17
Field Trips	37,651	775
Grants	0	13,967
Miscellaneous	74,084	88,331
Athletic Funds	635,067	462,825
Club Funds	125,933	61,000
Other Purposes	497,215	224,771
BEP Funds	40,250	48,233
Grants - Special Projects Revenues	76,714	21,187
Charges for Services	12,000	0
Interest Income	450	436
Other Income	4,847	0
	1,508,715	924,437
Expenditures		
Instructional	24,222	44,264
General Administrative	47,109	31,053
Field Trips	36,553	755
Grants	0	12,709
Miscellaneous	21,128	11,554
Athletic Funds	602,746	408,396
Club Funds	123,817	46,050
Other Purposes	424,403	201,814
BEP Funds	31,778	40,620
Grants - Special Projects Expenses	63,856	36,831
Other Expenses	0	6,372
	1,375,612	840,418
Net Change in Fund Balance	133,103	84,019
Fund Balance, July 1st	778,910	0
Restatement	0	694,891
Adjusted Fund Balance - Beginning	778,910	694,891
Fund Balance, June 30th	\$ 912,013	\$ 778,910

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

**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.

Project Eagle Fund – The Eage 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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				Totals 2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Interest Income	\$ 0	\$ 0	\$ 1,564	\$ 1,564	\$ 169
Total Revenues	<u>0</u>	<u>0</u>	<u>1,564</u>	<u>1,564</u>	<u>169</u>
Expenditures					
Bond Issuance Costs	0	0	0	0	121,440
Industrial Revenue Note Disbursement	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>0</u>	<u>3,500,000</u>
Total Expenditures	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>0</u>	<u>3,621,440</u>
Net Change in Fund Balance					
Before Other Financing Sources (Uses)	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>(2,498,436)</u>	<u>1,564</u>	<u>(3,621,271)</u>
Other Financing Sources (Uses)					
Bond Issues	0	0	0	0	6,305,000
Premium on Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>396,440</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,701,440</u>
Net Change in Fund Balance	(2,500,000)	(2,500,000)	(2,498,436)	1,564	3,080,169
Fund Balance, July 1st	<u>3,080,169</u>	<u>3,080,169</u>	<u>3,080,169</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30th	<u>\$ 580,169</u>	<u>\$ 580,169</u>	<u>\$ 581,733</u>	<u>\$ 1,564</u>	<u>\$ 3,080,169</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
PROJECT EAGLE – DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				Totals 2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Change in Fair Value of Investments	\$ 0	\$ 0	\$ 553	\$ 553	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>553</u>	<u>553</u>	<u>0</u>
Expenditures					
Bond Issuance Costs	0	16,487	16,487	0	0
Project Eagle Expenses	0	851,546	64,605	786,941	0
Total Expenditures	<u>0</u>	<u>868,033</u>	<u>81,092</u>	<u>786,941</u>	<u>0</u>
Net Change in Fund Balance					
Before Other Financing Sources (Uses)	<u>0</u>	<u>(868,033)</u>	<u>(80,539)</u>	<u>787,494</u>	<u>0</u>
Other Financing Sources (Uses)					
Bond Issues	0	783,068	783,068	0	0
Premium on Bonds	0	84,965	84,965	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>868,033</u>	<u>868,033</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	787,494	787,494	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>\$ 787,494</u>	<u>\$ 787,494</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.

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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2021
	Original	Final			
Revenues					
Intergovernmental	\$ 688,000	\$ 688,000	\$ 692,949	\$ 4,949	\$ 492,201
Interest Income	200	200	125	(75)	174
Total Revenues	<u>688,200</u>	<u>688,200</u>	<u>693,074</u>	<u>4,874</u>	<u>492,375</u>
Expenditures					
Capital Outlay	688,000	688,000	615,651	72,349	455,183
Total Expenditures	<u>688,000</u>	<u>688,000</u>	<u>615,651</u>	<u>72,349</u>	<u>455,183</u>
Net Change in Fund Balance	200	200	77,423	77,223	37,192
Fund Balance, July 1st	<u>300,405</u>	<u>300,405</u>	<u>300,405</u>	<u>0</u>	<u>263,213</u>
Fund Balance, June 30th	<u>\$ 300,605</u>	<u>\$ 300,605</u>	<u>\$ 377,828</u>	<u>\$ 77,223</u>	<u>\$ 300,405</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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				Totals 2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Interest Income	\$ 0	\$ 0	\$ 95	\$ 95	\$ 318
Expenditures					
Capital Outlay	484,550	1,984,550	1,976,910	7,640	200,000
Total Expenditures	484,550	1,984,550	1,976,910	7,640	200,000
Net Change in Fund Balance					
Before Other Financing Sources (Uses)	(484,550)	(1,984,550)	(1,976,815)	7,735	(199,682)
Other Financing Sources (Uses):					
Transfers In	484,550	1,984,550	1,984,550	0	200,000
Total Other Financing Sources (Uses)	484,550	1,984,550	1,984,550	0	200,000
Net Change in Fund Balance	0	0	7,735	7,735	318
Fund Balance, July 1st	370,780	370,780	370,780	0	370,462
Fund Balance, June 30th	\$ 370,780	\$ 370,780	\$ 378,515	\$ 7,735	\$ 370,780

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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	<u>June 30, 2022</u>				<u>Totals 2021</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
Revenues					
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures					
Reimbursement	0	0	1,039	(1,039)	0
Total Expenditures	0	0	1,039	(1,039)	0
Net Change in Fund Balance	0	0	(1,039)	1,039	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>0</u>	\$ <u>1,039</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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2021
	Original	Final			
Revenues					
Charges for Services	\$ 12,000	\$ 12,000	\$ 159,828	\$ 147,828	\$ 11,195
Interest Income	500	500	119	(381)	97
Total Revenues	<u>12,500</u>	<u>12,500</u>	<u>159,947</u>	<u>147,447</u>	<u>11,292</u>
Expenditures					
Landscaping Projects	30,000	30,000	0	30,000	3,320
Sidewalk Projects	25,000	25,000	0	25,000	11,428
Total Expenditures	<u>55,000</u>	<u>55,000</u>	<u>0</u>	<u>55,000</u>	<u>14,748</u>
Net Change in Fund Balance	(42,500)	(42,500)	159,947	202,447	(3,456)
Fund Balance, July 1st	<u>166,770</u>	<u>166,770</u>	<u>166,770</u>	<u>0</u>	<u>170,226</u>
Fund Balance, June 30th	<u>\$ 124,270</u>	<u>\$ 124,270</u>	<u>\$ 326,717</u>	<u>\$ 202,447</u>	<u>\$ 166,770</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, 2022

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

	June 30, 2022				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2021
	Original	Final			
Revenues					
Federal and State Grants	\$ 0	\$ 0	\$ 160,738	\$ 160,738	\$ 1,205,903
Miscellaneous Income	233,931	233,931	0	(233,931)	50,000
Change in Fair Value of Investments	0	0	204	204	0
Interest Income	0	0	200	200	302
Total Revenues	<u>233,931</u>	<u>233,931</u>	<u>161,142</u>	<u>(72,789)</u>	<u>1,256,205</u>
Expenditures					
Bond Issuance Costs	0	34,919	34,919	0	0
Capital Outlay	259,539	563,059	119,507	443,552	1,843,351
Total Expenditures	<u>259,539</u>	<u>597,978</u>	<u>154,426</u>	<u>443,552</u>	<u>1,843,351</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(25,608)</u>	<u>(364,047)</u>	<u>6,716</u>	<u>370,763</u>	<u>(587,146)</u>
Other Financing Sources (Uses)					
Transfer from General Fund	0	0	0	0	550,000
Transfer to Other Fund	0	(1,500,000)	(1,500,000)	0	0
Bond Issues	0	1,658,488	1,658,488	0	0
Premium on Bonds	0	179,951	179,951	0	0
Total Other Financing Sources	<u>0</u>	<u>338,439</u>	<u>338,439</u>	<u>0</u>	<u>550,000</u>
Net Change in Fund Balance	<u>(25,608)</u>	<u>(25,608)</u>	<u>345,155</u>	<u>370,763</u>	<u>(37,146)</u>
Fund Balance, July 1st	<u>419,570</u>	<u>419,570</u>	<u>419,570</u>	<u>0</u>	<u>456,716</u>
Fund Balance, June 30th	<u>\$ 393,962</u>	<u>\$ 393,962</u>	<u>\$ 764,725</u>	<u>\$ 370,763</u>	<u>\$ 419,570</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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2021
	Original	Final			
Revenues					
Donations	\$ 100,000	\$ 100,000	\$ 20,000	\$ (80,000)	\$ 30,000
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>20,000</u>	<u>(80,000)</u>	<u>30,000</u>
Expenditures					
Capital Outlay	100,000	100,000	24,515	75,485	26,725
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>24,515</u>	<u>75,485</u>	<u>26,725</u>
Net Change in Fund Balance	0	0	(4,515)	(4,515)	3,275
Fund Balance, July 1st	<u>29,272</u>	<u>29,272</u>	<u>29,272</u>	<u>0</u>	<u>25,997</u>
Fund Balance, June 30th	<u>\$ 29,272</u>	<u>\$ 29,272</u>	<u>\$ 24,757</u>	<u>\$ (4,515)</u>	<u>\$ 29,272</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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	June 30, 2022				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2021
	Original	Final			
Revenues					
ADA Improvements	\$ 50	\$ 50	\$ 66	\$ 16	\$ 44
Total Revenues	<u>50</u>	<u>50</u>	<u>66</u>	<u>16</u>	<u>44</u>
Expenditures					
Capital Outlay	90,000	90,000	0	90,000	0
Total Expenditures	<u>90,000</u>	<u>90,000</u>	<u>0</u>	<u>90,000</u>	<u>0</u>
Net Change in Fund Balance					
Before Other Financing Sources (Uses)	(89,950)	(89,950)	66	90,016	44
Other Financing Sources (Uses)					
Transfers-In	90,000	90,000	90,000	0	21,500
Net Change in Fund Balance	50	50	90,066	90,016	21,544
Fund Balance, July 1st	<u>69,305</u>	<u>69,305</u>	<u>69,305</u>	<u>0</u>	<u>47,761</u>
Fund Balance, June 30th	<u>\$ 69,355</u>	<u>\$ 69,355</u>	<u>\$ 159,371</u>	<u>\$ 90,016</u>	<u>\$ 69,305</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, 2022
With Comparative Totals at June 30, 2021

	Business-Type Activities	
	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,043,972	\$ 751,106
Accounts Receivable, Net	119,899	220,685
Total Current Assets	1,163,871	971,791
Capital Assets		
Structures, Improvements and Equipment	2,812,015	2,910,422
Less: Accumulated Depreciation	(784,717)	(823,272)
Net Capital Assets	2,027,298	2,087,150
Other Noncurrent Assets		
Net Pension Asset	147,764	0
Total Assets	3,338,933	3,058,941
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflows	207,502	144,000
Deferred Other Post Employment Benefits Outflows	55,549	18,376
Total Deferred Outflows of Resources	263,051	162,376
LIABILITIES		
Current Liabilities		
Accounts Payable	32,859	34,610
Other Accrued Liabilities	29,682	27,036
Compensated Absences	60,186	39,546
Total Current Liabilities	122,727	101,192
Long-Term Liabilities		
Net Pension Liability	45,718	122,664
Other Post Employment Benefits Liability	191,200	176,633
Total Long-Term Liabilities	236,918	299,297
Total Liabilities	359,645	400,489
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	230,315	7,486
Deferred Other Post Employment Benefits Inflows	28,610	7,313
Total Deferred Inflows of Resources	258,925	14,799
NET POSITION		
Net Investment in Capital Assets	2,027,298	2,807,150
Restricted	147,764	0
Unrestricted	808,352	(1,121)
Total Net Position	\$ 2,983,414	\$ 2,806,029

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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	Business-Type Activities	
	2022	2021
OPERATING REVENUES		
Residential Sales	\$ 229,320	\$ 225,474
Commercial/Industrial Sales	1,106,227	1,090,406
Total Operating Revenue	<u>1,335,547</u>	<u>1,315,880</u>
OPERATING EXPENSES		
Administrative and General	384,860	416,631
Operations and Maintenance	580,085	592,245
Street Cleaning	122,772	124,515
Depreciation	130,384	94,223
Total Operating Expenses	<u>1,218,101</u>	<u>1,227,614</u>
OPERATING INCOME	<u>117,446</u>	<u>88,266</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	424	571
Gain on Sale of Property and Equipment	47,000	0
Other Income	12,515	5,281
Total Nonoperating Revenues (Expenses)	<u>59,939</u>	<u>5,852</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	<u>177,385</u>	<u>94,118</u>
CONTRIBUTIONS AND TRANSFERS		
Transfer of Capital Assets	0	137,496
Total Contributions and Transfers	<u>0</u>	<u>137,496</u>
CHANGE IN NET POSITION	177,385	231,614
NET POSTION, July 1st	<u>2,806,029</u>	<u>2,574,415</u>
NET POSITION, June 30th	<u>\$ 2,983,414</u>	<u>\$ 2,806,029</u>

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

June 30, 2022
With Comparative Totals at June 30, 2021

	Business-Type Activities	
	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 17,820,321	\$ 14,209,726
Accounts Receivable, Net	1,449,076	2,704,286
Materials and Supplies	1,329,566	1,140,458
Other Current Assets	61,442	52,118
Due from Other Funds	744,639	78,783
Total Current Assets	21,405,044	18,185,371
Capital Assets		
Land and Easements	1,194,236	1,194,236
Construction in Progress	1,821,188	814,415
Structures, Improvements and Equipment	98,165,472	96,257,583
	101,180,896	98,266,234
Less: Accumulated Depreciation	(42,106,607)	(39,198,336)
Net Capital Assets	59,074,289	59,067,898
Other Noncurrent Assets		
Net Pension Asset	761,288	0
Total Assets	81,240,621	77,253,269
DEFERRED OUTFLOW OF RESOURCES		
Deferred Pension Outflows	1,129,329	843,441
Deferred Other Post Employment Benefits Outflows	257,176	69,973
Deferred Bond Refunding Costs	4,772,800	4,984,000
Total Deferred Outflow of Resources	6,159,305	5,897,414

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

June 30, 2022
With Comparative Totals at June 30, 2021

	Business-Type Activities	
	2022	2021
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,165,880	\$ 873,817
Other Accrued Liabilities	156,427	146,884
Current Portion of Long-Term Debt	1,839,444	1,929,444
Compensated Absences	273,886	312,804
Total Current Liabilities	3,435,637	3,262,949
Long-Term Liabilities		
Long-Term Debt	47,202,697	49,042,141
Net Pension Liability	716,783	1,842,984
Other Post-Employment Benefits Liability	745,947	672,588
Total Long-Term Liabilities	48,665,427	51,557,713
Total Liabilities	52,101,064	54,820,662
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	1,669,972	38,572
Deferred Other Post Employment Benefits Inflows	135,099	27,845
Deferred Revenue	506,809	0
Total Deferred Inflows of Resources	2,311,880	66,417
NET POSITION		
Net Investment in Capital Assets	17,718,499	16,320,313
Restricted	1,268,097	0
Unrestricted	14,000,386	11,943,291
Total Net Position	\$ 32,986,982	\$ 28,263,604

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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	Business-Type Activities	
	2022	2021
OPERATING REVENUES		
Retail Water Sales	\$ 6,255,293	\$ 5,819,038
Wholesale Water Sales	1,106,893	1,015,693
Wholesale Water Sales - Arconic	1,788,256	1,641,938
Sewer Charges	6,851,065	6,898,072
Penalties	124,371	113,829
Sewer Taps	46,585	124,160
Connections	168,938	217,362
Fire Hydrant Rental	42,742	40,372
Back Flow and Grease Trap Fees	48,891	19,257
Line Extension	0	19,216
Miscellaneous	67,558	173,382
Total Operating Revenues	<u>16,500,592</u>	<u>16,082,319</u>
OPERATING EXPENSES		
Administration and General	647,202	1,063,845
Accounting and Collections	1,081,795	1,084,624
Supervision	604,247	587,059
Water Treatment Plant	1,584,146	1,680,429
Environmental Compliance	105,156	98,640
Distribution and Transmission	959,874	817,445
Meter Readings and Repairs	666,896	383,628
Water Maintenance	417,373	330,815
Sewer Collection and Pumping	821,318	785,450
Disposal	2,270,140	2,322,891
Deprecation	2,931,221	2,911,151
Total Operating Expenses	<u>12,089,368</u>	<u>12,065,977</u>
OPERATING INCOME	<u>4,411,224</u>	<u>4,016,342</u>
NONOPERATING REVENUES (EXPENSES)		
Other Income	64,662	28,702
Other Expense	(161,756)	(182,304)
Interest Income	15,201	11,375
Interest Expense	(1,121,157)	(1,031,870)
Federal Grants	973,792	0
Gain on Sale of Property and Equipment	12,499	9,089
Debt Issuance Costs	0	(263,559)
Total Nonoperating Revenues (Expenses)	<u>(216,759)</u>	<u>(1,428,567)</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	<u>4,194,465</u>	<u>2,587,775</u>
CONTRIBUTIONS AND TRANSFERS		
Transfer in Lieu of Taxes	(400,000)	(400,000)
Capital Contributions	928,913	154,724
Total Contributions and Transfers	<u>528,913</u>	<u>(245,276)</u>
CHANGE IN NET POSITION	4,723,378	2,342,499
NET POSITION, July 1st	<u>28,263,604</u>	<u>25,921,105</u>
NET POSITION, June 30th	<u>\$ 32,986,982</u>	<u>\$ 28,263,604</u>

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

June 30, 2022
With Comparative Totals at June 30, 2021

	Business-Type Activities	
	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 6,573,744	\$ 8,205,993
Investments	2,903,695	0
Accounts receivable less provision for doubtful accounts of \$456,492 at June 30, 2022 and \$350,572 at June 30, 2021	4,440,362	2,651,806
Accounts Receivable - Pole Rentals	477,450	57,083
Due from Other Funds	246,155	138,176
Materials and Supplies	2,181,931	1,480,784
Prepaid TVA Power Invoice Program	4,297,864	3,642,264
Total Current Assets	21,121,201	16,176,106
Capital Assets		
Land and Easements	1,260,996	1,260,996
Construction in Progress	1,939,569	2,903,074
Structures, Improvements and Equipment	99,774,000	96,214,515
	102,974,565	100,378,585
Less: Accumulated Depreciation	(50,699,276)	(47,713,979)
Net Capital Assets	52,275,289	52,664,606
Other Noncurrent Assets		
Other Receivables	0	166,012
Receivables from Customers for Conservation Loans	142,494	354,768
Regulatory Asset - Debt Issuance Costs	237,479	263,866
Net Pension Asset	1,113,160	0
Total Other Noncurrent Assets	1,493,133	784,646
Total Noncurrent Assets	53,768,422	53,449,252
Total Assets	74,889,623	69,625,358
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflows	1,875,064	1,456,219
Deferred Other Post Employment Benefits Outflows	551,726	167,595
Total Deferred Outflows of Resources	\$ 2,426,790	\$ 1,623,814

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

June 30, 2022

With Comparative Totals at June 30, 2021

	Business-Type Activities	
	2022	2021
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 10,835,619	\$ 9,448,195
Due to Other Funds	170,950	102,685
Customer Deposits	2,784,450	2,617,565
Other Accrued Liabilities	609,476	308,214
Current Portion of Long-Term Debt	1,095,881	1,035,000
Compensated Absences	608,099	528,660
Total Current Liabilities	16,104,475	14,040,319
Long-Term Liabilities		
Long-Term Debt	13,130,548	11,265,000
Unearned Credits	290,004	430,696
Conservation -TVA	198,907	379,939
Net Pension Liability	2,041,198	4,063,234
Other Post Employment Benefit Liability	1,761,477	1,610,948
Total Long-Term Liabilities	17,422,134	17,749,817
Total Liabilities	33,526,609	31,790,136
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Outflows	2,701,383	56,411
Deferred Other Post Employment Benefits Outflows	286,770	66,692
Total Deferred Inflows of Resources	2,988,153	123,103
NET POSITION		
Net Investment in Capital Assets	40,829,997	40,298,746
Restricted	1,113,160	0
Unrestricted	(1,141,506)	(962,813)
Total Net Position	\$ 40,801,651	\$ 39,335,933

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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	Business-Type Activities	
	2022	2021
OPERATING REVENUES		
Sale of Electric Energy:		
Residential - Non-Farm	\$ 45,279,152	\$ 42,549,194
Small Lighting and Power Sales	6,904,496	6,255,280
Large Lighting and Power Sales	16,881,274	15,548,541
Street and Outdoor Lighting	1,299,568	1,213,757
Consumer Forfeited Discounts	444,229	416,785
Rents and Other Services	1,646,688	1,528,141
	72,455,407	67,511,698
OPERATING EXPENSES		
Purchased Power	52,656,127	48,184,826
Distribution	2,689,557	2,173,583
Customer Accounts, Services and Sales	1,923,210	1,855,748
Administrative and General	2,824,141	3,841,215
Depreciation	3,311,659	3,239,604
Maintenance Expense:		
Transmission	195,220	220,356
Distribution	5,631,521	5,235,739
Administrative and General	6,427	20,247
	69,237,862	64,771,318
OPERATING INCOME	3,217,545	2,740,380
NONOPERATING EXPENSES		
Change in Fair Value of Investments	3,695	0
Interest Income	10,196	16,455
Interest Expense	(159,637)	(134,856)
Other Income	0	4,129
Debit Issuance Costs	(61,429)	0
	(207,175)	(114,272)
Net Nonoperating Revenues (Expenses)	(207,175)	(114,272)
INCOME BEFORE TRANSFERS	3,010,370	2,626,108
CONTRIBUTIONS AND TRANSFERS		
Transfer in Lieu of Tax	(1,197,105)	(934,255)
Payment to County	(347,547)	(748,170)
	(1,544,652)	(1,682,425)
Total Contributions and Transfers	(1,544,652)	(1,682,425)
CHANGE IN NET POSITION	1,465,718	943,683
NET POSTION, July 1st	39,335,933	38,392,250
NET POSITION, June 30th	\$ 40,801,651	\$ 39,335,933

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

June 30, 2022
With Comparative Totals at June 30, 2021

	Business-Type Activities	
	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 6,846,100	\$ 5,609,264
Investments	5,922,509	0
Accounts Receivable, Net	495,971	389,958
Due from Other Funds	0	1,316
Total Current Assets	13,264,580	6,000,538
Capital Assets		
Land and Easements	2,567,341	1,442,183
Construction in Progress	229,622	206,806
Structures, Improvements and Equipment	15,887,443	15,054,953
	18,684,406	16,703,942
Less: Accumulated Depreciation	(13,321,505)	(12,603,268)
Net Capital Assets	5,362,901	4,100,674
Other Noncurrent Assets		
Cash Held for Long-Term Purposes	6,679,297	12,210,074
Net Pension Asset	326,868	0
Total Non-Current Assets	7,006,165	12,210,074
Total Assets	25,633,646	22,311,286
DEFERRED OUTFLOW OF RESOURCES		
Deferred Pension Outflows	438,600	320,803
Deferred Other Post Employment Benefits Outflows	157,018	47,644
Total Deferred Outflows of Resources	595,618	368,447

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

June 30, 2022
With Comparative Totals at June 30, 2021

	Business-Type Activities	
	2022	2021
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 158,522	\$ 130,811
Due to Other Funds	54,241	0
Other Accrued Liabilities	88,707	55,185
Current Portion of Long-Term Debt	506,124	775,000
Compensated Absences	104,678	134,282
Total Current Liabilities	912,272	1,095,278
Long-Term Liabilities		
Long-Term Debt	2,306,992	1,600,000
Reserve for Closure and Post-Closure Costs	12,790,345	12,293,785
Net Pension Liability	220,589	603,066
Other Post Employment Benefits Liability	500,823	457,963
Total Long-Term Liabilities	15,818,749	14,954,814
Total Liabilities	16,731,021	16,050,092
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	644,782	16,562
Deferred Other Post Employment Benefits Inflows	81,622	18,959
Deferred Bond Refunding Costs	0	16,667
Total Deferred Inflows of Resources	726,404	52,188
NET POSITION		
Net Investment in Capital Assets	3,899,852	3,267,437
Restricted	326,868	0
Unrestricted	4,545,119	3,310,016
Total Net Position	\$ 8,771,839	\$ 6,577,453

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

For the Fiscal Year Ended June 30, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	Business-Type Activities	
	2022	2021
OPERATING REVENUES		
Fees and Permits	\$ 6,104,742	\$ 5,674,345
 OPERATING EXPENSES		
Administration and General	456,879	586,693
Landfill Operations	1,006,246	1,035,536
Scales and Security Operations	360,023	370,249
Facility Maintenance	288,325	310,401
Vehicle and Equipment Maintenance	300,686	376,542
Solid Waste Authority	107,683	106,333
Environmental Compliance	199,234	199,369
Closure and Post-Closure Costs	526,500	526,500
Depreciation	765,933	704,530
Total Operating Expenses	4,011,509	4,216,153
 OPERATING INCOME	2,093,233	1,458,192
 NON-OPERATING REVENUES (EXPENSES)		
Other Income	15,378	11,230
Interest Income	993	292
Change in Fair Value of Investments	(77,491)	0
Debt Issuance	(18,491)	(20,311)
Interest Expense	(16,113)	(18,691)
Other Expense	0	(57,929)
Gain on Sale of Structures, Improvements and Equipment	51,597	29,735
Waste Tire Reimbursement	145,280	140,938
Total Non-Operating Revenues (Expenses)	101,153	85,264
 CHANGE IN NET POSITION	2,194,386	1,543,456
 NET POSTION, July 1st	6,577,453	5,033,997
 NET POSITION, June 30th	\$ 8,771,839	\$ 6,577,453

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, 2022
With Comparative Totals at June 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Investments in Tennessee Retirement Group Trust	\$ <u>28,057,613</u>	\$ <u>30,791,195</u>
LIABILITIES	\$ <u>0</u>	\$ <u>0</u>
NET POSITION		
Restricted for Pension Benefits	<u>28,057,613</u>	<u>30,791,195</u>
TOTAL NET POSITION	\$ <u><u>28,057,613</u></u>	\$ <u><u>30,791,195</u></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, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	<u>2022</u>	<u>2021</u>
Additions		
Employer Contributions	\$ 1,448,328	\$ 1,397,041
Investment Income:		
Investment Income (Loss)	(1,059,882)	6,536,257
Less Investment Expenses	<u>(31,655)</u>	<u>(3,178)</u>
Net Investment Income	<u>(1,091,537)</u>	<u>6,533,079</u>
Total Additions	<u>356,791</u>	<u>7,930,120</u>
Deductions		
Administrative Expenses	20,185	74,182
Benefit Payments	<u>3,070,188</u>	<u>3,051,726</u>
Total Deductions	<u>3,090,373</u>	<u>3,129,086</u>
Change in Net Position	(2,733,582)	4,804,212
Net Position Restricted for Pension Benefits - Beginning of Year	<u>30,791,195</u>	<u>25,986,983</u>
Net Position Restricted for Pension Benefits - End of Year	<u>\$ 28,057,613</u>	<u>\$ 30,791,195</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2022

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2021	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2022
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	\$ 8,685,000	\$ 0	\$ 1,880,000	\$ 0	\$ 6,805,000
General Obligation Bonds, Series 2015	9,995,000	2.00% to 4.00%	6/15/2015	6/1/2045	8,985,000	0	265,000	8,720,000	0
General Obligation Refunding Bonds, Series 2016A	4,310,000	2.00% to 3.00%	3/10/2016	6/1/2036	3,630,000	0	200,000	0	3,430,000
General Obligation Refunding Bonds, Series 2017	9,995,000	2.00% to 3.00%	3/1/2017	6/1/2037	9,065,000	0	480,000	0	8,585,000
General Obligation Bonds, Series 2018	6,915,000	3.50% to 5.00%	5/4/2018	5/1/2028	6,915,000	0	160,000	0	6,755,000
General Obligation Refunding Bonds, Series 2020	25,925,000	3.00% to 5.00%	6/25/2020	6/1/2043	25,725,000	0	200,000	0	25,525,000
General Obligation Bonds, Series 2021A	6,305,000	2.00% to 4.00%	3/25/2021	3/1/2040	6,305,000	0	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	3,950,000	0	770,000	0	3,180,000
General Obligation Bonds, Series 2022A	19,240,000	3.00% to 5.00%	2/11/2022	6/1/2052	0	19,240,000	0	0	19,240,000
General Obligation Refunding Bond, Series 2022B	8,475,000	3.00% to 4.00%	4/22/2022	6/30/2045	0	8,475,000	0	0	8,475,000
Total Bonds Payable through Debt Service Fund					73,260,000	27,715,000	3,955,000	8,720,000	88,300,000
Total Governmental Activities					\$ 73,260,000	\$ 27,715,000	\$ 3,955,000	\$ 8,720,000	\$ 88,300,000
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	\$ 775,000	\$ 0	\$ 775,000	\$ 0	\$ 0
General Obligation Refunding Bonds, Series 2021B (Taxable)	1,600,000	0.15% to 0.82%	3/25/2021	3/1/2026	1,600,000	0	0	0	1,600,000
General Obligation Bonds, Series 2022A	1,025,000	3.00% to 5.00%	2/11/2022	6/1/2034	0	1,025,000	0	0	1,025,000
Total Bonds Payable through Landfill Fund					2,375,000	1,025,000	775,000	0	2,625,000
<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	26,930,000	0	1,010,000	0	25,920,000
General Obligation Refunding Bonds, Series 2016A	5,315,000	2.00% to 3.00%	3/10/2016	6/1/2042	5,040,000	0	30,000	0	5,010,000
General Obligation Bonds, Series 2018	3,060,000	2.75% to 5.00%	5/4/2018	5/1/2028	2,275,000	0	285,000	0	1,990,000
General Obligation Refunding Bonds, Series 2020	2,375,000	3.00% to 5.00%	6/25/2020	6/1/2033	2,220,000	0	155,000	0	2,065,000
General Obligation Refunding Bonds, Series 2020B	6,200,000	2.00% to 3.00%	12/16/2020	6/1/2045	6,200,000	0	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	4,315,000	0	400,000	0	3,915,000
General Obligation Bonds, Series 2021A	3,155,000	2.00% to 4.00%	3/25/2021	3/1/2050	3,155,000	0	0	0	3,155,000
Total Bonds Payable through Water and Sewer Utility Fund					50,135,000	0	1,880,000	0	48,255,000
<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	12,300,000	0	1,035,000	0	11,265,000
General Obligation Bonds, Series 2022A	2,635,000	3.00% to 5.00%	2/11/2022	6/1/2052	0	2,635,000	0	0	2,635,000
Total Bonds Payable through Electric Utility Fund					12,300,000	2,635,000	1,035,000	0	13,900,000
Total Business-Type Activities					\$ 64,810,000	\$ 3,660,000	\$ 3,690,000	\$ 0	\$ 64,780,000

CITY OF ALCOA, TENNESSEE

SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR

June 30, 2022

Fiscal Year	Total Requirement	Total		2008 Local Government Improvement Bonds, Series E-5-B		General Obligation Refunding Bonds, Series 2016A	
		Bond	Interest	Bond	Interest	Bond	Interest
2023	\$ 11,540,252	\$ 6,580,000	\$ 4,960,252	\$ 2,245,000	\$ 1,759,600	\$ 290,000	\$ 230,262
2024	12,378,267	7,580,000	4,798,267	2,310,000	1,669,800	295,000	224,463
2025	12,305,105	7,755,000	4,550,105	2,335,000	1,577,400	300,000	218,562
2026	12,268,007	7,975,000	4,293,007	2,385,000	1,484,000	300,000	212,563
2027	11,316,940	7,285,000	4,031,940	2,770,000	1,388,600	335,000	206,562
2028	11,217,547	7,460,000	3,757,547	2,820,000	1,277,800	335,000	199,863
2029	10,987,201	7,510,000	3,477,201	3,325,000	1,165,000	115,000	193,162
2030	10,962,612	7,755,000	3,207,612	3,450,000	1,032,000	120,000	190,288
2031	10,589,951	7,650,000	2,939,951	2,920,000	894,000	445,000	187,287
2032	9,503,952	6,820,000	2,683,952	1,940,000	777,200	485,000	176,163
2033	9,265,970	6,805,000	2,460,970	2,000,000	699,600	525,000	162,825
2034	9,170,970	6,920,000	2,250,970	2,060,000	619,600	515,000	148,387
2035	8,604,008	6,570,000	2,034,008	2,035,000	537,200	505,000	132,938
2036	8,638,794	6,815,000	1,823,794	2,035,000	455,800	650,000	117,787
2037	7,671,258	6,065,000	1,606,258	1,560,000	374,400	260,000	98,288
2038	6,975,395	5,560,000	1,415,395	1,560,000	312,000	355,000	89,837
2039	6,884,482	5,645,000	1,239,482	1,560,000	249,600	350,000	78,300
2040	6,841,983	5,780,000	1,061,983	1,560,000	187,200	395,000	67,800
2041	6,805,507	5,925,000	880,507	1,560,000	124,800	890,000	55,950
2042	6,789,661	6,100,000	689,661	1,560,000	62,400	975,000	29,250
2043	4,153,520	3,660,000	493,520	0	0	0	0
2044	2,460,182	2,075,000	385,182	0	0	0	0
2045	2,443,857	2,120,000	323,857	0	0	0	0
2046	1,650,980	1,390,000	260,980	0	0	0	0
2047	1,643,540	1,425,000	218,540	0	0	0	0
2048	1,640,000	1,465,000	175,000	0	0	0	0
2049	1,245,013	1,115,000	130,013	0	0	0	0
2050	1,232,425	1,135,000	97,425	0	0	0	0
2051	1,119,200	1,055,000	64,200	0	0	0	0
2052	1,117,550	1,085,000	32,550	0	0	0	0
Totals	\$ 209,424,129	\$ 153,080,000	\$ 56,344,129	\$ 43,990,000	\$ 16,648,000	\$ 8,440,000	\$ 3,020,537

CITY OF ALCOA, TENNESSEE

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

June 30, 2022

Fiscal Year	General Obligation Refunding Bonds, Series 2017		General Obligation Bonds, Series 2018		General Obligation Refunding Bonds, Series 2020	
	Bond	Interest	Bond	Interest	Bond	Interest
2023	\$ 485,000	\$ 216,681	\$ 470,000	\$ 293,650	\$ 965,000	\$ 971,600
2024	495,000	206,981	490,000	272,500	1,015,000	923,350
2025	505,000	197,081	510,000	252,900	1,060,000	872,600
2026	515,000	186,981	530,000	232,500	1,110,000	819,600
2027	525,000	176,681	545,000	217,925	1,175,000	764,100
2028	540,000	164,869	560,000	202,937	1,225,000	705,350
2029	550,000	152,719	205,000	186,138	1,290,000	644,100
2030	565,000	140,344	215,000	179,987	1,335,000	592,500
2031	580,000	126,219	220,000	173,538	1,380,000	552,450
2032	595,000	110,994	225,000	166,937	1,425,000	511,050
2033	610,000	95,375	230,000	160,188	1,250,000	468,300
2034	625,000	78,600	240,000	153,000	1,250,000	430,800
2035	645,000	59,850	245,000	145,500	1,290,000	393,300
2036	665,000	40,500	255,000	137,537	1,325,000	354,600
2037	685,000	20,550	265,000	129,250	1,375,000	314,850
2038	0	0	270,000	120,638	1,415,000	273,600
2039	0	0	280,000	111,862	1,455,000	231,150
2040	0	0	290,000	102,763	1,495,000	187,500
2041	0	0	300,000	93,337	1,540,000	142,650
2042	0	0	310,000	83,213	1,585,000	96,450
2043	0	0	320,000	72,750	1,630,000	48,900
2044	0	0	330,000	61,950	0	0
2045	0	0	340,000	50,400	0	0
2046	0	0	355,000	38,500	0	0
2047	0	0	365,000	26,075	0	0
2048	0	0	380,000	13,300	0	0
2049	0	0	0	0	0	0
2050	0	0	0	0	0	0
2051	0	0	0	0	0	0
2052	0	0	0	0	0	0
Totals	\$ 8,585,000	\$ 1,974,425	\$ 8,745,000	\$ 3,679,275	\$ 27,590,000	\$ 10,298,800

CITY OF ALCOA, TENNESSEE

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

June 30, 2022

Fiscal Year	General Obligation Refunding Bonds, Series 2020B		General Obligation Bonds, Series 2020C (Taxable)		General Obligation Bonds, Series 2021A	
	Bond	Interest	Bond	Interest	Bond	Interest
2023	\$ 270,000	\$ 137,500	\$ 300,000	\$ 50,402	\$ 0	\$ 233,795
2024	270,000	129,400	300,000	49,203	410,000	233,795
2025	270,000	121,300	325,000	46,202	420,000	217,395
2026	270,000	113,200	370,000	42,953	435,000	200,595
2027	270,000	105,100	330,000	39,252	445,000	183,195
2028	270,000	97,000	330,000	35,458	460,000	165,395
2029	270,000	91,600	330,000	31,662	475,000	146,995
2030	270,000	86,200	330,000	27,373	480,000	137,495
2031	270,000	80,800	325,000	22,587	485,000	127,895
2032	270,000	75,400	325,000	17,388	495,000	118,195
2033	270,000	70,000	325,000	11,862	500,000	108,295
2034	270,000	64,600	325,000	6,013	510,000	98,295
2035	270,000	59,200	0	0	515,000	88,095
2036	270,000	53,800	0	0	520,000	77,795
2037	270,000	48,400	0	0	530,000	67,395
2038	270,000	43,000	0	0	535,000	56,795
2039	270,000	37,600	0	0	545,000	46,095
2040	270,000	32,200	0	0	555,000	35,195
2041	270,000	26,800	0	0	115,000	24,095
2042	270,000	21,400	0	0	115,000	21,795
2043	270,000	16,000	0	0	115,000	19,495
2044	265,000	10,600	0	0	115,000	17,195
2045	265,000	5,300	0	0	115,000	14,895
2046	0	0	0	0	115,000	12,480
2047	0	0	0	0	115,000	10,065
2048	0	0	0	0	115,000	7,650
2049	0	0	0	0	115,000	5,063
2050	0	0	0	0	110,000	2,475
2051	0	0	0	0	0	0
2052	0	0	0	0	0	0
Totals	\$ 6,200,000	\$ 1,526,400	\$ 3,915,000	\$ 380,355	\$ 9,460,000	\$ 2,477,918

CITY OF ALCOA, TENNESSEE

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

June 30, 2022

Fiscal Year	General Obligation Refunding Bonds, Series 2021B (Taxable)		General Obligation Bonds, Series 2022A		General Obligation Refunding Bonds, Series 2022B	
	Bond	Interest	Bond	Interest	Bond	Interest
2023	\$ 1,185,000	\$ 23,834.00	\$ 90,000	\$ 801,500	\$ 280,000	\$ 241,428
2024	1,195,000	21,700.00	545,000	797,000	255,000	270,075
2025	1,200,000	17,040.00	565,000	769,750	265,000	259,875
2026	1,200,000	9,840.00	585,000	741,500	275,000	249,275
2027	0	0	605,000	712,250	285,000	238,275
2028	0	0	625,000	682,000	295,000	226,875
2029	0	0	640,000	650,750	310,000	215,075
2030	0	0	665,000	618,750	325,000	202,675
2031	0	0	690,000	585,500	335,000	189,675
2032	0	0	715,000	551,000	345,000	179,625
2033	0	0	740,000	515,250	355,000	169,275
2034	0	0	760,000	493,050	365,000	158,625
2035	0	0	690,000	470,250	375,000	147,675
2036	0	0	710,000	449,550	385,000	136,425
2037	0	0	725,000	428,250	395,000	124,875
2038	0	0	745,000	406,500	410,000	113,025
2039	0	0	765,000	384,150	420,000	100,725
2040	0	0	785,000	361,200	430,000	88,125
2041	0	0	805,000	337,650	445,000	75,225
2042	0	0	830,000	313,500	455,000	61,653
2043	0	0	850,000	288,600	475,000	47,775
2044	0	0	875,000	263,100	490,000	32,337
2045	0	0	895,000	236,850	505,000	16,412
2046	0	0	920,000	210,000	0	0
2047	0	0	945,000	182,400	0	0
2048	0	0	970,000	154,050	0	0
2049	0	0	1,000,000	124,950	0	0
2050	0	0	1,025,000	94,950	0	0
2051	0	0	1,055,000	64,200	0	0
2052	0	0	1,085,000	32,550	0	0
Totals	\$ 4,780,000	\$ 72,414	\$ 22,900,000	\$ 12,721,000	\$ 8,475,000	\$ 3,545,005

CITY OF ALCOA, TENNESSEE
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
June 30, 2022

	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding July 1, 2021</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Remeasurements</u>	<u>Outstanding June 30, 2022</u>
Governmental Activities									
Leases Payable									
<u>Payable through General Fund</u>									
Communications Equipment	\$ 1,149,908	1.2%	12/7/2021	6/1/2031	\$ 0	\$ 1,149,908	\$ 121,260	\$ 0	\$ 1,028,648
General Fund - Novatech Copiers	145,838	3.0%	7/1/2021	6/1/2026	0	145,838	24,082	0	121,756
General Fund - Tasers	327,493	3.0%	7/30/2021	7/30/2025	0	327,493	69,481	0	258,012
General Fund - Body Cameras	279,499	3.0%	7/30/2021	7/30/2026	0	279,499	50,141	0	229,358
Total Leases Payable through Debt Service Fund					<u>0</u>	<u>1,902,738</u>	<u>264,964</u>	<u>0</u>	<u>1,637,774</u>
<u>Payable through Education Fund</u>									
Education Fund - Canon Copiers	41,623	3.0 %	7/5/2021	8/31/2026	<u>0</u>	<u>41,623</u>	<u>6,040</u>	<u>0</u>	<u>35,583</u>
<u>Payable through Debt Service Fund</u>									
Civic Center	9,225,000	4.5 %	5/2/2006	6/1/2036	<u>6,500,000</u>	<u>0</u>	<u>310,000</u>	<u>0</u>	<u>6,190,000</u>
Total Governmental Activities					<u>\$ 6,500,000</u>	<u>\$ 1,944,361</u>	<u>\$ 581,004</u>	<u>\$ 0</u>	<u>\$ 7,863,357</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL, AND INTERST REQUIREMENT BY FISCAL YEAR

June 30, 2022

Year Ending June 30,	Total Requirements	Total		Civic Center		Communications Equipment		Education Fund - Canon Copiers		General Fund - Novatech Copiers		General Fund - Tasers		General Fund - Body Cameras	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 883,655	\$ 572,820	\$ 310,835	\$ 325,000	\$ 278,550	\$ 108,008	\$ 13,372	\$ 8,068	\$ 957	\$ 26,945	\$ 3,132	\$ 61,634	\$ 7,848	\$ 43,165	\$ 6,976
2024	884,028	594,396	289,632	340,000	263,925	110,333	11,048	8,313	712	27,764	2,311	63,508	5,973	44,478	5,663
2025	888,727	620,102	268,625	360,000	248,625	111,657	9,724	8,566	459	28,609	1,466	65,440	4,041	45,830	4,310
2026	887,526	640,957	246,569	375,000	232,425	112,997	8,384	8,827	198	29,479	594	67,430	2,051	47,224	2,917
2027	788,709	563,782	224,927	390,000	215,550	114,353	7,028	1,809	8	8,959	861	0	0	48,661	1,480
2028	729,381	525,725	203,656	410,000	198,000	115,725	5,656	0	0	0	0	0	0	0	0
2029	725,931	542,114	183,817	425,000	179,550	117,114	4,267	0	0	0	0	0	0	0	0
2030	726,805	563,519	163,286	445,000	160,425	118,519	2,861	0	0	0	0	0	0	0	0
2031	731,781	589,942	141,839	470,000	140,400	119,942	1,439	0	0	0	0	0	0	0	0
2032	604,250	485,000	119,250	485,000	119,250	0	0	0	0	0	0	0	0	0	0
2033	607,425	510,000	97,425	510,000	97,425	0	0	0	0	0	0	0	0	0	0
2034	609,475	535,000	74,475	535,000	74,475	0	0	0	0	0	0	0	0	0	0
2035	605,400	555,000	50,400	555,000	50,400	0	0	0	0	0	0	0	0	0	0
2036	590,425	565,000	25,425	565,000	25,425	0	0	0	0	0	0	0	0	0	0
	<u>\$ 10,263,518</u>	<u>\$ 7,863,357</u>	<u>\$ 2,400,161</u>	<u>\$ 6,190,000</u>	<u>\$ 2,284,425</u>	<u>\$ 1,028,648</u>	<u>\$ 63,779</u>	<u>\$ 35,583</u>	<u>\$ 2,334</u>	<u>\$ 121,756</u>	<u>\$ 8,364</u>	<u>\$ 258,012</u>	<u>\$ 19,913</u>	<u>\$ 229,358</u>	<u>\$ 21,346</u>

CITY OF ALCOA, TENNESSEE

SCHEDULE OF INSURANCE IN FORCE – ELECTRIC UTILITY

June 30, 2022

Name of Company	Policy Number	Term of Policy		Annual Premium	Coverage and Liability Limits
		From	To		
Public Entity Partners	20-0101225	6/30/2022	6/30/2023	\$ 33,661	<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	6/30/2022	6/30/2023	\$ 2,061	<u>CRIME</u> Theft and Embezzlement – \$500,000 Each Loss Deductible – \$5,000
Public Entity Partners	10-0101225	6/30/2022	6/30/2023	\$ 108,295	<u>WORKMEN’S COMPENSATION</u> Legal – Statutory Requirements \$1,000,000 Employer’s Liability Limit
Public Entity Partners	50-0101225	6/30/2022	6/30/2023	\$ 119,523	<u>REAL AND PERSONAL PROPERTY DAMAGE</u> Substations and Transformers – \$54,654,945 Automotive – \$3,141,167 Contractor’s Equipment – \$1,954,138
Public Entity Partners	20-0101225	6/30/2022	6/30/2023	\$ 65,449	<u>ERRORS OR OMISSIONS</u> Direcotrs and Officers: Coverage Liability – \$1,000,000 per Occurrence Deductible – \$5,000
Public Entity Partners	20-0101225	6/30/2022	6/30/2023	\$ 39,664	<u>REAL AND PERSONAL PROPERTY</u> General aggregate – \$5,000,000 Property damage – \$100,000 Bodily injury – \$300,000 Fire damage limit – \$10,000 Medical expense – \$10,000 Each occurrence limit – \$300,000
Public Entity Partners	20-0101225	6/30/2022	6/30/2023	\$ 49,916	<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	\$	58,478,446
Personal Property		3,823,501
Mobile Equipment		2,104,138
Total	\$	<u>64,406,085</u>

CITY OF ALCOA, TENNESSEE

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

June 30, 2022

<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	7/28/21	7/28/22	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 \$5,000,000 per Occurrence Each Other Loss Non-Tort Acts	\$123,569
				AUTOMOBILE LIABILITY & PHYSICAL DAMAGE Deductible: Comprehensive - \$2,500 Collision - \$2,500 Liability - \$1,000		\$90,454
				PUBLIC OFFICIALS' PERSONAL ERRORS AND OMISSIONS LIABILITY Deductible: \$5,000	\$1,000,000 per Occurrence	\$62,930
Public Entity Partners	TWC-0251-19	7/28/21	7/28/22	WORKER'S COMPENSATION State requirements employer's Liability	\$300,000 – Each Accident \$700,000 – Policy Limit \$300,000 – Each Employee	\$289,003
				PROPERTY DAMAGE Caterpillar Compactor, Scraper, Bulldozer, Tractor, and Backhoes.	\$2,894,576 – Limit per Occurrence	\$3,374
Public Entity Partners	TMP-5296-19	01/20/22	01/20/23	CRIME COVERAGE	\$150,000 per Occurrence	
Public Entity Partners	PPR-5296-20	01/20/22	01/20/23	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	\$105,200,441 Limit per Occurrence	\$122,648
Public Entity Partners	PPR-5296-20	01/20/22	01/20/23	ELECTRONIC DATA PROCESSING - Equipment Coverage	\$1,000,000 Limit per Occurrence	\$1,749

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, 2022

<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	07/28/21	07/28/22	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 \$5,000,000 per Occurrence Each Other Loss Non-Tort Acts	\$2,906
				ERRORS AND OMISSIONS LIABILITY Deductible: \$5,000	\$1,000,000	\$31,105
				COMPREHENSIVE AUTOMOBILE LIABILITY Deductible: Comprehensive - \$250 Collision - \$500	\$300,000	\$5,519
Public Entity Partners	TWC-0581-20	07/28/21	07/28/22	WORKER'S COMPENSATION	\$300,000	\$50,503
Public Entity Partners	PPR-5296-20	01/20/22	01/20/23	Physical Damage to real and personal Property Values - \$107,124,880		\$138,769
				Copiers and small office equipment and blanket data processing equipment values \$1,227,000		\$1,589
				Mobile Equipment Values - \$176,050		\$228

CITY OF ALCOA, TENNESSEE
SCHEDULE OF UTILITY RATES - ELECTRIC
June 30, 2022

The basic utility rates in force as of June 30, 2022 are as follows:

		<u>Base Residential Rate - Schedule RS</u>
	Customer Charge:	\$17 per month
	Energy Charge:	10.856 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:	12.037 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:	11.752 cents per kWh for first 15,000 kWh 7.422 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:	7.402 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	26,766
General Power - Under 50kw	3,693
General Power - 50kw and Over	320
Street and Athletics	45
Outdoor Lighting	2,960

CITY OF ALCOA, TENNESSEE

SCHEDULE OF UTILITY RATES WATER AND SEWER

June 30, 2022

The basic utility rates in force as of June 30, 2022 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	\$ 16.55 per mo.	5/8" to 1"	\$ 24.95 per mo.
	Commercial	\$ 20.05 per mo.	5/8" to 1"	\$ 29.70 per mo.
	All	\$ 50.15 per mo.	1-1/2 to 3"	\$ 74.40 per mo.
	All	\$ 367.25 per mo.	4" to 6"	\$ 544.70 per mo.
	All	\$ 1,001.70 per mo.	Greater than 6"	\$ 1,485.60 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		\$ 4.10	All Sizes	\$ 6.30

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	\$ 5.65	\$ 13.45
RATE A-1	Residential - Outside City	\$ 9.60	\$ 22.95
RATE B	Commercial - Inside City	\$ 5.65	\$ 24.65
RATE B-1	Commercial - Outside City	\$ 9.60	\$ 41.95
RATE C	Industrial - Inside City	\$ 5.65	\$ 24.65
RATE C-1	Industrial - Outside City	\$ 9.60	\$ 41.95

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, 2022 are as follows:

	<u>Water</u>	<u>Sewer</u>
Residential - Inside City	3,882	3,585
Residential - Outside City	5,328	2,252
Commercial - Inside City	962	744
Commercial - Outside City	389	173
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, 2022

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
STATISTICAL INFORMATION SECTION
June 30, 2022

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, 2022

	<u>2022</u>	<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>
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 35,763,945	\$ 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
Restricted	19,598,308	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
Unrestricted (Deficit)	<u>3,378,817</u>	<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>
Total Governmental Activities Net Position	<u>\$ 58,741,070</u>	<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>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 64,475,645	\$ 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
Restricted	2,855,889	0	0	0	1,300,187	1,281,411	1,264,653	1,477,123	1,407,958	1,338,590
Unrestricted	<u>18,212,352</u>	<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>
Total Business-Type Activities Net Position	<u>\$ 85,543,886</u>	<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>
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	\$ 100,239,590	\$ 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
Restricted	22,454,197	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
Unrestricted (Deficit)	<u>21,591,169</u>	<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>
Total Primary Government Net Position	<u>\$ 144,284,956</u>	<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>

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

	<u>2022</u>	<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>
EXPENSES										
Governmental Activities										
General Government	\$ 10,258,471	\$ 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
Public Safety	10,627,324	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
Public Works	6,200,286	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
Culture and Recreation	0	0	0	635,635	863,740	2,682,489	938,333	1,110,699	1,003,749	1,316,438
Economic Development	2,380,472	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
Education	26,521,577	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
Debt Service:										
Interest on Long-Term Debt	1,660,471	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
Total Governmental Activities Expenses	<u>57,648,601</u>	<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>
Business-Type Activities										
Stormwater Utility	1,218,101	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
Water & Sewer	13,372,281	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
Electric	69,806,475	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
Landfill	4,046,113	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
Total Business-Type Activities Expenses	<u>88,442,970</u>	<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>
Total Primary Government Expenses	<u>\$ 146,091,571</u>	<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>
PROGRAM REVENUES										
Governmental Activities										
Charges for Services										
General Government	\$ 8,594,282	\$ 8,488,621	\$ 8,352,607	\$ 7,378,694	\$ 6,884,388	\$ 6,901,490	\$ 675,592	\$ 279,171	\$ 496,005	\$ 178,493
Public Safety	437,999	483,281	441,619	580,532	656,737	636,235	663,174	504,445	15,087	18,146
Public Works	453,188	448,130	471,084	879,283	825,325	912,557	433,611	304,002	349,703	372,895
Economic Development	0	0	0	0	0	23,396	18,986	19,700	14,434	17,350
Education	2,046,237	1,441,982	1,576,488	371,794	1,134,061	1,205,635	603,372	451,405	849,379	552,034
Operating Grants and Contributions	14,816,634	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
Capital Grants and Contributions	4,382,972	4,838,848	137,600	260,050	2,946,797	569,067	1,385,336	5,202,207	3,107,392	223,478
Total Governmental Activities Program Revenues	<u>30,731,312</u>	<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>

CITY OF ALCOA, TENNESSEE

SCHEDULE 2

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

Last Ten Fiscal Years

	<u>2022</u>	<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>
PROGRAM REVENUES (Continued)										
Business-Type Activities										
Charges for Services										
Stormwater Utility	1,392,004	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
Water and Sewer	16,574,912	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
Electric	72,455,407	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
Landfill	6,311,325	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
Operating Grants and Contributions	11,572	7,235	1,260	25,941	147,596	127,253	153,261	75,718	90,559	105,603
Capital Grants and Contributions	1,902,704	154,724	787,977	4,061,553	540,608	178,450	377,230	1,610,605	0	473,138
Total Business-Type										
Activities Program Revenues	<u>98,647,924</u>	<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>
Total Primary Government										
Program Revenues	<u>\$ 129,379,236</u>	<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>
NET (EXPENSE) REVENUE										
Governmental Activities	<u>\$ (26,917,289)</u>	<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>
Business-Type Activities	<u>10,204,954</u>	<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>
Total Primary Government										
Net Expenses	<u>\$ (16,712,335)</u>	<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>
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental Activities										
General Revenues										
Sales Tax and Other State Taxes	\$ 20,353,517	\$ 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
State Income and Excise Taxes	84,795	96,485	128,518	91,846	100,413	127,426	135,244	95,095	87,636	104,705
Property Taxes	18,431,905	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
Business Taxes	1,176,744	984,525	1,023,424	878,570	895,245	961,373	942,515	897,280	902,658	284,263
Miscellaneous Taxes	665,675	643,199	617,090	669,610	765,375	447,576	1,061,384	790,571	512,845	467,396
In-Lieu-of Taxes	928,349	1,127,309	1,196,851	1,172,589	1,058,111	1,207,703	297,331	371,954	155,929	255,535
Change in Fair Value of Investments	(71,225)	0	0	0	0	0	0	0	0	0
Interest Income	11,327	36,234	287,206	262,877	186,461	26,390	117,349	56,826	17,032	3,476
Gain (Loss) on Deletion of										
Capital Assets	0	0	0	0	0	0	0	0	64,258	13,296
Transfers-in-Lieu of taxes	1,597,105	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
Transfers - Contributions of Capital Assets	0	(137,496)	(282,878)	(3,868,460)	0	0	0	0	0	0
Total Governmental Activities	<u>43,178,192</u>	<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>

CITY OF ALCOA, TENNESSEE

SCHEDULE 2

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

Last Ten Fiscal Years

	<u>2022</u>	<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>
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	0	(50,755)	45,783
Change in Fair Value of Investments	(73,796)	0	0	0	0	0	0	0	0	0
Interest Income	26,814	28,693	131,527	179,461	57,122	31,189	17,168	7,322	22,752	23,313
Transfers - Contributions of Capital Assets	0	137,496	282,878	0	0	0	0	0	0	0
Transfers-in-Lieu of taxes	<u>(1,597,105)</u>	<u>(1,334,255)</u>	<u>(2,042,775)</u>	<u>(1,535,975)</u>	<u>(1,844,322)</u>	<u>(1,899,929)</u>	<u>(1,889,495)</u>	<u>(1,728,324)</u>	<u>(1,686,883)</u>	<u>(1,629,657)</u>
Total Business-Type Activities	<u>(1,644,087)</u>	<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>
Total Primary Government	\$ <u>41,534,105</u>	\$ <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>
CHANGE IN NET POSITION										
Governmental Activities	\$ 16,260,903	\$ 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
Business-Type Activities	<u>8,560,867</u>	<u>5,061,252</u>	<u>5,571,147</u>	<u>7,201,232</u>	<u>4,517,678</u>	<u>3,076,801</u>	<u>(191,858)</u>	<u>1,360,058</u>	<u>612,024</u>	<u>1,556,122</u>
Total Primary Government	\$ <u>24,821,770</u>	\$ <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>

CITY OF ALCOA, TENNESSEE

SCHEDULE 3

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

Last Ten Fiscal Years

	<u>2022</u>	<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>
GENERAL FUND										
Restricted	\$ 0	\$ 0	\$ 0	\$ 127,991	\$ 124,927	\$ 325,264	\$ 165,441	\$ 63,674	\$ 2,222	\$ 2,096
Committed	500,000	500,000	500,000	0	0	0	0	0	0	0
Assigned	0	0	0	997,488	512,658	508,792	947,010	941,852	631,139	0
Unassigned	<u>14,725,388</u>	<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>
Total General Fund	<u>\$ 15,225,388</u>	<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>
ALL OTHER										
GOVERNMENTAL FUNDS										
Nonspendable	\$ 7,222	\$ 12,268	\$ 10,381	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	14,740,664	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
Assigned	1,308,063	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
Committed	7,801,401	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
Unassigned	<u>0</u>	<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>
Total All Other Governmental Funds	<u>\$ 23,857,350</u>	<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>

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>2022</u>	<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>
REVENUES										
Taxes	\$ 39,643,793	\$ 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
Licenses, Permits and Fees	1,017,547	1,223,177	491,441	511,043	441,174	499,309	141,755	222,483	527,213	448,607
Property Rental	179,940	141,003	143,794	142,336	193,056	145,138	153,336	143,388	143,547	143,389
Intergovernmental	21,416,248	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
Fines, Forfeitures and Costs	406,099	371,807	331,242	525,147	603,444	590,061	663,174	517,539	507,920	467,396
Change in Fair Value of Investments	(71,225)	0	0	0	0	0	0	0	0	0
Interest Income	9,772	34,008	280,191	256,807	185,737	26,390	85,317	56,826	17,032	3,476
Internal School Fund Revenue	1,491,418	924,001	0	0	0	0	0	0	0	0
Miscellaneous Income	493,268	670,946	365,626	413,828	429,513	405,023	3,566,681	758,671	130,807	98,121
Charges for Service	1,123,383	896,836	1,583,764	1,406,462	1,344,381	1,275,152	920,100	834,269	1,025,789	942,279
Total Revenues	<u>65,710,243</u>	<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>
EXPENDITURES										
General Government	2,930,449	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
Public Safety	10,856,239	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
Public Works	6,057,251	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
Recreation and Arts	0	0	0	400,741	627,097	873,137	785,765	851,898	747,727	1,060,417
Contributions to Other Agencies	2,380,472	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
Education	28,441,535	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
Other-Building	0	0	0	194,303	51,442	0	0	0	0	0
Debt Service:										
Note Disbursement	2,500,000	3,500,000	0	0	0	0	0	0	0	0
Principal Retirement	3,387,824	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
Interest and Fiscal Fees	2,030,782	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
Bond Issuance Costs	580,204	241,659	440,036	0	22,289	0	0	(176,654)	0	0
Capital Outlay/Capital Assets	17,786,286	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
Total Expenditures	<u>76,951,042</u>	<u>66,870,498</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>
Excess (Deficiency) of Revenue Over Expenditures Before Financing Sources (Uses)	<u>(11,240,799)</u>	<u>(3,951,970)</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>
OTHER FINANCING SOURCES (USES)										
Operating Transfers	0	0	0	0	0	55,089	4,594,973	5,738,182	4,455,371	3,778,480
Issuance of Debt/Leases	31,990,825	10,651,440	29,034,118	0	6,915,000	9,995,000	0	9,995,000	20,850,000	10,000,000
In Lieu of Taxes	1,597,105	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
Payoff to Refunded Bond Escrow Agent	(8,867,073)	(3,940,958)	(28,594,082)	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>24,720,857</u>	<u>8,044,737</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>
Net Change in Fund Balance	<u>\$ 13,480,058</u>	<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>
Debt Service as a Percentage of Noncapital Expenditures	8.3%	9.6%	11.2%	11.2%	10.9%	10.4%	19.7%	20.3%	17.4%	15.6%

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
2022	2021	\$ 320,190,309	\$ 153,290,825	\$ 114,952,245	\$ 588,433,379	2.27	\$ 1,874,116,909	31%
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%

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>
2022	2021	2.27	\$ 13,606,883	\$ 13,233,780	97.3%	\$ 241,718	\$ 13,475,498	99.0%	\$ 568,622	4.18%
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%

CITY OF ALCOA, TENNESSEE

SCHEDULE 7

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

<u>Fiscal Year Ending June 30,</u>	<u>Tax Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Purpose School Fund</u>	<u>Total Direct Tax Rate</u>	<u>Overlapping Tax Rate - Blount County</u>
2022	2021	\$ 0.52	\$ 1.05	\$ 0.70	\$ 2.27	\$ 2.47
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

CITY OF ALCOA, TENNESSEE

SCHEDULE 8

PRINCIPAL TAXPAYERS

June 30, 2022

Taxpayer	Fiscal Year 2021			Taxpayer	Fiscal Year 2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Arconic	\$ 110,448,459	1	18.8%	Alcoa	\$ 130,486,345	1	28.7%
Ridge at Hamilton Crossing	18,363,887	2	3.1%	CMH Management	14,276,938	2	3.1%
Alcoa HC LP & Mont Belvieu	11,149,845	3	1.9%	Hamilton Crossing	7,414,640	3	1.6%
CMH Services Inc	10,460,195	4	1.8%	Faulkner Properties	6,391,400	4	1.4%
Faulkner Properties	9,033,000	5	1.5%	Bell South Telecommunication	4,900,382	5	1.1%
Airport Center Development	8,744,455	6	1.5%	Mideb Nominees Inc #672	4,536,200	6	1.0%
Aurora Properties LLC	8,287,440	7	1.4%	ETMG Investments	4,498,168	7	1.0%
Clayton Education Corp	7,163,560	8	1.2%	Mideb Nominees Inc	3,302,440	8	0.7%
Cornerstone of Recovery	7,153,320	9	1.2%	Stock Creek LLC	3,202,000	9	0.7%
Mideb Nominees Inc #672	6,460,080	10	1.1%	Rehold Alcoa LLC	2,616,680	10	0.6%
Totals	\$ 197,264,241		33.5%		\$ 181,625,193		40.0%
Total Assessed Value All Property (Excluding Public Utilities)	\$ 588,433,379				\$ 454,479,189		

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	Leases	Water & Sewer Bonds	Landfill Bonds	Landfill Capital Outlay Notes	Electric Bonds	Leases			
2022	\$ 88,300,000	\$ 7,863,357	\$ 48,255,000	\$ 2,625,000	\$ 0	\$ 13,900,000	\$ 0	\$ 160,943,357	29.11%	\$ 14,149
2021	76,641,193	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	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	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	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	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	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	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	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	10,072,979	48,290,824	6,365,000	0	18,985,000	264,777	136,953,580	44.67%	15,851

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

Fiscal Year Ending June 30,	General Obligation/ Revenue Debt	Total	Tax Year	Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
2022	\$ 153,080,000	\$ 153,080,000	2021	\$ 588,433,379	26.01%	\$ 13,458
2021	138,070,000	138,070,000	2020	588,890,432	23.45%	12,744
2020	129,805,000	129,805,000	2019	567,976,247	22.85%	12,181
2019	145,658,562	145,658,562	2018	508,921,279	28.62%	13,874
2018	152,145,452	152,145,452	2017	509,582,207	29.86%	14,875
2017	148,178,575	148,178,575	2016	510,616,623	29.02%	15,007
2016	143,743,701	143,743,701	2015	493,948,638	29.10%	16,344
2015	148,486,837	148,486,837	2014	446,814,704	33.23%	16,964
2014	143,383,801	143,383,801	2013	450,667,633	31.82%	16,303
2013	126,615,824	126,615,824	2012	454,479,189	27.86%	14,655

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, 2022

<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	\$ 153,080,000		
Capital Leases	<u>7,863,357</u>		
Total Direct Debt	160,943,357	100.00%	\$ 160,943,357
Overlapping Debt			
Blount County General Government	129,078,271	15%	<u>19,361,741</u>
Total Direct and Overlapping Debt			<u>\$ 180,305,098</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
2022	\$ 1,335,547	\$ 1,087,717	\$ 247,830	\$ 0	\$ 0	0.00
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

Water & Sewer Utility Debt

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2022	\$ 16,500,592	\$ 9,158,147	\$ 7,342,445	\$ 1,880,000	\$ 1,121,157	2.45
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

Electric Utility Debt

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2022	\$ 72,455,407	\$ 65,926,203	\$ 6,529,204	\$ 1,035,000	\$ 273,942	4.99
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

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
2022	\$ 6,104,742	\$ 3,245,576	\$ 2,859,166	\$ 775,000	\$ 38,155	3.52
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

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
2022	11,375	\$ 552,836,375	\$ 48,601	2,215	3.80%
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%

- SOURCES:** (1) 2013 - 2021 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, 2022

Employer	2022			2013 (3)		
	Employees	Rank	Percentage Of Total City/County Employment	Employees	Rank	Percentage Of Total City/County Employment
Clayton Homes (1)	5,436	1	8.43%	2,354	1	4.17%
Denso Manufacturing Tennessee, Inc. (1)	4,500	2	6.98%	2,346	2	4.15%
Blount Memorial Hospital (1)	2,722	3	4.22%	2,150	3	3.81%
Blount County School System (1)	1,694	4	2.63%	1,600	4	2.83%
McGhee Tyson ANG Base (1)	1,609	5	2.50%			
Vanderbilt Mortgage and Finance Inc. (1)	994	6	1.54%			
Newell Brands (1) Sanford Brands	900	7	1.40%	365	12	0.65%
Arconic (1) Formerly Alcoa, Inc.	900	8	1.40%	1,233	5	2.18%
Blount County Government (1)	800	9	1.24%	669	7	1.18%
Maryville City Schools (2)	713	10	1.11%	644	9	1.14%
Walmart Super Center (2)	610	11	0.95%	592	10	1.05%
Accenture Hospitality Service (1)						
Formerly Marriott	500	12	0.78%	650	8	1.15%
TeamHealth Alcoa Billing Center (1)	451	13	0.70%	411	11	0.73%
Massey Group (2)	405	14	0.63%	245	16	0.43%
Ruby Tuesday (1)	402	15	0.62%	1,088	6	1.93%
Maryville College (1)	361	16	0.56%	234	17	0.41%
Peninsula Hospital (1) Division of						
Covenant Health	326	17	0.51%			
City of Maryville (2)	325	18	0.50%	304	13	0.54%
Alcoa City Schools (2)	302	19	0.47%	231	18	0.41%
City of Alcoa (2)	283	20	0.44%	261	15	0.46%
Standard Aero, Inc. (1)	275	21	0.43%	275	14	0.49%
K 12 (1)	265	22	0.41%			
Cornerstone of Recovery (1)	230	23	0.36%			
Performance Foodservice (1) Formerly						
Reinhardt Food Service	205	24	0.32%	225	19	0.40%
	<u>25,208</u>		<u>39.11%</u>	<u>15,877</u>		<u>28.10%</u>
Total Blount County						
Employment 2022 (as of 06/2022) (4)	64,446					
Employment 2013 (as of 06/2013) (4)	56,498					

SOURCES:

- (1) The Knoxville News Sentinel "Book of Lists"
- (2) 2022 Responses from Employer
- (3) City of Alcoa Comprehensive Annual Financial Report 6/30/13
- (4) U.S. Bureau of Labor Statistics

CITY OF ALCOA, TENNESSEE

SCHEDULE 15

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	<u>Actual FY 2022</u>	<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>
General Government										
Administrative/ Office	45	41	41	43	43	42	42	42	42	43
Police	57	52	51	50	49	48	49	49	41	42
Fire	39	39	36	38	34	34	34	32	29	30
Public Works Admin	8	8	14	12	14	13	13	17	17	15
Streets	9	8	0	0	0	0	0	0	0	0
Other- Support Services and Maintenance	8	8	6	6	6	6	6	6	6	6
Education	247	237	237	218	218	242	249	235	231	231
Solid Waste	18	19	13	13	10	10	10	11	11	11
Other- Inspectors	2	2	2	3	3	3	3	3	3	3
Total General Government	433	414	400	383	377	398	406	395	380	381
Utilities										
Stormwater	30	31	9	7	7	8	8	8	8	8
Water and Sewer	6	6	38	35	35	35	34	34	34	34
Electric	54	48	50	58	61	57	60	60	61	62
Landfill	16	17	17	17	17	18	17	17	18	16
Total Utilities	106	102	114	117	120	118	119	119	121	120
Total Government and Utilities	539	516	514	500	497	516	525	514	501	501

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

Function/Program General Government	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Police										
Physical Arrests	1,381	1,961	1,723	1,512	921	1,248	1,145	1,245	1,492	1,506
Traffic Violations	2,761	3,878	4,113	6,686	5,417	5,199	5,298	6,061	7,431	7,179
Fire										
Emergency Response	2,726	2,242	2,137	2,708	2,245	2,184	2,185	1,519	1,867	1,797
Fires Extinguished	29	26	32	58	43	71	84	46	61	58
Inspections	644	358	324	331	318	301	289	501	303	283
Public Works/Streets										
Street Resurfacing (Lanes)	5.0	4.0	6.8	5.3	5.0	3.5	3.4	2.3	4.5	1.3
Potholes Repaired	66	230	218	367	325	77	253	83	52	126
Education										
Tuition Students Served	337	343	338	357	407	378	409	435	483	473
Parks and Recreation										
Community Pool Admissions	24,600	16,039	13,235	29,345	32,600	32,360	36,045	30,368	34,677	35,500
Landfill										
Refuse Collected (Tons per day)	392.65	317.75	261.15	265.92	266.43	244.49	332.46	290.87	327.13	227.87
Water/Sewer										
New Connections	89	96	79	261	64	71	83	232	219	147
Water Main Breaks-Leak Repaired	172	139	110	114	80	79	108	160	216	154
Average Daily Consumption (thousands of gallons)	5,112	4,845	4,898	4,700	4,478	4,832	4,933	4,687	6,237	6,566
Peak Daily Consumption (thousands of gallons)	9,000	7,186	7,670	8,310	8,720	8,480	9,070	8,470	9,380	9,040
Average Daily Sewage Treatment (thousands of gallons)	2,276	2,541	2,544	2,020	1,422	1,755	1,926	1,348	1,740	2,125
Electric Utility										
Average Monthly kwh Purchased	5,433,374	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

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

Function/Program	Fiscal Year Ending									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	44	41	36	34	34	44	46	42	42	42
Police Adm. / Other Vehicles	24	22	25	17	17	17	16	16	15	15
Fire Stations	3	3	3	3	3	3	3	3	3	3
Landfill										
Collection Trucks (customers)	92,315	88,651	76,308	70,040	70,040	70,712	69,548	53,056	57,873	56,809
Public Works / Streets										
Highway (miles)	105.5	98.4	98.4	97.7	97.7	97.7	110.9	110.9	110.5	110.5
Traffic Lights	36	34	31	31	31	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	7	3	3	3	3	3
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Water Mains (miles)	261.6	241.4	241.5	240.6	239.5	237.3	236.0	232.3	230.7	227.6
Storage Capacity (thousands of gallons)	14,950	14,950	14,950	14,950	14,950	14,950	14,950	14,950	13,350	13,350
Treatment Capacity (thousands of gallons)	16,000	16,000	16,000	16,000	16,000	16,000	1,600	16,000	16,000	16,000
Sewage										
Sanitary Sewers (miles)	149.8	132.8	132.7	130.1	130.0	129.0	127.0	126.1	123.0	122.6
Storm Sewers (miles)	60.6	55.6	55.6	53.5	49.3	49.7	49.6	138.36	47.3	47.3
Electric										
Number of Customers	30,949	30,299	30,106	29,750	29,262	28,915	28,728	28,549	27,905	27,808
Annual KWH Sold	622,816,521	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
Sub Stations	7	7	7	13	13	13	13	13	12	12
Pole Line (miles)	1,302	1,292	1,010	1,103	1,086	1,079	1,068	1,200	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, 2022

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	\$ 76,036
Commodities - Warehousing Rebate	10.555	N/A	0	2,482
Total Passed through the Tennessee Department of Agriculture			0	78,518
Passed through the Tennessee Department of Education:				
Child Nutrition Cluster:				
COVID-19 School Breakfast Program	10.553	N/A	0	275,738
COVID-19 National School Lunch Program	10.555	N/A	0	1,012,078
National School Snack Program	10.555	N/A	0	12,543
COVID-19 School Programs Emergency Operational Costs Reimbursement	10.555	N/A	0	2,856
Total Child Nutrition Cluster			0	1,381,733
COVID-19 Pandemic EBT Administrative Costs	10.649	N/A	0	3,063
Total U.S. Department of Agriculture			0	1,384,796
U.S. Department of Education				
Passed through the Tennessee Department of Education:				
Career and Technical Education - Basic Grants to States	84.048	N/A	0	57,101
English Language Acquisition State Grants	84.365	N/A	0	22,081
Student Support and Academic Enrichment Program	84.424	N/A	0	14,086
Supporting Effective Instruction State Grants	84.367	N/A	0	31,796
Title I Grants to Local Educational Agencies	84.010	N/A	0	221,901
Special Education Cluster:				
Special Education - Grants to States	84.027A	N/A	0	342,698
COVID-19 Special Education - Grants to States	84.027X	N/A	0	59,997
Special Education - Preschool Grants	84.173A	N/A	0	5,048
COVID-19 Special Education - Preschool Grants	84.173X	N/A	0	4,746
Total Special Education Cluster			0	412,489
COVID-19 Education Stabilization Fund:				
Governor's Emergency Education Relief Fund	84.425C	N/A	0	131,294
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	0	271,093
American Rescue Plan - Elementary and Secondary School Emerg. Relief	84.425U	N/A	0	466,976
Total Education Stabilization Fund			0	869,363
Total Passed through the Tennessee Department of Education			0	1,628,817
Total U.S. Department of Education			0	1,628,817
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	54,159
Passed through the Tennessee Department of Health:				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	0	415,202
Total U.S. Department of Health and Human Services			0	469,361

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, 2022

Federal Grantor/Pass-through Grantor Program	CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
Federal Awards (Continued)				
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	35,021
Total U.S. Department of Homeland Security			<u>0</u>	<u>35,021</u>
U.S. Department of Justice				
U.S. Department of Justice Direct Assistance:				
Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0188	0	82,675
Bulletproof Vest Partnership Program	16.607	N/A	0	6,258
Total U.S. Department of Justice			<u>0</u>	<u>88,933</u>
U.S. Department of Transportation				
Passed through the Tennessee Department of Safety & Homeland Security:				
State and Community Highway Safety (2021)	20.600	Z21THS002	0	2,071
State and Community Highway Safety (2022)	20.600	Z22THS002	0	1,632
Total CFDA Number 20.600			<u>0</u>	<u>3,703</u>
Passed through the Tennessee Department of Transportation:				
Highway Planning and Construction - Duck Pond Phase 2	20.205	150164	0	739,230
Highway Planning and Construction - Tesla Blvd.	20.205	160248	0	3,470,592
Total CFDA Number 20.205			<u>0</u>	<u>4,209,822</u>
Total U.S. Department of Transportation			<u>0</u>	<u>4,213,525</u>
U.S. Department of the Treasury				
Passed through the Tennessee Department of Finance & Administration:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	0	973,792
Total U.S. Department of the Treasury			<u>0</u>	<u>973,792</u>
Total Federal Awards			<u>0</u>	<u>8,794,245</u>
State Financial Assistance				
Tennessee Department of Agriculture:				
USDA Child Nutrition State Matching		N/A	0	8,966
Tennessee Department of Education:				
Coordinated School Health Project		N/A	0	80,000
Early Childhood Education		N/A	0	167,364
Family Resource Center Program		N/A	0	29,612
Learning Loss Remediation and Student Acceleration Camps		N/A	0	194,035
Safe Schools		N/A	0	37,080
Total Tennessee Department of Education			<u>0</u>	<u>508,091</u>
Tennessee Department of Finance & Administration				
Governor's Local Government Support Grant		N/A	0	124,189
Tennessee Higher Education Commission				
Governor's Investment in Vocational Education Grant		N/A	0	64,113
Total State Financial Assistance			<u>0</u>	<u>705,359</u>
Total Federal Awards and State Financial Assistance			<u>\$ 0</u>	<u>\$ 9,499,604</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, 2022

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 and education fund, and the aggregate remaining fund information of City of Alcoa, Tennessee (the "City"), as of and for the year ended June 30, 2022, 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 7, 2022.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

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. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.



An independently owned member
RSM US Alliance



TSCPA
Members of the Tennessee Society
Of Certified Public Accountants

Report on 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 are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-003.

City of Alcoa's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 7, 2022



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

Opinion on Each Major Federal Program

We have audited City of Alcoa's (the "City") compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.



An independently owned member
RSM US Alliance



TSCPA
Members of the Tennessee Society
Of Certified Public Accountants

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit Responsibilities for the audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 7, 2022

CITY OF ALCOA, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X 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) X Yes No

Major federal programs for the City of Alcoa, Tennessee for the fiscal year ended June 30, 2022 are:

Program Name	Assistance Listing #
COVID-19 CRRSA ACT - Elementary and Secondary School Emergency Relief Fund (ESSER 2.0)	84.425D
COVID-19 ARPA - Elementary and Secondary School Emergency Relief Fund (ESSER 3.0)	84.425C
COVID-19 CARES Act - Grants to LEAs FY2021 Amount - Innovative High Schools Models Grant	84.425U
COVID-19 Epidemiology & Laboratory Capacity (ELC)	93.323
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027

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

Auditee qualified as low-risk auditee? X Yes No

CITY OF ALCOA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2022

Section II - Financial Statement Findings

2022-001 - Year-End Cut Off Procedures

Criteria or Specific Requirement – Internal controls over financial reporting should be in place to ensure that the financial statements are fairly presented in accordance with generally accepted accounting principles (GAAP). An important part of financial reporting is ensuring proper cutoff of all financial transactions to be reported in the correct accounting period.

Condition - It was noted that certain grant revenues were not recognized in the proper accounting period.

Cause and Effect - The Schools did not have a review process in place to properly identify grant revenues being recognized in the appropriate accounting period. As a result, a material adjusting entry was made to record grant revenues and receivables.

Recommendations - We recommend establishing an additional review procedure when finalizing the grant revenues and receivables during the year-end closing process to ensure proper recognition of grant revenue and receivables.

Management's Response - We concur with the finding and recommendation. Management will include a grant revenue accrual review process as part of our routine year-end procedures to ensure proper recognition in the financial statements.

Section III - Federal Award Findings

2022-002 – Timesheet Review and Approvals

Program - Assistance Listing Numbers: 84.425 and 93.323

Criteria or Specific Requirement – Internal controls should be operating to provide reasonable assurance that individuals are paid by the hours worked and programs are charged as stated on their timesheet. Records must be supported by a system of internal control which provides reasonable assurance through adequate documentation the charges are accurate, allowable, and properly allocated.

Condition - During our testing, we identified instances of timesheets that were not reviewed by a supervisor or clerically accurate.

Cause and Effect - Timesheets are manually completed and submitted for approval. Employees are to approve their own timesheet prior to submission and their respective supervisors are to review the timesheets for approval. A lack of review to corroborate employee hours worked creates risk of misstated payroll expenses.

Recommendations - We recommend that supervisors approve and review timesheets prior to processing payroll. In circumstances where the supervisor is not available for timesheet approvals, the timesheet should be reviewed by a more senior employee.

Management's Response - We concur with the finding and recommendation. Management will corroborate timesheets with supervisory approval and clerical review for accuracy.

CITY OF ALCOA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2022

Section IV – Noncompliance Under *Government Auditing Standards*

2022-003 - 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 General Fund exceeded the amounts appropriated in the budget.

Cause and Effect - Actual expenditures exceed approved appropriations in the General 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 General Fund, management would like to point out that although expenditures were not appropriated in the budget for the lease of communications equipment, the purpose of the lease and its intended use were very specific, the agreement was approved by the City's highest level of decision-making authority (City Commission). Additionally, management would also like to note that the entry which resulted in expenditures exceeding appropriations was a noncash transaction and had no effect on the net change in fund balance.



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, 2022

The status of prior year findings for the year ended June 30, 2022:

Financial Statement Findings

There were no prior year financial statement findings reported.

Federal Award Findings and Questioned Costs

There were no prior year federal award findings and questioned costs reported.

Noncompliance Under *Government Auditing Standards*

Prior Year Finding Number	Finding Title	Status/ Current Year Finding Number
2021-001	Expenditures Exceed Appropriations	Repeated / 2022-003



223 Associates Blvd., Alcoa, TN 37701

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2022

2022-001:

Contact Person Responsible for Corrective Action: Thomas Shamblin - Alcoa City Schools Director of Finance

Corrective Action Planned: We concur with the finding and recommendation. Management will include a grant revenue accrual review process as part of our routine year-end procedures to ensure proper recognition in the financial statements.

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

Signature: Thomas Shamblin

2022-002:

Contact Person Responsible for Corrective Action: Thomas Shamblin - Alcoa City Schools Director of Finance

Corrective Action Planned: We concur with the finding and recommendation. Management will corroborate timesheets with supervisory approval and clerical review for accuracy.

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

Signature: Thomas Shamblin



223 Associates Blvd., Alcoa, TN 37701

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

MANAGEMENT'S CORRECTIVE ACTION PLAN (Continued)

For the Year Ended June 30, 2022

2022-003: Expenditures Exceed Appropriations

Contact Person Responsible for Corrective Action: Brittany Spence, CMFO - City of Alcoa Director of Finance

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 General Fund, management would like to point out that although expenditures were not appropriated in the budget for the lease of communications equipment, the purpose of the lease and its intended use were very specific, the agreement was approved by the City's highest level of decision-making authority (City Commission). Additionally, management would also like to note that the entry which resulted in expenditures exceeding appropriations was a noncash transaction and had no effect on the net change in fund balance.

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

Signature: Brittany Spence