

CITY OF ALCOA

CITY OF ALCOA, TENNESSEE

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2025



"Excellence in Service - Quality of Life"

CITY OF ALCOA, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2025

Prepared By:

Allison Williamson
Interim Director of Finance

CITY OF ALCOA, TENNESSEE

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INTRODUCTORY SECTION



December 23, 2025

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, 2024, 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 32,957 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 10,852 and 6,904, 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 early December 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 February and March to discuss proposed budgets. In mid-April the City Manager presents the 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 Ordinance is presented in May 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 is held at one of the May 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 2016, growth in property values along with new construction have led to an increase in tax appraised values of over 28%. 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 consistent growth in new construction initiated by smaller chains, independent retailers, banks, and restaurants over the past year. Reinvestment by local businesses have also led to new product hitting the market including Alcoa Chiropractic's new facility, and the under development Hickory Construction facility opening in FY2026.

In terms of job growth, the joint Economic Development Board (EDB) created by the cities of Maryville, Alcoa and Blount County has seen tremendous success in creating new jobs by attracting new manufacturers such as Amazon and Smith & Wesson as well as facilitating expansions of existing employers such as Denso Manufacturing and Arconic (formerly ALCOA, Inc.). Since 2013, the EDB has secured over \$2.7 billion in new capital investment which has brought over 6,110 new jobs to Alcoa, Maryville, and Blount County. As a result, the local unemployment rate is only 3.5% as compared to 3.5% for the State of Tennessee and 4.1% for the United States.

In FY 2016, The City entered into an agreement with a private developer partner following Arconic's outright sale of the 300-acre former West Plant site, now known as Springbrook Farm. Arconic retained no ongoing obligations for the land upon the transfer of the property. Under the agreement, the city invested approximately \$11 million in infrastructure improvements in exchange for a secured interest in the property and a share of proceeds from future property sales. An additional \$5 million was allocated for associated roadway 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. In FY 2023, a second national brand hotel and major supermarket were completed. In 2022, construction began on a 300-unit upscale apartment complex. The first phase of the project was completed in FY 2023 producing 150 units. The second phase of the remaining 150 units was completed in FY 2024. Each of the facilities quickly acquired new tenants

with an estimated occupancy of 90% at the end of the fiscal year 2025. A new distilling company is expected to open in 2027 and will provide new and exciting activities for the community including live music, bonfire pits, and open access to the greenway trail. FY 2025 openings occurring in Springbrook Farms included Freddy's Steakburgers and Custard, Just Love Coffee, and Ship Alcoa.

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 became fully operational in 2023 and resulted in over 1,500 new jobs with an anticipated 1,000 more to come. As of June 2024, Amazon had fully supplemented the initial 1,500 positions with 1,200 new jobs consisting of both full-time and part-time positions.

A second major economic development was announced in September 2021. Smith & Wesson, a 169-year-old firearms company in Springfield Massachusetts, moved 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 has invested approximately \$125 million in the community and has created 750 jobs. Construction on the new facility was completed in 2023.

The success of City and EDB economic recruitment opportunities have led to an increased need for housing which has stimulated roughly \$200 Million dollars of private investment into 3 different commercial residential complexes. Each of these developments have spurred interest from commercial and retail investors to locate on adjoining properties to benefit from the high volume of close by residents. The two commercial residential locations along Topside Road have triggered initial planning investments for a commercial corridor housing roughly 52,000 square feet of restaurants and other service-oriented businesses. Early stages of construction are currently underway and staff project the initial phase of retail and commercial to open in FY 2026.

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 and Phase II was completed in September 2022. Phase II of the project totals approximately \$1.4 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 did not issue new debt in FY25 nor was any existing debt reissued in FY25.

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 cost of Phase I was \$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.

The City is considering a 2026 bond issue to cover the cost of several major infrastructure projects that will take place in the near future. These projects are mainly related to utility funds. The Electric Department's current system is nearing capacity and will soon require an additional substation to meet customer demand. The construction of a new substation will play an essential role in continuing to provide quality and reliable electric service. The Water Department's aging infrastructure is in dire need of upgrades. A critical artery of the water system, that has been in operation since the utilities inception, is scheduled to be completely replaced in 2025. Labor will be completed by City forces however the materials are estimated to cost over \$1 million. Debt issuance will be contingent upon interest rates and other economic factors at the time of consideration.

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. The City went "live" with a new Tyler Technologies Enterprise Resource Planning (ERP) system on April 1st, 2024. The phased implementation of the ERP system allowed for the financial components of the existing system to be migrated first to ensure increased tracking of the City's internal and external financial activity. The new software is expected to provide increased functionality for financial oversight of City operations, and provide additional reporting/analytics aimed at continued improvement of government transparency.

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, 2025, provided no instances of material weaknesses in the internal control structure.

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 annual comprehensive financial report for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgment

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Accounting Division, the assistance of administrative personnel in the various departments, and the valuable guidance and assistance of the staff of Pugh CPAs. To them and to the City Commission for their support and interest in improving Alcoa's fiscal policies and practices, we express our sincere appreciation.

Respectfully yours,



Bruce M. Applegate Jr., MPPA
City Manager



Allison Williamson
Interim 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, 2024

Christopher P. Morill

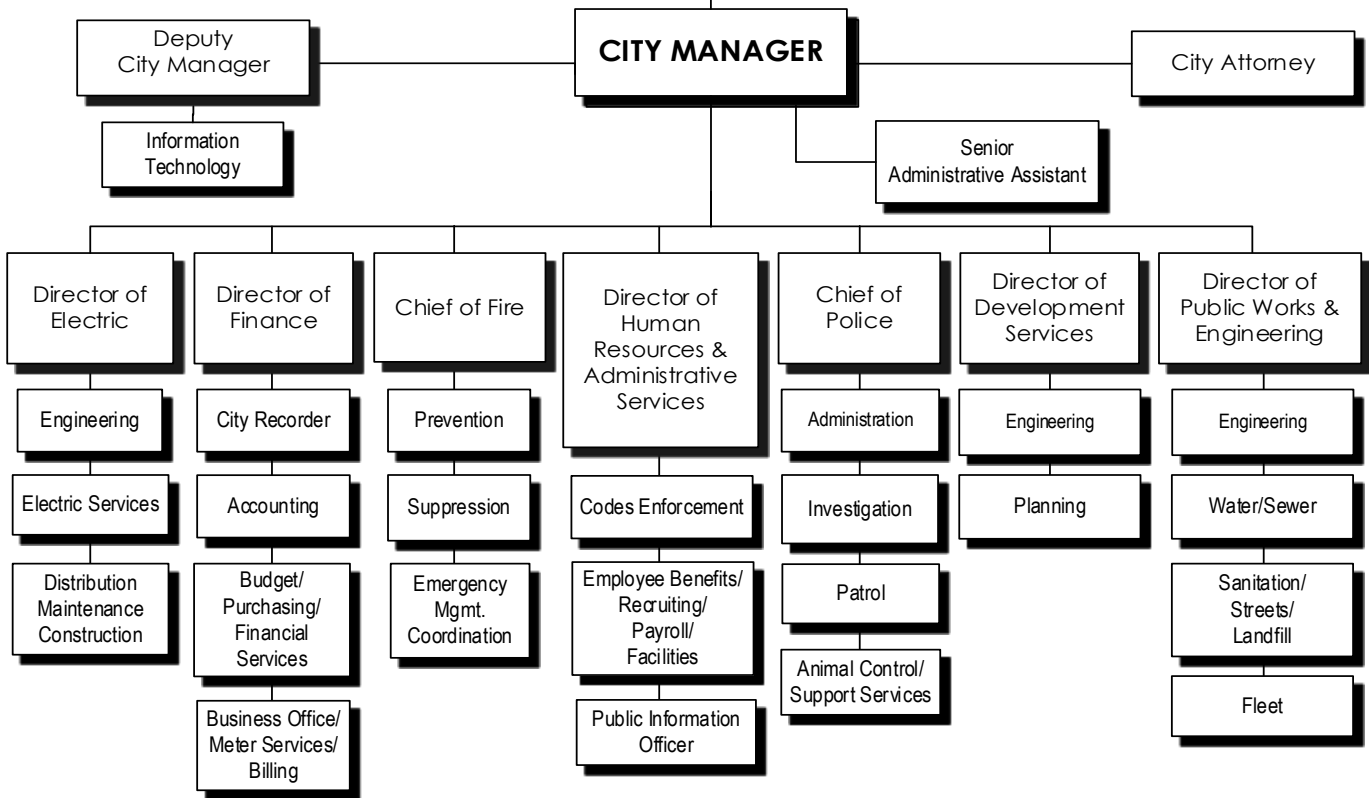
Executive Director/CEO



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, 2025

BOARD OF COMMISSIONERS

Tanya Martin, Mayor
Tracey Cooper, Vice Mayor
Steve Biggar, Commissioner
Josh Blair, Commissioner
Eddie Hall, Commissioner

Bruce M. Applegate, Jr., City Manager
Allison Williamson, Interim 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

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, 2025, 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, 2025, 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.

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 - xxii and the required supplementary information on pages 65 - 78 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial themselves, and other additional procedures in accordance with 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025 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 23, 2025



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, 2025. 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, 2025 is \$195,566,636, an increase of \$17,416,919 over the prior year. Of this amount, \$62,898,997 is unrestricted which may be used to meet the government's ongoing obligations to citizens and creditors.
- As of June 30, 2025, the City's governmental activities reported combined ending net position of \$75,952,945, an increase of \$7,148,853 over the prior year.
- The City's General Fund reported total fund balance of \$24,332,981 on June 30, 2025, an increase of \$815,588. This fund balance is 64% of total general fund revenue.
- On June 30, 2025, the City's Education Fund reported total fund balance of \$4,883,682, an increase of \$328,558 from last fiscal year. Fund balance of the Education Fund is 16% of total revenue. Tennessee State Law requires schools to maintain a minimum fund balance of 3% (TCA 49-3-352).
- The City did not issue any new debt or reissue existing debt in 2025.

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 fund and education fund. 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

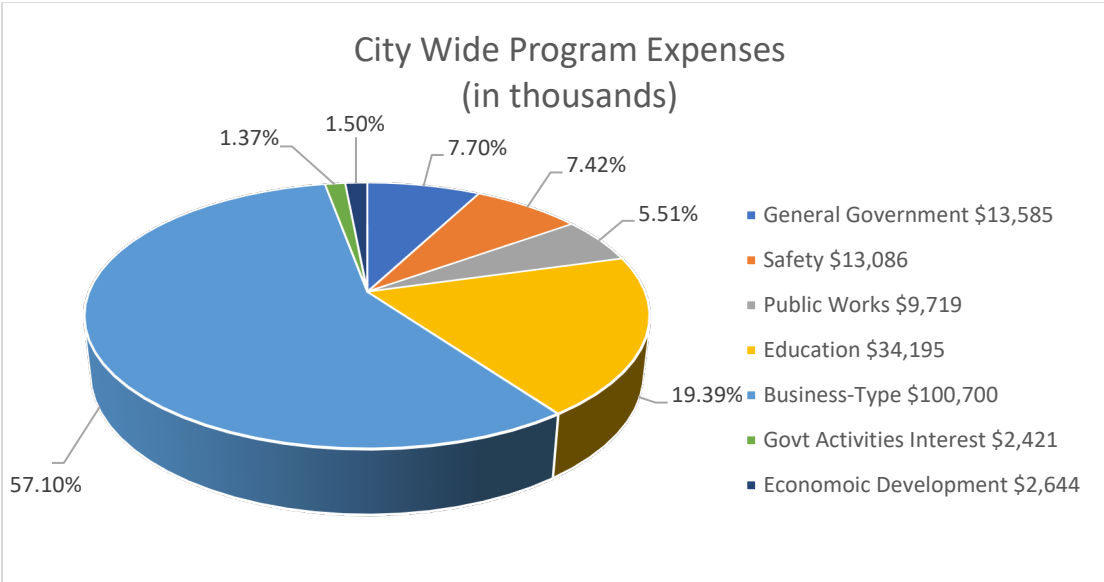
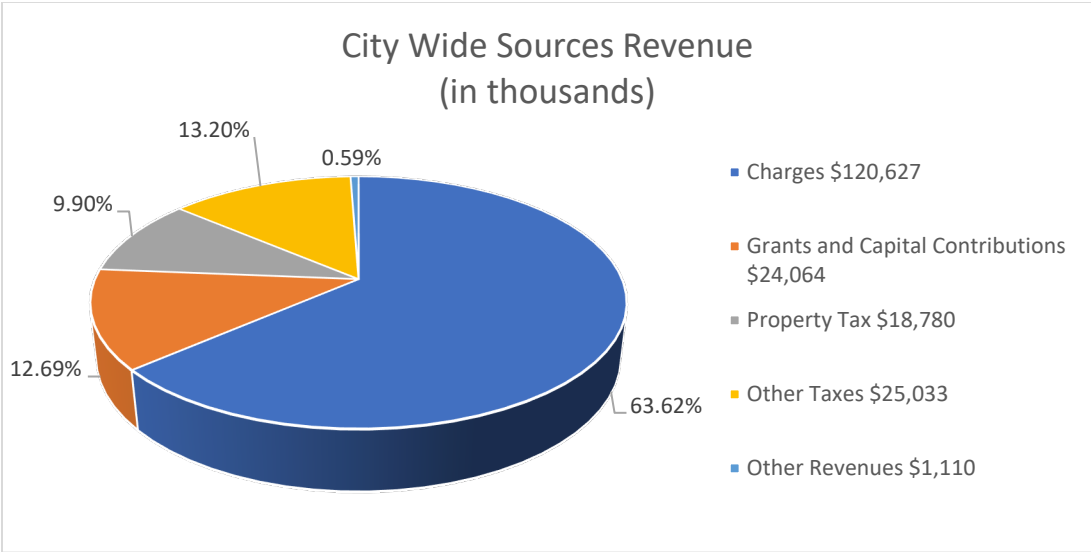
Over time, net position may serve as a useful indicator of a government’s financial position. As shown on the following statement, the City’s net position is \$195,566,636 at the close of the most recent fiscal year. The largest portion of the City’s net position (64%) reflects its net investment of \$125.0 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, 10.6 million (5.4%) represents resources that are subject to external restrictions on how they may be used.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and Other Assets	\$ 68,980,141	\$ 66,058,084	\$ 74,649,154	\$ 65,551,994	\$ 143,629,295	\$ 131,610,078
Capital Assets (net)	127,699,850	123,981,204	137,572,035	135,395,383	265,271,885	259,376,587
Total Assets	<u>196,679,991</u>	<u>190,039,288</u>	<u>212,221,189</u>	<u>200,947,377</u>	<u>408,901,180</u>	<u>390,986,665</u>
Deferred Outflows of Resources:						
Deferred Pension and OPEB Outflow s	10,146,184	13,208,340	5,253,958	6,984,836	15,400,142	20,193,176
Deferred Bond Refunding Costs	55,266	58,029	4,139,200	4,350,400	4,194,466	4,408,429
Total Deferred Outflow s of Resources	<u>10,201,450</u>	<u>13,266,369</u>	<u>9,393,158</u>	<u>11,335,236</u>	<u>19,594,608</u>	<u>24,601,605</u>
Liabilities:						
Other Liabilities	4,408,459	4,258,782	19,362,567	17,305,236	23,771,026	21,564,018
Long-Term Liabilities	108,312,435	113,379,594	81,967,996	85,234,837	190,280,431	198,614,431
Total Liabilities	<u>112,720,894</u>	<u>117,638,376</u>	<u>101,330,563</u>	<u>102,540,073</u>	<u>214,051,457</u>	<u>220,178,449</u>
Deferred Inflows of Resources:						
Deferred Revenue - Property Tax	14,921,499	14,666,554	0	0	14,921,499	14,666,554
Deferred Pension and OPEB Inflow s	3,286,103	2,196,635	670,093	396,915	3,956,196	2,593,550
Total Deferred Inflow s of Resources	<u>18,207,602</u>	<u>16,863,189</u>	<u>670,093</u>	<u>396,915</u>	<u>18,877,695</u>	<u>17,260,104</u>
Net Position:						
Net Investment in Capital Assets	38,690,510	32,544,684	86,658,897	80,851,996	125,349,407	113,396,680
Restricted	10,643,710	8,150,908	0	0	10,643,710	8,150,908
Unrestricted	26,618,725	28,108,500	32,954,794	28,493,629	59,573,519	56,602,129
Total Net Position	<u>\$ 75,952,945</u>	<u>\$ 68,804,092</u>	<u>\$ 119,613,691</u>	<u>\$ 109,345,625</u>	<u>\$ 195,566,636</u>	<u>\$ 178,149,717</u>

Analysis of Change in Net Position

The following statement and associated graph indicate an increase in net position as of June 30, 2025 of \$17,416,919 over prior year. Normal operations increased net position by \$17.4 million primarily due to increased general revenue in governmental activities and increased program revenues in 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). Total program revenues increased by \$4.8 million from FY2024, which included a \$1.0 million increase in charges for service. Operating grants and contributions decreased by approximately \$648,840, mainly due to decreased grant funding and timing. The expense side increased \$3.2 million for governmental activities and \$9.9 million in business-type activities resulting in a total increase of \$13.1 million in total expenses. The increase in governmental activities is primarily due to increasing costs and increased personnel costs. The business-type activities increase in expenses is similar due to increase personnel costs, increasing costs of supplies, and increasing maintenance costs.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 14,949,769	\$ 13,940,515	\$ 117,083,211	\$ 106,686,644	\$ 132,032,980	\$ 120,627,159
Operating Grants and Contributions	18,520,419	19,169,259	0	2,383	18,520,419	19,171,642
Capital Grants and Contributions	2,478,134	1,448,338	3,209,651	3,444,041	5,687,785	4,892,379
General Revenues:						
Sales and Other State Taxes	23,794,878	22,442,782	0	0	23,794,878	22,442,782
State Income Taxes	63,464	72,695	0	0	63,464	72,695
Property Taxes	20,132,497	18,780,068	0	0	20,132,497	18,780,068
Business Taxes/Licenses	1,483,479	1,307,306	0	0	1,483,479	1,307,306
Miscellaneous Taxes	629,725	638,385	0	0	629,725	638,385
In-Lieu of Taxes	712,659	572,268	0	0	712,659	572,268
Other Revenues	0	0	0	0	0	0
Change in Fair Value of Investments	182,425	111,679	313,847	238,753	496,272	350,432
Interest Income	1,402,732	998,640	1,868,672	1,133,425	3,271,404	2,132,065
Total Revenues	84,350,181	79,481,935	122,475,381	111,505,246	206,825,562	190,987,181
Expenses						
General Government	14,889,186	13,585,237	0	0	14,889,186	13,585,237
Public Safety	14,967,017	13,085,983	0	0	14,967,017	13,085,983
Public Works	8,619,715	9,718,789	0	0	8,619,715	9,718,789
Economic Development	3,107,056	2,644,366	0	0	3,107,056	2,644,366
Education	34,980,321	34,195,358	0	0	34,980,321	34,195,358
Interest on Long-Term Debt	2,266,534	2,420,720	0	0	2,266,534	2,420,720
Stormwater Utility	0	0	1,679,034	1,623,566	1,679,034	1,623,566
Water and Sewer	0	0	18,963,663	17,939,485	18,963,663	17,939,485
Electric Utility	0	0	85,439,944	76,367,467	85,439,944	76,367,467
Landfill	0	0	4,496,173	4,769,611	4,496,173	4,769,611
Total Expenses	78,829,829	75,650,453	110,578,814	100,700,129	189,408,643	176,350,582
Change in Net Position Before Transfers	5,520,352	3,831,482	11,896,567	10,805,117	17,416,919	14,636,599
Transfers-In Lieu of Tax Payments	1,628,501	1,576,488	(1,628,501)	(1,576,488)	0	0
Change in Net Position	7,148,853	5,407,970	10,268,066	9,228,629	17,416,919	14,636,599
Net Position at Beginning of Year	68,804,092	64,635,560	109,345,625	100,116,996	178,149,717	164,752,556
Restatement	0	(1,239,438)	0	0	0	(1,239,438)
Net Position at End of Year	\$ 75,952,945	\$ 68,804,092	\$ 119,613,691	\$ 109,345,625	\$ 195,566,636	\$ 178,149,717



Governmental Activities:

- Governmental activities increased the City's net position by \$7,148,853. Expenses increased in FY2025 by approximately \$3 million. However, expenses still came in lower than budgeted expectations. The Public Safety department was most affected by increased operating and personnel costs. Revenue growth also contributed to the increase in net position largely due to continuous economic growth. General Fund revenues exceeded projections by over \$800 thousand in FY2025.
- Governmental activities revenue increased by \$4,868,246 million over the prior year primarily due to increased local and grant revenue related to consumer spending, property tax roll growth, and additional funding opportunities. Sales and other taxes increased by \$1,352,096 due to local area economic growth.
- Expenses increased by \$3,179,376 or 4.2%, primarily due to increasing cost of goods and services along with increasing personnel costs.

Business-type Activities:

- Business-type activities increased the City's net position by \$10,268,066.
- The Electric Utility is the largest business-type activity with operating revenues of \$87,243,277 and total operating expenses of \$84,517,647. Of that amount, Purchased Power expense totaled \$64,442,611 which is an increase of \$6,120,352 from the prior year. This increase is the result of pass-through cost adjustments from the City's wholesale electricity supplier, the Tennessee Valley Authority. Other operating costs increased \$2,986,812 from the prior year due to increase personnel costs and system distribution maintenance. To offset the increased expense, the base customer charge will be raised by \$2.75 effective October 2025.
- The Water and Sewer Utility ended the fiscal year with total operating revenues of \$19,790,917, and operating expenses of \$17,089,380 which resulted in a change in net position of approximately \$4 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 \$1,485,336 to increased revenue. Interest revenue increased by \$306,985 as a result of favorable interest rates throughout FY2025. On the expense side, normal operating costs increased by \$1,070,626 due to increased cost related to distribution and transmission.
- The Landfill Utility Fund ended the fiscal year with a change in net position of \$5,006,197. This is an increase of \$769,638 over the prior year and is mainly due to an automatic increase in the tipping fee per ton of refuse based on the consumer price index (CPI). Operating expenses decreased slightly by \$267,210 from FY2025 due to decreased need for vehicle and equipment maintenance from the prior year.
- The Stormwater Utility Fund ended the fiscal year with a change in net position of \$431,935. Operating revenue increased slightly by \$20,780, which was offset by an increase of \$55,468 in operating expenses. The growth in net position is mainly attributable to \$531,363 in capital contributions related to Clover Ridge development.

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, 2025, the City's governmental funds reported combined ending fund balances of \$39.7 million, an increase of over \$2.4 million from 2024. This increase is the culmination of revenues exceeding projections and expenditure control. Approximately \$24 million or 60% 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 \$24 million with total fund balance at \$24.3 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 87% of the \$27.5 million total general fund operating expenditures. General Fund revenues increased approximately \$2.7 million from the prior fiscal year. This increase is primarily due to increase in sales and business taxes. General Fund expenditures increased approximately \$2.7 million from the prior fiscal year. This increase is primarily due to increased personnel costs in public safety.

The Education Fund is the operating fund for Alcoa City Schools. As of June 30, 2025, the fund balance is approximately \$4.9 million which is an increase of \$328,558 over the prior year fund balance of \$4.6 million. The fund balance represents 15.1% of the school's total budget of \$32.3 million. The key reasons for the increase can be attributed to growth in State funding, increased sales tax at the county level and transfers from the general fund.

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, 2025 is \$2,512,706 which represents an increase of \$14,651 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 interest income. The restricted fund balance at June 30, 2025 is \$1,290,645 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 existing intermediate school. The revenue in the AIS construction fund is composed of interest income. The restricted fund balance at June 30, 2025 is \$328,209 which will be used for future construction-related expenditures. The current year change in fund balance for the AIS construction fund of \$5,887 is attributed to interest income.

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, 2025, the Stormwater Utility net position totaled \$7,485,528. The Stormwater Utility's combined operating and nonoperating revenues exceeded expenses and generated a change in net position of \$431,935. This increase is the result of capital contributions related to the construction of stormwater infrastructure in the Clover Ridge development.

Net position for the Water and Sewer Utility as of June 30, 2025 was \$45,812,377, which represents an increase of \$4,031,283 from 2025. The annual CPI adjustment on rates contributed to some of the increase along with growth in residential and commercial sales which can be attributed to economic growth over the past 12 months. A large factor contributing to the increase was the receipt of capital contributions from developments. Operating expenses increased by \$1,070,626 due to a combination of factors including the increased cost of materials and wastewater disposal.

The net position of the Electric Utility as of June 30, 2025 was \$45,480,791, an increase of \$798,651 over the previous year. Total operating expenses increased by \$9,107,164 of which purchased power made up \$6,120,352 of the increase. Maintenance charges increased by \$889,980 primarily due to increased distribution system needs.

The net position of the Landfill Utility increased by \$5,006,197 to \$20,834,995 as of June 30, 2025. This is the result of increased revenues coupled with lower-than-predicted operating expenses. The improvement in operating revenues stemmed from an automatic CPI adjustment to the per ton tipping fee and an increase in the tonnage accepted at the landfill.

Budget Highlights

General Fund

The City passed General Fund budget amendments in FY2025. The budget amendments increased revenues by \$1,350,000 and expenditures by \$829,056. The amendments were necessary to prevent overspending appropriations in a few functional areas where necessary operational costs. Funding for this additional appropriation stemmed from growth in local option sales tax and interest earnings that exceeded expectations. Overall operating revenues exceeded the final budget by approximately \$808 thousand. General Fund operating expenditures were under budget by approximately \$3.5 million primarily due to the delayed completion of improvement and renovation projects for parks.

Capital Assets and Debt Administration

The City’s capital assets for governmental and business type activities as of June 30, 2025 amount to \$265,271,885 (net of accumulated depreciation). Capital assets include land, buildings, infrastructure, improvements, machinery and equipment, lease assets, and construction in progress.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 2,197,303	\$ 2,197,303	\$ 5,142,906	\$ 5,142,906	\$ 7,340,209	\$ 7,340,209
Buildings	82,239,545	82,172,345	103,906,239	98,392,316	186,145,784	180,564,661
Infrastructure	81,115,570	76,314,460	74,245,213	72,287,287	155,360,783	148,601,747
Improvements	19,832,938	18,082,347	34,266,002	33,908,354	54,098,940	51,990,701
Machinery and Equipment	17,801,774	17,310,221	38,876,923	36,481,727	56,678,697	53,791,948
Lease Assets	11,086,761	11,086,761	0	0	11,086,761	11,086,761
Construction in Progress	3,798,339	2,290,636	8,979,517	10,246,975	12,777,856	12,537,611
Total Capital Assets	218,072,230	209,454,073	265,416,800	256,459,565	483,489,030	465,913,638
Less: Accumulated						
Depreciation / Amortization	90,372,380	85,472,869	127,832,162	121,051,579	218,204,542	206,524,448
Net Capital Assets	\$ 127,699,850	\$ 123,981,204	\$ 137,584,638	\$ 135,407,986	\$ 265,284,488	\$ 259,389,190
Net Capital Assets - Beginning	\$ 123,981,204	\$ 123,021,004	\$ 135,395,383	\$ 125,457,652	\$ 259,376,587	\$ 248,478,656
Increase/(Decrease) in Net Capital Assets	3,718,646	960,200	2,176,652	9,937,731	5,895,298	10,897,931
Net Capital Assets - Ending	\$ 127,699,850	\$ 123,981,204	\$ 137,572,035	\$ 135,395,383	\$ 265,271,885	\$ 259,376,587

Major capital asset events during the current fiscal year include the following:

- Equipment and vehicles purchased 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.
- Continued infrastructure construction and improvements at the Springbrook Farm development.
- Pistol Creek Greenway bridge repair and maintenance.
- Completion of PAL renovations at Alcoa Schools.
- Alcoa Elementary School roof project.

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 \$190.3 million. Of this amount, \$131.2 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 \$14.3 million. The remainder includes leases of \$6.1 million and compensated absences of \$4.4 million.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
General Obligation/Revenue Bonds	\$ 77,185,000	\$ 81,175,000	\$ 53,980,000	\$ 57,745,000	\$ 131,165,000	\$ 138,920,000
Premium on Bonds	4,919,948	5,138,173	1,072,338	1,148,787	5,992,286	6,286,960
Leases	6,076,039	6,696,141	0	0	6,076,039	6,696,141
Total Debt Payable	88,180,987	93,009,314	55,052,338	58,893,787	143,233,325	151,903,101
Compensated Absences	2,735,236	2,723,023	1,684,504	1,177,029	4,419,740	3,900,052
Pension Liability	7,586,719	8,227,892	7,009,251	7,340,449	14,595,970	15,568,341
OPEB Liability	9,809,493	9,419,363	3,880,212	4,008,381	13,689,705	13,427,744
Estimated Liability for Closure/ Post-Closure Care Costs	0	0	14,341,691	13,815,191	14,341,691	13,815,191
Total Long Term Obligations	\$ 108,312,435	\$ 113,379,592	\$ 81,967,996	\$ 85,234,837	\$ 190,280,431	\$ 198,614,429

The City of Alcoa’s debt payable decreased by a net of \$8,669,776 during the current fiscal year as a result of budgeted debt service payments. The City did not issue any new debt in 2025.

Principal payments in FY2025 consisted of \$7.8 million for bonds and \$620,102 for lease liabilities. Liabilities for closure/post-closure increased \$526,500 based on state formula guidelines and compensated absences increased by \$519,688 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. Sales tax performance continues to improve year-over-year due to robust private investment in the commercial/retail sector. Over a ten-year period, growth in existing property values along with net new construction has led to an increase in property tax collected of 52%. New commercial construction continues at a steady pace, with new restaurants and retail options capitalizing on population growth from previous single family residential and commercial residential projects.

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. Construction began in October 2021 on a major addition to provide additional classrooms along with a new kitchen and cafeteria. Construction was completed in the Summer of 2023 allowing students to begin the 2023-2024 school year in the new addition.

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. Two major economic development agreements were announced in 2021 due to the EDB's efforts. 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 \$250 million. Amazon officially began operations in their new facility in 2023. Staffing numbers have swelled to over 2500 employees as of FY2025 and continue to grow as the facility reaches its full potential. As mentioned previously, 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 officially began production in their new facility in October 2023.

Property taxes were reappraised in FY2024 resulting in a slight increase of almost \$200 thousand over the prior year's total tax levy. From FY2019 through FY2024 the total property tax levy increased 14% resulting in \$4.2 million in increased tax revenue. This increase was a result of consistent growth in commercial and residential construction coupled with a property tax rate increase in FY2020.

Over the past several 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. Due to growth in population, permits for new single family residential construction jumped to 79 in FY2023. However, virtually all the inventory of available lots has been depleted and land sold for single family development has been constrained to 20 permits in FY2025. Developers have been quick to integrate property constraints into their new residential developments for single family detached products by pushing for smaller lots or zero-lot-line projects (townhouses). An FY23 project proposing 141 townhomes has completed several phases and construction was finalized in FY2025. A second project with intermixed townhomes and single family detached homes on smaller lots is in the final stages of design and should begin in late FY2025 or FY2026. Finally, the boom in apartment complex construction continues with over 1,100 new units in various stages of completion adding to the 722 units completed since 2016. An anchor mixed-use development complex with 400 residential units will begin their Phase 1 construction of 200 apartment units in FY26, kicking off renewed investment in the Pellissippi Place business park.

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.

City funding for the Springbrook Farm 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. As FY2022 transitioned to FY2023, the Springbrook Farm development was acquired by RealtyLink of Greenville, SC. RealtyLink specializes in retail development in the southeastern United States as well as Texas.

Since RealtyLink's acquisition of the site, several retail and commercial entities have opened their doors to the public. Local and regional residents have embraced these new dining and shopping options, as seen by an uptick in sales tax revenues. Springbrook Farm businesses opened in the last 4 years include:

- Two Major Hotels
- 327 new commercial residential units
- 7 new restaurants
- 9 new businesses

Building on the accomplishments realized in FY2025, staff anticipate that the community's growth and development momentum will continue into FY2026. Company Distilling, a local whiskey distilling group, is making steady progress on the buildout of its adjoining campus on the south side of the Springbrook site. A hotel is expected to break ground in the first quarter of FY2026, helping to catalyze further investment along this corridor. Staff also anticipate two premier restaurants will open and that construction will begin on the first phase of a regional healthcare medical campus during the second and third quarters of FY2026.

In addition to these private-sector projects, FY2026 is expected to bring continued investment in public infrastructure, including roadway improvements, land acquisition for parks, and a 3,500-square-foot upgrade to the Martin Luther King Jr. Center. These investments are supported by the City's sustained growth and the announced development of a new Costco facility in the heart of Springbrook Farms. The job creation and broader economic impacts associated with this new business are expected to help offset the cost of a FY2026 bond issuance needed to advance further remediation at the West Plant site and address related traffic infrastructure needs.

Many factors were considered in preparing the City of Alcoa's budget for the 2026 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, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 40,575,721	\$ 51,029,016	\$ 91,604,737
Investments	0	6,519,962	6,519,962
Receivables			
Taxes, Net	16,815,645	0	16,815,645
Accounts, Net	1,386,550	7,224,304	8,610,854
Accrued Interest	0	101,893	101,893
Note Receivable	1,444,298	0	1,444,298
Internal Balances	11,913	(11,913)	0
Due from Other Governments	2,758,525	0	2,758,525
Inventories	5,700	4,695,935	4,701,635
Prepaid Items/ Clearing Accounts/ Other Assets	1,200	4,876,889	4,878,089
Energy Service Loans Receivable	0	54,731	54,731
Net Pension Asset	5,674,157	0	5,674,157
TCRS Stabilization Trust	306,432	0	306,432
Regulatory Asset - Debt Issuance Costs	0	158,337	158,337
Capital Assets			
Nondepreciable	5,995,642	14,122,423	20,118,065
Depreciable, Net of Accumulated Depreciation	121,704,208	123,449,612	245,153,820
Total Capital Assets, Net of Depreciation	<u>127,699,850</u>	<u>137,572,035</u>	<u>265,271,885</u>
Total Assets	<u>196,679,991</u>	<u>212,221,189</u>	<u>408,901,180</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Bond Refunding Costs	55,266	4,139,200	4,194,466
Deferred Pension Outflows	7,636,774	4,208,776	11,845,550
Deferred Other-Postemployment Benefits Outflows	2,509,410	1,045,182	3,554,592
Total Deferred Outflows of Resources	<u>10,201,450</u>	<u>9,393,158</u>	<u>19,594,608</u>

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION (Continued)
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	2,844,642	15,144,580	17,989,222
Accrued Payroll	265,049	270,474	535,523
Other Liabilities	1,298,768	704,044	2,002,812
Customer Deposits	0	3,232,799	3,232,799
Advances from TVA for Energy Service Loans	0	10,670	10,670
Long-Term Liabilities			
Due Within One Year	7,523,109	5,409,996	12,933,105
Due in More Than One Year			
Long-Term Debt	77,796,724	51,090,889	128,887,613
Lease Obligations	5,435,082	0	5,435,082
Compensated Absences	161,308	235,957	397,265
Landfill Closure/Post Closure Costs	0	14,341,691	14,341,691
Net Pension Liability	7,586,719	7,009,251	14,595,970
Other Post-Employment Benefit Liability	9,809,493	3,880,212	13,689,705
Total Liabilities	112,720,894	101,330,563	214,051,457
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	14,921,499	0	14,921,499
Deferred Pension Inflows	1,971,946	498,684	2,470,630
Deferred Other-Postemployment Benefits Inflows	1,314,157	171,409	1,485,566
Total Deferred Inflows of Resources	18,207,602	670,093	18,877,695
NET POSITION			
Net Investment in Capital Assets	38,690,510	86,658,897	125,349,407
Restricted for			
Special Revenue			
State Street Aid	296,783	0	296,783
Drug Enforcement	140,840	0	140,840
Education	1,326,108	0	1,326,108
Vehicle Enforcement	7,282	0	7,282
Capital Projects	3,198,540	0	3,198,540
Pensions	5,674,157	0	5,674,157
Unrestricted Position	26,618,725	32,954,794	59,573,519
Total Net Position	\$ 75,952,945	\$ 119,613,691	\$ 195,566,636

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, 2025

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	\$ 14,889,186	\$ 11,395,723	\$ 426,322	\$ 1,824,886	\$ (1,242,255)	\$ 0	\$ (1,242,255)
Public Safety	14,967,017	108,419	245,042	0	(14,613,556)	0	(14,613,556)
Public Works	8,619,715	817,822	0	653,248	(7,148,645)	0	(7,148,645)
Economic Development	3,107,056	0	0	0	(3,107,056)	0	(3,107,056)
Education	34,980,321	2,627,805	17,849,055	0	(14,503,461)	0	(14,503,461)
Debt Service:							
Interest on Long-Term Debt	2,266,534	0	0	0	(2,266,534)	0	(2,266,534)
Total Governmental Activities	78,829,829	14,949,769	18,520,419	2,478,134	(42,881,507)	0	(42,881,507)
Business-Type Activities							
Stormwater Utility	1,679,034	1,510,783	0	531,363	0	363,112	363,112
Water and Sewer Utility	18,963,663	19,843,582	0	2,678,288	0	3,558,207	3,558,207
Electric	85,439,944	87,284,434	0	0	0	1,844,490	1,844,490
Landfill	4,496,173	8,444,412	0	0	0	3,948,239	3,948,239
Total Business-Type Activities	110,578,814	117,083,211	0	3,209,651	0	9,714,048	9,714,048
Total Government	\$ 189,408,643	\$ 132,032,980	\$ 18,520,419	\$ 5,687,785	(42,881,507)	9,714,048	(33,167,459)
General Revenues:							
					23,794,878	0	23,794,878
					63,464	0	63,464
					20,132,497	0	20,132,497
					1,483,479	0	1,483,479
					629,725	0	629,725
					712,659	0	712,659
					182,425	313,847	496,272
					1,402,732	1,868,672	3,271,404
					1,628,501	(1,628,501)	0
					<u>50,030,360</u>	<u>554,018</u>	<u>50,584,378</u>
					7,148,853	10,268,066	17,416,919
					70,043,530	109,345,625	179,389,155
					(1,239,438)	0	(1,239,438)
					<u>68,804,092</u>	<u>109,345,625</u>	<u>178,149,717</u>
					<u>\$ 75,952,945</u>	<u>\$ 119,613,691</u>	<u>\$ 195,566,636</u>

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

CITY OF ALCOA, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General	Education	Debt Service	AIS Construction	West Plant Construction	Non-Major Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 21,525,768	\$ 4,301,807	\$ 2,512,706	\$ 328,209	\$ 1,290,645	\$ 7,174,563	\$ 37,133,698
Receivables:							
Property Taxes	15,789,569	1,088,241	0	0	0	0	16,877,810
Less: Allowance for Uncollectible Taxes	(62,165)	0	0	0	0	0	(62,165)
Accounts	210,949	771,293	0	0	0	373,981	1,356,223
Prepaid Expenditures	0	1,200	0	0	0	0	1,200
Inventories and Prepaid Items	0	0	0	0	0	5,700	5,700
TCRS Stabilization Trust	0	306,432	0	0	0	0	306,432
Due from Other Governments	2,716,381	0	0	0	0	42,144	2,758,525
Due from Other Funds	11,913	0	0	0	0	0	11,913
Total Assets	\$ 40,192,415	\$ 6,468,973	\$ 2,512,706	\$ 328,209	\$ 1,290,645	\$ 7,596,388	\$ 58,389,336
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ 511,173	\$ 1,063,030	\$ 0	\$ 0	\$ 0	\$ 1,214,552	\$ 2,788,755
Accrued Expenses	426,357	0	0	0	0	0	426,357
Due to State of Tennessee	405	522,261	0	0	0	0	522,666
Other Liabilities	0	0	0	0	0	4,480	4,480
Total Liabilities	937,935	1,585,291	0	0	0	1,219,032	3,742,258
Deferred Inflows of Resources							
Deferred Revenue - Property Taxes	14,921,499	0	0	0	0	0	14,921,499
Total Deferred Inflows of Resources	14,921,499	0	0	0	0	0	14,921,499
Fund Balances							
Nonspendable	0	1,200	0	0	0	5,700	6,900
Restricted	0	306,432	0	328,209	1,290,645	3,014,551	4,939,837
Committed	500,000	4,576,050	2,512,706	0	0	2,391,802	9,980,558
Assigned	0	0	0	0	0	966,328	966,328
Unassigned	23,832,981	0	0	0	0	(1,025)	23,831,956
Total Fund Balances	24,332,981	4,883,682	2,512,706	328,209	1,290,645	6,377,356	39,725,579
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 40,192,415	\$ 6,468,973	\$ 2,512,706	\$ 328,209	\$ 1,290,645	\$ 7,596,388	\$ 58,389,336

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, 2025

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

Ending Fund Balance - Governmental Funds		\$	39,725,579
Note Receivables recorded in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			1,444,298
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Capital Assets	\$	218,072,230	
Less: Accumulated Depreciation		<u>(90,372,380)</u>	127,699,850
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Long-Term Debt		(77,185,000)	
Unamortized Bond Premium		(4,919,948)	
Lease Obligations		(6,076,039)	
Compensated Absences		<u>(2,573,928)</u>	(90,754,915)
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.			2,644,841
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.			(1,912,562)
Other post-employment benefits liabilities are not current financial resources and, therefore, are not reported in the governmental funds.			(9,809,493)
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		55,266	
Deferred Outflows of Resources Related to Pensions		7,636,774	
Deferred Outflows of Resources Related to Other Post-employment Benefits		2,509,410	
Deferred Inflows of Resources Related to Pensions		(1,971,946)	
Deferred Inflows of Resources Related to Other Post-employment Benefits		<u>(1,314,157)</u>	<u>6,915,347</u>
Net Position of Governmental Activities		\$	<u><u>75,952,945</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, 2025

	General Fund	Education Fund	Debt Service Fund	AIS Construction	West Plant Construction	Non-Major Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes:							
Property Taxes	\$ 11,456,903	\$ 8,675,594	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,132,497
Local Option Sales Taxes	14,606,704	5,915,758	0	0	0	0	20,522,462
Other Taxes	6,252,503	60,562	0	0	0	390,542	6,703,607
Licenses, Permits and Fees	222,220	444,683	0	0	0	0	666,903
Intergovernmental:							
Unrestricted							
State Taxes	1,646,126	158,365	0	0	0	0	1,804,491
Restricted:							
Federal Grants	133,473	210,909	0	0	0	1,288,521	1,632,903
State Grants	371,908	0	0	0	0	0	371,908
U.S.D.A Reimbursements	0	0	0	0	0	974,679	974,679
Other State Revenues	96,800	14,850,944	0	0	0	1,237,837	16,185,581
Other Local Revenues	0	63,594	0	0	0	0	63,594
Charges for Services	1,155,954	0	0	0	0	497,283	1,653,237
Fines, Forfeitures and Costs	363,324	0	0	0	0	22,434	385,758
Property Rental	147,210	0	0	0	0	0	147,210
Change in Fair Value of Investments	0	176,537	0	0	0	0	176,537
Interest Income	1,231,046	0	220	5,887	64,395	175,847	1,477,395
Internal School Fund Revenue	0	0	0	0	0	1,892,429	1,892,429
Miscellaneous Income	306,756	258,780	0	0	0	380,399	945,935
Total Revenues	37,990,927	30,815,726	220	5,887	64,395	6,859,971	75,737,126
Expenditures:							
Current:							
General Government	4,097,072	0	0	0	0	0	4,097,072
Public Safety	13,537,767	0	0	0	0	22,960	13,560,727
Public Works	6,795,913	0	0	0	0	510,490	7,306,403
Contributions to Other Agencies	2,958,242	0	0	0	0	0	2,958,242
Education	0	31,178,143	0	0	0	4,784,462	35,962,605
Capital Outlay	0	0	0	0	2,078	4,145,277	4,147,355
Debt Service:							
Principal Retirement	139,879	8,566	3,926,362	0	0	0	4,074,807
Interest and Fiscal Fees	9,817	459	2,895,357	0	0	0	2,905,633
Total Expenditures	27,538,690	31,187,168	6,821,719	0	2,078	9,463,189	75,012,844
Net Change in Fund Balance Before Other Financing Sources (Uses)	10,452,237	(371,442)	(6,821,499)	5,887	62,317	(2,603,218)	724,282
Other Financing Sources (Uses):							
Transfers to Other Funds	(11,265,150)	0	0	0	0	0	(11,265,150)
Transfer from Other Funds	0	700,000	6,836,150	0	0	3,729,000	11,265,150
Transfer from Business-Type Activities In-Lieu of Tax	1,628,501	0	0	0	0	0	1,628,501
Total Other Financing Sources (Uses)	(9,636,649)	700,000	6,836,150	0	0	3,729,000	1,628,501
Net Change in Fund Balances	815,588	328,558	14,651	5,887	62,317	1,125,782	2,352,783
Fund Balances, July 1st	23,517,393	4,555,124	2,498,055	322,322	1,228,328	5,251,574	37,372,796
Fund Balances, June 30th	\$ 24,332,981	\$ 4,883,682	\$ 2,512,706	\$ 328,209	\$ 1,290,645	\$ 6,377,356	\$ 39,725,579

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

June 30, 2025

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

Net Change in Fund Balances – Total Governmental Funds	\$	2,352,783	
Governmental funds report note receivable disbursements as expenditures and the subsequent receipts as revenues. However, on the Statement of Net Position the subsequent receipts (\$2,346,356) reduce the receivable.			(2,346,356)
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	\$	9,712,034	
Depreciation Expense		<u>(5,993,388)</u>	
Net Change in Capital Assets			3,718,646
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		3,990,000	
Add: Principal Payments on Leases		<u>620,102</u>	4,610,102
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 (\$218,224). These amounts do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			215,461
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.			699,845
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		1,906,637	
Deferred Pension Outflows		(2,751,963)	
Deferred Other-Postemployment Benefits Outflows		<u>(310,193)</u>	(1,155,519)
Change in Liabilities and Deferred Inflows of Resources			
Net Pension Liability		641,173	
Other Post-Employment Benefit Liability		(390,130)	
Compensated Absences		(107,684)	
Deferred Pension Inflows		(1,473,818)	
Deferred Other Post-Employment Benefits Inflows		<u>384,350</u>	<u>(946,109)</u>
Change in Net Position of Governmental Activities	\$		<u><u>7,148,853</u></u>

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, 2025

	<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	\$ 10,870,000	\$ 10,870,000	\$ 11,456,903	\$ 586,903
Local Option Sales Taxes	14,200,000	14,700,000	14,606,704	(93,296)
Other Taxes	6,333,880	6,333,880	6,252,503	(81,377)
Licenses, Permits and Fees	288,000	288,000	222,220	(65,780)
Fines, Forfeitures and Costs	367,500	367,500	363,324	(4,176)
Intergovernmental:				
Unrestricted:				
State Taxes	1,859,700	1,859,700	1,646,126	(213,574)
Restricted:				
Federal Grants	102,800	102,800	133,473	30,673
State Grants	20,000	20,000	371,908	351,908
Other State Revenues	62,400	62,400	96,800	34,400
Interest Income	400,000	1,110,000	1,231,046	121,046
Public Works, Labor, and Material	771,000	771,000	796,560	25,560
Miscellaneous	40,000	180,000	235,591	55,591
Property Rental	163,400	163,400	147,210	(16,190)
Department Services	171,000	171,000	324,405	153,405
Fees Development	48,000	48,000	34,989	(13,011)
Insurance Refunds	30,000	30,000	13,331	(16,669)
Private Grants	0	0	23,164	23,164
TML Grants	4,000	4,000	13,000	9,000
Contributions and Donations - Business	101,500	101,500	21,670	(79,830)
Total Revenues	<u>35,833,180</u>	<u>37,183,180</u>	<u>37,990,927</u>	<u>807,747</u>
Expenditures:				
General Government	4,618,393	4,733,793	4,097,072	636,721
Public Works	7,127,119	7,388,615	6,795,913	592,702
Public Safety	13,802,164	14,254,324	13,537,767	716,557
Contributions to Other Agencies	4,416,496	4,416,496	2,958,242	1,458,254
Debt Service:				
Principal	139,879	139,879	139,879	0
Interest and Other Charges	9,817	9,817	9,817	0
Capital Outlay	130,000	130,000	0	130,000
Total Expenditures	<u>30,243,868</u>	<u>31,072,924</u>	<u>27,538,690</u>	<u>3,534,234</u>
Net Change in Fund Balance Before				
Other Financing Sources (Uses)	<u>5,589,312</u>	<u>6,110,256</u>	<u>10,452,237</u>	<u>4,341,981</u>
Other Financing Sources (Uses)				
Operating Transfers In (Out):				
Payments in Lieu of Taxes - Business-Type Activities	1,950,000	1,950,000	1,628,501	(321,499)
Debt Service Fund - In	130,000	130,000	0	(130,000)
Debt Service Fund	(6,836,150)	(6,836,150)	(6,836,150)	0
Education Fund	(700,000)	(700,000)	(700,000)	0
Capital Projects	(2,820,000)	(3,720,000)	(3,729,000)	(9,000)
Total Other Financing Sources (Uses)	<u>(8,276,150)</u>	<u>(9,176,150)</u>	<u>(9,636,649)</u>	<u>(460,499)</u>
Net Change in Fund Balance	(2,686,838)	(3,065,894)	815,588	3,881,482
Fund Balance, July 1st	<u>23,517,393</u>	<u>23,517,393</u>	<u>23,517,393</u>	<u>0</u>
Fund Balance, June 30th	<u>\$ 20,830,555</u>	<u>\$ 20,451,499</u>	<u>\$ 24,332,981</u>	<u>\$ 3,881,482</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, 2025

	<u>Budget 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	\$ 8,415,000	\$ 8,805,000	\$ 8,675,594	\$ (129,406)
Local Option Sales Taxes	5,838,600	5,838,600	5,915,758	77,158
Other Taxes	36,000	60,000	60,562	562
Licenses, Permits and Fees	301,200	319,200	444,683	125,483
Intergovernmental:				
Unrestricted:				
State Taxes	120,000	158,000	158,365	365
Restricted:				
Federal Grants	1,079,000	1,067,000	210,909	(856,091)
Other State Revenues	13,790,200	14,828,200	14,850,944	22,744
Other Local Revenues	25,000	60,000	63,594	3,594
Miscellaneous Income	10,000	259,000	258,780	(220)
Change in Fair Value of Investments	35,000	155,000	176,537	21,537
Total Revenues	<u>29,650,000</u>	<u>31,550,000</u>	<u>30,815,726</u>	<u>(734,274)</u>
Expenditures				
Instruction Elementary/Secondary	14,844,819	14,922,219	14,858,081	64,138
Special Education Program	2,246,576	2,506,576	2,488,448	18,128
Vocational Education	700,928	774,928	771,709	3,219
Health Services	478,153	512,153	506,518	5,635
Other Student Support	1,119,830	1,039,830	1,036,859	2,971
Instruction Regular	948,440	981,440	976,373	5,067
Technology	776,912	822,912	812,656	10,256
Board of Education	353,874	330,874	323,821	7,053
Office of the Director	206,457	291,457	289,499	1,958
Office of Principals	1,691,701	1,862,701	1,854,418	8,283
Fiscal Services	304,190	328,190	323,646	4,544
Human Services	274,232	246,232	233,395	12,837
Operation of Plant	2,490,541	2,426,541	2,401,681	24,860
Maintenance of Plant	997,684	1,267,684	1,250,678	17,006
Transportation	440,191	462,191	461,258	933
Food Services	1,028,450	869,450	0	869,450
Family Resource Center	117,285	114,285	112,831	1,454
Lottery Pre-K	425,572	427,072	423,740	3,332
Debt Service:				
Principal	8,566	8,566	8,566	0
Interest and Other Charges	459	459	459	0
Capital Outlay	1,645,140	2,054,240	2,052,532	1,708
Total Expenditures	<u>31,100,000</u>	<u>32,250,000</u>	<u>31,187,168</u>	<u>1,062,832</u>
Net Change in Fund Balance Before				
Other Financing Sources (Uses)	<u>(1,450,000)</u>	<u>(700,000)</u>	<u>(371,442)</u>	<u>328,558</u>
Other Financing Sources (Uses)				
Transfer from General Fund	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>0</u>
Other Financing Sources (Uses) Total	<u>700,000</u>	<u>700,200</u>	<u>700,000</u>	<u>(200)</u>
Net Change in Fund Balance	<u>(750,000)</u>	<u>200</u>	<u>328,558</u>	<u>328,358</u>
Fund Balance, July 1st	<u>4,555,124</u>	<u>4,555,124</u>	<u>4,555,124</u>	<u>0</u>
Fund Balance, June 30th	<u>\$ 3,805,124</u>	<u>\$ 4,555,324</u>	<u>\$ 4,883,682</u>	<u>\$ 328,358</u>

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	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	\$ 1,553,125	\$ 19,576,351	\$ 6,209,360	\$ 14,963,962	\$ 42,302,798	\$ 3,442,023
Investments	0	0	0	6,519,962	6,519,962	0
Accounts Receivable, Net	124,533	1,711,998	4,829,869	557,904	7,224,304	30,327
Materials and Supplies	0	2,110,211	2,585,724	0	4,695,935	0
Other Current Assets	0	101,893	0	0	101,893	0
Due From Other Funds	0	127,358	0	0	127,358	0
Prepaid TVA Power Invoice Program	0	0	4,876,889	0	4,876,889	0
Total Current Assets	<u>1,677,658</u>	<u>23,627,811</u>	<u>18,501,842</u>	<u>22,041,828</u>	<u>65,849,139</u>	<u>3,472,350</u>
Noncurrent Assets						
Capital Assets						
Land and Easements	0	1,206,839	1,269,726	2,666,341	5,142,906	0
Construction in Progress	0	1,902,668	6,142,896	933,953	8,979,517	0
Structures, Improvements and Equipment	7,549,856	114,238,798	111,715,520	17,777,600	251,281,774	0
	<u>7,549,856</u>	<u>117,348,305</u>	<u>119,128,142</u>	<u>21,377,894</u>	<u>265,404,197</u>	<u>0</u>
Less: Accumulated Depreciation	(1,466,358)	(51,913,094)	(59,923,006)	(14,529,704)	(127,832,162)	0
Net Capital Assets	<u>6,083,498</u>	<u>65,435,211</u>	<u>59,205,136</u>	<u>6,848,190</u>	<u>137,572,035</u>	<u>0</u>
Other Noncurrent Assets						
Cash Held for Long-Term Purposes	0	0	0	8,726,218	8,726,218	0
Receivables from Customers for Conservation Loans	0	0	54,731	0	54,731	0
Regulatory Asset - Debt Issuance Costs	0	0	158,337	0	158,337	0
Total Other Noncurrent Assets	<u>0</u>	<u>0</u>	<u>213,068</u>	<u>8,726,218</u>	<u>8,939,286</u>	<u>0</u>
Total Noncurrent Assets	<u>6,083,498</u>	<u>65,435,211</u>	<u>59,418,204</u>	<u>15,574,408</u>	<u>146,511,321</u>	<u>0</u>
Total Assets	<u>7,761,156</u>	<u>89,063,022</u>	<u>77,920,046</u>	<u>37,616,236</u>	<u>212,360,460</u>	<u>3,472,350</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Pension Outflows	267,175	1,326,327	2,078,585	536,689	4,208,776	0
Deferred Other Post Employment Benefits Outflows	59,935	262,146	558,789	164,312	1,045,182	0
Deferred Bond Refunding Costs	0	4,139,200	0	0	4,139,200	0
Total Deferred Outflows of Resources	<u>327,110</u>	<u>5,727,673</u>	<u>2,637,374</u>	<u>701,001</u>	<u>9,393,158</u>	<u>0</u>

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
June 30, 2025

	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	15,911	2,116,090	12,784,840	227,739	15,144,580	55,887
Due to Other Funds	0	0	139,271	0	139,271	0
Medical Claims Payable	0	0	0	0	0	771,622
Customer Deposits	0	0	3,232,799	0	3,232,799	0
Other Accrued Liabilities	14,398	83,139	466,438	32,451	596,426	0
Current Portion of Long-Term Debt	0	2,119,444	1,340,881	501,124	3,961,449	0
Current Portion of Compensated Absences	83,178	430,087	792,190	143,092	1,448,547	0
Total Current Liabilities	113,487	4,748,760	18,756,419	904,406	24,523,072	827,509
Noncurrent Liabilities						
Long-Term Debt	0	41,029,365	9,257,905	803,619	51,090,889	0
Compensated Absences	10,464	95,926	89,802	39,765	235,957	0
Estimated Liability for Landfill Closure and Postclosure Care Costs	0	0	0	14,341,691	14,341,691	0
Unearned Credits	0	0	378,092	0	378,092	0
Conservation - TVA	0	0	10,670	0	10,670	0
Net Pension Liability	202,152	1,969,817	4,157,718	679,564	7,009,251	0
Other Post-Employment Benefit Liability	239,476	917,547	2,127,388	595,801	3,880,212	0
Total Noncurrent Liabilities	452,092	44,012,655	16,021,575	16,460,440	76,946,762	0
Total Liabilities	565,579	48,761,415	34,777,994	17,364,846	101,469,834	827,509
DEFERRED INFLOWS OF RESOURCES						
Deferred Pension Inflows	31,371	173,886	207,857	85,570	498,684	0
Deferred Other Post Employment Benefits Inflows	5,788	43,017	90,778	31,826	171,409	0
Total Deferred Inflows of Resources	37,159	216,903	298,635	117,396	670,093	0
NET POSITION						
Net Investment in Capital Assets	6,083,498	26,425,602	48,606,350	5,543,447	86,658,897	0
Unrestricted	1,402,030	19,386,775	(3,125,559)	15,291,548	32,954,794	2,644,841
Total Net Position	\$ 7,485,528	\$ 45,812,377	\$ 45,480,791	\$ 20,834,995	\$ 119,613,691	\$ 2,644,841

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, 2025

	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	\$ 1,491,473	\$ 19,201,670	\$ 84,794,169	\$ 8,373,038	\$ 113,860,350	\$ 8,535,654
Rents and Other Services	0	568,431	1,947,818	0	2,516,249	0
Miscellaneous	0	20,816	501,290	0	522,106	0
Total Operating Revenues	<u>1,491,473</u>	<u>19,790,917</u>	<u>87,243,277</u>	<u>8,373,038</u>	<u>116,898,705</u>	<u>8,535,654</u>
OPERATING EXPENSES						
Medical Claims Paid	0	0	0	0	0	5,625,119
Insurance Premiums/Administration	0	0	0	0	0	2,223,074
Purchased Power	0	0	64,442,611	0	64,442,611	0
Administrative and General	466,155	1,023,636	4,721,038	703,532	6,914,361	0
Accounting and Collections	0	1,642,989	0	0	1,642,989	0
Supervision	0	1,261,621	0	0	1,261,621	0
Water Treatment Plant	0	1,522,461	0	0	1,522,461	0
Distribution and Transmission	0	2,217,030	3,163,300	0	5,380,330	0
Meter Readings and Repairs	0	333,946	0	0	333,946	0
Water Maintenance	0	405,144	0	0	405,144	0
Sewage Collection/Disposal/Pumping	0	5,016,128	0	0	5,016,128	0
Customer Accounts, Services and Sales	0	0	2,193,408	0	2,193,408	0
Stormwater Operations	950,417	0	0	0	950,417	0
Landfill Operations	0	0	0	2,551,110	2,551,110	0
Environmental Compliance	0	230,442	0	822,949	1,053,391	0
Depreciation	262,462	3,435,983	3,636,607	389,433	7,724,485	0
Electric Maintenance	0	0	6,360,683	0	6,360,683	0
Total Operating Expenses	<u>1,679,034</u>	<u>17,089,380</u>	<u>84,517,647</u>	<u>4,467,024</u>	<u>107,753,085</u>	<u>7,848,193</u>
OPERATING INCOME (LOSS)	<u>(187,561)</u>	<u>2,701,537</u>	<u>2,725,630</u>	<u>3,906,014</u>	<u>9,145,620</u>	<u>687,461</u>
NONOPERATING REVENUES (EXPENSES)						
Grant Revenue	0	1,404,745	0	0	1,404,745	0
Other Income (Expense)	19,310	52,665	2,558	71,374	145,907	0
Gain on Sale of Property and Equipment	0	0	38,605	0	38,605	0
Amortization Expense	0	(211,200)	0	0	(211,200)	0
Change in Fair Value of Investments	0	0	0	313,847	313,847	0
Interest Expense	0	(1,663,087)	(565,636)	(29,149)	(2,257,872)	0
Interest Income	68,823	873,080	182,657	744,111	1,868,671	12,384
Total Non-Operating Revenues (Expenses)	<u>88,133</u>	<u>456,203</u>	<u>(341,816)</u>	<u>1,100,183</u>	<u>1,302,703</u>	<u>12,384</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(99,428)</u>	<u>3,157,740</u>	<u>2,383,814</u>	<u>5,006,197</u>	<u>10,448,323</u>	<u>699,845</u>
CONTRIBUTIONS AND TRANSFERS						
Capital Contributions	531,363	1,273,543	0	0	1,804,906	0
Payments in Lieu of Taxes - County	0	0	(356,662)	0	(356,662)	0
Payments in Lieu of Taxes - City	0	(400,000)	(1,228,501)	0	(1,628,501)	0
Total Contributions and Transfers	<u>531,363</u>	<u>873,543</u>	<u>(1,585,163)</u>	<u>0</u>	<u>(180,257)</u>	<u>0</u>
CHANGE IN NET POSITION	431,935	4,031,283	798,651	5,006,197	10,268,066	699,845
NET POSITION, July 1st	<u>7,053,593</u>	<u>41,781,094</u>	<u>44,682,140</u>	<u>15,828,798</u>	<u>109,345,625</u>	<u>1,944,996</u>
NET POSITION, June 30th	<u>\$ 7,485,528</u>	<u>\$ 45,812,377</u>	<u>\$ 45,480,791</u>	<u>\$ 20,834,995</u>	<u>\$ 119,613,691</u>	<u>\$ 2,644,841</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, 2025

	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	\$ 1,489,620	\$ 19,557,067	\$ 87,585,874	\$ 8,376,245	\$ 117,008,806	\$ 8,565,981
Cash Payments to Suppliers for Goods and Services/ Medical Claims	(280,766)	(8,953,706)	(19,123,534)	(1,737,461)	(30,095,467)	(8,219,692)
Cash Payments to Employees for Services	(1,042,399)	(3,981,292)	(59,380,554)	(1,565,064)	(65,969,309)	0
Net Cash Flows Provided By (Used In) Operating Activities	<u>166,455</u>	<u>6,622,069</u>	<u>9,081,786</u>	<u>5,073,720</u>	<u>20,944,030</u>	<u>346,289</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers Out - In Lieu of Taxes	0	(400,000)	(1,228,501)	0	(1,628,501)	0
Payments to County	0	0	(356,662)	0	(356,662)	0
Net Cash Provided By (Used In) Non Capital Financing Activities	<u>0</u>	<u>(400,000)</u>	<u>(1,585,163)</u>	<u>0</u>	<u>(1,985,163)</u>	<u>0</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Advances from TVA	0	0	(36,611)	0	(36,611)	0
Acquisition of Conservation Loans	0	0	8,823	0	8,823	0
Acquisition of Capital Assets	0	(1,497,918)	(4,936,415)	(1,969,369)	(8,403,702)	0
Utility Plant Removal Costs	0	0	8,511	0	8,511	0
Principal Paid on Long-Term Debt	0	(2,000,000)	(1,280,000)	(485,000)	(3,765,000)	0
Interest Paid on Long-Term Debt	0	(1,712,531)	(546,967)	(39,697)	(2,299,195)	0
Proceeds From Issuance of Long-Term Debt	0	0	41,198	0	41,198	0
Grant Proceeds	0	1,404,745	0	0	1,404,745	0
Net Cash Flows Provided By (Used In) Capital and Related Financing Activities	<u>0</u>	<u>(3,805,704)</u>	<u>(6,741,461)</u>	<u>(2,494,066)</u>	<u>(13,041,231)</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and Dividends on Investments	68,823	873,080	182,657	744,111	1,868,671	12,384
Net Cash Flows Provided By (Used In) Investing Activities	<u>68,823</u>	<u>873,080</u>	<u>182,657</u>	<u>744,111</u>	<u>1,868,671</u>	<u>12,384</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	235,278	3,289,445	937,819	3,323,765	7,786,307	358,673
CASH & CASH EQUIVALENTS - July 1st	<u>1,317,847</u>	<u>16,286,906</u>	<u>5,271,541</u>	<u>20,366,415</u>	<u>43,242,709</u>	<u>3,083,350</u>
CASH & CASH EQUIVALENTS - June 30th	<u>\$ 1,553,125</u>	<u>\$ 19,576,351</u>	<u>\$ 6,209,360</u>	<u>\$ 23,690,180</u>	<u>\$ 51,029,016</u>	<u>\$ 3,442,023</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, 2025

	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 (Loss)	\$ (187,561)	\$ 2,701,537	\$ 2,725,630	\$ 3,906,014	\$ 9,145,620	\$ 687,461
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:						
Depreciation	262,462	3,435,983	3,935,567	389,433	8,023,445	0
Changes in Assets and Liabilities						
Accounts Receivable	(1,853)	(107,354)	323,428	(2,141)	212,080	29,607
Due from Other Funds	0	(72,132)	0	5,348	(66,784)	0
Other Current Assets	0	(54,364)	0	0	(54,364)	0
Prepaid Expenses	0	0	(681,622)	0	(681,622)	0
Materials and Supplies	0	(289,704)	(95,293)	0	(384,997)	0
Deferred Outflows - Pension Expense	69,109	425,627	726,418	155,281	1,376,435	0
Deferred Outflows - OPEB	25,889	88,708	198,591	41,255	354,443	0
Accounts Payable	(9,845)	227,515	1,537,887	(4,404)	1,751,153	9,322
Other Accrued Liabilities	1,851	16,252	298,452	3,867	320,422	(380,101)
Due to Other Funds	0	0	(56,529)	0	(56,529)	0
Net Pension Liability	(62,289)	(126,410)	(57,090)	(85,409)	(331,198)	0
OPEB Liability	(9,362)	(32,079)	(71,810)	(14,918)	(128,169)	0
Deferred Inflows - Pension Expense	22,955	130,514	144,427	66,943	364,839	0
Deferred Inflows - OPEB	(6,695)	(22,940)	(51,357)	(10,669)	(91,661)	0
Customer Deposits	0	0	19,169	0	19,169	0
Other Revenue (Expense)	19,310	52,665	0	65,798	137,773	0
Closure and Postclosure Care Costs	0	0	0	526,500	526,500	0
Compensated Absences	42,484	248,251	185,918	30,822	507,475	0
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>\$ 166,455</u>	<u>\$ 6,622,069</u>	<u>\$ 9,081,786</u>	<u>\$ 5,073,720</u>	<u>\$ 20,944,030</u>	<u>\$ 346,289</u>
SUPPLEMENTARY SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital Asset Contributions	\$ 531,363	\$ 1,273,543	\$ 0	\$ 0	\$ 1,804,906	\$ 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	10,881	16,124	76,449	0
Deferred Credits/Regulatory Charges	0	0	(3,198)	0	(3,198)	0
Change in Fair Value of Investments	0	0	0	313,847	313,847	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, 2025

ASSETS	
Investments in Tennessee Retirement Group Trust	\$ <u>29,687,413</u>
LIABILITIES	<u>0</u>
NET POSITION	
Restricted for Pension Benefits	<u>29,687,413</u>
TOTAL NET POSITION	\$ <u><u>29,687,413</u></u>

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

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM FUND - FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY PLAN NET POSITION
For the Fiscal Year Ended June 30, 2025

Additions	
Employer Contributions	\$ <u>1,156,459</u>
Investment Income (Loss):	
Investment Income (Loss)	2,890,830
Less Investment Expenses	<u>(32,585)</u>
Net Investment Income	<u>2,858,245</u>
Total Additions	<u>4,014,704</u>
Deductions	
Administrative Expenses	40,167
Benefit Payments	<u>3,236,214</u>
Total Deductions	<u>3,276,381</u>
Change in Net Position	738,323
Net Position Restricted for Pension Benefits - Beginning of Year	<u>28,949,090</u>
Net Position Restricted for Pension Benefits - End of Year	<u>\$ <u>29,687,413</u></u>

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

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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 implemented 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. This fund is presented as a major fund in the basic financial statements.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide, proprietary fund financial statements and fiduciary 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, 2025, unbilled revenue was estimated to be \$2,147,720. For the Water and Sewer Utility at June 30, 2025, unbilled revenue was estimated to be \$449,766.

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 \$10,000 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 assets 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences - Compensated absences consist of unpaid accumulated vacation and sick leave. In accordance with the provisions of GASB Statement No. 101, *Compensated Absences*, compensated absences are recognized as a liability when the obligation is attributable to services already rendered, the payment is probable, and the amount can be reasonably estimated. This includes leave that is expected to be used in future periods and leave that will be paid out upon termination or retirement. The liability is measured using current pay rates as of the financial statement date, including any applicable salary-related costs.

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 data 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) ADOPTION OF NEW ACCOUNTING STANDARDS

The City adopted the provisions of GASB Statement No. 101, *Compensated Absences*, for the fiscal year ended June 30, 2025. This Statement provides guidance on the accounting and financial reporting for compensated absences for government end users (governments). It requires recognition (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement's effect on the financial statements is more fully explained in Note 18.

The City adopted the provisions of GASB Statement No. 102, *Certain Risk Disclosures*, for the fiscal year ended June 30, 2025. This Statement requires governments to disclose information about certain concentrations or constraints that could make them vulnerable to the risk of a substantial impact on financial position, results of operations, or cash flows, when specific criteria are met. Management determined that no concentrations or constraints exist that meet all the criteria for disclosure under the Statement.

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 City Commission. 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 2025 budgeted expenditures and other financing uses by additional appropriations for the following major governmental funds:

Fund	Original Budget	Revisions	Final Budget
General Fund	\$ 30,243,868	\$ 829,056	\$ 31,072,924
Education Fund	\$ 31,100,000	\$ 1,150,000	\$ 32,250,000

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.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

(A) DEPOSITS (Continued)

Included in Cash and Cash equivalents at June 30, 2025 were balances in the State Treasurer's Local Government Investment Pool (LGIP) in the amount of \$2,761,361. 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.

(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, 2025, the average weighted maturity of the City's portfolio was 10 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, 2025, 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, 2025, all of the City's investments are in United States Treasury Bills and Notes which are securities issued by the government of the United States of America. All U.S. Government Treasury investments have an Aa1 credit rating.

As of June 30, 2025, 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>6,519,962</u>	\$ <u>3,165,684</u>	\$ <u>3,354,278</u>	\$ <u>0</u>

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

(B) INVESTMENTS (Continued)

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.

The City has the following recurring fair value measurement as of June 30, 2025:

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, 2025				
U.S. Treasuries	\$ 6,519,962	\$ 6,519,962	\$ 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.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

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, 2025, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

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

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

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

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

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

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.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

At June 30, 2025, 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	\$ 94,994	\$ 9,203,098	\$ 9,298,092
Developed Market International Equity	N/A	N/A	42,900	4,156,238	4,199,138
Emerging Market International Equity	N/A	N/A	12,257	1,187,497	1,199,754
U.S. Fixed Income	N/A	N/A	61,286	5,937,483	5,998,769
Real Estate	N/A	N/A	30,643	2,968,741	2,999,384
Short-Term Securities	N/A	N/A	3,064	296,874	299,938
NAV - Private Equity and Strategic Lending	N/A	N/A	61,288	5,937,482	5,998,770
Total			\$ 306,432	\$ 29,687,413	\$ 29,993,845

	Fair Value Measurements Using				
	Carrying Amount	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Amortized Cost (NAV)
Investments at Fair Value					
U.S. Equity	\$ 9,298,092	\$ 9,298,092	\$ 0	\$ 0	\$ 0
Developed Market International Equity	4,199,138	4,199,138	0	0	0
Emerging Market International Equity	1,199,754	1,199,754	0	0	0
U.S. Fixed Income	5,998,769	0	5,998,769	0	0
Real Estate	2,999,384	0	0	2,999,384	0
Short-Term Securities	299,938	0	299,938	0	0
Private Equity and Strategic Lending	5,998,770	0	0	0	5,998,770
Total	\$ 29,993,845	\$ 14,696,984	\$ 6,298,707	\$ 2,999,384	\$ 5,998,770

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/2024/2024TCRSReport_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, 2025 was \$1.69 per \$100 of assessed value.

Property taxes levied for 2024 and prior years, but uncollected as of June 30, 2025, 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, 2025 is \$62,165. The taxes collected during the fiscal year ended June 30, 2025, and those taxes expected to be collected in the subsequent sixty (60) days, are recognized as revenues in the fiscal year ended June 30, 2025. The remainder of net property taxes receivable are recorded as deferred revenue.

Property taxes levied for the fiscal year ending June 30, 2025 are recorded as receivables and deferred revenue.

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

As of June 30, 2025, 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	\$ 11,913	\$ 0	\$ 11,913
Total Governmental Activities	<u>\$ 11,913</u>	<u>\$ 0</u>	<u>\$ 11,913</u>
Business-Type Activities			
Water and Sewer Utility	\$ 127,358	\$ 0	\$ 127,358
Electric Utility	<u>0</u>	<u>(139,271)</u>	<u>(139,271)</u>
Total Business-Type Activities	<u>\$ 127,358</u>	<u>\$ (139,271)</u>	<u>\$ (11,913)</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>				
	<u>General Fund</u>	<u>Education Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund	\$ 0	\$ 700,000	\$ 6,836,150	\$ 3,729,000	\$ 11,265,150
Water & Sewer Utility Fund	400,000	0	0	0	400,000
Electric Utility Fund	<u>1,228,501</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,228,501</u>
Total	<u>\$ 1,628,501</u>	<u>\$ 700,000</u>	<u>\$ 6,836,150</u>	<u>\$ 3,729,000</u>	<u>\$ 12,893,651</u>

The transfers from the General Fund are to fund the operating activities of the receiving fund. Transfers to the nonmajor funds include \$939,000 from the General Fund to the Equipment Replacement Fund for capital asset purchases, \$600,000 to the Project Eagle fund for capital asset purchases, \$90,000 to the ADA Improvement Fund to provide funding for future ADA improvements, and \$2,100,000 for capital asset purchases. 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, 2025 is as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,197,303	\$ 0	\$ 0	\$ 2,197,303
Construction in Progress	<u>2,290,636</u>	<u>5,581,269</u>	<u>(4,073,566)</u>	<u>3,798,339</u>
Total Capital Assets, Not Being Depreciated	<u>4,487,939</u>	<u>5,581,269</u>	<u>(4,073,566)</u>	<u>5,995,642</u>
Capital Assets, Being Depreciated / Amortized:				
Buildings	82,172,345	67,200	0	82,239,545
Parks & Greenways	14,232,139	2,556,249	0	16,788,388
Improvements	18,082,347	1,750,591	0	19,832,938
Swimming Pools	1,047,667	0	0	1,047,667
Infrastructure	61,034,654	2,244,861	0	63,279,515
Lease Assets:				
Buildings (Civic Arts Center)	9,142,400	0	0	9,142,400
Communications Equipment	1,149,908	0	0	1,149,908
Equipment	794,453	0	0	794,453
Equipment and Vehicles	<u>17,310,221</u>	<u>1,585,430</u>	<u>(1,093,877)</u>	<u>17,801,774</u>
Total Capital Assets, Being Depreciated / Amortized	<u>204,966,134</u>	<u>8,204,331</u>	<u>(1,093,877)</u>	<u>212,076,588</u>
Less Accumulated Depreciation / Amortization for:				
Buildings	(23,397,400)	(1,603,229)	0	(25,000,629)
Parks & Greenways	(3,564,421)	(562,287)	0	(4,126,708)
Improvements	(11,990,340)	(681,984)	0	(12,672,324)
Swimming Pools	(1,047,667)	0	0	(1,047,667)
Infrastructure	(28,458,709)	(1,470,791)	0	(29,929,500)
Lease Assets:				
Buildings (Civic Arts Center)	(4,909,807)	(338,607)	0	(5,248,414)
Communications Equipment	(302,607)	(121,043)	0	(423,650)
Equipment	(476,676)	(158,892)	0	(635,568)
Equipment and Vehicles	<u>(11,325,242)</u>	<u>(1,056,555)</u>	<u>1,093,877</u>	<u>(11,287,920)</u>
Total Accumulated Depreciation / Amortization	<u>(85,472,869)</u>	<u>(5,993,388)</u>	<u>1,093,877</u>	<u>(90,372,380)</u>
Total Capital Assets, Being Depreciated / Amortized, Net	<u>119,493,265</u>	<u>2,210,943</u>	<u>0</u>	<u>121,704,208</u>
Governmental Activities Capital Assets, Net	<u>\$ 123,981,204</u>	<u>\$ 7,792,212</u>	<u>\$ (4,073,566)</u>	<u>\$ 127,699,850</u>

NOTE 6 - CAPITAL ASSETS (Continued)

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land and Land Rights	\$ 5,142,906	\$ 0	\$ 0	\$ 5,142,906
Construction in Progress	<u>10,246,975</u>	<u>2,551,798</u>	<u>(3,819,256)</u>	<u>8,979,517</u>
Total Capital Assets, Not Being Depreciated	<u>15,389,881</u>	<u>2,551,798</u>	<u>(3,819,256)</u>	<u>14,122,423</u>
Capital Assets, Being Depreciated:				
Electric Plant in Service:				
Transmission	16,889,101	55,592	(229,307)	16,715,386
Distribution	76,379,191	5,921,780	(407,857)	81,893,114
General	12,868,079	276,949	(38,008)	13,107,020
Water & Sewer Plant in Service	111,515,251	2,936,746	(213,199)	114,238,798
Stormwater in Service	7,018,493	531,363	0	7,549,856
Landfill in Service	<u>16,386,966</u>	<u>1,952,702</u>	<u>(562,068)</u>	<u>17,777,600</u>
Total Capital Assets, Being Depreciated	<u>241,057,081</u>	<u>11,675,132</u>	<u>(1,450,439)</u>	<u>251,281,774</u>
Less Accumulated Depreciation for:				
Electric Plant in Service:				
Transmission	(11,506,013)	(449,710)	229,307	(11,726,416)
Distribution	(38,684,474)	(2,998,782)	407,857	(41,275,399)
General	(6,463,612)	(487,075)	29,496	(6,921,191)
Water & Sewer Plant in Service	(48,690,311)	(3,435,982)	213,199	(51,913,094)
Stormwater in Service	(1,203,896)	(262,462)	0	(1,466,358)
Landfill in Service	<u>(14,503,273)</u>	<u>(389,433)</u>	<u>363,002</u>	<u>(14,529,704)</u>
Total Accumulated Depreciation	<u>(121,051,579)</u>	<u>(8,023,444)</u>	<u>1,242,861</u>	<u>(127,832,162)</u>
Total Capital Assets, Being Depreciated, Net	<u>120,005,502</u>	<u>3,651,688</u>	<u>(207,578)</u>	<u>123,449,612</u>
Business-Type Activities Capital Assets, Net	<u>\$ 135,395,383</u>	<u>\$ 6,203,486</u>	<u>\$ (4,026,834)</u>	<u>\$ 137,572,035</u>

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

General Government	\$ 1,389,267
Public Safety	791,550
Public Works	1,818,320
Education	<u>1,994,251</u>
	<u>\$ 5,993,388</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, 2025 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%.	\$ 5,545,000	\$ 31,555,000	\$ 37,100,000
\$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%.	2,635,000	4,920,000	7,555,000
\$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%.	7,100,000	0	7,100,000
\$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%.	6,225,000	1,050,000	7,275,000
\$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%.	23,000,000	1,550,000	24,550,000
\$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	5,390,000	5,390,000
\$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	2,990,000	2,990,000
\$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%.	5,715,000	2,915,000	8,630,000
\$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%.	800,000	400,000	1,200,000
\$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%.	18,490,000	3,210,000	21,700,000
\$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%.	<u>7,675,000</u>	<u>0</u>	<u>7,675,000</u>
Total General Obligation Bonds	\$ <u><u>77,185,000</u></u>	\$ <u><u>53,980,000</u></u>	\$ <u><u>131,165,000</u></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)

The following is a summary of debt transactions of the City for the fiscal year ended June 30, 2025:

	Debt Payable July 1, 2024	Debt Issued	Debt Retired	Debt Refunded	Debt Payable June 30, 2025
General Obligation Bonds	\$ 138,920,000	\$ 0	\$ 7,755,000	\$ 0	\$ 131,165,000

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

Fiscal Years Ending June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 4,090,000	\$ 2,503,429	\$ 3,885,000	\$ 2,160,578	\$ 7,975,000	\$ 4,664,007
2027	3,595,000	2,366,094	3,690,000	2,012,998	7,285,000	4,379,092
2028	3,705,000	2,220,419	3,755,000	1,856,578	7,460,000	4,076,997
2029	3,615,000	2,069,519	3,895,000	1,698,933	7,510,000	3,768,452
2030	3,725,000	1,934,569	4,030,000	1,531,043	7,755,000	3,465,612
2031-2035	20,390,000	7,731,150	14,375,000	5,520,600	34,765,000	13,251,750
2036-2040	18,065,000	4,578,725	11,800,000	2,962,938	29,865,000	7,541,663
2041-2045	12,530,000	2,187,753	7,350,000	631,775	19,880,000	2,819,528
2046-2050	5,510,000	776,725	1,020,000	105,234	6,530,000	881,959
2051-2052	1,960,000	88,650	180,000	8,100	2,140,000	96,750
Totals	\$ 77,185,000	\$ 26,457,033	\$ 53,980,000	\$ 18,488,777	\$ 131,165,000	\$ 44,945,810

(B) 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 2021, the City entered into an agreement with Blount County, Tennessee to acquire emergency communication equipment with Blount County being the lessor. The City's pro rata 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.

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

Other Lease Obligations

From time to time the City enters into smaller lease agreements during the normal course of its operations. As of June 30, 2025, these additional leases account for \$212,389 of the total lease amount.

Changes in lease obligations for the year end June 30, 2025 were:

	Balance July 1, 2024	Issued	Payments	Balance June 30, 2025
Civic Center	\$ 5,525,000	\$ 0	\$ 360,000	\$ 5,165,000
Communications Equipment	810,307	0	111,657	698,650
Novatech Copiers	67,047	0	28,609	38,438
Tasers	132,870	0	65,440	67,430
Body Cameras	141,715	0	45,830	95,885
Canon Copiers	19,202	0	8,566	10,636
Total	<u>\$ 6,696,141</u>	<u>\$ 0</u>	<u>\$ 620,102</u>	<u>\$ 6,076,039</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
2026	\$ 640,957	\$ 246,569
2027	563,782	224,927
2028	525,725	203,656
2029	542,114	183,817
2030	563,519	163,286
2031 - 2035	2,674,942	483,389
2036	565,000	25,425
Totals	<u>\$ 6,076,039</u>	<u>\$ 1,531,069</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, 2025:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Governmental Activities					
Debt Payable:					
General Obligation Bonds	\$ 81,175,000	\$ 0	\$ 3,990,000	\$ 77,185,000	\$ 4,090,000
Premium on Bond Issuance	5,138,172	0	218,224	4,919,948	218,224
Total Debt Payable	<u>86,313,172</u>	<u>0</u>	<u>4,208,224</u>	<u>82,104,948</u>	<u>4,308,224</u>
Other Liabilities:					
Lease Obligations	6,696,141	0	620,102	6,076,039	640,957
Compensated Absences	<u>2,723,023</u>	<u>12,213</u> *	<u>0</u>	<u>2,735,236</u>	<u>2,573,928</u>
Total Other Liabilities	<u>9,419,164</u>	<u>12,213</u>	<u>620,102</u>	<u>8,811,275</u>	<u>3,214,885</u>
Total Liabilities	<u>\$ 95,732,336</u>	<u>\$ 12,213</u>	<u>\$ 4,828,326</u>	<u>\$ 90,916,223</u>	<u>\$ 7,523,109</u>
Business-Type Activities					
Debt Payable:					
General Obligation Bonds	\$ 57,745,000	\$ 0	\$ 3,765,000	\$ 53,980,000	\$ 3,885,000
Premium on Bond Issuance	1,148,787	0	76,449	1,072,338	76,449
Total Debt Payable	<u>58,893,787</u>	<u>0</u>	<u>3,841,449</u>	<u>55,052,338</u>	<u>3,961,449</u>
Other Liabilities:					
Compensated Absences	<u>1,177,029</u>	<u>507,475</u> *	<u>0</u>	<u>1,684,504</u>	<u>1,448,547</u>
Total Liabilities	<u>\$ 60,070,816</u>	<u>\$ 507,475</u>	<u>\$ 3,841,449</u>	<u>\$ 56,736,842</u>	<u>\$ 5,409,996</u>

* The change in the compensated absences liability is presented as a net change.

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, 2025 in the total column on the Statement of Net Position on pages 1 and 2 of the financial statements.

	Employees' Retirement System of the City of Alcoa	Public Employee Retirement Plan (Legacy)	Public Employee Retirement Plan (Hybrid Without Cost Controls)	Teacher Legacy Plan	Teacher Retirement Plan	All Plans
Net Pension Asset	\$ 0	\$ 0	\$ 0	\$ 5,552,300	\$ 121,857	\$ 5,674,157
Net Pension Liability	\$ 9,574,487	\$ 4,817,012	\$ 204,471	\$ 0	\$ 0	\$ 14,595,970
Pension Deferred Outflow s	\$ 1,156,459	\$ 7,000,892	\$ 1,314,704	\$ 2,173,752	\$ 199,743	\$ 11,845,550
Pension Deferred Inflow s	\$ 168,453	\$ 871,100	\$ 84,297	\$ 1,247,085	\$ 99,695	\$ 2,470,630
Pension Expense (Negative Expense)	\$ 1,724,327	\$ 2,956,421	\$ 639,136	\$ 1,115,762	\$ 97,253	\$ 6,532,899

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

General Information

Plan Description - The City's single-employer defined benefit plan, the Employees' Retirement System of the City of Alcoa (the "System"), provides pension benefits to City employees. All full-time employees that are employed at least 30 hours per week shall become members of the System on the first day of the calendar month coincident with or next following the date of employment. Certain department heads may elect not to become members of the System. Each employee shall be classified as a general employee, fireman, policeman or lineman. The funds of the retirement system are invested in a trust fund managed and custodied by the Tennessee Consolidated Retirement System. The System's complete financial statements are included in the City of Alcoa's consolidated annual financial report.

Benefits Provided - The System provides benefits as follows:

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

Employees Covered by Benefit Terms - At the measurement date of June 30, 2024, the following City employees were covered by the System:

Inactive Employees or Beneficiaries Currently Receiving Benefits	166
Inactive Employees Entitled to, but not yet Receiving Benefits	3
Active Employees Entitled to, but not yet Receiving Benefits	21
Total	190

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, 2025, the employer contributions for the City to the System were \$1,156,459 based on a rate of 55.10% of covered payroll.

Net Pension Liability

Pension Liability - The City's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of July 1, 2024.

Actuarial Assumptions - The total pension liability as of the July 1, 2024 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:	6.75% 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:	Five-year smoothing of difference between market value and expected market assets.

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

Rates of Return (Loss) - The annual money-weighted rate of return (loss) on the Plan's investments, net of investment expenses, for the fiscal year 2025 was 10.2%.

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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<u>Balances at June 30, 2023</u>	\$ 36,564,032	\$ 28,206,754	\$ 8,357,278
Changes for the Year:			
Service Cost	128,100	0	128,100
Interest	2,550,227	0	2,550,227
Difference between Expected and Actual Experience	712,195	0	712,195
Changes of Assumptions	1,602,209	0	1,602,209
Contributions - Employer	0	1,156,459	(1,156,459)
Net Investment Income	0	2,639,200	(2,639,200)
Benefit Payments - Including Refunds of Employee Contributions	(3,033,186)	(3,033,186)	0
Administrative Expenses	0	(20,137)	20,137
Net Changes	<u>1,959,545</u>	<u>742,336</u>	<u>1,217,209</u>
<u>Balances at June 30, 2024</u>	<u>\$ 38,523,577</u>	<u>\$ 28,949,090</u>	<u>\$ 9,574,487</u>

The components of the net pension liability at June 30, 2024 were as follows:

Total Pension Liability (6.75%)	\$ 38,523,577
Plan Fiduciary Net Position	<u>(28,949,090)</u>
Net Pension Liability	<u>\$ 9,574,487</u>

Plan Fiduciary Net Position as a % of Total Pension Liability 75.15%

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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset) 2024	<u>\$ 13,165,467</u>	<u>\$ 9,574,487</u>	<u>\$ 6,483,324</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, 2025, the City recognized pension expense of \$1,724,327. At June 30, 2025, 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	\$ 168,453
Contributions Subsequent to the Measurement Date of June 30, 2024	<u>1,156,459</u>	<u>0</u>
Total	<u>\$ 1,156,459</u>	<u>\$ 168,453</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2024" 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,

2025	\$ (409,522)
2026	526,897
2027	(125,977)
2028	(159,851)

(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, 2024, 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, 2024 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.

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, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	115
Inactive Employees Entitled to, but not yet Receiving Benefits	93
Active Employees	146
Total	354

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, 2025, employer contributions for the City were \$1,833,021 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.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
<u>Balances at June 30, 2023</u>	\$ 69,610,059	\$ 62,784,044	\$ 6,826,015
Changes for the Year:			
Service Cost	1,000,430	0	1,000,430
Interest	4,686,730	0	4,686,730
Difference between Expected and Actual Experience	183,323	0	183,323
Contributions - Employer	0	1,797,285	(1,797,285)
Net Investment Income	0	6,101,062	(6,101,062)
Benefit Payments - Including Refunds of Employee Contributions	(2,354,908)	(2,354,908)	0
Administrative Expenses	0	(18,861)	18,861
Net Changes	<u>3,515,575</u>	<u>5,524,578</u>	<u>(2,009,003)</u>
<u>Balances at June 30, 2024</u>	<u>\$ 73,125,634</u>	<u>\$ 68,308,622</u>	<u>\$ 4,817,012</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) 2024	\$ 15,366,697	\$ 4,817,012	\$ (3,909,684)

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, 2025, the City recognized pension expense (negative pension expense) of \$2,956,421.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2025, 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	\$ 4,101,902	\$ 167,935
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	703,165
Changes of Assumptions	1,065,969	0
Contributions Subsequent to the Measurement Date of June 30, 2024	<u>1,833,021</u>	<u>0</u>
Total	<u>\$ 7,000,892</u>	<u>\$ 871,100</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2024,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

For the Years ended June 30,

2026	\$ 941,352
2027	2,731,590
2028	963,685
2029	(339,856)

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, 2025.

(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, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	2
Inactive Employees Entitled to, but not yet Receiving Benefits	43
Active Employees	204
Total	249

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, 2025, the employer contributions for the City were \$756,732 based on a rate of 6.27% 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)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<u>Balances at June 30, 2023</u>	\$ 2,857,583	\$ 2,472,535	\$ 385,048
Changes for the Year:			
Service Cost	538,843	0	538,843
Interest	229,068	0	229,068
Difference between Expected and Actual Experience	(53,044)	0	(53,044)
Contributions - Employer	0	638,332	(638,332)
Net Investment Income	0	271,555	(271,555)
Benefit Payments - Including Refunds of Employee Contributions	(5,661)	(5,661)	0
Administrative Expenses	0	(14,443)	14,443
Net Changes	709,206	889,783	(180,577)
<u>Balances at June 30, 2024</u>	\$ 3,566,789	\$ 3,362,318	\$ 204,471

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) 2024	\$ <u>1,170,916</u>	\$ <u>204,471</u>	\$ <u>(528,747)</u>

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

Pension Expense - For the year ended June 30, 2025, the City recognized pension expense of \$639,136.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2025, 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	\$ 454,501	\$ 48,624
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		35,673
Changes of Assumptions	103,466	0
Contributions Subsequent to the Measurement Date of June 30, 2024	<u>756,737</u>	<u>0</u>
Total	<u>\$ 1,314,704</u>	<u>\$ 84,297</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2024," 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>	
2025	\$ 41,284
2026	78,944
2027	44,606
2028	41,004
2029	57,763
Thereafter	210,069

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, 2025, 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.

Full time employees are eligible to participate and fully vest in the City's contributions after 12 months of continuous service. Any amounts forfeited may be used to reduce the City's current period contribution requirement. The City has elected to contribute 5% of each eligible participant's compensation per year. The City contributed \$603,454 to the plan during 2025 which represents 5% of covered payroll. Covered payroll for the City for the year ended June 30, 2025 was \$12,069,083.

(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 are 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, 2025 to the Teacher Legacy Pension Plan were \$684,226 which is 6.36% 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, 2025, the Alcoa City Schools reported a liability (asset) of \$(5,552,300) for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, Alcoa City Schools' proportion was 0.322272%. The proportion measured as of June 30, 2023 was 0.313613%.

Pension Expense (Negative Pension Expense) - For the year ended June 30, 2025, Alcoa City Schools recognized pension expense (negative pension expense) of \$1,115,762.

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, 2025, 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	\$ 1,480,651	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,081,362
Changes in Proportion of Net Pension Liability (Asset)	8,875	165,723
LEAs Contributions Subsequent to the Measurement Date of June 30, 2024	<u>684,226</u>	<u>0</u>
Total	<u>\$ 2,173,752</u>	<u>\$ 1,247,085</u>

Alcoa City Schools' employer contributions of \$684,226 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, 2025. 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,

2026	\$ (695,014)
2027	2,070,979
2028	(564,180)
2029	(569,344)

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>7,053,345</u>	\$ <u>(5,552,300)</u>	\$ <u>(16,006,962)</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, 2025, 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, 2025.

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, 2025 to the Teacher Retirement Plan were \$139,294, 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, 2025, Alcoa City Schools reported a liability (asset) of (\$121,857) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, 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, 2024, Alcoa City Schools' proportion was 0.171001%. The proportion measured as of June 30, 2023 was 0.165341%.

Pension Expense (Negative Pension Expense) - For the year ended June 30, 2025, Alcoa City Schools' recognized a pension expense (negative pension expense) of \$97,253.

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, 2025, 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	\$ 10,066	\$ 37,438
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	20,555
Changes of Assumptions	48,424	0
Changes in Proportion of Net Pension Liability (Asset)	1,959	41,702
LEAs Contributions Subsequent to the Measurement Date of June 30, 2024	<u>139,294</u>	<u>0</u>
Total	<u>\$ 199,743</u>	<u>\$ 99,695</u>

Alcoa City Schools employer contributions of \$139,294, 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, 2025. 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,

2025	\$ (16,475)
2026	11,965
2027	(12,147)
2028	(12,034)
2029	(1,968)
Thereafter	(8,587)

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>321,376</u>	\$ <u>(121,857)</u>	\$ <u>(451,715)</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, 2025, 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, 2025.

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, 2025, the Alcoa City Schools recognized pension expense of \$232,156. 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, 2025.

(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 \$31,783,077 as of June 30, 2025.

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, 2025, 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	\$ 7,591,474	\$ 6,098,231	\$ 13,689,705
Other Postemployment Benefit Outflows	\$ 1,974,984	\$ 1,579,608	\$ 3,554,592
Other Postemployment Benefit Inflows	\$ 333,915	\$ 1,151,651	\$ 1,485,566
Other Postemployment Benefit Expense	\$ 245,199	\$ 205,387	\$ 450,586

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, 2025, the following employees of the City were covered by the benefit terms of the Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	78
Inactive Employees Entitled to, but not yet Receiving Benefits	0
Active Employees	284
Total	362

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, 2025, the City paid \$649,821 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, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Salary Increases	4.00%
Healthcare Cost Trend Rates	7.00% graded uniformly to 5.60% over 3 years and following the Getzen model thereafter.
Retiree's Share of Benefit-Related Costs	Members are required to make monthly contributions in order to maintain coverage.

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

The actuarial demographic assumptions used in the July 1, 2024 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, 2025 was 4.21%. 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, 2024</u>	\$ <u>7,824,932</u>
Changes for the Year	
Service Cost	109,674
Interest	306,689
Benefits Payments	<u>(649,821)</u>
Net Changes	<u>(233,458)</u>
<u>Balance at June 30, 2025</u>	\$ <u><u>7,591,474</u></u>

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 (3.21%) or 1 percentage-point higher (5.21%) than the current discount rate:

	<u>1% Decrease (3.21%)</u>	<u>Current Discount Rate (4.21%)</u>	<u>1% Increase (5.21%)</u>
Total OPEB Liability	\$ <u>8,188,778</u>	\$ <u>7,591,474</u>	\$ <u>7,058,929</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 (6.00%) or 1-percentage-point higher (8.00%) than the current healthcare cost trend rate.

	<u>1% Decrease (6.00%)</u>	<u>Healthcare Cost Trend Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Total OPEB Liability	\$ <u>6,886,504</u>	\$ <u>7,591,474</u>	\$ <u>8,412,016</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, 2025, the City recognized OPEB expense (negative OPEB expense) of \$245,199.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the fiscal year ended June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Experience Losses (Gains)	\$ 1,865,086	\$ 0
Change in Assumptions	<u>109,898</u>	<u>333,915</u>
Totals as of June 30, 2025	<u>\$ 1,974,984</u>	<u>\$ 333,915</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:

2026	\$ 478,657
2027	478,661
2028	341,878
2029	<u>341,873</u>
Total	<u>\$ 1,641,069</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, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	21
Inactive Employees Entitled to, but not yet Receiving Benefits	0
Active Employees	168
Total	189

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 \$234,443 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial Assumptions - The collective total OPEB liability in the June 30, 2024 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	10.68% for pre-65, decreasing annually over an 13 year period to an ultimate rate of 4.50%. 13.44% for post-65 in 2024, decreasing annually over a 12 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, 2024, 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-2021. 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-2021.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.93%. 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, 2023</u>	<u>\$ 7,833,863</u>
Changes for the Year	
Service Cost	342,049
Interest	293,050
Change of Benefit Terms	0
Differences Between Expected and Actual Experience	226,861
Changes in Assumptions	131,538
Benefits Payments	<u>(296,926)</u>
Net Changes	<u>696,572</u>
<u>Balance at June 30, 2024</u>	<u>\$ 8,530,435</u>
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	\$ 2,432,204
Employer's Proportionate Share of the Collective Total OPEB Liability	\$ 6,098,231
Employer's Proportion of the Collective Total OPEB Liability	71.49%

The Alcoa City Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Alcoa City Schools' proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed (0.03)% from the prior measurement date. Alcoa City Schools recognized \$211,379 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Alcoa City School retirees.

Changes in Assumptions - The discount rate was changed from 3.65% as of the beginning of the measurement period to 3.93% as of June 30, 2025. The medical and drug trend rate assumptions were updated to reflect more recent experience and a change in expected per capita health claims to reflect more recent information as of the measurement date. Coverage acceptance rates for certain employers were updated to reflect more recent subsidy amounts and plan experience.

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>(2.93%)</u>	Current Discount Rate (3.93%)	1% Increase <u>(4.93%)</u>
Proportionate Share of Collective Total OPEB Liability	\$ <u>6,555,288</u>	\$ <u>6,098,231</u>	\$ <u>5,664,638</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 (9.68% / 12.44%) <u>Decreasing to 3.50%</u>	Healthcare Cost Trend Rates (10.68% / 13.44%) <u>Decreasing to 4.5%</u>	1% Increase (11.68% / 14.44%) <u>Decreasing to 5.50%</u>
Proportionate Share of Collective Total OPEB Liability	\$ <u>5,476,210</u>	\$ <u>6,098,231</u>	\$ <u>6,818,303</u>

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

OPEB Expense (Negative OPEB Expense) - For the fiscal year ended June 30, 2025, Alcoa City Schools recognized OPEB expense of \$205,387.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the fiscal year ended June 30, 2025, 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	\$ 637,211	\$ 544,498
Changes of Assumptions	654,205	415,788
Changes in Proportions	53,749	191,365
Employer Payments Subsequent to the Measurement Date	<u>234,443</u>	<u>0</u>
Totals as of June 30, 2024	\$ <u>1,579,608</u>	\$ <u>1,151,651</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>	
2026	\$ (14,189)
2027	(14,189)
2028	1,645
2029	50,534
2030	71,457
Thereafter	<u>98,256</u>
Total	<u>\$ 193,514</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 2025 was \$101,383 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 TNP. The on-behalf payment for fiscal year 2025 was \$21,997 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 reserves 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>
2023	\$ 592,906	\$ 6,361,001	\$ 1,524,643
2024	1,524,643	6,175,444	1,151,773
2025	1,151,773	5,408,822	771,622

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% of 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, 2025, receivables from customers for conservation loans was \$64,731.

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, 2025, the total prepaid TVA power invoice program was \$4,876,889.

NOTE 12 - CONSTRUCTION CONTRACTS

As of June 30, 2025, 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, 2025	Estimated Cost to Complete
Pistol Creek Greenway	\$ 1,909,030	\$ 1,905,064	\$ 3,966
AHS Baseball Facility	250,087	163,005	87,082
AES Roof Phase 2	2,625,049	553,391	2,071,658
MLK Center Expansion	1,350,000	105,000	1,245,000
Municipal Building Bathrooms	66,923	36,096	30,827
TDOT Ph 1 Water	112,650	105,921	6,729
TDOT Ph 2 Sewer	289,172	264,719	24,453
TDOT Ph 3 Sewer	200,720	156,786	43,934
TDOT Ph 4 Sewer	167,475	38,653	128,822
TDOT Ph 2 Water	188,209	188,209	0
TDOT Ph 3 Water	267,110	258,509	8,601
TDOT Ph 4 Water	157,625	44,314	113,311
Lincon Rd Waterline	2,000,000	845,559	1,154,441
New Cell Construction	1,600,000	933,953	666,047
	<u>\$ 11,184,050</u>	<u>\$ 5,599,179</u>	<u>\$ 5,584,871</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 \$152,911 for the year ended June 30, 2025.

NOTE 13 - LANDFILL OPERATIONS (Continued)

(B) LANDFILL CLOSURE AND POST CLOSURE

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 post closure 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 post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$14,341,691 reported as landfill closure and post closure care liability at June 30, 2025, represents the cumulative amount reported to date based on the use of 28% of the estimated capacity of the Landfill. 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, 2025, the City of Alcoa, Tennessee contributed \$231,997 to the Blount County Emergency Communications District. Summary financial information, as required by generally accepted accounting principles, for the fiscal year ended June 30, 2024, the most recent fiscal year available, is presented below:

Operating Revenues	\$ 2,285,641
Operating Expenses	<u>3,158,508</u>
Operating Income (Loss)	(872,867)
Non-Operating Revenues	<u>1,176,856</u>
Change in Net Position	303,989
Net Position - July 1, 2023	<u>6,542,396</u>
Net Position - June 30, 2024	<u>\$ 6,846,385</u>
Total Assets	<u>\$ 7,133,320</u>
Deferred Outflows of Resources	<u>\$ 1,126,007</u>
Total Liabilities	<u>\$ 751,278</u>
Deferred Inflows of Resources	<u>\$ 661,664</u>
Net Position	<u>\$ 6,846,385</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 Emergency 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, 2025, the City contributed \$681,834 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, 2024, the most recent fiscal year available, is presented below:

Revenues	\$ 3,513,286
Expenditures	<u>3,751,697</u>
Change in Net Position	(238,411)
Net Position - July 1, 2023	<u>2,688,914</u>
Net Position - June 30, 2024	<u>\$ 2,450,503</u>
Total Assets	<u>\$ 2,565,977</u>
Deferred Outflows of Resources	<u>\$ 912,552</u>
Total Liabilities	<u>\$ 700,465</u>
Deferred Inflows of Resources	<u>\$ 327,561</u>
Net Position	<u>\$ 2,450,503</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, 2024, the most recent fiscal year available is presented below:

Revenues	\$ 868,409
Expenditures	<u>31,693</u>
Excess of Revenue Over Expenditures Before	
Franchise Fee Distributions	836,716
Franchise Fee Distributions to County and Cities	<u>837,412</u>
Change in Net Position	(696)
Net Position - July 1, 2023	<u>24,163</u>
Net Position - June 30, 2024	<u>\$ 23,467</u>
Total Assets	<u>\$ 236,649</u>
Total Liabilities	<u>\$ 213,182</u>
Net Position	<u>\$ 23,467</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, 2024.

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, 2025, the City contributed \$844,215 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, 2024, the most recent fiscal year available, is presented below:

Revenues	\$ 295,932
Expenditures	<u>6,303,620</u>
Operating Income (Loss)	(6,007,688)
Nonoperating Revenues	7,283,552
Nonoperating Expenses	<u>4,808</u>
Change in Net Position	1,271,056
Net Position - July 1, 2023	<u>25,355,776</u>
Net Position - June 30, 2024	<u>\$ 26,626,832</u>
Total Assets	<u>\$ 50,356,439</u>
Total Liabilities	<u>\$ 23,729,607</u>
Net Position	<u>\$ 26,626,832</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 \$2.8 million. The City issued General Obligation Bonds, Series 2022A, (see Note 7) and appropriated approximately \$780,000 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, 2025, payments totaling \$2,346,356 were received leaving a remaining outstanding amount due to the City from the Board of \$1,444,298 as of June 30, 2025. 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.

NOTE 18 - RESTATEMENT

Net position as July 1, 2024, has been restated as follows for the implementation of GASB Statement No. 101, *Compensated Absences*. The below reflects the restatement amounts on the government-wide statement of net position:

	Governmental Activities
Net Position at June 30,2024, as previously reported	\$ 70,043,530
Restatement - Implementation of GASB 101, <i>Compensated Absences</i>	<u>(1,239,438)</u>
Net Position at July 1, 2024, as restated	<u>\$ 68,804,092</u>

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 128,100	\$ 119,441	\$ 152,232	\$ 146,377	\$ 174,173	\$ 167,476	\$ 178,301	\$ 171,443	\$ 205,136	\$ 190,824
Interest	2,550,227	2,575,523	2,594,343	2,615,595	2,542,594	2,560,640	2,586,636	2,607,943	2,695,269	2,688,755
Differences between Actual and Expected										
Experience	712,195	0	173,123	0	462,715	0	219,890	0	117,353	0
Change of Assumptions	1,602,209	0	(75,449)	0	894,375	0	789,732	0	(1,221,352)	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,033,186)</u>	<u>(3,071,894)</u>	<u>(3,070,187)</u>	<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>
Net Change in Total Pension Liability	1,959,545	(376,930)	(225,938)	(289,754)	1,047,281	(212,759)	849,338	(436,071)	(1,036,449)	292,553
Total Pension Liability - Beginning	36,564,032	36,940,962	37,166,900	37,456,654	36,409,373	36,622,132	35,772,794	36,208,865	37,245,314	36,952,761
Total Pension Liability - Ending (a)	<u>\$ 38,523,577</u>	<u>\$ 36,564,032</u>	<u>\$ 36,940,962</u>	<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>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,156,459	\$ 1,448,328	\$ 1,448,328	\$ 1,397,040	\$ 1,512,265	\$ 1,397,040	\$ 1,554,021	\$ 2,132,867	\$ 2,406,072	\$ 2,173,944
Net Investment Income	2,639,200	1,804,788	(1,091,538)	6,504,510	1,261,933	1,865,151	2,062,113	2,634,609	802,129	693,555
Benefit Payments, Including Refunds of Employee Contributions	(3,033,186)	(3,071,892)	(3,070,187)	(3,051,726)	(3,026,576)	(2,940,875)	(2,925,221)	(3,215,457)	(2,832,855)	(2,587,026)
Administrative Expense	<u>(20,137)</u>	<u>(32,085)</u>	<u>(20,185)</u>	<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>
Net Change in Plan Fiduciary Net Position	742,336	149,139	(2,733,582)	4,804,212	(289,848)	272,719	665,181	1,510,690	291,367	207,470
Plan Fiduciary Net Position - Beginning	28,206,754	28,057,615	30,791,197	25,986,985	26,276,833	26,004,114	25,338,933	23,828,243	23,536,876	23,329,406
Plan Fiduciary Net Position - Ending (b)	<u>\$ 28,949,090</u>	<u>\$ 28,206,754</u>	<u>\$ 28,057,615</u>	<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>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 9,574,487</u>	<u>\$ 8,357,278</u>	<u>\$ 8,883,347</u>	<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>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.15%	77.14%	75.95%	82.85%	69.38%	72.17%	71.01%	70.83%	65.81%	63.19%
Covered Payroll	\$ 2,099,016	\$ 2,176,616	\$ 2,176,616	\$ 2,469,096	\$ 2,469,096	\$ 2,844,881	\$ 2,844,881	\$ 3,087,577	\$ 3,087,577	\$ 3,747,156
Net Pension Liability (Asset) as a Percentage of Covered Payroll	456.14%	383.96%	408.13%	258.22%	464.53%	356.17%	373.23%	337.93%	400.98%	365.84%

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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 1,156,459	\$ 1,156,459	\$ 1,448,328	\$ 1,448,328	\$ 1,397,037	\$ 1,397,037	\$ 1,512,242	\$ 1,512,242	\$ 1,445,037	\$ 1,445,037
Contribution in Relation to the Contractually Required Contribution	<u>1,156,459</u>	<u>1,156,459</u>	<u>1,448,328</u>	<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>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<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>
Covered Payroll	\$ 2,099,016	\$ 2,099,016	\$ 2,176,616	\$ 2,176,616	\$ 2,469,096	\$ 2,469,096	\$ 2,844,881	\$ 2,844,881	\$ 3,087,577	\$ 3,087,577
Contributions as a percentage of Covered Payroll	55.10%	55.10%	66.54%	66.54%	56.58%	61.25%	49.11%	54.63%	69.08%	77.93%

Notes:

Valuation Date:

Actuarially determined contribution rates for 2025 were calculated based on July 1, 2024 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Asset valuation	Five-year smoothing of difference between market value and expected market assets
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	Scale MP-2021, customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	None

CITY OF ALCOA, TENNESSEE
SCHEDULES OF INVESTMENT RETURNS (LOSSES)
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF ALCOA
Fiscal Years Ended June 30

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	10.2%	9.7%	6.6%	-3.6%	25.8%	4.9%	7.4%	8.4%	11.3%	3.4%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 1,000,430	\$ 1,004,714	\$ 1,044,871	\$ 908,297	\$ 910,481	\$ 924,323	\$ 924,442	\$ 931,368	\$ 948,025	\$ 904,768
Interest	4,686,730	4,226,488	3,829,052	3,691,414	3,493,920	3,264,516	3,077,693	2,784,741	2,593,218	2,379,080
Changes in Benefit Terms	0	0	0	0	0	0	0	0	0	0
Differences between Actual and Expected Experience	183,323	3,903,509	3,117,092	(415,448)	(176,721)	382,156	(163,031)	1,792,558	(36,221)	361,622
Change of Assumptions	0	0	0	3,197,909	0	0	0	913,725	0	0
Benefit Payments, Including Refunds of Employee Contributions	(2,354,908)	(2,269,160)	(1,856,650)	(1,559,574)	(1,443,310)	(1,342,601)	(1,187,648)	(1,001,168)	(868,269)	(798,854)
Net Change in Total Pension Liability	3,515,575	6,865,551	6,134,365	5,822,598	2,784,370	3,228,394	2,654,456	5,421,224	2,636,753	2,846,616
Total Pension Liability - Beginning	69,610,059	62,744,508	56,610,143	50,787,545	48,003,175	44,774,781	42,120,325	36,699,101	34,062,348	31,215,732
Total Pension Liability - Ending (a)	<u>\$ 73,125,634</u>	<u>\$ 69,610,059</u>	<u>\$ 62,744,508</u>	<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>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,797,285	\$ 1,832,731	\$ 1,809,310	\$ 1,828,104	\$ 1,876,225	\$ 1,898,893	\$ 1,890,068	\$ 1,927,489	\$ 1,949,830	\$ 1,902,848
Contributions - Employee	0	0	0	0	0	0	0	0	0	0
Net Investment Income	6,101,062	3,968,697	(2,358,833)	12,625,054	2,297,016	3,176,264	3,222,720	3,870,902	855,389	931,379
Benefit Payments, Including Refunds of Employee Contributions	(2,354,908)	(2,269,160)	(1,856,650)	(1,559,574)	(1,443,310)	(1,342,601)	(1,187,648)	(1,001,168)	(868,269)	(798,854)
Administrative Expense	(18,861)	(16,008)	(17,120)	(16,915)	(18,064)	(18,790)	(20,690)	(18,845)	(18,410)	(12,952)
Net Change in Plan Fiduciary Net Position	5,524,578	3,516,260	(2,423,293)	12,876,669	2,711,867	3,713,766	3,904,450	4,778,378	1,918,540	2,022,421
Plan Fiduciary Net Position - Beginning	62,784,044	59,267,784	61,691,077	48,814,408	46,102,541	42,388,775	38,484,325	33,705,947	31,787,407	29,764,986
Plan Fiduciary Net Position - Ending (b)	<u>\$ 68,308,622</u>	<u>\$ 62,784,044</u>	<u>\$ 59,267,784</u>	<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>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 4,817,012</u>	<u>\$ 6,826,015</u>	<u>\$ 3,476,724</u>	<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>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.41%	90.19%	94.46%	108.98%	96.11%	96.04%	94.67%	91.37%	91.84%	93.32%
Covered Payroll	\$ 11,325,046	\$ 11,548,396	\$ 11,400,817	\$ 11,511,990	\$ 11,805,789	\$ 11,678,300	\$ 11,624,034	\$ 11,868,775	\$ 12,006,344	\$ 11,714,226
Net Pension Liability (Asset) as a Percentage of Covered Payroll	42.53%	59.11%	30.50%	-44.14%	16.71%	16.27%	20.53%	30.64%	24.93%	19.42%

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.

CITY OF ALCOA, TENNESSEE
SCHEDULES OF CONTRIBUTIONS
PUBLIC EMPLOYEE RETIREMENT PLAN OF TCRS
Fiscal Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 1,833,021	\$ 1,797,285	\$ 1,832,731	\$ 1,809,310	\$ 1,828,105	\$ 1,876,225	\$ 1,898,893	\$ 1,890,067	\$ 1,927,489	\$ 1,949,830
Contributions in Relation to the Actuarially Determined Contribution	<u>1,833,021</u>	<u>1,797,285</u>	<u>1,832,731</u>	<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>
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>	<u>\$ 0</u>
Covered Payroll	\$ 11,551,033	\$ 11,325,046	\$ 11,548,783	\$ 11,400,817	\$ 11,511,990	\$ 11,805,789	\$ 11,678,300	\$ 11,624,034	\$ 11,868,775	\$ 12,006,344
Contributions as a Percentage of Covered Payroll	15.87%	15.87%	15.87%	15.87%	15.88%	15.89%	16.26%	16.26%	16.24%	16.24%

Notes:

Valuation date: Actuarially determined contribution rates for 2025 were calculated based on the June 30, 2023 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, 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.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 538,843	\$ 415,180	\$ 322,573	\$ 236,998	\$ 208,853	\$ 150,708	\$ 111,940	\$ 64,876	\$ 6,951	\$ 3,019
Interest	229,068	168,465	121,779	84,075	59,192	37,099	21,355	8,868	803	226
Changes in Benefit Terms	0	0	0	0	0	0	0	0	0	0
Differences between Actual and Expected Experience	(53,044)	193,343	154,677	90,530	47,023	58,780	45,099	51,643	41,847	515
Change of Assumptions	0	0	0	147,300	0	0	0	3,866	0	0
Benefit Payments, Including Refunds of Employee Contributions	(5,661)	0	0	0	0	0	0	0	0	0
Net Change in Total Pension Liability	709,206	776,988	599,029	558,903	315,068	246,587	178,394	129,253	49,601	3,760
Total Pension Liability - Beginning	2,857,583	2,080,595	1,481,566	922,663	607,595	361,008	182,614	53,361	3,760	0
Total Pension Liability - Ending (a)	\$ 3,566,789	\$ 2,857,583	\$ 2,080,595	\$ 1,481,566	\$ 922,663	\$ 607,595	\$ 361,008	\$ 182,614	\$ 53,361	\$ 3,760
Plan Fiduciary Net Position										
Contributions - Employer	\$ 638,332	\$ 591,676	\$ 400,552	\$ 317,714	\$ 260,940	\$ 207,800	\$ 154,071	\$ 113,677	\$ 53,225	\$ 3,019
Contributions - Employee	0	0	0	0	0	0	0	0	0	0
Net Investment Income	271,555	137,444	(62,107)	261,906	34,798	32,996	20,678	12,384	750	29
Benefit Payments, Including Refunds of Employee Contributions	(5,661)	0	0	0	0	0	0	0	0	0
Administrative Expense	(14,443)	(10,946)	(14,530)	(11,165)	(9,632)	(8,300)	(6,905)	(4,811)	(2,639)	(89)
Net Change in Plan Fiduciary Net Position	889,783	718,174	323,915	568,455	286,106	232,496	167,844	121,250	51,336	2,959
Plan Fiduciary Net Position - Beginning	2,472,535	1,754,361	1,430,446	861,991	575,885	343,389	175,545	54,295	2,959	0
Plan Fiduciary Net Position - Ending (b)	\$ 3,362,318	\$ 2,472,535	\$ 1,754,361	\$ 1,430,446	\$ 861,991	\$ 575,885	\$ 343,389	\$ 175,545	\$ 54,295	\$ 2,959
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 204,471	\$ 385,048	\$ 326,234	\$ 51,120	\$ 60,672	\$ 31,710	\$ 17,619	\$ 7,069	\$ (934)	\$ 801
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.27%	86.53%	84.32%	96.55%	93.42%	94.78%	95.12%	96.13%	101.75%	78.70%
Covered Payroll	\$ 10,180,735	\$ 9,273,917	\$ 7,051,984	\$ 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	2.01%	4.15%	4.63%	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.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 756,732	\$ 638,332	\$ 591,676	\$ 400,552	\$ 317,714	\$ 260,940	\$ 207,800	\$ 154,071	\$ 113,677	\$ 53,225
Contribution in Relation to the Contractually Required Contribution	<u>756,732</u>	<u>638,332</u>	<u>591,676</u>	<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>
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>	<u>\$ 0</u>
Covered Payroll	\$ 12,069,083	\$ 10,180,735	\$ 9,276,176	\$ 7,051,984	\$ 5,440,302	\$ 4,492,849	\$ 3,639,234	\$ 2,674,836	\$ 1,891,468	\$ 902,111
Contributions as a Percentage of Covered Payroll	6.27%	6.27%	6.38%	5.68%	5.84%	5.81%	5.71%	5.76%	6.01%	5.90%

Notes:

Valuation date: Actuarially determined contribution rates for 2025 were calculated based on the June 30, 2023 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, 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.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Alcoa City Schools' Proportion of the Net Pension Liability (Asset)	0.322272%	0.313613%	0.308576%	0.310688%	0.304050%	0.289842%	0.275366%	0.261150%	0.246955%	0.232672%
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ (5,552,300)	\$ (3,697,410)	\$ (3,784,395)	\$ (13,400,741)	\$ (2,318,609)	\$ (2,980,102)	\$ (968,987)	\$ (85,446)	\$ 1,543,334	\$ 95,310
Alcoa City Schools' Covered Payroll	\$ 10,831,769	\$ 10,176,870	\$ 10,155,068	\$ 10,197,326	\$ 10,114,061	\$ 9,718,827	\$ 9,642,402	\$ 9,234,536	\$ 8,914,911	\$ 8,710,070
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-51.26%	-36.33%	-37.27%	-131.41%	-22.92%	-30.66%	-10.05%	-0.93%	17.31%	1.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	105.76%	104.11%	104.42%	116.13%	103.09%	104.28%	101.49%	100.14%	97.14%	99.81%

CITY OF ALCOA, TENNESSEE
SCHEDULES OF ALCOA CITY SCHOOLS' CONTRIBUTIONS
TEACHER LEGACY RETIREMENT PLAN OF TCRS
Fiscal Years Ended June 30

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 684,226	\$ 726,734	\$ 884,371	\$ 1,045,970	\$ 1,047,265	\$ 1,075,125	\$ 1,016,590	\$ 875,530	\$ 834,530	\$ 805,879
Contribution in Relation to the Contractually Required Contribution	<u>684,226</u>	<u>726,734</u>	<u>884,371</u>	<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>
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>	<u>\$ 0</u>
Alcoa City Schools' Covered Payroll	\$ 10,758,264	\$ 10,831,769	\$ 10,176,870	\$ 10,429,758	\$ 10,197,326	\$ 10,114,061	\$ 9,718,827	\$ 9,642,402	\$ 9,234,536	\$ 8,914,611
Contributions as a percentage of Alcoa City Schools' Covered Payroll	6.36%	6.71%	8.69%	10.03%	10.27%	10.63%	10.46%	9.08%	9.04%	9.04%

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.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Alcoa City Schools' Proportion of the Net Pension Liability (Asset)	0.171001%	0.165341%	0.131819%	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)	\$ (121,857)	\$ (70,110)	\$ (39,931)	\$ (108,243)	\$ (50,313)	\$ (50,546)	\$ (42,199)	\$ (26,284)	\$ (5,839)	\$ (1,074)
Alcoa City Schools' Covered Payroll	\$ 4,015,566	\$ 3,288,702	\$ 2,251,067	\$ 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	-3.03%	-2.13%	-1.77%	-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)	106.49%	104.97%	104.55%	121.53%	116.52%	123.07%	126.97%	126.81%	121.88%	127.46%

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

Fiscal Years Ended June 30

	<u>2025*</u>	<u>2024*</u>	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 92,863	\$ 76,296	\$ 57,224	\$ 45,247	\$ 29,132	\$ 22,666	\$ 18,383	\$ 13,260	\$ 26,154	\$ 6,177
Contribution in Relation to the Contractually Required Contribution	<u>92,863</u>	<u>76,296</u>	<u>57,224</u>	<u>45,247</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>
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>\$ (19,265)</u>	<u>\$ 0</u>	<u>\$ (3,694)</u>
Alcoa City Schools' Covered Payroll	\$ 4,643,129	\$ 4,015,566	\$ 3,288,702	\$ 2,251,067	\$ 1,442,169	\$ 1,116,539	\$ 947,556	\$ 813,117	\$ 650,860	\$ 246,776
Contributions as a Percentage of Alcoa City Schools' Covered Payroll	2.00%	1.90%	1.74%	2.01%	2.02%	2.03%	1.94%	4.00%	4.02%	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.

* 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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability								
Service Cost	\$ 109,674	\$ 102,253	\$ 98,235	\$ 138,197	\$ 134,813	\$ 127,360	\$ 121,295	\$ 115,519
Interest	306,689	226,864	237,795	134,998	142,457	130,338	171,434	174,257
Experiences Losses (Gains)	0	1,886,415	0	1,822,429	0	(401,439)	0	0
Change in Assumptions	0	164,848	0	(1,001,751)	0	1,008,795	0	0
Benefit Payments	(649,821)	(607,309)	(618,254)	(577,807)	(389,700)	(413,592)	(382,956)	(354,589)
Net Change in Total OPEB Liability	(233,458)	1,773,071	(282,224)	516,066	(112,430)	451,462	(90,227)	(64,813)
Total OPEB Liability - Beginning	<u>7,824,932</u>	<u>6,051,861</u>	<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>	<u>5,634,027</u>
Total OPEB Liability - Ending	<u>\$ 7,591,474</u>	<u>\$ 7,824,932</u>	<u>\$ 6,051,861</u>	<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	\$ 11,796,468	\$ 11,620,180	\$ 11,535,491	\$ 11,091,818	\$ 11,500,888	\$ 11,058,546	\$ 11,983,656	\$ 11,522,746
Total OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	64.4%	67.3%	52.5%	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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarial Determined Contribution	\$ 889,621	\$ 669,220	\$ 662,133	\$ 582,516	\$ 564,012	\$ 529,152	\$ 513,749	\$ 498,064
Contributions in Relation to the Actuarial Determined Contribution	<u>649,821</u>	<u>607,309</u>	<u>618,254</u>	<u>577,807</u>	<u>389,700</u>	<u>413,592</u>	<u>382,956</u>	<u>354,589</u>
Contribution Deficiency (Excess)	<u>\$ 239,800</u>	<u>\$ 61,911</u>	<u>\$ 43,879</u>	<u>\$ 4,709</u>	<u>\$ 174,312</u>	<u>\$ 115,560</u>	<u>\$ 130,793</u>	<u>\$ 143,475</u>
Covered-Employee Payroll	\$ 11,796,468	\$ 11,620,180	\$ 11,535,491	\$ 11,091,818	\$ 11,500,888	\$ 11,058,546	\$ 11,983,656	\$ 11,522,746
Contribution as a Percentage of Covered- Employee Payroll	5.5%	5.2%	5.4%	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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability								
Service Cost	\$ 342,049	\$ 290,177	\$ 403,003	\$ 368,314	\$ 323,219	\$ 296,908	\$ 332,787	\$ 359,136
Interest	293,050	233,859	155,650	151,686	219,486	181,590	228,550	189,004
Changes in Benefit Terms	0	0	(150,227)	0	0	630,540	(79,273)	0
Differences Between Expected and Actual Experience	226,861	568,833	(28,721)	21,193	(425,640)	802,344	(1,806,470)	0
Changes of Assumptions	131,538	598,122	(588,070)	(12,744)	691,789	(436,740)	238,191	(293,130)
Benefit Payments	<u>(296,926)</u>	<u>(343,266)</u>	<u>(215,848)</u>	<u>(225,585)</u>	<u>(260,351)</u>	<u>(267,700)</u>	<u>(294,944)</u>	<u>(270,806)</u>
Net Change in Total OPEB Liability	696,572	1,347,725	(424,213)	302,864	548,503	1,206,942	(1,381,159)	(15,796)
Total OPEB Liability - Beginning	<u>7,833,863</u>	<u>6,486,138</u>	<u>6,910,351</u>	<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><u>\$ 8,530,435</u></u>	<u><u>\$ 7,833,863</u></u>	<u><u>\$ 6,486,138</u></u>	<u><u>\$ 6,910,351</u></u>	<u><u>\$ 6,607,487</u></u>	<u><u>\$ 6,058,984</u></u>	<u><u>\$ 4,852,042</u></u>	<u><u>\$ 6,233,201</u></u>
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	\$ 2,432,204	\$ 2,231,051	\$ 1,730,805	\$ 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	\$ 6,098,231	\$ 5,602,812	\$ 4,755,333	\$ 5,041,503	\$ 4,922,003	\$ 4,583,028	\$ 3,664,330	\$ 4,599,703
Covered-Employee Payroll	\$ 15,401,393	\$ 14,816,317	\$ 13,145,718	\$ 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	39.6%	37.8%	36.2%	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, 2025

	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	\$ 262,130	\$ 0	\$ 403,111	\$ 146,682	\$ 140,840	\$ 7,282	\$ 1,019,676	\$ 1,979,721
Accounts Receivable	0	84,933	14,211	274,837	0	0	0	373,981
Due From Grantors, Other Governments, and State of Tennessee	34,653	2,171	0	0	0	0	0	36,824
Inventories and Prepaid Items	0	0	0	0	0	0	5,700	5,700
Total Assets	<u>\$ 296,783</u>	<u>\$ 87,104</u>	<u>\$ 417,322</u>	<u>\$ 421,519</u>	<u>\$ 140,840</u>	<u>\$ 7,282</u>	<u>\$ 1,025,376</u>	<u>\$ 2,396,226</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 29,716	\$ 87,649	\$ 4,343	\$ 1,372	\$ 0	\$ 0	\$ 0	\$ 123,080
Other Liabilities	0	480	0	4,000	0	0	0	4,480
Total Liabilities	<u>29,716</u>	<u>88,129</u>	<u>4,343</u>	<u>5,372</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>127,560</u>
Fund Balances								
Nonspendable	0	0	0	0	0	0	5,700	5,700
Restricted	267,067	0	0	0	140,840	7,282	1,019,676	1,434,865
Committed	0	0	412,979	416,147	0	0	0	829,126
Assigned	0	0	0	0	0	0	0	0
Unassigned	0	(1,025)	0	0	0	0	0	(1,025)
Total Fund Balances	<u>267,067</u>	<u>(1,025)</u>	<u>412,979</u>	<u>416,147</u>	<u>140,840</u>	<u>7,282</u>	<u>1,025,376</u>	<u>2,268,666</u>
Total Liabilities and Fund Balances	<u>\$ 296,783</u>	<u>\$ 87,104</u>	<u>\$ 417,322</u>	<u>\$ 421,519</u>	<u>\$ 140,840</u>	<u>\$ 7,282</u>	<u>\$ 1,025,376</u>	<u>\$ 2,396,226</u>

CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET (Continued)

Non-Major Governmental Funds

June 30, 2025

	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
ASSETS								
Cash and Cash Equivalents	\$ 599,565	\$ 957,791	\$ 1,557,356	\$ 292,072	\$ 961,313	\$ 0	\$ 291,919	\$ 1,622,368
Accounts Receivable	0	0	0	0	0	0	0	0
Due from Grantors, Other Governments, and State of Tennessee	5,320	0	5,320	0	0	0	0	0
Inventories and Prepaid Items	0	0	0	0	0	0	0	0
Total Assets	<u>\$ 604,885</u>	<u>\$ 957,791</u>	<u>\$ 1,562,676</u>	<u>\$ 292,072</u>	<u>\$ 961,313</u>	<u>\$ 0</u>	<u>\$ 291,919</u>	<u>\$ 1,622,368</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 14,578	\$ 3,767	\$ 0	\$ 0	\$ 1,066,933
Other Liabilities	0	0	0	0	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,578</u>	<u>3,767</u>	<u>0</u>	<u>0</u>	<u>1,066,933</u>
Fund Balances								
Nonspendable	0	0	0	0	0	0	0	0
Restricted	0	0	0	277,494	0	0	291,919	555,435
Committed	604,885	957,791	1,562,676	0	0	0	0	0
Assigned	0	0	0	0	957,546	0	0	0
Unassigned	0	0	0	0	0	0	0	0
Total Fund Balances	<u>604,885</u>	<u>957,791</u>	<u>1,562,676</u>	<u>277,494</u>	<u>957,546</u>	<u>0</u>	<u>291,919</u>	<u>555,435</u>
Total Liabilities and Fund Balances	<u>\$ 604,885</u>	<u>\$ 957,791</u>	<u>\$ 1,562,676</u>	<u>\$ 292,072</u>	<u>\$ 961,313</u>	<u>\$ 0</u>	<u>\$ 291,919</u>	<u>\$ 1,622,368</u>

CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET (Continued)

Non-Major Governmental Funds

June 30, 2025

	Capital Project Funds (Continued)			Total Non-Major Governmental Funds
	Legacy	ADA Improvement	Total Capital Project Funds	
ASSETS				
Cash and Cash Equivalents	\$ 14,976	\$ 454,838	\$ 3,637,486	\$ 7,174,563
Accounts Receivable	0	0	0	373,981
Due from Grantors, Other Governments, and State of Tennessee	0	0	0	42,144
Inventories and Prepaid Items	0	0	0	5,700
Total Assets	\$ 14,976	\$ 454,838	\$ 3,637,486	\$ 7,596,388
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 6,194	\$ 0	\$ 1,091,472	\$ 1,214,552
Other Liabilities	0	0	0	4,480
Total Liabilities	6,194	0	1,091,472	1,219,032
Fund Balances				
Nonspendable	0	0	0	5,700
Restricted	0	454,838	1,579,686	3,014,551
Committed	0	0	0	2,391,802
Assigned	8,782	0	966,328	966,328
Unassigned	0	0	0	(1,025)
Total Fund Balances	8,782	454,838	2,546,014	6,377,356
Total Liabilities and Fund Balances	\$ 14,976	\$ 454,838	\$ 3,637,486	\$ 7,596,388

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, 2025

	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	390,542	0	0	0	0	0	390,542
Federal and State Grants	0	1,025,127	0	263,394	0	0	1,288,521
U.S.D.A Reimbursements	0	0	974,679	0	0	0	974,679
Charges for Services	0	0	362,273	116,792	0	0	490,684
Fines, Forfeitures and Costs	0	0	0	0	22,434	0	22,434
Miscellaneous Income	0	0	0	0	0	3,400	3,400
Internal School Fund Revenue	0	0	0	0	0	1,892,429	1,892,429
Interest Income	12,117	0	696	24,518	6,868	351	51,900
Total Revenues	<u>402,659</u>	<u>1,025,127</u>	<u>1,337,648</u>	<u>404,704</u>	<u>29,302</u>	<u>351</u>	<u>5,114,589</u>
Expenditures							
Current							
Public Safety	0	0	0	0	22,960	0	22,960
Public Works	234,598	0	0	0	0	0	234,598
Education	0	1,026,886	1,347,431	508,814	0	0	4,784,462
Capital Outlay	0	0	0	0	0	0	0
Total Expenditures	<u>234,598</u>	<u>1,026,886</u>	<u>1,347,431</u>	<u>508,814</u>	<u>22,960</u>	<u>0</u>	<u>5,042,020</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>168,061</u>	<u>(1,759)</u>	<u>(9,783)</u>	<u>(104,110)</u>	<u>6,342</u>	<u>351</u>	<u>13,467</u>
Other Financing Sources (Uses)							
Transfers In	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 Balances	<u>168,061</u>	<u>(1,759)</u>	<u>(9,783)</u>	<u>(104,110)</u>	<u>6,342</u>	<u>351</u>	<u>13,467</u>
Fund Balances, July 1st	<u>99,006</u>	<u>734</u>	<u>422,762</u>	<u>520,257</u>	<u>134,498</u>	<u>6,931</u>	<u>1,011,909</u>
Fund Balances, June 30th	<u>\$ 267,067</u>	<u>\$ (1,025)</u>	<u>\$ 412,979</u>	<u>\$ 416,147</u>	<u>\$ 140,840</u>	<u>\$ 7,282</u>	<u>\$ 1,025,376</u>
	<u>\$ 2,268,666</u>						<u>\$ 2,268,666</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, 2025

	Debt Service Funds			Capital Project Funds				General Obligation Public Works Construction
	Project Pearl	Project Eagle	Total Debt Service Funds	Capital Projects	Equipment Replacement	Home Grant Program	Landscaping	
Revenues								
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 1,237,837	\$ 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	0
U.S.D.A Reimbursements	0	0	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0	6,599	0
Fines, Forfeitures and Costs	0	0	0	0	0	0	0	0
Miscellaneous Income	0	0	0	0	0	0	0	351,233
Internal School Fund Revenue	0	0	0	0	0	0	0	0
Interest Income	0	0	0	18,223	29,238	0	14,073	62,413
Total Revenues	0	0	0	1,256,060	29,238	0	20,672	413,646
Expenditures								
Current								
Public Safety	0	0	0	0	0	0	0	0
Public Works	0	275,892	275,892	0	0	0	0	0
Education	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	1,250,764	461,022	0	9,144	2,409,655
Total Expenditures	0	275,892	275,892	1,250,764	461,022	0	9,144	2,409,655
Net Change in Fund Balance Before Other Financing Sources (Uses)	0	(275,892)	(275,892)	5,296	(431,784)	0	11,528	(1,996,009)
Other Financing Sources (Uses)								
Transfers In	0	600,000	600,000	0	939,000	0	0	2,100,000
Total Other Financing Sources (Uses)	0	600,000	600,000	0	939,000	0	0	2,100,000
Net Change in Fund Balances	0	324,108	324,108	5,296	507,216	0	11,528	103,991
Fund Balances, July 1st	604,885	633,683	1,238,568	272,198	450,330	0	280,391	451,444
Fund Balances, June 30th	\$ 604,885	\$ 957,791	\$ 1,562,676	\$ 277,494	\$ 957,546	\$ 0	\$ 291,919	\$ 555,435

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, 2025

	Capital Project Funds		Total Capital Project Funds	Total Non-Major Governmental Funds
	Legacy	ADA Improvement		
Revenues				
Intergovernmental	\$ 0	\$ 0	\$ 1,237,837	\$ 1,237,837
State Gasoline Tax	0	0	0	390,542
Federal and State Grants	0	0	0	1,288,521
U.S.D.A Reimbursements	0	0	0	974,679
Charges for Services	0	0	6,599	497,283
Fines, Forfeitures and Costs	0	0	0	22,434
Miscellaneous Income	5,000	20,766	376,999	380,399
Internal School Fund Revenue	0	0	0	1,892,429
Interest Income	0	0	123,947	175,847
Total Revenues	5,000	20,766	1,745,382	6,859,971
Expenditures				
Current				
Public Safety	0	0	0	22,960
Public Works	0	0	0	510,490
Education	0	0	0	4,784,462
Capital Outlay	14,692	0	4,145,277	4,145,277
Total Expenditures	14,692	0	4,145,277	9,463,189
Net Change in Fund Balances Before Other Financing Sources (Uses)	(9,692)	20,766	(2,399,895)	(2,603,218)
Other Financing Sources (Uses)				
Transfers In	0	90,000	3,129,000	3,729,000
Total Other Financing Sources (Uses)	0	90,000	3,129,000	3,729,000
Net Change in Fund Balances	(9,692)	110,766	729,105	1,125,782
Fund Balances, July 1st	18,474	344,072	1,816,909	5,251,574
Fund Balances, June 30th	\$ 8,782	\$ 454,838	\$ 2,546,014	\$ 6,377,356

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, 2025

	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	\$ 1,464,322	\$ 215,852	\$ 17,446	\$ 1,006,000	\$ 738,403	\$ 3,442,023
Accounts Receivable	30,327	0	0	0	0	30,327
Total Current Assets	1,494,649	215,852	17,446	1,006,000	738,403	3,472,350
LIABILITIES AND NET POSITION						
Current Liabilities						
Accounts Payable	23,102	0	32,785	0	0	55,887
Medical Claims Payable	771,622	0	0	0	0	771,622
Total Current Liabilities	794,724	0	32,785	0	0	827,509
Net Position						
Unrestricted	699,925	215,852	(15,339)	1,006,000	738,403	2,644,841
Total Net Position	\$ 699,925	\$ 215,852	\$ (15,339)	\$ 1,006,000	\$ 738,403	\$ 2,644,841

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, 2025

	Employee Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	Schools OPEB Insurance Fund	Total Internal Service Funds
OPERATING REVENUES						
Insurance Charges	\$ 6,104,558	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,104,558
Refunds - Co-Insurance	1,308,599	0	0	0	0	1,308,599
Employee Contributions	389,815	222,122	0	0	0	611,937
Employer Contributions	0	0	0	65,000	0	65,000
Service Center Charges	0	0	445,560	0	0	445,560
Total Operating Revenues	7,802,972	222,122	445,560	65,000	0	8,535,654
OPERATING EXPENSES						
Salaries	0	0	25,595	0	0	25,595
Fringe Benefits	0	0	2,712	0	0	2,712
Building Improvements	0	0	67,203	0	0	67,203
Improvement Teams/Training	0	0	5,667	0	0	5,667
Maintenance Contracts	0	0	18,215	0	0	18,215
Contract Services	0	0	60,699	0	0	60,699
Utilities	0	0	158,232	0	0	158,232
Supplies	0	0	26,460	0	0	26,460
Repair and Maintenance	0	0	96,622	0	0	96,622
Medical Claims Paid	5,408,822	216,297	0	0	0	5,625,119
Insurance Premiums and Administrative Expenses	1,761,669	0	0	0	0	1,761,669
Total Operating Expenses	7,170,491	216,297	461,405	0	0	7,848,193
OPERATING INCOME (LOSS)	632,481	5,825	(15,845)	65,000	0	687,461
NON-OPERATING REVENUES (EXPENSES)						
Interest Income	12,384	0	0	0	0	12,384
CHANGE IN NET POSITION	644,865	5,825	(15,845)	65,000	0	699,845
NET POSITION - July 1st	55,060	210,027	506	941,000	738,403	1,944,996
NET POSITION - June 30th	\$ 699,925	\$ 215,852	\$ (15,339)	\$ 1,006,000	\$ 738,403	\$ 2,644,841

CITY OF ALCOA, TENNESSEE
COMBINING STATEMENT CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2025

	Employee Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	Schools OPEB Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Insurance Premiums/Reimbursements Collected	\$ 7,833,299	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,833,299
Collections from Various City Departments	0	222,122	445,560	65,000	0	732,682
Cash Payments to Suppliers	<u>(7,559,840)</u>	<u>(216,297)</u>	<u>(443,555)</u>	<u>0</u>	<u>0</u>	<u>(8,219,692)</u>
Net Cash Provided By (Used In)						
Operating Activities	273,459	5,825	2,005	65,000	0	346,289
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Income	<u>12,384</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,384</u>
NET INCREASE (DECREASE) IN						
CASH AND CASH EQUIVALENTS	285,843	5,825	2,005	65,000	0	358,673
CASH AND CASH EQUIVALENTS - July 1st	<u>1,178,479</u>	<u>210,027</u>	<u>15,441</u>	<u>941,000</u>	<u>738,403</u>	<u>3,083,350</u>
CASH AND CASH EQUIVALENTS - June 30th	<u><u>\$ 1,464,322</u></u>	<u><u>\$ 215,852</u></u>	<u><u>\$ 17,446</u></u>	<u><u>\$ 1,006,000</u></u>	<u><u>\$ 738,403</u></u>	<u><u>\$ 3,442,023</u></u>

CITY OF ALCOA, TENNESSEE
COMBINING STATEMENT CASH FLOWS (Continued)

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2025

	Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	Schools OPEB Insurance Fund	Total Internal Service Fund
RECONCILIATION OF OPERATING INCOME						
(LOSS) TO NET CASH PROVIDED BY						
(USED IN) OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 632,481	\$ 5,825	\$ (15,845)	\$ 65,000	\$ 0	\$ 687,461
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Expenses:						
Changes in Assets and Liabilities:						
Accounts Receivable	29,607	0	0	0	0	29,607
Accounts Payable	(8,528)	0	17,850	0	0	9,322
Medical Claims Payable	(380,101)	0	0	0	0	(380,101)
NET CASH PROVIDED BY (USED IN)						
OPERATING ACTIVITIES	<u>\$ 273,459</u>	<u>\$ 5,825</u>	<u>\$ 2,005</u>	<u>\$ 65,000</u>	<u>\$ 0</u>	<u>\$ 346,289</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
SCHEDULE OF REVENUES EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				Totals 2024
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues:					
Taxes:					
Property Taxes	\$ 10,870,000	\$ 10,870,000	\$ 11,456,903	\$ 586,903	\$ 10,541,991
Local Option Sales Taxes	14,200,000	14,700,000	14,606,704	(93,296)	14,022,281
Other Taxes	6,333,880	6,333,880	6,252,503	(81,377)	5,076,609
Licenses, Permits and Fees	288,000	288,000	222,220	(65,780)	286,609
Fines, Forfeitures and Costs	367,500	367,500	363,324	(4,176)	311,759
Intergovernmental:					
Unrestricted:					
State Taxes	1,859,700	1,859,700	1,646,126	(213,574)	1,608,265
Restricted:					
Federal Grants	102,800	102,800	133,473	30,673	140,940
State Grants	20,000	20,000	371,908	351,908	491,073
Other State Revenues	62,400	62,400	96,800	34,400	60,800
Interest Income	400,000	1,110,000	1,231,046	121,046	753,969
Public Works, Labor, and Material	771,000	771,000	796,560	25,560	770,033
Miscellaneous Income	40,000	180,000	235,591	55,591	32,864
Property Rental	163,400	163,400	147,210	(16,190)	162,366
Department Services	171,000	171,000	324,405	153,405	190,033
Fees Development	48,000	48,000	34,989	(13,011)	44,424
Insurance Refunds	30,000	30,000	13,331	(16,669)	6,930
Private Grants	0	0	23,164	23,164	1,226
TML Grants	4,000	4,000	13,000	9,000	13,265
City Development Contributions	0	0	0	0	650,000
Contributions and Donations - Business	101,500	101,500	21,670	(79,830)	103,713
Total Revenues	35,833,180	37,183,180	37,990,927	807,747	35,269,150
Expenditures:					
General Government	4,618,393	4,733,793	4,097,072	636,721	3,893,027
Public Works	7,127,119	7,388,615	6,795,913	592,702	6,002,853
Public Safety	13,802,164	14,254,324	13,537,767	716,557	12,263,134
Contributions to Other Agencies	4,416,496	4,416,496	2,958,242	1,458,254	2,489,219
Debt Service:					
Principal	139,879	139,879	139,879	0	135,750
Interest and Other Charges	9,817	9,817	9,817	0	13,947
Capital Outlay	130,000	130,000	0	130,000	0
Total Expenditures	30,243,868	31,072,924	27,538,690	3,534,234	24,797,930
Net Change in Fund Balance Before					
Other Financing Sources (Uses)	5,589,312	6,110,256	10,452,237	4,341,981	10,471,220
Other Financing Sources (Uses)					
Operating Transfers In (Out):					
Payments in Lieu of Taxes - Business-Type Activities	1,950,000	1,950,000	1,628,501	(321,499)	1,576,488
Debt Service Fund - In	130,000	130,000	0	(130,000)	0
Debt Service Fund - Out	(6,836,150)	(6,836,150)	(6,836,150)	0	(6,882,820)
Education Fund	(700,000)	(700,000)	(700,000)	0	(170,000)
Capital Projects	(2,820,000)	(3,720,000)	(3,729,000)	(9,000)	(2,181,340)
Total Other Financing Sources (Uses)	(8,276,150)	(9,176,150)	(9,636,649)	(460,499)	(7,657,672)
Net Change in Fund Balance	(2,686,838)	(3,065,894)	815,588	3,881,482	2,813,548
Fund Balance, July 1st	23,517,393	23,517,393	23,517,393	0	20,703,845
Fund Balance, June 30th	\$ 20,830,555	\$ 20,451,499	\$ 24,332,981	\$ 3,881,482	\$ 23,517,393

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
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
EDUCATION FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2024
	Original	Final			
Revenues					
Taxes:					
Property Taxes	\$ 8,415,000	\$ 8,805,000	\$ 8,675,594	\$ (129,406)	\$ 8,238,077
Local Option Sales Taxes	5,838,600	5,838,600	5,915,758	77,158	5,315,822
Other Taxes	36,000	60,000	60,562	562	45,578
Licenses, Permits and Fees	301,200	319,200	444,683	125,483	427,625
Intergovernmental:					
Unrestricted:					
State Taxes	120,000	158,000	158,365	365	128,419
Restricted:					
Federal Grants	1,079,000	1,067,000	210,909	(856,091)	23,472
Other State Revenues	13,790,200	14,828,200	14,850,944	22,744	14,141,755
Other Local Revenues	25,000	60,000	63,594	3,594	144,833
Miscellaneous Revenues	10,000	259,000	258,780	(220)	34,334
Change in Fair Value of Investments	35,000	155,000	176,537	21,537	110,537
Total Revenues	<u>29,650,000</u>	<u>31,550,000</u>	<u>30,815,726</u>	<u>(734,274)</u>	<u>28,610,452</u>
Expenditures					
Instruction Elementary/Secondary	14,844,819	14,922,219	14,858,081	64,138	14,152,440
Special Education Program	2,246,576	2,506,576	2,488,448	18,128	2,117,119
Vocational Education	700,928	774,928	771,709	3,219	619,930
Health Services	478,153	512,153	506,518	5,635	484,682
Other Student Support	1,119,830	1,039,830	1,036,859	2,971	1,086,815
Instruction Regular	948,440	981,440	976,373	5,067	914,075
Technology	776,912	822,912	812,656	10,256	591,744
Board of Education	353,874	330,874	323,821	7,053	267,521
Office of the Director	206,457	291,457	289,499	1,958	189,979
Office of Principals	1,691,701	1,862,701	1,854,418	8,283	1,737,075
Fiscal Services	304,190	328,190	323,646	4,544	268,492
Human Services	274,232	246,232	233,395	12,837	256,364
Operation of Plant	2,490,541	2,426,541	2,401,681	24,860	2,324,126
Maintenance of Plant	997,684	1,267,684	1,250,678	17,006	1,074,361
Transportation	440,191	462,191	461,258	933	430,587
Food Services	1,028,450	869,450	0	869,450	0
Family Resource Center	117,285	114,285	112,831	1,454	103,336
Lottery Pre-K	425,572	427,072	423,740	3,332	378,308
Debt Service:					
Principal	8,566	8,566	8,566	0	8,313
Interest and Other Charges	459	459	459	0	712
Capital Outlay	1,645,140	2,054,240	2,052,532	1,708	1,192,887
Total Expenditures	<u>31,100,000</u>	<u>32,250,000</u>	<u>31,187,168</u>	<u>1,062,832</u>	<u>28,198,866</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,450,000)</u>	<u>(700,000)</u>	<u>(371,442)</u>	<u>328,558</u>	<u>411,586</u>
Other Financing Sources (Uses)					
Transfer from General Fund	700,000	700,000	700,000	0	170,000
Other Financing Sources (Uses) Total	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>0</u>	<u>170,000</u>
Net Change in Fund Balance	(750,000)	0	328,558	328,558	581,586
Fund Balance, July 1st	<u>4,555,124</u>	<u>4,555,124</u>	<u>4,555,124</u>	<u>0</u>	<u>3,973,538</u>
Fund Balance, June 30th	<u>\$ 3,805,124</u>	<u>\$ 4,555,124</u>	<u>\$ 4,883,682</u>	<u>\$ 328,558</u>	<u>\$ 4,555,124</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, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2024
	Original	Final			
Revenues					
Interest Income	\$ 0	\$ 0	\$ 220	\$ 220	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>220</u>	<u>220</u>	<u>0</u>
Expenditures					
Bond/Capital Outlay Note Redemptions	3,926,370	3,926,370	3,926,362	8	3,828,895
Interest and Fiscal Fees	<u>2,909,780</u>	<u>2,909,780</u>	<u>2,895,357</u>	<u>14,423</u>	<u>3,042,627</u>
Total Expenditures	<u>6,836,150</u>	<u>6,836,150</u>	<u>6,821,719</u>	<u>14,431</u>	<u>6,871,522</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(6,836,150)</u>	<u>(6,836,150)</u>	<u>(6,821,499)</u>	<u>14,651</u>	<u>(6,871,522)</u>
Other Financing Sources (Uses)					
Transfers In	<u>6,836,150</u>	<u>6,836,150</u>	<u>6,836,150</u>	<u>0</u>	<u>6,882,820</u>
Total Other Financing Sources (Uses)	<u>6,836,150</u>	<u>6,836,150</u>	<u>6,836,150</u>	<u>0</u>	<u>6,882,820</u>
Net Change in Fund Balance	0	0	14,651	14,651	11,298
Fund Balance, July 1st	<u>2,498,055</u>	<u>2,498,055</u>	<u>2,498,055</u>	<u>0</u>	<u>2,486,757</u>
Fund Balance, June 30th	<u>\$ 2,498,055</u>	<u>\$ 2,498,055</u>	<u>\$ 2,512,706</u>	<u>\$ 14,651</u>	<u>\$ 2,498,055</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 Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				Totals 2024
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Interest Income	\$ 0	\$ 0	\$ 5,887	\$ 5,887	\$ 1,143
Total Revenues	<u>0</u>	<u>0</u>	<u>5,887</u>	<u>5,887</u>	<u>1,143</u>
Expenditures					
Capital Outlay	500,000	500,000	0	500,000	870,685
Total Expenditures	<u>500,000</u>	<u>500,000</u>	<u>0</u>	<u>500,000</u>	<u>870,685</u>
Net Change in Fund Balance					
Before Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>5,887</u>	<u>505,887</u>	<u>(869,542)</u>
Other Financing Sources (Uses)					
Transfers In	500,000	500,000	0	(500,000)	0
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>500,000</u>	<u>0</u>	<u>(500,000)</u>	<u>0</u>
Net Change in Fund Balance	0	0	5,887	5,887	(869,542)
Fund Balance, July 1st	<u>322,322</u>	<u>322,322</u>	<u>322,322</u>	<u>0</u>	<u>1,191,864</u>
Fund Balance, June 30th	<u>\$ 322,322</u>	<u>\$ 322,322</u>	<u>\$ 328,209</u>	<u>\$ 5,887</u>	<u>\$ 322,322</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, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2024
	Original	Final			
Revenues					
Federal Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest Income	0	0	64,395	64,395	38,912
Total Revenues	0	0	64,395	64,395	38,912
Expenditures					
Capital Outlay	9,000,000	9,050,000	2,078	9,047,922	202,546
Total Expenditures	9,000,000	9,050,000	2,078	9,047,922	202,546
Net Change in Fund Balance Before Other Financing Sources (Uses)	(9,000,000)	(9,050,000)	62,317	9,112,317	(163,634)
Other Financing Sources (Uses)					
Transfers In	9,000,000	9,000,000	0	(9,000,000)	200,000
Total Other Financing Sources (Uses)	9,000,000	9,000,000	0	(9,000,000)	200,000
Net Change in Fund Balance	0	(50,000)	62,317	112,317	36,366
Fund Balance, July 1st	1,228,328	1,228,328	1,228,328	0	1,191,962
Fund Balance, June 30th	\$ 1,228,328	\$ 1,178,328	\$ 1,290,645	\$ 112,317	\$ 1,228,328

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, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				Totals 2024
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
State Gasoline Tax	\$ 400,000	\$ 400,000	\$ 390,542	\$ (9,458)	\$ 383,681
Interest Income	6,000	6,000	12,117	6,117	9,682
Total Revenues	<u>406,000</u>	<u>406,000</u>	<u>402,659</u>	<u>(3,341)</u>	<u>393,363</u>
Expenditures					
Streets:					
Resurfacing/Striping	325,000	325,000	234,598	90,402	520,000
Total Expenditures	<u>325,000</u>	<u>325,000</u>	<u>234,598</u>	<u>90,402</u>	<u>520,000</u>
Net Change in Fund Balance	81,000	81,000	168,061	87,061	(126,637)
Fund Balance, July 1st	<u>99,006</u>	<u>99,006</u>	<u>99,006</u>	<u>0</u>	<u>225,643</u>
Fund Balance, June 30th	<u>\$ 180,006</u>	<u>\$ 180,006</u>	<u>\$ 267,067</u>	<u>\$ 87,061</u>	<u>\$ 99,006</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, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				
	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)	Totals 2024
	Original	Final			
Revenues					
Intergovernmental	\$ 955,439	\$ 1,218,830	\$ 1,025,127	\$ (193,703)	\$ 1,928,233
Expenditures					
Salaries and Related Costs	731,670	743,797	692,951	50,846	788,010
Staff Development and Travel	73,425	132,372	72,308	60,064	121,318
Contracted Services	18,728	83,728	76,076	7,652	78,947
Materials and Supplies	120,566	206,399	144,370	62,029	593,209
Equipment	11,050	52,534	41,181	11,353	345,716
Total Expenditures	<u>955,439</u>	<u>1,218,830</u>	<u>1,026,886</u>	<u>191,944</u>	<u>1,927,200</u>
Net Change in Fund Balance	0	0	(1,759)	(1,759)	1,033
Fund Balance, July 1st	<u>734</u>	<u>734</u>	<u>734</u>	<u>0</u>	<u>(299)</u>
Fund Balance, June 30th	<u>\$ 734</u>	<u>\$ 734</u>	<u>\$ (1,025)</u>	<u>\$ (1,759)</u>	<u>\$ 734</u>

CITY OF ALCOA, TENNESSEE

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

ALCOA CITY SCHOOLS CAFETERIA FUND - SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2024
	Original	Final			
Revenues					
Lunch and Breakfast Payments - Children	\$ 236,600	\$ 236,600	\$ 241,163	\$ 4,563	\$ 228,045
Lunch and Breakfast Payments - Adults	15,000	15,000	16,557	1,557	14,264
USDA Reimbursements	1,097,000	1,097,000	974,679	(122,321)	994,229
Milk Sales	400	400	731	331	513
A la carte and Other Income	105,000	105,000	103,822	(1,178)	210,786
Interest Income	1,000	1,000	696	(304)	2,885
Total Revenues	<u>1,455,000</u>	<u>1,455,000</u>	<u>1,337,648</u>	<u>(117,352)</u>	<u>1,450,722</u>
Expenditures					
Food	755,000	755,000	756,215	(1,215)	838,744
Labor	661,000	661,000	583,557	77,443	582,579
Transportation	5,000	5,000	4,537	463	4,214
Ice Cream and Other Expenses	34,000	34,000	3,122	30,878	61,933
Total Expenditures	<u>1,455,000</u>	<u>1,455,000</u>	<u>1,347,431</u>	<u>107,569</u>	<u>1,487,470</u>
Net Change in Fund Balance	0	0	(9,783)	(9,783)	(36,748)
Fund Balance, July 1st	<u>422,762</u>	<u>422,762</u>	<u>422,762</u>	0	<u>459,510</u>
Fund Balance, June 30th	<u>\$ 422,762</u>	<u>\$ 422,762</u>	<u>\$ 412,979</u>	<u>\$ (9,783)</u>	<u>\$ 422,762</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, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2024
	Original	Final			
Revenues					
Fees	\$ 270,000	\$ 270,000	\$ 116,792	\$ (153,208)	\$ 196,916
Federal Funds	0	0	23,354	23,354	0
State Funds	275,000	275,000	240,040	(34,960)	261,006
Interest Income	5,000	5,000	24,518	19,518	16,873
Total Revenues	<u>550,000</u>	<u>550,000</u>	<u>404,704</u>	<u>(145,296)</u>	<u>474,795</u>
Expenditures					
Salaries	468,762	468,762	367,300	101,462	312,767
Fringe Benefits	38,657	38,657	89,027	(50,370)	86,209
Supplies and Food	2,000	2,000	0	2,000	55
Other Charges	40,581	40,581	52,487	(11,906)	64,036
Total Expenditures	<u>550,000</u>	<u>550,000</u>	<u>508,814</u>	<u>41,186</u>	<u>463,067</u>
Net Change in Fund Balance	0	0	(104,110)	(104,110)	11,728
Fund Balance, July 1st	<u>520,257</u>	<u>520,257</u>	<u>520,257</u>	<u>0</u>	<u>508,529</u>
Fund Balance, June 30th	<u>\$ 520,257</u>	<u>\$ 520,257</u>	<u>\$ 416,147</u>	<u>\$ (104,110)</u>	<u>\$ 520,257</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, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				Totals 2024
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Fines and Forfeits:					
Interest Income	\$ 2,000	\$ 2,000	\$ 6,868	\$ 4,868	\$ 4,250
Drug Control and Seizure	20,050	20,050	22,434	2,384	22,002
Total Revenues	<u>22,050</u>	<u>22,050</u>	<u>29,302</u>	<u>7,252</u>	<u>26,252</u>
Expenditures					
Public Safety	23,530	23,530	22,960	570	16,000
Total Expenditures	<u>23,530</u>	<u>23,530</u>	<u>22,960</u>	<u>570</u>	<u>16,000</u>
Net Change in Fund Balance	(1,480)	(1,480)	6,342	7,822	10,252
Fund Balance, July 1st	<u>134,498</u>	<u>134,498</u>	<u>134,498</u>	<u>0</u>	<u>124,246</u>
Fund Balance, June 30th	<u>\$ 133,018</u>	<u>\$ 133,018</u>	<u>\$ 140,840</u>	<u>\$ 7,822</u>	<u>\$ 134,498</u>

CITY OF ALCOA, TENNESSEE

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

COMMERCIAL MOTOR VEHICLE FINES FUND – SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2024
	Original	Final			
Revenues					
Interest Income	\$ 0	\$ 0	\$ 351	\$ 351	\$ 235
Total Revenues	<u>0</u>	<u>0</u>	<u>351</u>	<u>351</u>	<u>235</u>
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	351	351	235
Fund Balance, July 1st	<u>6,931</u>	<u>6,931</u>	<u>6,931</u>	<u>0</u>	<u>6,696</u>
Fund Balance, June 30th	<u>\$ 6,931</u>	<u>\$ 6,931</u>	<u>\$ 7,282</u>	<u>\$ 351</u>	<u>\$ 6,931</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, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	<u>Totals 2025</u>	<u>Totals 2024</u>
Revenues		
Instructional	\$ 0	\$ 651
General Administrative	6,571	3,060
Field Trips	77,301	72,941
Miscellaneous	189,575	171,359
Athletic Funds	875,882	826,888
Club Funds	162,197	153,708
Other Purposes	468,980	521,030
BEP Funds	37,100	36,100
Grants - Special Projects Revenues	74,823	74,343
Charges for Services	11,619	10,414
Interest Income	7,350	4,191
Other Income	3,400	0
Total Revenues	<u>1,914,798</u>	<u>1,874,685</u>
Expenditures		
Instructional	12,922	15,391
General Administrative	56,922	52,320
Field Trips	72,190	71,262
Miscellaneous	170,621	141,657
Athletic Funds	876,087	797,503
Club Funds	152,496	139,816
Other Purposes	458,275	511,763
BEP Funds	37,100	38,700
Grants - Special Projects Expenses	64,718	71,623
Other Expenses	0	6,420
Total Expenditures	<u>1,901,331</u>	<u>1,846,455</u>
Net Change in Fund Balance	<u>13,467</u>	<u>28,230</u>
Fund Balance, July 1st	<u>1,011,909</u>	<u>983,679</u>
Fund Balance, June 30th	<u>\$ 1,025,376</u>	<u>\$ 1,011,909</u>

*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 Eagle 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 FUND

For the Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				Totals 2024
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,902
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,902</u>
Expenditures					
Project Pearl Expenses	50,000	100,000	0	100,000	0
Total Expenditures	<u>50,000</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>	<u>0</u>
Net Change in Fund Balance	(50,000)	(100,000)	0	100,000	5,902
Fund Balance, July 1st	<u>604,885</u>	<u>604,885</u>	<u>604,885</u>	<u>0</u>	<u>598,983</u>
Fund Balance, June 30th	<u>\$ 554,885</u>	<u>\$ 504,885</u>	<u>\$ 604,885</u>	<u>\$ 100,000</u>	<u>\$ 604,885</u>

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

PROJECT EAGLE – DEBT FUND

For the Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2024
	Budgeted Amounts				
	Original	Final			
Revenues					
Change in Fair Value of Investments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures					
Project Eagle Expenses	619,500	619,500	275,892	343,608	1,126,290
Total Expenditures	<u>619,500</u>	<u>619,500</u>	<u>275,892</u>	<u>343,608</u>	<u>1,126,290</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(619,500)</u>	<u>(619,500)</u>	<u>(275,892)</u>	<u>343,608</u>	<u>(1,126,290)</u>
Other Financing Sources (Uses)					
Transfers In	619,500	619,500	600,000	(19,500)	1,400,000
Total Other Financing Sources (Uses)	<u>619,500</u>	<u>619,500</u>	<u>600,000</u>	<u>(19,500)</u>	<u>1,400,000</u>
Net Change in Fund Balance	0	0	324,108	324,108	273,710
Fund Balance, July 1st	<u>633,683</u>	<u>633,683</u>	<u>633,683</u>	<u>0</u>	<u>359,973</u>
Fund Balance, June 30th	<u>\$ 633,683</u>	<u>\$ 633,683</u>	<u>\$ 957,791</u>	<u>\$ 324,108</u>	<u>\$ 633,683</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 Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2024
	Original	Final			
Revenues					
Intergovernmental	\$ 1,393,000	\$ 1,393,000	\$ 1,237,837	\$ (155,163)	\$ 1,144,815
Interest Income	0	0	18,223	18,223	12,373
Total Revenues	<u>1,393,000</u>	<u>1,393,000</u>	<u>1,256,060</u>	<u>(136,940)</u>	<u>1,157,188</u>
Expenditures					
Capital Outlay	<u>1,493,000</u>	<u>1,493,000</u>	<u>1,250,764</u>	<u>242,236</u>	<u>1,201,122</u>
Total Expenditures	<u>1,493,000</u>	<u>1,493,000</u>	<u>1,250,764</u>	<u>242,236</u>	<u>1,201,122</u>
Net Change in Fund Balance	(100,000)	(100,000)	5,296	105,296	(43,934)
Fund Balance, July 1st	<u>272,198</u>	<u>272,198</u>	<u>272,198</u>	<u>0</u>	<u>316,132</u>
Fund Balance, June 30th	<u>\$ 172,198</u>	<u>\$ 172,198</u>	<u>\$ 277,494</u>	<u>\$ 105,296</u>	<u>\$ 272,198</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, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2024
	Original	Final			
Revenues					
Interest Income	\$ 13,000	\$ 13,000	\$ 29,238	\$ 16,238	\$ 22,291
Expenditures					
Capital Outlay	930,020	930,020	461,022	468,998	578,725
Total Expenditures	<u>930,020</u>	<u>930,020</u>	<u>461,022</u>	<u>468,998</u>	<u>578,725</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(917,020)</u>	<u>(917,020)</u>	<u>(431,784)</u>	<u>485,236</u>	<u>(556,434)</u>
Other Financing Sources (Uses):					
Transfers In	930,020	930,020	939,000	8,980	491,340
Total Other Financing Sources (Uses)	<u>930,020</u>	<u>930,020</u>	<u>939,000</u>	<u>8,980</u>	<u>491,340</u>
Net Change in Fund Balance	13,000	13,000	507,216	494,216	(65,094)
Fund Balance, July 1st	<u>450,330</u>	<u>450,330</u>	<u>450,330</u>	<u>0</u>	<u>515,424</u>
Fund Balance, June 30th	<u>\$ 463,330</u>	<u>\$ 463,330</u>	<u>\$ 957,546</u>	<u>\$ 494,216</u>	<u>\$ 450,330</u>

CITY OF ALCOA, TENNESSEE

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

HOME GRANT PROGRAM FUND – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				Totals 2024
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures					
Reimbursement	0	0	0	0	0
Total Expenditures	0	0	0	0	0
Net Change in Fund Balance	0	0	0	0	0
Fund Balance, July 1st	0	0	0	0	0
Fund Balance, June 30th	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2024
	Original	Final			
Revenues					
Charges for Services	\$ 60,000	\$ 60,000	\$ 6,599	\$ (53,401)	\$ 15,343
Interest Income	7,000	7,000	14,073	7,073	13,132
Total Revenues	<u>67,000</u>	<u>67,000</u>	<u>20,672</u>	<u>(46,328)</u>	<u>28,475</u>
Expenditures					
Landscaping Projects	25,000	25,000	9,144	15,856	150,927
Sidewalk Projects	25,000	25,000	0	25,000	0
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>9,144</u>	<u>40,856</u>	<u>150,927</u>
Net Change in Fund Balance	17,000	17,000	11,528	(5,472)	(122,452)
Fund Balance, July 1st	<u>280,391</u>	<u>280,391</u>	<u>280,391</u>	<u>0</u>	<u>402,843</u>
Fund Balance, June 30th	<u>\$ 297,391</u>	<u>\$ 297,391</u>	<u>\$ 291,919</u>	<u>\$ (5,472)</u>	<u>\$ 280,391</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, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025			Variance with Final Budget - Positive (Negative)	Totals 2024
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues					
Contractor Reimbursement	\$ 0	\$ 0	\$ 351,233	\$ 351,233	\$ 1,448,338
Interest Income	0	0	62,413	62,413	57,466
Total Revenues	<u>0</u>	<u>0</u>	<u>413,646</u>	<u>413,646</u>	<u>1,505,804</u>
Expenditures					
Capital Outlay	<u>1,200,000</u>	<u>2,100,000</u>	<u>2,409,655</u>	<u>(309,655)</u>	<u>1,647,506</u>
Total Expenditures	<u>1,200,000</u>	<u>2,100,000</u>	<u>2,409,655</u>	<u>(309,655)</u>	<u>1,647,506</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(1,200,000)</u>	<u>(2,100,000)</u>	<u>(1,996,009)</u>	<u>103,991</u>	<u>(141,702)</u>
Other Financing Sources (Uses)					
Transfer from General Fund	<u>1,200,000</u>	<u>2,100,000</u>	<u>2,100,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources	<u>1,200,000</u>	<u>2,100,000</u>	<u>2,100,000</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	103,991	103,991	(141,702)
Fund Balance, July 1st	<u>451,444</u>	<u>451,444</u>	<u>451,444</u>	<u>0</u>	<u>593,146</u>
Fund Balance, June 30th	<u>\$ 451,444</u>	<u>\$ 451,444</u>	<u>\$ 555,435</u>	<u>\$ 103,991</u>	<u>\$ 451,444</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, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025			Variance with Final Budget - Positive (Negative)	Totals 2024
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues					
Donations	\$ 100,000	\$ 100,000	\$ 5,000	\$ (95,000)	\$ 20,000
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>5,000</u>	<u>(95,000)</u>	<u>20,000</u>
Expenditures					
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>14,692</u>	<u>85,308</u>	<u>20,536</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>14,692</u>	<u>85,308</u>	<u>20,536</u>
Net Change in Fund Balance	0	0	(9,692)	(9,692)	(536)
Fund Balance, July 1st	<u>18,474</u>	<u>18,474</u>	<u>18,474</u>	<u>0</u>	<u>19,010</u>
Fund Balance, June 30th	<u>\$ 18,474</u>	<u>\$ 18,474</u>	<u>\$ 8,782</u>	<u>\$ (9,692)</u>	<u>\$ 18,474</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, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	June 30, 2025			Variance with Final Budget - Positive (Negative)	Totals 2024
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues					
ADA Improvements	\$ 5,200	\$ 5,200	\$ 20,766	\$ 15,566	\$ 9,783
Total Revenues	<u>5,200</u>	<u>5,200</u>	<u>20,766</u>	<u>15,566</u>	<u>9,783</u>
Expenditures					
Capital Outlay	300,000	300,000	0	300,000	8,191
Total Expenditures	<u>300,000</u>	<u>300,000</u>	<u>0</u>	<u>300,000</u>	<u>8,191</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	(294,800)	(294,800)	20,766	315,566	1,592
Other Financing Sources (Uses)					
Transfers-In	90,000	90,000	90,000	0	90,000
Net Change in Fund Balance	(204,800)	(204,800)	110,766	315,566	91,592
Fund Balance, July 1st	<u>344,072</u>	<u>344,072</u>	<u>344,072</u>	<u>0</u>	<u>252,480</u>
Fund Balance, June 30th	<u>\$ 139,272</u>	<u>\$ 139,272</u>	<u>\$ 454,838</u>	<u>\$ 315,566</u>	<u>\$ 344,072</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, 2025
With Comparative Totals at June 30, 2024

	Business-Type Activities	
	2025	2024
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,553,125	\$ 1,317,847
Accounts Receivable, Net	124,533	122,680
Total Current Assets	1,677,658	1,440,527
Capital Assets		
Structures, Improvements and Equipment	7,549,856	7,018,493
Less: Accumulated Depreciation	(1,466,358)	(1,203,896)
Net Capital Assets	6,083,498	5,814,597
Total Assets	7,761,156	7,255,124
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflows	267,175	336,284
Deferred Other Post Employment Benefits Outflows	59,935	85,824
Total Deferred Outflows of Resources	327,110	422,108
LIABILITIES		
Current Liabilities		
Accounts Payable	15,911	25,756
Other Accrued Liabilities	14,398	12,547
Current Portion of Compensated Absences	83,178	39,570
Total Current Liabilities	113,487	77,873
Long-Term Liabilities		
Compensated Absences	10,464	11,588
Net Pension Liability	202,152	264,441
Other Post Employment Benefits Liability	239,476	248,838
Total Long-Term Liabilities	452,092	524,867
Total Liabilities	565,579	602,740
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	31,371	8,416
Deferred Other Post Employment Benefits Inflows	5,788	12,483
Total Deferred Inflows of Resources	37,159	20,899
NET POSITION		
Net Investment in Capital Assets	6,083,498	5,814,597
Unrestricted	1,402,030	1,238,996
Total Net Position	\$ 7,485,528	\$ 7,053,593

CITY OF ALCOA, TENNESSEE

STORMWATER UTILITY FUND - ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Business-Type Activities	
	2025	2024
OPERATING REVENUES		
Residential Sales	\$ 238,945	\$ 233,753
Commercial/Industrial Sales	1,252,528	1,236,940
Total Operating Revenue	<u>1,491,473</u>	<u>1,470,693</u>
OPERATING EXPENSES		
Administrative and General	466,155	567,167
Operations and Maintenance	801,172	656,117
Street Cleaning	149,245	144,143
Depreciation	262,462	256,139
Total Operating Expenses	<u>1,679,034</u>	<u>1,623,566</u>
OPERATING INCOME	<u>(187,561)</u>	<u>(152,873)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	68,823	41,954
Other Income (Expense)	19,310	18,818
Total Nonoperating Revenues (Expenses)	<u>88,133</u>	<u>60,772</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(99,428)</u>	<u>(92,101)</u>
CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	531,363	948,355
Total Contributions and Transfers	<u>531,363</u>	<u>948,355</u>
CHANGE IN NET POSITION	431,935	856,254
NET POSITION, July 1st	<u>7,053,593</u>	<u>6,197,339</u>
NET POSITION, June 30th	<u>\$ 7,485,528</u>	<u>\$ 7,053,593</u>

CITY OF ALCOA, TENNESSEE

WATER AND SEWER UTILITY FUND - ENTERPRISE FUND
STATEMENT OF NET POSITION

June 30, 2025

With Comparative Totals at June 30, 2024

	Business-Type Activities	
	2025	2024
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 19,576,351	\$ 16,286,906
Accounts Receivable, Net	1,711,998	1,604,644
Materials and Supplies	2,110,211	1,820,507
Other Current Assets	101,893	47,529
Due from Other Funds	127,358	55,226
Total Current Assets	<u>23,627,811</u>	<u>19,814,812</u>
Capital Assets		
Land and Easements	1,206,839	1,206,839
Construction in Progress	1,902,668	2,067,954
Structures, Improvements and Equipment	114,238,798	111,515,251
	117,348,305	114,790,044
Less: Accumulated Depreciation	(51,913,094)	(48,690,311)
Net Capital Assets	<u>65,435,211</u>	<u>66,099,733</u>
Total Assets	<u>89,063,022</u>	<u>85,914,545</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Pension Outflows	1,326,327	1,751,954
Deferred Other Post Employment Benefits Outflows	262,146	350,854
Deferred Bond Refunding Costs	4,139,200	4,350,400
Total Deferred Outflow of Resources	<u>5,727,673</u>	<u>6,453,208</u>

CITY OF ALCOA, TENNESSEE

WATER AND SEWER UTILITY FUND - ENTERPRISE FUND
STATEMENT OF NET POSITION (Continued)

June 30, 2025

With Comparative Totals at June 30, 2024

	Business-Type Activities	
	2025	2024
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 2,116,090	\$ 1,888,575
Other Accrued Liabilities	83,139	66,887
Current Portion of Long-Term Debt	2,119,444	2,049,444
Compensated Absences	430,087	267,880
Total Current Liabilities	4,748,760	4,272,786
Long-Term Liabilities		
Long-Term Debt	41,029,365	43,148,809
Compensated Absences	95,926	9,882
Net Pension Liability	1,969,817	2,096,227
Other Post-Employment Benefits Liability	917,547	949,626
Total Long-Term Liabilities	44,012,655	46,204,544
Total Liabilities	48,761,415	50,477,330
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	173,886	43,372
Deferred Other Post Employment Benefits Inflows	43,017	65,957
Total Deferred Inflows of Resources	216,903	109,329
NET POSITION		
Net Investment in Capital Assets	26,425,602	25,251,880
Unrestricted	19,386,775	16,529,214
Total Net Position	\$ 45,812,377	\$ 41,781,094

CITY OF ALCOA, TENNESSEE

WATER AND SEWER UTILITY FUND - ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Business-Type Activities	
	2025	2024
OPERATING REVENUES		
Retail Water Sales	\$ 7,715,204	\$ 7,289,698
Wholesale Water Sales	1,631,712	1,333,291
Wholesale Water Sales - Arconic	1,857,367	1,794,267
Sewer Charges	7,938,314	7,341,745
Penalties	140,760	134,411
Sewer Taps	80,055	81,095
Connections	246,741	193,126
Fire Hydrant Rental	62,522	51,800
Back Flow and Grease Trap Fees	59,073	51,620
Line Extension	38,353	4,190
Miscellaneous	20,816	30,338
Total Operating Revenues	19,790,917	18,305,581
OPERATING EXPENSES		
Administration and General	1,023,636	984,774
Accounting and Collections	1,642,989	1,565,838
Supervision	1,261,621	649,264
Water Treatment Plant	1,522,461	1,924,571
Environmental Compliance	230,442	197,018
Distribution and Transmission	2,217,030	1,081,139
Meter Readings and Repairs	333,946	491,259
Water Maintenance	405,144	361,925
Sewer Collection and Pumping	1,474,717	1,385,738
Disposal	3,541,411	3,770,319
Deprecation	3,435,983	3,606,909
Total Operating Expenses	17,089,380	16,018,754
OPERATING INCOME	2,701,537	2,286,827
NONOPERATING REVENUES (EXPENSES)		
Other Income	6,389	8,647
Other Expense	(211,200)	(211,200)
Interest Income	873,080	566,095
Interest Expense	(1,663,087)	(1,709,531)
Grant Revenue	1,404,745	0
Gain on Sale of Property and Equipment	46,276	15,120
Total Nonoperating Revenues (Expenses)	456,203	(1,330,869)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	3,157,740	955,958
CONTRIBUTIONS AND TRANSFERS		
Transfer in Lieu of Taxes	(400,000)	(400,000)
Capital Contributions	1,273,543	2,495,686
Total Contributions and Transfers	873,543	2,095,686
CHANGE IN NET POSITION	4,031,283	3,051,644
NET POSITION, July 1st	41,781,094	38,729,450
NET POSITION, June 30th	\$ 45,812,377	\$ 41,781,094

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

June 30, 2025
With Comparative Totals at June 30, 2024

	Business-Type Activities	
	2025	2024
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 6,209,360	\$ 5,271,541
Accounts receivable less provision for doubtful accounts of \$568,672 at June 30, 2025 and \$339,435 at June 30, 2024	4,295,741	5,033,134
Accounts Receivable - Pole Rentals	534,128	120,163
Materials and Supplies	2,585,724	2,490,431
Prepaid TVA Power Invoice Program	4,876,889	4,195,267
Total Current Assets	18,501,842	17,110,536
Capital Assets		
Land and Easements	1,269,726	1,269,726
Construction in Progress	6,142,896	7,460,801
Structures, Improvements and Equipment	111,715,520	106,136,371
	119,128,142	114,866,898
Less: Accumulated Depreciation	(59,923,006)	(56,654,099)
Net Capital Assets	59,205,136	58,212,799
Other Noncurrent Assets		
Receivables from Customers for Conservation Loans	54,731	63,554
Regulatory Asset - Debt Issuance Costs	158,337	184,724
Total Other Noncurrent Assets	213,068	248,278
Total Noncurrent Assets	59,418,204	58,461,077
Total Assets	77,920,046	75,571,613
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflows	2,078,585	2,805,003
Deferred Other Post Employment Benefits Outflows	558,789	757,380
Total Deferred Outflows of Resources	2,637,374	3,562,383

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

June 30, 2025
With Comparative Totals at June 30, 2024

	Business-Type Activities	
	2025	2024
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 12,784,840	\$ 11,246,953
Due to Other Funds	139,271	195,800
Customer Deposits	3,232,799	3,213,630
Other Accrued Liabilities	466,438	167,986
Current Portion of Long-Term Debt	1,340,881	1,290,881
Current Portion of Compensated Absences	792,190	668,860
Total Current Liabilities	18,756,419	16,784,110
Long-Term Liabilities		
Long-Term Debt	9,257,905	10,598,786
Compensated Absences	89,802	27,214
Unearned Credits	378,092	374,894
Conservation -TVA	10,670	47,281
Net Pension Liability	4,157,718	4,214,808
Other Post Employment Benefit Liability	2,127,388	2,199,198
Total Long-Term Liabilities	16,021,575	17,462,181
Total Liabilities	34,777,994	34,246,291
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Outflows	207,857	63,430
Deferred Other Post Employment Benefits Outflows	90,778	142,135
Total Deferred Inflows of Resources	298,635	205,565
NET POSITION		
Net Investment in Capital Assets	48,606,350	46,323,132
Unrestricted	(3,125,559)	(1,640,992)
Total Net Position	\$ 45,480,791	\$ 44,682,140

CITY OF ALCOA, TENNESSEE

ELECTRIC UTILITY FUND - ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Business-Type Activities	
	2025	2024
OPERATING REVENUES		
Sale of Electric Energy:		
Residential - Non-Farm	\$ 53,237,494	\$ 47,551,990
Small Lighting and Power Sales	8,308,305	7,771,158
Large Lighting and Power Sales	21,895,211	19,798,907
Street and Outdoor Lighting	1,353,159	1,336,161
Consumer Forfeited Discounts	501,290	435,519
Rents and Other Services	1,947,818	1,580,261
	87,243,277	78,473,996
OPERATING EXPENSES		
Purchased Power	64,442,611	58,322,259
Distribution	2,967,646	2,445,812
Customer Accounts, Services and Sales	2,193,408	1,804,448
Administrative and General	4,686,835	3,608,436
Depreciation	3,636,607	3,528,968
Maintenance Expense:		
Transmission	195,654	183,348
Distribution	6,360,683	5,496,701
Administrative and General	34,203	20,511
	84,517,647	75,410,483
OPERATING INCOME	2,725,630	3,063,513
NONOPERATING EXPENSES		
Interest Income	182,657	150,741
Interest Expense	(565,636)	(615,338)
Gain on Sale of Asset	38,605	1,395
Other Income	2,558	1,905
	(341,816)	(461,297)
INCOME BEFORE TRANSFERS	2,383,814	2,602,216
CONTRIBUTIONS AND TRANSFERS		
Transfer in Lieu of Tax	(1,228,501)	(1,176,488)
Payment to County	(356,662)	(341,556)
	(1,585,163)	(1,518,044)
CHANGE IN NET POSITION	798,651	1,084,172
NET POSITION, July 1st	44,682,140	43,597,968
NET POSITION, June 30th	\$ 45,480,791	\$ 44,682,140

CITY OF ALCOA, TENNESSEE

LANDFILL FUND - ENTERPRISE FUND
STATEMENT OF NET POSITION

June 30, 2025

With Comparative Totals at June 30, 2024

	Business-Type Activities	
	2025	2024
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 14,963,962	\$ 12,287,761
Investments	6,519,962	6,206,115
Accounts Receivable, Net	557,904	555,763
Due from Other Funds	0	5,348
Total Current Assets	<u>22,041,828</u>	<u>19,054,987</u>
Capital Assets		
Land and Easements	2,666,341	2,666,341
Construction in Progress	933,953	718,220
Structures, Improvements and Equipment	<u>17,777,600</u>	<u>16,386,966</u>
	21,377,894	19,771,527
Less: Accumulated Depreciation	<u>(14,529,704)</u>	<u>(14,503,273)</u>
Net Capital Assets	<u>6,848,190</u>	<u>5,268,254</u>
Other Noncurrent Assets		
Cash Held for Long-Term Purposes	<u>8,726,218</u>	<u>8,078,654</u>
Total Non-Current Assets	<u>15,574,408</u>	<u>13,346,908</u>
Total Assets	<u>37,616,236</u>	<u>32,401,895</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Pension Outflows	536,689	691,970
Deferred Other Post Employment Benefits Outflows	<u>164,312</u>	<u>205,567</u>
Total Deferred Outflows of Resources	<u>701,001</u>	<u>897,537</u>

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

June 30, 2025
With Comparative Totals at June 30, 2024

	Business-Type Activities	
	2025	2024
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 227,739	\$ 232,143
Other Accrued Liabilities	32,451	28,584
Current Portion of Long-Term Debt	501,124	501,124
Current Portion of Compensated Absences	143,092	130,920
Total Current Liabilities	904,406	892,771
Long-Term Liabilities		
Long-Term Debt	803,619	1,304,743
Compensated Absences	39,765	21,115
Reserve for Closure and Post-Closure Costs	14,341,691	13,815,191
Net Pension Liability	679,564	764,973
Other Post Employment Benefits Liability	595,801	610,719
Total Long-Term Liabilities	16,460,440	16,516,741
Total Liabilities	17,364,846	17,409,512
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	85,570	18,627
Deferred Other Post Employment Benefits Inflows	31,826	42,495
Total Deferred Inflows of Resources	117,396	61,122
NET POSITION		
Net Investment in Capital Assets	5,543,447	3,462,387
Unrestricted	15,291,548	12,366,411
Total Net Position	\$ 20,834,995	\$ 15,828,798

CITY OF ALCOA, TENNESSEE

LANDFILL FUND - ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Business-Type Activities	
	2025	2024
OPERATING REVENUES		
Fees and Permits	\$ 8,373,038	\$ 8,187,724
OPERATING EXPENSES		
Administration and General	703,532	553,567
Landfill Operations	1,296,518	1,125,858
Scales and Security Operations	421,940	387,200
Facility Maintenance	308,091	396,200
Vehicle and Equipment Maintenance	371,650	894,197
Solid Waste Authority	152,911	129,906
Environmental Compliance	325,350	222,019
Closure and Post-Closure Costs	497,599	570,375
Depreciation	389,433	454,912
Total Operating Expenses	4,467,024	4,734,234
OPERATING INCOME	3,906,014	3,453,490
NON-OPERATING REVENUES (EXPENSES)		
Other Income	5,190	441
Interest Income	744,111	374,635
Change in Fair Value of Investments	313,847	238,753
Interest Expense	(29,149)	(35,075)
Other Expense	0	(303)
Gain on Sale of Structures, Improvements and Equipment	(85,878)	50,081
Waste Tire Reimbursement	152,062	154,537
Total Non-Operating Revenues (Expenses)	1,100,183	783,069
CHANGE IN NET POSITION	5,006,197	4,236,559
NET POSITION, July 1st	15,828,798	11,592,239
NET POSITION, June 30th	\$ 20,834,995	\$ 15,828,798

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, 2025

With Comparative Totals for the Fiscal Year Ended June 30, 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Investments in Tennessee Retirement Group Trust	\$ <u>29,687,413</u>	\$ <u>28,949,090</u>
LIABILITIES	<u>0</u>	<u>0</u>
NET POSITION		
Restricted for Pension Benefits	<u>29,687,413</u>	<u>28,949,090</u>
TOTAL NET POSITION	<u>\$ 29,687,413</u>	<u>\$ 28,949,090</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, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	<u>2025</u>	<u>2024</u>
Additions		
Employer Contributions	\$ 1,156,459	\$ 1,156,459
Investment Income:		
Investment Income (Loss)	2,890,830	2,667,372
Less Investment Expenses	<u>(32,585)</u>	<u>(28,172)</u>
Net Investment Income	<u>2,858,245</u>	<u>2,639,200</u>
Total Additions	<u>4,014,704</u>	<u>3,795,659</u>
Deductions		
Administrative Expenses	40,167	20,137
Benefit Payments	<u>3,236,214</u>	<u>3,033,186</u>
Total Deductions	<u>3,276,381</u>	<u>3,053,323</u>
Change in Net Position	738,323	742,336
Net Position Restricted for Pension Benefits - Beginning of Year	<u>28,949,090</u>	<u>28,206,754</u>
Net Position Restricted for Pension Benefits - End of Year	<u>\$ 29,687,413</u>	<u>\$ 28,949,090</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2025

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2025
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	\$ 5,945,000	\$ 0	\$ 400,000	\$ 0	\$ 5,545,000
General Obligation Refunding Bonds, Series 2016A	4,310,000	2.00% to 3.00%	3/10/2016	6/1/2036	2,905,000	0	270,000	0	2,635,000
General Obligation Refunding Bonds, Series 2017	9,995,000	2.00% to 3.00%	3/1/2017	6/1/2037	7,605,000	0	505,000	0	7,100,000
General Obligation Bonds, Series 2018	6,915,000	3.50% to 5.00%	5/4/2018	5/1/2028	6,410,000	0	185,000	0	6,225,000
General Obligation Refunding Bonds, Series 2020	25,925,000	3.00% to 5.00%	6/25/2020	6/1/2043	23,880,000	0	880,000	0	23,000,000
General Obligation Bonds, Series 2021A	6,305,000	2.00% to 4.00%	3/25/2021	3/1/2040	6,015,000	0	300,000	0	5,715,000
General Obligation Refunding Bonds, Series 2021B (Taxable)	3,950,000	0.15% to 0.82%	3/25/2021	3/1/2026	1,600,000	0	800,000	0	800,000
General Obligation Bonds, Series 2022A	19,240,000	3.00% to 5.00%	2/11/2022	6/1/2052	18,875,000	0	385,000	0	18,490,000
General Obligation Refunding Bond, Series 2022B	8,475,000	3.00% to 4.00%	4/22/2022	6/30/2045	7,940,000	0	265,000	0	7,675,000
Total Bonds Payable through Debt Service Fund					81,175,000	0	3,990,000	0	77,185,000
Total Governmental Activities					\$ 81,175,000	\$ 0	\$ 3,990,000	\$ 0	\$ 77,185,000
Business-Type Activities									
Bonds Payable									
<u>Payable through Landfill Department Fund</u>									
General Obligation Refunding Bonds, Series 2021B (Taxable)	\$ 1,600,000	0.15% to 0.82%	3/25/2021	3/1/2026	\$ 800,000	\$ 0	\$ 400,000	\$ 0	\$ 400,000
General Obligation Bonds, Series 2022A	1,025,000	3.00% to 5.00%	2/11/2022	6/1/2034	850,000	0	85,000	0	765,000
Total Bonds Payable through Landfill Fund					1,650,000	0	485,000	0	1,165,000
<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	24,445,000	0	750,000	0	23,695,000
General Obligation Refunding Bonds, Series 2016A	5,315,000	2.00% to 3.00%	3/10/2016	6/1/2042	4,950,000	0	30,000	0	4,920,000
General Obligation Bonds, Series 2018	3,060,000	2.75% to 5.00%	5/4/2018	5/1/2028	1,375,000	0	325,000	0	1,050,000
General Obligation Refunding Bonds, Series 2020	2,375,000	3.00% to 5.00%	6/25/2020	6/1/2033	1,730,000	0	180,000	0	1,550,000
General Obligation Refunding Bonds, Series 2020B	6,200,000	2.00% to 3.00%	12/16/2020	6/1/2045	5,660,000	0	270,000	0	5,390,000
General Obligation Bonds, Series 2020C (Taxable)	4,815,000	0.30% to 1.85%	12/16/2020	6/1/2034	3,315,000	0	325,000	0	2,990,000
General Obligation Bonds, Series 2021A	3,155,000	2.00% to 4.00%	3/25/2021	3/1/2050	3,035,000	0	120,000	0	2,915,000
Total Bonds Payable through Water and Sewer Utility Fund					44,510,000	0	2,000,000	0	42,510,000
<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	9,045,000	0	1,185,000	0	7,860,000
General Obligation Bonds, Series 2022A	2,635,000	3.00% to 5.00%	2/11/2022	6/1/2052	2,540,000	0	95,000	0	2,445,000
Total Bonds Payable through Electric Utility Fund					11,585,000	0	1,280,000	0	10,305,000
Total Business-Type Activities					\$ 57,745,000	\$ 0	\$ 3,765,000	\$ 0	\$ 53,980,000

CITY OF ALCOA, TENNESSEE

SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR

June 30, 2025

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
2026	\$ 12,639,007	\$ 7,975,000	\$ 4,664,007	\$ 2,385,000	\$ 1,855,000	\$ 300,000	\$ 212,563
2027	11,664,090	7,285,000	4,379,090	2,770,000	1,735,750	335,000	206,562
2028	11,536,997	7,460,000	4,076,997	2,820,000	1,597,250	335,000	199,863
2029	11,278,451	7,510,000	3,768,451	3,325,000	1,456,250	115,000	193,162
2030	11,220,612	7,755,000	3,465,612	3,450,000	1,290,000	120,000	190,288
2031	10,813,451	7,650,000	3,163,451	2,920,000	1,117,500	445,000	187,287
2032	9,698,252	6,820,000	2,878,252	1,940,000	971,500	485,000	176,163
2033	9,440,870	6,805,000	2,635,870	2,000,000	874,500	525,000	162,825
2034	9,325,870	6,920,000	2,405,870	2,060,000	774,500	515,000	148,387
2035	8,738,308	6,570,000	2,168,308	2,035,000	671,500	505,000	132,938
2036	8,752,744	6,815,000	1,937,744	2,035,000	569,750	650,000	117,787
2037	7,764,858	6,065,000	1,699,858	1,560,000	468,000	260,000	98,288
2038	7,053,395	5,560,000	1,493,395	1,560,000	390,000	355,000	89,837
2039	6,946,882	5,645,000	1,301,882	1,560,000	312,000	350,000	78,300
2040	6,888,783	5,780,000	1,108,783	1,560,000	234,000	395,000	67,800
2041	6,836,707	5,925,000	911,707	1,560,000	156,000	890,000	55,950
2042	6,805,261	6,100,000	705,261	1,560,000	78,000	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	1,232,430	1,135,000	97,430	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	\$ <u>176,110,810</u>	\$ <u>131,165,000</u>	\$ <u>44,945,810</u>	\$ <u>37,100,000</u>	\$ <u>14,551,500</u>	\$ <u>7,555,000</u>	\$ <u>2,347,250</u>

CITY OF ALCOA, TENNESSEE

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

June 30, 2025

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
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	\$ 7,100,000	\$ 1,353,682	\$ 7,275,000	\$ 2,860,225	\$ 24,550,000	\$ 7,531,250

CITY OF ALCOA, TENNESSEE

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

June 30, 2025

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
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	2,480
2051	0	0	0	0	0	0
2052	0	0	0	0	0	0
Totals	\$ 5,390,000	\$ 1,138,200	\$ 2,990,000	\$ 234,548	\$ 8,630,000	\$ 1,792,938

CITY OF ALCOA, TENNESSEE

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

June 30, 2025

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
2026	\$ 1,200,000	\$ 9,840	\$ 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	\$ 1,200,000	\$ 9,840	\$ 21,700,000	\$ 10,352,750	\$ 7,675,000	\$ 2,773,627

CITY OF ALCOA, TENNESSEE
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS

June 30, 2025

	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding July 1, 2024</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Remeasurements</u>	<u>Outstanding June 30, 2025</u>
Governmental Activities									
Leases Payable									
<u>Payable through General Fund</u>									
Communications Equipment	\$ 1,149,908	1.2%	12/7/2021	6/1/2031	\$ 810,307	\$ 0	\$ 111,657	\$ 0	\$ 698,650
General Fund - Novatech Copiers	145,838	3.0%	7/1/2021	6/1/2026	67,047	0	28,609	0	38,438
General Fund - Tasers	327,493	3.0%	7/30/2021	7/30/2025	132,870	0	65,440	0	67,430
General Fund - Body Cameras	279,499	3.0%	7/30/2021	7/30/2026	141,715	0	45,830	0	95,885
Total Leases Payable through Debt Service Fund					<u>1,151,939</u>	<u>0</u>	<u>251,536</u>	<u>0</u>	<u>900,403</u>
<u>Payable through Education Fund</u>									
Education Fund - Canon Copiers	41,623	3.0%	7/5/2021	8/31/2026	19,202	0	8,566	0	10,636
								0	
<u>Payable through Debt Service Fund</u>									
Civic Center	9,225,000	4.5%	5/2/2006	6/1/2036	5,525,000	0	360,000	0	5,165,000
Total Governmental Activities					<u>\$ 6,696,141</u>	<u>\$ 0</u>	<u>\$ 620,102</u>	<u>\$ 0</u>	<u>\$ 6,076,039</u>

CITY OF ALCOA, TENNESSEE

SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL, AND INTEREST REQUIREMENT BY FISCAL YEAR

June 30, 2025

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
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>\$ 7,607,108</u>	<u>\$ 6,076,039</u>	<u>\$ 1,531,069</u>	<u>\$ 5,165,000</u>	<u>\$ 1,493,325</u>	<u>\$ 698,650</u>	<u>\$ 29,635</u>	<u>\$ 10,636</u>	<u>\$ 206</u>	<u>\$ 38,438</u>	<u>\$ 1,455</u>	<u>\$ 67,430</u>	<u>\$ 2,051</u>	<u>\$ 95,885</u>	<u>\$ 4,397</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INTERNAL RECEIVABLES AND PAYABLES
June 30, 2025

Due To	Due From			
	General Fund	Water and Sewer Utility	Landfill	Total
Electric Utility	\$ 11,913	\$ 127,358	\$ 0	\$ 139,271
Total	\$ 11,913	\$ 127,358	\$ 0	\$ 139,271

CITY OF ALCOA, TENNESSEE

SCHEDULE OF TRANSFERS

June 30, 2025

		Transfers to:							
Transfers From:	General Fund	Education Fund	Debt Service Fund	Project Eagle	Equipment Replacement	ADA Improvement	General Obligation Public Works Construction	Total	
General Fund	\$ 0	\$ 700,000	\$ 6,836,150	\$ 600,000	\$ 939,000	\$ 90,000	\$ 2,100,000	\$ 11,265,150	
Water & Sewer Utility Fund	400,000	0	0	0	0	0	0	400,000	
Electric Utility Fund	<u>1,228,501</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,228,501</u>	
Total	<u><u>\$ 1,628,501</u></u>	<u><u>\$ 700,000</u></u>	<u><u>\$ 6,836,150</u></u>	<u><u>\$ 600,000</u></u>	<u><u>\$ 939,000</u></u>	<u><u>\$ 90,000</u></u>	<u><u>\$ 2,100,000</u></u>	<u><u>\$ 12,893,651</u></u>	

CITY OF ALCOA, TENNESSEE
SCHEDULE OF UTILITY RATES - ELECTRIC
June 30, 2025

The basic utility rates in force as of June 30, 2025 are as follows:

		<u>Base Residential Rate - Schedule RS</u>
	Customer Charge:	\$24.31 per month
	Energy Charge:	11.570 cents per kWh per month
		<u>Base General Power Rate - Schedule GSA</u>
PART 1	Customer Charge:	\$31.54 per delivery point per month
	Energy Charge:	12.795 cents per kWh per month
PART 2	Customer Charge:	\$103.25 per delivery point per month
	Demand Charge:	First 50 kW of billing demand per month, no demand charge \$15.67/kW for 51-1,000 kWh
	Energy Charge:	12.473 cents per kWh for first 15,000 kWh 7.804 cents per kWh for all additional kWh
PART 3	Customer Charge:	\$242.25 per delivery point per month
	Demand Charge:	First 1,000 kW of billing demand per month at 15.15 cents per kWh From 1,001-5,000 kW of billing demand per month at 16.18 cents per kW
	Energy Charge:	7.772 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	28,490
General Power - Under 50kw	3,995
General Power - 50kw and Over	334
Street and Athletics	47
Outdoor Lighting	2,920

CITY OF ALCOA, TENNESSEE

SCHEDULE OF UTILITY RATES WATER AND SEWER

June 30, 2025

The basic utility rates in force as of June 30, 2025 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	\$ 20.80 per mo.	5/8" to 1"	\$ 30.75 per mo.
	Commercial	\$ 24.95 per mo.	5/8" to 1"	\$ 36.50 per mo.
	All	\$ 60.90 per mo.	1-1/2 to 3"	\$ 89.85 per mo.
	All	\$ 439.55 per mo.	4" to 6"	\$ 615.45 per mo.
	All	\$ 1,197.20 per mo.	Greater than 6"	\$ 1,775.05 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		\$ 4.90	All Sizes	\$ 7.55

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	\$ 7.75	\$ 20.05
RATE A-1	Residential - Outside City	\$ 11.95	\$ 31.40
RATE B	Commercial - Inside City	\$ 7.25	\$ 44.45
RATE B-1	Commercial - Outside City	\$ 11.95	\$ 65.10
RATE C	Industrial - Inside City	\$ 7.25	\$ 44.45
RATE C-1	Industrial - Outside City	\$ 11.95	\$ 65.10

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, 2025 are as follows:

	<u>Water</u>	<u>Sewer</u>
Residential - Inside City	4,071	3,677
Residential - Outside City	5,363	2,266
Commercial - Inside City	1,012	790
Commercial - Outside City	324	168
Industrial - Inside City	10	4
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, 2025

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, 2025

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 38,690,510	\$ 32,544,684	\$ 24,645,776	\$ 35,763,945	\$ 29,558,104	\$ 24,517,065	\$ 28,049,182	\$ 26,539,320	\$ 20,456,653	\$ 18,305,142
Restricted	10,643,710	8,150,908	6,860,083	19,598,308	5,780,497	11,328,383	3,710,323	4,564,341	7,522,158	9,100,582
Unrestricted (Deficit)	<u>26,618,725</u>	<u>29,347,938</u>	<u>33,129,701</u>	<u>3,377,319</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>
Total Governmental Activities Net Position	<u>\$ 75,952,945</u>	<u>\$ 70,043,530</u>	<u>\$ 64,635,560</u>	<u>\$ 58,739,572</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>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 86,658,897	\$ 80,851,996	\$ 71,206,686	\$ 64,475,645	\$ 62,693,646	\$ 58,479,351	\$ 55,863,096	\$ 51,253,207	\$ 52,038,148	\$ 49,237,556
Restricted	0	0	0	2,855,889	0	0	0	1,300,187	1,281,411	1,264,653
Unrestricted	<u>32,954,794</u>	<u>28,493,629</u>	<u>28,910,310</u>	<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>
Total Business-Type Activities Net Position	<u>\$ 119,613,691</u>	<u>\$ 109,345,625</u>	<u>\$ 100,116,996</u>	<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>
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	\$ 125,349,407	\$ 113,396,680	\$ 95,852,462	\$ 100,239,590	\$ 92,251,750	\$ 82,996,416	\$ 83,912,278	\$ 77,792,527	\$ 72,494,801	\$ 67,542,698
Restricted	10,643,710	8,150,908	6,860,083	22,454,197	5,780,497	11,328,383	3,710,323	5,864,528	8,803,569	10,365,235
Unrestricted (Deficit)	<u>59,573,519</u>	<u>57,841,567</u>	<u>62,040,011</u>	<u>21,589,671</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>
Total Primary Government Net Position	<u>\$ 195,566,636</u>	<u>\$ 179,389,155</u>	<u>\$ 164,752,556</u>	<u>\$ 144,283,458</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>

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
EXPENSES										
Governmental Activities										
General Government	\$ 14,889,186	\$ 13,585,237	\$ 12,820,578	\$ 10,258,471	\$ 10,081,024	\$ 10,102,269	\$ 7,691,090	\$ 8,990,425	\$ 3,605,345	\$ 2,675,015
Public Safety	14,967,017	13,085,983	12,225,135	10,627,324	11,141,433	10,163,133	10,515,653	10,132,385	10,071,775	10,652,182
Public Works	8,619,715	9,718,789	8,015,191	6,200,286	6,552,288	6,303,387	6,599,273	6,462,318	5,733,789	5,815,449
Culture and Recreation	0	0	0	0	0	0	635,635	863,740	2,682,489	938,333
Economic Development	3,107,056	2,644,366	2,602,141	2,380,472	2,418,114	2,353,303	1,626,729	1,292,190	1,123,627	1,403,320
Education	34,980,321	34,195,358	32,441,762	26,521,577	27,031,042	26,115,353	25,055,763	24,678,680	22,041,495	22,072,833
Debt Service:										
Interest on Long-Term Debt	2,266,534	2,420,720	2,094,449	1,660,471	1,518,981	2,262,253	2,248,871	2,095,576	1,989,192	1,207,000
Total Governmental Activities Expenses	<u>78,829,829</u>	<u>75,650,453</u>	<u>70,199,256</u>	<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>
Business-Type Activities										
Stormwater Utility	1,679,034	1,623,566	1,327,247	1,218,101	1,227,614	1,189,745	1,267,648	1,078,091	1,126,244	1,146,369
Water & Sewer	18,963,663	17,939,485	15,730,475	13,372,281	13,543,710	13,198,361	12,756,765	12,078,385	12,029,149	12,183,484
Electric	85,439,944	76,367,467	75,435,279	69,806,475	65,654,344	65,026,188	67,833,110	64,529,615	62,496,910	60,690,350
Landfill	4,496,173	4,769,611	4,391,218	4,046,113	4,313,083	4,106,392	3,971,137	3,863,804	3,952,854	3,840,763
Total Business-Type Activities Expenses	<u>110,578,814</u>	<u>100,700,129</u>	<u>96,884,219</u>	<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>
Total Primary Government Expenses	<u>\$ 189,408,643</u>	<u>\$ 176,350,582</u>	<u>\$ 167,083,475</u>	<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>
PROGRAM REVENUES										
Governmental Activities										
Charges for Services										
General Government	\$ 11,395,723	\$ 10,234,313	\$ 8,539,949	\$ 8,594,282	\$ 8,488,621	\$ 8,352,607	\$ 7,378,694	\$ 6,884,388	\$ 6,901,490	\$ 675,592
Public Safety	108,419	90,679	413,624	437,999	483,281	441,619	580,532	656,737	636,235	663,174
Public Works	817,822	811,450	503,314	453,188	448,130	471,084	879,283	825,325	912,557	433,611
Economic Development	0	0	0	0	0	0	0	0	23,396	18,986
Education	2,627,805	2,804,073	2,711,675	2,046,237	1,441,982	1,576,488	371,794	1,134,061	1,205,635	603,372
Operating Grants and Contributions	18,520,419	19,169,259	17,315,318	14,816,634	15,687,429	13,982,663	11,787,718	12,582,245	10,163,304	10,218,711
Capital Grants and Contributions	2,478,134	1,448,338	368,612	4,382,972	4,838,848	137,600	260,050	2,946,797	569,067	1,385,336
Total Governmental Activities Program Revenues	<u>35,948,322</u>	<u>34,558,112</u>	<u>29,852,492</u>	<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>

CITY OF ALCOA, TENNESSEE

SCHEDULE 2

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

Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
PROGRAM REVENUES (Continued)										
Business-Type Activities										
Charges for Services										
Stormwater Utility	1,510,783	1,489,410	1,470,094	1,392,004	1,321,071	1,333,586	1,318,670	1,304,463	1,180,437	1,061,473
Water and Sewer	19,843,582	18,327,064	17,512,870	16,574,912	16,117,965	15,884,784	14,578,655	13,928,825	12,269,851	11,251,858
Electric	87,284,434	78,477,387	79,304,519	72,455,407	67,515,827	67,345,702	69,474,339	67,502,185	66,503,968	63,062,563
Landfill	8,444,412	8,392,783	6,891,103	6,311,325	5,851,247	5,366,894	4,927,248	4,431,096	4,290,739	3,635,050
Operating Grants and Contributions	0	2,383	14,008	11,572	7,235	1,260	25,941	147,596	127,253	153,261
Capital Grants and Contributions	3,209,651	3,444,041	7,083,853	1,902,704	154,724	787,977	4,061,553	540,608	178,450	377,230
Total Business-Type Activities Program Revenues	<u>120,292,862</u>	<u>110,133,068</u>	<u>112,276,447</u>	<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>
Total Primary Government Program Revenues	<u>\$ 156,241,184</u>	<u>\$ 144,691,180</u>	<u>\$ 142,128,939</u>	<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>
NET (EXPENSE) REVENUE										
Governmental Activities	\$ (42,881,507)	\$ (41,092,341)	\$ (40,346,764)	\$ (26,917,289)	\$ (27,354,591)	\$ (32,337,637)	\$ (33,114,943)	\$ (29,485,761)	\$ (26,836,028)	\$ (30,765,350)
Business-Type Activities	<u>9,714,048</u>	<u>9,432,939</u>	<u>15,392,228</u>	<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>
Total Primary Government Net Expenses	<u>\$ (33,167,459)</u>	<u>\$ (31,659,402)</u>	<u>\$ (24,954,536)</u>	<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>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities										
General Revenues										
Sales Tax and Other State Taxes	\$ 23,794,878	\$ 22,442,782	\$ 21,524,995	\$ 20,353,517	\$ 17,146,232	\$ 15,781,259	\$ 15,536,754	\$ 13,811,770	\$ 14,722,171	\$ 14,142,755
State Income and Excise Taxes	63,464	72,695	66,941	84,795	96,485	128,518	91,846	100,413	127,426	135,244
Property Taxes	20,132,497	18,780,068	19,207,308	18,431,905	18,962,159	17,853,420	14,535,523	14,275,685	14,297,638	13,744,696
Business Taxes	1,483,479	1,307,306	1,466,701	1,176,744	984,525	1,023,424	878,570	895,245	961,373	942,515
Miscellaneous Taxes	629,725	638,385	670,199	665,675	643,199	617,090	669,610	765,375	447,576	1,061,384
In-Lieu-of Taxes	712,659	572,268	833,366	928,349	1,127,309	1,196,851	1,172,589	1,058,111	1,207,703	297,331
Change in Fair Value of Investments	182,425	111,679	(187,204)	(71,225)	0	0	0	0	0	0
Interest Income	1,402,732	998,640	388,055	11,327	36,234	287,206	262,877	186,461	26,390	117,349
Gain (Loss) on Deletion of Capital Assets	0	0	637,728	0	0	0	0	0	0	0
Transfers-in-Lieu of taxes	1,628,501	1,576,488	1,634,663	1,597,105	1,334,255	2,042,775	1,535,975	1,844,322	1,899,929	1,889,495
Transfers - Contributions of Capital Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(137,496)</u>	<u>(282,878)</u>	<u>(3,868,460)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Governmental Activities	<u>50,030,360</u>	<u>46,500,311</u>	<u>46,242,752</u>	<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>

CITY OF ALCOA, TENNESSEE

SCHEDULE 2

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

Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION (Continued)										
Business-Type Activities										
General Revenues										
Change in Fair Value of Investments	313,847	238,753	108,521	(73,796)	0	0	0	0	0	0
Interest Income	1,868,672	1,133,425	707,024	26,814	28,693	131,527	179,461	57,122	31,189	17,168
Transfers - Contributions of Capital Assets	0	0	0	0	137,496	282,878	0	0	0	0
Transfers-in-Lieu of taxes	<u>(1,628,501)</u>	<u>(1,576,488)</u>	<u>(1,634,663)</u>	<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>
Total Business-Type Activities	554,018	<u>(204,310)</u>	<u>(819,118)</u>	<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>
Total Primary Government	\$ <u>50,584,378</u>	\$ <u>46,296,001</u>	\$ <u>45,423,634</u>	\$ <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>
CHANGE IN NET POSITION										
Governmental Activities	\$ 7,148,853	\$ 5,407,970	\$ 5,895,988	\$ 16,260,903	\$ 12,838,311	\$ 6,310,028	\$ (2,299,659)	\$ 3,451,621	\$ 6,854,178	\$ 1,565,419
Business-Type Activities	<u>10,268,066</u>	<u>9,228,629</u>	<u>14,573,110</u>	<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>
Total Primary Government	\$ <u>17,416,919</u>	\$ <u>14,636,599</u>	\$ <u>20,469,098</u>	\$ <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>

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
GENERAL FUND										
Restricted	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 127,991	\$ 124,927	\$ 325,264	\$ 165,441
Committed	500,000	500,000	500,000	500,000	500,000	500,000	0	0	0	0
Assigned	0	0	0	0	0	0	997,488	512,658	508,792	947,010
Unassigned	<u>23,832,981</u>	<u>23,017,393</u>	<u>20,203,845</u>	<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>
Total General Fund	<u>\$ 24,332,981</u>	<u>\$ 23,517,393</u>	<u>\$ 20,703,845</u>	<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>
ALL OTHER										
GOVERNMENTAL FUNDS										
Nonspendable	\$ 6,900	\$ 3,649	\$ 50,450	\$ 7,222	\$ 12,268	\$ 10,381	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	4,939,837	4,383,388	5,410,863	14,740,664	3,481,076	8,298,855	9,679,811	10,779,742	13,011,926	4,400,023
Assigned	966,328	468,804	534,434	1,308,063	1,177,623	397,498	2,349,248	3,052,057	1,382,936	2,027,993
Committed	9,480,558	8,999,562	8,214,669	7,801,401	7,685,727	3,357,642	981,411	1,011,620	1,357,262	3,484,317
Unassigned	<u>(1,025)</u>	<u>0</u>	<u>(299)</u>	<u>0</u>	<u>0</u>	<u>(3,550)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total All Other Governmental Funds	<u>\$ 15,392,598</u>	<u>\$ 13,855,403</u>	<u>\$ 14,210,117</u>	<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>

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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
REVENUES										
Taxes	\$ 47,358,566	\$ 43,624,039	\$ 42,302,167	\$ 39,643,793	\$ 37,356,751	\$ 35,157,746	\$ 30,733,301	\$ 29,468,908	\$ 30,380,301	\$ 25,390,315
Licenses, Permits and Fees	666,903	714,234	659,377	1,017,547	1,223,177	491,441	511,043	441,174	499,309	141,755
Property Rental	147,210	162,366	164,910	179,940	141,003	143,794	142,336	193,056	145,138	153,336
Intergovernmental	21,033,156	21,067,840	18,234,024	21,416,248	21,299,999	16,658,806	13,841,266	16,781,681	13,019,800	13,102,650
Fines, Forfeitures and Costs	385,758	333,761	366,647	406,099	371,807	331,242	525,147	603,444	590,061	663,174
Change in Fair Value of Investments	176,537	111,680	249,746	(71,225)	0	0	0	0	0	0
Interest Income	1,398,948	942,161	340,302	9,772	34,008	280,191	256,807	185,737	26,390	85,317
Internal School Fund Revenue	1,892,429	1,860,080	1,676,656	1,491,418	924,001	0	0	0	0	0
Miscellaneous Income	1,024,382	2,320,453	2,979,542	493,268	670,946	365,626	413,828	429,513	405,023	3,566,681
Charges for Service	1,653,237	1,680,771	1,487,363	1,123,383	896,836	1,583,764	1,406,462	1,344,381	1,275,152	920,100
Total Revenues	<u>75,737,126</u>	<u>72,817,385</u>	<u>68,460,734</u>	<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>
EXPENDITURES										
General Government	4,097,072	3,893,027	3,448,073	2,930,449	2,689,794	2,719,864	2,635,364	2,734,496	2,864,149	1,665,434
Public Safety	13,560,727	12,279,134	11,592,057	10,856,239	10,405,662	9,929,328	9,668,007	9,640,735	9,596,090	9,266,855
Public Works	7,306,403	7,649,143	6,849,763	6,057,251	5,190,530	5,403,380	5,517,199	5,357,568	4,670,404	5,039,816
Recreation and Arts	0	0	0	0	0	0	400,741	627,097	873,137	785,765
Contributions to Other Agencies	2,958,242	2,489,219	2,602,141	2,380,472	2,418,114	2,353,303	1,626,729	1,292,190	1,123,627	1,403,320
Education	35,962,605	33,914,033	31,880,564	28,441,535	26,544,447	24,494,222	23,241,540	22,856,597	21,790,764	20,509,466
Other-Building	0	0	0	0	0	0	194,303	51,442	0	0
Debt Service:										
Note Disbursement	0	0	0	2,500,000	3,500,000	0	0	0	0	0
Principal Retirement	4,074,807	3,972,958	3,259,698	3,387,824	3,435,000	3,270,000	3,215,000	3,125,000	2,770,000	5,560,136
Interest and Fiscal Fees	2,905,633	3,057,286	2,729,920	2,030,782	1,997,966	2,467,217	2,248,871	2,095,576	1,989,192	3,949,082
Bond Issuance Costs	0	0	0	580,204	241,659	440,036	0	22,289	0	0
Capital Outlay/Capital Assets	4,147,355	4,680,238	11,901,957	17,786,286	10,447,326	5,131,617	4,240,434	11,581,448	2,742,568	3,327,687
Total Expenditures	<u>75,012,844</u>	<u>71,935,038</u>	<u>74,264,173</u>	<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>
Excess (Deficiency) of Revenue Over Expenditures Before Financing Sources (Uses)	<u>724,282</u>	<u>882,347</u>	<u>(5,803,439)</u>	<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>
OTHER FINANCING SOURCES (USES)										
Operating Transfers	0	0	0	0	0	0	0	0	55,089	4,594,973
Issuance of Debt/Leases	0	0	0	31,990,825	10,651,440	29,034,118	0	6,915,000	9,995,000	0
In Lieu of Taxes	1,628,501	1,576,488	1,634,663	1,597,105	1,334,255	2,042,775	1,535,975	1,844,322	1,899,929	1,889,495
Payoff to Refunded Bond Escrow Agent	0	0	0	(8,867,073)	(3,940,958)	(28,594,082)	0	0	0	0
Total Other Financing Sources (Uses)	<u>1,628,501</u>	<u>1,576,488</u>	<u>1,634,663</u>	<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>
Net Change in Fund Balances	<u>\$ 2,352,783</u>	<u>\$ 2,458,835</u>	<u>\$ (4,168,776)</u>	<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>
Debt Service as a Percentage of Noncapital Expenditures	9.9%	10.5%	9.6%	7.0%	9.6%	11.2%	11.2%	10.9%	10.4%	19.7%

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
2025	2024	\$ 458,744,340	\$ 283,057,550	\$ 122,014,542	\$ 863,816,432	1.69	\$ 2,226,773,167	39%
2024	2023	422,594,959	275,234,900	128,907,529	826,737,388	1.69	2,624,019,354	32%
2023	2022	328,787,316	155,334,525	122,972,112	607,093,953	2.27	1,948,461,283	31%
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%

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>
2025	2024	1.69	\$ 14,666,554	\$ 14,493,901	98.8%	\$ 169,950	\$ 14,663,851	100.0%	\$ 596,925	4.07%
2024	2023	1.69	14,270,934	13,847,946	97.0%	240,665	14,088,611	98.7%	591,775	4.15%
2023	2022	2.27	14,097,267	13,724,018	97.4%	247,164	13,971,182	99.1%	553,656	3.93%
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%

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>
2025	2024	\$ 0.32	\$ 0.85	\$ 0.52	\$ 1.69	\$ 1.59
2024	2023	0.32	0.85	0.52	1.69	1.59
2023	2022	0.55	1.04	0.68	2.27	2.47
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	1.10	0.80	1.96	2.47
2017	2016	0.06	1.10	0.80	1.96	2.47
2016	2015	0.27	0.88	0.81	1.96	2.47

SOURCE: City of Alcoa Recorder's Office
Blount County, Tennessee Trustee's Office

CITY OF ALCOA, TENNESSEE

SCHEDULE 8

PRINCIPAL TAXPAYERS

June 30, 2025

Taxpayer	Fiscal Year 2025			Taxpayer	Fiscal Year 2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Arconic	\$ 140,003,877	1	16.2%	Alcoa	\$ 121,131,743	1	23.7%
Ridge at Hamilton Crossing	19,162,960	2	2.2%	CMH Management	13,136,315	2	2.6%
CMH Services Inc	15,144,070	3	1.8%	Inland Diversified Alcoa	9,465,400	3	1.9%
Ardmore Knoxville	12,786,720	4	1.5%	Faulkner Properties	9,272,120	4	1.8%
Bungalow Lofts LLC	11,493,520	5	1.3%	Stock Creek, LLC	7,910,680	5	1.5%
Alcoa HC LP & Mont Belvieu	11,210,940	7	1.3%	Ridge at Hamilton Crossing	7,206,360	6	1.4%
Faulkner Properties	9,749,440	6	1.1%	Mideb Nominees Inc #672	6,063,880	7	1.2%
Topside OZ	9,575,520	8	1.1%	Mideb Nominees Inc	4,555,200	8	0.9%
Aurora Properties LLC	9,442,040	9	1.1%	Colemon-Prospero Industrial	4,359,480	9	0.9%
TN Alcoa Primary LLC	9,310,105	10	1.1%	Stock Creek Properties	4,257,880	10	0.8%
Totals	\$ 247,879,192		28.7%		\$ 187,359,058		36.7%
Total Assessed Value All Property (Excluding Public Utilities)	\$ 863,816,432				\$ 510,616,623		

SOURCE: City Recorder's Tax Collection Records

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			
2025	\$ 82,104,948	\$ 6,076,039	\$ 43,148,809	\$ 1,304,743	\$ 0	\$ 10,598,786	\$ 0	\$ 143,233,325	17.07%	\$ 10,541
2024	86,313,173	6,696,141	45,198,253	1,805,867	0	11,889,667	0	151,903,101	19.35%	11,379
2023	90,441,397	7,290,640	47,202,697	2,306,991	0	13,130,548	0	160,372,273	24.26%	13,587
2022	93,875,621	7,863,357	49,042,141	2,813,116	0	14,226,429	0	167,820,664	27.66%	14,753
2021	76,641,193	6,500,000	50,971,585	2,375,000	0	12,300,000	0	148,787,778	26.11%	13,733
2020	73,789,118	6,892,544	44,656,923	1,545,000	0	13,285,000	0	140,168,585	26.84%	13,153
2019	83,095,000	7,304,785	46,020,401	2,290,000	38,161	14,215,000	0	152,963,347	31.77%	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

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	Tax Year	Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
2025	\$ 137,157,286	2024	\$ 863,816,432	15.88%	\$ 10,094
2024	145,206,960	2023	826,737,388	17.56%	10,878
2023	153,081,633	2022	607,093,953	25.22%	12,970
2022	159,957,307	2021	588,433,379	27.18%	14,062
2021	142,287,778	2020	588,890,432	24.16%	13,133
2020	133,276,041	2019	567,976,247	23.47%	12,507
2019	145,620,401	2018	508,921,279	28.61%	13,870
2018	152,017,169	2017	509,582,207	29.83%	14,863
2017	147,962,201	2016	510,616,623	28.98%	14,985
2016	143,743,701	2015	493,948,638	29.10%	16,344

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, 2024

<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	\$ 82,104,948		
Leases	<u>6,076,039</u>		
Total Direct Debt	88,180,987	100%	\$ 88,180,987
Overlapping Debt			
Blount County General Government	108,789,413	15%	<u>16,318,412</u>
Total Direct and Overlapping Debt			<u>\$ 104,499,399</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
2025	\$ 1,491,473	\$ 1,416,572	\$ 74,901	\$ 0	\$ 0	0.00
2024	1,470,693	1,367,427	103,266	0	\$ 0	0.00
2023	1,403,266	1,143,643	259,623	0	0	0.00
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

Water & Sewer Utility Debt

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2025	\$ 19,790,917	\$ 13,653,397	\$ 6,137,520	\$ 2,000,000	\$ 1,712,531	1.65
2024	18,305,581	12,411,845	5,893,736	1,955,000	1,709,531	1.61
2023	17,470,429	11,069,514	6,400,915	1,790,000	1,428,136	1.99
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

Electric Utility Debt

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2025	\$ 87,243,277	\$ 80,881,040	\$ 6,362,237	\$ 1,280,000	\$ 546,967	3.48
2024	78,473,996	71,881,515	6,592,481	1,230,000	615,338	3.57
2023	78,940,189	71,085,163	7,855,026	1,085,000	480,915	5.02
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

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
2025	\$ 8,373,038	\$ 4,077,591	\$ 4,295,447	\$ 485,000	\$ 39,697	8.19
2024	8,187,724	4,279,322	3,908,402	485,000	35,075	7.52
2023	6,691,310	3,570,979	3,120,331	490,000	56,290	5.71
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

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
2025	13,588	\$ 838,902,147	\$ 61,738	2,302	3.40%
2024	13,349	784,901,577	58,799	2,237	3.40%
2023	11,803	660,951,476	55,999	2,245	3.30%
2022	11,375	606,651,500	53,332	2,215	3.80%
2021	10,834	569,781,728	52,592	2,138	3.50%
2020	10,656	522,189,078	49,002	2,116	6.60%
2019	10,499	481,484,140	45,860	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%

- SOURCES:** (1) 2016 - 2025 U.S. Census Bureau
(2) Calculation based upon Population and Per Capita Income
(3) 2016 - 2023 U.S. Bureau of Economic Analysis
2024 - 2025 Estimated based on prior year's growth.
(4) City of Alcoa Schools
(5) State of Tennessee

CITY OF ALCOA, TENNESSEE
SCHEDULE 14
PRINCIPAL EMPLOYERS
June 30, 2025

Employer	2025			2016 (1)		
	Employees	Rank	Percentage Of Total City/County Employment	Employees	Rank	Percentage Of Total City/County Employment
Clayton Homes ⁽²⁾	5,500	1	8.03%	2,845	2	4.81%
Denso Manufacturing Tennessee, Inc. ⁽²⁾	5,100	2	7.44%	3,800	1	6.43%
Blount Memorial Hospital ⁽²⁾	2,700	3	3.94%	2,217	3	3.75%
Blount County School System ⁽²⁾	1,700	4	2.48%	1,800	4	3.04%
McGhee Tyson ANG Base ⁽²⁾	2,700	5	3.94%	1,249	5	2.11%
Arconic ⁽²⁾ Formerly ALCOA, Inc.	1,400	6	2.04%	1,160	6	1.96%
Maryville City Schools ⁽²⁾	946	7	1.38%	653	9	1.10%
Vanderbilt Mortgage and Finance Inc. ⁽²⁾	900	8	1.31%	0	0	0.00%
Newell Brands ⁽²⁾ Sanford Brands	900	9	1.31%	850	7	1.44%
Blount County Government ⁽²⁾	730	10	1.07%	591	10	1.00%
Accenture Hospitality Service ⁽²⁾ Formerly Marriott	550	11	0.80%	575	11	0.97%
Alcoa City Schools ⁽²⁾	357	12	0.52%	224	23	0.38%
Ruby Tuesday ⁽²⁾	395	13	0.58%	696	8	1.18%
Maryville College ⁽²⁾	500	14	0.73%	336	15	0.57%
City of Maryville ⁽²⁾	342	15	0.50%	305	16	0.52%
Peninsula Hospital ⁽²⁾ , division of Covenant Health	326	16	0.48%	280	19	0.47%
City of Alcoa ⁽³⁾	294	17	0.43%	266	20	0.45%
Standard Aero, Inc. ⁽²⁾	300	18	0.44%	237	22	0.40%
K 12 ⁽²⁾	265	19	0.39%	300	17	0.51%
Performance Foodservice ⁽²⁾ Formerly Reinhart Foodservice	265	20	0.39%	240	21	0.41%
Cornerstone of Recovery ⁽²⁾	230	21	0.34%	240	24	0.41%
	26,400		38.54%	18,864		31.90%
Total Blount County						
Employment 2026 (as of 4/25) ⁽⁴⁾	68,509					
Employment 2016 (as of 4/16) ⁽⁴⁾	59,128					

SOURCES:

- (1) City of Alcoa Comprehensive Financial Report 06/30/16
- (2) City of Maryville Comprehensive Financial Report 6/30/25
- (3) Response from Employer
- (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 2025</u>	<u>Actual FY 2024</u>	<u>Actual FY 2023</u>	<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>
General Government										
Administrative/ Office	42	41	40	45	41	41	43	43	42	42
Police	61	59	53	57	52	51	50	49	48	49
Fire	39	39	37	39	39	36	38	34	34	34
Public Works Admin	13	10	10	8	8	14	12	14	13	13
Streets	10	11	11	9	8	0	0	0	0	0
Other- Support Services and Maintenance	9	8	8	8	8	6	6	6	6	6
Education	279	281	268	247	237	237	218	218	242	249
Solid Waste	25	25	20	18	19	13	13	10	10	10
Other- Inspectors	3	3	3	2	2	2	3	3	3	3
Total General Government	481	477	450	433	414	400	383	377	398	406
Utilities										
Stormwater	5	6	6	6	6	9	7	7	8	8
Water and Sewer	32	31	31	30	31	38	35	35	35	34
Electric	55	52	50	54	48	50	58	61	57	60
Landfill	17	17	17	16	17	17	17	17	18	17
Total Utilities	109	106	104	106	102	114	117	120	118	119
Total Government and Utilities	590	583	554	539	516	514	500	497	516	525

Sources: Various city departments

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

Function/Program General Government	Fiscal Year Ending									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Physical Arrests	1,595	1,096	1,439	1,381	1,961	1,723	1,512	921	1,248	1,145
Traffic Violations	7,841	3,982	3,551	2,761	3,878	4,113	6,686	5,417	5,199	5,298
Fire										
Emergency Response	2,976	2,638	2,755	2,726	2,242	2,137	2,708	2,245	2,184	2,185
Fires Extinguished	63	53	54	29	26	32	58	43	71	84
Inspections	394	416	520	644	358	324	331	318	301	289
Public Works/Streets										
Street Resurfacing (Lanes)	4.8	5.0	5.2	5.0	4.0	6.8	5.3	5.0	3.5	3.4
Potholes Repaired	208	250	242	66	230	218	367	325	77	253
Education										
Tuition Students Served	289	292	318	337	343	338	357	407	378	409
Parks and Recreation										
Community Pool Admissions	25,884	25,700	19,808	24,600	16,039	13,235	29,345	32,600	32,360	36,045
Landfill										
Refuse Collected (Tons per day)	446.37	452.31	425.56	392.65	317.75	261.15	265.92	266.43	244.49	332.46
Water/Sewer										
New Connections	181	190	62	89	96	79	261	64	71	83
Water Main Breaks-Leak Repaired	103	112	139	172	139	110	114	80	79	108
Average Daily Consumption (thousands of gallons)	5,296	7,063	4,915	5,112	4,845	4,898	4,700	4,478	4,832	4,933
Peak Daily Consumption (thousands of gallons)	6,461	9,000	9,000	9,000	7,186	7,670	8,310	8,720	8,480	9,070
Average Daily Sewage Treatment (thousands of gallons)	2,235	2,825	1,960	2,276	2,541	2,544	2,020	1,422	1,755	1,926
Electric Utility										
Average Monthly kwh Purchased	56,822,313	57,165,239	52,965,698	54,333,374	54,334,733	53,018,402	53,916,652	54,665,807	52,830,896	24,465,339

Sources: Various city departments

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

Function/Program	Fiscal Year Ending									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	48	54	50	44	41	36	34	34	44	46
Police Adm. / Other Vehicles	22	25	24	24	22	25	17	17	17	16
Fire Stations	3	3	3	3	3	3	3	3	3	3
Landfill										
Collection Trucks (customers)	99,846	101,984	97,072	92,315	88,651	76,308	70,040	70,040	70,712	69,548
Public Works / Streets										
Highway (miles)	101.4	110.7	109.5	105.5	98.4	98.4	97.7	97.7	97.7	110.9
Traffic Lights	38	38	37	36	34	31	31	31	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	7	7	7	3	3
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Water Mains (miles)	262.0	260.7	260.7	261.6	241.4	241.5	240.6	239.5	237.3	236.0
Storage Capacity (thousands of gallons)	14,950	14,950	14,950	14,950	14,950	14,950	14,950	14,950	14,950	14,950
Treatment Capacity (thousands of gallons)	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	1,600
Sewage										
Sanitary Sewers (miles)	158.7	155.9	150.1	149.8	132.8	132.7	130.1	130.0	129.0	127.0
Storm Sewers (miles)	90.4	85.3	73.8	60.6	55.6	55.6	53.5	49.3	49.7	49.6
Electric										
Number of Customers	28,490	32,499	31,299	30,949	30,299	30,106	29,750	29,262	28,915	28,728
Annual KWH Sold	721,260,946	647,632,659	616,223,104	622,816,521	615,815,190	636,220,819	624,005,361	624,009,864	613,858,813	601,572,219
Sub Stations	7	7	7	7	7	7	13	13	13	13
Pole Line (miles)	1,158	1,149	1,133	1,302	1,292	1,010	1,103	1,086	1,079	1,068

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, 2025

Federal Grantor/Pass-through Grantor Program	ALN	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	\$ 96,175
Commodities - Warehousing Rebate	10.555	N/A	0	3,775
Total Passed through the Tennessee Department of Agriculture			0	99,950
Passed through the Tennessee Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	0	205,306
National School Lunch Program	10.555	N/A	0	634,191
National School Snack Program	10.555	N/A	0	15,941
Total Passed through the Tennessee Department of Education			0	855,438
Total Child Nutrition Cluster			0	955,388
Total U.S. Department of Agriculture			0	955,388
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	31,373
Career and Technical Education - Reserve Grants to States	84.048	N/A	0	50,000
English Language Acquisition State Grants	84.365	N/A	0	7,327
Student Support and Academic Enrichment Program	84.424	N/A	0	8,690
Supporting Effective Instruction State Grants	84.367	N/A	0	54,115
Title I Grants to Local Educational Agencies	84.010	N/A	0	318,968
Special Education Cluster:				
Special Education - Grants to States	84.027A	N/A	0	484,961
Special Education - Preschool Grants	84.173A	N/A	0	19,122
Total Special Education Cluster			0	504,083
COVID-19 Education Stabilization Fund:				
American Rescue Plan - Elementary and Secondary School Emerg. Relief	84.425U	N/A	0	50,570
Total Education Stabilization Fund			0	50,570
Total Passed through the Tennessee Department of Education			0	1,025,126
Total U.S. Department of Education			0	1,025,126
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	23,354
Total U.S. Department of Health and Human Services			0	23,354

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, 2025

Federal Grantor/Pass-through Grantor Program	ALN	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:				
Assistance to Firefighters Grant	97.044	N/A	0	9,153
State and Local Cybersecurity Grant	97.137	N/A	0	22,000
Total U.S. Department of Homeland Security			<u>0</u>	<u>31,153</u>
U.S. Department of Justice				
U.S. Department of Justice Direct Assistance:				
Public Safety Partnership and Community Policing Grants	16.710	N/A	0	117,420
Bulletproof Vest Partnership Program	16.607	N/A	0	6,900
Total U.S. Department of Justice			<u>0</u>	<u>124,320</u>
U.S. Department of Transportation				
Passed through the Tennessee Department of Safety & Homeland Security:				
State and Community Highway Safety (2024)	20.600	Z24THS002	0	10,420
State and Community Highway Safety (2025)	20.600	Z25THS002	0	17,542
Total Highway Safety Cluster			<u>0</u>	<u>27,962</u>
Total U.S. Department of Transportation			<u>0</u>	<u>27,962</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	1,404,745
Total U.S. Department of the Treasury			<u>0</u>	<u>1,404,745</u>
Total Federal Awards			<u>0</u>	<u>3,592,048</u>
State Financial Assistance				
Tennessee Department of Agriculture				
USDA Child Nutrition State Matching		N/A	0	9,667
Tennessee Department of Education				
Early Childhood Education		N/A	0	255,717
Innovative Schools Model		N/A	0	336,337
Learning Loss Remediation and Student Acceleration Camps		N/A	0	240,040
Public School Security Grant		N/A	0	54,351
State Special Education Preschool Grant		N/A	0	36,013
Total Tennessee Department of Education			<u>0</u>	<u>922,458</u>
Tennessee Department of Safety and Homeland Security				
Statewide School Resource Officer Grant Program		N/A	0	321,000
Tennessee Department of Transportation				
Aviation Education Program		N/A	0	25,000
Total State Financial Assistance			<u>0</u>	<u>1,278,125</u>
Total Federal Awards and State Financial Assistance			<u>\$ 0</u>	<u>\$ 4,870,173</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, 2025

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 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 or ALN), 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.



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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, 2025, 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 23, 2025.

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.

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

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

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 is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2025-001.

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 23, 2025



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE 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, 2025. 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, 2025.

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.

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.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 23, 2025

CITY OF ALCOA, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X 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? _____ Yes X None reported

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

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

Major federal programs for the City of Alcoa, Tennessee for the fiscal year ended June 30, 2025 are:

Program Name	Assistance Listing #
Coronavirus State and Local Fiscal Recovery Funds	21.027
Special Education Cluster (IDEA)	84.027 / 84.173

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, 2025

Section II - Financial Statement Findings

Current Year Audit Findings: None

Section III - Federal Award Findings

Current Year Audit Findings: None

Section IV - Noncompliance Under *Government Auditing Standards*

2025-001 - Expenditures Exceed Appropriations

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

Condition - Actual expenditures in the General Obligation Public Works Construction Fund exceeded the amounts appropriated in the budget.

Cause and Effect - Actual expenditures exceed approved appropriations in the General Obligation Public Works Construction 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.



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SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2025

The status of prior year findings for the year ended June 30, 2025:

Financial Statement Findings: None

Federal Award Findings and Questioned Costs: None

Noncompliance Under *Government Auditing Standards*

Prior Year Finding Number	Finding Title	Status/ Current Year Finding Number
2024-001	Expenditures Exceed Appropriations	Repeated / 2025-001



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MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2025

2025-001: Expenditures Exceed Appropriations

Contact Person Responsible for Corrective Action: Allison Williamson, City of Alcoa Interim Finance Director

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.

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

A handwritten signature in blue ink that reads 'Allison Welch'. The signature is written in a cursive style.

Allison Williamson, City of Alcoa
Interim Finance Director