

# CITY OF ALCOA

**CITY OF ALCOA, TENNESSEE**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2013**



*"Excellence in Service - Quality of Life"*

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**CITY OF ALCOA, TENNESSEE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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**CITY OF ALCOA, TENNESSEE**  
**SECTION ONE**  
**INTRODUCTORY SECTION**  
**For the Fiscal Year Ended June 30, 2013**

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# CITY OF ALCOA

## City Officials

CITY OF ALCOA, TENNESSEE

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

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### **BOARD OF COMMISSIONERS**

Donald R. Mull, Mayor  
Clint Abbott, Jr., Vice Mayor  
Vaughn Belcher, Commissioner  
Clayton Bledsoe, Commissioner  
Ken White, Commissioner

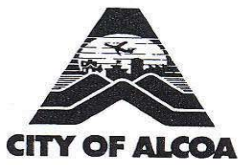
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Mark L. Johnson, City Manager  
G. William Hammon, Jr., Assistant City Manager  
John Troyer, Director of Finance & Administration

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January 21, 2014

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

The financial statements of the City of Alcoa, Tennessee for the fiscal year ended June 30, 2013 are submitted for your review. Responsibility for the accuracy and completeness of the presented data, including all disclosures, rests with the City. To the best of our knowledge and belief, this report is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

## **PROFILE OF THE GOVERNMENT**

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

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

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

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

### **Local Economy**

The City of Alcoa is dealing with the economic slowdown, but there are some signs of improving based on our local sales tax revenue increase. This is a sign that the general population feels some encouragement about our economy. The City of Alcoa and Blount County has the fourth lowest unemployment rate in the State at 8.4%, compared to the State of Tennessee at 9.8%. The City staff continues to work with our local industrial development board and developers to draw commercial and industrial business to our area.

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

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

## **Long-term Financial Planning**

The City of Alcoa has just completed a pedestrian bridge across a major four lane highway and completed an additional 2 miles of walking trails that will tie all of the city's communities into the City greenway walking trails. This project was completed with ARRA, State and local funding. The next major project the City will be considering will be the building of a new high school for approximately twenty-five million dollars. This project is scheduled to be completed for the start of the 2014 school year. Along with this project, the City is considering building a new fire station, replacing an older station, and due to the location, a new site will be considered to be more centrally located based on how the City has grown in different areas. The City is planning to borrow around two million dollars and combine it with the school bond issue.

## **Internal Control**

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

## **Budgetary Controls**

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

## **Single Audit**

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

As a part of the City's single audit, performed in accordance with the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for fiscal years ended June 30, 2013 and 2012 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws, regulations or other matters.

## **OTHER INFORMATION**

### **Independent Audit**

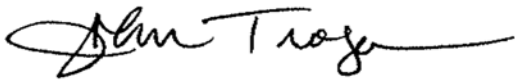
City Charter requires an annual audit by independent certified public accountants. The accounting firm of Ingram, Overholt & Bean, PC has been selected by the City Commission. The auditors' report on the financial statements is included in the financial section of the report.

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

### **Acknowledgment**

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

Respectively submitted,

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

John Troyer  
Director of Finance & Administration



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Alcoa  
Tennessee**

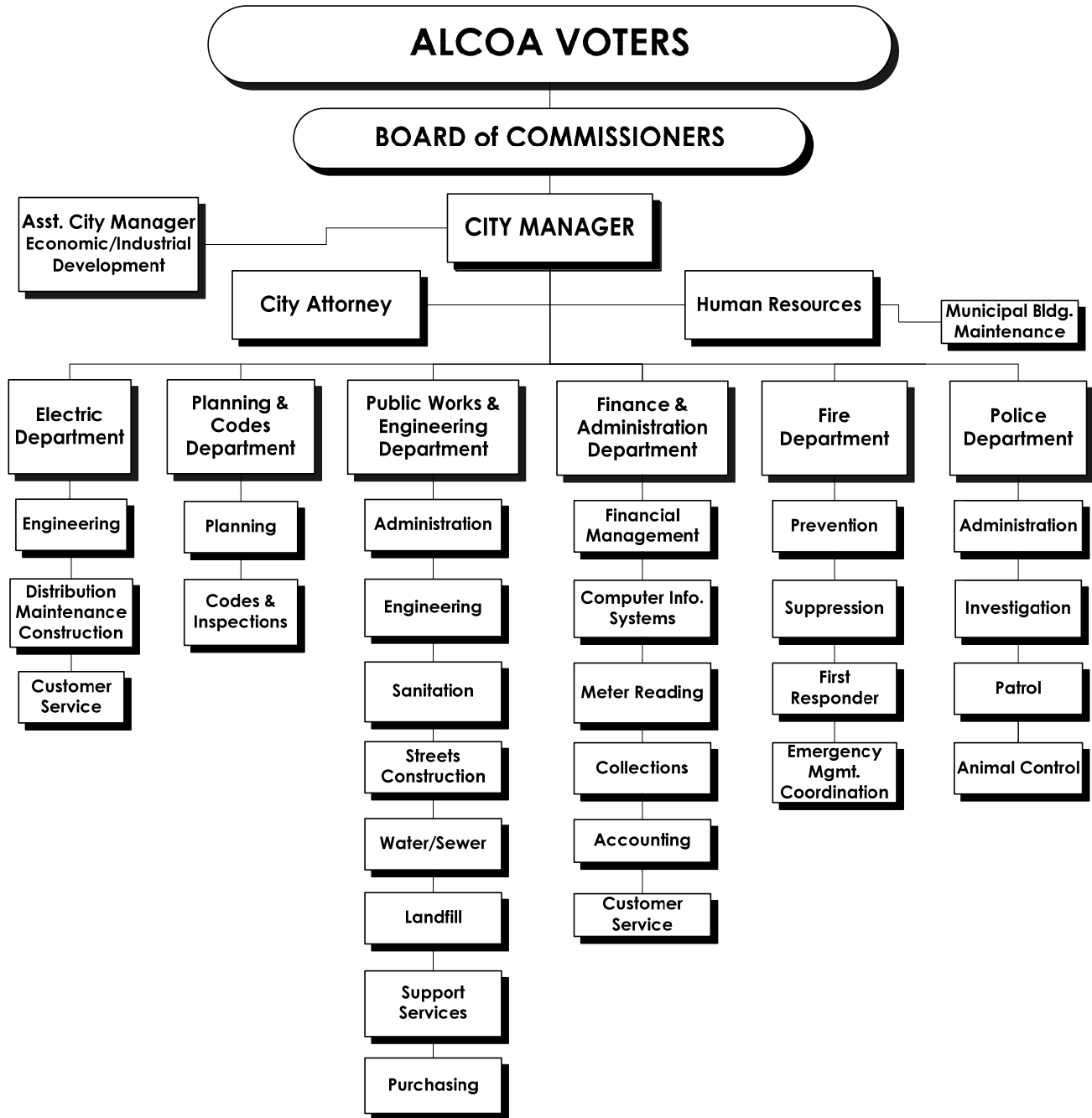
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



# City of Alcoa



*“Excellence in Service - Quality of Life”*

**CITY OF ALCOA, TENNESSEE**

**SECTION TWO**

**FINANCIAL SECTION**

**For the Fiscal Year Ended June 30, 2013**

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

Telephone  
865-984-1040  
Facsimile  
865-982-1665

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alcoa, Tennessee (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alcoa, Tennessee, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages x through xix, and required supplementary schedules pages 78 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City of Alcoa, Tennessee's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-1331 *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

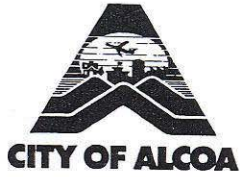
The introductory, other supplementary information, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 21, 2014, on our consideration of the City of Alcoa, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alcoa, Tennessee's internal control over financial reporting and compliance.

*Ingram, Overholt & Bean, PC*

Alcoa, Tennessee  
January 21, 2014



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Alcoa's (the City) Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the financial statements. This report also contains **other supplementary information** in addition to the basic financial statements.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include police, fire, community services, public works, community relations, mayor and council, city manager, recorder, municipal court, development services, economic development, financial services, human resources, and information technology. The business-type activities of the City include stormwater utility, water and sewer utility, electric utility, and landfill.

#### Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following two categories: **governmental** funds and **proprietary** funds.

## Fund Financial Statements (Continued)

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. These statements, however, focus on near term inflows and outflows of spendable resources and spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, education (special revenue fund), general obligation debt service fund, and school construction capital projects fund, which are all considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in the financial statements.

The City adopts an annual appropriated budget for the general, special revenue, capital projects, and general obligation debt service. Budgetary comparison statements have been provided in the basic financial statements for the general, capital projects, and special revenue funds to demonstrate compliance with the budget. These statements for the non-major special revenue, capital projects, and general obligation debt service funds are included in Other Supplementary Information.

**Proprietary funds.** Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or departments of the City. Proprietary funds provide the same type of information shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Stormwater Utility, Water and Sewer Utility, Electric Utility, and Landfill operations. All enterprise funds are considered to be major funds of the City.
- **Internal Service funds** are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for its health insurance, flexible spending, OPEB and service center operations. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service fund is provided in the form of combining statements elsewhere in the financial statements.

## Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## FINANCIAL HIGHLIGHTS

- ◆ The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$69.7 million (net position). The total net position increased by \$2.4 million compared to the prior year.
- ◆ At June 30, 2013, the City's governmental funds reported combined ending fund balances of \$16.4 million, an increase of \$8.5 million in comparison to the prior year. Approximately 21% of this total amount (\$3.47 million) is unassigned fund balance available for spending at the government's discretion.
- ◆ At June 30, 2013, total fund balance for the general fund was \$2.6 million. The unassigned portion of the fund balance is \$2.59 million, which is 16.4% of total general fund expenditures of \$15.9 million.
- ◆ At June 30, 2013, the City's proprietary funds reported combined total net position of \$58.9 million, and total unrestricted net position of \$18.8 million.
- ◆ The City borrowed \$409,572 through the State Revolving Loan Fund during the current fiscal year to finance public works projects, and had a \$10 million bond issue for the Alcoa High School Construction Project.

### Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds, and fiduciary funds are presented immediately following the notes to the financial statements.

## GOVERNMENT-WIDE STATEMENTS FINANCIAL ANALYSIS

### STATEMENTS OF NET POSITION

<u>Assets</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other Assets	\$ 29,761,208	\$ 21,283,428	\$ 44,182,381	\$ 42,134,347	\$ 73,943,589	\$ 63,417,775
Capital assets (net)	49,042,035	47,704,862	111,404,198	112,369,341	160,446,233	160,074,203
Capital lease property	<u>10,379,548</u>	<u>10,594,977</u>	<u>130,285</u>	<u>264,777</u>	<u>10,509,833</u>	<u>10,859,754</u>
Total Assets	<u>89,182,791</u>	<u>79,583,267</u>	<u>155,716,864</u>	<u>154,768,465</u>	<u>244,899,655</u>	<u>234,351,732</u>
Deferred Outflows of Resources:						
Deferred regulatory change- bond issuance costs	<u>-</u>	<u>-</u>	<u>1,294,585</u>	<u>1,387,795</u>	<u>1,294,585</u>	<u>1,387,795</u>
<u>Liabilities</u>						
Long-term liabilities	61,561,407	54,090,573	79,744,176	80,947,153	141,305,583	135,037,726
Other liabilities	<u>8,006,445</u>	<u>6,420,022</u>	<u>18,318,704</u>	<u>17,816,560</u>	<u>26,325,149</u>	<u>24,236,582</u>
Total Liabilities	<u>69,567,852</u>	<u>60,510,595</u>	<u>98,062,880</u>	<u>98,763,713</u>	<u>167,630,732</u>	<u>159,274,308</u>
Deferred Inflows of Resources:						
Deferred Revenue	<u>8,833,086</u>	<u>9,172,794</u>	<u>-</u>	<u>-</u>	<u>8,833,086</u>	<u>9,172,794</u>
<u>Net Position</u>						
Net invested in capital Assets	9,138,604	17,131,555	38,763,375	37,278,343	47,901,979	54,409,898
Restricted for:						
General Fund	2,096	180,786	-	-	2,096	180,786
Special revenue	1,372,178	1,752,814	-	-	1,372,178	1,752,814
Capital projects	10,712,010	3,628,336	-	-	10,712,010	3,628,336
Debt service	804,120	94,697	-	-	804,120	94,697
Property acquisitions	-	-	1,338,590	1,269,617	1,338,590	1,269,617
Unrestricted (deficit)	<u>(11,247,155)</u>	<u>(12,888,310)</u>	<u>18,846,604</u>	<u>18,844,587</u>	<u>7,599,449</u>	<u>5,956,277</u>
<b>Total Net Position</b>	<b><u>\$ 10,781,853</u></b>	<b><u>\$ 9,899,878</u></b>	<b><u>\$ 58,948,569</u></b>	<b><u>\$ 57,392,547</u></b>	<b><u>\$ 69,730,422</u></b>	<b><u>\$ 67,292,425</u></b>

## Analysis of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$69.5 million and \$67.3 million at June 30, 2013 and June 30, 2012, respectively.

The largest portion of the City's net position reflects its investment of \$47.9 million in capital assets (e.g. land, buildings, infrastructure, improvements, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

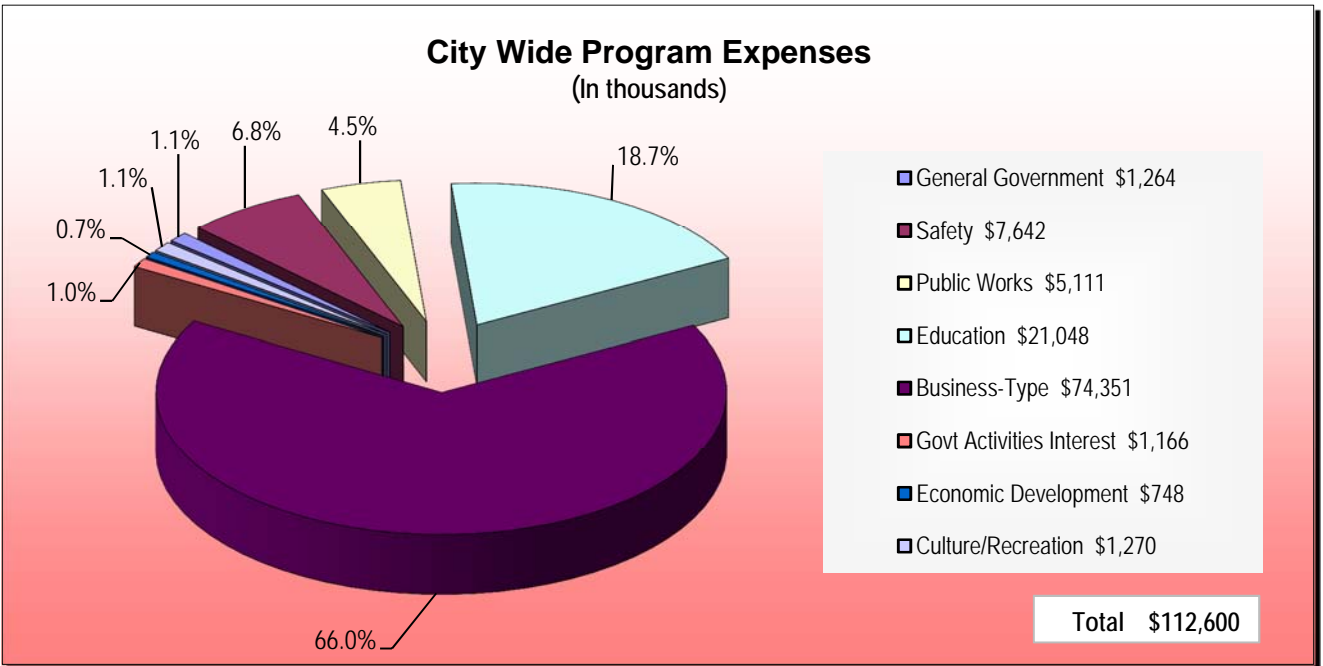
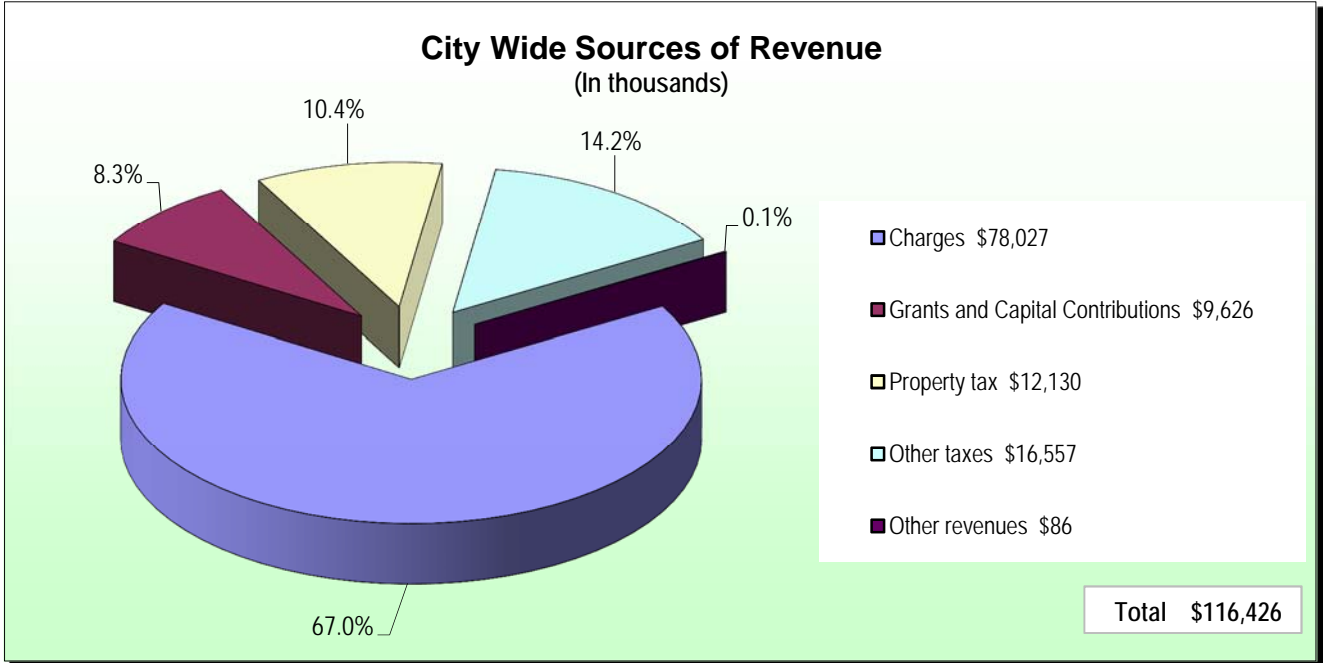
An additional portion of the City's net position, \$14.2 million (20.4%) represents resources that are subject to external restrictions on how they may be used.

### Analysis of Change in Net Position

The City's net position increased by \$3,825,792 for the fiscal year 2013. These changes are explained in the government and business-type activities presented below.

Revenues	<b>Changes in Net Position</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<b>Total</b>	<b>Total</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Program Revenues:						
Charges for services	\$ 1,138,918	\$ 2,463,109	\$ 76,888,513	\$ 77,492,557	\$ 78,027,431	\$ 79,955,666
Operating grants and contributions	8,823,444	3,577,873	105,603	85,166	8,929,047	3,663,039
Capital grants and contributions	223,478	328,348	473,138	942,024	696,616	1,270,372
General Revenues:						
Sales taxes	15,912,732	15,002,875	-	-	15,912,732	15,002,875
State income taxes	104,705	145,229	-	-	104,705	145,229
Property taxes	12,129,571	12,211,321	-	-	12,129,571	12,211,321
Business taxes	284,263	1,361,561	-	-	284,263	1,361,561
Miscellaneous taxes	-	356,090	-	-	-	356,090
Investment earnings	3,476	17,931	23,213	53,219	26,689	71,150
In-lieu of taxes	255,535	156,728	-	-	255,535	156,728
Gain on sale of assets	13,296	-	45,783	-	59,079	-
Total Revenues	<u>38,889,418</u>	<u>35,621,065</u>	<u>79,536,250</u>	<u>78,572,966</u>	<u>116,425,668</u>	<u>114,194,031</u>
<b>Expenses</b>						
General government	1,263,547	2,431,591	-	-	1,263,547	2,431,591
Police and Fire	7,641,666	8,242,524	-	-	7,641,666	8,242,524
Public works and streets	5,110,915	5,484,274	-	-	5,110,915	5,484,274
Recreation and Culture	1,270,427	1,342,132	-	-	1,270,427	1,342,132
Economic development	748,075	690,939	-	-	748,075	690,939
Education	21,048,665	18,980,713	-	-	21,048,665	18,980,713
Interest on long-term debt	1,166,010	2,675,165	-	-	1,166,010	2,675,165
Water and Sewer	-	-	10,647,505	10,513,127	10,647,505	10,513,127
Electric Utility	-	-	59,171,822	57,423,290	59,171,822	57,423,290
Landfill	-	-	3,629,673	3,788,479	3,629,673	3,788,479
Stormwater Utility	-	-	901,571	1,008,510	901,571	1,008,510
Total expenses	<u>38,249,305</u>	<u>39,847,338</u>	<u>74,350,571</u>	<u>72,733,406</u>	<u>112,599,876</u>	<u>112,580,744</u>
Increase (decrease) in net position before transfers and other	640,113	(4,226,273)	3,185,679	5,839,560	3,825,792	1,613,287
Transfers-in-lieu of tax	<u>1,629,657</u>	<u>1,621,501</u>	<u>(1,629,657)</u>	<u>(1,621,501)</u>	<u>-</u>	<u>-</u>
Change in net position	2,269,770	(2,604,772)	1,556,022	4,218,059	3,825,792	1,613,287
Net position at beginning of year	9,899,878	12,504,650	57,392,547	53,174,488	67,292,425	65,679,138
Prior period adjustment	<u>(1,387,795)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,387,795)</u>	<u>-</u>
<b>Net position at end of year</b>	<b><u>\$ 10,781,853</u></b>	<b><u>\$ 9,899,878</u></b>	<b><u>\$ 58,948,569</u></b>	<b><u>\$ 57,392,547</u></b>	<b><u>\$ 69,730,422</u></b>	<b><u>\$ 67,292,425</u></b>

## City of Alcoa, Tennessee for the Fiscal Year Ended June 30, 2013



### **Governmental activities:**

- Governmental activities increased the City governmental net position by \$2,269,770.
- Governmental activities revenue increased by \$3.27 million over the prior year primarily due to increases in property tax collections, and grant items.
- Investment earnings were less because of the market interest rate due to the issues of sub-prime lending.
- The General Fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$367,404.

### **Business-type activities:**

- Business-type activities increased the City's net position by \$1,566,022, whereas the prior year had produced an increase in net position of \$4,218,059.
- The Electric Utility is the largest business-type activity of the City, with a total expense of \$59,171,822. The City of Alcoa is a distributor of electrical power that is purchased from the Tennessee Valley Authority (TVA) and then transmitted and sold by the City to its residential and commercial customers. In October 2006, TVA began adjusting the wholesale power costs to the City each quarter for a fuel cost adjustment (FCA), then in 2009 TVA changed the FCA from quarterly to monthly. These FCA cost adjustments are passed through in electric rate adjustments to the City's customers each month. The FCA can fluctuate the City's electric rates up or down each month. TVA, in October 2009, increased their base wholesale rate, as well as the FCA, by 20%.
- The Water and Sewer Utility ended the fiscal year with total expenses of \$10,647,505. Beginning July 1, 2009, the City had a rate increase for both water and sewer of 15%. During the 2009 fiscal year, the City initiated a special project to install three (3) sewer flow meters with the purpose to record and charge one of the City's largest commercial accounts. Based on studies, additional sewer revenues could be anticipated. The project, originally scheduled for completion by September 30, 2008, was put on hold due to issues with the flow meters. The project was completed and operational in January 2010. The City had several capital contribution projects that were completed during the fiscal year that resulted in the increase in net position.
- The Landfill Utility ended the fiscal year with total expenses of \$3,629,673 and ended with a net loss of \$59,882. This loss over the prior year ended June 30, 2012, was mainly due to less revenue generated from private haulers.
- The Stormwater Utility ended the fiscal year with total expenses of \$901,571 and ended with a net gain of \$136,078.
- Fees provide the largest share of revenues for all of the business-type activities.

## **FUND STATEMENTS FINANCIAL ANALYSIS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

(Continued)

## **Governmental funds (Continued)**

As of the end of the fiscal year ended June 30, 2013, the City's governmental funds reported combined ending fund balances of \$16.4 million, an increase of \$8.5 million from 2012. Approximately \$2.6 million or (14%) of this total amount constitute unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending because it has already been restricted, committed, or assigned to (1) liquidate existing contracts and purchase orders, (2) to pay debt service, and (3) for other restricted purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2.5 million while total fund balance was \$2.5 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 15.73% of total general fund expenditures of \$15.89 million. The increase in fund balance is due to higher than budgeted collections in the area of local sales tax, property tax, and penalties collected on property tax, etc.

The Education Fund is the operating fund for the Alcoa City Schools. As of June 30, 2013, the fund balance is \$879,036 with the assigned fund balance for Education being \$879,036. The assigned represents 5.3% of the schools total budget of \$16,521,500. The primary reason for the decline is the one-time planning and design costs for the new Alcoa High School.

The Debt Service Fund is used to pay principal and interest for debt issued for City and School-related projects. The revenue in the Debt Service Fund was from transfers made by the General Fund and Enterprise Funds. The assigned fund balance at June 30, 2013 is \$804,120 in the debt service fund.

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

## **Proprietary funds**

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

As of June 30, 2013, the Stormwater Utility net position totaled \$1,183,448. As stated earlier, this utility has just completed its fifth year. No major projects have been launched so a fund balance could be created to handle any future ventures. The Utility's expenses exceeded projections, but the utility was able to increase revenue and generate \$136,078 increase in net position.

Net position for Water and Sewer Utility as of June 30, 2013 were \$19,154,135, an increase of \$46,672 from 2012. The increase was primarily due to rate increases made in the Water and Sewer Utility.

Net position of the Electric Utility as of June 30, 2013 was \$35,635,144, an increase of \$1,433,154. The electric utility rates, as discussed earlier, were increased during the 2011 fiscal year by Tennessee Valley Authority. The rate increases were passed on to our customers. In addition, the City of Alcoa Electric implemented a local retail rate increase of 2.5% effective July 1, 2010. Expenditures during the current year were approximately \$1,400,000 less than projected.

Net position of the Landfill Utility as of June 30, 2013 was \$2,975,842, a decrease of \$59,882, primarily due to less revenue generated from private haulers.

(Continued)

## **Budget Highlights – General Fund**

The difference between the original budget and the final amended budget increased by \$151,105. This increase was necessary because of the lease purchase agreement for the Public Safety radio equipment and the lease purchase of one (1) Sanitation garbage truck.

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

1. Tax revenues were increased by \$2,400,000 due to a sales tax increase by voters.
2. The City voted to invest \$2,000,000 in the redevelopment of the former ALCOA, Inc. West Plant site. The funds will be combined with state funds and a contribution from the developer for infrastructure improvements (road access and utility construction) for a mixed use (retail and residential) development.
3. The City increased its contribution to the health plan by \$219,000 during the year to cover higher than expected health insurance claims.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's capital assets for its governmental and business type activities as of June 30, 2013 and 2012 amount to \$170,956,066 and \$170,933,957 (net of accumulated depreciation), respectively. Capital assets include land, buildings, infrastructure, improvements, machinery and equipment, and construction in progress.

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

	<b>Capital Assets, Net of Depreciation</b>					
	<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>		<b><u>Total</u></b>	<b><u>Total</u></b>
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Land	\$ 1,999,450	\$ 1,765,732	\$ 2,171,567	\$ 2,171,567	\$ 4,171,017	\$ 3,937,299
Buildings	29,672,905	29,672,905	83,204,309	82,026,950	112,877,214	111,699,855
Infrastructure	29,107,217	29,107,217	-	-	29,107,217	29,107,217
Improvements	14,236,546	14,855,022	50,195,488	43,720,944	64,432,034	58,575,966
Machinery and equipment	8,631,386	7,878,811	31,689,741	31,416,513	40,321,127	39,295,324
Capital lease property	10,379,548	10,443,284	130,285	264,777	10,509,833	10,708,061
Construction in progress	<u>4,047,349</u>	<u>453,921</u>	<u>1,036,674</u>	<u>5,619,061</u>	<u>5,084,023</u>	<u>6,072,982</u>
Total Capital Assets	98,074,401	94,176,892	168,428,064	165,219,812	266,502,465	259,396,704
Less: Accumulated						
Depreciation	<u>(38,652,818)</u>	<u>(35,877,053)</u>	<u>(56,893,581)</u>	<u>(52,585,694)</u>	<u>(95,546,399)</u>	<u>(88,462,747)</u>
Capital Assets, net of						
Depreciation	<b><u>\$ 59,421,583</u></b>	<b><u>\$ 58,299,839</u></b>	<b><u>\$111,534,483</u></b>	<b><u>\$112,634,118</u></b>	<b><u>\$ 170,956,066</u></b>	<b><u>\$ 170,933,957</u></b>

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

- Various equipment and vehicles were acquired for use in both governmental and business-type activities.
- Continued water line and sewer lines projects (new and rehab)
- Continued work on an auxiliary water line intake
- Continued work on installation of a new electric meter reading system (TWAC)
- City-wide traffic signalization improvement project

(Continued)

## Capital Assets (Continued)

For government-wide financial statement presentation, all depreciable capital assets are depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. Please refer to the Notes to the Financial Statements (See Note 5 – Capital Assets) for further information regarding capital assets.

## Debt Administration

At the end of the current fiscal year, the City had total long-term obligations outstanding of \$146.6 million. Of this amount, \$126.6 million are revenue bonds, general obligation bonds, and capital outlay notes backed by the full faith and credit of the City and \$7.7 million is estimated liability for Landfill closure and post closure costs and capital outlay notes. The remainder includes capital leases of \$10.2 million and compensated absences of \$1.68 million (See Note 6 – Long-Term Liabilities).

	<u>Outstanding Long-Term Obligations</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General Obligation/ Revenue Bonds	\$ 52,975,000	\$ 44,865,000	\$ 73,640,824	\$ 75,091,008	\$126,615,824	\$119,956,008
Capital leases	10,072,979	10,443,284	130,285	264,777	10,203,264	10,708,061
Compensated absences	1,032,466	909,058	1,008,943	987,988	2,041,409	1,897,046
Estimated liability for closure/post-closure care costs	<u>-</u>	<u>-</u>	<u>7,748,577</u>	<u>7,203,672</u>	<u>7,748,577</u>	<u>7,203,672</u>
Total long-term obligations	<u>\$ 64,080,445</u>	<u>\$56,217,342</u>	<u>\$ 82,528,629</u>	<u>\$ 83,547,445</u>	<u>\$146,609,074</u>	<u>\$ 139,764,787</u>

The City of Alcoa's total long-term debt increased by a net of \$6,844,287 during the current fiscal year. The key factor to this increase was due to the City borrowed \$10,000,000 to finance Alcoa High School Construction during the year. The City retired debt in the amount of \$3,749,756.

Additional information on the City's long-term debt can be found in the Notes to the Financial Statements (see Note 6 – Long-Term Liabilities).

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The unemployment rate for the City of Alcoa is currently 8.4%. This is lower than the State's average unemployment rate of 9.8%.
- The commercial industry has improved in the past twelve months and the City believes it will continue to improve.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Alcoa's budget for the 2014 fiscal year. During the current fiscal year, the total unassigned fund balance in the general fund increased by \$253,700 primarily due to tax revenue increases due to the overall economy upswing. The City of Alcoa has not appropriated any of this amount for spending in the 2014 fiscal year budget. The remaining budgets had very little, if any, changes from the prior year.

(Continued)

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, city commissioners, customers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report or need additional information, contact:

City of Alcoa, Tennessee  
Finance and Administration Department  
Accounting Division  
223 Associates Boulevard  
Alcoa, TN 37701  
(865) 380-4700

**CITY OF ALCOA, TENNESSEE**  
**GOVERNMENT WIDE FINANCIAL STATEMENTS**  
**June 30, 2013**

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**CITY OF ALCOA, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**June 30, 2013 and 2012**

	<b>Primary Government</b>		<b>Total 2013</b>	<b>Total 2012</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>		
<b>ASSETS:</b>				
Cash and certificates of deposit .....	\$ 7,493,768	\$ 18,809,925	\$ 26,303,693	\$ 26,305,982
Investments .....	8,570,318	-	8,570,318	-
Property taxes receivable (net of allowance) .....	10,403,273	-	10,403,273	10,307,669
Other receivables (net of allowance) .....	1,389,958	9,578,272	10,968,230	9,858,878
Due from other governments .....	1,903,891	-	1,903,891	1,412,031
Inventories .....	-	1,294,125	1,294,125	1,109,751
Prepaid items .....	-	3,423,113	3,423,113	3,853,721
Restricted Assets: .....				
Cash and certificates of deposit.....	-	11,076,946	11,076,946	10,569,743
Capital Assets (Note 5):				
Non-depreciable assets.....	6,046,799	3,208,242	9,255,041	10,010,282
Depreciable assets, net of depreciation.....	42,995,236	108,195,956	151,191,192	150,063,921
Capital lease property.....	10,379,548	130,285	10,509,833	10,859,754
Total Capital Assets, net of Depreciation.....	59,421,583	111,534,483	170,956,066	170,933,957
<b>Total Assets .....</b>	<b>89,182,791</b>	<b>155,716,864</b>	<b>244,899,655</b>	<b>234,351,732</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred Regulatory Charges - bond Issuance costs .....	-	1,294,585	1,294,585	1,387,795
<b>LIABILITIES:</b>				
Accounts payable.....	2,098,801	10,975,091	13,073,892	12,460,238
Accrued liabilities.....	161,107	311,232	472,339	370,336
Customer deposits.....	-	1,504,850	1,504,850	1,469,509
Unearned revenue .....	1,641,151	-	1,641,151	1,107,322
Other liabilities .....	-	2,743,078	2,743,078	2,855,616
Long-term Liabilities:				
Due within one year (Note 6).....	2,519,038	2,784,453	5,303,491	4,727,061
Due in more than one year (Note 6) .....	61,561,407	71,995,599	133,557,006	127,834,054
Estimated liability – Landfill closure/ Postclosure (Note 6).....	-	7,748,577	7,748,577	7,203,672
Unfunded pension obligation (Note 7).....	1,158,067	-	1,158,067	1,108,113
Post-employment benefit obligation (Note 7) .....	428,281	-	428,281	138,387
<b>Total Liabilities .....</b>	<b>69,567,852</b>	<b>98,062,880</b>	<b>167,630,732</b>	<b>159,274,308</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred revenue.....	8,833,086	-	8,833,086	9,172,794
<b>NET POSITION:</b>				
Net invested in capital assets, (Note 19).....	9,138,604	38,763,375	47,901,979	54,409,898
Restricted for:				
General Fund.....	2,096	-	2,096	180,786
Special Revenue Funds:				
Education .....	879,036	-	879,036	1,299,125
Streets.....	402,596	-	402,596	348,512
Drug Enforcement .....	76,516	-	76,516	96,299
Special Assessment .....	-	-	-	8,878
Vehicle enforcement .....	14,030	-	14,030	
Capital Projects:				
Education .....	8,170,984	-	8,170,984	934,986
Public Works/Safety.....	2,541,026	-	2,541,026	2,693,350
Debt Service.....	804,120	-	804,120	94,697
Property Acquisitions.....	-	1,338,590	1,338,590	1,269,617
Unrestricted (deficit).....	(11,247,155)	18,846,604	7,599,449	5,956,277
<b>Total Net Position .....</b>	<b>\$ 10,781,853</b>	<b>\$ 58,948,569</b>	<b>\$ 69,730,422</b>	<b>\$ 67,292,425</b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2013  
With Comparative Totals for the Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total 2013	Total 2012
<b>PRIMARY GOVERNMENT</b>								
<b>Governmental Activities:</b>								
General Government.....	\$ 2,643,841	\$ 178,493	\$ -	\$ -	\$ (2,465,348)	\$ -	\$ (2,465,348)	\$ (1,408,429)
Public Safety .....	8,354,301	18,146	-	223,478	(8,112,677)	-	(8,112,677)	(7,884,191)
Public Works .....	4,183,912	372,895	1,709,841	-	(2,101,176)	-	(2,101,176)	(3,169,031)
Economic Development .....	748,075	-	-	-	(748,075)	-	(748,075)	(690,939)
Education .....	19,836,728	552,034	7,113,603	-	(12,171,091)	-	(12,171,091)	(16,308,121)
Culture and Recreation .....	1,316,438	17,350	-	-	(1,299,088)	-	(1,299,088)	(1,342,132)
Interest on long-term debt .....	1,166,010	-	-	-	(1,166,010)	-	(1,166,010)	(2,675,165)
<b>Total Governmental Activities .....</b>	<b>38,249,305</b>	<b>1,138,918</b>	<b>8,823,444</b>	<b>223,478</b>	<b>(28,063,465)</b>	<b>-</b>	<b>(28,063,465)</b>	<b>(33,478,008)</b>
<b>Business-Type Activities:</b>								
Landfill.....	3,629,673	3,566,898	-	-	-	(62,775)	(62,775)	454,948
Electric .....	59,171,822	61,827,061	-	-	-	2,655,239	2,655,239	3,756,843
Water/Sewer Utility .....	10,647,505	10,686,651	-	370,745	-	409,891	409,891	1,525,670
Stormwater Utility .....	901,571	1,015,899	-	-	-	114,328	114,328	24,187
<b>Total Business-type Activities .....</b>	<b>74,350,571</b>	<b>77,096,509</b>	<b>-</b>	<b>370,745</b>	<b>-</b>	<b>3,116,683</b>	<b>3,116,683</b>	<b>5,761,648</b>
<b>Total Primary Government.....</b>	<b>\$ 112,599,876</b>	<b>\$ 78,235,427</b>	<b>\$ 8,823,444</b>	<b>\$ 594,223</b>	<b>(28,063,465)</b>	<b>3,116,683</b>	<b>(24,946,782)</b>	<b>(27,716,360)</b>
<b>General Revenues:</b>								
Taxes, net of related credits:								
Property tax					12,385,106	-	12,385,106	12,211,321
Sales tax					15,912,732	-	15,912,732	15,002,875
State income and excise tax					104,705	-	104,705	145,229
Business taxes					284,263	-	284,263	1,361,561
Other taxes					-	-	-	512,818
Gain on sale of capital assets					13,296	45,783	59,079	24,693
Investment earnings					3,476	23,213	26,689	71,150
Transfers – In-lieu-of-tax payments					1,629,657	(1,629,657)	-	-
<b>Total General Revenues and Transfers</b>					<b>30,333,235</b>	<b>(1,560,661)</b>	<b>28,772,574</b>	<b>29,329,647</b>
Change in Net Position					2,269,770	1,556,022	3,825,792	1,613,287
Net Position – Beginning					9,899,878	57,392,547	67,292,425	65,679,138
Adjustment to Net Position – Prior Period Adjustment					(1,387,795)	-	(1,387,795)	-
Adjusted Net Position - Beginning					8,512,083	57,392,547	65,904,630	65,679,138
<b>Net Position – Ending</b>					<b>\$ 10,781,853</b>	<b>\$58,948,569</b>	<b>\$69,730,422</b>	<b>\$67,292,425</b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FUND FINANCIAL STATEMENTS**  
**June 30, 2013**

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**CITY OF ALCOA, TENNESSEE**  
**BALANCE SHEET**  
**Governmental Funds**  
**June 30, 2013 and 2012**

<b><u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u></b>	<b><u>General</u></b>	<b><u>Education</u></b>	<b><u>Debt Service</u></b>	<b><u>School Construction and Improvement Fund</u></b>	<b><u>Alcoa High School Construction Fund</u></b>	<b><u>Non-Major Other Governmental Funds</u></b>	<b><u>Total Governmental Funds</u></b>	
							<b><u>2013</u></b>	<b><u>2012</u></b>
Assets:								
Cash and cash equivalents.....	\$ 1,513,775	\$ 851,535	\$ 804,120	\$ 88,756	\$ 4,719	\$ 3,375,830	\$ 6,638,735	\$ 7,422,943
Investments and certificates of deposit.....	-	-	-	-	8,266,737	-	8,266,737	250,140
Tennessee Local Government Investment Pool.....	-	-	-	-	-	303,581	303,581	309,125
Receivables:								
Sales Taxes.....	1,176,544	266,928	-	-	-	-	1,443,472	453,299
Property Taxes (net of allowance for uncollectible taxes).....	10,403,273	-	-	-	-	-	10,403,273	10,307,669
Accounts.....	564,696	3,050	-	-	-	19,177	586,923	253,708
Note.....	1,982	-	-	-	-	-	1,982	1,982
Due from other governments.....	72,400	101,895	-	-	-	-	174,295	44,029
Due from grantors .....	968	-	-	-	-	1,054,260	1,055,228	914,773
Due from other funds .....	26,137	338,134	-	-	-	224,915	589,186	2,398,243
Due from credit union .....	1,418	-	-	-	-	-	1,418	1,205
Prepaid items .....	-	-	-	-	-	-	-	72
Total Assets .....	<u>13,761,193</u>	<u>1,561,542</u>	<u>804,120</u>	<u>88,756</u>	<u>8,271,456</u>	<u>4,977,763</u>	<u>29,464,830</u>	<u>-</u>
Deferred Outflows of Resources .....	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources .....	<b><u>\$13,761,193</u></b>	<b><u>\$ 1,561,542</u></b>	<b><u>\$ 804,120</u></b>	<b><u>\$ 88,756</u></b>	<b><u>\$ 8,271,456</u></b>	<b><u>\$ 4,977,763</u></b>	<b><u>\$ 29,464,830</u></b>	<b><u>\$ 22,357,118</u></b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>								
Liabilities:								
Accounts payable.....	\$ 644,985	\$ 457,591	\$ -	\$ 54,445	\$ 113,031	\$ 474,151	\$ 1,744,203	\$ 1,551,974
Due to other funds.....	24,170	224,915	-	21,752	-	321,440	592,277	2,398,243
Accrued payroll.....	161,107	-	-	-	-	-	161,107	109,182
Due to State of Tennessee .....	-	-	-	-	-	-	-	3,501
Deferred revenue.....	1,505,282	-	-	-	-	1,899	1,507,181	10,458,808
Unearned grant revenue .....	-	-	-	-	-	133,970	133,970	61,514
Due to Blount County .....	-	-	-	-	-	97,282	97,282	97,282
Total Liabilities .....	<u>2,335,544</u>	<u>682,506</u>	<u>-</u>	<u>76,197</u>	<u>113,031</u>	<u>1,028,742</u>	<u>4,236,020</u>	<u>5,267,504</u>
Deferred Inflows of Resources:								
Deferred Revenue .....	<u>8,833,086</u>	-	-	-	-	-	8,833,086	9,172,794

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE  
BALANCE SHEET (Continued)  
Governmental Funds  
June 30, 2013 and 2012**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Debt Service Fund</u>	<u>School Construction and Improvement Fund</u>	<u>Alcoa High School Construction Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
							<u>2013</u>	<u>2012</u>
<b>Fund Balances:</b>								
Nonspendable .....	-	-	-	-	-	-	-	72
Restricted .....	2,096	-	-	-	-	3,213,426	3,215,522	2,714,772
Committed .....	-	-	-	-	-	-	-	500,000
Assigned .....	-	-	804,120	12,559	8,158,425	734,852	9,709,956	2,441,789
Unassigned.....	<u>2,590,467</u>	<u>879,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>743</u>	<u>3,470,246</u>	<u>2,260,187</u>
 Total Fund Balances .....	 <u>2,592,563</u>	 <u>879,036</u>	 <u>804,120</u>	 <u>12,559</u>	 <u>8,158,425</u>	 <u>3,949,021</u>	 <u>16,395,724</u>	 <u>7,916,820</u>
 <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances .....</b>	 <b><u>\$13,761,193</u></b>	 <b><u>\$ 1,561,542</u></b>	 <b><u>\$ 804,120</u></b>	 <b><u>\$ 88,756</u></b>	 <b><u>\$ 8,271,456</u></b>	 <b><u>\$ 4,977,763</u></b>	 <b><u>\$ 29,464,830</u></b>	 <b><u>\$22,357,118</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES**  
**June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Fund Balances – Total Governmental Funds</b>	\$ 16,395,724	\$ 7,916,820
Amounts to be reported for governmental activities in the statement of net position are different because:		
(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital Assets	<u>2013</u> <u>\$ 59,421,583</u>	<u>2012</u> <u>\$ 58,299,839</u>
	59,421,583	58,299,839
(2) Internal service funds are used by management to charge the cost of certain activities, such as employee health, service center, post retirement and flexible spending to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.	631,339	1,066,804
(3) Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when paid. All liabilities, both current and long-term are reported in the statement of net position as follows:		
Bonds Payable	<u>2013</u> \$ 52,975,000	<u>2012</u> 4,865,000
Compensated absences	1,032,466	909,058
Capital Leases	<u>10,072,979</u>	<u>10,443,284</u>
	<u>\$ 64,080,445</u>	<u>\$ 56,217,342</u>
	(64,080,445)	(56,217,342)
(4) The General pension plan has an unfunded liability at 6/30/13 and 6/30/12 not reported in the government funds.	(1,158,067)	(1,108,113)
(5) Net OPEB Asset – current year funding for the City’s postemployment benefits was required as follows:		
Amount funded	<u>2013</u> \$ 165,332	<u>2012</u> \$ 429,477
Required	(341,190)	(349,190)
Excess OPEB	<u>\$ (175,858)</u>	<u>\$ 80,257</u>
	(175,858)	80,257
(6) OPEB Obligation – Education (not reported in the governmental fund)	(252,423)	(138,387)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><b>\$ 10,781,853</b></u>	<u><b>\$ 9,899,878</b></u>

See accompanying independent auditors’ report and notes.

**CITY OF ALCOA, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Debt Service Fund</u>	<u>School Construction and Improvement Fund</u>	<u>Alcoa High School Construction Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
							<u>2013</u>	<u>2012</u>
<b>Revenues:</b>								
Taxes .....	\$ 15,260,887	\$ 7,188,143	\$ -	\$ -	\$ -	\$ -	\$ 22,449,030	\$ 18,847,900
Licenses, permits and fees .....	107,319	341,288	-	-	-	-	448,607	387,426
Intergovernmental .....	2,250,043	8,790,814	-	-	-	3,296,263	14,337,120	19,660,547
Charges for services .....	372,895	-	-	-	-	569,384	942,279	1,104,516
Fines, forfeitures and costs .....	435,732	-	-	-	-	31,664	467,396	504,571
Property rental .....	143,389	-	-	-	-	-	143,389	136,533
Investment income .....	-	-	-	-	-	3,476	3,476	14,301
Miscellaneous revenue .....	76,703	8,122	-	-	-	-	84,825	174,371
Sale of property/equipment .....	13,296	-	-	-	-	-	13,296	54,149
LGIP Deferred .....	-	-	-	-	-	-	-	794,317
Total Revenues .....	<u>18,660,264</u>	<u>16,328,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,900,787</u>	<u>38,889,418</u>	<u>41,678,631</u>
<b>Expenditures:</b>								
Current:								
General government .....	1,703,606	-	-	-	-	-	1,703,606	1,725,782
Public Safety .....	8,001,649	-	-	-	-	46,295	8,047,944	7,831,192
Public Works .....	4,739,978	-	-	-	-	173,537	4,913,515	5,277,899
Education .....	-	16,519,808	-	672,427	1,841,575	1,949,065	20,982,875	17,958,513
Recreation and Culture .....	699,498	-	-	-	-	360,919	1,060,417	1,096,972
Community Development .....	748,075	-	-	-	-	-	748,075	690,939
Capital Outlay/Capital Assets/Capital Leases .....	-	-	-	-	-	1,889,367	1,889,367	1,174,219
Debt Service:								
Principal Retirement .....	-	-	3,354,834	-	-	-	3,354,834	3,497,476
Interest and Fiscal Charges .....	-	-	3,118,018	-	-	-	3,118,018	5,421,897
Total Expenditures .....	<u>15,892,806</u>	<u>16,519,808</u>	<u>6,472,852</u>	<u>672,427</u>	<u>1,841,575</u>	<u>4,419,183</u>	<u>45,818,651</u>	<u>44,674,889</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures .....	<u>2,767,458</u>	<u>(191,441)</u>	<u>(6,472,852)</u>	<u>(672,427)</u>	<u>(1,841,575)</u>	<u>(518,396)</u>	<u>(6,929,233)</u>	<u>(2,996,258)</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>General</u>	<u>Education</u>	<u>Debt Service</u>	<u>School Construction and Improvement Fund</u>	<u>Alcoa High School Construction Fund</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
							<u>2013</u>	<u>2012</u>
<b>Other Financing Sources (Uses):</b>								
Transfers to other funds .....	(4,572,099)	(68,500)	-	(250,000)	-	-	(4,890,599)	(5,969,306)
Transfer from other funds .....	250,000	-	7,182,275	-	-	1,236,804	8,669,079	5,900,806
Capital leases .....	-	-	-	-	-	-	-	402,528
Payments in lieu of taxes .....	1,629,657	-	-	-	-	-	1,629,657	1,621,501
Bond proceeds.....	-	-	-	-	10,000,000	-	10,000,000	-
 Total Other Financing Sources (Uses) .....	<u>(2,692,442)</u>	<u>(68,500)</u>	<u>7,182,275</u>	<u>(250,000)</u>	<u>10,000,000</u>	<u>1,236,804</u>	<u>15,408,137</u>	<u>1,955,529</u>
Net Change in Fund Balance.....	75,016	(259,941)	709,423	(922,427)	8,158,425	718,408	8,478,904	(1,040,729)
Fund Balance, July 1 <sup>st</sup> .....	<u>2,517,547</u>	<u>1,138,977</u>	<u>94,697</u>	<u>934,986</u>	<u>-</u>	<u>3,230,613</u>	<u>7,916,820</u>	<u>8,957,549</u>
<b>Fund Balance, June 30<sup>th</sup> .....</b>	<b><u>\$ 2,592,563</u></b>	<b><u>\$ 879,036</u></b>	<b><u>\$ 804,120</u></b>	<b><u>\$ 12,559</u></b>	<b><u>\$ 8,158,425</u></b>	<b><u>\$ 3,949,021</u></b>	<b><u>\$ 16,395,724</u></b>	<b><u>\$ 7,916,820</u></b>

See accompanying independent auditors' report and notes.

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**CITY OF ALCOA, TENNESSEE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**For the Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Net Change in Fund Balances – Total Governmental Funds:</b>	\$ 8,478,904	\$ (1,040,729)
Amounts reported for the governmental activities in the statement of activities are different because:		
1) Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:		
	<u>2013</u>	<u>2012</u>
Capital Outlay	\$ 3,987,779	\$ 1,803,196
Depreciation	<u>(2,866,036)</u>	<u>(2,872,409)</u>
	<u>\$ 1,121,743</u>	<u>\$ (1,069,213)</u>
	1,121,743	(1,069,213)
2) Lease payments are reported as expenditures in the governmental funds when paid. For the city as a whole, however, the principal portion of the payments serve to reduce the liability in the statement of net position while the acquisition of new leases increase the liability. This is the amount by which principal payments (exceed) or are less than new capital leases:		
	<u>2013</u>	<u>2012</u>
New Leases	\$ -	\$ 402,528
Payments	<u>(370,305)</u>	<u>(151,693)</u>
	<u>\$ (370,305)</u>	<u>\$ 250,835</u>
	370,305	(250,835)
3) The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which the bond proceeds (exceed) or are less than retirement in the current period:		
	<u>2013</u>	<u>2012</u>
Bonds issued	\$10,000,000	\$ -
Retired	<u>(1,890,000)</u>	<u>(1,760,000)</u>
	<u>\$ 8,110,000</u>	<u>\$ (1,760,000)</u>
	(8,110,000)	1,760,000
4) The net revenues (expenditures) of internal service funds activities are reported with governmental activities.		
	-	(203,182)
5) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental fund:		
a. OPEB Obligation – Education	(252,423)	(138,387)
b. OPEB Obligation – City	(175,858)	80,257
c. Unfunded Pension obligation	(1,158,067)	(1,108,113)
d. Change in compensated absences	(123,408)	(397,571)
e. Construction in-progress	<u>2,118,574</u>	<u>(236,999)</u>
<b>Changes in Net Position of Governmental Activities</b>	<u><b>\$ 2,269,770</b></u>	<u><b>\$ (2,604,772)</b></u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>June 30, 2012 Actual</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
<b>REVENUES:</b>					
Taxes .....	\$ 13,172,700	\$ 15,572,700	\$ 15,260,887	\$ (311,813)	\$ 11,654,503
Licenses and permits .....	117,900	117,900	107,319	(10,581)	85,630
Fines and forfeits .....	500,000	500,000	435,732	(64,268)	474,586
Intergovernmental .....	2,127,310	2,127,310	2,017,241	(110,069)	2,732,447
Interest earned .....	20,000	20,000	-	(20,000)	11,878
Public works, labor and material .....	436,970	436,970	372,895	(64,075)	416,425
Miscellaneous .....	10,100	10,100	26,703	16,603	53,217
CATV franchise fee .....	80,000	80,000	78,188	(1,812)	75,894
Property rental .....	136,910	136,910	143,389	6,479	136,533
Department services .....	100,000	100,000	122,495	22,495	121,364
Fees development .....	9,000	9,000	6,629	(2,371)	7,584
Insurance refunds .....	5,000	5,000	25,490	20,490	37,586
Sale of property .....	-	-	13,296	13,296	28,617
Contributions and donations – business ..	<u>12,000</u>	<u>12,000</u>	<u>50,000</u>	<u>38,000</u>	<u>-</u>
Total Revenues .....	<u>16,727,890</u>	<u>19,127,890</u>	<u>18,660,264</u>	<u>(467,626)</u>	<u>15,836,264</u>
<b>EXPENDITURES:</b>					
General government .....	1,699,780	1,715,180	1,703,606	11,574	1,725,782
Public works .....	4,954,975	4,892,467	4,739,978	152,489	4,879,116
Public safety – Police .....	4,914,240	4,910,240	4,851,070	59,170	4,714,293
Public safety – Fire .....	3,115,955	3,294,168	3,150,579	143,589	3,051,343
Contributions and grants to other agencies .....	<u>1,424,155</u>	<u>1,448,155</u>	<u>1,447,573</u>	<u>582</u>	<u>1,263,256</u>
Total Expenditures .....	<u>16,109,105</u>	<u>16,260,210</u>	<u>15,892,806</u>	<u>367,404</u>	<u>15,633,790</u>
<b>Excess (Deficit) of Revenues Over Expenditures .....</b>	<b><u>618,785</u></b>	<b><u>2,867,680</u></b>	<b><u>2,767,458</u></b>	<b><u>(100,222)</u></b>	<b><u>202,474</u></b>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)  
For the Fiscal Year Ended June 30, 2013  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>				<u>June 30, 2012 Actual</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in (out):					
Payments in lieu of taxes.....	1,700,000	1,700,000	1,629,657	(70,343)	1,621,501
Debt Service .....	(3,344,000)	(3,344,000)	(3,337,324)	6,676	(2,486,856)
School Construction .....	250,000	250,000	250,000	-	250,000
Equipment Replacement Fund .....	(200,000)	(200,000)	(200,000)	-	(200,000)
General Obligation Public Works Construction .....	<u>(1,650,000)</u>	<u>(1,650,000)</u>	<u>(1,001,668)</u>	<u>648,332</u>	<u>(2,000,000)</u>
Total Other Financing Sources (Uses) .....	<u>(3,244,000)</u>	<u>(3,244,000)</u>	<u>(2,659,335)</u>	<u>584,665</u>	<u>(2,815,355)</u>
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses.....	<u>(2,625,215)</u>	<u>(376,320)</u>	<u>108,123</u>	<u>484,443</u>	<u>(2,612,881)</u>
FUND BALANCE AT BEGINNING OF YEAR.....	<u>2,517,547</u>	<u>2,517,547</u>	<u>2,517,547</u>	<u>-</u>	<u>5,130,428</u>
<b>FUND BALANCE AT END OF YEAR .....</b>	<b><u><u>\$ (107,668)</u></u></b>	<b><u><u>\$ 2,141,227</u></u></b>	<b><u><u>\$ 2,625,670</u></u></b>	<b><u><u>\$ 448,443</u></u></b>	<b><u><u>\$ 2,517,547</u></u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**EDUCATION FUND – SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>June 30,</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>	<u>2012</u> <u>Actual</u>
<b>Revenues:</b>					
Taxes.....	\$ 7,116,000	\$ 7,231,600	\$ 7,188,143	\$ (43,457)	\$ 7,193,397
Miscellaneous .....	2,295,500	2,040,500	2,082,547	42,047	1,949,864
Revenue from other agencies .....	<u>6,925,500</u>	<u>7,067,900</u>	<u>7,057,677</u>	<u>(10,223)</u>	<u>6,821,811</u>
Total Revenues.....	<u>16,337,000</u>	<u>16,340,000</u>	<u>16,328,367</u>	<u>(11,633)</u>	<u>15,965,072</u>
<b>Expenditures:</b>					
Board of Education .....	215,874	210,874	210,797	77	186,030
Office of Superintendent.....	242,802	246,802	245,240	1,562	226,296
Office of Principals .....	929,177	983,477	983,414	63	910,134
Fiscal services .....	170,015	171,975	176,465	(4,490)	277,658
Transportation .....	219,683	210,483	210,127	356	204,049
Instruction/Elementary/Secondary .....	9,560,080	9,637,680	9,637,187	493	9,332,807
Instruction – Regular.....	549,631	475,931	475,921	10	637,337
Other student support.....	375,802	362,802	362,539	263	308,592
Health services .....	177,493	177,493	177,477	16	190,172
Operation of plant .....	1,114,513	1,078,053	1,077,612	441	1,060,207
Maintenance of plant.....	572,341	668,341	667,457	884	769,761
Food services .....	650	650	592	58	1,033
Capital outlay .....	25,000	110,000	109,000	1,000	105,976
Special education .....	1,103,786	1,103,786	1,103,727	59	1,077,690
Vocational education .....	345,234	327,234	326,847	387	312,780
Lottery Pre-K .....	215,738	220,338	220,300	38	207,925
Central and other.....	421,114	443,414	443,619	(205)	-
Family Resource Center.....	<u>98,067</u>	<u>92,167</u>	<u>91,487</u>	<u>680</u>	<u>87,088</u>
Total Expenditures .....	<u>16,337,000</u>	<u>16,521,500</u>	<u>16,519,808</u>	<u>1,692</u>	<u>15,895,535</u>
Excess (Deficiency) of Revenues Over					
Expenditures .....	-	(181,500)	(191,441)	(9,941)	69,537
Other Financing Sources (Uses)					
Transfer to School Construction and					
Improvement Fund.....	-	-	-	-	(963,950)
Transfer to School OPEB Insurance Fund ..	<u>(68,500)</u>	<u>(68,500)</u>	<u>(68,500)</u>	<u>-</u>	<u>(68,500)</u>
Net Change in Fund Balance .....	(68,500)	(250,000)	(259,941)	(9,941)	(962,913)
Fund Balance at Beginning of Year .....	<u>1,138,977</u>	<u>1,138,977</u>	<u>1,138,977</u>	<u>-</u>	<u>2,101,890</u>
<b>Fund Balance at End of Year.....</b>	<b><u>\$ 1,070,477</u></b>	<b><u>\$ 888,977</u></b>	<b><u>\$ 879,036</u></b>	<b><u>\$ (9,941)</u></b>	<b><u>\$ 1,138,977</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 June 30, 2013  
 With Comparative Totals for June 30, 2012**

**Business-Type Activities –**

**Enterprise Funds**

**2013**

**Governmental Activities**

**Internal Service Funds**

	<u>Stormwater Utility</u>	<u>Water/ Sewer Utility</u>	<u>Electric Utility</u>	<u>Landfill</u>	<u>Total</u>	<u>2012 Total</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>								
<b>Current Assets:</b>								
Cash in bank/Certificate of deposit .....	\$ 774,641	\$ 6,363,896	\$ 9,127,231	\$ 2,544,157	\$ 18,809,925	\$ 17,079,478	\$ 855,033	\$ 1,244,296
Accounts receivable – Net .....	85,357	1,064,744	5,786,553	377,269	7,313,923	7,208,278	30,531	-
Accrued interest .....	-	-	1,615	-	1,615	10,507	-	-
Inventory .....	-	681,764	612,361	-	1,294,125	1,109,751	-	-
Prepaid expenses .....	-	-	-	-	-	744	-	-
Prepaid TVA Power Invoice Program .....	-	-	3,423,113	-	3,423,113	3,772,648	-	-
Certificates of deposit – bond redemption reserve .....	-	-	<u>3,328,369</u>	-	<u>3,328,369</u>	<u>3,366,071</u>	-	-
Total Current Assets .....	<u>859,998</u>	<u>8,110,404</u>	<u>22,279,242</u>	<u>2,921,426</u>	<u>34,171,070</u>	<u>32,547,477</u>	<u>885,564</u>	<u>1,244,296</u>
<b>NonCurrent Assets:</b>								
<b>Capital Assets:</b>								
Nondepreciable:								
Land and easements .....	-	1,194,236	336,481	640,851	2,171,568	2,171,568	-	-
Construction in progress .....	-	53,828	982,846	-	1,036,674	5,619,061	-	-
Plant and equipment – depreciable .....	594,749	79,207,382	71,948,828	13,468,866	165,219,825	157,429,183	-	-
Accumulated depreciation .....	<u>(139,393)</u>	<u>(20,788,883)</u>	<u>(28,434,831)</u>	<u>(7,530,477)</u>	<u>(56,893,584)</u>	<u>(52,585,694)</u>	-	-
Net Capital Assets .....	<u>455,356</u>	<u>59,666,563</u>	<u>44,833,324</u>	<u>6,579,240</u>	<u>111,534,483</u>	<u>112,634,118</u>	-	-
<b>Other NonCurrent Assets:</b>								
Receivables from customers for conservation loans/back utilities .....	-	-	2,162,734	-	2,162,734	2,283,198	-	-
Long-term note receivable .....	-	-	100,000	-	100,000	100,000	-	-
Cash in bank – Restricted .....	-	-	-	4,542,376	4,542,376	4,020,327	-	-
Investments – Certificates of deposits - restricted for construction .....	-	-	-	<u>3,206,201</u>	<u>3,206,201</u>	<u>3,183,345</u>	-	-
Total Other NonCurrent Assets .....	<u>-</u>	<u>-</u>	<u>2,262,734</u>	<u>7,748,577</u>	<u>10,011,311</u>	<u>9,586,870</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS .....</b>	<b><u>1,315,354</u></b>	<b><u>67,776,967</u></b>	<b><u>69,375,300</u></b>	<b><u>17,249,243</u></b>	<b><u>155,716,864</u></b>	<b><u>154,768,465</u></b>	<b><u>885,564</u></b>	<b><u>1,244,296</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>								
Deferred regulatory charges - bond issuance costs .....	-	<u>721,275</u>	<u>474,959</u>	<u>98,351</u>	<u>1,294,585</u>	<u>1,387,795</u>	-	-

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION (Continued)  
 June 30, 2013  
 With Comparative Totals for June 30, 2012**

	<b>Business-Type Activities – Enterprise Funds</b>					<b>Governmental Activities Internal Service Funds</b>		
	<b>2013</b>					<b>2012 Total</b>	<b>2013</b>	<b>2012</b>
	<b>Stormwater Utility</b>	<b>Water/ Sewer Utility</b>	<b>Electric Utility</b>	<b>Landfill</b>	<b>Total</b>			
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts payable.....	16,105	495,315	10,383,741	68,812	10,963,973	10,629,989	12,562	23,845
Medical claims payable.....	-	-	-	-	-	-	241,663	153,647
Other accrued payables.....	6,096	40,045	250,001	15,090	311,232	261,154	-	-
Bonds payable – current.....	-	426,848	-	595,000	1,021,848	1,475,000	-	-
Customer deposits.....	-	-	1,504,850	-	1,504,850	1,469,509	-	-
Due to other funds.....	3,382	-	-	7,736	11,118	-	-	-
Compensated absences.....	23,885	246,394	360,036	94,952	725,267	688,122	-	-
Revolving loan payable – current .....	-	230,000	705,000	-	935,000	308,354	-	-
Capital lease payable – current .....	54,491	-	-	47,847	102,338	128,816	-	-
Retainage payable.....	-	221,256	-	-	221,256	217,373	-	-
Total Current Liabilities.....	<u>103,959</u>	<u>1,659,858</u>	<u>13,203,628</u>	<u>829,437</u>	<u>15,796,882</u>	<u>15,178,317</u>	<u>254,225</u>	<u>177,492</u>
Long-Term Liabilities:								
Compensated absences.....	-	50,273	209,665	23,738	283,676	299,866	-	-
Bonds payable.....	-	47,248,976	18,280,000	5,770,000	71,298,976	69,020,165	-	-
Estimated liability for Landfill closure and postclosure care costs .....	-	-	-	7,748,577	7,748,577	7,203,672	-	-
Revolving loan payable.....	-	385,000	-	-	385,000	4,297,479	-	-
Capital lease payable .....	27,947	-	-	-	27,947	135,961	-	-
Advances – TVA Conservation Loans.....	-	-	2,235,490	-	2,235,490	2,251,546	-	-
Deferred Credits.....	-	-	286,332	-	286,332	376,707	-	-
Total Long-Term Liabilities.....	<u>27,947</u>	<u>47,684,249</u>	<u>21,011,487</u>	<u>13,542,315</u>	<u>82,262,998</u>	<u>83,585,396</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES.....</b>	<u>131,906</u>	<u>49,344,107</u>	<u>34,215,115</u>	<u>14,371,752</u>	<u>98,062,880</u>	<u>98,763,713</u>	<u>254,225</u>	<u>177,492</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION:</b>								
Unrestricted.....	810,530	6,778,397	9,786,818	1,470,859	18,846,604	18,844,587	631,339	1,066,804
Restricted for property acquisitions .....	-	-	-	1,338,590	1,338,590	1,269,617	-	-
Invested in capital assets, net of related debt ..	372,918	12,375,738	25,848,326	166,393	38,763,375	37,278,343	-	-
<b>TOTAL NET POSITION.....</b>	<u>\$ 1,183,448</u>	<u>\$ 19,154,135</u>	<u>\$ 35,635,144</u>	<u>\$ 2,975,842</u>	<u>\$ 58,948,569</u>	<u>\$ 57,392,547</u>	<u>\$ 631,339</u>	<u>\$ 1,066,804</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 June 30, 2013  
 With Comparative Totals for June 30, 2012**

	<b>Business-Type Activities – Enterprise Funds</b>					<b>Governmental Activities Internal Service Funds</b>		
	<b>2013</b>					<b>2012 Total</b>	<b>2013</b>	<b>2012</b>
	<b>Stormwater Utility</b>	<b>Water/ Sewer Utility</b>	<b>Electric Utility</b>	<b>Landfill</b>	<b>Total</b>			
<b>Operating Revenues:</b>								
Charges for services.....	\$ 1,015,899	\$ 10,572,753	\$ 60,550,987	\$ 3,452,847	\$ 75,592,486	\$ 76,188,246	\$ 4,877,440	\$ 4,752,348
Forfeited discounts .....	-	-	425,046	-	425,046	420,582	-	-
Miscellaneous revenues .....	-	113,898	848,125	7,561	969,584	1,725,965	1,937	1,425
Total Operating Revenues.....	<u>1,015,899</u>	<u>10,686,651</u>	<u>61,824,158</u>	<u>3,460,408</u>	<u>76,987,116</u>	<u>78,334,793</u>	<u>4,879,377</u>	<u>4,753,773</u>
<b>Operating Expenses:</b>								
Medical claims paid.....	-	-	-	-	-	-	3,726,164	3,531,389
Insurance premiums/administration .....	-	-	-	-	-	-	1,347,728	1,259,352
Administrative .....	244,072	700,237	2,822,356	356,287	4,122,952	3,982,045	-	-
Accounting and collections.....	-	740,753	-	-	740,753	681,933	-	-
Supervision .....	-	232,104	-	-	232,104	225,879	-	-
Water plant operation .....	-	1,542,722	-	-	1,542,722	1,563,571	-	-
Distribution and transmission .....	-	831,263	1,440,403	-	2,271,666	2,126,221	-	-
Meter reading and repair.....	-	358,834	-	-	358,834	333,595	-	-
Water maintenance .....	-	177,093	-	-	177,093	186,402	-	-
Sewage collection/disposal/pumping.....	-	2,218,637	-	-	2,218,637	2,342,623	-	-
Customer accounts.....	-	-	1,312,066	-	1,312,066	1,307,531	-	-
Purchased power .....	-	-	48,108,297	-	48,108,297	47,257,423	-	-
Landfill operation .....	-	-	-	2,194,047	2,194,047	2,252,887	-	-
Environmental compliance .....	-	105,844	-	116,607	222,451	219,527	-	-
Depreciation .....	68,063	2,293,111	2,411,498	694,843	5,467,515	5,401,876	-	-
Operations and maintenance .....	510,061	-	2,588,315	-	-	2,724,806	-	-
Street cleaning .....	79,375	-	-	-	-	97,357	-	-
Service center operations .....	-	-	-	-	-	-	309,450	234,714
Total Operating Expenses .....	<u>901,571</u>	<u>9,200,598</u>	<u>58,682,935</u>	<u>3,361,784</u>	<u>72,146,888</u>	<u>70,703,676</u>	<u>5,383,342</u>	<u>5,025,455</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION (Continued)  
 June 30, 2013  
 With Comparative Totals for June 30, 2012**

	<b>Business-Type Activities – Enterprise Funds</b>					<b>Governmental Activities Internal Service Funds</b>		
	<b>2013</b>					<b>2012 Total</b>	<b>2013</b>	<b>2012</b>
	<b>Stormwater Utility</b>	<b>Water/ Sewer Utility</b>	<b>Electric Utility</b>	<b>Landfill</b>	<b>Total</b>			
Operating Income (loss) .....	114,328	1,486,053	3,141,223	98,624	4,840,228	7,631,117	(503,965)	(271,682)
<b>Other Income (Expense):</b>								
Grant.....	-	-	-	105,603	105,603	85,166	-	-
Other income (expense).....	21,750	11,781	15,155	(3,958)	44,728	35,419	-	-
Amortization of debt discount and expense .....	-	(51,777)	(26,387)	(15,045)	(93,209)	(85,926)	-	-
Interest expense .....	-	(1,395,130)	(462,500)	(247,999)	(2,105,629)	(1,933,654)	-	-
Interest income .....	-	-	20,320	2,893	23,213	53,219	-	-
Total Other Income (Expense).....	<u>21,750</u>	<u>(1,435,126)</u>	<u>(453,412)</u>	<u>(158,506)</u>	<u>(2,025,294)</u>	<u>(1,845,776)</u>	<u>(503,965)</u>	<u>-</u>
Net Income (loss) Before Contributions and Transfers.....	136,078	50,927	2,687,811	(59,882)	2,814,934	5,785,341	-	-
Transfers In (Out).....	-	-	-	-	-	-	68,500	68,500
Capital Contributions.....	-	370,745	-	-	370,745	54,219	-	-
Payments in Lieu of Taxes .....	-	(375,000)	(1,254,657)	-	(1,629,657)	(1,621,501)	-	-
Change in Net Position .....	136,078	46,672	1,433,154	(59,882)	1,556,022	4,218,059	(435,465)	(203,182)
Net Position – Beginning .....	<u>1,047,370</u>	<u>19,107,463</u>	<u>34,201,990</u>	<u>3,035,724</u>	<u>57,392,547</u>	<u>53,174,488</u>	<u>1,066,804</u>	<u>1,269,986</u>
<b>Net Position – Ending .....</b>	<b><u>\$ 1,183,448</u></b>	<b><u>\$ 19,154,135</u></b>	<b><u>\$ 35,635,144</u></b>	<b><u>\$ 2,975,842</u></b>	<b><u>\$ 58,948,569</u></b>	<b><u>\$ 57,392,547</u></b>	<b><u>\$ 631,339</u></b>	<b><u>\$ 1,066,804</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 For the Fiscal Year Ended June 30, 2013  
 With Comparative Totals for June 30, 2012**

	<u>Business-Type Activities – Enterprise Funds</u>					<u>Governmental Activities Internal Service Funds</u>		
	<u>2013</u>					<u>2012 Total</u>	<u>2013</u>	<u>2012</u>
	<u>Stormwater Utility</u>	<u>Water/ Sewer Utility</u>	<u>Electric Utility</u>	<u>Landfill</u>	<u>Total</u>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Cash received from customers/employees' insurance .....	\$1,014,819	\$10,650,448	\$61,860,827	\$ 3,507,496	\$ 77,033,590	\$ 76,162,442	\$ 4,848,846	\$ 4,753,773
Cash payments to suppliers for goods and services/ medical claims .....	(498,912)	(5,235,198)	(51,983,343)	(795,005)	(58,512,458)	(56,384,591)	(5,306,609)	(4,927,611)
Cash payments to employees for services.....	(334,109)	(1,872,076)	(3,452,422)	(1,815,943)	(7,474,550)	(6,646,359)	-	-
Net Cash Flows From Operating Activities .....	<u>181,798</u>	<u>3,543,174</u>	<u>6,425,062</u>	<u>896,548</u>	<u>11,046,582</u>	<u>13,131,492</u>	<u>(457,763)</u>	<u>(173,838)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>								
Transfers out – in lieu of taxes.....	-	(375,000)	(1,254,657)	-	(1,629,657)	(1,621,501)	-	-
Closure/postclosure payments .....	-	-	-	544,905	544,905	526,500	-	-
Receipts from other funds.....	-	-	-	-	-	-	68,500	131,500
Payments to other funds.....	-	-	-	-	-	-	-	(63,000)
Net Cash Flows From Non-Capital Financing Activities .....	<u>-</u>	<u>(375,000)</u>	<u>(1,254,657)</u>	<u>544,905</u>	<u>(1,084,752)</u>	<u>(1,095,001)</u>	<u>68,500</u>	<u>68,500</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>								
Advances from TVA .....	-	-	606,339	-	606,339	747,651	-	-
Utility plant removal costs .....	-	-	(44,530)	-	(44,530)	29,509	-	-
Principal paid on bonds/notes/capital leases/revolving loan ..	(52,671)	(200,174)	(680,000)	(651,821)	(1,584,666)	(1,882,427)	-	-
Interest paid on bonds/notes/capital leases/revolving loan ...	-	(1,395,130)	(462,500)	(247,999)	(2,105,629)	(1,971,232)	-	-
Customer deposits received .....	-	-	339,760	-	339,760	383,551	-	-
Customer deposits refunded .....	-	-	(304,419)	-	(304,419)	(279,996)	-	-
Repayments of advances.....	-	-	(576,433)	-	(576,433)	(680,608)	-	-
Deferred credits .....	-	-	(100,375)	-	(100,375)	(199,399)	-	-
Merchandizing, jobbing, and contract work revenue .....	-	11,781	1,357	(3,958)	9,180	33,586	-	-
Collection on conservation loans .....	-	-	648,788	-	648,788	491,313	-	-
Payments for acquisition and construction of capital assets .	(168,940)	(2,238,294)	(2,058,593)	-	(4,465,827)	(8,473,886)	-	-
Additional long-term bond/capital outlay notes/ revolving loans .....	-	-	-	-	-	3,551,221	-	-
Acquisition of conservation loans.....	-	-	(617,548)	-	(617,548)	(565,021)	-	-
Proceeds from sale of assets .....	21,750	-	-	-	21,750	-	-	-
Contributions in aid of construction .....	-	370,745	-	-	370,745	54,219	-	-
Net Cash Flows From Capital and Related Financing Activities.....	<u>(199,861)</u>	<u>(3,451,072)</u>	<u>(3,248,154)</u>	<u>(903,778)</u>	<u>(7,802,865)</u>	<u>(8,761,519)</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for June 30, 2012**

	<b>Business-Type Activities – Enterprise Funds</b>					<b>Governmental Activities Internal Service Funds</b>		
	<b>2013</b>					<b>2012 Total</b>	<b>2013</b>	<b>2012</b>
	<b>Stormwater Utility</b>	<b>Water/ Sewer Utility</b>	<b>Electric Utility</b>	<b>Landfill</b>	<b>Total</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Purchase of investment securities .....	-	-	(9,262,590)	(4,489,243)	(13,751,833)	(14,009,176)	-	-
Proceeds from sale and maturities of investment Securities .....	-	-	9,370,808	3,929,294	13,300,102	14,966,008	-	-
Interest and dividends on investments .....	-	-	20,320	2,893	23,213	47,471	-	-
Net Cash Flows From Investing Activities ..	-	-	128,538	(557,056)	(428,518)	1,004,303	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .....</b>	<b>(18,063)</b>	<b>(282,898)</b>	<b>2,050,789</b>	<b>(19,381)</b>	<b>(1,730,447)</b>	<b>4,279,275</b>	<b>(389,263)</b>	<b>(105,338)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR .....</b>	<b>792,704</b>	<b>6,646,794</b>	<b>7,076,442</b>	<b>2,563,538</b>	<b>17,079,478</b>	<b>12,800,203</b>	<b>1,244,296</b>	<b>1,349,634</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR .....</b>	<b>\$ 774,641</b>	<b>\$ 6,363,896</b>	<b>\$ 9,127,231</b>	<b>\$ 2,544,157</b>	<b>\$18,809,925</b>	<b>\$17,079,478</b>	<b>\$ 855,033</b>	<b>\$ 1,244,296</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by (Used) in Operating Activities:</b>								
Operating Income (loss) .....	\$ 114,328	\$ 1,486,053	\$ 3,141,223	\$ 204,227	\$ 4,945,831	\$ 7,716,283	\$ (503,965)	\$ (271,682)
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation .....	68,063	2,293,111	2,411,498	694,843	5,467,515	5,401,876	-	-
Amortization .....	-	51,777	26,387	15,045	93,209	85,926	-	-
Changes in assets and liabilities:								
Accounts receivable.....	(1,080)	(36,203)	(9,848)	(58,515)	(105,646)	(2,268,543)	(30,531)	-
Prepaid expenses.....	-	-	350,279	-	350,279	827,269	-	-
Inventory.....	-	(106,652)	(77,722)	-	(184,374)	(1,316)	-	-
Other receivables .....	-	-	8,892	-	8,892	(5,748)	-	-
Accounts payable.....	5,472	(158,923)	467,110	28,061	341,720	1,265,329	(11,283)	11,283
Other liabilities .....	-	-	78,248	-	78,248	73,735	88,016	86,561
Accrued payroll .....	467	(515)	6,888	331	7,171	(178,021)	-	-
Retainage payable.....	-	3,883	-	-	3,883	217,373	-	-
Due to employee insurance fund.....	3,382	-	-	-	3,382	-	-	-
Compensated absences .....	(8,834)	10,643	22,107	12,556	36,472	(2,671)	-	-
Total Adjustments.....	67,470	2,057,121	3,283,839	692,321	6,100,751	5,415,209	46,202	97,844
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....</b>	<b>\$ 181,798</b>	<b>\$ 3,543,174</b>	<b>\$ 6,425,062</b>	<b>\$ 896,548</b>	<b>\$11,046,582</b>	<b>\$13,131,492</b>	<b>\$ (457,763)</b>	<b>\$ (173,838)</b>

(Continued)

**CITY OF ALCOA, TENNESSEE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS (Continued)  
 For the Fiscal Year Ended June 30, 2013  
 With Comparative Totals for June 30, 2012**

**(1) Cash and cash equivalents are as follows:**

	<u>Cash in Bank</u>	<u>Certificates of Deposit/ Cash Equivalents</u>	<u>Total</u>
StormWater Utility .....	\$ 774,641	\$ -	\$ 774,641
Water/Sewer Utility .....	6,363,896	-	6,363,896
Electric Utility .....	7,736,944	1,390,287	9,127,231
Landfill .....	<u>2,544,157</u>	<u>-</u>	<u>2,544,157</u>
<b>Totals.....</b>	<b><u>\$ 17,419,638</u></b>	<b><u>\$ 1,390,287</u></b>	<b><u>\$ 18,809,925</u></b>

Accounting Policy Note:

Cash and cash equivalents consist of demand deposits and certificates of deposit with original maturities of three (3) months or less.

The Landfill Fund acquired capital assets that were reclassified from construction in progress as follows:

Year Ended <u>June 30,</u>	
2013	\$ -
2012	6,229,343

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS:</b>		
Investments		
Cash and cash equivalents.....	\$ 1,367,559	\$ 892,390
U.S. Treasury obligations.....	2,755,088	3,114,586
Corporate and foreign bonds.....	5,198,605	4,960,797
Common equity securities.....	11,225,252	11,035,811
Municipal obligations.....	1,211,277	1,083,300
Accrued interest .....	<u>132,193</u>	<u>96,986</u>
<b>Total Assets.....</b>	<b><u>21,889,974</u></b>	<b><u>21,183,870</u></b>
 <b>LIABILITIES.....</b>	 <u>-</u>	 <u>-</u>
 <b>NET POSITION:</b>		
Held in trust for pension benefits .....	<u>21,889,974</u>	<u>21,183,870</u>
 <b>Total Net Position.....</b>	 <b><u>\$ 21,889,974</u></b>	 <b><u>\$ 21,183,870</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND  
STATEMENT OF CHANGES IN FIDUCIARY PLAN NET POSITION  
For the Fiscal Year Ended June 30, 2013  
With Comparative Totals for June 30, 2012**

	<u>2013</u>	<u>2012</u>
<b>Additions:</b>		
Employer contributions .....	\$ 1,144,180	\$ 1,182,060
Interest and dividend income .....	633,591	668,066
Net appreciation in fair value of investments .....	1,424,073	170,110
Realized gain on sale of investments.....	<u>102,180</u>	<u>563</u>
Total Additions .....	<u>3,304,024</u>	<u>2,020,799</u>
<b>Deductions:</b>		
Benefit payments.....	2,523,916	2,454,697
Administrative expenses .....	<u>74,004</u>	<u>73,157</u>
Total Deductions.....	<u>2,597,920</u>	<u>2,527,854</u>
Change in Net Position.....	706,104	(507,055)
Net Position – Beginning of Year .....	<u>21,183,870</u>	<u>21,690,925</u>
<b>Net Position – End of Year .....</b>	<b><u>\$ 21,889,974</u></b>	<b><u>\$ 21,183,870</u></b>

See accompanying independent auditors' report and notes.

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**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The City of Alcoa, Tennessee, was incorporated July 1, 1919, under the provisions of Act 116, P.A. 1919, as amended. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, public utilities, education, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City of Alcoa are in conformity with all applicable statements of the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

(A) FINANCIAL REPORTING ENTITY:

The City of Alcoa, Tennessee, is a municipal corporation governed by an elected five-member Board of Commissioners. As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the City of Alcoa, Tennessee (primary government) and all funds, organizations, agencies, departments, and offices that are a part of the primary government. The criteria for determining a primary government consist of the following:

- (1) A separately elected governing body.
- (2) Separate legal standing - corporate power with the capacity to have a name; the right to sue and be sued in its own name without recourse to a state or local governmental unit; and, the right to buy, sell, lease or mortgage property in its own name.
- (3) Fiscal independence of other state and local governments by determining its budget, levying taxes, setting rates or charges, and issuing bonded debt without approval by another government.

A component unit is defined as a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the criteria applicable to *GASB No. 14*, as amended by *GASB Statement No. 39*, for component units, the City has no financial accountability for any component units. Therefore, the financial reporting entity is limited to those funds, departments, and offices which comprise the City's legally adopted jurisdictions.

The following organizations are excluded from the accompanying financial statements in that they do not meet the prescribed GASB Statement 39 criteria:

City of Alcoa Schools' Student Activity Funds:

The Alcoa Board of Education, through its school principals, governs the Student Activity Funds of the Alcoa City Schools as provided for in the Internal School Accounting Act (Tennessee Code Annotated Section 49-2-110). The Activity Fund monies are used to finance school extra-curricular activities for the benefit of the student body as a whole. Separate financials (available at the Board of Education Office) are issued for the Student Activity Funds. The City cannot access the Student Activity Funds' resources, nor does the City have any legal obligation to subsidize the Activity Funds. The Student Activity Funds are used only for the benefit of the students.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

(A) FINANCIAL REPORTING ENTITY (Continued):

Tennessee Consolidated Retirement System (TCRS):

The City's teachers and other City employees participate in the TCRS, an employee benefit plan established as an individual entity, and is liable for its proportionate costs associated with the operation and administration of its plan. However, control over the operation and administration of the plan, including investment decisions, is vested in the State of Tennessee along with custody of the plan assets.

(B) BASIC FINANCIAL STATEMENTS:

The basic financial statements (in accordance with GASB No. 34) include both government-wide (based on the City as a whole and its component units, (if any) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. *Governmental activities* are normally supported by taxes and intergovernmental revenues. *Business-type activities* rely to a significant extent, on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets as well as long-term obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The government-wide financial statements (the statement of net position and the statement of activities) report on the government as a whole. The statements include the City of Alcoa and any applicable component units, except that neither fiduciary funds nor the component units that are fiduciary in nature are included.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses, including depreciation, on the various departments of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific department. Interest on general long-term debt and depreciation expense on assets shared by multiple departments, are not allocated to the various departments. Program revenues include revenues from fines and forfeitures, licenses and permit fees, special assessment taxes, certain intergovernmental grants, other entities participation and charges for services. Taxes and other items not properly included among program revenues are reported as general revenues.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The City does not currently utilize an indirect cost allocation system. The General Fund charges certain administrative fees to departments within other operating funds to support general services used by those funds. The expenditures/expenses are recorded as a reduction of expense in the allocating fund. Therefore, no elimination is required from either the government-wide or fund level financial statements.

The fund financial statements are, in substance, very similar to the financial statements presented in the previous financial reporting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds are summarized into a single column.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

(B) BASIC FINANCIAL STATEMENTS (Continued):

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

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

(C) BASIS OF PRESENTATION:

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

The following fund categories are used by the City:

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

Governmental Funds include the following fund types:

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

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

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

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

(C) BASIS OF PRESENTATION (Continued)

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

Capital Projects Funds: Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of capital facilities and/or related improvements, other than those financed by Enterprise operations. There are two capital project funds presented as major funds in the basic financial statements:

- (1) School Construction and Improvement Fund: The School Construction and Improvement Fund is used to account for expenditures incurred in the renovation of schools within the Alcoa City School System.
- (2) Alcoa High School Construction Fund: This fund is used to account for expenditures incurred for the construction of a new high school.

Proprietary Fund Types: Proprietary funds are used to account for the City's ongoing operations and activities, which are similar to those often found in the private sector. The focus of Proprietary Fund measurement is upon the determination of operating income, changes in net position, financial position and cash flows. Each proprietary fund is reported as a major fund in the basic financial statements.

Proprietary funds include the following fund types:

Enterprise Funds: Enterprise Funds are used to account for operations, including debt service, (a) that are financed and operated in a manner similar to private businesses – where the intent of the government body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user charges; or (b) where the governing body has determined that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The following Enterprise funds are used by the City:

Water and Sewer Utility Fund: The Water and Sewer Utility Fund is used to account for the operation of the City's water and sewer system.

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

Landfill Fund: The Landfill Fund is used to account for the operation by the City of the Blount County Landfill.

Stormwater Utility Fund: The Stormwater Utility Fund is used to account for the operations of the City's stormwater utility system.

Internal Service Funds: Internal Service Funds are used to account for the providing of goods or services to other governmental operating units such as departments, bureaus, and agencies. The services provided may include duplicating services, data processing, legal services, motor pools, and centralized maintenance. Also, an Internal Service Fund may produce goods as does a manufacturer. For example, products may be provided by government printing shops, repair facilities, and processing facilities.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

(C) BASIS OF PRESENTATION (Continued)

Internal Service Funds (Continued)

The purpose of centralizing certain activities in an Internal Service Fund is to achieve a level of operating efficiency that may not be available if the same activities were performed by multiple units within the governmental organization. Costs associated with the centralized activity are usually recovered from those governmental units that benefit from the goods or services provided through the Internal Service Funds. Thus, the objective of an Internal Service Fund is not to make a profit but rather to recover, over a period of time, the total cost of providing the goods or services.

The following Internal Service Funds are used by the City:

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

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

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

OPEB Insurance Fund: This fund is used to account for the City's liability for postemployment benefits, including payments and required contributions for all City employees.

School OPEB Insurance Fund: This fund is used to account for the Alcoa Board of Education's liability for postemployment benefits, including payments and required contributions for all school employees.

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

Pension Trust Fund: This fund was established to provide pension benefits for City employees. The Pension Trust Fund is used to account for assets held by the City of Alcoa in a fiduciary capacity for employees or former employees of the City. The Pension Trust Fund, like Proprietary Funds, uses the accrual method of accounting.

(D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the source and use of liquid resources, and 3) demonstrate how the City's actual experience conforms to the biennial budget. Under the modified accrual basis of accounting, revenues are recorded when

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

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

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

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

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

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

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

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

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

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

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

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services of the fund's principal ongoing operations. Operating expenses include the cost of providing the goods and services, administrative expenses, and depreciation on capital assets. Non-operating revenues and expenses are items such as investment income and interest expense, which are not a result of the direct operations of the activity.

*Management's Discussion and Analysis* – In accordance with GASB Statement No. 34, the financial statements are accompanied by a narrative introduction and analytical overview of the City's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

*Government-Wide Financial Statements* – The financial statements are prepared using full accrual accounting for all of the City's activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

*Statement of Net Position* – The statement of net position is designed to display the financial position of the primary government (government and business-type activities). The City reports all capital assets in the government-wide statement of net position and reports depreciation expense – the cost of "using up" capital assets – in the statement of activities. The net position of the City are broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

*Statement of Activities* – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the City has recorded capital and certain other long-term assets and liabilities in the statement of net position, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

(E) BUDGETS AND BUDGETARY ACCOUNTING:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In a timely manner, the City Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted by the City to obtain taxpayer comments.
3. Prior to July 1st, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts within a department of any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the Board of Commissioners.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
6. Budgets for the General Fund, Special Revenue Funds (excluding the Special Assessment Fund), and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles.

Budgeted amounts are as originally adopted, or as amended by the Commissioners. Individual amendments were not material in relation to the original appropriations. All appropriations lapse at year end.

(F) ENCUMBRANCES:

Encumbrance accounting, under which purchase orders, contracts, or other commitments for the expenditures of funds are recorded in order to restrict that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as restricted, since the commitments will be honored through subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities. Restrictions of fund equities at June 30, 2013 are as follows: General Fund \$2,096; Special Revenue Funds \$1,372,178; Capital Projects Funds \$10,712,010; Enterprise Funds \$1,338,590; and Debt Service \$804,120.

(G) CASH:

The City pools cash resources of some of its various funds (excluding fiduciary funds) in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments. Cash and cash equivalents consist of demand deposits and certificates of deposit with original maturities of three (3) months or less, primarily with local financial institutions. The deposits and investments of the pension funds are held separately from those of other governmental funds.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

(G) CASH (Continued)

Custodial Credit Risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy is to only maintain funds in financial institutions which are members of the Tennessee Bank Collateral Pool.

The captions "cash and cash equivalents" and "investments and certificates of deposits" in the accompanying combined financial statements includes cash and equity in the pooled cash account described as follows:

	<b>Equity Pooled In Cash Account</b>	<b>Other Cash Accounts</b>	<b>Combined Cash Total</b>
<b>General Fund</b> .....	\$ 1,512,575	\$ 1,200	\$ 1,513,775
<b>Special Revenue Funds:</b>			
State Street Aid Fund.....	446,111	-	446,111
Education Fund.....	851,535	-	851,535
Cafeteria Fund .....	142,388	-	142,388
Extended Day Program Fund.....	85,600	-	85,600
Federal Projects Fund .....	93,953	-	93,953
Drug Control Fund.....	76,516	-	76,516
Commercial Vehicle Fines Fund .....	14,030	-	14,030
Total Special Revenue Funds .....	<u>1,710,133</u>	<u>-</u>	<u>1,710,133</u>
<b>Debt Service Fund</b> .....	<u>804,120</u>	<u>-</u>	<u>804,120</u>
<b>Capital Projects Funds:</b>			
Capital Projects Fund.....	52,665	-	52,665
Alcoa High School Construction Fund.....	4,719	8,266,737	8,271,456
School Construction and Improvement Fund .....	88,756	-	88,756
2001 Special Projects Fund .....	41,791	303,581	345,372
Equipment Replacement Fund.....	239,066	-	239,066
Bessie Harvey Memorial Fund .....	1,968	-	1,968
General Obligation Public Works.....	1,955,670	-	1,955,670
Landscaping Fund.....	131,651	-	131,651
Home Grant Fund .....	743	-	743
Special Projects.....	93,678	-	93,678
Total Capital Projects Funds.....	<u>2,610,707</u>	<u>8,570,318</u>	<u>11,181,025</u>
<b>Internal Service Funds:</b>			
Employees’ Insurance Fund .....	-	217,408	217,408
Flexible Spending Fund .....	11,738	-	11,738
Service Center.....	55,387	-	55,387
City OPEB Fund.....	280,000	-	280,000
School OPEB Fund.....	290,500	-	290,500
Total Internal Service Funds.....	<u>637,625</u>	<u>217,408</u>	<u>855,033</u>
<b>Total Governmental Funds</b> .....	<u>7,275,160</u>	<u>8,788,926</u>	<u>16,064,086</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

(G) CASH (Continued):

	<u>Equity Pooled In Cash Account</u>	<u>Other Cash Account</u>	<u>Combined Cash Total</u>
<b>Proprietary Funds:</b>			
Water and Sewer Utility Fund .....	6,363,896	-	6,363,896
Electric Utility Fund .....	-	9,127,231	9,127,231
Landfill Fund .....	-	2,544,157	2,544,157
Stormwater Utility Fund .....	<u>774,641</u>	<u>-</u>	<u>774,641</u>
Total Proprietary Funds .....	<u>7,138,537</u>	<u>11,671,388</u>	<u>18,809,925</u>
<b>TOTAL GOVERNMENT .....</b>	<b><u>\$ 14,413,697</u></b>	<b><u>\$ 20,460,314</u></b>	<b><u>\$ 34,874,011</u></b>

(H) RECEIVABLES AND UNBILLED REVENUE:

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

During the fiscal year 1983, the City adopted a procedure whereby the Electric Utility Fund purchases the receivables of the Water and Sewer Utility Fund. This procedure results in one billing to customers for user charges.

The Enterprise Funds delay the recording of some accrued revenues. This comes about by staggering their meter reading dates during the month. Consequently, there is a lag in meter reading time and billing dates as the Utilities do not bill at a cut-off date of June 30th, the year-end. Unbilled revenues are estimated by calculation of the number of days unrecorded based on the following month's billing.

The Utilities' approximate unbilled revenues at June 30, 2013 are as follows:

Electric Utility Fund .....	\$ 2,597,121
Water and Sewer Utility Fund .....	<u>804,287</u>
<b>Total .....</b>	<b><u>\$ 3,401,408</u></b>

(I) CASH AND INVESTMENTS:

Cash and cash equivalents in governmental type funds consist of petty cash demand deposits, and all highly liquid investments with original maturities of three months or less. Investments in fiduciary funds are stated at fair value. Investments and non-cash equivalents consist of certificates of deposit, United States government securities, commercial paper and bonds with an original maturity date greater than three (3) months.

In order to provide a safe temporary medium for investment of idle funds, the City adopted an investment policy that allows investment in the following:

1. Bonds, notes and treasury bills of the United States;
2. Non-convertible debt securities of certain government sponsored enterprises that are chartered by the Congress of the United States;
3. Other obligations which are guaranteed as to principal and interest by the United States or any of its agencies;
4. Certificates of Deposit at state and federal chartered banks and savings and loan associations;
5. The Local Government Investment Pool created by TCA, Title 9, Chapter 4, Part 2;

(Continued)

**CITY OF ALCOA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

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

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

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Operating transfers represent intragovernmental transactions, and therefore, cannot be considered as revenues or expenditures of the related funds for financial reporting purposes. The exception to transfers between funds are transactions between funds whereby the transaction is classified as a revenue, expenditure, or expense, such as routine service charges for inspection, engineering, utilities, or similar services provided by a department financed from one fund to a department financed from another fund. These transactions give rise to the recording of revenues, expenditures, and expenses by the funds involved in the transaction, as if the transaction had been consummated with an external entity.

Interfund receivables/payables (due to/from) at June 30, 2013, are as follows:

<b>Fund</b>	<b><u>Amount</u></b>	<b>Fund</b>	<b><u>Amount</u></b>
<b><u>INTERFUND</u></b>		<b><u>INTERFUND</u></b>	
<b><u>RECEIVABLES:</u></b>		<b><u>PAYABLES:</u></b>	
General Fund	\$ 26,137	Education Fund	\$ 224,915
		Landscape Fund	5,058
Education Fund	338,134	School Construction	21,752
Water Utility	24,170	Cafeteria Fund	316,382
Cafeteria Fund	<u>224,915</u>	General Fund	24,170
		Electric Fund	19,958
		Landfill Fund	<u>1,121</u>
	<b><u>\$ 613,356 (1)</u></b>		<b><u>\$ 613,356 (1)</u></b>

- (1) 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.

(K) INTEREST RECEIVABLE:

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

(L) INVENTORIES AND PREPAID ITEMS:

Materials and supplies inventories of the proprietary funds are maintained by a perpetual inventory accounting system and are valued on a basis of the lower of average cost or market, using first-in first-out method. Inventory of the Alcoa City Schools' Cafeteria Fund is accounted for on the purchase (cost) basis, using the first-in first-out method.

Prepaid items consist of payments to vendors for costs applicable to future accounting periods. These items are recorded as prepaid items in both the government wide and fund financial statements.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

(M) OTHER ASSETS:

Other assets held are recorded and accounted for at cost.

(N) RESTRICTED ASSETS:

The Electric Utility Fund, based on certain Tennessee Valley Authority requirements for bond and administrative covenants, is required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. Restricted assets at June 30, 2013 amount to \$3,328,369 in compliance with bond covenants.

State and federal laws and regulations require the Landfill Fund to restrict cash and investments for closure and postclosure costs of the Landfill. Restricted at June 30, 2013 is \$7,748,577.

(O) USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(P) COMPENSATED ABSENCES:

The City of Alcoa, Tennessee, accounts for compensated absences in conformity with the *Governmental Accounting Standards Board (GASB) Statement Number 16*, whereby a liability is accrued for the amounts employees are entitled to receive for future absences. Such accruals include related costs such as payroll taxes and retirement contributions as required by *GASB Statement Number 16*.

The City of Alcoa employees are granted vacation and sick leave in varying amounts. Vacation is generally granted for periods from two (2) to five (5) weeks based on the number of years employed. Employees earning more than two (2) weeks of vacation during the previous calendar year may carry over one (1) week (40 hours) of vacation leave in addition to that earned the preceding year. In the event of termination, an employee is reimbursed for accumulated vacation days. Sick leave is accumulated at one (1) day per month for an unlimited amount. Employees are reimbursed for accumulated sick leave up to a maximum of eighty (80) days only after reaching the established normal retirement age. If an employee terminates prior to attaining the normal retirement age, the accumulated sick leave is forfeited.

Employees of the City of Alcoa Board of Education accumulate sick leave at the rate of one (1) day per month or a maximum of ten (10) days per year based upon a ten (10) month period. Non-professional employees of the Board have the same sick leave policies as other employees of the City of Alcoa.

Compensated absences are those absences for which employees will be paid for services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer and employee are accounted for in the period those services are rendered or those events take place.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

(P) COMPENSATED ABSENCES (Continued):

Accumulated unpaid vacation and vested sick pay are accrued in the Government-wide and all Proprietary Fund statements. Long-term liabilities of the governmental funds are not shown on the fund financial statements, as these benefits are not expected to be liquidated with expendable available financial resources.

In governmental funds, compensated absences that have matured (i.e. unused reimbursable leave still outstanding following an employee’s resignation or retirement) are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported as General Long Term Debt. In the proprietary funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

(Q) CAPITAL ASSETS

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

The cost of normal maintenance and repairs that do not add value to the asset, or materially extend its life, are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, if material. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives (land and construction-in-progress) are not depreciated:

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

(R) COMPARATIVE TOTAL DATA:

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City’s financial position and operations. Certain comparative data for the prior year was reclassified to be comparable with June 30, 2013 accounts in the government wide and fund financial statements. However, comparative data (i.e., presentation of prior year’s totals by fund type) have not been presented in each of the statements, since their inclusion would make the statements unduly complex and difficult to read.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

(S) IMPLEMENTATION OF NEW ACCOUNTING STANDARDS:

The City follows Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Under this statement fund balances are classified into the following categories:

- a. Nonspendable fund balances comprise those amounts that are legally or contractually required to be maintained intact.
- b. Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitution provisions or enabling legislation.
- c. Committed fund balances comprise those amounts constrained by the government itself using its highest level of authority (commission) using its highest level of formal action (ordinance). This amount can also include amounts needed to balance the next year's budget when the budget is approved by ordinance.
- d. Assigned fund balances are amounts intended to be used for a specific purpose by the governing body through action other than the highest level of authority or an official expressly authorized by the governing body. The City Council has retained the authority to assign funds for specified purposes.
- e. Unassigned fund balances are any amounts other than those described above and are available for any purpose.

The City has no formal policy with regard to classifying expenditures among the various classifications. Thus, the default provision under GASB Statement 54 apply expenditures first to restricted resources, then to committed resources, then to assigned resources, and finally to unassigned resources. No City official is granted the authority to assign fund balance. In addition, the City has no formal policy with regard to stabilization funds.

The Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and also requires related disclosures. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

In addition, the GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resource, or inflows of resources. Since this Statement closely correlates to Statement No. 63, the City has elected to early implement the provisions of this statement.

(T) RECLASSIFICATIONS/NET POSITION RESTATED:

Certain prior year assets, liabilities, equity, revenues and expenditures of the General Fund, Special Revenue Funds, Fiduciary Fund and Enterprise Funds have been reclassified to facilitate comparison with June 30, 2013 amounts. The reclassification causes no effect on the "excess of revenues and other sources over expenditures and other uses" or on beginning fund equities.

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

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
**(Continued):**

Total fund balances of the City’s governmental funds differ from net position of governmental activities reported in the statement of net position. The difference primarily results from the long-term economic focus in the statement of net position versus the current financial resources focus in the governmental fund balance sheets.

**Balance Sheet/Statement of Net Position**

	<b><u>Total Governmental Funds</u></b>	<b><u>Long-term Assets, Liabilities (1)</u></b>	<b><u>Internal Service Funds (2)</u></b>	<b><u>Reclassifications and Eliminations</u></b>	<b><u>Statement of Net Position</u></b>
<b><u>Assets</u></b>					
Cash on hand/equity in pooled					
Cash/certificates of deposit .....	\$ 6,638,735	\$ -	\$ 855,033	\$ -	\$ 7,493,768
Investments .....	8,266,737	-	-	303,581	8,570,318
Tennessee Local					
Government Investment Pool .....	303,581	-	-	(303,581)	-
Receivables:					
Property Taxes, net .....	10,403,273	-	30,531	-	10,403,273
Accounts, net .....	1,356,027	-	-	3,400	1,389,958
Note.....	1,982	-	-	(1,982)	-
Credit Union .....	1,418	-	-	(1,418)	-
Internal balances .....	589,186	-	-	(589,186)	-
Due from other governments .....	1,903,891	-	-	-	1,903,891
Capital Assets, Net .....	-	49,042,035	-	-	49,042,035
Capital lease property .....	-	<u>10,379,548</u>	-	-	<u>10,379,548</u>
Total Assets .....	<u>29,464,830</u>	<u>59,421,583</u>	<u>885,564</u>	<u>(589,186)</u>	<u>89,182,791</u>
Deferred Outflows of Resources .....	-	-	-	-	-
<b><u>Liabilities</u></b>					
Accounts payable .....	1,744,203	-	254,225	100,373	2,098,801
Accrued payroll .....	161,107	-	-	-	161,107
Accrued liabilities.....	-	-	-	-	-
Unapplied grant funds .....	133,970	-	-	(133,970)	-
Unearned revenue.....	1,507,181	-	-	133,970	1,641,151
Long-term debt .....	-	64,080,445	-	-	64,080,445
Due to state in Tennessee/					
Blount County .....	97,282	-	-	(97,282)	-
Internal balances .....	592,277	-	-	(592,277)	-
Unfunded pension obligation.....	-	1,158,067	-	-	1,158,067
Unfunded OPEB obligation.....	-	<u>428,281</u>	-	-	<u>428,281</u>
Total Liabilities .....	<u>4,236,020</u>	<u>65,666,793</u>	<u>254,225</u>	<u>(589,186)</u>	<u>69,567,852</u>
Deferred Inflow of Resources .....	<u>8,833,086</u>	-	-	-	<u>8,333,086</u>
<b>Net Position.....</b>	<b><u>\$ 16,395,724</u></b>	<b><u>\$(6,245,210)</u></b>	<b><u>\$ 631,339</u></b>	<b><u>\$ -</u></b>	<b><u>\$10,781,853</u></b>

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

Cost of Capital Assets/Lease Property	\$ 98,004,038
Accumulated depreciation	<u>(38,582,455)</u>
	<b><u>\$ 59,421,583</u></b>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**(Continued):**

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

	<b>Current</b>	<b>Non-Current</b>	<b>Total</b>
Compensated absences	\$ 48,452	\$ 984,014	\$ 1,032,466
Bonds, capital improvement notes, loans	2,200,000	50,775,000	52,975,000
Capital lease obligations	270,586	9,802,393	10,072,979
	<b><u>\$2,519,038</u></b>	<b><u>\$ 61,561,407</u></b>	<b><u>\$ 64,080,445</u></b>

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

Cash	\$ 855,033
Accounts receivable	30,531
Accounts payable	(254,225)
Net Position	<u>\$ 631,339</u>

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

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

	<b>Total Governmental Funds</b>	<b>Capital- Related Items (4)</b>	<b>Long-term Debt Transactions (5)</b>	<b>Internal Service Funds</b>	<b>Reclass- ifications</b>	<b>Statement of Activities</b>
<b>Revenues</b>						
Taxes.....	\$ 22,449,030	\$ -	\$ -	\$ -	\$ (10,319,459)	\$ 12,129,571
Sales taxes.....	-	-	-	-	12,593,433	12,593,433
State income & excise tax.....	-	-	-	-	104,705	104,705
Licenses, permits and fees .....	448,607	-	-	-	(341,288)	107,319
Business taxes.....	-	-	-	-	284,363	284,363
Intergovernmental.....	14,337,120	-	-	-	(14,337,120)	-
Intergovernmental:						
State taxes .....	-	-	-	-	1,077,869	1,077,869
Federal grants.....	-	-	-	-	954,238	954,238
USDA revenues .....	-	-	-	-	477,208	477,208
Other state revenues.....	-	-	-	-	6,636,395	6,636,395
Other local revenues .....	-	-	-	-	792,466	792,466
Capital grants/contributions .....	-	-	-	-	1,709,841	1,709,841
Charges for services.....	942,279	-	-	-	196,639	1,138,918
Fines, forfeitures, and costs.....	467,396	-	-	-	-	467,396
Investment income .....	3,476	-	-	-	-	3,476
Miscellaneous taxes .....	84,825	-	-	-	(84,825)	-
Property rentals.....	143,389	-	-	-	-	143,389
Gain (loss) on sale/deletion of capital assets .....	13,296	-	-	-	-	13,296
In-lieu of taxes .....	-	-	-	-	255,535	255,535
Total Revenues .....	<u>38,889,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,889,418</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
**(Continued):**

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

	<b>Total Governmental Funds</b>	<b>Capital- Related Items (4)</b>	<b>Long-term Debt Transactions (5)</b>	<b>Internal Service Funds</b>	<b>Reclass- ifications</b>	<b>Statement of Activities</b>
<b>Expenditures/Expenses</b>						
Current:						
General government	1,703,606	436,270	-	503,965	-	2,643,841
Public safety – Police/Fire	8,047,944	306,357	-	-	-	8,354,301
Public works - Streets	4,913,515	758,261	-	-	(1,487,864)	4,183,912
Recreation and Culture	1,060,417	256,021	-	-	-	1,316,438
Community development	748,075	-	-	-	-	748,075
Education	20,982,875	(989,285)	-	-	(156,862)	19,836,728
Debt service - principal retirement	3,354,834	-	(3,354,834)	-	-	-
Debt service - interest and fiscal fees	3,118,018	-	(1,952,008)	-	-	1,166,010
Capital Outlay	<u>1,889,367</u>	<u>(1,889,367)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>45,818,651</u>	<u>(1,121,743)</u>	<u>(5,306,842)</u>	<u>503,965</u>	<u>(1,644,726)</u>	<u>38,249,305</u>
<b>Other Financing Sources (Uses)/ Changes in Net Position</b>						
Transfers (Out)	(4,890,599)	-	4,890,599	-	-	-
Transfers In	8,669,079	-	(8,669,079)	-	-	-
Bond proceeds	10,000,000	-	(10,000,000)	-	-	-
In lieu of tax payments	<u>1,629,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,629,657</u>
Total Other Financing Sources (Uses)/Changes In Net Position	<u>15,408,137</u>	<u>-</u>	<u>(13,778,480)</u>	<u>-</u>	<u>-</u>	<u>1,629,657</u>
<b>Net Change for the Year</b>	<b><u>\$ 8,478,904</u></b>	<b><u>\$ 1,121,743</u></b>	<b><u>\$ (8,471,638)</u></b>	<b><u>\$ (503,965)</u></b>	<b><u>\$ 1,644,726</u></b>	<b><u>\$ 2,269,770</u></b>

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

Accrual for compensated absences **\$ 1,032,466**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas, net position decrease by the amount of depreciation expense charged for the year, and the loss on disposal of capital assets.

Capital expenditures	\$ 3,987,779
Depreciation	<u>(2,866,036)</u>
Net Change	<b><u>\$ 1,121,743</u></b>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
**(Continued):**

Repayment of debt principal is reported as a expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities. The City's long-term debt was reduced because principal payments were made to holders of long-term debt.

Principal payments made	<b><u>\$ 3,354,834</u></b>
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**NOTE 3 – CASH AND INVESTMENTS:**

In order to provide a safe temporary medium for investment of idle funds, municipalities are authorized by TCA 6-56-106 to invest in the following:

- (1) Bonds, notes, or treasury bills of the United States;
- (2) Other obligations which are guaranteed as to principal and interest by the United States or any of its agencies;
- (3) Certificates of deposit at state and federal chartered bank and savings and loan associations;
- (4) Obligations of the United States or its agencies under a repurchase agreement if approved as an authorized investment by the State Director of Local Finance;
- (5) Money market funds whose portfolios consist of any of the foregoing investments if approved as an authorized investment by the State Director of Local Finance; and
- (6) The Local Government Investment Pool under which local monies are transferred to and invested with the State Treasurer's cash portfolio.

Cash and investment include bank balances and investments that at the balance sheet date were either entirely insured or collateralized with securities held by the Tennessee Investment Collateral Pool.

Interest rate risk: The City has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's internal management procedures limits investments to maturities of less than twelve months.

Credit risk of investments: The City has no formal policy relating to the credit risk of investments, but has internal management procedures restricts the purchase of securities to the highest possible ratings. Certain bond proceeds are temporarily invested with Morgan Keegan which is unrated. Other investments consist of certificates of deposits in fully insured financial institutions. The City also invests in the LGIP (Local Government Investment Pool) which is unrated.

The City's investment policy allows investments in obligations of the U.S. Treasury and other authorized investments as more fully explained in Note 1.

Cash and investments include bank balances and investments that at the balance sheet date were either entirely insured or collateralized with securities held by the Tennessee Investment Collateral Pool.

Investments are shown at fair value; except that investments that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost (none at June 30, 2013). Fair value is based on quoted market prices.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 3 – CASH AND INVESTMENTS (Continued):**

Presented below is a summary of Combined Cash, Certificates of Deposit and Investments by Fund as of June 30, 2013:

**SUMMARY OF CASH AND INVESTMENTS BY FUNDS:**

Fiduciary Funds – Pension Trust.....	<b><u>\$ 21,889,774</u></b>
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**Statement of Net Position:**

Capital Projects Funds – Investments and Local Government Investment Pool.....	\$ 8,570,318
Enterprise Funds – Restricted Assets .....	11,076,946
Enterprise Funds - Non-restricted Assets .....	<u>18,809,925</u>
 Total Governmental and Enterprise Funds.....	 <u>38,457,189</u>

**SUMMARY OF CHECKING ACCOUNTS BY FUNDS:**

General Fund (includes cash on hand of \$1,200) .....	1,513,775
Special Revenue Funds .....	1,710,133
Debt Service Fund .....	804,120
Capital Projects Funds.....	2,610,707
Internal Service Funds.....	<u>855,033</u>
 Total Checking Accounts By Funds.....	 <u>7,493,768</u>

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

Statement of Net Position.....	<b><u>\$ 45,950,957</u></b>
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Total cash and investments presented on the statement of net position are as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Investments .....	\$ 8,570,318	\$ -	\$ 8,570,318
Cash and Certificates of Deposit .....	7,493,768	18,809,925	26,303,693
Restricted Cash/Certificates of Deposit.....	-	11,076,946	11,076,946
Totals .....	<b><u>\$ 16,064,086</u></b>	<b><u>\$ 29,886,871</u></b>	45,950,957

Fiduciary Funds – Investments, at fair values  
(Employees Retirement System) .....

21,889,774

Total Cash and Investments.....

**\$ 67,840,731**

As of June 30, 2013 the City had the following investments and maturities:

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 – 5 Years</u>	<u>6 – 10 Years</u>	<u>More Than 10 Years</u>
Investments	\$8,266,737	\$ 8,266,737	\$ -	\$ -	\$ -
State of Tennessee Local Government Investment Pool	<u>303,581</u>	<u>303,581</u>	-	-	-
Total Investment and Maturities	<b><u>\$ 8,570,318</u></b>	<b><u>\$ 8,570,318</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

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

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 3 – CASH AND INVESTMENTS (Continued):**

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

The State Pooled Investment Fund is governed by the State Funding Board in accordance with Tennessee Code Annotated. The Funding Board is comprised of the State Treasurer, the Comptroller, the Commissioner of Finance and Administration, the Secretary of State, and the Governor. Reporting is done monthly, quarterly, and annually and there are regularly scheduled meetings. The Funding Board has developed an Investment Policy which meets SEC 2a-7 requirements and state law. The Investment Pool has received no credit quality rating from a credit rating agency.

Additional financial information regarding the Local Government Investment Pool is available from the Local Government Investment Pool, P. O. Box 198785, Nashville, Tennessee 37219-8785 (telephone (615) 532-1163).

The Employees' Retirement System Fund is additionally authorized to invest in U.S. Government Securities and corporate equity securities. Investments and non-cash equivalents in this Fiduciary Fund at June 30, 2013, are described below:

	<b><u>Carrying Amount</u></b>	<b><u>Fair Value</u></b>
Government Bonds.....	\$ 2,755,088	\$ 2,755,088
Savings Certificates.....	1,367,559	1,367,559
Corporate Securities.....	16,423,857	16,423,857
Accrued interest.....	132,193	132,193
Municipal Obligations.....	<u>1,211,277</u>	<u>1,211,277</u>
<b>Total Retirement System ...</b>	<b><u>\$ 21,889,974</u></b>	<b><u>\$ 21,889,974</u></b>

**Credit Risk – Employees' Retirement System Fund**

The credit quality rating of investments in debt securities – the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. A nationally recognized statistical rating organization assigns a rating. The City's investments in U.S. Agencies are rated Aaa, whereas the corporate securities investments are unrated. First Tennessee Bank is the investment agent for the Employees' Retirement System Fund. No separate audited GAAP-based benefit plan report is available for the defined benefit plan. Additional financial information regarding the Employees' Retirement System Fund is available from First Tennessee Bank, 4385 Poplar Avenue, Memphis, TN 38117.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. While the City has no formal policy to limit its interest rate risk, it manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term certificates of deposit and by timing cash flows from maturities so that a portion of the portfolio is maturing evenly over time as necessary to provide cash flow and liquidity needed for operations.

**Concentrations of Credit Risk**

The City places no limit on the amount the City may invest in any one issuer.

Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 4 – PROPERTY TAX:**

The City's property tax is levied each September 1st on the assessed value as listed by the County Assessor and is payable by each October 1st. Property taxes are delinquent after October 1st, and are recorded as such on June 30th. The assessed values are established by the County Assessment Board. The City's tax rate for the years ended June 30, 2013 and 2011 was 2.10 per \$100.00 of assessed value.

Property taxes levied for 2012 are recorded as receivables, net of estimated uncollectibles. The taxes collected during the fiscal year 2012-13 and expected to be collected in the subsequent sixty (60) days are recognized as revenues in the fiscal year ended June 30, 2013.

Property taxes for 2013 are recorded (estimated at \$8,833,086) as receivables, since the enforceable legal claim to the asset (2013 taxes) is effective as of January 1, 2013 (lien date) in accordance with the "Codification of Governmental Accounting and Financial Reporting Standards – Section No. 50.114."

**NOTE 5 – CAPITAL ASSETS:**

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

	<b>Balance</b> <b><u>July 1, 2012</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b>Transfer</b> <b><u>In (Out)</u></b>	<b>Balance</b> <b><u>June 30, 2013</u></b>
Non-depreciable assets:					
Land	\$ 1,765,732	\$ 233,718	\$ -	\$ -	\$ 1,999,450
Depreciable assets:					
Parks & Greenway	3,640,849	-	-	-	3,640,849
Accumulated depreciation	<u>(738,469)</u>	<u>(138,196)</u>	<u>-</u>	<u>-</u>	<u>(876,665)</u>
	<u>2,902,380</u>	<u>(138,196)</u>	<u>-</u>	<u>-</u>	<u>2,764,184</u>
Buildings	29,672,905	-	-	-	29,672,905
Accumulated depreciation	<u>(9,802,842)</u>	<u>(608,534)</u>	<u>-</u>	<u>-</u>	<u>(10,411,376)</u>
	<u>19,870,063</u>	<u>(608,534)</u>	<u>-</u>	<u>-</u>	<u>19,261,529</u>
Swimming Pools	991,178	-	-	-	991,178
Accumulated depreciation	<u>(495,589)</u>	<u>(49,559)</u>	<u>-</u>	<u>-</u>	<u>(545,148)</u>
	<u>495,589</u>	<u>(49,559)</u>	<u>-</u>	<u>-</u>	<u>446,030</u>
Improvements other than buildings	39,330,212	82,351	-	-	39,412,563
Accumulated depreciation	<u>(19,654,026)</u>	<u>(1,527,581)</u>	<u>-</u>	<u>-</u>	<u>(21,181,607)</u>
	<u>19,676,186</u>	<u>(1,445,230)</u>	<u>-</u>	<u>-</u>	<u>18,230,956</u>
Equipment	7,664,927	78,284	(97,771)	7,500	7,652,940
Accumulated depreciation	<u>(5,048,914)</u>	<u>(401,760)</u>	<u>97,771</u>	<u>(7,500)</u>	<u>(5,360,403)</u>
	<u>2,616,013</u>	<u>(323,476)</u>	<u>-</u>	<u>-</u>	<u>2,292,537</u>
Construction in progress	<u>453,921</u>	<u>3,593,428</u>	<u>-</u>	<u>-</u>	<u>4,047,349</u>
Capital Lease Property:					
Civic Center	9,142,400	-	-	-	9,142,400
Communications Center	751,750	-	-	-	751,750
Other Capital leases	763,018	-	-	-	763,018
Accumulated depreciation	<u>(137,213)</u>	<u>(140,407)</u>	<u>-</u>	<u>-</u>	<u>(277,620)</u>
	<u>10,519,955</u>	<u>(140,407)</u>	<u>-</u>	<u>-</u>	<u>10,379,548</u>
<b>Capital Assets, net of</b>					
<b>Accumulated depreciation</b>	<b><u>\$ 58,299,839</u></b>	<b><u>\$ 1,121,744</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 59,421,583</u></b>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 5 – CAPITAL ASSETS (Continued):**

A summary of business type capital assets and accumulated depreciation is as follows:

**CAPITAL ASSETS:**

		<b>Non- Depreciable Land, Land Rights and Easements</b>	<b>Electric Distribution and Buildings</b>	<b>Electric Station Equipment and Improvements Other than Buildings</b>	<b>Equipment</b>	<b>Construction in Progress</b>	<b>Totals</b>
<b>ELECTRIC</b>	Balance 7-1-12	\$ 336,481	\$ 47,627,413	\$11,468,383	\$ 11,692,892	\$ 552,808	\$ 71,677,977
	Additions	-	1,297,381	-	331,174	430,038	2,058,593
	Retirements	-	(255,661)	-	(182,566)	-	(438,227)
	Other reclassify	-	(30,189)	-	-	-	(30,189)
	Balance 6-30-13	<u>336,481</u>	<u>48,638,944</u>	<u>11,468,383</u>	<u>11,841,500</u>	<u>982,846</u>	<u>73,268,154</u>
<b>WATER</b>	Balance 7-1-12	1,020,097	19,053,933	17,311,320	16,071,532	-	53,456,882
	Additions	-	165,828	5,966,415	12,184	-	6,144,427
	Retirements	-	-	(546,387)	(67,713)	-	(614,100)
	Balance 6-30-13	<u>1,020,097</u>	<u>19,219,761</u>	<u>22,731,348</u>	<u>16,016,003</u>	<u>-</u>	<u>58,987,209</u>
<b>SEWER</b>	Balance 7-1-12	174,138	4,366,481	14,941,241	878,033	5,066,253	25,426,146
	Additions	-	-	1,054,516	-	53,828	1,108,344
	Retirements	-	-	-	-	(5,066,253)	(5,066,253)
	Balance 6-30-13	<u>174,138</u>	<u>4,366,481</u>	<u>15,995,757</u>	<u>878,033</u>	<u>53,828</u>	<u>21,468,237</u>
<b>LANDFILL</b>	Balance 7-1-12	640,851	10,979,123	-	2,493,169	-	14,113,143
	Additions	-	-	-	-	-	-
	Retirements	-	-	-	(3,426)	-	(3,426)
	Balance 6-30-13	<u>640,851</u>	<u>10,979,123</u>	<u>-</u>	<u>2,489,743</u>	<u>-</u>	<u>14,109,717</u>
<b>STORMWATER</b>	Balance 7-1-12	-	-	-	545,664	-	545,664
	Additions	-	-	-	168,940	-	168,940
	Retirements	-	-	-	(119,855)	-	(119,855)
	Balance 6-30-13	<u>-</u>	<u>-</u>	<u>-</u>	<u>594,749</u>	<u>-</u>	<u>594,749</u>
<b>TOTALS</b>		<b><u>\$ 2,171,567</u></b>	<b><u>\$ 83,204,309</u></b>	<b><u>\$ 50,195,488</u></b>	<b><u>\$ 31,820,028</u></b>	<b><u>\$ 1,036,674</u></b>	<b><u>\$ 168,428,066</u></b>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 5 – CAPITAL ASSETS (Continued):**

**ACCUMULATED DEPRECIATION:**

		<b>Land, Land Rights and Easements</b>	<b>Electric Distribution and Buildings</b>	<b>Electric Station Equipment and Improvements Other than Buildings</b>	<b>Equipment</b>	<b>Construction in Progress</b>	<b>Totals</b>
<b>ELECTRIC</b>	Balance 7-1-12	\$ -	\$ 16,731,104	\$ 5,986,524	\$ 3,727,949	\$ -	\$ 26,445,577
	Additions	-	1,646,166	346,090	419,240	-	2,411,496
	Retirements	-	(255,661)	-	(182,566)	-	(438,227)
	Removal Costs	-	(2,950)	-	47,480	-	44,530
	Other reclassify	-	(28,548)	-	-	-	(28,548)
	Balance 6-30-13	<u>-</u>	<u>18,090,111</u>	<u>6,332,614</u>	<u>4,012,103</u>	<u>-</u>	<u>28,434,828</u>
<b>WATER</b>	Balance 7-1-12	-	2,358,751	5,355,504	5,303,483	-	13,017,738
	Additions	-	419,768	535,796	865,977	-	1,821,541
	Retirements	-	-	(546,387)	(67,713)	-	(614,100)
	Balance 6-30-13	<u>-</u>	<u>2,778,519</u>	<u>5,344,913</u>	<u>6,101,747</u>	<u>-</u>	<u>14,225,179</u>
<b>SEWER</b>	Balance 7-1-12	-	1,292,490	4,151,545	648,099	-	6,092,134
	Additions	-	115,427	313,291	42,852	-	471,570
	Retirements	-	-	-	-	-	-
	Balance 6-30-13	<u>-</u>	<u>1,407,917</u>	<u>4,464,836</u>	<u>690,951</u>	<u>-</u>	<u>6,563,704</u>
<b>LANDFILL</b>	Balance 7-1-12	-	4,981,369	-	1,857,691	-	6,839,060
	Additions	-	527,749	-	167,094	-	694,843
	Retirements	-	-	-	(3,426)	-	(3,426)
	Balance 6-30-13	<u>-</u>	<u>5,509,118</u>	<u>-</u>	<u>2,021,359</u>	<u>-</u>	<u>7,530,477</u>
<b>STORMWATER</b>	Balance 7-1-12	-	-	-	191,185	-	191,185
	Additions	-	-	-	68,063	-	68,063
	Retirements	-	-	-	(119,855)	-	(119,855)
	Balance 6-30-13	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,393</u>	<u>-</u>	<u>139,393</u>
	TOTALS	<u>-</u>	<u>27,785,665</u>	<u>16,142,363</u>	<u>12,965,553</u>	<u>-</u>	<u>56,893,581</u>
<b>NET CAPITAL ASSETS</b>		<u>\$ 2,171,567</u>	<u>\$ 55,418,644</u>	<u>\$ 34,053,125</u>	<u>\$ 18,854,475</u>	<u>\$ 1,036,674</u>	<u>\$ 111,534,485</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 5 – CAPITAL ASSETS (Continued):**

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

<b>Governmental activities:</b>	
General Government.....	\$ 207,991
Police .....	248,050
Fire.....	145,783
Recreation.....	256,021
Public works/streets .....	758,261
Solid waste.....	73,425
Education .....	1,028,802
Service center.....	<u>147,703</u>
<b>Total depreciation expense – governmental activities .....</b>	<b><u>\$ 2,866,036</u></b>
<b>Business – type activities:</b>	
Water and sewer.....	\$ 2,293,111
Electric.....	2,411,496
Landfill .....	694,843
Stormwater.....	<u>68,063</u>
<b>Total depreciation expense – business-type activities .....</b>	<b><u>\$ 5,467,513</u></b>

The City uses the straight-line depreciation method for property, plant and equipment based on the following estimated useful lives by major class of depreciable fixed assets:

Class .....	
Building and Improvements .....	40-50 years
Machinery and equipment.....	4-10 years
Water and sewer systems .....	50 years
Infrastructure .....	20-50 years

**NOTE 6 – LONG-TERM LIABILITIES:**

A summary of changes in the Long-Term Debt is as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retired</u> <u>Deletions</u>	<u>Total</u> <u>Balance</u> <u>June 30, 2013</u>	<u>Non-Current</u> <u>Balance</u> <u>June 30, 2013</u>	<u>Current</u> <u>Balance</u>
<b>Governmental Activities:</b>						
General Obligation Bonds/ Revenue Bonds.....	\$ 44,865,000	\$10,000,000	\$(1,890,000)	\$ 52,975,000	\$ 50,775,000	\$ 2,200,000
Compensated Absences.....	909,058	185,356	(61,948)	1,032,466	984,014	48,452
Capital Leases Payable.....	<u>10,443,284</u>	<u>-</u>	<u>(370,305)</u>	<u>10,072,979</u>	<u>9,802,393</u>	<u>270,586</u>
<b>Totals-Governmental Activities ....</b>	<b><u>\$ 56,217,342</u></b>	<b><u>\$10,185,356</u></b>	<b><u>\$(2,322,253)</u></b>	<b><u>\$ 64,080,445</u></b>	<b><u>\$ 61,561,407</u></b>	<b><u>\$ 2,519,038</u></b>
<b>Business-type Activities:</b>						
General Obligation Bonds/ Revenue Bonds.....	\$ 75,091,008	\$ 409,572	\$(1,859,756)	\$ 73,640,824	\$ 71,683,976	\$ 1,956,848
Compensated absences.....	987,988	1,008,943	(987,988)	1,008,943	283,676	725,267
Capital leases.....	264,777	-	(134,492)	130,285	27,947	102,338
Estimated liability for closure/ Post-closure care cost.....	<u>7,203,672</u>	<u>544,905</u>	<u>-</u>	<u>7,748,577</u>	<u>7,748,577</u>	<u>-</u>
<b>Totals-Business Type Activities.....</b>	<b><u>\$ 83,547,445</u></b>	<b><u>\$ 1,963,420</u></b>	<b><u>\$(2,982,236)</u></b>	<b><u>\$ 82,528,629</u></b>	<b><u>\$ 79,744,176</u></b>	<b><u>\$ 2,784,453</u></b>
<b>Totals-Governmental and Business-Type Activities .....</b>	<b><u>\$ 139,764,787</u></b>	<b><u>\$12,148,776</u></b>	<b><u>\$(5,304,489)</u></b>	<b><u>\$ 146,609,074</u></b>	<b><u>\$ 141,305,583</u></b>	<b><u>\$ 5,303,491</u></b>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 6 – LONG-TERM LIABILITIES (Continued):**

The following is a summary of bond and capital outlay note transactions of the City for the fiscal year ended June 30, 2013.

	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Total</b>
Debt payable at July 1, 2012.....	\$ 116,265,175	\$ 3,690,833	\$ 119,956,008
Debt retired .....	(3,540,000)	(209,756)	(3,749,756)
Issued during fiscal year .....	<u>10,000,000</u>	<u>409,572</u>	<u>10,409,572</u>
<b>Debt Payable – June 30, 2013 .....</b>	<b><u>\$ 122,725,175</u></b>	<b><u>\$ 3,890,649</u></b>	<b><u>\$ 126,615,824</u></b>

Bonds payable at June 30, 2013, are comprised of the following individual issues:

<b>General Obligation Bonds:</b>	<b>Total</b>	<b>Long-term Amount Outstanding</b>	<b>Current Amount Outstanding</b>
\$2,000,000 – 2006 Public Improvement Bonds due in annual installments of \$100,000 to \$200,000 through June 2021, variable interest .....	\$ 1,330,000	\$ 1,195,000	\$ 135,000
\$10,750,000 – General Obligation Bonds Series 2006 (taxable), due in annual installments of \$225,000 to \$900,000 through June 2026, variable interest.....	8,350,000	7,900,000	450,000
\$5,200,000 – 2008 Water and Sewer General Obligation Bonds, due in installments of \$50,000 (6-1-2014) to \$1,000,000 (6-1-2042), average interest at 4.74% .....	5,200,000	5,150,000	50,000
\$2,400,000 – 2008 General Obligation Bonds, due in installments of \$50,000 (6-1-2011) to \$400,000 (6-1-2036) average interest at 4.68% .....	2,250,000	2,200,000	50,000
\$3,000,000 – 2008 Local Government Public Improvement Bonds Series B-17-A due in installments of \$100,000 to \$230,000 through June 2028 variable interest .....	2,490,000	2,375,000	115,000
\$10,365,000 – 2008 Local Government Improvement Bonds, Series E-3-E, due in annual installments of \$155,000 to \$1,065,000 through June 2017, interest at 5% .....	4,890,000	3,445,000	1,445,000
\$77,370,000 – 2008 Local Government Improvement Bonds, Series E-5-B, due in annual installments of \$100,000 to \$2,090,000 through June 2042, variable interest .....	74,215,175	73,260,175	955,000
\$9,925,000 – 2010 Industrial Development Board of Blount County, TN, Civic Arts Center, due in annual installments of \$250,000 to \$565,000 through June 2036, interest at 4.5% .....	7,875,000	7,875,000	-

(Continued)

**CITY OF ALCOA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**NOTE 6 – LONG-TERM LIABILITIES (Continued):**

	<u>Total</u>	<u>Long-term Amount Outstanding</u>	<u>Current Amount Outstanding</u>
<b>General Obligation Bonds (Continued)</b>			
\$6,075,000 – 2009 Landfill General Obligation Bonds due in annual installments of \$300,000 to \$815,000 through June 2022, variable interest .....	5,265,000	4,995,000	270,000
\$1,390,000 – General Obligation Refunding Bonds, Series 2011, due in annual installments of \$270,000 to \$300,000 through June 2016, interest at 3%.....	860,000	585,000	275,000
\$10,000,000 – 2012 General Obligation Bonds – due in annual installments of \$225,000 to \$650,000 through June 2043, variable interest.....	10,000,000	9,775,000	225,000
<b>Revenue Bonds:</b>			
\$933,844 – 1997 State Revolving Funds – due in annual installments of \$49,865 to 41,900 through July 2012, interest at 3.06% .....	41,900	-	41,900
\$4,064,166 – 2011 State Revolving Funds – due in annual installments of \$35,642 to \$207,313 through March 2033, interest at 3.4% .....	3,848,749	3,703,801	144,948
<b>Total Bonds Outstanding .....</b>	<b><u>\$ 126,615,824</u></b>	<b><u>\$ 122,458,976</u></b>	<b><u>\$ 4,156,848</u></b>

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

Proprietary Fund Types .....	\$ 73,640,824
Governmental Activities.....	52,975,000
<b>Total Bonds Outstanding .....</b>	<b><u>\$ 126,615,824</u></b>

The annual requirements to amortize all Bonds and Capital Outlay Notes outstanding as of June 30, 2013, including interest payments, are \$205,385,245 as follows:

<u>Fiscal Year Ending June 30<sup>th</sup></u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 4,156,848	\$ 5,537,139	\$ 9,693,987
2014	4,544,964	5,347,915	9,892,879
2015	4,800,136	5,135,929	9,936,065
2016	5,040,500	5,265,490	10,305,990
2017	5,256,032	5,030,334	10,286,366
Subtotal	23,798,480	26,316,807	50,115,287

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 6 – LONG-TERM LIABILITIES (Continued):**

<b>Fiscal Year Ending June 30<sup>th</sup></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2018	5,526,768	4,784,284	10,311,052
2019	5,802,708	4,521,556	10,324,264
2020	6,078,840	4,243,808	10,322,648
2021	6,160,188	3,950,959	10,111,147
2022	<u>4,356,752</u>	<u>3,656,981</u>	<u>8,013,733</u>
Subtotal	<u>27,925,256</u>	<u>21,157,588</u>	<u>49,082,844</u>
2023	4,553,556	3,449,276	8,002,832
2024	4,720,576	3,230,407	7,950,983
2025	4,932,848	3,003,085	7,935,933
2026	4,480,372	2,765,723	7,246,095
2027	<u>4,633,160</u>	<u>2,558,110</u>	<u>7,191,270</u>
Subtotal	<u>23,320,512</u>	<u>15,006,601</u>	<u>38,327,113</u>
2028	4,926,212	2,342,571	7,268,783
2029	5,179,540	2,116,332	7,295,872
2030	4,423,156	1,877,777	6,300,933
2031	3,542,072	1,676,523	5,218,595
2032	<u>3,457,265</u>	<u>1,521,738</u>	<u>4,979,003</u>
Subtotal	<u>21,528,245</u>	<u>9,534,941</u>	<u>31,063,186</u>
2033	3,643,156	1,362,475	5,005,631
2034	3,760,000	1,197,119	4,957,119
2035	3,965,000	1,025,581	4,990,581
2036	2,655,000	844,294	3,499,294
2037	<u>2,785,000</u>	<u>725,419</u>	<u>3,510,419</u>
Subtotal	<u>16,808,156</u>	<u>5,154,888</u>	<u>21,963,044</u>
2038	2,945,000	600,813	3,545,813
2039	3,065,000	467,531	3,532,531
2040	3,210,000	328,375	3,538,375
2041	3,365,175	179,126	3,544,301
2042	<u>650,000</u>	<u>22,751</u>	<u>672,751</u>
Subtotal	<u>13,235,175</u>	<u>1,598,596</u>	<u>14,833,771</u>
<b>Totals</b>	<b><u>\$ 126,615,824</u></b>	<b><u>\$ 78,769,421</u></b>	<b><u>\$ 205,385,245</u></b>

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

**NOTE 7 – RETIREMENT COMMITMENTS:**

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

(A) **Plan Description**

The City of Alcoa Employees' Retirement System (the Plan) is a single-employer defined benefit pension plan that covers the employees of the City (except school employees) hired before May 18, 2000. Employees hired after May 18, 2000 can participate in the Tennessee Consolidated Retirement System (TCRS).

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 7 – RETIREMENT COMMITMENTS (Continued):**

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

(A) Plan Description (Continued)

The Plan provides retirement benefits to plan members and their beneficiaries. Membership of the Plan consisted of the following at July 1, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits.....	160
Terminated plan members entitled to but not yet receiving benefits .....	31
Active plan members .....	68
Total .....	259
Number of participating employers .....	1

The entire cost of the Plan is funded by contributions made by the City of Alcoa, Tennessee. An actuarial determination of the financial requirements of the Plan is made every two years on July 1. For each fiscal year, the financial contribution for the Plan is included in the City's appropriation ordinance in accordance with the budgetary process. Administrative costs are financed through investment earnings. The Plan is managed by a Board of Trustees with the First Tennessee Bank, Memphis, Tennessee, as agent for the Trustees. The City has no beneficial interest in the trust fund and no funds are ever to revert to the City. A separate, audited GAAP-basis postemployment benefit plan report is not available for the defined benefit plan. An actuarial report for the financial contribution of the Plan is made every two years on July 1 and available, on request, at the City of Alcoa.

(B) Realized Gains and Losses Disclosed

Realized gains on investments for the year ended June 30, 2013, were \$563. The calculation of these gains is independent of the calculation of the net appreciation (depreciation) in the fair value of Plan investments, and unrealized gains and losses on investments sold in the current year that had been held for more than one year were included in the net appreciation reported in the current year amounting to \$170,110.

(C) Summary of Significant Accounting Policies

The financial statements of the Plan are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

(D) Valuation of Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates market. Securities traded on a national exchange are valued at the last reported sales price.

(E) Funded Status of the Plan

As of July 1, 2012, the most recent actuarial valuation date, the plan was 58% funded. The actuarial accrued liability for benefits was \$35.8 million, and the actuarial value of assets was \$20.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$15.2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3.8 million, and the ratio of the UAAL to the covered payroll was 402%.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 7 – RETIREMENT COMMITMENTS (Continued):**

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

(E) Funded Status of the Plan (Continued)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Actuarial Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2012	\$ 20,602	\$ 35,824	\$ 15,222	58%	\$ 3,788	402%
July 1, 2010	20,949	31,345	10,396	67%	4,224	246%
July 1, 2008	24,237	29,569	5,332	82%	4,163	128%
July 1, 2006	26,291	29,068	2,777	90%	4,163	67%
July 1, 2004	17,041	27,736	10,695	61%	4,173	256%
July 1, 2002	18,301	21,209	2,907	86%	4,247	68%
July 1, 2000	20,878	23,870	2,992	87%	4,828	62%
July 1, 1998	22,436	26,989	4,554	83%	8,220	55%
July 1, 1996	17,099	22,195	5,096	77%	7,208	71%

(F) Actuarial Methods and Assumptions

The funded status of the Plan presents multiyear trend information about whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The required contribution was determined as part of the July 1, 2012 actuarial valuation using the frozen entry age method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses), (b) projected salary increases of 2% annually to normal retirement, with adjustment for longevity and sick pay. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2012, was 9 years.

(G) ANNUAL PENSION COST AND NET PENSION OBLIGATION

The funding level below is calculated as the sum of the normal cost for the Plan year, plus amounts required to amortize the unfunded accrued liability as a percentage of payroll, plus an interest adjustment for payment of employer contributions into the Trust Fund approximately monthly for each Plan year. The contribution rate assumes amortization of unfunded actuarial liability over a 9-year period beginning July 1, 2012. The funding level determined by the City for the year ended June 30, 2013 is as follows:

Required contribution .....	\$ 166,412
Amortization payment (11 years remaining) - Adjustment .....	981,794
Interest at the valuation rate (8%) .....	<u>45,928</u>
Annual pension cost .....	1,194,134
Contributions made .....	<u>(1,144,180)</u>
Increase (decrease) in net pension obligation .....	49,954
Net pension obligation beginning of year .....	<b>1,108,113</b>
Net pension obligation end of year .....	<b><u>\$ 1,158,067</u></b>

The annual required contribution (\$1,194,134) for the current year was determined by the City using the frozen entry age method. The amortization method used is level dollar of projected payroll on a closed basis. The actuarial assumptions include (1) Eight percent (8%) investment rate of return (net of administrative expenses), and (2) projected salary increases of two percent (2%) per year. Both (1) and (2) include an inflation component of 2.0%. The assumptions do not include any post-retirement benefit payments, which are currently funded and approved annually.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 7 – RETIREMENT COMMITMENTS (Continued):**

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

(H) TREND INFORMATION

Six (6) year trend information is presented below:

Fiscal Year Ended <u>June 30,</u>	Annual Pension Cost (APC)	Percentage of Annual Pension Cost <u>Contributed</u>	Net Pension <u>Obligation</u>
2013	\$ 1,194,134	95.8%	\$ 1,158,067
2012	\$ 1,194,134	72.1%	\$ 1,108,113
2010	\$ 939,470	100.5%	\$ 441,594
2008	\$ 526,193	95.1%	\$ 25,746
2006	\$ 526,193	43.8%	\$ 2,777,435
2004	\$ 1,393,860	58.7%	\$ 10,694,723
2002	\$ 969,731	48.7%	\$ 2,907,449

(2) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM:

(A) PLAN DESCRIPTION

Employees of the City of Alcoa are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City of Alcoa participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

(B) FUNDING POLICY

The City of Alcoa has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

The City of Alcoa is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013 was 15.94% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the City of Alcoa is established and may be amended by the TCRS Board of Trustees.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 7 – RETIREMENT COMMITMENTS (Continued):**

(2) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

(C) ANNUAL PENSION COST

For the year ended June 30, 2013, the City of Alcoa’s annual pension cost of \$1,711,632 to TCRS was equal to the City of Alcoa’s required and actual contributions. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The City of Alcoa’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was 8 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

TREND INFORMATION

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage Of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
June 30, 2013	\$ 1,711,632	100.00%	0.00
June 30, 2012	\$ 1,651,396	100.00%	0.00
June 30, 2011	\$ 1,537,975	100.00%	0.00

(D) FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2011, the most recent actuarial valuation date, the plan was 82.32 percent funded. The actuarial accrued liability for benefits was \$25.37 million, and the actuarial value of assets was \$20.88 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.48 million. The covered payroll (annual payroll of active employees covered by the plan) was \$9.8 million, and the ratio of the UAAL to the covered payroll was 45.77 percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

(Continued)

**CITY OF ALCOA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**NOTE 7 – RETIREMENT COMMITMENTS (Continued):**

(2) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Continued):

(D) FUNDED STATUS AND FUNDING PROGRESS (Continued)

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/01/11	\$ 20,882	\$ 25,366	\$ 4,484	82.32%	\$ 9,796	45.77%

(3) ALCOA CITY SCHOOLS

(A) Plan Description

The Alcoa City Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34 - 37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243-0230, or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://www.tn.gov/treasury/tcrs/Schools).

(B) FUNDING POLICY

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Alcoa City Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2013 was 8.88 % of annual covered payroll. The employer contribution requirement for Alcoa City Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011 were \$754,044, \$756,771, and \$751,670, respectively, equal to the required contributions for each year.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 7 – RETIREMENT COMMITMENTS (Continued):**

(4) **DEFERRED COMPENSATION PLAN:**

The City of Alcoa, Tennessee offers its employees a deferred compensation plan known as the City of Alcoa Thrift Plan. The Plan, available to all city employees, permits them to defer a portion of their salary until future years. Contributions to the plan are optional. The deferred compensation is not available to employees until termination, retirement, or death. Investments in the plan are managed by SEI Private Trust Company through Wachovia Bank as sub-custodian.

The City of Alcoa Thrift Plan qualifies under Internal Revenue Section 457(g). The assets of the deferred compensation plan are held in trust (not available to the creditors of the City) and the City does not act as a fiduciary or administrator of the trust. The Plan administrator provides an annual valuation report to the City. The Plan assets totaled \$14,864,619 and \$14,043,218 as of June 30, 2013 and 2012, respectively.

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

Asset balance at July 1, 2012.....	\$ 14,043,218
Deferrals of compensation.....	817,705
Loan repayments/rollovers	30,672
Investment appreciation/depreciation.....	1,390,099
Withdrawals.....	<u>(1,417,075)</u>
Asset balance at June 30, 2013.....	<b><u>\$ 14,864,619</u></b>

(5) **OTHER POST-EMPLOYMENT BENEFITS:**

In addition to the pension benefits described above, the City of Alcoa provides post-retirement health care benefits to all employees who retire from the City. Currently 39 City retirees and 25 Education retirees meet the eligibility requirements.

**CITY OF ALCOA – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

(A) **BACKGROUND**

On July 1, 2008, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the City’s retiree health benefits. Historically, the City’s post retirement benefits were funded on a pay-as-you-go basis, but GASB 45 requires that the City accrue the cost of the retiree health subsidy and any other post-employment benefits during the period of the employees’ active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the City. The funding methodology mirrors the funding approach used for pension benefits.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 7 – RETIREMENT COMMITMENTS (Continued):**

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

CITY OF ALCOA - POST RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued):

(B) PLAN DESCRIPTION

The City established a policy that provides medical insurance benefits to eligible retirees and their spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in the self-insured plan provided by the City. The retiree can remain on the City plan from age 55 through age 65 by paying half of the coverage premium to the City.

At July 1, 2012 the date of the actuarial valuation, membership included:

	<u>Primary Government</u>
Retirees and beneficiaries receiving benefits .....	34
Terminated employees entitled to, but not yet receiving benefits.....	0
Active employees .....	273

(C) FUNDING POLICY

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

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

(D) ANNUAL OPEB COST AND NET OPEB OBLIGATION

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset is as follows for June 30:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual required contribution (ARC) for June 30			
Normal Cost .....	\$ 147,947	\$ 147,947	\$ 266,519
Interest on Net OPEB Obligation.....	6,781	6,781	(2,656)
Amortization of unfunded accrued liability .....	<u>194,462</u>	<u>194,462</u>	<u>2,306</u>
Annual OPEB Costs .....	349,190	349,190	266,169
Annual employer contributions .....	<u>(93,075)</u>	<u>(224,157)</u>	<u>(306,995)</u>
Increase (decrease) in net OPEB obligation.....	256,115	125,033	(40,826)
Net OPEB obligation – beginning of year.....	<u>(80,257)</u>	<u>(205,290)</u>	<u>(164,464)</u>
Net OPEB obligation – end of year.....	<u><b>\$ 175,858</b></u>	<u><b>\$ (80,257)</b></u>	<u><b>\$ (205,290)</b></u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 7 – RETIREMENT COMMITMENTS (Continued):**

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

CITY OF ALCOA - POST RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued):

(D) ANNUAL OPEB COST AND NET OPEB OBLIGATION (Continued)

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

For the year ended June, 2013 (based on an actuarial as of July 1, 2012), the City’s OPEB funding progress is as follows:

Actuarial Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded AAL(UAAL) (Funding Excess)	Funded Ratio	Covered Payroll	UAAL (Funding Excess as a Percentage of Covered Payroll)
7/01/10	\$ -	4,187,184	4,187,184	0%	13,540,995	30.9%
7/01/11	\$ -	4,231,148	4,231,148	0%	13,540,995	31.2%
7/01/12	\$ -	5,424,471	5,424,471	0%	12,441,103	43.6%
7/01/13	\$ -	5,424,471	5,424,471	0%	12,441,103	43.6%

\* Information for the 2010-2011 fiscal years is based on results from an actuarial valuation that was performed as of July 1, 2010 and information for the 2012 and 2013 fiscal years is based on an actuarial valuation as of July 1, 2012.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of evaluation. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 7 – RETIREMENT COMMITMENTS (Continued):**

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

CITY OF ALCOA - POST RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued):

(E) ACTUARIAL METHOD AND ASSUMPTION

The ARC for fiscal year ended June 30, 2013 was determined as part of the July 1, 2012, actuarial valuation using the entry age normal method – a method under which the Actuarial Present Value of the Projected Benefits is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages.

Funding Investment Rate .....	4%
Medical Trend Rate .....	10% graded down to 6% after 8 years, and 6% thereafter
Inflation Rate Assumption .....	3%
Ultimate Trend Rate .....	5%
Actuarial Cost Method .....	Entry Age Normal
Annual Payroll Growth Rate .....	4.00%
Remaining amortization period at June 30, 2013.....	27 years

(6) ALCOA CITY SCHOOLS – POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)

(A) BACKGROUND

On July 1, 2008, the Alcoa Schools adopted the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pension*. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the School’s retiree health benefit subsidy. Historically, the School’s subsidy was funded on a pay-as-you-go basis, but GASB 45 requires that the Schools accrue the cost of the retiree health subsidy and any other post-employment benefits during the period of the employees’ active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the Schools. The funding methodology mirrors the funding approach used for pension benefits.

(B) PLAN DESCRIPTION

The Schools maintain a policy that provides medical insurance benefits to eligible retirees and their spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in the self-insured plan provided by the Schools.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 7 – RETIREMENT COMMITMENTS (Continued):**

(6) ALCOA CITY SCHOOLS – POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)  
(Continued)

(C) FUNDING POLICY

At July 1, 2012 the date of the actuarial valuation, membership included:

	<u>Alcoa City Schools</u>
Retirees and beneficiaries receiving benefits .....	30
Terminated employees entitled to, but not yet receiving benefits.....	0
Active employees .....	163

GASB Statement No. 45 requires recognition of the current expense of OPEB based on the School's annual required contribution, but does not require the funding of the related liability.

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

(D) ANNUAL OPEB COST AND NET OPEB OBLIGATION

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset is as follows for June 30:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual required contribution (ARC) for June 30, 2013.....	\$ 182,546	\$ 182,546	\$ 188,507
Interest on net OPEB obligation .....	2,239	2,239	516
Adjustment on annual required contribution....	(2,249)	(2,249)	(532)
Annual OPEB Costs.....	182,536	182,536	188,491
Annual employer contributions.....	(68,500)	(100,123)	(188,502)
Increase (decrease) in net OPEB obligation.....	114,036	82,413	(11)
Net OPEB obligation – beginning of year .....	138,387	55,974	55,985
Net OPEB obligation – end of year.....	<b>\$ 252,423</b>	<b>\$ 138,387</b>	<b>\$ 55,974</b>

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

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 7 – RETIREMENT COMMITMENTS (Continued):**

(6) ALCOA CITY SCHOOLS – POST RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)  
(Continued)

(D) ANNUAL OPEB COST AND NET OPEB OBLIGATION (Continued)

For the year ended June, 2013, the School’s OPEB funding progress is as follows:

Actuarial Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded AAL(UAAL) (Funding Excess)	Funded Ratio	Covered Payroll	UAAL (Funding Excess as a Percentage of Covered Payroll)
7/01/09	\$ -	\$ 3,543,694	\$ 3,543,694	0%	\$ 8,128,471	43.6%
7/01/10	\$ -	\$ 1,786,267	\$ 1,786,267	0%	\$ 8,396,138	21.3%
7/01/11	\$ -	\$ 1,846,396	\$ 1,846,396	0%	\$ 8,396,138	22.0%
7/01/12	\$ -	\$ 1,799,973	\$ 1,799,973	0%	\$ 8,519,194	21.1%
7/01/13	\$ -	\$ 1,799,973	\$ 1,799,973	0%	\$ 8,519,194	21.1%

\* Information for the 2009 fiscal year is based on results from an actuarial valuation that was performed as of July 1, 2010 and information for the 2010-2011 fiscal years is based on an actuarial performed as of July 1, 2010. Information for the 2012 and 2013 fiscal years is based on an actuarial valuation performed as of July 1, 2012.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of evaluation. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

(E) ACTUARIAL METHOD AND ASSUMPTION

The ARC for fiscal year ended June 30, 2013 was determined as part of the July 1, 2012 actuarial valuation using the entry age normal method – a method under which the Actuarial Present Value of the Projected Benefits is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages.

Significant assumptions used in the actuarial valuation include:

Investment Return Rate .....	4%
Medical Trend Rate .....	10% graded down to 6% over 8 years, and 6% thereafter
Inflation Assumption .....	3%
Ultimate Trend Rate.....	5%
Actuarial Cost Method.....	Entry Age Normal
Annual Payroll Growth Rate.....	3.00%
Remaining amortization period at June 30, 2013 .....	28 years

The actuarial value of the OPEB assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any excess of these assets over actuarial accrued liability is amortized as a level percentage of projected payroll over an open 30 year period. The remaining amortization period is thirty years.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 8 – EMPLOYEE HEALTH INSURANCE, INTERNAL SERVICE FUND:**

The City of Alcoa, Tennessee has chosen to establish the Employees' Insurance Trust Fund for risks associated with the employee's health insurance plan. The Employees Insurance Trust is accounted for as an internal service fund where assets are set aside for claim settlements. The City retains the risk of loss to a limit of \$60,000 per specific loss. The City has obtained a stop/loss commercial insurance policy to cover claims beyond the \$60,000 per specific loss. The maximum liability approximates \$29.6 million for the year (based on 493 employees at a maximum of \$60,000 per employee).

All full-time employees of the primary government are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This premium charge is based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for catastrophe losses. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employees' Insurance Trust Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not reported. The process used to compute claims liabilities does not necessarily result in an exact amount.

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

Year Ended <u>June 30,</u>	Beginning of Fiscal Year <u>Liability</u>	Current Year <u>Claims</u>	Liability Balance at Fiscal <u>Year End</u>
2011	\$ 106,451	\$ 2,703,271	\$ 67,086
2012	67,086	3,423,382	153,647
2013	153,647	3,613,331	241,663

The City of Alcoa carries commercial insurance for all other risks of loss, including general liability, property and casualty, workers' compensation and environmental. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 9 – CONTRACTS WITH THE TENNESSEE VALLEY AUTHORITY (TVA):**

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

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

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 10 – JOINT VENTURES:**

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

**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, 2013, the City of Alcoa contributed \$377,670 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, 2013 is presented below:

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

Revenues .....	\$ 1,594,253
Expenditures .....	<u>(3,114,881)</u>
Excess (deficit) of Expenditures Over Revenues .....	(1,520,628)
Net Position – July 1, 2012.....	<u>48,185,214</u>
Net Position – June 30, 2013 .....	<u>\$ 46,664,586</u>
Total Assets .....	<u>\$ 74,145,681</u>
Total Liabilities .....	<u>\$ 27,481,095</u>
Net Position .....	<u>\$ 46,664,586</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.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 10 – JOINT VENTURES (Continued):**

**BLOUNT COUNTY PUBLIC LIBRARY:**

The Blount County Public Library (a special revenue fund of Blount County, Tennessee) is funded jointly by Blount County, the City of Maryville, Tennessee, and the City of Alcoa, Tennessee, pursuant to an agreement entered into on effective date January 1, 1969, and continuing until any party shall furnish a six (6) months written notice to terminate its participation. Effective July 1, 1989, Blount County, Tennessee became the fiscal agent for the Library, a component unit of Blount County, Tennessee. Financial statements for the Blount County Public Library can be obtained by writing to Blount County Courthouse, 341 Court Street, Maryville, TN 37801.

For the fiscal year ended June 30, 2013, the City of Alcoa contributed \$179,905 to the Library. A summary of the Library's financial information as required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2013, is presented below:

Revenues .....	\$ 1,126,599
Other Sources – Operating Transfers .....	899,520
Expenditures .....	<u>(1,951,091)</u>
Excess of Revenues and Other Sources Over Expenditures .....	75,028
Fund Balance – July 1, 2012 .....	<u>1,147,015</u>
Fund Balance – June 30, 2013 .....	<u>\$ 1,222,043</u>
Total Assets .....	<u>\$ 1,248,093</u>
Total Liabilities .....	<u>\$ 26,050</u>
Total Fund Balance .....	<u>\$ 1,222,043</u>

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

Pursuant to agreement dated August 28, 1984, between Blount County, Tennessee, the City of Maryville, Tennessee, and the City of Alcoa, Tennessee, a Communications Center was established for the purpose of handling emergency calls for all three governmental units. The intergovernmental cooperative was known as the Blount County Communications Center, which has now merged with the Blount County Emergency Communications District, a component unit of Blount County, Tennessee. The District's Board is composed of nine directors, whom are appointed by the Blount County Board of County Commissioners. The City of Alcoa has control over budget and financing of the joint venture only to the extent of representation by the committee members and is responsible for funding 25% of operations. The City of Alcoa contributed \$151,065 to the District during the fiscal year ended June 30, 2013. Summary financial information as required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2013, is presented at the top of the next page:

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 11 – JOINT VENTURES (Continued):**

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

Operating Revenues.....	\$ 1,435,510
Operating Expenses.....	<u>(2,036,962)</u>
Operating Income (loss).....	(601,452)
Non-Operating Revenues.....	<u>854,715</u>
Net Income.....	253,263
Net Position – July 1, 2012.....	<u>3,085,546</u>
Net Position – June 30, 2013.....	<u>\$ 3,338,809</u>
Total Assets.....	<u>\$ 5,199,960</u>
Total Liabilities.....	<u>\$ 1,861,151</u>
Total Net Position.....	<u>\$ 3,338,809</u>

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

**BLOUNT COUNTY CABLE TELEVISION AUTHORITY:**

Blount County, the City of Maryville, and the City of Alcoa jointly regulate the operation of cable television through the Blount County Cable Television Authority. The Authority is composed of nine members, three of whom are appointed by the City of Alcoa Commission. The remaining six members are appointed by the County and the City of Maryville. The City of Alcoa has control over budget and financing of the joint venture only to the extent of representation by the three board members appointed. The Authority funds its budget through the collection of cable television franchise fees from companies under its jurisdiction. After payment of the Authority's expenses, the residual of those collections is remitted to the county and the two cities based on point of collection.

Alcoa's share for the year ended June 30, 2013, amounted to \$78,188. Summary financial information required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2013, is presented below:

Revenues.....	\$ 921,627
Expenditures.....	<u>(25,529)</u>
Excess of Revenues Over Expenditures Before Franchise	
Fee Distributions.....	896,098
Franchise Fee Distributions to County and Cities.....	<u>(897,187)</u>
Excess (Deficiency) of Revenues Over Expenditures.....	(1,089)
Fund Balance – July 1, 2012.....	<u>19,571</u>
Fund Balance – June 30, 2013.....	<u>\$ 18,482</u>
Total Assets.....	<u>\$ 240,123</u>
Total Liabilities.....	<u>\$ 221,641</u>
Total Fund Balance.....	<u>\$ 18,482</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 10 – JOINT VENTURES (Continued):**

**BLOUNT COUNTY CABLE TELEVISION AUTHORITY (Continued)**

No joint venture debt was reported on the financial statements of the Cable Television Authority as of June 30, 2013. Publically available financial statements can be obtained by writing to the Blount County Cable Television Authority, P. O. Box 4338, Maryville, TN 37802.

**RECREATION AND PARKS COMMISSION:**

Blount County, the City of Maryville, and the City of Alcoa jointly operate a recreation and parks system through a joint Recreation and Parks Commission. The Commission is composed of seven members, two of whom are appointed by the City of Alcoa Commission. Two members each are appointed by the County and the City of Maryville and one member is appointed by the joint commission. The City of Alcoa has control over budget and financing of the Commission only to the extent of representation by the two board members appointed. Contributions toward operations are provided annually by the county and the cities based on a per capita cost sharing formula. The City of Alcoa contributed \$452,268 to the operations of the Commission during the fiscal year ended June 30, 2013, and expended an additional \$67,325 for recreation and parks improvements. For the year ended June 30, 2012, the City contributed \$446,470 for Commission operations and \$44,058 for park improvements.

Summary financial information required by accounting principles generally accepted in the United States of America for the fiscal year ended June 30, 2013, is presented below.

Revenues.....	\$ 2,689,120
Expenditures .....	<u>(2,642,062)</u>
Excess of Revenues Over Expenditures .....	47,058
Fund Balance – July 1, 2012.....	<u>1,228,438</u>
Fund Balance – June 30, 2013 .....	<u>\$ 1,275,496</u>
Total Assets .....	<u>\$ 1,531,170</u>
Total Liabilities.....	<u>\$ 255,674</u>
Total Fund Balance.....	<u>\$ 1,275,496</u>

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

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 10 – JOINT VENTURES (Continued):**

**RECREATION AND PARKS COMMISSION (Continued)**

Bonds issued by Blount County, Tennessee on behalf of the Recreation and Parks Commission for the construction of a new Senior Citizen Center totaled \$1,325,000. The City of Alcoa's share (10%) is as follows:

<b><u>Year Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2014	\$ 10,000	\$ 2,750	\$ 12,750
2015	10,500	2,250	12,750
2016	11,000	1,725	12,725
2017	11,500	1,175	12,675
2018	<u>12,000</u>	<u>600</u>	<u>12,600</u>
<b>Total</b>	<b><u>\$ 55,000</u></b>	<b><u>\$ 8,500</u></b>	<b><u>\$ 63,500</u></b>

**JOINT DEVELOPMENT OF INDUSTRIAL PARKS:**

**PARTNERSHIP PARK NORTH – PARTNERSHIP PARK SOUTH:**

Pursuant to an Intergovernmental Agreement dated December 16, 1997, between the City of Maryville, Tennessee, the City of Alcoa, Tennessee, Blount County, Tennessee, and the Industrial Development Board of Blount County, Tennessee, the two (2) cities and Blount County agreed to provide financial assistance to the Industrial Development Board and Blount County, Tennessee in connection with the purchase of certain property and the development and operation of such property as two (2) industrial parks. Such financial assistance is to be provided as follows: Blount County – forty percent (40%); City of Maryville – thirty percent (30%); and City of Alcoa – thirty percent (30%).

Bonds issued by the Industrial Board and Blount County, Tennessee for the projects total \$7,915,000. The City of Alcoa's share is as follows:

<b><u>Year Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
<b>2013</b>	<b><u>\$ 81,000</u></b>	<b><u>\$ 5,000</u></b>	<b><u>\$ 86,000</u></b>

Under the terms of the Agreement, a Joint Operating Committee, composed of one (1) representative from each of the parties to the agreement, shall have overall control of the two (2) industrial parks – the Partnership Park South (Herron property) and the Partnership Park North (Burkhart property). Such overall control shall include the right to approve all sales of the property in the Industrial Parks; approve all budgets related to the operation of the Industrial Parks; approve all capital improvements to the Industrial Parks; and approve all design guidelines, restrictive covenants, and management policies regarding the Industrial Parks.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 10 – JOINT VENTURES (Continued):**

JOINT DEVELOPMENT OF INDUSTRIAL PARKS (Continued):

PARTNERSHIP PARK NORTH – PARTNERSHIP PARK SOUTH (Continued):

In addition to financial assistance provided to the Industrial Development Board by the City of Maryville, the City of Alcoa, and Blount County, the Industrial Development Board is to receive the proceeds from the sale of land in the Industrial Parks together with other receipts in connection with the operation, development, and maintenance of the Industrial Parks. Also, amounts equivalent to the property taxes received with respect to any property within either of the Industrial Parks is to be contributed to the Industrial Board.

THE PELLISSIPPI RESEARCH CENTRE ON THE OAK RIDGE CORRIDOR:

Pursuant to an Intergovernmental Cooperation Agreement dated May 2006, by and among the City of Maryville, Tennessee, the City of Alcoa, Tennessee, Blount County, Tennessee, Knox County, Tennessee, and the Industrial Development Board of Blount County, Tennessee, the two (2) cities and two (2) counties agreed to provide financial assistance to the Industrial Development Board in connection with the purchase of certain property and the development and operation of such property as a research and development industrial park. Such financial assistance is to be provided as follows: Blount County – twenty-five percent (25%); Knox County – twenty-five percent (25%); City of Maryville – twenty-five percent (25%); and City of Alcoa – twenty-five percent (25%).

Under the terms of the agreement, a joint operating committee, composed of one (1) representative from each of the parties to the agreement, shall have overall control of the industrial park. Such overall control shall include the right to approve all sales of property in the Industrial park; approve all budgets related to the operation of the Industrial Park; approve all capital improvements to the Industrial Park; and approve all design guidelines, restrictive covenants, and management policies regarding the Industrial Park.

In addition to financial assistance provided to the Industrial Development Board by the City of Maryville, the City of Alcoa, Blount County and Knox County, the Industrial Development Board is to receive the proceeds from the sale of land in the Industrial Park together with other receipts in connection with the operation, development, and maintenance of the Industrial Park. Also, amounts equivalent to the property taxes received with respect to any property within the Industrial Park is to be contributed to the Industrial Board if needed for operation. Otherwise, the property taxes are remitted to the two (2) cities and two (2) counties based upon the above percentages.

The City's funding pursuant to this agreement is \$5,000,000 which is complete at June 30, 2013.

An agreement between the City of Alcoa Utilities (AUB) and the City of Maryville Utilities (MUB) provides for MUB to treat wastewater from AUB. During the current year, AUB paid MUB \$2,149,862 in operating costs for the year ended June 30, 2013 (June 30, 2012 amount paid \$2,281,325).

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 11 –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 \$101,799 and \$95,930 for the years ended June 30, 2013 and June 30, 2012, respectively.

(B) LANDFILL CLOSURE AND POSTCLOSURE CARE:

Blount County, Tennessee and the Cities of Maryville and Alcoa are currently being served by one landfill area operated by the City of Alcoa. The existing landfill (Phase I) began operations in 1974, and was expanded in July 1986 and in April 1991. The original design and both expansions were based on a variation of an area landfill using the trench method to develop refuse filled cells.

State and Federal laws and regulations require the Landfill to place a final cover on its Phase I site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty (30) years after the closure. Although closure and postclosure care costs will be paid only near or after the date that the Landfill stops accepting waste (including Phase II in 1996 through Phase IV which will all interface with the existing Phase I Landfill), the Landfill reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$7,748,577 reported as restricted cash and landfill closure and postclosure care liability at June 30, 2013, represents the cumulative amount reported to date based on the use of twenty-six (26%) percent of the estimated capacity of the Landfill. The amounts are based on what it would cost to perform all closure and postclosure care in 2013. The Landfill expects to close the Landfill site in 2028. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

**NOTE 12 – ECONOMIC DEPENDENCY (ALUMINUM COMPANY OF AMERICA):**

The Aluminum Company of America (ALCOA) provides the City of Alcoa with substantial property tax revenues, approximately 21%. Nine additional entities provide an additional 10% in property tax revenues.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 13 – REFUNDING OF DEBT:**

**REFUNDING:**

During the prior year, the City of Alcoa issued \$87,735,000 of fixed rate Local Government Improvement Bonds to provide resources for the current refunding of ten (10) General Obligation and Revenue Bonds. The purpose of these transactions was to reduce the City's exposure to interest rate volatility in the insured bond market. As a result, the refunding bonds were redeemed, and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$701,880. This amount was netted against the new debt and amortized over the remaining life of the refunded debt. The City's financial advisors were not able to determine the cumulative savings or economic gain from the refunding transactions due to the variable rate debt instruments involved.

**(A) GENERAL OBLIGATION REFUNDING BONDS – SERIES 2002:**

In 2002, the City of Alcoa issued General Obligation Refunding Bonds, Series 2002 amounting to \$1,545,000. The purpose of the bonds was to reduce debt service payable by the City over the term of the bonds by taking advantage favorable conditions in the municipal bond market, thereby effecting a cost savings to the public. The Refunding Bonds were issued to refund Series 1996 Bonds General Obligation Public Works Bonds of \$5,610,000, exclusive of \$745,000 of the Series 1996 Bonds (non-refunded) maturing on April 1, 2003 (\$365,000) and April 1, 2004 (\$380,000). The 2002 Refunding Bonds (\$1,545,000) mature serially in amounts ranging from \$10,000 on April 1, 2003 to \$105,000 on April 1, 2016. Average coupon interest rate is 4.1%.

**(B) WATER AND SEWER REVENUE AND TAX REFUNDING BONDS – SERIES 2002:**

In 2002, the City of Alcoa issued Water and Sewer and Tax Refunding Bonds, Series 2002 amounting to \$2,865,000. The purpose of the bonds was to reduce debt service payable by the City over the term of the bonds by taking advantage of favorable conditions in the municipal bond market, thereby effecting a cost savings to the public. The Refunding Bonds were issued to refund 2 bonds: (1) Series 1996 General Obligation Public Works Bonds of \$5,610,000, exclusive of \$745,000 of the Series 1996 Bonds (non-refunded) maturing on April 1, 2003 (\$365,000) and April 1, 2004 (\$380,000) and (2) Series 1993 Water and Sewer Revenue Tax Refunding Bonds of \$2,570,000. The 2002 Refunding Bonds (\$2,865,000) mature serially in amounts ranging from \$200,000 on April 1, 2003 to \$205,000 on April 1, 2016. Average coupon interest rate is 4.18%.

**(C) INTEREST RATE SWAP AGREEMENTS:**

In 2003, the City of Alcoa executed interest rate swap agreements with the Public Building Authorities of Blount County and Sevier County. The purpose is to swap a variable rate exposure to a fixed rate.

Under the agreements, the Public Building Authorities and the City entered into interest rate swap agreements for all of the outstanding Local Government Improvement Bonds, Series IV-B-5 and A-1-C. Based on the loan agreements and swap agreements, the City owes interest at an effective fixed rate of 4.72% and 4.70%, respectively. In return, the counterparty owes the City interest based on a variable rate that is calculated at 70% of the 3-month LIBOR (London InterBank Offered Rate). Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is used as the basis on which the interest payments are calculated.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 14 – FUND BALANCES:**

(A) FUND BALANCES:

At June 30, 2013, fund balances are as follows:

	<b>Fund Balance Summary</b>						<b>Sub-totals</b>	<b>Description</b>
	<b>Major Governmental Funds</b>							
	<b>General Fund</b>	<b>General Purpose School Fund</b>	<b>Debt Service Fund</b>	<b>School Construction And Improvement Fund</b>	<b>Alcoa High School Construction Fund</b>	<b>Nonmajor Governmental Funds</b>		
NONSPENDABLE								
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Nonspendable
RESTRICTED TO:								
General Fund	2,096	-	-	-	-	-	2,096	
Education	-	879,036	-	-	-	-	879,036	
Streets and Roads	-	-	-	-	-	402,596	402,596	
Vehicle enforcement	-	-	-	-	-	14,030	14,030	
Drug enforcement	-	-	-	-	-	76,516	76,516	
Public Works								
Construction	-	-	-	-	-	2,541,026	2,541,026	
Capital projects	-	-	-	-	-	52,665	52,665	Restricted
COMMITTED TO:								
Education Construction	-	-	-	12,559	8,158,425	-	8,170,984	Committed
ASSIGNED TO:								
Education – Cafeteria	-	-	-	-	-	50,921	50,921	
Education - Extended Day	-	-	-	-	-	97,930	97,930	
Debt Service	-	-	804,120	-	-	-	804,120	
Home Grant Program	-	-	-	-	-	743	743	
2001 Special projects	-	-	-	-	-	344,967	344,967	
Equipment replacement	-	-	-	-	-	239,066	239,066	
Bessie Harvey Memorial	-	-	-	-	-	1,968	1,968	
Landscaping	-	-	-	-	-	126,593	126,593	Assigned
UNASSIGNED	<u>2,590,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,590,467</u>	Unassigned
<b>Totals</b>	<b><u>\$ 2,592,563</u></b>	<b><u>\$ 879,036</u></b>	<b><u>\$ 804,120</u></b>	<b><u>\$ 12,559</u></b>	<b><u>\$ 8,158,425</u></b>	<b><u>\$ 3,949,021</u></b>	<b><u>\$ 16,395,724</u></b>	

(B) CHANGES IN PROPRIETARY FUNDS' NET POSITION:

	<b>Governmental Activities Internal Service Funds</b>	<b>Enterprise Funds</b>				
		<b>Stormwater Utility</b>	<b>Water and Sewer Utility</b>	<b>Electric Utility</b>	<b>Landfill</b>	<b>Total</b>
Net Position – Beginning	\$ 1,066,804	\$ 1,047,370	\$ 19,107,463	\$ 34,201,990	\$ 3,035,724	\$ 57,392,547
Change in Net Position	<u>(435,465)</u>	<u>136,078</u>	<u>46,672</u>	<u>1,433,154</u>	<u>(59,882)</u>	<u>1,556,022</u>
<b>Net Position - Ending</b>	<b><u>\$ 631,339</u></b>	<b><u>\$ 1,183,448</u></b>	<b><u>\$ 19,154,135</u></b>	<b><u>\$ 35,635,144</u></b>	<b><u>\$ 2,975,842</u></b>	<b><u>\$ 58,948,569</u></b>

(Continued)

**CITY OF ALCOA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**NOTE 15 – COMMITMENTS:**

(A) CAPITAL LEASES:

The City has acquired equipment for which it is obligated under certain leases accounted for as capital leases. The leased assets and related obligations at June 30, 2013 are as follows:

<u>Assets Recorded Under Capital Leases</u>	<u>Terms</u>	<u>Total Lease Amount</u>	<u>Total Interest/ Interest Rate</u>	<u>Balance of lease Obligation at June 30, 2013</u>
GOVERNMENTAL ACTIVITIES:				
General Fund:				
Civic Center Capital Lease .....		\$ 9,142,400(1)		\$ 9,142,400
Communication Equipment .....		751,750(2)	\$ 173,706/2.3%	623,858
SunTrust Equipment – Mack Truck.....	60 mos.	200,761	11,957/2.3%	109,938
First Commerce Bank – Freightliner M2.....	60 mos.	159,729	20,199/4.28%	26,306
SunTrust Equipment – Police cruisers & SUVs ....	36 mos.	<u>402,528</u>	12,448/1.88%	<u>170,477</u>
Subtotal .....		<u>1,514,768</u>		<u>930,579</u>
Total Capital Leases – Governmental Funds .....		<u>\$ 10,657,168</u>		<u>\$ 10,072,979</u>
Enterprise Funds:				
Stormwater Utility Fund:				
Stormwater Vacuum Truck.....	60 mos.	\$ 259,222	23,827/3.41%	\$ 82,438
Landfill Fund:				
CAT 9630 Track Loader.....	36 mos.	<u>205,600</u>	11,283/3.50%	<u>47,847</u>
Total Enterprise Funds .....		<u>\$ 464,822</u>		<u>\$ 130,285</u>

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
2014	\$ 270,586	\$ 102,338	\$ 372,924
2015	146,266	27,947	174,213
2016	101,385	-	101,385
2017	76,176	-	76,176
2018	79,200	-	79,200
2019 - 2021	<u>256,966</u>	<u>-</u>	<u>256,966</u>
Minimum lease payments for all capital leases except Civic Arts Center (1).....	930,579	130,285	1,060,864
Less: Amount representing interest at City's incremental borrowing rate of interest.....	<u>(27,917)</u>	<u>(3,909)</u>	<u>(31,826)</u>
Present Value of Minimum Lease Payments.....	<u>\$ 902,662</u>	<u>\$ 126,376</u>	<u>\$ 1,029,038</u>

(1) See Note 15 – (E) (1) Civic Arts Center  
(2) See Note 15 – (E) (2) Communication Equipment

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 15 – COMMITMENTS (Continued):**

(B) COMMITTED CONSTRUCTION:

As of June 30, 2013, the City of Alcoa, Tennessee, had the following commitments with respect to unfinished construction in progress:

<u>Project Name</u>	<u>Total Contract or Estimated Amount</u>	<u>Costs Incurred through June 30, 2013</u>	<u>Estimated Cost to Complete</u>
West Plant Development.....	\$ 5,020,000	\$ 120,180	\$ 4,899,820
Hall Road/South Plant Turn Lane.....	101,795	98,480	3,315
Old Knoxville Highway Improvements .....	4,301,460	1,487,860	2,813,600
Electric Utility:			
Voltage and substation improvements, and line extensions.....	7,233,088	982,845	6,250,243
New Alcoa High School .....	<u>33,448,404</u>	<u>1,363,590</u>	<u>32,084,814</u>
<b>Totals.....</b>	<b><u>\$ 50,104,747</u></b>	<b><u>\$ 4,052,955</u></b>	<b><u>\$ 46,051,792</u></b>

(C) SPRINGBROOK CORPORATE CENTER:

In August 1993, the City foreclosed on the Springbrook Corporate Center property, under terms of a prior 1992 settlement agreement approved by the U.S. Bankruptcy Court (re: City of Alcoa vs. United Tri-Tech, Inc.). All property in the Center has been sold except for a lake and commons area, and property for joining of the Greenbelt Park with the City of Maryville.

(D) RESEARCH AND DEVELOPMENT INDUSTRIAL PARK:

Pursuant to an Intergovernmental Cooperation Agreement dated May 2006, by and among the City of Maryville, Tennessee, the City of Alcoa, Tennessee, Blount County, Tennessee, Knox County, Tennessee, and the Industrial Development Board of Blount County, Tennessee, the two (2) cities and two (2) counties agreed to provide financial assistance to the Industrial Development Board in connection with the purchase of certain property and the development and operation of such property as a research and development industrial park. Such financial assistance is to be provided as follows: Blount County – twenty-five percent (25%); Knox County – twenty-five percent (25%), City of Maryville – twenty-five percent (25%); City of Alcoa – twenty-five percent (25%).

Under the terms of the agreement, a joint operating committee, composed of one (1) representative from each of the parties to the agreement, shall have overall control of the industrial park. Such overall control shall include the right to approve all sales of property in the Industrial Park; approve all budgets related to the operation of the Industrial Park; and approve all guidelines, restrictive covenants, and management policies regarding the Industrial Park.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 15 – COMMITMENTS (Continued):**

(D) RESEARCH AND DEVELOPMENT INDUSTRIAL PARK (Continued):

In addition to the financial assistance provided to the Industrial Development Board by the City of Maryville, the City of Alcoa, Blount County, and Knox County, the Industrial Development Board is to receive the proceeds from the sale of land in the Park. Also, amounts equivalent to the property taxes received with respect to any property within the Industrial Park is to be contributed to the Industrial Board if needed for operation. Otherwise, the property taxes are remitted to the two (2) cities and two (2) counties based upon an equal share of 25% each.

The City's funding pursuant to this agreement was \$5,000,000.

(E) CAPITAL LEASE – OBLIGATION:

(1) Civic Arts Center (Note 16-(A))

In May 2006 the City Commission adopted a resolution authorizing the execution of a lease agreement with respect to a Civic Arts Center to be constructed on the campus of Maryville College; approving the issuance of bonds by the Industrial Development Board of Blount County to finance such Civic Arts Center; consenting to the assignment of the City's obligation under the lease agreement; and such other matters with respect to the Civic Arts Center.

The City approved the Industrial Board's issuance of bonds, not to exceed \$33,685,000, for the construction of the Civic Arts Center. The resolution also authorized the City to levy and collect a direct annual tax sufficient with any other funds available and pledged to pay the rental payments due under the lease. The lease obligates the City to pay annually an amount not to exceed 28.57% of the rental payment due, which rental payments shall be an amount equal to a percentage of the principal and interest on the Bonds, approved under the resolution.

The Industrial Board entered into a fifty (50) year lease with Maryville College to lease the land on which the Civic Arts Center is to be constructed. At the end of the fifty year lease, the Civic Arts Center becomes the property of Maryville College.

Bonds in the amount of \$32,000,000 were issued by the Industrial Board on December 14, 2006.

Maryville College has committed a total of \$18,000,000 toward the debt service of the bonds. Any amounts paid will reduce the City of Alcoa's obligation under the lease. If Maryville College fulfills its commitment, the City's Lease Obligation would be reduced by \$5,142,600.

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

The following presents a summary of the City's Civic Arts Center Capital Lease commitment as of June 30, 2013:

<b>Present Value of Minimum Lease Payments</b>	<b><u>Interest</u></b>	<b>Total Minimum Lease Payments</b>
<b><u>\$ 9,142,400</u></b>	<b><u>\$ 6,213,260</u></b>	<b><u>\$ 15,355,660</u></b>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 15 – COMMITMENTS (Continued):**

(E) CAPITAL LEASE – OBLIGATIONS (Continued):

(1) Civic Arts Center (Continued)

The City has a 28.57% ownership interest in the Civic Center building for 50 years – the asset will then transfer to Maryville College. The City appropriately recognizes the long-term community benefit of its ownership interest as an asset in the government wide financial statements, and the corresponding long-term obligation of the lease payments. Without that long-term community benefit, the City would not have been authorized to issue long-term debt under State law. The asset rights expire after 50 years, but the financial obligation will be satisfied long before that.

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

(2) Communications Center Equipment

On August 3, 2010, and subsequently modified on October 21, 2010, the City entered into an inter-governmental agreement with Blount County, Tennessee, and the City of Maryville, Tennessee to acquire certain emergency communications equipment. Under the terms of the agreement, Blount County, Tennessee is the Lessee of the equipment. In turn, the County subleased to the cities of Alcoa and Maryville their prorated share of the equipment. The terms of the agreement require the City to make lease payments totaling \$751,750, plus interest at 3.97%. Title to the equipment will transfer to each governmental entity based upon its share of the actual equipment acquired.

<b>Present Value of Minimum Lease Payments</b>	<b>Interest</b>	<b>Communication Equipment: Total Minimum Lease Payments</b>
<b><u>\$ 623,858</u></b>	<b><u>\$ 113,487</u></b>	<b><u>\$ 737,345</u></b>

These total minimum lease payments are payable as follows:

<b>Year Ending June 30,</b>	<b>Civic Center</b>	<b>Communication Equipment</b>
2014	\$ 605,100	\$ 67,779
2015	610,650	70,470
2016	605,525	73,267
2017	605,175	76,176
2018	<u>604,375</u>	<u>79,085</u>
Subtotal	<u>3,030,825</u>	<u>366,777</u>
2019 – 2022	3,027,100	257,081
2023 – 2027	3,029,075	-
2028 – 2032	3,032,625	-
2033 – 2037	<u>3,236,035</u>	<u>-</u>
Subtotal	<u>12,324,835</u>	<u>257,081</u>
<b>Total</b>	<b><u>\$ 15,355,660</u></b>	<b><u>\$ 623,858</u></b>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 16 – LITIGATION:**

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

**NOTE 17 – RISK FINANCING ACTIVITIES:**

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

The City’s Electric Department has started the process for building a new electric substation to relieve the load on the Wildwood Substation. Expected completion would be December 2013 for the substation and four miles of transmission lines. Estimated cost is \$3.5 million to \$4.5 million.

The City maintains its funds with financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks determine the aggregate balance of their public funds accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must be equal to at least one hundred five percent (105%) of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public funds accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in aggregate rather than against each individual account. Under this assessment agreement, public funds accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

**NOTE 18 – NEW FUNDS:**

The Alcoa High School Construction Fund has been established as a Capital Projects Fund to account for the acquisition and construction of the new Alcoa High School and is presented as a major fund.

**NOTE 19 – CALCULATION OF INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT (GOVERNMENTAL FUNDS):**

The following items are used in the calculation of invested in capital assets, net of related debt as follows in the Statement of Net Position:

	<b><u>Governmental Activities Invested In Capital Assets, Net of Related Debt</u></b>
Total Capital Assets .....	\$ 59,421,583
Long-Term Debt and Current Debt.....	(64,080,445)
Items in Long-Term Debt:	
Add – compensated absences.....	1,032,466
Debt – noncapital related pension funding.....	4,890,000
Civic Center debt.....	<u>7,875,000</u>
<b>June 30, 2013 .....</b>	<b><u>\$ 9,138,604</u></b>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 20 – PRIOR PERIOD ADJUSTMENT:**

For the fiscal year ended June 30, 2013, the City of Alcoa implemented Statement 63 of the Governmental Accounting Standards Board, which resulted in debt issuance costs and losses on the advance refunding of debt being expensed on the government-wide financial statements in the same manner as on the governmental fund financial statements.

The government-wide financial statements for the fiscal year ended June 30, 2012, have been restated. The beginning net position of the governmental activities and the government-wide Statement of Activities for the fiscal year ended June 30, 2013, has been restated as follows:

Net Position – Beginning	\$ 9,899,878
Adjustment	<u>(1,387,795)</u>
Adjusted Net Position – Beginning	<u>\$ 8,512,083</u>

**NOTE 21 – SUBSEQUENT EVENTS:**

The City's Water Department is in the process of replacing two in-ground water tanks. One was built in 1920 and the other 1942. The total project estimate is approximately \$5.8 million. The City has been approved for a \$5.0 million loan through the Drinking Water State Revolving Fund (DWSRF) Loan Program of the State of Tennessee with a 20% Principal Forgiveness 2010 EPA Capitalization Grant that will make this a Principal loan of \$4.0 million. The additional \$800,000 will come from local funds.

The City's Electric Department has started the process for building a new electric substation to relieve the load on the Wildwood Substation. Expected completion would be December 2013 for the substation and four miles of transmission lines. Estimated cost is \$3.5 million to \$4.5 million.

In August, 2012, the Board of Commissioners of the City passed a resolution authorizing the issuance of the City of Alcoa General Obligation Bonds Series 2012 not to exceed thirty million dollars. Issued during the current year amounted to \$10,000,000. In October 2013, an additional \$10,000,000 was issued.

An ordinance and taxpayer referendum vote approved a local sales tax rate increase of .25% to be used for funding the proposed building of a new Alcoa High School.

The date to which events occurring after June 30, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is January 21, 2014, which is the date on which the financial statements were issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF ALCOA, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2013**

**SCHEDULE OF FUNDING PROGRESS FOR THE CITY OF ALCOA, TENNESSEE  
(TN Consolidated Retirement System):**

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2011	\$ 20,882	\$ 25,366	\$ 4,484	82.32%	\$ 9,796	45.77%
July 1, 2009	\$ 15,353	\$ 15,412	\$ 59	99.62%	\$ 9,692	0.61%
July 1, 2007	\$ 12,804	\$ 12,870	\$ 66	99.49%	\$ 8,668	0.76%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method was a change made during the year of the 2007 actuarial valuation date and therefore only the three most current years are presented.

Schedule of employer contributions:

Years Ended June 30,	Annual Required Contribution	Actual Contributions	Percentage of Annual Requirements to Contributions
2013	\$ 1,711,632	\$ 1,711,632	100%
2012	1,651,396	1,651,396	100%
2011	1,537,975	1,537,975	100%
2010	1,425,562	1,425,562	100%
2009	1,404,575	1,404,575	100%
2008	1,425,562	1,425,562	100%
2007	1,323,325	1,323,325	100%

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2013**

**SCHEDULE OF FUNDING PROGRESS FOR EMPLOYEES' RETIREMENT SYSTEM OF ALCOA:**

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2012	\$ 20,602	\$ 35,824	\$ 15,222	58%	\$ 3,788	402%
July 1, 2010	20,949	31,345	10,396	67%	4,224	246%
July 1, 2008	24,237	29,569	5,332	82%	4,163	128%
July 1, 2006	26,291	29,068	2,777	90%	4,163	67%
July 1, 2004	17,041	27,736	10,695	61%	4,173	256%
July 1, 2002	18,301	21,209	2,907	86%	4,247	68%

Schedule of employer contributions:

Years Ended June 30,	Annual Required Contribution	Amount Contributed By Employer	Percentage of Annual Requirement to Contribution
2013	\$ 1,194,134	\$ 1,144,180	95.8%
2012	1,194,134	860,971	72.1%
2011	1,194,134	860,778	72.1%
2010	939,470	860,778	91.6%
2009	1,008,809	501,664	49.7%
2008	526,193	500,447	95.1%
2007	526,193	8,443,481	1604.6%

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2013**

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

The City implemented GASB 45 in the fiscal year ended 6/30/09; therefore, six years of data is not available, but will be accumulated over time. The above values were calculated using the Entry Age Normal Method, discount rates of 6%, and the initial unfunded actuarial liability is amortized over thirty years based on a level percentage of payroll method. Using this method, benefits are projected for life and their present value is determined, which are divided into equal parts, which are earned over the period from date of hire to the full eligibility date.

(Dollar amounts in thousands)

	Fiscal Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Primary Government</b>	2013 (4)	7/1/2013	\$ -	\$ 5,424	\$ 5,424	0%	\$12,411	43.6%
	2012 (4)	7/1/2012	-	5,424	5,424	0%	12,441	43.6%
	2011 (3)	7/1/2010	-	4,231	4,231	0%	13,540	31.2%
	2010 (3)	7/1/2009	-	4,187	4,187	0%	13,540	30.9%
	2009 (1)	7/1/2006	-	2,642	2,642	0%	11,415	23.1%
<b>Education</b>	2013 (4)	7/1/2013	\$ -	\$ 1,799	\$ 1,799	0%	\$ 8,519	21.1%
	2012 (4)	7/1/2012	-	1,799	1,799	0%	8,519	21.1%
	2011 (3)	7/1/2010	-	1,846	1,846	0%	8,396	22.0%
	2010 (3)	7/1/2010	-	1,786	1,786	0%	8,396	21.3%
	2009 (2)	1/1/2007	-	3,543	3,543	0%	8,128	43.6%

- (1) Information for the fiscal year 2009 is based on results from an actuarial valuation that was performed as of July 1, 2006.
- (2) Information for the fiscal year 2009 is based on results from an actuarial valuation that was performed as of 1/1/2007.
- (3) Information for the fiscal years 2010 and 2011 is based on results from an actuarial valuation that was performed 7/1/2010.
- (4) Information for the fiscal year 2012 and 2013 is based on results from an actuarial valuation performed as of July 1, 2012.

See accompanying independent auditors' report and notes.

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**CITY OF ALCOA, TENNESSEE**  
**OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2013**

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**CITY OF ALCOA, TENNESSEE**  
**COMBINING FUND FINANCIAL STATEMENTS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2013**

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**CITY OF ALCOA, TENNESSEE  
COMBINING BALANCE SHEET  
Non-Major Governmental Funds  
June 30, 2013**

**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>Special Revenue Funds</u>							<b>2013 Total Special Revenue Funds</b>
	<b>State Street Aid</b>	<b>Federal Projects</b>	<b>Alcoa City Schools Cafeteria</b>	<b>Alcoa Schools Extended Day Program</b>	<b>Special Assessment</b>	<b>Drug Fund</b>	<b>Commercial Motor Vehicle Fines</b>	
<b>ASSETS</b>								
Cash and cash equivalents.....	\$ 446,111	\$ 93,953	\$ 142,388	\$ 85,600	\$ -	\$ 76,516	\$ 14,030	\$ 858,598
Local Government Investment Pool.....	-	-	-	-	-	-	-	-
Accounts and assessments receivable .....	-	-	-	15,573	-	-	-	15,573
Due from grantors, other governments, and State of Tennessee.....	19,162	265,994	-	-	-	-	-	285,156
Prepaid items .....	-	-	-	-	-	-	-	-
Due from other funds .....	-	-	224,915	-	-	-	-	224,915
<b>Total Assets.....</b>	<b><u>\$ 465,273</u></b>	<b><u>\$ 359,947</u></b>	<b><u>\$ 367,303</u></b>	<b><u>\$ 101,173</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 76,516</u></b>	<b><u>\$ 14,030</u></b>	<b><u>\$ 1,384,242</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>								
Liabilities:								
Accounts payable.....	\$ 62,677	\$ 225,977	\$ -	\$ 1,344	\$ -	\$ -	\$ -	\$ 289,998
Unapplied grant funds.....	-	133,970	-	-	-	-	-	133,970
Unearned fee income .....	-	-	-	1,899	-	-	-	1,899
Due to other funds.....	-	-	316,382	-	-	-	-	316,382
Due to State of Tennessee.....	-	-	-	-	-	-	-	-
<b>Total Liabilities.....</b>	<b><u>62,677</u></b>	<b><u>359,947</u></b>	<b><u>316,382</u></b>	<b><u>3,243</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>742,249</u></b>
Fund Balances								
Nonspendable.....	-	-	-	-	-	-	-	-
Restricted .....	402,596	-	-	-	-	76,516	14,030	493,142
Assigned .....	-	-	50,921	97,930	-	-	-	148,851
<b>Total Fund Balances .....</b>	<b><u>402,596</u></b>	<b><u>-</u></b>	<b><u>50,921</u></b>	<b><u>97,930</u></b>	<b><u>-</u></b>	<b><u>76,516</u></b>	<b><u>14,030</u></b>	<b><u>641,993</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE .....</b>	<b><u>\$ 465,273</u></b>	<b><u>\$ 359,947</u></b>	<b><u>\$ 367,303</u></b>	<b><u>\$ 101,173</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 76,516</u></b>	<b><u>\$ 14,030</u></b>	<b><u>\$ 1,384,242</u></b>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE  
COMBINING BALANCE SHEET (Continued)  
Non-Major Governmental Funds  
June 30, 2013**

**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>Capital Project Funds</u>									<b>2013 Total Capital Project Funds</b>	<b>Total Non-Major Governmental Funds</b>	
	<b>Capital Projects</b>	<b>Special Projects</b>	<b>General Obligation Public Works Construction</b>	<b>Greenway Projects</b>	<b>2001 Special Projects</b>	<b>Equipment Replacement Fund</b>	<b>Bessie Harvey Memorial Project</b>	<b>Home Grant Program Fund</b>	<b>Landscaping Fund</b>		<b>2013</b>	<b>2012</b>
<b>ASSETS</b>												
Cash and cash equivalents.....	\$ 52,665	\$ 93,678	\$ 1,955,670	\$ -	\$ 41,791	\$ 239,066	\$ 1,968	\$ 743	\$ 131,651	\$ 2,517,232	\$ 3,375,830	\$ 1,358,137
Local Government Investment Pool.....	-	-	-	-	303,581	-	-	-	-	303,581	303,581	309,125
Accounts and assessments receivable ..	-	3,604	-	-	-	-	-	-	-	3,604	19,177	22,363
Due from grantors, other governments, and State of Tennessee .....	-	-	769,104	-	-	-	-	-	-	769,104	1,054,260	597,730
Prepaid items .....	-	-	-	-	-	-	-	-	-	-	-	72
Due from other funds.....	-	-	-	-	-	-	-	-	-	-	224,915	2,000,000
<b>Total Assets .....</b>	<b><u>\$ 52,665</u></b>	<b><u>\$ 97,282</u></b>	<b><u>\$2,724,774</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 345,372</u></b>	<b><u>\$ 239,066</u></b>	<b><u>\$ 1,968</u></b>	<b><u>\$ 743</u></b>	<b><u>\$ 131,651</u></b>	<b><u>\$ 3,593,521</u></b>	<b><u>\$ 4,977,763</u></b>	<b><u>\$ 4,287,427</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>												
Liabilities:												
Accounts payable.....	\$ -	\$ -	\$ 183,748	\$ -	\$ 405	\$ -	\$ -	\$ -	\$ -	\$ 184,153	\$ 474,151	\$ 494,376
Unapplied grant funds .....	-	-	-	-	-	-	-	-	-	-	133,970	61,514
Unearned fee income.....	-	-	-	-	-	-	-	-	-	-	1,899	1,898
Due to other funds .....	-	-	-	-	-	-	-	-	5,058	5,058	321,440	398,243
Due to State of Tennessee .....	-	-	-	-	-	-	-	-	-	-	-	3,501
Due to Blount County.....	-	<u>97,282</u>	-	-	-	-	-	-	-	<u>97,282</u>	<u>97,282</u>	<u>97,282</u>
<b>Total Liabilities .....</b>	<b>-</b>	<b><u>97,282</u></b>	<b><u>183,748</u></b>	<b>-</b>	<b><u>405</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b><u>5,058</u></b>	<b><u>386,504</u></b>	<b><u>1,028,742</u></b>	<b><u>1,056,814</u></b>
Fund Balances:												
Nonspendable .....	-	-	-	-	-	-	-	-	-	-	-	72
Restricted .....	52,665	-	2,541,026	-	-	-	-	-	126,593	2,720,284	3,213,426	2,491,998
Assigned .....	-	-	-	-	344,967	239,066	1,968	-	-	586,001	734,852	815,117
Unassigned.....	-	-	-	-	-	-	-	743	-	743	743	(76,574)
<b>Total Fund Balances.....</b>	<b><u>52,665</u></b>	<b>-</b>	<b><u>2,541,026</u></b>	<b>-</b>	<b><u>344,967</u></b>	<b><u>239,066</u></b>	<b><u>1,968</u></b>	<b><u>743</u></b>	<b><u>126,593</u></b>	<b><u>3,307,028</u></b>	<b><u>3,949,021</u></b>	<b><u>3,230,613</u></b>
<b>Total Liabilities and Fund Balances.....</b>	<b><u>\$ 52,665</u></b>	<b><u>\$ 97,282</u></b>	<b><u>\$2,274,774</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 345,372</u></b>	<b><u>\$ 239,066</u></b>	<b><u>\$ 1,968</u></b>	<b><u>\$ 743</u></b>	<b><u>\$ 131,651</u></b>	<b><u>\$ 3,593,521</u></b>	<b><u>\$ 4,977,763</u></b>	<b><u>\$ 4,287,427</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2013  
With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<b>Special Revenue Funds</b>						<b>2013 Total Special Revenue Funds</b>
	<b>State Street Aid</b>	<b>Federal Projects</b>	<b>Alcoa City Schools Cafeteria</b>	<b>Alcoa Schools Extended Day Program</b>	<b>Special Assessment</b>	<b>Drug Fund</b>	
<b>Revenues:</b>							
Intergovernmental .....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State gasoline tax .....	223,478	-	-	-	-	-	223,478
Federal and state grants .....	-	908,496	-	-	-	-	908,496
U.S.D.A. reimbursements .....	-	-	477,208	-	-	-	477,208
Charges for services .....	-	-	346,940	205,094	-	-	552,034
Fines, forfeitures and court cases ..	-	-	-	-	-	28,204	31,664
Investment income .....	3,446	-	30	-	-	-	3,476
Sale of equipment.....	-	-	-	-	-	-	-
Total Revenues.....	<u>226,924</u>	<u>908,496</u>	<u>824,178</u>	<u>205,094</u>	<u>-</u>	<u>28,204</u>	<u>2,196,356</u>
<b>Expenditures:</b>							
Current:							
Public Safety .....	-	-	-	-	8,878	32,386	46,295
Public Works.....	172,840	-	-	-	-	-	172,840
Culture and Recreation.....	-	-	-	-	-	-	-
Economic Development .....	-	-	-	-	-	-	-
Education .....	-	908,568	872,282	168,215	-	-	1,949,065
Capital Outlay .....	-	-	-	-	-	-	-
Total Expenditures .....	<u>172,840</u>	<u>908,568</u>	<u>872,282</u>	<u>168,215</u>	<u>8,878</u>	<u>32,386</u>	<u>2,168,200</u>
Net Change in Fund Balance Before Other Financing Sources (Uses).....	<u>54,084</u>	<u>(72)</u>	<u>(48,104)</u>	<u>36,879</u>	<u>(8,878)</u>	<u>(4,182)</u>	<u>28,156</u>
<b>Other Financing Sources (Uses):</b>							
Transfers In:							
General Fund.....	-	-	-	-	-	-	-
Transfers Out .....	-	-	-	-	-	-	-
Issuance of Debt.....	-	-	-	-	-	-	-
Total Other Financing Sources (Uses).....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance.....	54,084	(72)	(48,104)	36,879	(8,878)	(4,182)	28,156
Fund Balance, July 1 <sup>st</sup> .....	<u>348,512</u>	<u>72</u>	<u>99,025</u>	<u>61,051</u>	<u>8,878</u>	<u>80,698</u>	<u>613,837</u>
<b>Fund Balance, June 30<sup>th</sup>.....</b>	<b><u>\$ 402,596</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 50,921</u></b>	<b><u>\$ 97,930</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 76,516</u></b>	<b><u>\$ 641,993</u></b>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE (Continued)**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	Capital Project Funds									2013 Capital Project Funds	Total Total Non-Major Governmental Funds	
	Capital Projects	Special Projects	General Obligation Public Works Construction	Greenway Projects	2001 Special Project	Equipment Replacement	Bessie Harvey Memorial Project	Home Grant Program	Landscaping		2013	2012
<b>Revenues:</b>												
Intergovernmental .....	\$ 27,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,240	\$ 27,240	\$ 27,240
State gasoline tax .....	-	-	-	-	-	-	-	-	-	-	223,478	237,072
Federal and state grants .....	-	-	1,285,315	7,562	-	-	-	366,964	-	1,659,841	2,568,337	1,325,441
LGIP Deferred.....	-	-	-	-	-	-	-	-	-	-	-	794,317
U.S.D.A. reimbursements .....	-	-	-	-	-	-	-	-	-	-	477,208	436,576
Charges for services .....	-	-	-	-	-	-	-	-	17,350	17,350	569,384	566,727
Fines, forfeitures and court cases .	-	-	-	-	-	-	-	-	-	-	31,664	29,985
Investment income .....	-	-	-	-	-	-	-	-	-	-	3,476	1,740
Sale of equipment.....	-	-	-	-	-	-	-	-	-	-	-	25,532
<b>Total Revenues.....</b>	<b>27,240</b>	<b>-</b>	<b>1,285,315</b>	<b>7,562</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>366,964</b>	<b>17,350</b>	<b>1,704,431</b>	<b>3,900,787</b>	<b>3,444,630</b>
<b>Expenditures:</b>												
Current:												
Public Safety .....	-	-	-	-	-	-	-	-	-	-	46,295	65,556
Public Works.....	-	-	-	-	697	-	-	-	-	697	173,537	398,783
Culture and Recreation.....	-	-	-	120	-	-	-	332,225	28,574	360,919	360,919	426,540
Economic Development .....	-	-	-	-	-	-	-	-	-	-	-	98,115
Education .....	-	-	-	-	-	-	-	-	-	-	1,949,065	2,062,978
Capital Outlay .....	29,594	-	1,608,053	-	-	251,720	-	-	-	1,889,367	1,889,367	751,076
<b>Total Expenditures .....</b>	<b>29,594</b>	<b>-</b>	<b>1,608,053</b>	<b>120</b>	<b>697</b>	<b>251,720</b>	<b>-</b>	<b>332,225</b>	<b>28,574</b>	<b>2,250,983</b>	<b>4,419,183</b>	<b>3,803,048</b>
Net Change in Fund Balance Before Other Financing Sources (Uses)....	(2,354)	-	(322,738)	7,442	(697)	(251,720)	-	34,739	(11,224)	(546,552)	(518,396)	(358,418)
<b>Other Financing Sources (Uses):</b>												
Transfers In:												
General Fund.....	-	-	1,001,668	35,136	-	200,000	-	-	-	1,236,804	1,236,804	2,200,000
Transfers Out .....	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Debt – Capital Lease ..	-	-	-	-	-	-	-	-	-	-	-	402,528
<b>Total Other Financing Sources (Uses).....</b>	<b>-</b>	<b>-</b>	<b>1,001,668</b>	<b>35,136</b>	<b>-</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,236,804</b>	<b>1,236,804</b>	<b>2,602,528</b>
Net Change in Fund Balances .....	(2,354)	-	678,930	42,578	(697)	(51,720)	-	34,739	(11,224)	690,252	718,408	2,244,110
Fund Balance, July 1 <sup>st</sup> .....	55,019	-	1,862,096	(42,578)	345,664	290,786	1,968	(33,996)	137,817	2,616,776	3,230,613	986,503
<b>Fund Balance, June 30<sup>th</sup>.....</b>	<b>\$ 52,665</b>	<b>\$ -</b>	<b>\$ 2,541,026</b>	<b>\$ -</b>	<b>\$ 344,967</b>	<b>\$ 239,066</b>	<b>\$ 1,968</b>	<b>\$ 743</b>	<b>\$ 126,593</b>	<b>\$ 3,307,028</b>	<b>\$ 3,949,021</b>	<b>\$ 3,230,613</b>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**COMBINING FUND FINANCIAL STATEMENTS**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2013**

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# INTERNAL SERVICE FUNDS

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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.

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

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

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

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

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

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**CITY OF ALCOA, TENNESSEE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
June 30, 2013  
With Comparative Totals for June 30, 2012**

	<b>Employee Insurance Fund</b>	<b>Flexible Spending Fund</b>	<b>Service Center Fund</b>	<b>City OPEB Insurance Fund</b>	<b>School's OPEB Insurance Fund</b>	<b>Total Internal Service Funds</b>	
						<b><u>2013</u></b>	<b><u>2012</u></b>
<b>ASSETS:</b>							
Cash.....	\$ 217,408	\$ 11,738	\$ 55,387	\$ 280,000	\$ 290,500	\$ 855,033	\$ 1,244,296
Accounts receivable .....	<u>25,631</u>	<u>4,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,531</u>	<u>-</u>
<b>Total Assets .....</b>	<b><u>243,039</u></b>	<b><u>16,638</u></b>	<b><u>55,387</u></b>	<b><u>280,000</u></b>	<b><u>290,500</u></b>	<b><u>885,564</u></b>	<b><u>1,244,296</u></b>
<b>LIABILITIES:</b>							
Medical claims payable .....	\$ 241,663	\$ -	\$ -	\$ -	\$ -	\$ 241,663	\$ 153,647
Accounts payable .....	<u>-</u>	<u>12,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,562</u>	<u>23,845</u>
<b>Total Liabilities.....</b>	<b><u>241,663</u></b>	<b><u>12,562</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>254,225</u></b>	<b><u>177,492</u></b>
<b>NET POSITION:</b>							
Unrestricted .....	<u>1,376</u>	<u>4,076</u>	<u>55,387</u>	<u>280,000</u>	<u>290,500</u>	<u>631,339</u>	<u>1,066,804</u>
<b>Total Net Position .....</b>	<b><u>\$ 1,376</u></b>	<b><u>\$ 4,076</u></b>	<b><u>\$ 55,387</u></b>	<b><u>\$ 280,000</u></b>	<b><u>\$ 290,500</u></b>	<b><u>\$ 631,339</u></b>	<b><u>\$ 1,066,804</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
For the Fiscal Year Ended June 30, 2013  
With Comparative Totals for June 30, 2012**

	<b>Employee Insurance <u>Fund</u></b>	<b>Flexible Spending <u>Fund</u></b>	<b>Service Center <u>Fund</u></b>	<b>City OPEB Insurance <u>Fund</u></b>	<b>School's OPEB Insurance <u>Fund</u></b>	<b><u>Total Internal Service Funds</u></b>	
						<b><u>2013</u></b>	<b><u>2012</u></b>
<b>OPERATING REVENUES:</b>							
Insurance charges.....	\$ 4,156,983	\$ -	\$ -	\$ -	\$ -	\$ 4,156,983	\$ 4,071,737
Refunds – Co-insurance.....	42,632	-	-	-	-	42,632	111,283
Employee Contributions .....	256,093	113,749	-	-	-	369,842	336,297
Miscellaneous .....	-	-	1,937	-	-	1,937	1,425
Service Center charges.....	-	-	307,983	-	-	307,983	233,031
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenues ....	<u>4,455,708</u>	<u>113,749</u>	<u>309,920</u>	<u>-</u>	<u>-</u>	<u>4,879,377</u>	<u>4,753,773</u>
<b>OPERATING EXPENSES:</b>							
Salaries .....	-	-	50,116	-	-	50,116	43,523
Fringe benefits .....	-	-	25,654	-	-	25,654	7,823
Building improvements.....	-	-	54,790	-	-	54,790	-
Improvement teams/training .....	-	-	100	-	-	100	-
Maintenance contracts .....	-	-	13,957	-	-	13,957	12,473
Contract services.....	-	-	4,202	-	-	4,202	8,524
Utilities .....	-	-	116,229	-	-	116,229	122,267
Supplies .....	-	-	6,680	-	-	6,680	6,880
Repair and maintenance.....	-	-	20,895	-	-	20,895	18,721
Insurance claims paid.....	3,613,331	112,833	-	-	-	3,726,164	3,531,389
Insurance claims, premiums and administrative expenses .....	1,329,728	-	-	9,000	9,000	1,347,728	1,259,352
Insurance.....	<u>-</u>	<u>-</u>	<u>16,827</u>	<u>-</u>	<u>-</u>	<u>16,827</u>	<u>14,503</u>
Total Operating Expenses.....	<u>4,943,059</u>	<u>112,833</u>	<u>309,450</u>	<u>9,000</u>	<u>9,000</u>	<u>5,383,342</u>	<u>5,025,455</u>
OPERATING INCOME (LOSS).....	(487,351)	916	470	(9,000)	(9,000)	(503,965)	(271,682)

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION (Continued)  
For the Fiscal Year Ended June 30, 2013  
With Comparative Totals for June 30, 2012**

	<b>Employee Insurance <u>Fund</u></b>	<b>Flexible Spending <u>Fund</u></b>	<b>Service Center <u>Fund</u></b>	<b>City OPEB Insurance <u>Fund</u></b>	<b>Schools OPEB Insurance <u>Fund</u></b>	<b><u>Total Internal Service Funds</u></b>	
						<b><u>2013</u></b>	<b><u>2012</u></b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>							
Transfers (out) in.....	-	-	-	-	68,500	68,500	68,500
CHANGE IN NET POSITION .....	(487,351)	916	470	(9,000)	59,500	(435,465)	(203,182)
NET POSITION – July 1 <sup>st</sup> .....	<u>488,727</u>	<u>3,160</u>	<u>54,917</u>	<u>289,000</u>	<u>231,000</u>	<u>1,066,804</u>	<u>1,269,986</u>
<b>NET POSITION. June 30<sup>th</sup> .....</b>	<b><u>\$ 1,376</u></b>	<b><u>\$ 4,076</u></b>	<b><u>\$ 55,387</u></b>	<b><u>\$ 280,000</u></b>	<b><u>\$ 290,500</u></b>	<b><u>\$ 631,339</u></b>	<b><u>\$ 1,066,804</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2013  
With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<b>Employee Insurance Fund</b>	<b>Flexible Spending Fund</b>	<b>Service Center Fund</b>	<b>City OPEB Insurance Fund</b>	<b>Schools OPEB Insurance Fund</b>	<b><u>Total Internal Service Funds</u></b>	
						<b><u>2013</u></b>	<b><u>2012</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Insurance premiums/reimbursements Collected .....	\$ 4,430,077	\$ -	\$ -	\$ -	\$ -	\$ 4,430,077	\$ 4,408,895
Collections from various City departments .....	-	108,849	309,920	-	-	418,769	344,878
Payments to employees and vendors .....	<u>(4,855,043)</u>	<u>(112,833)</u>	<u>(320,733)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>(5,306,609)</u>	<u>(4,927,611)</u>
Net Cash Provided By (Used In) Operating Activities .....	<u>(424,966)</u>	<u>(3,984)</u>	<u>(10,813)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>(457,763)</u>	<u>(173,838)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Receipts from other funds .....	-	-	-	-	68,500	68,500	131,500
Payments to other funds .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,000)</u>
Net Cash Provided By (Used In) Noncapital Financing Activities .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,500</u>	<u>68,500</u>	<u>68,500</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .....	(424,966)	(3,984)	(10,813)	(9,000)	59,500	(389,263)	(105,338)
CASH AND CASH EQUIVALENTS – July 1 <sup>st</sup> .....	<u>642,374</u>	<u>15,722</u>	<u>66,200</u>	<u>289,000</u>	<u>231,000</u>	<u>1,244,296</u>	<u>1,349,634</u>
<b>CASH AND CASH EQUIVALENTS – June 30<sup>th</sup> ..</b>	<b><u>\$ 217,408</u></b>	<b><u>\$ 11,738</u></b>	<b><u>\$ 55,387</u></b>	<b><u>\$ 280,000</u></b>	<b><u>\$ 290,500</u></b>	<b><u>\$ 855,033</u></b>	<b><u>\$ 1,244,296</u></b>

(Continued)

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
For the Fiscal Year Ended June 30, 2013  
With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<b>Employee Insurance <u>Fund</u></b>	<b>Flexible Spending <u>Fund</u></b>	<b>Service Center <u>Fund</u></b>	<b>OPEB Insurance <u>Fund</u></b>	<b>Schools OPEB Insurance <u>Fund</u></b>	<b><u>Total Internal Service Funds</u></b>	
						<b><u>2013</u></b>	<b><u>2012</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>							
Operating income (loss) .....	\$ (487,351)	\$ 916	\$ 470	\$ (9,000)	\$ (9,000)	\$ (503,965)	\$ (271,682)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Changes in assets and liabilities:							
Accounts receivable .....	(25,631)	(4,900)	-	-	-	(30,531)	
Accounts payable .....	-	-	(11,283)	-	-	(11,283)	11,283
Medical claims payable.....	<u>88,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,016</u>	<u>86,561</u>
<b>NET CASH PROVIDED (USED IN) OPERATING ACTIVITIES .....</b>	<b><u>\$ (424,966)</u></b>	<b><u>\$ (3,984)</u></b>	<b><u>\$ (10,813)</u></b>	<b><u>\$ (9,000)</u></b>	<b><u>\$ (9,000)</u></b>	<b><u>\$ (457,763)</u></b>	<b><u>\$ (173,838)</u></b>

See accompanying independent auditors' report and notes.

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**CITY OF ALCOA, TENNESSEE**  
**FUND FINANCIAL STATEMENTS**  
**FIDUCIARY FUND**  
**Pension Trust Fund**  
**June 30, 2013**

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**CITY OF ALCOA, TENNESSEE**  
**EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND**  
**STATEMENT OF FIDUCIARY PLAN NET POSITION**  
**June 30, 2013**  
**With Comparative Totals for June 30, 2012**

	<b>Pension Trust Fund Employees' Retirement System</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>ASSETS:</b>		
Investments, at fair value:		
Cash and cash equivalents .....	\$ 1,367,559	\$ 892,390
U.S. Treasury Obligations .....	2,755,088	3,114,586
Domestic corporate and foreign bonds .....	5,198,605	4,960,797
Common equity securities .....	11,225,252	11,035,811
Municipal obligations .....	<u>1,211,277</u>	<u>1,083,300</u>
Total Investments .....	21,757,781	21,086,884
Accrued interest.....	<u>132,193</u>	<u>96,986</u>
<b>Total Assets .....</b>	<b><u>21,889,974</u></b>	<b><u>21,183,870</u></b>
<b>LIABILITIES:</b>		
Liabilities.....	\$ -	\$ -
<b>NET POSITION:</b>		
Held in trust for pension benefits .....	<u>21,889,974</u>	<u>21,183,870</u>
<b>Total Net Position .....</b>	<b><u>\$ 21,889,974</u></b>	<b><u>\$ 21,183,870</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**EMPLOYEES' RETIREMENT SYSTEM - FIDUCIARY FUND**  
**STATEMENT OF CHANGES IN FIDUCIARY PLAN NET POSITION**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for June 30, 2012**

	<b>Pension Trust Fund Employees' Retirement System</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>Additions:</b>		
Employer contributions .....	\$ 1,144,180	\$ 1,182,060
Interest/dividend income .....	633,591	668,066
Net appreciation in fair value of investments .....	1,424,073	170,110
Realized gain on sale of investments.....	<u>102,180</u>	<u>563</u>
Total Additions .....	<u>3,304,024</u>	<u>2,020,799</u>
<b>Deductions:</b>		
Benefits paid.....	2,523,916	2,454,697
Administrative expenses.....	<u>74,004</u>	<u>73,157</u>
Total Deductions .....	<u>2,597,920</u>	<u>2,527,854</u>
Change in Net Position.....	706,104	(507,055)
Net Position – Beginning of Year .....	<u>21,183,870</u>	<u>21,690,925</u>
<b>Net Position – End of Year .....</b>	<b><u>\$ 21,889,974</u></b>	<b><u>\$ 21,183,870</u></b>

See accompanying independent auditors' report and notes.

## GENERAL FUND

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

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**CITY OF ALCOA, TENNESSEE  
GENERAL FUND  
SCHEDULE OF ASSETS, DEFERRED OUTFLOWS OF RESOURCES AND  
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES  
June 30, 2013 and 2012**

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2013</u>	<u>2012</u>
Cash on hand and equity in pooled cash .....	\$ 1,513,775	\$ 4,165,502
Property taxes receivable (net of allowance for estimated uncollectibles) .....	10,403,273	10,285,306
Sales taxes receivable - State of Tennessee.....	1,176,544	253,838
Accounts receivable .....	564,696	253,708
Notes receivable .....	1,982	1,982
Due from Other Governments.....	72,400	4,472
Due from Greenway Projects Fund.....	5,058	100,000
Due from Credit Union .....	1,418	1,205
Due from Landfill .....	1,121	-
Due from Electric .....	19,958	-
Due from Grantors .....	968	66,686
Deferred Outflows of Resources .....	-	-
<b>Total Assets and Deferred Outflows of Resources.....</b>	<b><u>\$ 13,761,193</u></b>	<b><u>\$ 15,132,699</u></b>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>		
<b>Liabilities:</b>		
Accounts payable .....	\$ 644,985	\$ 315,378
Deferred revenue .....	1,505,282	1,043,910
Wages payable .....	161,107	109,182
Due to Water Utility .....	24,170	-
Due to Capital Projects Fund .....	-	2,000,000
<b>Total Liabilities .....</b>	<b><u>2,335,544</u></b>	<b><u>3,468,470</u></b>
 Deferred Inflows of Resources:		
Deferred Revenue.....	<u>8,833,086</u>	<u>9,172,794</u>
 <b>Fund Balance:</b>		
Restricted .....	2,096	180,786
Assigned.....	-	-
Unassigned .....	<u>2,590,467</u>	<u>2,310,649</u>
<b>Total Fund Balance .....</b>	<b><u>2,592,563</u></b>	<b><u>2,491,435</u></b>
 <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance.....</b>	 <b><u>\$ 13,761,193</u></b>	 <b><u>\$ 15,132,699</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
<b>TAXES:</b>					
Current property taxes .....	\$ 4,680,000	\$ 4,680,000	\$ 4,759,118	\$ 79,118	\$ 4,597,027
Delinquent property taxes .....	225,000	225,000	210,061	(14,939)	264,169
Business tax .....	761,000	761,000	743,633	(17,367)	727,843
Local sales tax.....	7,125,000	7,125,000	6,964,984	(160,016)	5,764,787
Local sales tax – city.....	-	2,400,000	2,253,745	(146,255)	-
Gas franchise tax.....	160,000	160,000	131,433	(28,567)	116,107
Tax equivalent/in lieu .....	91,700	91,700	69,151	(22,549)	59,112
Hotel/Motel tax.....	<u>130,000</u>	<u>130,000</u>	<u>128,762</u>	<u>(1,238)</u>	<u>125,458</u>
Total Taxes .....	<u>13,172,700</u>	<u>15,572,700</u>	<u>15,260,887</u>	<u>(311,813)</u>	<u>11,654,503</u>
<b>LICENSES AND PERMITS:</b>					
Animal registration .....	600	600	563	(37)	614
Building permits .....	110,000	110,000	96,598	(13,402)	77,462
Mechanical and gas permits.....	3,500	3,500	5,474	1,974	3,750
Plumbing permits.....	3,000	3,000	3,544	544	2,779
Sanitary sewer inspection .....	<u>800</u>	<u>800</u>	<u>1,140</u>	<u>340</u>	<u>1,025</u>
Total Licenses and Permits .....	<u>117,900</u>	<u>117,900</u>	<u>107,319</u>	<u>(10,581)</u>	<u>85,630</u>
<b>INTERGOVERNMENTAL REVENUE:</b>					
State of Tennessee:					
Beer tax/beer privilege tax .....	9,300	9,300	9,292	(8)	4,147
Sales tax .....	580,000	580,000	581,730	1,730	614,795
State Income tax .....	70,000	70,000	101,854	31,854	140,048
Streets and transportation.....	16,600	16,600	17,313	713	18,727
Mixed drink tax.....	120,000	120,000	113,966	(6,034)	123,024
Alcoholic liquor tax .....	214,900	214,900	231,816	16,916	186,818
TVA - in lieu.....	100,000	100,000	96,351	(3,649)	97,616
Excise tax .....	20,000	20,000	2,851	(17,149)	5,181
Fire – salary supplement.....	16,800	16,800	17,400	600	16,200
Police – salary supplement .....	22,000	22,000	23,400	1,400	24,000
Local:					
Local beer tax .....	600,000	600,000	578,887	(21,113)	588,945
Credit Union cost recovery .....	90,200	90,200	92,923	2,723	87,731
Stormwater cost recovery .....	200,000	200,000	103,716	(96,284)	203,228
Grants:					
State/Federal grants .....	48,000	48,000	24,280	(23,720)	344,533
Drug Task Force .....	700	700	365	(335)	76
ARRA Grant – State DOT.....	-	-	-	-	3,366
Federal Grant .....	18,810	18,810	21,097	2,287	136,435
Grant COPS – ARRA .....	-	-	-	-	135,710
Cop Grant .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,867</u>
Total Intergovernmental Revenue.....	<u>2,127,310</u>	<u>2,127,310</u>	<u>2,017,241</u>	<u>(110,069)</u>	<u>2,732,447</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES – BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Original</u>	<u>Final</u>			
<b>FINES AND FORFEITS:</b>					
Fines and costs .....	330,000	330,000	296,475	(33,525)	309,020
Penalties .....	150,000	150,000	121,111	(28,889)	144,750
Police Evidence Money/Drug					
Control .....	<u>20,000</u>	<u>20,000</u>	<u>18,146</u>	<u>(1,854)</u>	<u>20,816</u>
Total Fines and Forfeits .....	<u>500,000</u>	<u>500,000</u>	<u>435,732</u>	<u>(64,268)</u>	<u>474,586</u>
<b>INTEREST EARNED .....</b>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>	<u>11,878</u>
<b>MISCELLANEOUS REVENUE:</b>					
Public works, labor, and material....	436,970	436,970	372,895	(64,075)	416,425
Miscellaneous .....	10,100	10,100	26,703	16,603	53,217
CATV franchise fee/video service ..	80,000	80,000	78,188	(1,812)	75,894
Fees/development .....	9,000	9,000	6,629	(2,371)	7,584
Department Services .....	100,000	100,000	122,495	22,495	121,364
Insurance refunds .....	5,000	5,000	25,490	20,490	37,586
Property rental.....	136,910	136,910	143,389	6,479	136,533
Sale of property .....	-	-	13,296	13,296	28,617
Contributions and donations -					
Business .....	<u>12,000</u>	<u>12,000</u>	<u>50,000</u>	<u>38,000</u>	<u>-</u>
Total Miscellaneous Revenue ...	<u>789,980</u>	<u>789,980</u>	<u>839,085</u>	<u>49,105</u>	<u>877,220</u>
<b>TOTAL REVENUES .....</b>	<b><u>\$ 16,727,890</u></b>	<b><u>\$ 19,127,890</u></b>	<b><u>\$ 18,660,264</u></b>	<b><u>\$ (467,626)</u></b>	<b><u>\$ 15,836,264</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Total</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>Final Budget</u>	
			<u>Basis)</u>	<u>Positive</u>	<u>(Negative)</u>
<b>GENERAL GOVERNMENT:</b>					
<b><u>Board of Commissioners:</u></b>					
Wages and salaries.....	\$ 11,400	\$ 11,400	\$ 11,400	\$ -	\$ 11,400
FICA .....	1,210	1,210	1,203	7	1,203
Other personnel services.....	100	100	-	100	-
Mailing .....	50	50	12	38	18
Dues, memberships, and subscriptions .....	4,500	4,500	3,935	565	3,829
Advertising and publicity .....	3,500	3,500	1,594	1,906	2,431
Travel, conferences, and training.....	7,000	7,000	7,193	(193)	5,998
Reproduction and printing .....	3,000	3,000	835	2,165	2,693
Office supplies.....	500	500	256	244	275
Insurance.....	22,000	22,000	21,580	420	18,416
Computer Equipment.....	-	-	450	(450)	150
Utilities .....	4,050	4,050	3,853	197	4,395
Other contractual services.....	4,320	4,320	4,320	-	4,320
Election services.....	1,000	1,000	2,924	(1,924)	-
Maintenance contract.....	-	-	589	(589)	-
Total Board of Commissioners .....	<u>62,630</u>	<u>62,630</u>	<u>60,144</u>	<u>2,486</u>	<u>55,128</u>
<b><u>City Manager's Office:</u></b>					
Wages and salaries.....	105,635	105,635	106,859	(1,224)	102,952
F. I. C. A. ....	8,630	8,630	7,828	802	7,560
Retirement .....	21,970	23,970	25,199	(1,229)	22,500
Hospitalization insurance.....	13,440	15,440	15,435	5	15,120
Life/AD&D.....	445	445	401	44	396
Dental insurance .....	1,710	1,710	837	873	801
Workmen's compensation .....	500	500	354	146	413
Auto parts/Gas .....	5,000	5,000	4,788	212	-
Other personnel services.....	7,200	7,200	7,482	(282)	4,653
Mailing .....	150	150	116	34	203
Dues, memberships, and subscriptions .....	6,750	6,750	7,175	(425)	4,974
Computer equipment .....	2,000	2,000	1,650	350	3,039
Travel, conferences, training, gas and parts.	7,000	7,000	7,953	(953)	13,978
Public relations .....	2,000	2,000	3,635	(1,635)	2,702
Repairs and maintenance .....	485	200	-	200	-
Employee education and training .....	500	500	135	365	166
Reproduction and printing .....	3,000	3,000	835	2,165	2,693
Utilities .....	4,600	4,600	4,069	531	4,331
Insurance.....	1,400	1,400	996	404	956
Office supplies/other supplies.....	1,200	1,200	1,624	(424)	873
Lease.....	3,300	3,300	2,792	508	2,648
Maintenance contract.....	-	285	491	(206)	-
Advertising .....	-	-	237	(237)	-
Total City Manager's Office .....	<u>196,915</u>	<u>200,915</u>	<u>200,891</u>	<u>24</u>	<u>190,958</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<b><u>Human Resources:</u></b>					
Wages and salaries .....	198,100	198,100	198,680	(580)	200,595
F. I. C. A.....	15,580	15,580	15,318	262	15,758
Retirement .....	33,980	33,980	35,988	(2,008)	34,834
Hospitalization insurance .....	18,050	18,050	20,727	(2,677)	20,736
Life/AD&D .....	520	520	483	37	487
Dental insurance .....	2,290	2,290	1,801	489	1,768
Workmen's compensation .....	350	350	204	146	276
Maintenance contracts.....	675	675	977	(302)	224
Professional services .....	1,500	1,500	1,204	296	110
Other personnel services .....	5,630	5,630	5,879	(249)	5,563
Mailing .....	1,000	1,000	652	348	772
Dues, memberships, and subscriptions.....	1,930	1,930	1,702	228	345
Travel, conferences, and training .....	2,000	2,000	497	1,503	1,431
Reproduction and printing.....	5,500	5,500	1,730	3,770	4,800
Utilities .....	2,800	2,800	2,478	322	2,625
Office supplies.....	5,000	5,000	3,558	1,442	4,551
Repairs and maintenance – office equip...	350	350	170	180	250
Business/Public relations.....	200	200	70	130	109
Employee education and training .....	2,825	2,825	1,149	1,676	1,395
Insurance .....	1,500	1,500	1,162	338	1,165
Other operating supplies.....	-	-	432	(432)	66
Computer equipment .....	1,000	1,000	1,700	(700)	138
Other contractual services .....	1,555	1,555	1,422	133	1,152
Improvement teams/service awards .....	3,800	3,800	4,946	(1,146)	5,336
Safety supplies.....	<u>500</u>	<u>500</u>	<u>232</u>	<u>268</u>	<u>41</u>
Total Personnel Office.....	<u>306,635</u>	<u>306,635</u>	<u>303,161</u>	<u>3,474</u>	<u>304,527</u>
<b><u>Judicial/Legal:</u></b>					
Retirement .....	1,450	1,450	1,435	15	1,473
FICA.....	700	700	619	81	661
Medical Insurance .....	10,200	10,200	10,600	(400)	10,800
Dental Insurance.....	1,150	1,150	1,158	(8)	1,108
City Attorney.....	100,000	80,000	76,303	3,697	70,646
Other Legal Services .....	15,000	10,000	10,000	-	10,000
Uniforms .....	-	-	-	-	242
Wages – City Judge.....	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>9,346</u>
Total Judicial/Legal.....	<u>137,500</u>	<u>112,500</u>	<u>109,115</u>	<u>3,385</u>	<u>104,276</u>
<b><u>Finance:</u></b>					
Wages and salaries .....	126,140	126,140	144,022	(17,882)	167,678
F. I. C. A.....	9,830	9,830	10,942	(1,112)	13,259
Retirement .....	37,070	41,070	42,187	(1,117)	42,037

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<b><u>Finance (Continued):</u></b>					
Retiree Insurance.....	1,110	1,110	1,107	3	92
Hospitalization insurance.....	21,020	31,020	28,445	2,575	29,788
Life/AD&D.....	590	590	632	(42)	670
Dental insurance.....	2,670	2,670	2,596	74	2,700
Workmen's compensation.....	450	450	253	197	340
Bonds.....	-	-	590	(590)	634
Other personnel services.....	2,530	2,530	2,740	(210)	7,380
Employee education and training.....	300	300	180	120	457
Professional services.....	500	500	-	500	106
Mailing.....	5,000	5,000	6,495	(1,495)	5,251
Dues, memberships, and subscriptions.....	2,930	2,930	3,484	(554)	788
Accounting and auditing.....	16,000	16,000	15,000	1,000	15,000
Advertising.....	300	300	432	(132)	513
Travel.....	6,000	6,000	5,142	858	5,208
Public relations.....	300	300	12	288	4
Repairs and maintenance.....	360	360	369	(9)	-
Reproduction and printing.....	2,000	2,000	2,163	(163)	1,908
Utilities.....	2,000	2,000	1,678	322	2,252
Other contractual services.....	1,100	1,100	1,497	(397)	1,170
Office supplies.....	6,000	6,000	5,264	736	5,601
Insurance.....	1,800	1,800	1,061	739	1,443
Property tax assessment fees.....	26,000	26,000	10,600	15,400	40,779
Computer equipment.....	-	-	402	(402)	1,038
Debt service fees.....	4,000	4,000	2,000	2,000	5,597
Maintenance contracts.....	3,925	3,925	3,981	(56)	3,283
Professional lab testing.....	-	-	137	(137)	-
Total Finance.....	<u>279,925</u>	<u>293,925</u>	<u>293,411</u>	<u>514</u>	<u>354,976</u>
<b><u>Information Systems:</u></b>					
Wages and salaries.....	65,880	65,880	68,285	(2,405)	88,245
F. I. C. A. ....	5,070	5,070	5,173	(103)	6,796
Retirement.....	16,200	18,400	17,611	589	20,044
Hospitalization insurance.....	13,340	17,340	15,325	2,015	18,916
Life/AD&D.....	-	-	316	(316)	413
Dental insurance.....	340	340	1,610	(1,270)	2,048
Workmen's compensation.....	260	260	117	143	217
Mailing.....	100	100	51	49	81
Other operating supplies.....	250	250	143	107	788
Other personnel services.....	1,100	1,100	1,213	(113)	1,399
Travel, conference and training.....	2,000	2,000	1,218	782	697
Rental and maintenance contracts.....	73,350	75,550	75,368	182	68,001
Utilities.....	13,000	13,000	11,236	1,764	12,144
Employee education training.....	10,000	10,000	9,890	110	972
Dues, memberships, and subscriptions.....	1,260	1,260	2,314	(1,054)	-
Professional services.....	-	-	312	(312)	-

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<b>Function/Activity/Object</b>	<b>June 30, 2013</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>	<b>Total 2012</b>
	<b>Budgeted Amounts</b>				
	<b>Original</b>	<b>Final</b>			
GENERAL GOVERNMENT (Continued):					
<b><u>Information Systems (Continued):</u></b>					
Printing.....	-	-	29	(29)	-
Office supplies .....	6,000	6,000	5,305	695	6,238
Insurance .....	2,300	2,300	1,946	354	1,786
Drug/alcohol testing .....	100	100	93	7	64
Computer equipment .....	9,500	9,500	10,035	(535)	1,646
Auto parts and gasoline .....	<u>1,300</u>	<u>1,300</u>	<u>1,419</u>	<u>(119)</u>	<u>627</u>
Total Information Systems .....	<u>221,350</u>	<u>229,750</u>	<u>229,209</u>	<u>541</u>	<u>231,122</u>
<b><u>Purchasing and Warehouse:</u></b>					
Wages and salaries .....	37,590	37,590	37,596	(6)	37,556
F. I. C. A. ....	2,900	2,900	2,860	40	2,913
Retirement.....	11,660	12,160	12,281	(121)	11,712
Hospitalization insurance .....	6,430	6,930	7,387	(457)	7,236
Life/AD&D.....	180	180	165	15	163
Dental insurance.....	820	820	462	358	442
Workmen’s compensation.....	150	150	65	85	86
Other personnel services .....	370	370	369	1	269
Employee education/training/testing.....	150	150	-	150	504
Mailing.....	100	100	54	46	103
Dues, memberships, and subscriptions....	1,150	1,150	1,203	(53)	805
Advertising.....	100	100	118	(18)	954
Travel and training .....	1,400	1,400	725	675	1,402
Repair and maintenance office.....	4,950	4,950	5,390	(440)	85
Reproduction and printing.....	100	100	380	(280)	-
Utilities.....	2,000	2,000	2,167	(167)	2,062
Office supplies .....	750	750	616	134	747
Other operating supplies/parts.....	475	475	500	(25)	428
Insurance and bonds.....	950	950	689	261	640
Computer equipment.....	1,500	1,500	1,765	(265)	1,490
Uniforms and clothing.....	250	250	210	40	-
Professional services .....	600	600	-	600	320
Other equipment.....	-	-	570	(570)	-
Improvement teams.....	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>	<u>25</u>
Total Purchasing and Warehouse .....	<u>74,775</u>	<u>75,775</u>	<u>75,572</u>	<u>203</u>	<u>69,942</u>
<b><u>Planning and Development:</u></b>					
Wages and salaries .....	159,900	159,900	159,803	97	158,589
F. I. C. A. ....	12,350	12,350	12,076	274	12,309
Retirement.....	25,490	27,490	28,500	(1,010)	26,073
Hospitalization insurance .....	24,000	26,000	27,563	(1,563)	27,000
Life/AD&D.....	720	720	658	62	652
Dental insurance.....	3,050	3,050	2,896	154	2,771
Workmen’s compensation.....	400	400	274	126	364
SNAP Grant costs .....	-	1,000	2,470	(1,470)	-

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<b><u>Planning and Development (Continued):</u></b>					
Insurance .....	1,600	1,600	1,134	466	1,119
Other personnel services .....	1,630	1,630	1,625	5	1,625
Employee education .....	700	700	-	700	1,628
Dues and memberships .....	1,620	1,620	2,084	(464)	620
Mailing .....	100	100	-	100	-
Drug/alcohol testing .....	100	100	21	79	43
Temporary services .....	-	-	-	-	1,260
Professional and consulting services .....	2,200	2,200	4,052	(1,852)	52
Travel .....	1,000	1,000	249	751	407
Printing .....	1,700	1,700	1,355	345	2,106
Planning commission meetings .....	800	800	1,009	(209)	2,320
Utilities .....	1,200	1,200	809	391	921
Other contractual services .....	2,400	2,400	2,400	-	2,400
Advertising/Public relations .....	1,250	1,250	464	786	2,379
Office supplies .....	500	500	316	184	480
Repairs and maintenance office .....	150	150	-	150	-
Maintenance contracts .....	715	715	294	421	-
Gasoline/auto parts .....	800	800	295	505	336
Other operating supplies .....	100	100	42	58	-
Uniforms .....	-	-	-	-	124
Computer equipment .....	<u>1,250</u>	<u>1,250</u>	<u>-</u>	<u>1,250</u>	<u>1,242</u>
Total Planning and Development .....	<u>245,725</u>	<u>250,725</u>	<u>250,389</u>	<u>336</u>	<u>246,820</u>
<b><u>Economic and Industrial Development:</u></b>					
Wages and salaries .....	54,950	54,950	54,943	7	55,189
F. I. C. A. ....	4,520	4,520	4,326	194	4,383
Retirement .....	8,760	11,760	10,725	1,035	9,901
Hospitalization insurance .....	4,800	7,800	5,513	2,287	5,400
Life/AD&D .....	210	210	187	23	185
Dental insurance .....	610	610	579	31	554
Workmen's compensation .....	400	400	229	171	321
Other personnel services .....	4,150	4,150	4,846	(696)	4,085
Employee education and training .....	200	200	149	51	5
Professional services .....	60,000	62,000	64,568	(2,568)	56,388
Mailing .....	300	300	121	179	398
Dues and memberships .....	4,130	4,130	3,334	796	2,487
Advertising .....	4,000	4,000	2,300	1,700	2,485
Travel .....	13,000	13,000	18,488	(5,488)	13,427
Public relations .....	1,500	1,500	1,407	93	2,252
Printing .....	3,000	3,000	835	2,165	2,693
Utilities .....	4,000	4,000	2,826	1,174	3,272
Other contractual services .....	3,000	3,000	2,550	450	2,800
Office supplies .....	750	750	1,251	(501)	761
Maintenance contract .....	145	145	491	(346)	-
Regulatory fees and license .....	-	-	250	(250)	-
Uniforms .....	-	-	64	(64)	-

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
GENERAL GOVERNMENT (Continued):					
<b><u>Economic and Industrial Development (Cont.)</u></b>					
Insurance.....	900	900	661	239	656
Computer equipment .....	1,000	1,000	829	171	300
Sister City Project.....	-	-	242	(242)	91
Total Economic and Industrial Development.....	<u>174,325</u>	<u>182,325</u>	<u>181,714</u>	<u>611</u>	<u>168,033</u>
<b>TOTAL GENERAL GOVERNMENT .....</b>	<b><u>1,699,780</u></b>	<b><u>1,715,180</u></b>	<b><u>1,703,606</u></b>	<b><u>11,574</u></b>	<b><u>1,725,782</u></b>
PUBLIC WORKS:					
<b><u>Supervision:</u></b>					
Wages and salaries – regular .....	168,700	168,700	172,096	(3,396)	173,364
Overtime .....	-	-	-	-	345
F. I. C. A. ....	13,280	13,280	13,134	146	13,630
Retirement .....	36,320	51,320	40,315	11,005	38,323
Hospitalization insurance.....	26,210	26,210	28,215	(2,005)	30,780
Life/AD&D.....	770	770	675	95	711
Dental insurance .....	3,330	3,330	2,930	400	3,159
Workmen's compensation.....	650	650	398	252	549
Service center cost .....	86,000	86,000	86,706	(706)	67,653
Drug/Alcohol testing .....	-	-	64	(64)	68
Employee education and training .....	1,570	1,570	163	1,407	633
Other contractual services.....	1,940	1,940	1,920	20	1,920
Other personnel services.....	5,030	5,030	4,889	141	4,846
Mailing.....	1,000	1,000	863	137	894
Dues and memberships .....	4,600	4,600	6,695	(2,095)	2,402
Travel.....	2,600	2,600	3,023	(423)	676
Advertising .....	150	150	1,164	(1,014)	98
Uniforms.....	250	250	506	(256)	-
Reproduction and printing .....	900	900	302	598	1,043
Professional and consulting .....	500	500	186	314	200
Rental and maintenance contracts.....	1,120	1,120	544	576	190
Utilities .....	1,500	1,500	2,340	(840)	1,766
Office supplies .....	1,500	1,500	2,113	(613)	1,271
Auto parts .....	500	500	1,054	(554)	292
Gas .....	1,850	1,850	898	952	1,160
Insurance and bonds .....	1,000	1,000	882	118	843
Other supplies .....	3,000	3,000	252	2,748	266
Safety supplies and materials.....	200	200	198	2	37
Communication and computer equipment .....	26,300	26,300	25,725	575	2,796
Public relations .....	150	150	166	(16)	277
Improvement teams .....	1,200	1,200	667	533	824
Machinery and equipment .....	-	-	2,499	(2,499)	-
Repair and maintenance.....	200	200	9	191	225
Radio system – annual fee .....	-	-	375	(375)	-

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>				<u>Total 2012</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>	
<b>PUBLIC WORKS (Continued)</b>					
<b><u>Supervision (Continued)</u></b>					
Small tools .....	150	150	159	(9)	15
GIS Systems .....	19,375	19,375	25,338	(5,963)	12,700
Regulatory fees and licenses.....	<u>2,550</u>	<u>2,550</u>	<u>950</u>	<u>1,600</u>	<u>665</u>
Total Supervision.....	<u>414,395</u>	<u>429,395</u>	<u>428,413</u>	<u>982</u>	<u>364,621</u>
<b><u>Engineering and Codes Enforcement:</u></b>					
Wages and salaries.....	121,650	121,650	121,592	58	119,672
F. I. C. A. ....	9,870	9,870	9,425	445	9,405
Retirement .....	51,670	51,670	53,551	(1,881)	51,020
Hospitalization insurance.....	24,000	24,100	27,563	(3,463)	27,000
Life/AD&D.....	610	610	568	42	561
Dental insurance .....	3,050	3,050	2,895	155	2,771
Workmen's compensation.....	4,000	4,000	3,107	893	3,704
Drug/Alcohol testing .....	200	200	-	200	9,207
Other personnel services.....	7,470	7,470	7,737	(267)	64
Wages – Temporary.....	-	-	-	-	1,260
Mailing.....	400	400	221	179	156
Dues and memberships .....	1,210	1,210	1,408	(198)	969
House demolition.....	3,000	3,000	15	2,985	-
Insurance.....	1,800	1,800	1,333	467	1,268
Advertising/Public relations .....	250	250	-	250	107
Travel.....	500	500	650	(150)	675
Printing .....	1,800	1,800	1,355	445	2,106
Professional services.....	250	250	60	190	-
Other contractual services.....	2,000	2,000	1,563	437	1,331
Repairs and maintenance – Office equipment .	365	365	295	70	21
Uniforms.....	600	600	436	164	489
Utilities .....	2,400	2,400	1,510	890	1,734
Office supplies .....	500	500	643	(143)	461
Small tools .....	100	100	150	(50)	30
Auto parts .....	1,200	1,200	2,574	(1,374)	1,178
Gas.....	4,000	4,000	3,745	255	3,793
Computer equipment .....	1,000	1,000	1,551	(551)	314
Employee education/training .....	<u>800</u>	<u>800</u>	<u>793</u>	<u>7</u>	<u>738</u>
Total Engineering and Codes.....	<u>244,695</u>	<u>244,795</u>	<u>244,740</u>	<u>55</u>	<u>240,034</u>
<b><u>Building and Grounds:</u></b>					
Wages and salaries.....	20,340	20,340	20,570	(230)	25,454
Wages - overtime and standby.....	4,810	4,810	2,670	2,140	4,428
F. I. C. A. ....	1,900	1,900	1,745	155	2,354
Retirement .....	7,250	7,250	7,363	(113)	8,261
Hospitalization insurance.....	3,840	3,840	4,538	(698)	5,400
Life/AD&D.....	100	100	93	7	116
Dental insurance .....	490	490	385	105	554
Workmen's compensation.....	1,500	1,500	872	628	1,069

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
<b>PUBLIC WORKS (Continued):</b>					
<b><u>Building and Grounds (Continued):</u></b>					
Other personnel services .....	320	320	575	(255)	619
Travel .....	-	-	-	-	28
Utilities .....	1,000	1,000	1,018	(18)	1,007
Other operating supplies.....	50	50	77	(27)	209
Small tools.....	125	125	-	125	67
Uniforms .....	-	-	-	-	11,960
Auto parts .....	-	-	-	-	23
Electric, chemical and plumbing supplies .....	50	50	-	50	-
Gasoline, fuel, and lubricants .....	250	250	-	250	7
Construction materials.....	1,000	1,000	-	1,000	-
Insurance .....	15,000	15,000	19,151	(4,151)	12,166
Retiree insurance .....	2,460	2,460	2,460	-	2,460
Repairs and maintenance.....	1,000	1,000	-	1,000	-
Springbrook Corporation Center .....	9,000	9,000	7,142	1,858	10,896
Maintenance – Associates Boulevard.....	8,000	8,000	6,300	1,700	6,409
Other improvements .....	500	500	-	500	-
Total Building and Grounds .....	<u>78,985</u>	<u>78,985</u>	<u>74,959</u>	<u>4,026</u>	<u>93,487</u>
<b><u>Municipal Building:</u></b>					
Rental and maintenance contracts .....	9,400	9,400	7,885	1,515	7,617
Wages.....	16,460	16,460	17,247	(787)	16,209
F.I.C.A.....	1,260	1,260	1,278	(18)	1,238
Fringe Benefits .....	9,735	9,735	11,116	(1,381)	10,530
Workers Comp .....	750	750	578	172	557
Other Personnel Services.....	40	40	131	(91)	35
Auto parts/gas.....	825	825	296	529	456
Utilities .....	92,000	106,000	95,936	10,064	93,717
Insurance .....	5,000	5,000	4,906	94	4,374
Operating supplies.....	5,000	7,000	6,936	64	4,891
Repairs and maintenance.....	10,000	10,000	10,132	(132)	20,740
Professional services .....	-	-	-	-	8,398
Equipment and building improvements.....	-	5,000	13,331	(8,331)	17,644
Total Municipal Building .....	<u>150,470</u>	<u>171,470</u>	<u>169,772</u>	<u>1,698</u>	<u>186,406</u>
<b><u>Equipment Shop:</u></b>					
Wages and salaries .....	63,180	63,180	63,453	(273)	61,097
Wages – overtime and standby.....	4,165	4,165	3,875	290	4,130
F.I.C.A.....	5,160	5,160	5,024	136	5,030
Retirement.....	14,260	14,260	14,968	(708)	15,183
Retiree insurance .....	2,820	2,820	2,818	2	2,818
Hospitalization insurance .....	17,570	17,570	20,176	(2,606)	18,056
Life/AD&D .....	380	380	355	25	329
Dental insurance .....	2,230	2,230	1,641	589	1,650
Workmen’s compensation.....	3,000	3,000	1,609	1,391	2,793

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<b><u>Equipment Shop (Continued):</u></b>					
Other personnel services .....	250	250	244	6	214
Drug/Alcohol test .....	-	-	106	(106)	21
Professional services .....	100	100	-	100	-
Machinery and equipment .....	9,400	9,400	8,720	680	12,838
Utilities .....	640	640	1,022	(382)	825
Office supplies .....	25	25	108	(83)	14
Other operating supplies .....	6,000	6,000	10,560	(4,560)	7,281
Small tools .....	2,200	2,200	3,303	(1,103)	3,735
Uniforms .....	1,800	1,800	1,482	318	775
Auto/electrical parts/materials .....	10,000	10,000	4,500	5,500	8,107
Other contractual services .....	2,000	2,000	-	2,000	133
Gas, fuel, and lubricants .....	3,270	3,270	2,750	520	2,619
Insurance and bonds .....	1,600	1,600	1,059	541	1,229
Repairs and maintenance .....	1,285	1,285	1,720	(435)	1,656
Travel .....	100	100	255	(155)	280
Fuel pump equipment .....	-	-	93	(93)	6,024
Computer equipment .....	500	500	1,724	(1,224)	21,412
Dues, memberships and subscriptions .....	1,430	1,430	2,224	(794)	1,200
Improvement teams .....	120	120	125	(5)	158
Printing .....	50	50	29	21	-
Mailing .....	150	150	-	150	151
Employee education and training .....	4,790	4,790	177	4,613	605
Regulatory fees and licenses .....	600	600	26	574	521
Safety supplies .....	-	-	337	(337)	210
Advertising .....	-	-	224	(224)	276
Total Equipment Shop .....	<u>159,075</u>	<u>159,075</u>	<u>154,707</u>	<u>4,368</u>	<u>181,370</u>
<b><u>Streets Supervision:</u></b>					
Wages and salaries – regular .....	75,080	75,080	74,932	148	124,328
Wages and salaries – overtime and standby .....	9,845	9,845	4,747	5,098	7,544
F. I. C. A. ....	6,760	6,760	6,205	555	10,426
Retirement .....	51,960	51,960	51,689	271	65,671
Retiree insurance .....	4,620	4,620	4,620	-	4,620
Hospitalization insurance .....	14,400	14,400	16,538	(2,138)	28,080
Life/AD&D .....	370	370	346	24	587
Dental insurance .....	1,830	1,830	1,737	93	2,882
Workmen's compensation .....	7,000	7,000	4,227	2,773	6,817
Travel .....	700	700	445	255	-
Other personnel services .....	3,480	3,480	3,526	(46)	4,495
Employee training .....	630	630	102	528	5
Utilities .....	450	450	541	(91)	438
Office supplies .....	100	100	166	(66)	40
Dues .....	830	830	786	44	-
Maintenance contracts .....	145	145	294	(149)	-
Improvement teams .....	200	200	263	(63)	284

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>				<u>Total 2012</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<b><u>Streets Supervision (Continued):</u></b>					
Professional and consulting .....	225	225	314	(89)	586
Other operating supplies .....	100	100	58	42	36
Automotive parts .....	625	625	4,085	(3,460)	184
Gasoline, fuel and lubricants .....	1,530	1,530	1,386	144	1,192
Insurance.....	1,000	1,000	730	270	756
Uniforms.....	1,030	1,030	520	510	639
Regulatory fees and license .....	250	250	-	250	257
Drug/alcohol testing.....	<u>250</u>	<u>250</u>	<u>344</u>	<u>(94)</u>	<u>250</u>
Total Streets Supervision.....	<u>183,410</u>	<u>183,410</u>	<u>178,601</u>	<u>4,809</u>	<u>260,117</u>
<b><u>Streets – Repair and Construction:</u></b>					
Wages and salaries – regular .....	215,350	215,350	235,924	(20,574)	198,641
Wages and salaries – overtime and standby.....	10,970	10,970	19,010	(8,040)	17,019
F.I.C.A. ....	17,900	17,900	19,971	(2,071)	17,163
Retirement .....	69,940	69,940	75,957	(6,017)	69,554
Hospitalization insurance.....	54,720	54,720	65,845	(11,125)	50,760
Life/AD&D.....	1,230	1,230	1,213	17	994
Dental insurance .....	6,950	6,950	6,005	945	4,459
Workmen’s compensation .....	10,000	10,000	11,429	(1,429)	10,671
Other personnel services.....	7,980	7,980	12,250	(4,270)	12,475
Employee education/training .....	1,000	1,000	422	578	273
Professional services.....	340	340	836	(496)	636
Other operating supplies .....	600	600	515	85	560
Small tools .....	550	550	591	(41)	640
Uniforms.....	2,060	2,060	1,445	615	735
Auto parts .....	10,000	10,000	8,290	1,710	4,915
Repairs and maintenance .....	20,075	20,075	21,179	(1,104)	15,753
Gasoline, fuel and lubricants .....	19,700	19,700	14,693	5,007	13,610
Construction materials .....	20,000	20,000	17,150	2,850	7,597
Insurance and bonds .....	2,000	2,000	1,848	152	1,740
Dues and memberships .....	300	300	262	38	210
Travel.....	700	700	882	(182)	981
Christmas light maintenance.....	4,100	4,100	443	3,657	1,896
Emergency response .....	500	500	-	500	-
Printing .....	700	700	-	700	562
Repairs – sidewalks .....	10,000	10,000	2,081	7,919	5,502
Traffic signal maintenance.....	-	-	237	(237)	17,558
Street resurfacing .....	92,180	92,180	92,180	-	92,180
Computer equipment .....	-	-	-	-	1,017
Regulatory fees and license .....	100	100	63	37	80
Machinery and equipment .....	-	-	-	-	303
Retirement supplement .....	16,585	16,585	-	16,585	-
Traffic calming .....	12,000	12,000	-	12,000	-
Utilities .....	-	-	39	(39)	-

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>				<u>Total 2012</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<b><u>Streets – Repair and Construction (Continued):</u></b>					
Snow removal .....	8,000	8,000	8,958	(958)	4,323
Safety supplies .....	800	800	231	569	1,612
Signs and materials .....	22,500	22,500	-	22,500	23,139
Landfill services.....	200	200	-	200	-
Total Streets – Repair and Construction .....	<u>640,030</u>	<u>640,030</u>	<u>619,949</u>	<u>20,081</u>	<u>577,558</u>
<b><u>Street Lighting:</u></b>					
Utilities .....	<u>515,000</u>	<u>560,000</u>	<u>558,407</u>	<u>1,593</u>	<u>558,417</u>
<b><u>Right of Way Maintenance:</u></b>					
Wages and salaries – regular .....	243,180	243,180	244,192	(1,012)	240,400
Wages and salaries – overtime and temporary.....	6,030	6,030	1,727	4,303	1,921
F. I. C. A. ....	19,210	19,210	18,721	489	18,778
Retirement .....	63,390	66,390	67,534	(1,144)	63,347
Hospitalization insurance.....	67,200	77,200	77,600	(400)	75,600
Life/AD&D.....	1,460	1,460	1,369	91	1,352
Drug/alcohol testing.....	200	200	582	(382)	429
Employee education.....	420	420	-	420	245
Retiree insurance .....	-	-	-	-	2,460
Dental insurance .....	8,530	8,530	5,755	2,775	5,507
Workmen's compensation.....	13,000	13,000	12,680	320	12,186
Other personnel services.....	6,180	6,180	6,703	(523)	5,041
Professional services.....	715	715	985	(270)	803
Travel.....	800	800	-	800	-
Other contractual services.....	10,000	10,000	4,849	5,151	4,574
Operating supplies .....	2,000	2,000	2,107	(107)	1,942
Small tools .....	1,500	1,500	1,549	(49)	1,521
Contract mowing .....	75	75	98	(23)	-
Uniforms.....	3,940	3,940	1,932	2,008	893
Auto parts .....	20,000	20,000	23,359	(3,359)	15,662
Chemical supplies.....	5,000	5,000	3,569	1,431	3,749
Gasoline .....	23,840	23,840	26,276	(2,436)	21,156
Construction materials .....	500	500	-	500	-
Other equipment .....	14,000	14,000	14,497	(497)	23,466
Insurance.....	2,000	2,000	2,053	(53)	1,567
Repairs and maintenance .....	1,200	1,200	234	966	36
Mosquito control.....	100	100	-	100	86
Utilities .....	900	900	746	154	998
Greenway maintenance.....	1,200	1,200	9,564	(8,364)	1,678
Dues.....	280	280	262	18	-
Safety supplies.....	1,500	1,500	1,251	249	1,031
Total Right of Way Maintenance.....	<u>518,350</u>	<u>531,350</u>	<u>530,194</u>	<u>1,156</u>	<u>506,428</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>				<u>Total 2012</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Amounts (Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>	
<b>PUBLIC WORKS (Continued):</b>					
<b><u>Traffic Operations:</u></b>					
Wages and Salaries.....	47,560	17,560	16,466	1,094	-
Standby and overtime.....	16,365	4,365	3,310	1,055	-
F.I.C.A.....	5,300	5,300	1,486	3,814	-
Retirement.....	10,190	5,190	3,646	1,544	-
Hospitalization insurance.....	8,640	8,640	4,163	4,477	-
Life/Accidental death insurance.....	230	230	72	158	-
Dental insurance.....	1,100	1,100	347	753	-
Professional services.....	-	-	862	(862)	-
Printing.....	100	100	-	100	-
Traffic signal maintenance.....	31,500	10,500	9,608	892	-
Workmen's compensation.....	3,000	3,000	2,273	727	-
Uniforms.....	455	455	64	391	-
Repair and maintenance.....	75	-	-	-	-
Small tools.....	-	200	-	200	-
Other personnel services.....	5,440	440	77	363	-
Small tools.....	200	-	-	-	-
Utilities.....	10,000	10,000	9,793	207	-
Safety supplies.....	200	200	-	200	-
Auto parts.....	500	500	10	490	-
Gasoline.....	6,800	6,800	1,138	5,662	-
Insurance.....	500	500	115	385	-
Operating supplies/tools.....	500	500	38	462	-
Dues.....	300	300	210	90	-
Travel/training.....	2,760	2,760	-	2,760	-
Maintenance contract.....	-	75	98	(23)	-
Cost recovery.....	21,815	21,815	22,811	(996)	-
Total Traffic Operations.....	<u>173,530</u>	<u>100,530</u>	<u>76,587</u>	<u>23,943</u>	<u>-</u>
<b><u>Sanitation Supervision:</u></b>					
Wages and Salaries.....	65,050	65,050	65,904	(854)	64,5289
Regulatory fees.....	-	200	26	174	-
F.I.C.A.....	5,350	5,350	5,102	248	5,081
Retirement.....	34,950	36,450	36,179	271	35,070
Hospitalization insurance.....	9,600	11,100	11,025	75	10,800
Life/Accidental death insurance.....	290	290	266	24	264
Dental insurance.....	1,220	1,220	1,158	62	1,108
Professional and consulting.....	300	300	502	(202)	612
Mailing.....	200	200	-	200	-
Drug/Alcohol test.....	-	-	364	(364)	339
Printing.....	3,000	3,000	2,824	176	2,727
Uniforms.....	150	150	255	(105)	-
Workmen's compensation.....	3,500	3,500	3,090	410	2,993
Improvement teams.....	250	250	137	113	505
Repair and maintenance.....	300	300	-	300	200

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Total</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u>	<u>Final Budget</u> <u>Positive</u>	
			<u>Basis)</u>	<u>(Negative)</u>	<u>2012</u>
<b>PUBLIC WORKS (Continued):</b>					
<b><u>Sanitation Supervision (Continued):</u></b>					
Small tools .....	125	125	-	125	-
Other personnel services .....	4,930	4,930	7,308	(2,378)	4,581
Utility processing .....	1,500	1,500	1,183	317	1,171
Utilities .....	500	500	702	(202)	497
Safety supplies .....	200	200	263	(63)	136
Auto parts .....	200	200	3,107	(2,907)	36
Gasoline .....	2,160	2,160	1,354	806	1,524
Insurance .....	400	400	301	99	255
Operating supplies/tools .....	150	150	-	150	219
Dues .....	1,165	365	374	(9)	15
Travel/training .....	600	1,200	27	1,173	72
Retiree insurance .....	2,460	2,460	2,460	-	3,540
Computer equipment .....	300	300	110	190	-
Maintenance contract .....	75	75	196	(121)	-
Safety supplies .....	175	175	175	-	-
Total Sanitation Supervision .....	<u>139,100</u>	<u>142,100</u>	<u>144,392</u>	<u>(2,292)</u>	<u>136,273</u>
<b><u>Sanitation Collection:</u></b>					
Wages and salaries .....	106,700	106,700	101,756	4,944	87,599
Overtime .....	3,250	3,250	1,377	1,873	1,889
F.I.C.A. ....	8,450	8,450	7,737	713	6,862
Retirement .....	23,870	23,870	24,626	(756)	20,938
Hospitalization insurance .....	38,400	38,400	39,600	(1,200)	31,000
Life/Accidental death insurance .....	740	740	641	99	510
Dental insurance .....	4,880	4,880	2,974	1,906	2,640
Workmen's compensation .....	4,500	4,500	6,319	(1,819)	3,622
Landfill services .....	100,000	100,000	95,705	4,295	93,084
Other personnel services .....	700	700	3,526	(2,826)	275
Machinery and equipment .....	-	-	-	-	26,069
Other supplies .....	500	500	131	369	496
Small tools and minor equipment .....	100	100	-	100	21
Uniforms .....	2,400	2,400	1,650	750	1,006
Equipment lease purchase .....	36,000	36,000	35,983	17	35,983
Recycling contracts .....	183,000	183,000	186,629	(3,629)	182,029
Safety supplies .....	1,200	1,200	2,298	(1,098)	998
Printing .....	-	-	887	(887)	-
Utilities .....	-	-	28	(28)	-
Automotive parts .....	17,000	17,000	29,198	(12,198)	29,386
Gasoline, fuel, and lubricants .....	31,740	31,740	25,208	6,532	27,822
Insurance .....	2,000	2,000	1,430	570	1,553
Recycling center .....	4,300	4,300	2,056	2,244	-
Parts and materials .....	1,000	1,000	-	1,000	-
Professional services .....	300	300	418	(118)	317
Total Sanitation Collection .....	<u>571,030</u>	<u>571,030</u>	<u>570,177</u>	<u>853</u>	<u>554,099</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>				<u>Total 2012</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<b><u>Brush and Demolition:</u></b>					
Wages and Salaries .....	70,100	70,100	69,417	683	63,741
Wages – temporary .....	15,000	15,000	7,185	7,815	10,179
Wages – overtime .....	1,220	1,220	429	791	142
F.I.C.A. ....	5,700	5,700	5,403	297	5,212
Retirement .....	22,190	22,190	22,889	(699)	21,234
Hospitalization insurance.....	19,200	19,200	22,050	(2,850)	19,400
Life/Accidental death insurance .....	420	420	378	42	343
Dental insurance .....	2,440	2,440	2,316	124	1,940
Workmen’s compensation .....	4,000	4,000	2,995	1,005	3,176
Other personnel services.....	3,280	3,280	4,540	(1,260)	4,467
Professional services.....	150	150	208	(58)	158
Landfill services.....	70,000	70,000	61,087	8,913	63,281
Recycling contracts.....	35,000	35,000	35,040	(40)	36,120
Small tools .....	100	100	27	73	84
Uniforms.....	1,200	1,200	521	679	281
Automotive parts .....	6,800	6,800	21,816	(15,016)	8,731
Equipment lease purchase.....	-	-	-	-	18,982
Gasoline .....	24,000	24,000	19,790	4,210	18,885
Other operating supplies/safety supplies .....	600	600	387	213	475
Utilities .....	-	-	28	(28)	-
Insurance.....	<u>2,000</u>	<u>2,000</u>	<u>1,651</u>	<u>349</u>	<u>1,558</u>
Total Brush and Demolition .....	<u>283,400</u>	<u>283,400</u>	<u>278,157</u>	<u>5,243</u>	<u>278,389</u>
<b><u>Industrial Collection:</u></b>					
Wages and salaries.....	136,950	136,950	139,809	(2,859)	139,512
Wages – overtime .....	6,090	6,090	6,294	(204)	6,314
F.I.C.A. ....	11,420	11,420	11,132	288	10,515
Retirement .....	39,890	39,890	42,108	(2,218)	36,751
Retiree insurance .....	2,460	2,460	2,460	-	2,640
Hospitalization insurance.....	38,400	38,400	42,889	(4,489)	43,200
Life/Accidental death insurance .....	830	830	760	70	779
Dental insurance .....	4,880	4,880	3,017	1,863	2,932
Workmen’s compensation .....	7,500	7,500	4,851	2,649	6,610
Uniforms.....	2,400	2,400	1,272	1,128	491
Other personnel services.....	6,400	6,400	1,529	4,871	6,555
Automotive parts .....	28,000	28,000	27,056	944	21,390
Travel.....	150	150	-	150	-
Utilities .....	-	-	58	(58)	-
Other operating supplies/small tools.....	500	500	444	56	466
Gasoline, fuel, and lubricants .....	48,000	48,000	40,270	7,730	38,382
Insurance.....	3,500	3,500	2,594	906	2,972
Landfill services.....	285,000	281,000	238,592	43,408	265,820
Professional services.....	290	290	418	(128)	318
Equipment lease payments.....	45,545	45,545	42,544	3,001	46,089

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

**June 30, 2013**

<u>Function/Activity/Object</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Original</u>	<u>Final</u>			
PUBLIC WORKS (Continued):					
<b><u>Industrial Collection (Continued):</u></b>					
Repair and maintenance .....	750	750	895	(145)	12
Equipment .....	5,000	5,000	8,946	(3,946)	8,323
Safety supplies .....	500	500	302	198	230
Total Industrial Collection .....	<u>674,455</u>	<u>671,455</u>	<u>618,240</u>	<u>53,215</u>	<u>640,301</u>
<b><u>Special Projects:</u></b>					
Traffic Signal Improvement .....	-	-	5,132	(5,132)	300,763
Hall Road/South Plant Turn .....	60,000	60,000	87,477	(27,477)	853
Street Resurfacing – Ind. Devel. ....	120,000	63,500	74	63,426	-
Greenway and sidewalks .....	29,050	1,942	-	1,942	-
Total Special Projects .....	<u>209,050</u>	<u>125,442</u>	<u>92,683</u>	<u>32,759</u>	<u>301,616</u>
<b>TOTAL PUBLIC WORKS .....</b>	<b><u>4,954,975</u></b>	<b><u>4,892,467</u></b>	<b><u>4,739,978</u></b>	<b><u>152,489</u></b>	<b><u>4,879,116</u></b>
PUBLIC SAFETY					
<b><u>Police Administration:</u></b>					
Wages and salaries .....	147,560	147,560	148,266	(706)	147,840
F.I.C.A. ....	11,370	11,370	10,844	526	10,946
Retirement .....	30,340	30,340	32,919	(2,579)	30,720
Hospitalization insurance .....	19,200	19,200	22,050	(2,850)	21,600
Retiree Insurance .....	-	-	-	-	2,050
Life/AD&D .....	630	630	574	56	569
Dental insurance .....	2,440	2,440	2,316	124	2,217
Workmen's compensation .....	3,500	3,500	1,361	2,139	3,115
Other personnel services .....	1,100	1,100	1,160	(60)	850
Dues and memberships .....	2,550	2,550	2,646	(96)	988
Advertising .....	1,000	1,000	-	1,000	-
Travel, conferences and training .....	5,000	5,000	3,807	1,193	4,293
Reproduction and printing .....	500	500	3,921	(3,421)	871
Utilities .....	1,400	1,400	1,263	137	1,294
Office supplies .....	500	500	171	329	349
Uniforms .....	400	400	34	366	-
Auto parts .....	650	650	467	183	3,248
Gasoline, fuel and lubricants .....	800	800	739	61	1,104
Insurance and bonds .....	1,400	1,400	1,361	39	1,141
Professional and consultation services .....	5,000	5,000	453	4,547	365
Public relations .....	800	800	1,482	(682)	799
Small Tools .....	300	300	119	181	145
Rental, maintenance contracts .....	215	215	392	(177)	-
Mailing .....	-	-	55	(55)	-
TIES Terminal services .....	2,240	2,240	2,365	(125)	2,365
Total Police Administration .....	<u>238,895</u>	<u>238,895</u>	<u>238,765</u>	<u>130</u>	<u>236,869</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>				<u>Total 2012</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY (Continued)					
<b><u>Administrative Services:</u></b>					
Wages and salaries – regular .....	403,760	403,760	405,047	(1,287)	374,455
Wages and salaries – overtime and temporary ..	2,840	2,840	4,429	(1,589)	19,712
F.I.C.A.....	32,150	32,150	30,365	1,785	28,493
Retirement .....	64,430	64,430	73,422	(8,992)	62,527
Hospitalization insurance .....	86,400	86,400	97,625	(11,225)	86,400
Life/AD&D .....	2,110	2,110	1,929	181	1,771
Dental insurance .....	10,970	10,970	10,231	739	8,682
Workmen's compensation.....	9,000	9,000	3,608	5,392	8,124
Other personnel services.....	14,140	14,140	13,540	600	14,715
Software license fee.....	32,550	32,550	33,987	(1,437)	27,116
Professional and consulting.....	-	-	-	-	348
Mailing .....	3,050	3,050	2,015	1,035	1,824
Dues and memberships.....	5,350	5,350	4,167	1,183	1,399
Travel, conferences and training.....	16,000	16,000	10,781	5,219	4,930
Repair and maintenance.....	33,400	33,400	28,904	4,496	10,091
Printing .....	14,000	14,000	3,076	10,924	12,119
Rental and maintenance contracts .....	15,000	15,000	15,466	(466)	8,192
Office supplies.....	15,000	15,000	15,489	(489)	12,934
Utilities .....	6,000	6,000	4,637	1,363	4,555
Small tools.....	6,290	6,290	2,701	3,589	3,877
Uniforms.....	1,500	1,500	1,622	(122)	1,980
Insurance .....	4,800	4,800	5,118	(318)	4,399
Other operating supplies.....	4,500	4,500	1,921	2,579	1,648
Computer software .....	15,000	-	-	-	-
Auto parts .....	3,000	3,000	1,757	1,243	4,022
Gasoline.....	6,600	6,600	6,203	397	6,157
Communication equipment.....	15,900	15,900	2,750	13,150	1,993
Certificate of Accreditation .....	-	-	-	-	10,008
Office/computer machinery and equipment .....	24,900	24,900	27,618	(2,718)	29,360
Safety equipment .....	4,000	4,000	4,668	(668)	3,597
Community policing.....	-	-	83	(83)	91
Janitorial services .....	16,740	16,740	16,740	-	16,740
Total Administrative Services .....	<u>869,380</u>	<u>854,380</u>	<u>829,899</u>	<u>24,481</u>	<u>772,259</u>
<b><u>Police Communications:</u></b>					
911 Communications Center .....	151,070	151,070	151,064	6	151,065
Homeland Security Director.....	15,000	11,000	10,622	378	-
Total Police Communications .....	<u>166,070</u>	<u>162,070</u>	<u>161,686</u>	<u>384</u>	<u>151,065</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>				<u>Total 2012</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY (Continued)					
<b><u>Police Patrol and Traffic Division:</u></b>					
Wages and salaries – regular .....	1,272,840	1,214,340	1,185,434	28,906	1,130,650
Wages and salaries – overtime .....	137,030	137,030	129,109	7,921	108,059
F. I. C. A. ....	113,320	113,320	101,736	11,584	98,095
Retiree insurance .....	4,620	4,620	4,620	-	4,620
Retirement .....	351,200	351,200	350,250	950	319,478
Hospitalization insurance .....	273,600	273,600	300,913	(27,313)	281,500
Life/AD&D .....	6,570	6,570	5,462	1,108	5,524
Dental insurance .....	34,750	34,750	31,002	3,748	27,286
Wages – ARRA .....	-	-	11,207	(11,207)	70,297
Overtime – ARRA .....	-	-	2,925	(2,925)	15,746
FICA – ARRA .....	-	-	1,061	(1,061)	6,632
Retirement – ARRA .....	-	-	2,253	(2,253)	13,922
Hospitalization insurance – ARRA .....	-	-	3,200	(3,200)	21,600
Life/AD&D – ARRA .....	-	-	386	(386)	375
Dental insurance – ARRA .....	-	-	65	(65)	1,966
Other personnel services – ARRA .....	-	-	-	-	2,598
Workmen's compensation .....	45,000	45,000	42,464	2,536	41,664
Drug/Alcohol testing .....	3,000	3,000	2,058	942	3,056
Ammunition .....	16,000	16,000	15,977	23	15,530
Veterinarian .....	1,500	1,500	4,819	(3,319)	717
Employee education and training .....	2,000	2,000	2,000	-	1,634
Other personnel services .....	73,120	73,120	69,958	3,162	64,809
Dues and memberships .....	12,650	12,650	11,980	670	538
Travel, conferences and training .....	25,000	25,000	22,568	2,432	15,650
Office/other operating supplies .....	10,000	10,000	5,313	4,687	9,868
Small tools and minor equipment .....	500	500	97	403	246
Uniforms and clothing .....	30,000	30,000	29,613	387	31,463
Automotive parts .....	50,000	50,000	36,469	13,531	47,642
Gasoline, fuel, and lubricants .....	110,000	110,000	134,122	(24,122)	133,195
Firing range .....	3,500	3,500	3,746	(246)	3,499
Community policing .....	1,500	1,500	380	1,120	780
Mailing .....	500	500	212	288	254
Insurance .....	25,000	25,000	29,999	(4,999)	20,491
Professional services .....	8,700	8,700	5,658	3,042	2,862
Repairs and maintenance – machinery .....	3,000	3,000	1,258	1,742	3,233
Maintenance contracts .....	3,000	3,000	3,532	(532)	480
Other equipment .....	22,000	22,000	20,417	1,583	51,309
Printing and photography .....	4,000	4,000	1,381	2,619	4,019
Utilities .....	82,000	82,000	87,980	(5,980)	81,193
Contract services .....	15,420	15,420	15,420	-	14,600
K-9 .....	1,500	1,500	1,536	(36)	1,437
Lease equipment .....	52,075	52,075	52,072	3	52,080
Computer equipment .....	11,000	11,000	10,763	237	10,230
Radio systems annual contract .....	17,080	17,080	14,106	2,974	-
<b>Total Police Patrol and Traffic Control ....</b>	<b>2,822,975</b>	<b>2,764,475</b>	<b>2,755,521</b>	<b>8,954</b>	<b>2,720,827</b>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
<b>PUBLIC SAFETY (Continued)</b>					
<b><u>Police Investigation:</u></b>					
Wages and salaries – regular .....	318,990	360,990	360,190	800	345,035
Undercover operations .....	500	500	-	500	102
Wages and salaries – overtime/standby .....	59,890	59,890	52,147	7,743	56,980
F. I. C. A. ....	29,660	29,660	31,343	(1,683)	31,159
Retirement .....	84,330	100,830	100,633	197	98,868
Hospitalization insurance .....	62,400	77,400	76,963	437	72,800
Life/AD&D .....	1,590	1,590	1,622	(32)	1,556
Dental insurance .....	7,930	7,930	8,108	(178)	7,481
Workmen's compensation .....	12,500	12,500	13,636	(1,136)	11,011
Dues/subscriptions/memberships .....	4,100	4,100	3,949	151	885
Other personnel services .....	9,110	9,110	10,625	(1,515)	9,383
Mailing .....	400	400	120	280	161
Other operating supplies .....	2,500	2,500	950	1,550	625
Travel, conferences, and training .....	10,500	10,500	9,498	1,002	5,463
Office supplies .....	3,000	3,000	1,646	1,354	3,325
Professional services .....	450	450	500	(50)	4,235
Uniforms .....	4,100	4,100	2,267	1,833	5,532
Auto parts .....	5,000	5,000	3,632	1,368	1,852
Gasoline, fuel and lubricants .....	13,750	13,750	13,923	(173)	13,567
Insurance .....	5,000	5,000	4,990	10	4,378
Utilities .....	5,800	5,800	5,004	796	4,772
Equipment .....	12,600	12,600	11,930	670	-
Computer equipment .....	-	-	-	-	1,495
Small tools .....	2,500	2,500	2,055	445	1,782
Printing .....	1,300	1,300	1,260	40	1,328
Repair and maintenance .....	1,360	1,360	490	870	783
Total Police Investigation .....	<u>659,260</u>	<u>732,760</u>	<u>717,481</u>	<u>15,279</u>	<u>684,558</u>
<b><u>Police – Animal Control:</u></b>					
Wages and salaries – regular .....	86,070	86,070	86,108	(38)	85,289
Wages and salaries – overtime .....	530	530	179	351	530
F. I. C. A. ....	6,700	6,700	6,371	329	6,501
Retirement .....	14,340	14,340	15,735	(1,395)	14,462
Hospitalization insurance .....	19,200	19,200	22,050	(2,850)	21,600
Life/AD&D .....	460	460	429	31	416
Dental insurance .....	2,440	2,440	1,663	777	1,466
Workmen's compensation .....	3,000	3,000	2,617	383	2,786
Dues and memberships .....	425	425	372	53	-
Other personnel services .....	1,100	1,100	1,100	-	1,100
Utilities .....	1,400	1,400	758	642	800
Office supplies .....	1,000	1,000	119	881	1,678
Small tools and equipment .....	1,500	1,500	672	828	1,180
Veterinarian expenses .....	500	500	-	500	-
Uniforms .....	800	800	479	321	337
Rental/Maintenance contracts .....	-	-	294	(294)	-

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY - POLICE(Continued):					
<b><u>Police – Animal Control (Continued):</u></b>					
Auto parts .....	4,500	4,500	722	3,778	1,616
Professional services.....	145	145	208	(63)	158
Animal shelter fees .....	5,000	5,000	1,847	3,153	2,205
Gasoline, fuel and lubricants.....	5,000	5,000	4,665	335	5,395
Other commodities.....	500	500	42	458	92
Insurance.....	1,550	1,550	1,288	262	1,104
Travel and training.....	1,000	1,000	-	1,000	-
Printing .....	500	500	-	500	-
Total Police – Animal Control.....	<u>157,660</u>	<u>157,660</u>	<u>147,718</u>	<u>9,942</u>	<u>148,715</u>
<b>TOTAL PUBLIC SAFETY – POLICE ..</b>	<b><u>4,914,240</u></b>	<b><u>4,910,240</u></b>	<b><u>4,851,070</u></b>	<b><u>59,170</u></b>	<b><u>4,714,293</u></b>
PUBLIC SAFETY – FIRE:					
<b><u>Fire Supervision:</u></b>					
Wages and salaries.....	277,940	277,940	278,627	(687)	269,028
Overtime .....	5,080	5,080	1,415	3,665	3,514
F. I. C. A. ....	23,870	23,870	22,966	904	22,818
Retirement .....	89,100	89,100	94,530	(5,430)	89,179
Hospitalization insurance.....	38,400	38,400	44,100	(5,700)	43,200
Life AD&D.....	1,200	1,200	1,102	98	1,077
Dental insurance .....	4,880	4,880	3,849	1,031	3,683
Workmen’s compensation .....	7,000	7,000	4,326	2,674	6,079
Retiree insurance .....	2,460	2,460	2,460	-	4,920
Other personnel services.....	29,240	29,240	16,564	12,676	28,874
Mailing.....	700	700	97	603	213
Dues and memberships .....	1,950	1,950	2,101	(151)	988
Travel, conferences and training.....	10,000	6,000	5,875	125	5,352
Reproduction and printing .....	4,800	4,800	3,514	1,286	4,311
Office supplies .....	3,400	3,400	1,353	2,047	1,639
Uniforms .....	2,100	2,100	1,981	119	1,422
Auto parts .....	1,800	1,800	2,117	(317)	1,988
Gasoline, fuel and lubricants.....	6,500	6,500	8,571	(2,071)	6,595
Other commodities.....	-	-	-	-	20
Insurance.....	2,700	2,700	2,582	118	2,071
Professional and consultation .....	8,000	8,000	8,309	(309)	5,020
Small tools .....	1,500	1,500	211	1,289	298
Public relations .....	3,000	3,000	1,949	1,051	2,955
Rental and maintenance contracts.....	3,150	3,150	2,730	420	2,361
Utilities .....	10,700	10,700	12,638	(1,938)	11,073
Repairs and maintenance .....	500	500	219	281	133
Computer equipment .....	-	-	450	(450)	-
Total Fire Supervision .....	<u>539,970</u>	<u>535,970</u>	<u>524,636</u>	<u>11,334</u>	<u>518,811</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY – FIRE (Continued):					
<b><u>Fire Prevention/Inspection:</u></b>					
Wages and salaries.....	45,250	45,250	50,841	(5,591)	45,064
Overtime .....	4,570	4,570	4,565	5	3,897
F. I. C. A. ....	3,850	3,850	4,205	(355)	3,787
Retirement .....	26,620	29,120	29,011	109	26,550
Hospitalization insurance.....	8,640	12,140	11,025	1,115	9,720
Life/AD&D.....	220	220	230	(10)	206
Dental insurance .....	1,100	1,100	1,158	(58)	997
Workmen's compensation.....	2,000	2,000	1,952	48	1,722
Dues and memberships .....	775	775	622	153	185
Professional services.....	250	250	-	250	65
Rental and maintenance contracts.....	100	100	98	2	-
Utilities .....	1,300	1,300	1,505	(205)	1,469
Employee education and training.....	1,300	1,300	40	1,260	195
Other personnel services.....	500	500	550	(50)	495
Mailing.....	50	50	27	23	-
Advertising .....	2,500	2,500	673	1,827	275
Computer equipment .....	1,500	1,500	1,098	402	2,500
Retiree insurance .....	4,160	4,160	4,158	2	4,158
Repairs and maintenance – office equipment ....	200	200	-	200	-
Office supplies .....	500	500	293	207	146
Small tools and minor equipment .....	2,400	2,400	906	1,494	1,267
Smoke detectors.....	500	500	-	500	91
Uniforms.....	700	700	647	53	-
Auto parts .....	1,800	1,800	2,231	(431)	1,267
Gasoline, fuel and lubricants.....	3,600	3,600	3,305	295	3,197
Insurance.....	750	750	581	169	549
Travel.....	4,000	4,000	2,792	1,208	2,072
Total Fire Prevention/Inspection.....	<u>119,135</u>	<u>125,135</u>	<u>122,513</u>	<u>2,622</u>	<u>109,874</u>
<b><u>Emergency Management Coordination:</u></b>					
Repair and maintenance – vehicle .....	-	74,725	10,655	64,070	-
Vehicle.....	-	68,488	15,286	53,202	-
Building and improvements.....	-	10,000	-	10,000	-
Total Emergency Management Coordination ..	<u>-</u>	<u>153,213</u>	<u>25,941</u>	<u>127,272</u>	<u>-</u>
<b><u>Fire Fighting:</u></b>					
Wages and salaries – regular.....	1,138,115	1,138,115	1,138,132	(17)	1,119,271
Wages and salaries – temporary .....	-	-	150	(150)	1,065
Wages and salaries – overtime.....	105,000	105,000	98,563	6,437	69,351
F. I. C. A. ....	99,600	99,600	95,759	3,841	93,571
Retiree insurance .....	10,880	10,880	14,160	(3,280)	15,540
Retirement .....	320,295	343,295	345,927	(2,632)	322,049
Hospitalization insurance.....	259,200	259,200	297,675	(38,475)	288,100

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
PUBLIC SAFETY – FIRE (Continued):					
<b><u>Fire Fighting (Continued):</u></b>					
Life/AD&D.....	6,110	6,110	5,679	431	5,532
Dental insurance .....	32,920	32,920	28,104	4,816	26,774
Workmen's compensation .....	35,000	35,000	30,198	4,802	30,170
Drug/Alcohol testing .....	750	750	255	495	384
Mailing.....	500	500	168	332	193
Radio system annual contract .....	15,880	15,880	13,449	2,431	-
Equipment – lease purchase.....	46,275	46,275	46,272	3	46,272
Employee education and training.....	7,200	7,200	5,857	1,343	4,975
Other personnel services.....	60,155	60,155	61,235	(1,080)	57,500
Maintenance contracts .....	17,800	17,800	15,985	1,815	14,547
Travel.....	8,200	8,200	6,064	2,136	2,958
Office and station supplies.....	14,100	14,100	11,692	2,408	12,062
Small tools and minor equipment .....	12,500	12,500	10,378	2,122	12,004
Uniforms.....	27,000	27,000	24,098	2,902	21,412
Automotive parts .....	22,000	22,000	23,147	(1,147)	32,579
Printing .....	2,150	2,150	2,691	(541)	2,460
Repairs and maintenance .....	11,650	11,650	8,314	3,336	6,387
Gasoline, fuel and lubricants.....	18,500	18,500	17,033	1,467	19,507
Other commodities.....	11,600	11,600	20,628	(9,028)	6,168
Medical physicals .....	-	-	-	-	1,422
Utilities .....	59,000	59,000	63,638	(4,638)	58,822
Insurance.....	28,500	28,500	18,768	9,732	22,792
Fire hydrant rental.....	20,670	20,670	20,670	-	-
Building improvements.....	3,500	3,500	2,238	1,262	36,700
Fire training facilities.....	10,000	10,000	3,265	6,735	86,235
Station furnishings .....	7,500	7,500	7,134	366	1,692
Dues .....	5,200	5,200	4,192	1,008	-
Medical surveillance.....	3,100	3,100	939	2,161	-
Professional and consultation .....	4,500	4,500	4,225	275	4,164
Other equipment .....	8,000	8,000	8,464	(464)	-
Computer equipment .....	23,500	23,500	22,343	1,157	-
Total Fire Fighting.....	<u>2,456,850</u>	<u>2,479,850</u>	<u>2,477,489</u>	<u>2,361</u>	<u>2,422,658</u>
<b>TOTAL PUBLIC SAFETY - FIRE.....</b>	<b><u>3,115,955</u></b>	<b><u>3,294,168</u></b>	<b><u>3,150,579</u></b>	<b><u>143,589</u></b>	<b><u>3,051,343</u></b>
CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES:					
Parks and Recreation:					
Little League Park.....	-	-	105	(105)	386
Senior Citizen Center.....	12,725	12,725	12,935	(210)	12,602
Repairs and maintenance .....	20,000	2,475	1,744	731	30,182
Special events .....	2,500	2,500	52,541	(50,041)	888
Support services and projects.....	452,270	502,270	452,268	50,002	446,470
Total Parks and Recreation.....	<u>487,495</u>	<u>519,970</u>	<u>519,593</u>	<u>377</u>	<u>490,528</u>

(Continued)

**CITY OF ALCOA, TENNESSEE  
GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
For the Fiscal Year Ended June 30, 2013  
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Function/Activity/Object</u>	<u>June 30, 2013</u>				<u>Total 2012</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>			
CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES (Continued):					
Blount County Library .....	<u>179,905</u>	<u>179,905</u>	<u>179,905</u>	<u>-</u>	<u>179,904</u>
Blount County Industrial Development Board.....	<u>389,676</u>	<u>377,670</u>	<u>377,670</u>	<u>-</u>	<u>233,086</u>
East Tennessee Development District	<u>1,355</u>	<u>1,355</u>	<u>1,352</u>	<u>3</u>	<u>1,237</u>
Blount County Family Services.....	<u>15,245</u>	<u>15,245</u>	<u>15,245</u>	<u>-</u>	<u>15,245</u>
Blount County Chamber of Commerce	<u>2,050</u>	<u>2,900</u>	<u>2,900</u>	<u>-</u>	<u>2,050</u>
Blount County Community Action Agency.....	<u>10,300</u>	<u>10,300</u>	<u>10,300</u>	<u>-</u>	<u>10,000</u>
Economic Development Board - Blount Partnership.....	<u>-</u>	<u>12,675</u>	<u>12,675</u>	<u>-</u>	<u>12,000</u>
Vocational Rehabilitation.....	<u>45,635</u>	<u>45,635</u>	<u>45,635</u>	<u>-</u>	<u>44,367</u>
In Lieu of Taxes .....	<u>292,500</u>	<u>282,500</u>	<u>282,298</u>	<u>202</u>	<u>274,839</u>
<b>TOTAL CONTRIBUTIONS AND GRANTS TO OTHER AGENCIES ...</b>	<b><u>1,424,155</u></b>	<b><u>1,448,155</u></b>	<b><u>1,447,573</u></b>	<b><u>582</u></b>	<b><u>1,263,256</u></b>
<b>TOTAL EXPENDITURES.....</b>	<b><u>\$16,109,105</u></b>	<b><u>\$16,260,210</u></b>	<b><u>\$15,892,806</u></b>	<b><u>\$ 367,404</u></b>	<b><u>\$15,633,790</u></b>

See accompanying independent auditors' report and notes.

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# EDUCATION SPECIAL REVENUE FUND

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Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specific purposes.

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

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**CITY OF ALCOA, TENNESSEE**  
**EDUCATION FUND - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Source of Revenue</u>	<u>June 30, 2013</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance – With Final Budget Positive (Negative)</u>	<u>Totals 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
<b>TAXES:</b>					
Current city taxes.....	\$ 4,020,000	\$ 4,020,000	\$ 4,020,000	\$ -	\$ 4,020,000
Current county taxes.....	2,860,000	2,960,000	2,976,212	16,212	2,902,959
Previous year's county taxes.....	195,000	203,600	159,768	(43,832)	205,029
Pick-up taxes .....	20,000	20,000	4,412	(15,588)	41,222
In-lieu of taxes.....	<u>21,000</u>	<u>28,000</u>	<u>27,751</u>	<u>(249)</u>	<u>24,187</u>
Total Taxes.....	<u>7,116,000</u>	<u>7,231,600</u>	<u>7,188,143</u>	<u>(43,457)</u>	<u>7,193,397</u>
<b>MISCELLANEOUS REVENUE:</b>					
Mixed drink tax .....	5,000	5,000	10,651	5,651	9,075
Interest.....	-	-	-	-	3,630
Regular tuition.....	265,000	265,000	256,335	(8,665)	223,632
Business tax, marriage licenses, fees.....	70,500	70,500	74,302	3,802	69,089
Local sales tax - County .....	1,800,000	1,700,000	1,733,137	33,137	1,644,348
Other services.....	155,000	-	-	-	-
Contributions/gifts/miscellaneous .....	-	-	<u>8,122</u>	<u>8,122</u>	<u>90</u>
Total Miscellaneous Revenue.....	<u>2,295,500</u>	<u>2,040,500</u>	<u>2,082,547</u>	<u>42,047</u>	<u>1,949,864</u>
<b>REVENUE FROM OTHER AGENCIES:</b>					
State of Tennessee:					
Tennessee Foundation Program.....	6,499,000	6,599,000	6,595,595	(3,405)	6,390,000
State driver education .....	3,800	3,800	10,545	6,745	4,848
Career Ladder Program .....	133,900	133,900	111,511	(22,389)	135,043
Other Federal.....	-	-	-	-	300
State Matching.....	5,800	5,800	7,286	1,486	7,034
Lottery Pre-K.....	162,400	174,400	170,445	(3,955)	168,949
Other State Funds .....	12,600	80,000	89,689	9,689	-
Coord. School Health .....	80,000	-	-	-	86,025
Education Handicapped ACT.....	-	43,000	42,994	(6)	-
Family Resource Center .....	<u>28,000</u>	<u>28,000</u>	<u>29,612</u>	<u>1,612</u>	<u>29,612</u>
Total Revenue from Other Agencies..	<u>6,925,500</u>	<u>7,067,900</u>	<u>7,057,677</u>	<u>(10,223)</u>	<u>6,821,811</u>
<b>TOTAL REVENUES .....</b>	<b><u>\$ 16,337,000</u></b>	<b><u>\$ 16,340,000</u></b>	<b><u>\$ 16,328,367</u></b>	<b><u>\$ (11,633)</u></b>	<b><u>\$ 15,965,072</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**EDUCATION FUND – SPECIAL REVENUE FUND**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
<b>BOARD OF EDUCATION:</b>					
Board member fees.....	\$ 6,850	\$ 6,850	\$ 5,700	\$ 1,150	\$ 5,700
F.I.C.A./Medicare.....	524	524	436	88	436
Professional services .....	28,000	28,000	13,172	14,828	15,000
Dues and memberships.....	11,000	11,000	10,462	538	10,822
Legal services.....	6,500	6,500	15,793	(9,293)	3,952
Travel.....	15,000	15,000	9,776	5,224	8,184
Liability insurance.....	31,000	31,000	23,642	7,358	21,953
Surety bonds.....	1,500	1,500	1,350	150	1,480
Commissions – Blount County Trustee....	50,000	50,000	65,289	(15,289)	64,450
Workmen’s compensation insurance.....	53,000	48,000	43,270	4,730	47,667
Other charges/supplies.....	12,500	12,500	21,907	(9,407)	6,386
Total Board of Education .....	<u>215,874</u>	<u>210,874</u>	<u>210,797</u>	<u>77</u>	<u>186,030</u>
<b>OFFICE OF SUPERINTENDENT:</b>					
Superintendent.....	102,500	102,500	102,500	-	100,000
Assistants.....	61,070	61,070	61,917	(847)	60,265
F.I.C.A./Medicare.....	12,513	12,513	12,636	(123)	12,338
Retirement .....	18,873	18,873	21,197	(2,324)	19,837
Employee insurance.....	19,496	23,496	21,244	2,252	15,566
Communication .....	15,000	15,000	17,287	(2,287)	12,957
Travel.....	7,100	7,100	5,567	1,533	4,333
Office supplies.....	250	250	17	233	-
Other fringe benefits.....	6,000	6,000	1,875	4,125	-
Career ladder .....	-	-	1,000	(1,000)	1,000
Total Office of Superintendent .....	<u>242,802</u>	<u>246,802</u>	<u>245,240</u>	<u>1,562</u>	<u>226,296</u>
<b>OFFICE OF PRINCIPALS:</b>					
Principals.....	287,933	287,933	283,933	4,000	276,140
Assistant Principals .....	257,193	257,193	262,693	(5,500)	246,327
Career ladder .....	9,500	9,500	8,000	1,500	8,000
Secretaries .....	116,812	116,812	119,757	(2,945)	116,209
Clerical personnel.....	38,518	38,518	38,779	(261)	-
F.I.C.A./Medicare.....	54,311	54,311	52,416	1,895	48,079
Retirement .....	67,941	67,941	100,661	(32,720)	92,369
Employee insurance.....	56,969	111,269	73,528	37,741	82,792
Communications.....	31,000	31,000	38,761	(7,761)	38,958
Travel.....	9,000	9,000	4,886	4,114	1,260
Total Office of Principals .....	<u>929,177</u>	<u>983,477</u>	<u>983,414</u>	<u>63</u>	<u>910,134</u>
<b>LOTTERY PRE-K FUNDS:</b>					
Teacher salaries .....	110,307	110,307	113,454	(3,147)	106,485
Education assistant .....	41,037	41,037	42,256	(1,219)	45,560
F.I.C.A./Medicare.....	11,238	11,238	11,381	(143)	10,970
Retirement .....	16,361	20,961	22,993	(2,032)	22,754
Employee insurance.....	32,601	32,601	29,342	3,259	21,075
Instructional supplies.....	2,000	2,000	874	1,126	1,081
Unemployment compensation .....	2,194	2,194	-	2,194	-
Total Lottery Pre-K Funds.....	<u>215,738</u>	<u>220,338</u>	<u>220,300</u>	<u>38</u>	<u>207,925</u>

See accompanying independent auditors’ report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**EDUCATION FUND – SPECIAL REVENUE FUND**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance – with Final Budget Positive (Negative)</u>	<u>Totals 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
<b>FISCAL SERVICES:</b>					
Supervisor/Director .....	-	-	-	-	88,886
Finance Director .....	46,125	46,125	46,125	-	45,000
Secretaries .....	52,810	52,810	55,046	(2,236)	52,021
F.I.C.A/Medicare .....	7,569	7,569	9,274	(1,705)	13,764
Retirement .....	8,450	8,450	12,516	(4,066)	17,795
Employee insurance.....	14,761	16,721	12,733	3,988	14,124
Travel.....	1,800	1,800	977	823	3,528
Office supplies.....	5,500	5,500	3,917	1,583	5,892
Other charges.....	30,000	30,000	33,020	(3,020)	34,951
Administration equipment .....	3,000	3,000	2,857	143	1,697
Total Fiscal Services.....	<u>170,015</u>	<u>171,975</u>	<u>176,465</u>	<u>(4,490)</u>	<u>277,658</u>
<b>TRANSPORTATION:</b>					
Bus Drivers .....	9,024	9,024	9,024	-	2,017
F.I.C.A/Medicare .....	690	690	559	131	154
Retirement .....	1,444	1,444	1,444	-	318
Employee insurance.....	25	25	607	(582)	8,793
Gasoline/Diesel.....	3,000	3,000	20	2,980	-
Tires and tubes.....	2,000	2,000	1,593	407	796
Vehicle parts.....	2,500	2,500	8,807	(6,307)	4,229
Other charges.....	15,000	5,800	5,164	636	7,905
Contracts with private agencies .....	180,000	180,000	182,625	(2,625)	178,500
Vehicle maintenance and repair.....	4,000	4,000	284	3,716	1,337
Vehicle and equipment insurance.....	2,000	2,000	-	2,000	-
Total Transportation .....	<u>219,683</u>	<u>210,483</u>	<u>210,127</u>	<u>356</u>	<u>204,049</u>
<b>INSTRUCTION ELEMENTARY/ SECONDARY:</b>					
Regular teacher salaries .....	6,095,212	6,095,212	6,073,026	22,186	5,744,577
Substitute /homebound teacher salaries....	71,000	71,000	117,620	(46,620)	130,560
Supervisor/Director .....	-	-	-	-	61
F.I.C.A/Medicare.....	508,113	508,113	488,154	19,959	472,476
Retirement .....	610,991	610,991	615,377	(4,386)	622,037
Employee insurance.....	1,286,766	1,364,366	1,407,136	(42,770)	1,275,514
Unemployment insurance .....	3,000	3,000	3,209	(209)	871
Other contractual services .....	33,000	33,000	25,876	7,124	45,309
Other fringe benefits.....	4,000	4,000	250	3,750	1,000
Instructional supplies/materials .....	150,000	150,000	132,427	17,573	132,468
Textbooks .....	130,000	130,000	140,254	(10,254)	188,861
Educational assistants.....	370,098	370,098	393,121	(23,023)	445,925
Other supplies/charges.....	26,000	26,000	24,873	1,127	34,865
Career ladder program .....	131,900	131,900	78,011	53,889	105,686
Other salaries and wages .....	10,000	10,000	6,256	3,744	8,753
Instruction equipment .....	<u>130,000</u>	<u>130,000</u>	<u>131,597</u>	<u>(1,597)</u>	<u>123,844</u>
Total Instruction					
Elementary/Secondary .....	<u>9,560,080</u>	<u>9,637,680</u>	<u>9,637,187</u>	<u>493</u>	<u>9,332,807</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**EDUCATION FUND – SPECIAL REVENUE FUND**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
<b>FAMILY RESOURCE:</b>					
Supervisor/director .....	67,691	67,691	67,691	-	68,426
F.I.C.A./Medicare.....	5,179	5,179	4,524	655	4,867
Retirement .....	6,011	6,011	4,007	2,004	4,015
Employee insurance .....	<u>19,186</u>	<u>13,286</u>	<u>15,265</u>	<u>(1,979)</u>	<u>9,780</u>
Total Family Resource .....	<u>98,067</u>	<u>92,167</u>	<u>91,487</u>	<u>680</u>	<u>87,088</u>
<b>INSTRUCTION-REGULAR PROGRAM:</b>					
Supervisor/Director .....	115,207	115,207	114,207	1,000	22,523
Career ladder .....	11,000	11,000	6,625	4,375	7,000
Librarians .....	184,951	184,951	180,526	4,425	173,954
Instructional computer.....	-	-	-	-	141,976
Education media personnel .....	78,100	4,400	-	4,400	115,815
F.I.C.A./Medicare.....	29,255	29,255	20,800	8,455	33,283
Retirement .....	35,898	35,898	25,178	10,720	45,439
Employee insurance .....	42,720	42,720	31,139	11,581	49,059
Other fringe benefits.....	3,500	3,500	1,792	1,708	1,896
Consultants .....	4,000	4,000	-	4,000	-
Travel .....	2,000	2,000	1,422	578	18,744
Library books .....	28,000	28,000	29,088	(1,088)	27,648
Other supplies and materials .....	-	-	64,400	(64,400)	-
Other salaries and wages .....	<u>15,000</u>	<u>15,000</u>	<u>744</u>	<u>14,256</u>	<u>-</u>
Total Instruction-Regular Program.....	<u>549,631</u>	<u>475,931</u>	<u>475,921</u>	<u>10</u>	<u>637,337</u>
<b>OTHER STUDENT SUPPORT:</b>					
Guidance personnel.....	210,962	210,962	212,467	(1,505)	206,109
Career ladder .....	5,000	5,000	1,000	4,000	1,000
F.I.C.A./Medicare.....	16,521	16,521	16,724	(203)	15,395
Retirement .....	19,177	19,177	19,755	(578)	18,743
Employee insurance .....	26,142	26,142	28,171	(2,029)	22,380
Evaluation and testing .....	25,000	25,000	7,593	17,407	14,467
Other contracted services .....	22,000	22,000	40,410	(18,410)	-
In service/staff development .....	30,000	30,000	30,761	(761)	-
Other supplies/charges .....	<u>21,000</u>	<u>8,000</u>	<u>5,658</u>	<u>2,342</u>	<u>30,498</u>
Total Other Student Support.....	<u>375,802</u>	<u>362,802</u>	<u>362,539</u>	<u>263</u>	<u>308,592</u>
<b>HEALTH SERVICES:</b>					
Wages.....	47,601	47,601	47,601	-	46,296
F.I.C.A./Medicare.....	3,706	3,706	3,642	64	3,542
Retirement .....	4,227	4,227	4,227	-	4,190
Employee insurance .....	5,959	5,959	5,940	19	3,280
Contractual services .....	62,000	62,000	88,758	(26,758)	107,263
Medical supplies.....	4,000	4,000	5,184	(1,184)	4,737
Other supplies and materials .....	19,000	19,000	4,530	14,470	204
Other charges.....	<u>31,000</u>	<u>31,000</u>	<u>17,595</u>	<u>13,405</u>	<u>20,660</u>
Total Health Services .....	<u>177,493</u>	<u>177,493</u>	<u>177,477</u>	<u>16</u>	<u>190,172</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**EDUCATION FUND – SPECIAL REVENUE FUND**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
<b>OPERATION OF PLANT:</b>					
Custodial personnel.....	101,339	101,339	100,528	811	98,370
F.I.C.A/Medicare .....	7,752	7,752	7,646	106	7,483
Retirement.....	16,214	16,214	26,908	(10,694)	26,617
Employee insurance .....	25,708	25,708	27,353	(1,645)	22,104
Contractual services .....	200,000	200,000	183,615	16,385	182,919
Electricity .....	475,000	475,000	466,520	8,480	454,834
Natural gas .....	60,000	60,000	63,289	(3,289)	55,676
Water and sewer.....	77,000	40,540	53,122	(12,582)	79,193
Other supplies .....	10,000	10,000	3,091	6,909	2,741
Other charges .....	20,000	20,000	11,173	8,827	10,273
Rentals .....	6,500	6,500	14,345	(7,845)	12,829
Custodial supplies .....	35,000	35,000	45,719	(10,719)	40,456
Building and contents insurance .....	65,000	65,000	66,874	(1,874)	58,739
Disposable fees .....	11,000	11,000	7,429	3,571	7,973
Equipment.....	4,000	4,000	-	4,000	-
Total Operation of Plant.....	<u>1,114,513</u>	<u>1,078,053</u>	<u>1,077,612</u>	<u>441</u>	<u>1,060,207</u>
<b>MAINTENANCE OF PLANT:</b>					
Maintenance personnel .....	237,216	237,216	222,645	14,571	223,655
FICA/Medicare .....	18,147	18,147	16,347	1,800	16,447
Retirement.....	41,955	41,955	55,948	(13,993)	55,543
Employee insurance .....	50,423	50,423	50,807	(384)	35,766
Contractual services .....	60,000	156,000	158,800	(2,800)	116,625
Machinery parts .....	4,000	4,000	225	3,775	-
Building maintenance/repairs.....	60,000	60,000	62,410	(2,410)	66,133
Equipment repairs/maintenance .....	60,000	60,000	75,631	(15,631)	136,744
Supplies/materials .....	22,500	22,500	8,640	13,860	9,934
Other charges .....	14,100	14,100	16,004	(1,904)	97,996
Maintenance equipment .....	4,000	4,000	-	4,000	10,918
Total Maintenance of Plant .....	<u>572,341</u>	<u>668,341</u>	<u>667,457</u>	<u>884</u>	<u>769,761</u>
<b>FOOD SERVICES:</b>					
Office supplies/staff development.....	650	650	592	58	1,033
<b>CENTRAL AND OTHER</b>					
Supervisor/Director.....	79,825	79,825	76,825	3,000	-
Data processing personnel.....	40,977	40,977	40,976	1	-
Clerical personnel .....	12,000	12,000	30,650	(18,650)	-
Other salaries and wages.....	70,005	70,005	70,005	-	-
FICA/Medicare .....	13,731	13,731	14,709	(978)	-
Retirement.....	20,927	20,927	19,414	1,513	-
Maintenance and repair.....	110,000	110,000	114,274	(4,274)	-
Travel.....	4,000	4,000	6,772	(2,772)	-
Other contracted services .....	25,000	47,300	38,805	8,495	-

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**EDUCATION FUND - SPECIAL REVENUE FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

<u>Activity/Object</u>	<u>June 30, 2013</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
CENTRAL AND OTHER (Continued)					
Other charges.....	12,000	12,000	6,166	5,834	-
Employee insurance .....	<u>32,649</u>	<u>32,649</u>	<u>25,023</u>	<u>7,626</u>	-
Total Central and other.....	<u>421,114</u>	<u>443,414</u>	<u>443,619</u>	<u>(205)</u>	-
CAPITAL OUTLAY:					
Equipment and other .....	<u>25,000</u>	<u>110,000</u>	<u>109,000</u>	<u>1,000</u>	<u>105,976</u>
SPECIAL EDUCATION PROGRAM:					
Supervisor/director .....	32,321	32,321	32,324	(3)	31,532
Teachers .....	515,063	515,063	510,655	4,408	520,550
Career ladder .....	-	-	1,500	(1,500)	-
Speech pathologist.....	51,889	51,889	43,206	8,683	-
Homebound teachers .....	-	-	7,361	(7,361)	2,000
Other salaries and wages .....	6,313	6,313	6,314	(1)	6,049
F.I.C.A./Medicare.....	55,790	55,790	54,229	1,561	56,457
Retirement .....	87,935	72,593	70,726	1,867	69,813
Employee insurance .....	121,768	137,110	124,214	12,896	132,004
In-service/Staff development.....	1,450	1,450	2,362	(912)	600
Special Education equipment .....	5,000	5,000	12,400	(7,400)	1,564
Educational assistants.....	47,444	47,444	59,559	(12,115)	95,900
Psychological personnel .....	67,635	67,635	73,369	(5,734)	61,796
Travel .....	1,500	1,500	1,747	(247)	976
Other supplies & materials.....	3,050	3,050	13,388	(10,338)	4,384
Contracts with Others.....	80,000	80,000	63,915	16,085	70,000
Instructional supplies and materials ..	2,000	2,000	8,971	(6,971)	1,584
Unemployment compensation .....	1,937	1,937	-	1,937	-
Clerical personnel.....	<u>22,691</u>	<u>22,691</u>	<u>17,487</u>	<u>5,204</u>	<u>22,481</u>
Total Special Education Program...	<u>1,103,786</u>	<u>1,103,786</u>	<u>1,103,727</u>	<u>59</u>	<u>1,077,690</u>
VOCATIONAL EDUCATION:					
Teachers .....	233,712	215,712	223,157	(7,445)	217,215
Substitute teachers.....	2,500	2,500	-	2,500	-
F.I.C.A./Medicare.....	18,376	18,376	16,314	2,062	16,269
Retirement .....	21,109	21,109	19,905	1,204	19,748
Instructional supplies/textbooks .....	15,750	15,750	15,750	-	15,750
Employee insurance .....	29,287	29,287	29,837	(550)	22,545
Other charges.....	2,500	2,500	2,884	(384)	2,253
Career ladder .....	4,000	4,000	1,000	3,000	1,000
Vocational equipment.....	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
Total Vocational Education.....	<u>345,234</u>	<u>327,234</u>	<u>326,847</u>	<u>387</u>	<u>312,780</u>
<b>TOTAL EXPENDITURES.....</b>	<b><u>\$16,337,000</u></b>	<b><u>\$16,521,500</u></b>	<b><u>\$16,519,808</u></b>	<b><u>\$ 1,692</u></b>	<b><u>\$15,895,535</u></b>

See accompanying independent auditors' report and notes.

# SCHOOL CONSTRUCTION AND IMPROVEMENT FUND

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School construction and improvement funds are used to account for the acquisition and construction of education major capital facilities, improvements and equipment.

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**School Construction and Improvement Fund** – The school construction and improvement fund is presented as a major fund in the basic financial statements.

**Alcoa High School Construction Fund** – The Alcoa High School construction fund is presented as a major fund in the basic financial statements.

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**CITY OF ALCOA, TENNESSEE**  
**SCHOOL CONSTRUCTION AND IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Totals</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	
			<u>Budgetary</u>	<u>Positive</u>	<u>2012</u>
			<u>Basis</u>	<u>(Negative)</u>	
<b>REVENUES:</b>					
Investment income .....	\$ -	\$ -	\$ -	\$ -	\$ 683
<b>EXPENDITURES:</b>					
Capital projects.....	-	-	142,470	(142,470)	141,361
Equipment .....	-	-	-	-	-
High School Project .....	<u>684,986</u>	<u>684,986</u>	<u>529,957</u>	<u>155,029</u>	<u>281,782</u>
Total Expenditures .....	<u>684,986</u>	<u>684,986</u>	<u>672,427</u>	<u>12,559</u>	<u>423,143</u>
Net Change in Fund Balance Before Other Financing Sources (Uses).....	<u>(684,986)</u>	<u>(684,986)</u>	<u>(672,427)</u>	<u>12,559</u>	<u>(422,460)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In:					
Education .....	-	-	-	-	963,950
Transfers Out:					
General Fund.....	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Total Other Financing Sources (Uses) .....	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>713,950</u>
Net Change in Fund Balance.....	(934,986)	(934,986)	(922,427)	12,559	291,490
Fund Balance, July 1 <sup>st</sup> .....	<u>934,986</u>	<u>934,986</u>	<u>934,986</u>	<u>-</u>	<u>643,496</u>
<b>Fund Balance, June 30<sup>th</sup>.....</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,559</u></b>	<b><u>\$ 12,559</u></b>	<b><u>\$ 934,986</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**ALCOA HIGH SCHOOL CONSTRUCTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Totals</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>	
			<u>Basis</u>	<u>Positive</u>	<u>2012</u>
				<u>(Negative)</u>	
<b>REVENUES:</b>					
Investment income .....	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental .....	-	-	-	-	-
Total Revenues .....	-	-	-	-	-
<b>EXPENDITURES:</b>					
High School Project.....	-	9,801,000	1,597,312	8,203,688	-
Bond Issue Costs .....	-	199,000	244,263	(45,263)	-
Total Expenditures .....	-	10,000,000	1,841,575	8,158,425	-
Net Change in Fund Balance Before Other Financing Sources (Uses) .....	-	(10,000,000)	(1,841,575)	8,158,425	-
<b>Other Financing Sources (Uses):</b>					
Bond Proceeds.....	-	10,000,000	10,000,000	-	-
Total Other Financing Sources (Uses) .....	-	10,000,000	10,000,000	-	-
Net Change in Fund Balance .....	-	-	8,158,425	8,158,425	-
Fund Balance, July 1 <sup>st</sup> .....	-	-	-	-	-
<b>Fund Balance, June 30<sup>th</sup> .....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,158,425</b>	<b>\$ 8,158,425</b>	<b>\$ -</b>

See accompanying independent auditors' report and notes.

## **DEBT SERVICE FUND**

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The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt not being accounted for in the enterprise funds. The Debt Service Fund is presented as a major fund in the basic financial statements.

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**CITY OF ALCOA, TENNESSEE**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Totals</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>Final Budget</u>	
			<u>Basis)</u>	<u>Positive</u>	<u>2012</u>
				<u>(Negative)</u>	
<b>Revenues</b> .....	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
Bond/capital outlay note redemptions .....	3,354,834	3,354,834	3,354,834	-	3,497,476
Interest charges.....	<u>3,118,018</u>	<u>3,118,018</u>	<u>3,118,018</u>	-	<u>5,421,897</u>
Total Expenditures .....	<u>6,472,852</u>	<u>6,472,852</u>	<u>6,472,852</u>	-	<u>8,919,373</u>
Excess (Deficiency) of Revenues Over					
Expenditures.....	<u>(6,472,852)</u>	<u>(6,472,852)</u>	<u>(6,472,852)</u>	-	<u>(2,487,391)</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers – In:					
General Fund.....	3,335,295	3,335,295	3,335,295	-	2,486,856
Water Utility.....	2,010,503	2,010,503	2,010,503	-	1,846,251
Electric Utility.....	1,034,632	1,034,632	1,034,632	-	1,365,954
Landfill.....	<u>801,845</u>	<u>801,845</u>	<u>801,845</u>	-	<u>732,921</u>
Total Other Financing Sources (Uses) ..	<u>7,182,275</u>	<u>7,182,275</u>	<u>7,182,275</u>	-	<u>6,431,982</u>
Excess of Revenues and Other Sources					
Over Expenditures and Other Uses .....	709,423	709,423	709,423	-	(535)
Fund Balance at Beginning of Year .....	<u>94,697</u>	<u>94,697</u>	<u>94,697</u>	-	<u>95,232</u>
<b>Fund Balance at End of Year</b> .....	<u><b>\$ 804,120</b></u>	<u><b>\$ 804,120</b></u>	<u><b>\$ 804,120</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 94,697</b></u>

See accompanying independent auditors' report and notes.

# NON – MAJOR OTHER GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specific purposes.

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**State Street Aid Fund** – The State Street Aid Fund is used to account for the State gasoline tax. Proceeds of this tax must be expended for the improvement and maintenance of City streets.

**Federal Projects Fund** – The Federal Projects Fund is used to account for restricted federal revenues which must be expended on specific education programs.

**Extended Day Program** – The Extended Day Program Fund is used to account for the revenues (primarily fees) and expenditures of the before – and – after school program at the elementary school.

**Alcoa City Schools Cafeteria Fund** – The Alcoa City Schools Cafeteria Fund is used to account for the operations of all cafeterias in the Alcoa City School System. Revenues are provided primarily by the sale of meals (breakfasts, lunches, and a la carte items) and reimbursements from the United States Department of Agriculture (USDA).

**Special Assessment Fund** – The Special Assessment Fund is used to account for the collections of special assessments from prior years.

**Solid Waste Sanitation Fund** – The Solid Waste Sanitation Fund is used to account for solid waste collection and disposal costs as mandated by State law. Major funding is provided by the transfer of property tax revenue from the General Fund.

**Drug Fund** – The Drug Fund is used to account for revenues (primarily drug related fines) which must be expended on drug enforcement operations of the City.

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

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**CITY OF ALCOA, TENNESSEE**  
**STATE STREET AID – NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Totals 2012</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
<b>Revenues:</b>					
State gasoline tax .....	\$ 220,000	\$ 220,000	\$ 223,478	\$ 3,478	\$ 237,072
Investment income .....	700	700	3,446	2,746	714
Sale of equipment.....	-	-	-	-	501
Total Revenues.....	<u>220,700</u>	<u>220,700</u>	<u>226,924</u>	<u>6,224</u>	<u>238,287</u>
<b>Expenditures:</b>					
Streets:					
Traffic signal improvements ....	50,000	50,000	-	50,000	-
Resurfacing/stripping .....	157,750	157,750	145,520	12,230	74,104
Traffic signal maintenance .....	2,500	2,500	-	2,500	2,444
Other equipment and vehicles.....	35,000	35,000	27,320	7,680	92,662
Snow removal .....	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total Expenditures .....	<u>250,250</u>	<u>250,250</u>	<u>172,840</u>	<u>77,410</u>	<u>169,210</u>
Excess (Deficiency) of Revenues Over Expenditures.....	(29,550)	(29,550)	54,084	83,634	69,077
Fund Balance at Beginning of Year.....	<u>348,512</u>	<u>348,512</u>	<u>348,512</u>	<u>-</u>	<u>279,435</u>
<b>Fund Balance at End of Year ....</b>	<b><u>\$ 318,962</u></b>	<b><u>\$ 318,962</u></b>	<b><u>\$ 402,596</u></b>	<b><u>\$ 86,634</u></b>	<b><u>\$ 348,512</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS FUND – NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
Grant revenue.....	<u>\$1,050,275</u>	<u>\$ 908,496</u>	<u>\$ (141,779)</u>	<u>\$1,021,578</u>
<b>Expenditures:</b>				
Personnel and related costs .....	694,023	627,729	66,294	631,500
Seminars/travel/staff development.....	144,802	135,849	8,953	171,450
Contracted services .....	8,000	-	8,000	-
Instructional materials and supplies .....	175,636	136,362	39,274	154,599
Equipment.....	-	-	-	55,626
Vocational equipment .....	6,477	6,477	-	-
Other miscellaneous charges.....	<u>21,337</u>	<u>2,151</u>	<u>19,186</u>	<u>8,331</u>
Total Expenditures .....	<u>1,050,275</u>	<u>908,568</u>	<u>141,707</u>	<u>1,021,506</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(72)	(72)	72
Fund Balance at Beginning of Year .....	<u>72</u>	<u>72</u>	<u>72</u>	<u>-</u>
<b>Fund Balance at End of Year.....</b>	<b><u>\$ 72</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 72</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS – SPECIAL REVENUE FUND**  
**CARL PERKINS PROJECT #12-01**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<b><u>Original and Final Budgeted Amounts</u></b>	<b><u>Actual Amounts (Budgetary Basis)</u></b>	<b><u>Variance With Final Budget - Positive (Negative)</u></b>	<b><u>Total 2012</u></b>
<b>Revenues:</b>				
Monies received through the State of Tennessee .....	<b><u>\$ 20,754</u></b>	<b><u>\$ 20,754</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 59,443</u></b>
<b>Expenditures:</b>				
Vocational Education Instruction:				
Personnel and related costs .....	6,477	6,477	-	12,610
Instructional equipment.....	-	1,893	(1,893)	29,997
Materials and supplies.....	-	-	-	4,565
Other miscellaneous .....	-	-	-	369
Vocational Education Support:				
Seminars/staff development/Travel....	<u>14,277</u>	<u>12,384</u>	<u>1,893</u>	<u>11,902</u>
Total Expenditures .....	<b><u>\$ 20,754</u></b>	<b><u>\$ 20,754</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 59,443</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS – SPECIAL REVENUE FUND**  
**TITLE I STIMULUS PROJECT #12-01**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
Monies received through the State of Tennessee .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,161</u>
<b>Expenditures:</b>				
Regular Education Instruction:				
Salaries and related costs.....	-	-	-	11,196
Materials and supplies .....	-	-	-	9,965
 Total Expenditures .....	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 21,161</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS – SPECIAL REVENUE FUND**  
**TITLE III (PART A) (ESL) PROJECT #12-01**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2012</u>
<b>Revenues:</b>				
Monies received through the State of Tennessee.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,592</u>
<b>Expenditures:</b>				
Regular Instruction: Materials and supplies.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,592</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS – SPECIAL REVENUE FUND**  
**TITLE I PROJECT #12-01**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
Monies received through the State of Tennessee.....	<u>\$ 102,412</u>	<u>\$ 97,575</u>	<u>\$ (4,837)</u>	<u>\$ 92,303</u>
<b>Expenditures:</b>				
Regular Instruction:				
Salaries and related costs .....	63,871	64,604	(733)	65,501
Instructional supplies and materials ....	<u>14,845</u>	<u>15,077</u>	<u>(232)</u>	<u>8,173</u>
Total Regular Instruction .....	<u>78,716</u>	<u>79,681</u>	<u>(965)</u>	<u>73,674</u>
Regular Instruction Support:				
In-service/staff development/travel.....	<u>23,696</u>	<u>17,894</u>	<u>5,802</u>	<u>18,629</u>
Total Expenditures .....	<u>\$ 102,412</u>	<u>\$ 97,575</u>	<u>\$ 4,837</u>	<u>\$ 92,303</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS – SPECIAL REVENUE FUND**  
**TITLE II (PART A) TRAINING #12-21**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
Monies received through the State of Tennessee.....	<u>\$ 70,046</u>	<u>\$ 59,103</u>	<u>\$ (10,943)</u>	<u>\$ 125,877</u>
<b>Expenditures:</b>				
Regular Education Support:				
Materials and supplies .....	\$ -	\$ -	\$ -	\$ 11,797
In-service/staff development.....	25,272	46,002	(20,730)	71,961
Salaries and related costs .....	<u>44,774</u>	<u>13,101</u>	<u>31,673</u>	<u>42,119</u>
Total Expenditures.....	<u>\$ 70,046</u>	<u>\$ 59,103</u>	<u>\$ 10,943</u>	<u>\$ 125,877</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS – SPECIAL REVENUE FUND**  
**TITLE II (PART D) TECHNOLOGY PROJECT #12-01**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2012</u>
<b>Revenues:</b>				
Monies received through the State of Tennessee .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340</u>
<b>Expenditures:</b>				
Regular Instruction Support: In-service/staff development/travel .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS – SPECIAL REVENUE FUND**  
**TITLE II NCLB (PART D) TECHNOLOGY PROJECT #12-01**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
Monies received through the State of Tennessee.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244</u>
<b>Expenditures:</b>				
In-service/staff development/travel.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS – SPECIAL REVENUE FUND**  
**IDEA PRESCHOOL PROJECT #13-01**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
Monies received through the State of Tennessee.....	<b><u>\$ 16,730</u></b>	<b><u>\$ 10,547</u></b>	<b><u>\$ (6,183)</u></b>	<b><u>\$ 1,697</u></b>
<b>Expenditures:</b>				
Seminars/travel .....	\$ 3,856	\$ 2,780	\$ 1,076	\$ 32
Instructional supplies and materials ....	9,555	6,507	3,048	1,665
Other charges .....	<u>3,319</u>	<u>1,260</u>	<u>2,059</u>	<u>-</u>
Total Expenditures .....	<b><u>\$ 16,730</u></b>	<b><u>\$ 10,547</u></b>	<b><u>\$ 6,183</u></b>	<b><u>\$ 1,697</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS – SPECIAL REVENUE FUND**  
**PRESCHOOL PROJECT #12-01**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<b><u>Original and Final Budgeted Amounts</u></b>	<b><u>Actual Amounts (Budgetary Basis)</u></b>	<b><u>Variance With Final Budget - Positive (Negative)</u></b>	<b><u>Total 2012</u></b>
<b>Revenues:</b>				
Preschool stimulus .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,208</u>
<b>Expenditures:</b>				
Seminars/travel .....	\$ -	\$ -	\$ -	\$ 1,072
Instructional supplies .....	-	-	-	4,519
Preschool personnel .....	-	-	-	10,617
 Total Expenditures .....	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 16,208</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS – SPECIAL REVENUE FUND**  
**IDEA (PART B) PROJECT #12-01**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<b><u>Original and Final Budgeted Amounts</u></b>	<b><u>Actual Amounts (Budgetary Basis)</u></b>	<b><u>Variance With Final Budget - Positive (Negative)</u></b>	<b><u>Total 2012</u></b>
<b>Revenues:</b>				
Monies received through the State of Tennessee.....	<b><u>\$ 442,202</u></b>	<b><u>\$ 348,727</u></b>	<b><u>\$ (93,475)</u></b>	<b><u>\$ 401,717</u></b>
<b>Expenditures:</b>				
Special Education Instruction:				
Teachers and assistants .....	\$ 223,570	\$ 194,510	\$ 29,060	\$ 235,276
Seminars/travel .....	30,000	21,228	8,772	18,487
Related salary costs.....	183,191	113,373	19,818	70,022
Instructional supplies and materials.....	40,642	19,610	21,026	77,932
Contracts with private agencies .....	8,000	-	8,000	-
Other costs .....	<u>6,799</u>	<u>-</u>	<u>6,799</u>	<u>-</u>
<b>Total Expenditures .....</b>	<b><u>\$ 442,202</u></b>	<b><u>\$ 348,727</u></b>	<b><u>\$ 93,475</u></b>	<b><u>\$ 401,717</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS – SPECIAL REVENUE FUND**  
**E-RATE PROJECT #12-01 (Communications)**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<b><u>Original and Final Budgeted Amounts</u></b>	<b><u>Actual Amounts (Budgetary Basis)</u></b>	<b><u>Variance With Final Budget - Positive (Negative)</u></b>	<b><u>Total 2012</u></b>
<b>Revenues:</b>				
Monies received through the State of Tennessee.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,629</u>
<b>Expenditures:</b>				
Special Education Instruction: Instructional supplies and equipment/materials.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,629</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS – SPECIAL REVENUE FUND**  
**TITLE I PROJECT #12-01**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<b><u>Original and Final Budgeted Amounts</u></b>	<b><u>Actual Amounts (Budgetary Basis)</u></b>	<b><u>Variance With Final Budget - Positive (Negative)</u></b>	<b><u>Total 2012</u></b>
<b>Revenues:</b>				
Monies received through the State of Tennessee.....	<b><u>\$ 398,131</u></b>	<b><u>\$ 371,790</u></b>	<b><u>\$ (26,341)</u></b>	<b><u>\$ 271,057</u></b>
<b>Expenditures:</b>				
Regular Education Instruction:				
Salaries and related costs .....	\$ 232,695	\$ 242,142	\$ (9,447)	\$ 179,152
Materials and supplies .....	110,594	93,268	17,326	35,233
Travel/Seminars/Professional development.....	47,700	36,240	11,460	48,815
Other miscellaneous charges .....	<u>7,142</u>	<u>140</u>	<u>7,002</u>	<u>7,857</u>
<b>Total Expenditures .....</b>	<b><u>\$ 398,131</u></b>	<b><u>\$ 371,790</u></b>	<b><u>\$ 26,341</u></b>	<b><u>\$ 271,057</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**FEDERAL PROJECTS – SPECIAL REVENUE FUND**  
**EDUCATION JOBS PROGRAM**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
Monies received through the State of Tennessee.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,007</u>
<b>Expenditures:</b>				
Regular Instruction Support: Personnel.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,007</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**CAFETERIA FUND – NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>	<u>Total</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>Final Budget -</u>	
			<u>Basis)</u>	<u>Positive</u>	<u>(Negative)</u>
<b>Revenues:</b>					
Lunch and breakfast payments - children .....	\$ 188,000	\$ 188,000	\$ 156,937	\$ (31,063)	\$ 157,554
Lunch and breakfast payments - adults .....	16,000	16,000	9,066	(6,934)	8,857
USDA reimbursements .....	490,000	490,000	477,208	(12,792)	436,576
Milk sales .....	5,000	5,000	4,536	(464)	4,738
Interest .....	-	-	30	30	77
A la carte and other income .....	<u>201,000</u>	<u>201,000</u>	<u>176,401</u>	<u>(24,599)</u>	<u>191,340</u>
Total Revenues.....	<u>900,000</u>	<u>900,000</u>	<u>824,178</u>	<u>(75,822)</u>	<u>799,142</u>
<b>Expenditures:</b>					
Food .....	375,000	375,000	330,369	44,631	358,097
Labor.....	380,000	380,000	398,560	(18,560)	359,565
Non-food supplies.....	50,000	50,000	36,785	13,215	45,814
Transportation .....	5,000	5,000	2,727	2,273	2,823
Ice cream and other expenses.....	80,000	80,000	94,680	(14,680)	84,079
Purchase of equipment.....	<u>10,000</u>	<u>10,000</u>	<u>9,161</u>	<u>839</u>	<u>16,537</u>
Total Expenditures .....	<u>900,000</u>	<u>900,000</u>	<u>872,282</u>	<u>27,718</u>	<u>866,915</u>
Excess (Deficit) of Revenues Over Expenditures .....	-	-	(48,104)	(48,104)	(67,773)
Fund Balance at Beginning of Year .....	<u>99,025</u>	<u>99,025</u>	<u>99,025</u>	<u>-</u>	<u>166,798</u>
<b>Fund Balance at End of Year .....</b>	<b><u>\$ 99,025</u></b>	<b><u>\$ 99,025</u></b>	<b><u>\$ 50,921</u></b>	<b><u>\$ (48,104)</u></b>	<b><u>\$ 99,025</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**EXTENDED DAY PROGRAM – NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2012</u>
	<u>Original</u>	<u>Final</u>			
<b>Revenues:</b>					
Fees .....	\$ 190,000	\$ 190,000	\$ 205,094	\$ 15,094	\$ 196,416
Interest .....	-	-	-	-	49
Total Revenues.....	<u>190,000</u>	<u>190,000</u>	<u>205,094</u>	<u>15,094</u>	<u>196,465</u>
<b>Expenditures:</b>					
Salaries.....	120,450	120,450	122,546	(2,096)	137,625
Fringe benefits .....	23,400	23,400	23,647	(247)	17,665
Supplies and food.....	25,000	25,000	11,451	13,549	13,149
Other charges .....	<u>21,150</u>	<u>21,150</u>	<u>10,571</u>	<u>10,579</u>	<u>6,118</u>
Total Expenditures .....	<u>190,000</u>	<u>190,000</u>	<u>168,215</u>	<u>21,785</u>	<u>174,557</u>
Excess (Deficiency) of Revenues Over Expenditures .....	-	-	36,879	36,879	21,908
Fund Balance at Beginning of Year .....	<u>61,051</u>	<u>61,051</u>	<u>61,051</u>	-	<u>39,143</u>
<b>Fund Balance at End of Year .....</b>	<b><u>\$ 61,051</u></b>	<b><u>\$ 61,051</u></b>	<b><u>\$ 97,930</u></b>	<b><u>\$ 36,879</u></b>	<b><u>\$ 61,051</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**SPECIAL ASSESSMENT FUND – NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>	<u>Total</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>Final Budget -</u>	
			<u>Basis)</u>	<u>Positive</u>	<u>2012</u>
				<u>(Negative)</u>	
<b>Revenues:</b>					
Interest on investments/ Assessments .....	\$ -	\$ -	\$ -	\$ -	\$ 9
<b>Expenditures</b> .....	-	8,878	8,878	-	-
Excess(Deficiency) of Revenues Over Expenditures .....	-	(8,878)	(8,878)	-	9
Fund Balance at Beginning of Year .....	8,878	8,878	8,878	-	8,869
<b>Fund Balance at End of Year</b> .....	<u>\$ 8,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,878</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**DRUG CONTROL FUND – NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>	<u>Total</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>	
			<u>(Budgetary</u>	<u>Positive</u>	
			<u>Basis)</u>	<u>(Negative)</u>	<u>2012</u>
<b>Revenues:</b>					
Interest on investments/assessments ....	\$ 200	\$ 200	\$ -	\$ (200)	\$ 159
Fines and forfeits:					
Drug Control and seizure .....	<u>32,000</u>	<u>32,000</u>	<u>28,204</u>	<u>(3,796)</u>	<u>27,775</u>
Total Revenues.....	<u>32,200</u>	<u>32,200</u>	<u>28,204</u>	<u>(3,996)</u>	<u>27,934</u>
<b>Expenditures:</b>					
Drug control and seizure .....	<u>87,210</u>	<u>87,210</u>	<u>32,386</u>	<u>54,824</u>	<u>57,321</u>
Excess (Deficiency) of Revenues					
Over Expenditures.....	(55,010)	(55,010)	(4,182)	50,828	(29,387)
Fund Balance at Beginning of Year .....	<u>80,698</u>	<u>80,698</u>	<u>80,698</u>	<u>-</u>	<u>110,085</u>
<b>Fund Balance at End of Year .....</b>	<b><u>\$ 25,688</u></b>	<b><u>\$ 25,688</u></b>	<b><u>\$ 76,516</u></b>	<b><u>\$ 50,828</u></b>	<b><u>\$ 80,698</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
COMMERCIAL MOTOR VEHICLES FINES FUND  
NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012**

	<u>June 30, 2013</u>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Total 2012</u>
	<u>Original</u>	<u>Final</u>			
<b>Revenues:</b>					
Fines.....	\$ 2,800	\$ 2,800	\$ 3,460	\$ 660	\$ 2,210
Interest .....	<u>50</u>	<u>50</u>	<u>-</u>	<u>(50)</u>	<u>31</u>
Total Revenues .....	2,850	2,850	3,460	610	2,241
<b>Expenditures</b> .....	<u>8,000</u>	<u>8,000</u>	<u>5,031</u>	<u>2,969</u>	<u>8,235</u>
Excess (Deficiency) of Revenues Over Expenditures .....	(5,150)	(5,150)	(1,571)	3,579	(5,994)
Fund Balance at Beginning of Year...	<u>15,601</u>	<u>15,601</u>	<u>15,601</u>	<u>-</u>	<u>21,595</u>
<b>Fund Balance at End of Year.....</b>	<b><u>\$ 10,451</u></b>	<b><u>\$ 10,451</u></b>	<b><u>\$ 14,030</u></b>	<b><u>\$ 3,579</u></b>	<b><u>\$ 15,601</u></b>

See accompanying independent auditors' report and notes.

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# CAPITAL PROJECT FUNDS

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

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**Special Projects Fund** – The Special Projects Fund is used to account for the acquisition of industrial park development land and facilities.

**General Obligation Public Works Construction** – The General Obligation Public Works Construction is used to account for the acquisition and construction of major capital facilities.

**Greenway Projects Fund** – The Greenway Projects Fund is used to account for the acquisition and construction of improvements to bridge and walking trails.

**2001 Special Projects Fund** – The 2001 Special Projects Fund is used to account for the acquisition and construction of improvements to roads.

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

**Bessie Harvey Memorial Projects Fund** – The Bessie Harvey Memorial Projects Fund is used to account for improvements to parks.

**Home Grant Program Fund** – The Home Grant Program Fund is used to account for improvements for low income residents.

**Landscaping Fund** – The Landscaping Fund is used to account for improvements to landscaping areas of the city.

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

**CITY OF ALCOA, TENNESSEE**  
**SPECIAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
Investment income .....	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ 34
<b>Expenditures:</b>				
R & D Park .....	_____ -	_____ -	_____ -	_____ 98,115
Net Change in Fund Balance .....	-	-	-	(98,081)
Fund Balance, July 1 <sup>st</sup> .....	_____ -	_____ -	_____ -	_____ 98,081
<b>Fund Balance, June 30<sup>th</sup> .....</b>	<b><u>_____ -</u></b>	<b><u>_____ -</u></b>	<b><u>_____ -</u></b>	<b><u>_____ -</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**GENERAL OBLIGATION PUBLIC WORKS CONSTRUCTION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012**

	<b><u>Original and Final Budgeted Amounts</u></b>	<b><u>Actual Amounts (Budgetary Basis)</u></b>	<b><u>Variance With Final Budget - Positive (Negative)</u></b>	<b><u>Total 2012</u></b>
<b>Revenues:</b>				
TDOT West Plant Development .....	\$ 2,000,000	\$ -	\$ (2,000,000)	\$ -
State Grant .....	4,301,457	1,285,315	(3,016,142)	-
Contribution from Developer.....	<u>1,020,000</u>	<u>-</u>	<u>(1,020,000)</u>	<u>-</u>
Total Revenue .....	<u>7,321,457</u>	<u>1,285,315</u>	<u>(6,036,142)</u>	<u>-</u>
<b>Expenditures:</b>				
Capital Outlay .....	9,183,544	1,608,044	7,575,500	137,913
Bank charges.....	<u>-</u>	<u>9</u>	<u>(9)</u>	<u>-</u>
Total Expenditures .....	<u>9,183,544</u>	<u>1,608,053</u>	<u>7,575,491</u>	<u>137,913</u>
Net Change in Fund Balance Before Other Financing Sources (Uses).....	<u>(1,862,087)</u>	<u>(322,738)</u>	<u>1,539,349</u>	<u>(137,913)</u>
<b>Other Financing Sources:</b>				
Transfers In:				
General Fund.....	<u>1,862,087</u>	<u>1,001,668</u>	<u>(860,419)</u>	<u>2,000,000</u>
Net Change in Fund Balance .....	-	678,930	678,930	1,862,087
Fund Balance, July 1 <sup>st</sup> .....	<u>1,862,096</u>	<u>1,862,096</u>	<u>-</u>	<u>9</u>
<b>Fund Balance, June 30<sup>th</sup> .....</b>	<b><u>\$ 1,862,096</u></b>	<b><u>\$ 2,541,026</u></b>	<b><u>\$ 678,930</u></b>	<b><u>\$1,862,096</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
GREENWAY PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
State Grants.....	\$ -	\$ -	\$ -	\$ 182,803
Culton Creek Extension .....	7,562	7,562	-	-
Investment income.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>66</u>
Total Revenues .....	<u>7,562</u>	<u>7,562</u>	<u>-</u>	<u>182,869</u>
<b>Expenditures:</b>				
Pedestrian Bridge.....	120	120	-	-
Pedestrian Bridge – High Priority Projects (HPP) .....	-	-	-	556
Pistol Creek Phase III .....	-	-	-	24
Culton Creek Extension.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,540</u>
Total Expenditures.....	<u>120</u>	<u>120</u>	<u>-</u>	<u>266,120</u>
Net Change in Fund Balance Before Other Financing Sources (Uses) .....	7,442	7,442	-	(83,251)
<b>Other Financing Sources (Uses):</b>				
Transfers In:				
General Fund .....	<u>35,136</u>	<u>35,136</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance .....	42,578	42,578	-	(83,251)
Fund Balance, July 1 <sup>st</sup> .....	<u>(42,578)</u>	<u>(42,578)</u>	<u>-</u>	<u>40,673</u>
<b>Fund Balance, June 30<sup>th</sup> .....</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (42,578)</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**2001 SPECIAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
LGIP Deferred .....	\$ 345,825	\$ -	\$ (345,825)	\$ 794,317
Investment income .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>83</u>
Total Revenues.....	<u>345,825</u>	<u>-</u>	<u>(345,825)</u>	<u>794,400</u>
<b>Expenditures:</b>				
Middlesettlements Road.....	-	697	(697)	2,552
Bessemer Street/Hamilton Crossing ...	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,021</u>
Total Expenditures .....	<u>-</u>	<u>697</u>	<u>(697)</u>	<u>229,573</u>
Net Change in Fund Balance .....	345,825	(697)	(345,522)	564,827
Fund Balance, July 1 <sup>st</sup> .....	<u>345,664</u>	<u>345,664</u>	<u>-</u>	<u>(219,163)</u>
<b>Fund Balance, June 30<sup>th</sup> .....</b>	<b><u>\$ 691,489</u></b>	<b><u>\$ 344,967</u></b>	<b><u>\$ (346,522)</u></b>	<b><u>\$ 345,664</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**EQUIPMENT REPLACEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
Investment income .....	\$ 300	\$ -	\$ (300)	\$ 518
Sale of equipment .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,031</u>
Total Revenues .....	<u>300</u>	<u>-</u>	<u>(300)</u>	<u>25,549</u>
<b>Expenditures:</b>				
Capital Outlay .....	<u>285,654</u>	<u>251,720</u>	<u>33,934</u>	<u>579,584</u>
Net Change in Fund Balance Before Other Financing Sources (Uses) .....	(285,354)	(251,720)	33,634	(554,035)
<b>Other Financing Sources (Uses):</b>				
Capital Lease Proceeds .....	-	-	-	402,528
General Fund – transfer in .....	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total Other Financing Sources (Uses) .....	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>602,528</u>
Net Change in Fund Balance .....	(85,354)	(51,720)	33,634	48,493
Fund Balance, July 1 <sup>st</sup> .....	<u>290,786</u>	<u>290,786</u>	<u>-</u>	<u>242,293</u>
<b>Fund Balance, June 30<sup>th</sup> .....</b>	<b><u>\$ 205,432</u></b>	<b><u>\$ 239,066</u></b>	<b><u>\$ 33,634</u></b>	<b><u>\$ 290,786</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**BESSIE HARVEY MEMORIAL PROJECT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues</b> .....	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b> .....	-	-	-	-
Net Change in Fund Balance .....	-	-	-	-
Fund Balance, July 1 <sup>st</sup> .....	<u>1,968</u>	<u>1,968</u>	-	<u>1,968</u>
<b>Fund Balance, June 30<sup>th</sup></b> .....	<b><u>\$ 1,968</u></b>	<b><u>\$ 1,968</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,968</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
HOME GRANT PROGRAM FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
State Grant (THDA) .....	\$ 366,964	\$ 366,964	\$ -	\$ 121,060
<b>Expenditures:</b>				
Home Improvements .....	332,968	332,225	743	156,095
Net Change in Fund Balance.....	33,996	34,739	743	(35,035)
Fund Balance, July 1 <sup>st</sup> .....	(33,996)	(33,996)	-	1,039
<b>Fund Balance, June 30<sup>th</sup> .....</b>	<b><u>\$ -</u></b>	<b><u>\$ 743</u></b>	<b><u>\$ 743</u></b>	<b><u>\$ (33,996)</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**LANDSCAPING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
Investment income.....	\$ -	\$ -	\$ -	\$ -
Charges for services.....	<u>-</u>	<u>17,350</u>	<u>17,350</u>	<u>7,822</u>
Total Revenues .....	<u>-</u>	<u>17,350</u>	<u>17,350</u>	<u>7,822</u>
<b>Expenditures:</b>				
Landscaping Projects .....	39,000	1,000	38,000	4,325
Sidewalk Projects.....	39,972	14,488	25,484	-
Greenway Projects .....	<u>8,028</u>	<u>13,086</u>	<u>(5,058)</u>	<u>-</u>
Total Expenditures.....	<u>87,000</u>	<u>28,574</u>	<u>58,426</u>	<u>4,325</u>
Net Change in Fund Balance .....	(87,000)	(11,224)	75,776	3,497
Fund Balance, July 1 <sup>st</sup> .....	<u>137,817</u>	<u>137,817</u>	<u>-</u>	<u>134,320</u>
<b>Fund Balance, June 30<sup>th</sup> .....</b>	<b><u>\$ 50,817</u></b>	<b><u>\$ 126,593</u></b>	<b><u>\$ 75,776</u></b>	<b><u>\$ 137,817</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget - Positive (Negative)</b>	<b>Total 2012</b>
<b>Revenues:</b>				
Intergovernmental .....	\$ 27,240	\$ 27,240	\$ -	\$ 27,240
<b>Expenditures:</b>				
Capital Outlay .....	29,500	29,444	56	33,433
Bank Charges .....	-	150	(150)	146
Total Expenditures .....	<u>29,500</u>	<u>29,594</u>	<u>(94)</u>	<u>33,579</u>
Net Change in Fund Balance .....	(2,260)	(2,354)	(94)	(6,339)
Fund Balance, July 1 <sup>st</sup> .....	<u>55,019</u>	<u>55,019</u>	-	<u>61,358</u>
<b>Fund Balance, June 30<sup>th</sup> .....</b>	<b><u>\$ 52,759</u></b>	<b><u>\$ 52,665</u></b>	<b><u>\$ (94)</u></b>	<b><u>\$ 55,019</u></b>

See accompanying independent auditors' report and notes.

# ENTERPRISE FUNDS

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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.

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**Stormwater Utility Fund** – The Stormwater Utility Fund is used to account for the operations of the City’s stormwater systems and is presented as a major fund in the basic financial statements.

**Water and Sewer Utility Fund** – The Water and Sewer Utility Fund is used to account for the operation of the City’s water and sewer system. The Water and Sewer Utility Fund is presented as a major fund in the basic financial statements.

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

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

**CITY OF ALCOA, TENNESSEE  
STORMWATER UTILITY FUND – ENTERPRISE FUND  
SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION  
June 30, 2013 and 2012**

	<u>Business Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Equity in pooled cash.....	\$ 774,641	\$ 792,704
Accounts receivable.....	85,357	84,277
Total Current Assets .....	<u>859,998</u>	<u>876,981</u>
Depreciable Capital Assets:		
Structures, improvements and equipment.....	594,749	545,664
Less: Allowance for depreciation .....	<u>(139,393)</u>	<u>(191,185)</u>
Total Net Capital Assets .....	<u>455,356</u>	<u>354,479</u>
<b>TOTAL ASSETS</b> .....	<u>1,315,354</u>	<u>1,231,460</u>
DEFERRED OUTFLOWS OF RESOURCES .....	<u>-</u>	<u>-</u>
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Accounts payable.....	16,105	10,633
Accrued salaries.....	6,096	5,629
Compensated absences .....	23,885	32,719
Due to Employee Insurance Fund.....	3,382	-
Capital lease payable .....	<u>54,491</u>	<u>52,671</u>
Total Current Liabilities.....	<u>103,959</u>	<u>101,652</u>
<b>Long-Term Liabilities:</b>		
Capital lease payable .....	<u>27,947</u>	<u>82,438</u>
<b>TOTAL LIABILITIES</b> .....	<u>131,906</u>	<u>184,090</u>
DEFERRED INFLOWS OF RESOURCES .....	<u>-</u>	<u>-</u>
<b>NET POSITION:</b>		
Unrestricted .....	810,530	828,000
Invested in net assets, net of related debt.....	<u>372,918</u>	<u>219,370</u>
<b>TOTAL NET POSITION</b> .....	<u>\$ 1,183,448</u>	<u>\$ 1,047,370</u>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**STORMWATER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>Business Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Operating Revenue:</b>		
Residential sales .....	\$ 152,588	\$ 153,375
Commercial/Industrial sales .....	<u>863,311</u>	<u>879,322</u>
Total Operating Revenue.....	<u>1,015,899</u>	<u>1,032,697</u>
<b>Operating Expenses:</b>		
Administrative .....	244,072	231,347
Operations and maintenance.....	510,061	629,894
Street cleaning .....	<u>79,375</u>	<u>97,357</u>
Total Operating Expenses Before Depreciation .....	<u>833,508</u>	<u>958,598</u>
Operating Income Before Depreciation.....	182,391	74,099
Depreciation .....	<u>(68,063)</u>	<u>(49,912)</u>
Operating Income .....	<u>114,328</u>	<u>24,187</u>
<b>Other Income (Expense):</b>		
Interest on Investments.....	-	1,722
Sale of equipment .....	<u>21,750</u>	<u>-</u>
Total Other Income (Expense) .....	<u>21,750</u>	<u>1,722</u>
Change in Net Position.....	136,078	25,909
Net Position at Beginning of Year.....	<u>1,047,370</u>	<u>1,021,461</u>
<b>Net Position at End of Year .....</b>	<b><u>\$ 1,183,448</u></b>	<b><u>\$ 1,047,370</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**STORMWATER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>Business Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers .....	\$ 1,014,819	\$ 948,420
Cash payments to suppliers for goods and services .....	(498,912)	(571,653)
Cash payments to employees for services .....	<u>(334,109)</u>	<u>(371,046)</u>
Net Cash Flows from Operating Activities .....	<u>181,798</u>	<u>5,721</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Payments for stormwater acquisitions .....	(168,940)	(126,739)
Proceeds from sale of assets .....	21,750	-
Principal paid on capital lease .....	<u>(52,671)</u>	<u>(50,913)</u>
Net Cash Flows from Capital and Related Financing Activities .....	<u>(199,861)</u>	<u>(177,652)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and dividends on investments .....	<u>-</u>	<u>1,722</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS .....	(18,063)	(170,209)
Cash and Cash Equivalents at Beginning of Year .....	<u>792,704</u>	<u>962,913</u>
<b>Cash and Cash Equivalents at End of Year .....</b>	<b><u>\$ 774,641</u></b>	<b><u>\$ 792,704</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>		
<b>Operating Income</b> .....	<b><u>\$ 114,328</u></b>	<b><u>\$ 24,187</u></b>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation.....	68,063	49,912
<b>Change in assets and liabilities:</b>		
Accounts receivable.....	(1,080)	(84,277)
Compensated absences .....	(8,834)	11,456
Accrued salaries.....	467	(6,190)
Due to Employee Insurance Fund.....	3,382	-
Accounts payable.....	<u>5,472</u>	<u>10,633</u>
Total adjustments.....	<u>67,470</u>	<u>(18,466)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES.....</b>	<b><u>\$ 181,798</u></b>	<b><u>\$ 5,721</u></b>

Accounting Policy Note:

Cash and cash equivalents consist of demand deposits and certificates of deposits with original maturities of three (3) months or less.

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**STORMWATER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF OPERATING AND MAINTENANCE EXPENSES**  
**BY DEPARTMENT**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>Business Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Administrative and General:</b>		
Wages .....	\$ 115,561	\$ 115,134
FICA .....	8,775	8,859
Retirement .....	21,045	19,452
Hospitalization insurance .....	21,502	21,276
Life/accidental death insurance .....	490	485
Dental insurance .....	2,235	2,161
Other personal services .....	3,985	128
Regulatory fees and license .....	3,860	3,860
Utilities .....	1,505	978
Maintenance contracts .....	196	-
Other operating supplies .....	-	121
Gasoline .....	1,352	1,154
Drug/alcohol test .....	-	17
Workmen's compensation .....	1,366	1,338
Employee education and training .....	2,986	778
Professional services .....	3,811	28,821
Dues and memberships .....	3,634	1,437
Advertising/public education .....	2,211	108
Business/Public relations .....	-	539
Printing .....	245	300
Auto parts .....	22	-
Safety supplies .....	155	3
Insurance .....	1,609	1,381
Utility processing .....	3,604	3,512
Computer equipment .....	702	2,009
Improvement teams .....	115	48
GIS – System .....	25,338	12,700
Mailing .....	146	66
Travel .....	442	16
Service charges .....	86	-
Radio system annual contract .....	107	-
Small tools .....	144	-
Communication equipment .....	8,141	-
Machinery and equipment .....	2,500	-
Uniforms .....	222	-
Cost-recovery – Service center .....	5,980	4,666
Total Administrative and General .....	<u>244,072</u>	<u>231,347</u>
<b>Operations and Maintenance:</b>		
Wages .....	189,800	199,272
Standby pay .....	7,536	9,261
Overtime .....	4,005	1,766
F.I.C.A. .....	15,722	16,287
Retirement .....	53,749	47,760
Hospitalization insurance .....	53,125	57,034
Life/Accidental death insurance .....	964	1,026
Dental insurance .....	5,419	5,813
Workmen's compensation .....	6,643	10,725
Other personal services .....	-	19,689

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**STORMWATER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF OPERATING AND MAINTENANCE EXPENSES**  
**BY DEPARTMENT**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>Business Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Operations and Maintenance (Continued):</b>		
Other operating supplies .....	533	-
Utilities .....	28	-
Drug/Alcohol test.....	73	21
Retiree insurance .....	4,620	4,235
Employee education and training.....	842	1,138
Travel.....	1,358	75
Gasoline .....	13,617	11,063
Equipment lease.....	3,938	5,697
Other operating supplies .....	98	447
Small tools .....	1,254	889
Uniforms .....	1,850	1,215
Auto parts .....	7,209	12,459
Safety supplies .....	838	2,122
Insurance.....	1,991	2,436
Repair and maintenance.....	27,269	11,364
Cost recovered .....	103,716	203,228
Communication equipment.....	-	102
Dues and memberships .....	262	-
Regulatory fees and license .....	-	400
Improvement teams .....	-	353
Machinery and equipment .....	<u>3,602</u>	<u>4,017</u>
Total Operations and Maintenance .....	<u>510,061</u>	<u>629,894</u>
<b>Street Cleaning:</b>		
Wages .....	24,130	37,342
Standby pay .....	932	2,081
Overtime pay .....	512	-
F.I.C.A. ....	1,751	2,886
Retirement .....	4,469	6,463
Retiree insurance .....	4,620	4,620
Hospitalization insurance.....	7,825	10,800
Life/Accidental death insurance .....	128	201
Dental insurance .....	772	1,108
Workmen’s compensation .....	1,272	1,369
Other personal services.....	-	1,386
Professional services.....	104	79
Landfill services.....	15,609	11,809
Uniforms.....	177	-
Auto parts .....	4,478	7,529
Gasoline .....	8,918	8,332
Safety .....	21	46
Insurance.....	907	846
Repair and maintenance.....	264	244
Vehicles .....	2,385	-
Other operating supplies .....	66	88
Small tools .....	<u>35</u>	<u>128</u>
Total Street Cleaning .....	<u>79,375</u>	<u>97,357</u>
<b>Total Operating and Maintenance .....</b>	<b><u>\$ 833,508</u></b>	<b><u>\$ 958,598</u></b>

See accompanying independent auditors’ report and notes.

**CITY OF ALCOA, TENNESSEE  
 STORMWATER UTILITY FUND – ENTERPRISE FUND  
 SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION  
 For the Fiscal Year Ended June 30, 2013**

	<u>Capital Assets</u>			<u>Allowance for Depreciation</u>				
	<u>Balance 6/30/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/13</u>	<u>Balance 7/1/2012</u>	<u>Depreciation Taken</u>	<u>Additions Deductions</u>	<u>Balance 6/30/2013</u>
Street Sweeper .....	\$ 119,855	\$ -	\$ (119,855)	\$ -	\$ 105,872	\$ 13,983	\$ (119,855)	\$ -
Vacuum Truck .....	259,222	-	-	259,222	71,286	25,922	-	97,208
Geocollector XH6000.....	9,500	-	-	9,500	2,375	2,375	-	4,750
Bobcat Loader.....	46,861	-	-	46,861	1,562	4,686	-	6,248
2013 Freightliner .....	79,878	-	-	79,878	1,997	7,988	-	9,985
Schwarze Street Sweeper.....	-	168,940	-	168,940	-	7,039	-	7,039
2011 Ford F250 4x4 .....	<u>30,348</u>	<u>-</u>	<u>-</u>	<u>30,348</u>	<u>8,093</u>	<u>6,070</u>	<u>-</u>	<u>14,163</u>
<b>Total Stormwater</b>								
<b>Utility .....</b>	<b><u>\$ 545,664</u></b>	<b><u>\$ 168,940</u></b>	<b><u>\$ (119,855)</u></b>	<b><u>\$ 594,749</u></b>	<b><u>\$ 191,185</u></b>	<b><u>\$ 68,063</u></b>	<b><u>\$ (119,855)</u></b>	<b><u>\$ 139,393</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**WATER AND SEWER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION**  
**June 30, 2013 and 2012**

	<u>Business Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Equity in pooled cash .....	\$ 6,363,896	\$ 6,646,794
Inventory .....	681,764	575,112
Accounts receivable .....	<u>1,064,745</u>	<u>1,028,542</u>
Total Current Assets .....	<u>8,110,405</u>	<u>8,250,448</u>
<b>Capital Assets:</b>		
Non-depreciable Capital Assets:		
Land and easements .....	1,194,236	1,194,236
Construction in progress .....	<u>53,828</u>	<u>5,066,253</u>
	<u>1,248,064</u>	<u>6,260,489</u>
<b>Depreciable Capital Assets:</b>		
Structures, improvements, and equipment .....	79,207,382	72,622,539
Less: Allowance for depreciation .....	<u>(20,788,884)</u>	<u>(19,109,872)</u>
Net Depreciable Capital Assets .....	<u>58,418,498</u>	<u>53,512,667</u>
Total Net Capital Assets .....	<u>59,666,562</u>	<u>59,773,156</u>
<b>TOTAL ASSETS</b> .....	<b><u>67,776,967</u></b>	<b><u>68,023,604</u></b>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Regulatory charges – bond issuance costs .....	<u>721,275</u>	<u>773,052</u>
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Accrued salaries .....	40,045	40,560
Accounts payable .....	495,315	654,238
Bonds payable – Due within one (1) year .....	426,848	225,000
Compensated absences .....	246,394	232,567
Revolving loan – Due within one (1) year .....	230,000	272,712
Retainage payable .....	<u>221,256</u>	<u>217,373</u>
Total Current Liabilities .....	<u>1,659,858</u>	<u>1,642,450</u>
<b>Long-Term Liabilities:</b>		
General obligation bonds payable .....	47,248,976	47,211,386
Compensated absences .....	50,273	53,457
Revolving loan payable .....	<u>385,000</u>	<u>781,900</u>
Total Long-Term Liabilities .....	<u>47,684,249</u>	<u>48,046,743</u>
<b>TOTAL LIABILITIES</b> .....	<b><u>49,344,107</u></b>	<b><u>-</u></b>
DEFERRED INFLOWS OF RESOURCES		
	<u>-</u>	<u>-</u>
<b>NET POSITION:</b>		
Unrestricted .....	6,778,397	7,825,305
Invested in capital assets, net of related debt .....	<u>12,375,738</u>	<u>11,282,158</u>
<b>TOTAL NET POSITION</b> .....	<b><u>\$ 19,154,135</u></b>	<b><u>\$ 19,107,463</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**WATER AND SEWER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF REVENUE, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Operating Revenue:</b>		
Retail water sales.....	\$ 4,220,109	\$ 4,498,277
Wholesale water sales.....	993,894	1,029,291
Wholesale water sales – ALCOA.....	1,384,302	1,319,226
Sewer charges.....	3,753,247	4,003,957
Other Operating Revenue:		
Penalties.....	160,083	164,026
Sewer taps.....	25,266	27,850
Connections.....	-	36,454
Fire hydrant rental.....	20,670	-
Line extension.....	15,182	-
Grant.....	102,393	887,805
Miscellaneous.....	<u>11,505</u>	<u>14,886</u>
Total Operating Revenue.....	<u>10,686,651</u>	<u>11,981,772</u>
Operating Expenses:		
Administration.....	700,237	624,986
Accounting and collections.....	740,753	681,933
Supervision.....	232,104	225,879
Water treatment plant.....	1,542,722	1,563,571
Environmental compliance.....	105,844	98,673
Transmission and distribution.....	831,263	826,922
Meter reading and repairs.....	358,834	333,595
Water maintenance.....	177,093	186,402
Sewer collection/pumping.....	68,775	61,298
Sewer disposal.....	<u>2,149,862</u>	<u>2,281,325</u>
Total Operating Expenses.....	<u>6,907,487</u>	<u>6,884,584</u>
<b>Other Operating Expense:</b>		
Depreciation.....	<u>2,293,111</u>	<u>2,150,240</u>
Operating Income.....	<u>1,486,053</u>	<u>2,946,948</u>
<b>Other Income:</b>		
Interest on investments.....	-	24,003
Insurance refunds.....	-	2,806
Sale of equipment.....	<u>11,781</u>	<u>24,693</u>
Total Other Income.....	<u>11,781</u>	<u>51,502</u>
<b>Other Expense:</b>		
Amortization of Bond Expenses.....	(51,777)	(44,494)
Interest expense – Bonds and capital leases.....	<u>(1,395,130)</u>	<u>(1,433,809)</u>
Total Other Expense.....	<u>(1,446,907)</u>	<u>(1,478,303)</u>
Net Income (Loss) Before Contributions and Transfers.....	50,927	1,520,147
Transfer in lieu of taxes.....	(375,000)	(400,000)
Capital Contributions.....	<u>370,745</u>	<u>54,219</u>
Change in Net Position.....	46,672	1,174,366
Net Position at Beginning of Year.....	<u>19,107,463</u>	<u>17,933,097</u>
<b>Net Position at End of Year.....</b>	<b><u>\$ 19,154,135</u></b>	<b><u>\$ 19,107,463</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**WATER AND SEWER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers .....	\$ 10,650,448	\$ 10,953,230
Cash payments to suppliers for goods and services .....	(5,235,198)	(4,231,256)
Cash payments to employees for services .....	<u>(1,872,076)</u>	<u>(1,922,189)</u>
Net Cash Flows From Operating Activities .....	<u>3,543,174</u>	<u>4,799,785</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal paid and early extinguishment of bonds .....	(200,174)	(567,486)
Interest paid on notes/bonds/capital leases .....	(1,395,130)	(1,433,809)
Payments for acquisition and construction of capital assets .....	(2,238,294)	(6,227,092)
Proceeds of notes/bonds .....	-	3,551,221
Other revenue .....	11,781	27,499
Contributions in Aid of Construction .....	<u>370,745</u>	<u>54,219</u>
Net Cash Flows From (Used by) Capital and Related Financing Activities .....	<u>(3,451,072)</u>	<u>(4,595,448)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfer out - In lieu of tax .....	<u>(375,000)</u>	<u>(400,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from maturities of investments .....	-	1,630,651
Interest and dividends on investments .....	-	<u>24,003</u>
Net Cash Flows From (Used By) Investing Activities .....	<u>-</u>	<u>1,654,654</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .....	(282,898)	1,458,991
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR .....	<u>6,646,794</u>	<u>5,187,803</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR .....</b>	<b><u>\$ 6,363,896</u></b>	<b><u>\$ 6,646,794</u></b>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**WATER AND SEWER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF CASH FLOWS (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income .....	\$ 1,486,053	\$ 2,946,948
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation .....	2,293,111	2,150,240
Amortization of bond expense .....	51,777	44,494
Changes in assets and liabilities:		
Accounts receivable .....	(36,203)	(1,028,542)
Compensated absences .....	10,643	(39,335)
Inventory .....	(106,652)	(83,279)
Accrued salaries .....	(515)	(37,197)
Accounts payable .....	(158,923)	629,083
Retainage payable .....	3,883	217,373
Total Adjustments .....	<u>2,057,121</u>	<u>1,852,837</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES .....</b>	<b><u>\$ 3,543,174</u></b>	<b><u>\$ 4,799,785</u></b>

Accounting Policy Note:

Cash and cash equivalents consist of demand deposits and certificates of deposit with original maturities on three (3) months or less.

The Water and Sewer Utility Fund acquired capital assets that were reclassified from construction in progress as follows:

Year Ended		
<u>June 30,</u>		
2013	\$	5,012,425
2012	\$	-

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**WATER AND SEWER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF OPERATING AND MAINTENANCE**  
**EXPENSES BY DEPARTMENT**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>2013</u>	<u>2012</u>
<b>Administrative and General:</b>		
Wages.....	\$ 309,746	\$ 311,895
Overtime.....	-	561
F.I.C.A.....	23,448	24,088
Retirement.....	64,667	60,758
Hospitalization insurance.....	44,617	46,764
Life/Accidental death insurance.....	1,169	1,204
Dental insurance.....	4,272	4,424
Workmen’s compensation.....	846	1,179
Retiree insurance.....	231	1,461
Professional service.....	14,028	11,688
Mailing.....	15	-
Advertising/Public Relations.....	1,426	2,408
Travel and training.....	2,508	1,425
Dues.....	10,765	9,709
Printing.....	446	940
Maintenance contracts.....	814	439
Utilities.....	1,903	1,511
Other contracted services.....	3,663	3,627
Office supplies.....	1,223	540
Insurance.....	9,352	8,579
Other personnel services.....	15,065	13,901
Repair and maintenance.....	635	750
GIS System.....	25,338	12,700
Operating supplies.....	3	256
Costs recovered.....	104,997	83,423
Computer Equipment.....	681	2,747
Improvement teams.....	888	1,248
Radio system annual contract.....	362	-
Uniforms.....	451	-
Small tools.....	144	-
Communication equipment.....	27,154	1,998
Machinery/equipment.....	4,633	-
Bank charges.....	597	-
Regulatory fees and license.....	<u>24,150</u>	<u>14,763</u>
Total Administrative and General.....	<u>700,237</u>	<u>624,986</u>
<b>Accounting and Collections:</b>		
Wages.....	330,224	321,451
Overtime.....	59	11
F.I.C.A.....	25,105	25,183
Retirement.....	81,658	75,379
Hospitalization insurance.....	83,478	75,542
Life/Accidental death insurance.....	1,625	1,526
Dental insurance.....	7,445	6,551
Workmen’s compensation.....	565	742
Retiree insurance.....	615	51

See accompanying independent auditors’ report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**WATER AND SEWER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF OPERATING AND MAINTENANCE**  
**EXPENSES BY DEPARTMENT (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>2013</u>	<u>2012</u>
<b>Accounting and Collections (Continued):</b>		
Other personnel service.....	1,615	10,440
Drug/alcohol test.....	-	17
Dues.....	1,322	-
Employee Training.....	425	150
Professional services.....	10,461	10,185
Mailing.....	49,953	36,755
Advertising/Public relations.....	69	73
Credit card processing.....	47,053	24,576
Repair and maintenance.....	191	-
Printing.....	1,345	2,216
Maintenance contracts.....	9,599	9,397
Rent expense.....	57,000	50,280
Utilities.....	1,185	1,292
Other contractual services.....	1,269	1,394
Collection fees.....	6,829	6,905
Office supplies.....	7,534	6,783
Billing process.....	11,175	11,145
Insurance.....	2,113	2,230
Other improvements.....	681	-
Computer equipment.....	160	1,659
Total Accounting and Collections.....	<u>740,753</u>	<u>681,933</u>
<b>Supervision:</b>		
Wages.....	108,843	107,979
Standby pay.....	5,194	6,120
Overtime.....	5,799	6,076
F.I.C.A.....	9,589	9,762
Retirement.....	49,737	48,463
Hospitalization insurance.....	22,050	21,600
Life/Accidental death insurance.....	482	478
Dental insurance.....	2,316	2,217
Workmen's compensation.....	3,556	4,245
Other personnel service.....	9,955	11,321
Dues and memberships.....	1,048	99
Travel and training.....	1,769	1,163
Improvement teams.....	238	629
Utilities.....	2,574	2,549
Office supplies.....	117	53
Uniforms.....	728	255
Automotive parts.....	5,140	48
Gasoline.....	1,161	1,276
Insurance.....	892	826
Regulatory fees and license.....	330	700
Maintenance contract.....	392	-
Computer equipment.....	194	-
Drug/Alcohol test.....	-	20
Total Supervision.....	<u>232,104</u>	<u>225,879</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**WATER AND SEWER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF OPERATING AND MAINTENANCE**  
**EXPENSES BY DEPARTMENT (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>2013</u>	<u>2012</u>
<b>Water Treatment:</b>		
Wages.....	459,695	455,840
Standby.....	3,541	380
Overtime.....	1,604	1,322
F.I.C.A.....	35,207	35,441
Retirement.....	139,313	131,448
Hospitalization insurance.....	109,825	108,000
Life/Accidental death insurance.....	2,215	2,186
Dental insurance.....	10,014	9,270
Workmen’s compensation.....	13,402	15,586
Retiree insurance.....	5,440	7,080
Advertising.....	50	-
Other personnel services.....	12,938	21,596
Drug/alcohol test.....	149	43
Employee education and training.....	1,247	740
Professional fees.....	1,150	5,383
Mailing.....	133	195
Dues.....	1,225	177
Regulatory fees.....	8,576	8,570
Travel.....	1,770	8,156
Public relations.....	693	73
Improvement teams.....	100	413
Printing.....	326	1,390
Rental/Maintenance contracts.....	5,576	2,172
Utilities.....	512,093	486,830
Other contractual services.....	4,432	5,758
Office supplies.....	1,956	1,490
Small tools.....	377	446
Uniforms.....	2,674	762
Automotive parts.....	475	676
Electrical and plumbing.....	1,783	1,881
Chemicals.....	102,817	115,501
Gasoline.....	3,455	4,652
Safety supplies.....	3,619	2,596
Insurance.....	39,009	32,090
Repair and maintenance.....	44,048	90,039
Communication equipment.....	301	3,709
Computer equipment.....	2,410	1,680
Machinery and equipment.....	9,084	3,709
Total Water Treatment.....	<u>1,542,722</u>	<u>1,563,571</u>
<b>Environmental Compliance:</b>		
Wages.....	55,036	54,212
F.I.C.A.....	4,151	4,181
Retirement.....	20,310	19,558
Hospitalization insurance.....	13,230	12,960
Life/Accidental death insurance.....	264	261
Dental insurance.....	1,390	1,330
Workmen’s compensation.....	1,897	1,961

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**WATER AND SEWER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF OPERATING AND MAINTENANCE**  
**EXPENSES BY DEPARTMENT (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>2013</u>	<u>2012</u>
<b>Environmental Compliance:</b>		
Other personnel services.....	2,776	-
Maintenance contracts.....	98	-
Employee education and training.....	170	10
Mailing.....	-	37
Regulatory fees and license.....	147	315
Dues.....	378	-
Travel.....	434	260
Office supplies.....	93	29
Small tools.....	83	83
Uniforms.....	194	7
Improvement teams.....	5	25
Printing.....	-	344
Utilities.....	471	437
Repair and maintenance.....	493	367
Automotive parts.....	402	197
Electrical & Plumbing.....	-	165
Gasoline.....	1,043	1,296
Insurance.....	647	591
Safety.....	38	47
Computer equipment.....	<u>2,094</u>	<u>-</u>
Total Environmental Compliance.....	<u>105,844</u>	<u>98,673</u>
<b>Transmission and Distribution:</b>		
Wages.....	318,595	306,971
Standby pay.....	17,732	16,347
Overtime.....	22,194	20,574
F.I.C.A.....	27,458	26,847
Retirement.....	114,985	110,295
Hospitalization insurance.....	94,671	89,232
Life/Accidental death insurance.....	1,725	1,632
Dental insurance.....	8,601	7,668
Workmen’s compensation.....	11,604	11,961
Retiree insurance.....	11,440	14,070
Regulatory fees and license.....	235	7,193
Easement.....	3,900	24
Employee education and training.....	50	464
Other personnel services.....	10,786	10,657
Professional fees.....	1,044	795
Dues.....	402	221
Travel.....	-	70
Printing.....	-	562
Utilities.....	52,232	54,997
Office supplies.....	90	42
Other operating supplies.....	2,804	1,902
Small tools.....	3,349	1,829
Uniforms.....	3,430	1,496
Automotive parts.....	15,303	21,861
Gasoline.....	31,719	34,710
Construction materials.....	-	27,221
Safety.....	2,708	3,192

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**WATER AND SEWER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF OPERATING AND MAINTENANCE**  
**EXPENSES BY DEPARTMENT (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>2013</u>	<u>2012</u>
<b>Transmission and Distribution (Continued):</b>		
Insurance.....	4,687	4,758
Repair and maintenance.....	52,864	33,992
Water line relocation.....	6,292	171
Costs recovered.....	8,383	9,381
Machinery and equipment.....	1,833	3,652
Drug/alcohol test.....	-	32
Improvement teams.....	-	20
Fire hydrant – installation and maintenance .....	-	2,083
Maintenance contracts .....	147	-
Total Transmission and Distribution.....	<u>831,263</u>	<u>826,922</u>
<b>Meter Readings and Repairs:</b>		
Wages .....	121,687	110,709
Standby pay .....	8,876	8,539
Overtime .....	15,790	14,055
F.I.C.A. ....	11,339	10,592
Retirement.....	49,791	47,203
Hospitalization insurance.....	38,874	27,985
Life/Accidental death insurance.....	688	527
Dental insurance .....	2,776	2,144
Workmen's compensation .....	4,524	4,378
Retiree insurance.....	1,845	1,384
Other personnel services.....	13,958	5,533
Contract meter reading.....	-	5,010
Professional fees .....	2,070	265
Drug/Alcohol test.....	154	37
Maintenance contracts .....	3,731	2,854
Utilities .....	1,918	1,708
Office supplies .....	1,387	2,362
Small tools .....	510	1,729
Communication equipment.....	4,587	-
Uniforms .....	906	688
Automotive parts.....	3,760	3,924
Gasoline .....	6,615	4,782
Other commodities.....	778	577
Insurance.....	1,807	1,977
Repairs and maintenance .....	2,336	26,946
Meters and devices.....	56,985	47,027
Vehicle equipment .....	7	32
Computer equipment.....	519	628
Dues, memberships, and subscriptions .....	616	-
Total Meter Readings and Repairs .....	<u>358,834</u>	<u>333,595</u>
<b>Maintenance:</b>		
Wages .....	76,741	91,791
Standby pay .....	7,447	12,222
Overtime .....	2,758	3,859
F.I.C.A. ....	6,618	8,511
Retirement.....	17,124	19,717

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**WATER AND SEWER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF OPERATING AND MAINTENANCE**  
**EXPENSES BY DEPARTMENT (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Fiscal Year Ended June 30, 2012**

	<u>2013</u>	<u>2012</u>
<b>Maintenance:</b>		
Hospitalization insurance .....	16,793	19,440
Life/Accidental death insurance.....	350	419
Dental insurance.....	1,463	1,995
Workmen's compensation .....	3,332	3,855
Retiree insurance.....	-	540
Professional fees .....	314	239
Dues .....	292	30
Travel .....	163	110
Utilities.....	821	1,241
Other personnel service.....	2,394	-
Employee education/training .....	30	-
Maintenance contract .....	371	-
Contractual services .....	5,155	-
Other Operating Supplies .....	106	42
Small tools .....	274	479
Uniforms .....	823	293
Automotive parts.....	2,263	1,880
Electrical and plumbing .....	1,023	165
Gasoline .....	8,055	7,551
Insurance .....	971	1,337
Safety .....	-	3
Repairs and maintenance.....	13,709	10,683
Machinery and equipment.....	<u>7,703</u>	<u>-</u>
Total Maintenance.....	<u>177,093</u>	<u>186,402</u>
<b>Sewage Collection/Pumping:</b>		
Standby pay.....	15,765	15,834
Overtime .....	18,889	18,244
F.I.C.A. ....	2,651	2,607
Retirement.....	29,391	-
Retirement insurance.....	2,079	-
Utilities.....	-	19,468
Construction materials .....	-	2,279
Repairs and maintenance.....	<u>-</u>	<u>2,866</u>
Total Sewage Collection/Pumping .....	<u>68,775</u>	<u>61,298</u>
<b>Disposal:</b>		
Sewage treatment expense .....	1,294,731	1,398,510
Treatment plant improvements.....	-	177
City of Maryville.....	<u>855,131</u>	<u>882,638</u>
Total Disposal .....	<u>2,149,862</u>	<u>2,281,325</u>
<b>Total Operating and Maintenance.....</b>	<b><u>\$ 6,907,487</u></b>	<b><u>\$ 6,884,584</u></b>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**WATER AND SEWER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION**  
**For the Fiscal Year Ended June 30, 2013**

<u>SEWER</u>	<u>CAPITAL ASSETS</u>				<u>ALLOWANCE FOR DEPRECIATION</u>			
	<u>Balance 06/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/13</u>	<u>Balance 7/1/12</u>	<u>Depreciation Taken</u>	<u>Additions (Deductions)</u>	<u>Balance 6/30/13</u>
Land and easements.....	\$ 174,138	\$ -	\$ -	\$ 174,138	\$ -	\$ -	\$ -	\$ -
Buildings:								
Pumping station.....	327,992	-	-	327,992	170,767	5,351	-	176,118
Leasehold improvements.....	2,536,361	-	-	2,536,361	988,613	76,091	-	1,064,704
Service Center	<u>1,502,128</u>	<u>-</u>	<u>-</u>	<u>1,502,128</u>	<u>133,110</u>	<u>33,985</u>	<u>-</u>	<u>167,095</u>
Total Buildings.....	<u>4,366,481</u>	<u>-</u>	<u>-</u>	<u>4,366,481</u>	<u>1,292,490</u>	<u>115,427</u>	<u>-</u>	<u>1,407,917</u>
Improvements Other Than Buildings:								
Sewer lines and mains .....	<u>14,941,241</u>	<u>1,054,516</u>	<u>-</u>	<u>15,995,757</u>	<u>4,151,545</u>	<u>313,291</u>	<u>-</u>	<u>4,464,836</u>
Machinery and Equipment:								
Pumping equipment.....	105,094	-	-	105,094	82,217	2,682	-	84,899
Tools and working equipment.....	549,491	-	-	549,491	431,948	30,911	-	462,859
Automobile and trucks .....	<u>223,448</u>	<u>-</u>	<u>-</u>	<u>223,448</u>	<u>133,934</u>	<u>9,259</u>	<u>-</u>	<u>143,193</u>
Total Machinery and Equipment.....	<u>878,033</u>	<u>-</u>	<u>-</u>	<u>878,033</u>	<u>648,099</u>	<u>42,852</u>	<u>-</u>	<u>690,951</u>
<b>Total Sewer .....</b>	<b><u>\$ 20,359,893</u></b>	<b><u>\$ 1,054,516</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 21,414,409</u></b>	<b><u>\$ 6,092,134</u></b>	<b><u>\$ 471,570</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,563,704</u></b>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**WATER AND SEWER UTILITY FUND – ENTERPRISE FUND**  
**SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION (Continued)**  
**For the Fiscal Year Ended June 30, 2013**

<u>WATER</u>	<u>CAPITAL ASSETS</u>				<u>ALLOWANCE FOR DEPRECIATION</u>			
	<u>Balance 06/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/13</u>	<u>Balance 7/1/12</u>	<u>Depreciation Taken</u>	<u>Additions (Deductions)</u>	<u>Balance 6/30/13</u>
Land.....	\$ 1,020,097	\$ -	\$ -	\$ 1,020,097	\$ -	\$ -	\$ -	\$ -
Buildings:								
Filter and treatment plant.....	19,053,933	165,828	-	14,219,761	2,358,751	419,768	-	2,778,519
Improvements Other Than Buildings:								
Water mains.....	9,524,741	766,062	-	10,290,803	2,570,022	204,702	-	2,774,724
Reservoirs.....	3,527,124	5,163,232	(546,387)	8,143,969	1,042,571	245,827	(546,387)	742,011
Lines to reservoirs.....	139,187	-	-	139,187	109,962	2,784	-	112,746
Water service connections.....	1,158,498	37,121	-	1,195,619	388,899	23,236	-	412,135
Raw water storage.....	2,961,770	-	-	2,961,770	1,244,050	59,247	-	1,303,297
Total Improvements Other Than Buildings.....	17,311,320	5,966,415	(546,387)	22,731,348	5,355,504	535,796	(546,387)	5,344,913
Machinery and Equipment:								
Water meters.....	423,405	12,184	-	435,589	293,236	30,489	-	323,725
Fire hydrants.....	347,500	-	-	347,500	109,809	6,951	-	116,760
Water purification equipment.....	6,168,663	-	-	6,168,663	1,881,465	359,250	-	2,240,715
Pumping equipment.....	7,287,030	-	-	7,287,030	1,657,641	364,381	-	2,022,022
Laboratory equipment.....	176,551	-	-	176,551	93,164	17,554	-	110,718
Tools and working equipment.....	707,101	-	(24,210)	682,891	491,634	49,382	(24,210)	516,806
Automobile and truck.....	681,317	-	(25,188)	656,129	633,724	10,252	(25,188)	618,788
Office furniture and fixtures.....	279,965	-	(18,315)	261,650	142,810	27,718	(18,315)	152,213
Total Machinery and Equipment.....	16,071,532	12,184	(67,713)	16,016,003	5,303,483	865,977	(67,713)	6,101,747
Total Water.....	\$ 53,456,882	\$ 6,144,427	\$ (614,100)	\$ 58,987,209	\$ 13,017,738	\$ 1,821,541	\$ (614,100)	\$ 14,225,179
<b>TOTAL WATER AND SEWER.....</b>	<b>\$ 73,816,775</b>	<b>\$ 7,198,943</b>	<b>\$ (614,100)</b>	<b>\$ 80,401,618</b>	<b>\$ 19,109,872</b>	<b>\$ 2,293,111</b>	<b>\$ (614,100)</b>	<b>\$ 20,788,883</b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
ELECTRIC FUND  
Alcoa, Tennessee  
SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION  
June 30, 2013 and 2012**

	<b>Business-Type Activities</b>	
	<b>2013</b>	<b>2012</b>
<b>ASSETS:</b>		
<b>CAPITAL ASSETS:</b>		
Non-depreciable Capital Assets:		
Land and easements .....	\$ 336,481	\$ 336,481
Construction in progress .....	982,846	552,808
	1,319,327	889,289
Depreciable Capital Assets:		
Structures, improvements and equipment .....	71,948,828	70,788,688
Less: Allowance for depreciation .....	(28,434,831)	(26,445,577)
	43,513,997	44,343,111
Net Capital Assets .....	44,833,324	45,232,400
<b>CURRENT ASSETS:</b>		
Bond principal and redemption reserve.....	3,328,369	3,366,071
Cash.....	7,736,944	5,695,880
Cash investments.....	1,390,287	1,380,562
Accounts receivable - Less provision for doubtful accounts of \$3,330 at June 30, 2013 and \$111,294 at June 30, 2012.....	5,623,313	5,616,828
Accounts receivable - Pole rentals .....	163,240	159,877
Materials and supplies at average cost .....	612,361	534,639
Accrued interest receivable .....	1,615	10,507
Prepaid expenses .....	-	744
Prepaid TVA Power Invoice Program.....	3,423,113	3,772,648
Total Current Assets .....	22,279,242	20,537,756
<b>NON-CURRENT ASSETS:</b>		
Receivables from customers for conservation loans .....	2,162,734	2,283,198
Long-term notes receivable .....	100,000	100,000
Total Non-Current Assets .....	2,262,734	2,383,198
<b>TOTAL ASSETS .....</b>	<b>69,375,300</b>	<b>68,153,354</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred Regulatory Charges – bond issuance costs.....	474,959	501,346

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**ELECTRIC FUND**  
**Alcoa, Tennessee**  
**SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION (Continued)**  
**June 30, 2013 and 2012**

	<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>LIABILITIES:</b>		
<b>LONG-TERM LIABILITIES:</b>		
Compensated absences.....	\$ 209,665	\$ 225,182
Revenue bonds payable.....	18,280,000	18,985,000
Deferred credits.....	286,332	386,707
Conservation – TVA .....	<u>2,235,490</u>	<u>2,251,546</u>
Total Long-Term Liabilities .....	<u>21,011,487</u>	<u>21,848,435</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable .....	10,383,741	9,916,631
Customer deposits .....	1,504,850	1,469,509
Accrued payroll.....	67,840	60,952
Accrued rentals .....	105,056	102,892
Accrued interest .....	74,854	33,097
Miscellaneous payables.....	2,251	3,265
Compensated absences.....	360,036	337,929
Revenue bonds payable.....	<u>705,000</u>	<u>680,000</u>
Total Current Liabilities .....	<u>13,203,628</u>	<u>12,604,275</u>
<b>TOTAL LIABILITIES .....</b>	<b><u>34,215,115</u></b>	<b><u>34,452,710</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b> .....	<u>-</u>	<u>-</u>
<b>NET POSITION:</b>		
Invested in capital assets, net of related debt .....	25,848,326	25,567,400
Unrestricted.....	<u>9,786,818</u>	<u>8,634,590</u>
<b>TOTAL NET POSITION .....</b>	<b><u>\$ 35,635,144</u></b>	<b><u>\$ 34,201,990</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
ELECTRIC FUND  
Alcoa, Tennessee  
SCHEDULES OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
For the Fiscal Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUE:</b>		
Sale of Electric Energy:		
Residential - Non-farm .....	\$ 37,089,208	\$ 35,888,794
Small lighting and power sales .....	5,850,584	5,766,500
Large lighting and power sales .....	16,525,841	17,243,546
Street and outdoor lighting .....	1,085,354	1,035,164
Consumer forfeited discounts .....	425,046	420,582
Rent from electric property .....	558,546	538,810
Miscellaneous service revenue .....	234,782	232,357
Other electric revenue .....	<u>54,797</u>	<u>51,851</u>
Total Operating Revenue .....	<u>61,824,158</u>	<u>61,177,604</u>
<b>PURCHASED POWER .....</b>	<u>48,108,297</u>	<u>47,257,423</u>
<b>OPERATING EXPENSES:</b>		
Distribution expense .....	1,440,403	1,299,299
Customer accounts expense .....	1,312,066	1,307,531
Sales expense .....	104,554	117,430
Administrative and general expense .....	<u>2,717,802</u>	<u>2,709,987</u>
Total Operating Expenses .....	<u>5,574,825</u>	<u>5,434,247</u>
<b>MAINTENANCE EXPENSE:</b>		
Distribution expense .....	2,543,545	2,076,232
Administrative and general expense .....	<u>44,770</u>	<u>18,680</u>
Total Maintenance Expense .....	<u>2,588,315</u>	<u>2,094,912</u>
<b>OTHER OPERATING EXPENSE:</b>		
Depreciation expense .....	<u>2,411,498</u>	<u>2,370,321</u>
<b>TOTAL PURCHASED POWER AND OPERATING EXPENSES .....</b>	<u>58,682,935</u>	<u>57,156,903</u>
<b>OPERATING INCOME .....</b>	3,141,223	4,020,701
Interest income on investments .....	<u>20,320</u>	<u>20,185</u>
Net Operating Income .....	<u>3,161,543</u>	<u>4,040,886</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE  
ELECTRIC FUND  
Alcoa, Tennessee  
SCHEDULES OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION (Continued)  
For the Fiscal Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>INTEREST EXPENSE:</b>		
Interest on long-term debt .....	(462,500)	(240,000)
Amortization of long-term debt discount and expense .....	<u>(26,387)</u>	<u>(26,387)</u>
Total Interest Expense .....	<u>(488,887)</u>	<u>(266,387)</u>
<b>OTHER INCOME (EXPENSE):</b>		
Revenue from merchandise, jobbing and contract work.....	1,357	696
State of TN – Unclaimed property returned .....	1,546	1,833
Gain on sale of fixed assets .....	<u>12,252</u>	<u>-</u>
Total Other Income .....	<u>15,155</u>	<u>2,529</u>
NET INCOME BEFORE TRANSFERS .....	2,687,811	3,777,028
Transfer in lieu of tax .....	<u>(1,254,657)</u>	<u>(1,221,501)</u>
NET INCOME.....	1,433,154	2,555,527
NET POSITION – BEGINNING OF YEAR .....	<u>34,201,990</u>	<u>31,646,463</u>
<b>NET POSITION – END OF YEAR .....</b>	<b><u>\$ 35,635,144</u></b>	<b><u>\$ 34,201,990</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
ELECTRIC FUND  
Alcoa, Tennessee  
SCHEDULES OF CASH FLOWS  
For the Fiscal Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers .....	\$ 61,860,827	\$ 60,001,401
Cash payments to suppliers for goods and services.....	(51,983,343)	(49,763,916)
Cash payments to employees for services .....	<u>(3,452,422)</u>	<u>(3,525,645)</u>
Net Cash Flows From Operating Activities.....	<u>6,425,062</u>	<u>6,711,840</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Customer deposits received.....	339,760	383,551
Customer deposits refunded.....	(304,419)	(279,996)
Advances from TVA .....	606,339	747,651
Repayments of advances .....	(576,433)	(680,608)
Principal paid on bonds/notes.....	(680,000)	(630,000)
Interest paid on bonds/notes .....	(462,500)	(277,578)
Deferred credits .....	(100,375)	(199,399)
Merchandise, jobbing, and contract work revenue.....	1,357	696
Acquisition and construction of capital assets.....	(2,058,593)	(1,668,524)
Removal costs of fixed assets.....	(44,530)	29,509
Acquisition of conservation loans .....	(617,548)	(565,021)
Collection on conservation loans .....	<u>648,788</u>	<u>491,313</u>
Net Cash Flows From Capital and Related Financing Activities .....	<u>(3,248,154)</u>	<u>(2,648,406)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments .....	(9,262,590)	(9,216,250)
Proceeds from maturities of investments .....	9,370,808	9,068,932
Interest and dividends on investments.....	<u>20,320</u>	<u>14,437</u>
Net Cash Flows From Investing Activities.....	<u>128,538</u>	<u>(132,881)</u>
<b>CASH FLOWS FROM NON-CAPITAL ACTIVITIES:</b>		
Transfers – In lieu of Tax .....	<u>(1,254,657)</u>	<u>(1,221,501)</u>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE  
ELECTRIC FUND  
Alcoa, Tennessee  
SCHEDULES OF CASH FLOWS (Continued)  
For the Fiscal Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS .....	2,050,789	2,709,052
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR .....	<u>7,076,442</u>	<u>4,367,390</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR .....</b>	<b><u>\$ 9,127,231</u></b>	<b><u>\$ 7,076,442</u></b>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating Income.....	<u>\$ 3,141,223</u>	<u>\$ 4,020,701</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation .....	2,411,498	2,370,321
Amortization.....	26,387	26,387
Changes in assets and liabilities:		
Poles rental.....	(3,363)	(11,026)
Accounts receivable .....	(6,485)	(1,176,203)
Prepaid expenses .....	350,279	827,269
Inventory .....	(77,722)	81,963
Accrued interest receivables.....	8,892	(5,748)
Accounts payable .....	467,110	577,126
Accrued rentals .....	2,164	7,096
Accrued interest .....	41,757	(37,578)
Accrued payroll.....	6,888	(121,308)
Miscellaneous Payables .....	34,327	104,218
Compensated absences.....	<u>22,107</u>	<u>48,622</u>
Total Adjustments.....	<u>3,283,839</u>	<u>2,691,139</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES .....</b>	<b><u>\$ 6,425,062</u></b>	<b><u>\$ 6,711,840</u></b>

ACCOUNTING POLICY NOTE:

Cash and cash equivalents consist of demand deposits and certificates of deposit with original maturities of three (3) months or less.

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**ELECTRIC FUND**  
**Alcoa, Tennessee**  
**SCHEDULES OF OPERATING AND MAINTENANCE EXPENSE**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

<u>OPERATING EXPENSE</u>	<u>2013</u>	<u>2012</u>
<b>DISTRIBUTION:</b>		
Transmission.....	\$ -	\$ 7,023
Supervision and engineering.....	70,353	68,006
Station expense .....	60,551	45,047
Overhead line expense .....	579,606	468,550
Underground expense .....	65,244	39,518
Meter expense .....	136,599	123,017
Miscellaneous .....	315,767	335,252
Rents .....	212,283	212,886
Total Distribution Expense .....	<u>1,440,403</u>	<u>1,299,299</u>
<b>CUSTOMER ACCOUNTS EXPENSE:</b>		
Meter reading expense .....	318,402	361,855
Customer record and collection expense.....	798,664	765,676
Uncollectible accounts.....	195,000	180,000
Total Customer Accounts Expense .....	<u>1,312,066</u>	<u>1,307,531</u>
<b>SALES EXPENSE:</b>		
Demonstrating and selling expense.....	<u>104,554</u>	<u>117,430</u>
<b>ADMINISTRATIVE AND GENERAL EXPENSE:</b>		
Administrative and general salaries .....	447,543	457,404
Office supplies and expense.....	46,939	34,442
Outside service employed .....	41,048	60,264
Property insurance .....	104,188	107,407
Injuries and damages .....	165,372	164,310
Employee pensions and benefits.....	1,792,417	1,760,399
Duplicate charges – Credit.....	(1,770)	(1,764)
Rents - City cost recovery.....	84,480	84,480
Miscellaneous .....	37,585	43,045
Total Administrative and General Expense .....	<u>2,717,802</u>	<u>2,709,987</u>
Total Operating Expense.....	<u>5,574,825</u>	<u>5,434,247</u>
<b><u>MAINTENANCE EXPENSE</u></b>		
<b>DISTRIBUTION EXPENSE:</b>		
Transmission.....	36,238	49,968
Supervision and engineering.....	59,219	58,992
Maintenance of station equipment .....	176,992	102,876
Maintenance of overhead and underground lines .....	2,145,521	1,730,750
Maintenance of line transformers .....	15,435	8,217
Street lighting and signal systems.....	37,739	38,774
Maintenance of meters/miscellaneous distribution plant .....	72,401	86,655
Total Distribution Expense .....	<u>2,543,545</u>	<u>2,076,232</u>
<b>ADMINISTRATIVE AND GENERAL EXPENSE:</b>		
Maintenance of general plant.....	44,770	18,680
Total Maintenance Expense .....	<u>2,588,315</u>	<u>2,094,912</u>
<b>Total Operating and Maintenance Expense .....</b>	<b><u>\$ 8,163,140</u></b>	<b><u>\$ 7,529,159</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**ELECTRIC FUND**  
**Alcoa, Tennessee**  
**SCHEDULE OF ELECTRIC PLANT IN SERVICE**  
**June 30, 2013**

	<u>Balance</u> <u>7-01-12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassify</u>		<u>Balance</u> <u>6-30-13</u>
				<u>DR</u>	<u>CR</u>	
<b>TRANSMISSION:</b>						
Station equipment .....	\$ 11,468,383	\$ -	\$ -	\$ -	\$ -	\$ 11,468,383
<b>DISTRIBUTION:</b>						
Land and land rights .....	6,853	-	-	-	-	6,853
Station equipment .....	2,005,536	-	-	-	28,446	1,977,090
Poles, towers and fixtures .....	10,241,459	551,364	108,134	-	-	10,684,689
Overhead conductors and devices .....	10,154,761	310,679	31,890	-	-	10,433,550
Underground conduit .....	664,989	7,838	-	-	-	672,827
Underground conductors and devices .....	2,911,890	(60,930)	5,496	-	-	2,845,464
Line transformers .....	10,618,793	184,339	46,027	-	1,743	10,755,362
Services .....	2,045,810	48,316	554	-	-	2,093,572
Meters .....	4,764,200	74,167	47,832	-	-	4,790,535
Street lighting and signal systems .....	3,009,494	107,178	11,473	-	-	3,105,199
Outdoor lighting on customer premises .....	1,210,481	74,430	4,255	-	-	1,280,656
<b>GENERAL:</b>						
Land and land rights .....	329,628	-	-	-	-	329,628
Structures and improvements .....	7,583,663	-	-	-	-	7,583,663
Office furniture and equipment .....	532,098	-	-	-	-	532,098
Transportation equipment .....	2,799,941	243,965	182,566	-	-	2,861,340
Stores equipment .....	51,647	-	-	-	-	51,647
Tools, shop and garage equipment .....	90,229	-	-	-	-	90,229
Laboratory equipment .....	30,456	-	-	-	-	30,456
Communication equipment .....	589,886	87,209	-	-	-	677,095
Miscellaneous equipment .....	<u>14,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,972</u>
Totals .....	71,125,169	1,628,555	438,227	-	30,189	72,285,308
CONSTRUCTION WORK IN PROGRESS	<u>552,808</u>	<u>430,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>982,846</u>
<b>Total Electric Plant in Service ...</b>	<b><u>\$ 71,677,977</u></b>	<b><u>\$ 2,058,593</u></b>	<b><u>\$ 438,227</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 30,189</u></b>	<b><u>\$ 73,268,154</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE  
ELECTRIC FUND  
Alcoa, Tennessee  
SCHEDULE OF ACCUMULATED PROVISION FOR DEPRECIATION  
June 30, 2013**

	<b>Balance 7-01-12</b>	<b>Depreciation Expense</b>	<b>Retirement</b>	<b>Removal Cost and Other</b>	<b>Reclassify</b>		<b>Balance 6/30/13</b>	<b>Depreciation Rate</b>
					<b>DR</b>	<b>CR</b>		
<b>TRANSMISSION:</b>								
Station equipment.....	\$ 5,986,524	\$ 346,090	\$ -	\$ -	\$ -	\$ -	\$ 6,332,614	4.00%
<b>DISTRIBUTION PLANT:</b>								
Station equipment.....	962,825	69,648	-	-	28,446	-	1,004,027	
Poles, towers, and fixtures.....	3,710,436	436,517	108,134	2,848	-	-	4,035,971	4.25%
Overhead conductors and devices	1,569,144	309,900	31,890	14	-	-	1,847,140	3.00%
Underground conduit.....	320,086	19,988	-	-	-	-	340,074	3.00%
Underground conductors and devices.....	1,000,152	87,450	5,496	-	-	-	1,082,106	3.00%
Line transformers .....	4,345,244	265,146	46,027	-	102	-	4,564,261	2.50%
Services .....	1,028,056	66,661	554	3	-	-	1,094,160	3.25%
Meters.....	1,209,019	274,727	47,832	-	-	-	1,435,914	2.00%
Street lighting and signal systems	1,917,729	66,267	11,473	85	-	-	1,972,438	12.00%
Outdoor lighting on customer premises.....	<u>668,413</u>	<u>49,862</u>	<u>4,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>714,020</u>	8.00%
Total Distribution Plant .....	<u>16,731,104</u>	<u>1,646,166</u>	<u>255,661</u>	<u>2,950</u>	<u>28,548</u>	<u>-</u>	<u>18,090,111</u>	
<b>GENERAL PLANT:</b>								
Structures and improvements .....	964,997	156,928	-	-	-	-	1,121,925	2.00%
Office furniture and equipment ....	375,252	25,141	-	-	-	-	400,393	various
Transportation equipment.....	1,842,846	182,909	182,566	(47,480)	-	-	1,890,670	various
Tools, shop and garage equipment.....	79,683	2,003	-	-	-	-	81,686	8.00%
Laboratory equipment .....	30,457	-	-	-	-	-	30,456	5.00%
Communication equipment .....	429,859	51,263	-	-	-	-	481,122	10.00%
Miscellaneous equipment .....	<u>4,855</u>	<u>996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,851</u>	
Total General Plant.....	<u>3,727,949</u>	<u>419,240</u>	<u>182,566</u>	<u>(47,480)</u>	<u>-</u>	<u>-</u>	<u>4,012,103</u>	
<b>Totals .....</b>	<b><u>\$ 26,445,577</u></b>	<b><u>\$ 2,411,496</u></b>	<b><u>\$ 438,227</u></b>	<b><u>\$ (44,530)</u></b>	<b><u>\$ 28,548</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 28,434,828</u></b>	

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**LANDFILL FUND – ENTERPRISE FUND**  
**SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION**  
**June 30, 2013 and 2012**

	<b>Business-Type Activities</b>	
	<b>2013</b>	<b>2012</b>
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash .....	\$ 500	\$ 500
Cash in bank .....	2,543,657	2,563,038
Accounts receivable.....	377,269	318,754
Total Current Assets.....	2,921,426	2,882,292
<b>Capital Assets:</b>		
Non-depreciable Capital Assets:		
Land.....	640,851	640,851
<b>Depreciable Capital Assets:</b>		
Structures, improvements, and equipment.....	13,468,866	13,472,292
Less: Allowance for depreciation .....	(7,530,477)	(6,839,060)
	5,938,389	6,633,232
Net Capital Assets .....	6,579,240	7,274,083
<b>Non-Current Assets:</b>		
Cash in banks – Restricted.....	4,542,376	4,020,327
Investments – Certificate of deposit – Restricted .....	3,206,201	3,183,345
Total Non-Current Assets.....	7,748,577	7,203,672
<b>TOTAL ASSETS .....</b>	<b>17,249,243</b>	<b>17,360,047</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred regulatory charges – bond issuance costs .....	98,351	113,397
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Accounts payable .....	68,812	48,487
Accrued salaries .....	15,090	14,759
Bonds payable – Due within one (1) year .....	595,000	570,000
Compensated absences .....	94,952	84,907
Capital lease payable .....	47,847	76,145
Due to Employee Insurance Fund .....	7,736	
Total Current Liabilities .....	829,437	794,298
<b>Long-Term Liabilities:</b>		
Capital lease payable .....	-	53,523
Bonds payable .....	5,770,000	6,365,000
Compensated absences .....	23,738	21,227
Estimated liability for landfill closure and postclosure care costs .....	7,748,577	7,203,672
Total Long-Term Liabilities.....	13,542,315	13,643,422
<b>TOTAL LIABILITIES .....</b>	<b>14,371,752</b>	<b>14,437,720</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>-</b>	<b>-</b>
<b>NET POSITION:</b>		
Invested in capital assets, net of related debt.....	166,393	209,415
Restricted for property acquisition .....	1,338,590	1,269,617
Unrestricted .....	1,470,859	1,556,692
<b>TOTAL NET POSITION .....</b>	<b>\$ 2,975,842</b>	<b>\$ 3,035,724</b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**LANDFILL FUND – ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Year Ended June 30, 2012**

	<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Operating Revenue:</b>		
Fees and permits .....	\$ 3,452,847	\$ 4,142,464
Grants .....	105,603	85,166
Miscellaneous .....	<u>7,561</u>	<u>256</u>
Total Operating Revenue .....	<u>3,566,011</u>	<u>4,227,886</u>
<b>Operating Expenses:</b>		
Administrative and General.....	356,287	298,295
Landfill operations.....	779,825	871,549
Scales and security operations.....	261,847	256,191
Facilities Maintenance.....	840,803	828,498
Vehicle and equipment maintenance .....	209,773	200,719
Solid Waste Authority .....	101,799	95,930
Environmental compliance .....	<u>116,607</u>	<u>120,854</u>
Total Operating Expenses .....	<u>2,666,941</u>	<u>2,672,036</u>
Operating Income Before Depreciation.....	899,070	1,555,850
Depreciation .....	<u>(694,843)</u>	<u>(831,403)</u>
Operating Income After Depreciation .....	<u>204,227</u>	<u>724,447</u>
<b>Other Income (Expense):</b>		
Other income .....	887	14,443
Amortization of bond discount.....	(15,045)	(15,045)
Interest income .....	2,893	7,309
Interest expense .....	(247,999)	(259,845)
Insurance refunds .....	-	1,098
Service fees.....	<u>(4,845)</u>	<u>(10,150)</u>
Total Other Income (Expense) .....	<u>(264,109)</u>	<u>(262,190)</u>
Change In Net Position.....	(59,882)	462,257
Net Position – Beginning of Year.....	<u>3,035,724</u>	<u>2,573,467</u>
<b>Net Position – End of Year .....</b>	<b><u>\$ 2,975,842</u></b>	<b><u>\$ 3,035,724</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**LANDFILL FUND – ENTERPRISE FUND**  
**SCHEDULE OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Year Ended June 30, 2012**

	<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received .....	\$ 3,507,496	\$ 4,259,391
Cash payments to suppliers for goods and services .....	(795,005)	(1,817,766)
Cash payments to employees for services .....	<u>(1,815,943)</u>	<u>(827,479)</u>
Net Cash Flows From Operating Activities .....	<u>896,548</u>	<u>1,614,146</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Closure/Postclosure payments .....	<u>544,905</u>	<u>526,500</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Interest paid on capital leases/bonds .....	(247,999)	(259,845)
Payments for landfill plant acquisitions .....	-	(451,531)
Principal paid on bonds/notes .....	(651,821)	(634,028)
Service fees .....	(4,845)	(10,150)
Other revenues .....	<u>887</u>	<u>15,541</u>
Net Cash Flows From Capital and Related Financing Activities .....	<u>(903,778)</u>	<u>(1,340,013)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments .....	2,893	7,309
Purchase of investments .....	(4,489,243)	(4,792,926)
Proceeds from sale of investments .....	<u>3,929,294</u>	<u>4,266,425</u>
Net Cash Flows From Investing Activities .....	<u>(557,056)</u>	<u>(519,192)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .....	(19,381)	281,441
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR .....	<u>2,563,538</u>	<u>2,282,097</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR .....</b>	<b><u>\$ 2,544,157</u></b>	<b><u>\$ 2,563,538</u></b>

See accompanying independent auditors' report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**LANDFILL FUND – ENTERPRISE FUND**  
**SCHEDULE OF CASH FLOWS (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Year Ended June 30, 2012**

	<b>Business-Type Activities</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income.....	\$ 204,227	\$ 724,447
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation .....	694,843	831,403
Amortization of bond expense.....	15,045	15,045
Changes in assets and liabilities:		
Accounts receivable.....	(58,515)	31,505
Accounts payable.....	28,061	48,487
Accrued salaries.....	331	(13,327)
Accrued compensated absences.....	<u>12,556</u>	<u>(23,414)</u>
Total Adjustments.....	<u>692,321</u>	<u>889,699</u>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES .....</b>	 <b><u>\$ 896,548</u></b>	 <b><u>\$ 1,614,146</u></b>

Accounting Policy Note:

Cash and cash equivalents consist of demand deposits and certificates of deposit with original maturities of three (3) months or less.

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**LANDFILL FUND – ENTERPRISE FUND**  
**SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Year Ended June 30, 2012**

	<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Administrative and General:</b>		
Wages.....	\$ 119,692	\$ 126,437
Overtime.....	16	3
F.I.C.A.....	9,310	10,001
Retirement.....	30,306	29,827
Hospitalization insurance.....	18,743	19,712
Life/Accidental death insurance.....	474	497
Dental insurance.....	1,899	1,962
Workmen’s compensation.....	840	509
Retiree insurance.....	108	10
Other personnel services.....	4,055	79
Drug/alcohol test.....	591	419
Employee education and training.....	3,010	3,104
Professional services.....	5,655	-
Postage.....	1,125	1,469
Dues.....	2,022	1,227
Regulatory fees and license.....	30,220	30,248
Accounting and auditing.....	8,828	5,000
Advertising.....	589	134
Travel.....	-	57
Business/public relations.....	-	114
Improvement teams.....	287	670
Printing.....	1,562	2,971
Maintenance contract.....	1,070	225
Utilities.....	76,517	28,034
Other contracted services.....	4,117	3,652
Office supply.....	1,987	1,133
Other operating supplies.....	3,496	3,608
Small tools.....	-	56
Uniforms.....	6,522	2,548
Safety.....	844	8,073
Construction materials.....	692	310
Insurance.....	3,651	3,309
Repairs and maintenance.....	589	145
Cost recovery.....	10,683	11,274
Equipment lease.....	349	331
Communication equipment.....	5,884	752
Computer equipment.....	-	395
Radio system annual contract.....	80	-
Recycling contracts.....	474	-
Total Administrative and General.....	<u>356,287</u>	<u>298,295</u>
<b>Landfill Operations:</b>		
Wages.....	238,578	247,981
Overtime.....	8,251	6,101
F.I.C.A.....	18,353	19,780

See accompanying independent auditors’ report and notes.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**LANDFILL FUND – ENTERPRISE FUND**  
**SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Year Ended June 30, 2012**

	<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Landfill Operations (Continued):</b>		
Retirement.....	70,392	71,289
Hospitalization insurance.....	65,725	65,600
Life/Accidental death insurance.....	1,236	1,237
Dental insurance.....	6,165	5,899
Workmen’s compensation.....	10,132	11,135
Retiree insurance.....	7,080	4,440
Other personnel services.....	8,470	10,169
Professional services.....	626	477
Waste tire recovery.....	114,217	107,472
Litter fencing.....	1,943	-
Gas.....	172,846	173,088
Construction materials.....	52,154	135,995
Alter daily cover liners.....	2,570	10,223
Insurance.....	577	663
Construction materials/supplies.....	510	-
Total Landfill Operations.....	<u>779,825</u>	<u>871,549</u>
<b>Scales and Security Operations:</b>		
Wages.....	135,271	129,440
Overtime.....	7,640	11,561
F.I.C.A.....	10,872	10,930
Retirement.....	38,880	36,683
Hospitalization insurance.....	44,100	42,500
Life/Accidental death insurance.....	772	748
Dental insurance.....	4,633	4,341
Workmen’s compensation.....	266	286
Retiree insurance.....	2,460	2,460
Other personnel services.....	7,700	33
Regulatory fees and license.....	186	-
Printing.....	2,129	2,951
Utilities.....	1,932	2,142
Other contracted services.....	2,050	2,400
Office supplies.....	35	2,931
Insurance.....	197	183
Repair and maintenance.....	1,064	5,672
Computer equipment.....	1,660	930
Total Scales and Security Operations.....	<u>261,847</u>	<u>256,191</u>
<b>Facility Maintenance:</b>		
Wages.....	153,701	162,031
Overtime.....	4,846	4,796
F.I.C.A.....	11,918	12,931
Retirement.....	36,543	41,611
Hospitalization insurance.....	44,525	42,400
Life/Accidental death insurance.....	812	838
Dental insurance.....	4,633	4,433

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**LANDFILL FUND – ENTERPRISE FUND**  
**SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Year Ended June 30, 2012**

	<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Facility Maintenance (Continued):</b>		
Workmen’s compensation.....	7,298	7,936
Retiree insurance.....	2,460	4,260
Other personnel services.....	5,061	7,506
Building materials.....	781	-
Landfill fund.....	9,826	-
Professional services.....	524	399
Utilities.....	2,295	2,255
Small tools.....	1,735	245
Construction materials.....	-	405
Slope stabilization.....	26,606	9,072
Insurance.....	739	880
Closure and postclosure expense.....	<u>526,500</u>	<u>526,500</u>
Total Facilities Maintenance.....	<u>840,803</u>	<u>828,498</u>
<b>Vehicle and Equipment Maintenance:</b>		
Wages.....	36,465	35,943
Overtime.....	415	64
F.I.C.A.....	2,583	2,640
Retirement.....	10,588	9,884
Hospitalization insurance.....	11,025	10,800
Life/Accidental death insurance.....	199	197
Dental insurance.....	374	358
Workmen’s compensation.....	1,157	1,229
Other personnel services.....	3,088	366
Heavy equipment maintenance.....	69,075	55,502
Maintenance contract.....	709	5,064
Utilities.....	2,525	2,655
Other contracted services.....	1,032	1,326
Fluids.....	18,740	10,399
Small tools.....	1,883	725
Auto parts.....	27,964	20,100
Heavy equipment parts.....	16,939	18,953
Gasoline.....	-	1,446
Construction materials.....	1,142	2,645
Insurance.....	3,870	3,160
Equipment lease.....	-	17,263
Total Vehicle and Equipment Maintenance.....	<u>209,773</u>	<u>200,719</u>
<b>Solid Waste Authority:</b>		
Wages.....	39,042	39,220
F.I.C.A.....	3,083	3,131
Retirement.....	7,060	6,524
Hospitalization insurance.....	5,513	5,400
Life/Accidental death insurance.....	149	148
Dental insurance.....	579	554
Workmen’s compensation.....	171	214
Other personnel services.....	963	627

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**LANDFILL FUND – ENTERPRISE FUND**  
**SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES**  
**For the Fiscal Year Ended June 30, 2013**  
**With Comparative Totals for the Year Ended June 30, 2012**

	<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Solid Waste Authority (Continued):</b>		
Advertising.....	43,568	38,550
Travel.....	394	278
Postage.....	7	-
Other contracted services.....	1,200	1,200
Insurance.....	70	84
Total Solid Waste Authority.....	<u>101,799</u>	<u>95,930</u>
<b>Environmental Compliance:</b>		
Wages.....	51,419	50,575
F.I.C.A.....	3,833	3,774
Retirement.....	9,086	8,237
Hospitalization insurance.....	11,025	10,800
Life/Accidental death insurance.....	233	231
Dental insurance.....	1,158	1,108
Workmen's compensation.....	90	117
Other personnel services.....	2,408	-
Professional services.....	35,228	39,961
Insurance.....	81	94
Machinery and equipment.....	80	5,957
Construction of cell.....	<u>1,966</u>	<u>-</u>
Total Environmental Compliance.....	<u>116,607</u>	<u>120,854</u>
<b>Total Operating and Maintenance.....</b>	<b><u>\$ 2,666,941</u></b>	<b><u>\$ 2,672,036</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**LANDFILL FUND – ENTERPRISE FUND**  
**SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION**  
**For the Fiscal Year Ended June 30, 2013**

<b>Fixed Assets</b>				
	<b>Balance 7-1-12</b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b>Balance 6-30-13</b>
Land .....	\$ 640,851	\$ -	\$ -	\$ 640,851
Office Buildings and Improvements.....	<u>10,979,123</u>	-	-	<u>10,979,123</u>
Machinery and Equipment:				
Office equipment .....	28,737	-	(3,426)	25,311
Landfill – working equipment.....	1,620,675	-	-	1,620,675
Tools and small equipment.....	554,619	-	-	554,619
Trucks .....	<u>289,138</u>	-	-	<u>289,138</u>
Total Machinery and Equipment .....	<u>2,493,169</u>	-	(3,426)	<u>2,489,743</u>
<b>Totals .....</b>	<b><u>\$ 14,113,143</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (3,426)</u></b>	<b><u>\$ 14,109,717</u></b>

<b>ALLOWANCE FOR DEPRECIATION</b>					
	<b>Balance 7-1-12</b>	<b>Depreciation Expense</b>	<b>Other Additions (Deductions)</b>	<b>Balance 6-30-13</b>	<b>Depreciation Rates</b>
Land .....	\$ -	\$ -	\$ -	\$ -	
Office Building and Improvements.....	<u>4,981,369</u>	<u>527,749</u>	-	<u>5,509,118</u>	3 - 7%
Machinery and Equipment:					
Office equipment.....	28,737	-	(3,426)	25,311	10 - 20%
Landfill working equipment.....	1,084,373	149,493	-	1,233,866	17%
Tools and small equipment.....	505,292	9,485	-	514,777	8 - 20%
Trucks .....	<u>239,289</u>	<u>8,116</u>	-	<u>247,405</u>	20%
Total Machinery and Equipment .....	<u>1,857,691</u>	<u>167,094</u>	(3,426)	<u>2,021,359</u>	
<b>Totals .....</b>	<b><u>\$ 6,839,060</u></b>	<b><u>\$ 694,843</u></b>	<b><u>\$ (3,426)</u></b>	<b><u>\$ 7,530,477</u></b>	

See accompanying independent auditors' report and notes.

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# FIDUCIARY FUND

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

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## PENSION TRUST FUNDS

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Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other employee benefit plans. Pension Trust Funds are accounted for in essentially the same manner as governmental funds – accrual basis of accounting.

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

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**CITY OF ALCOA, TENNESSEE**  
**EMPLOYEES' RETIREMENT SYSTEM FUND – FIDUCIARY FUND**  
**SCHEDULE OF FIDUCIARY ASSETS, LIABILITIES AND NET POSITION**  
**June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS:</b>		
Accrued interest and dividends .....	\$ 132,193	\$ 96,986
Investments, at fair value:		
Cash and cash equivalents .....	1,367,559	892,390
U.S. Treasury obligations .....	2,755,088	3,114,586
Domestic corporate and foreign bonds .....	5,198,605	4,960,797
Common equity securities .....	11,225,252	11,035,811
Municipal obligations .....	<u>1,211,277</u>	<u>1,083,300</u>
Total Investments .....	<u>21,757,781</u>	<u>21,086,884</u>
<b>TOTAL ASSETS .....</b>	<b><u>21,889,974</u></b>	<b><u>21,183,870</u></b>
<b>LIABILITIES .....</b>	<u>-</u>	<u>-</u>
<b>NET POSITION:</b>		
Net position held in trust for pension benefits .....	<u>21,889,974</u>	<u>21,183,870</u>
<b>TOTAL NET POSITION .....</b>	<b><u>\$ 21,889,974</u></b>	<b><u>\$ 21,183,870</u></b>

Note: Cash equivalents consist of certificates of deposit with original maturities of three (3) months or less.

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**EMPLOYEES' RETIREMENT SYSTEM FUND – FIDUCIARY FUND**  
**SCHEDULE OF CHANGES IN FIDUCIARY PLAN NET POSITION**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Additions:</b>		
Employer contributions.....	\$ 1,144,180	\$ 1,182,060
Interest/Dividend income.....	633,591	668,066
Net appreciation in fair value of investments .....	1,424,073	170,110
Net gain on investments sold and matured .....	<u>102,180</u>	<u>563</u>
Total Additions .....	<u>3,304,024</u>	<u>2,020,799</u>
<b>Deductions:</b>		
Administrative expenses.....	74,004	73,157
Benefit payments .....	<u>2,523,916</u>	<u>2,454,697</u>
Total Deductions.....	<u>2,597,920</u>	<u>2,527,854</u>
Change in Net Position .....	706,104	(507,055)
Net Position – Beginning of Year.....	<u>21,183,870</u>	<u>21,690,925</u>
<b>Net Position – End of Year.....</b>	<b><u>\$ 21,889,974</u></b>	<b><u>\$ 21,183,870</u></b>

See accompanying independent auditors' report and notes.

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# **CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES**

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Fixed assets used in Governmental Fund type operations (capital assets used in the operation of governmental activities) are presented in the government-wide financial statements. However, they are presented in the fund financial statements as expenditures when purchased.

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**CITY OF ALCOA, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**Schedule of Changes by Function and Activity**  
**For the Fiscal Year Ended June 30, 2013**

<u>Program</u>	<b>CAPITAL ASSETS</b>				
	<u>Balance 7/1/12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Balance 6/30/13</u>
Construction in Progress .....	\$ 453,921	\$ 3,593,428	\$ -	\$ -	\$ 4,047,349
General Government – Building and Grounds .....	20,564	-	-	-	20,564
General Government – Bridges .....	5,367,656	-	-	-	5,367,656
General Government – Cemetery .....	4,400	-	-	-	4,400
Fire .....	4,023,543	33,717	-	-	4,057,260
General Government .....	4,649,870	8,735	-	-	4,658,605
General Government – Codes .....	62,393	-	-	-	62,393
General Government – Finance .....	168,589	-	51,480	-	117,109
Police .....	5,073,949	8,584	40,412	-	5,042,121
Recreation .....	6,785,776	-	-	-	6,785,776
Sanitation .....	1,661,660	12,000	-	-	1,673,660
Schools .....	30,616,371	307,332	-	-	30,923,703
Service Center .....	5,457,354	-	-	-	5,457,354
Streets .....	19,936,697	23,983	5,879	7,500	19,962,301
	<u>83,828,822</u>	<u>394,351</u>	<u>97,771</u>	<u>7,500</u>	<u>84,132,902</u>
<b>Totals.....</b>	<b><u>\$ 84,282,743</u></b>	<b><u>\$ 3,987,779</u></b>	<b><u>\$ 97,771</u></b>	<b><u>\$ 7,500</u></b>	<b><u>\$ 88,180,251</u></b>

<u>Program</u>	<b>ACCUMULATED DEPRECIATION</b>					
	<u>Balance 7/1/12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Balance 6/30/13</u>	<u>Net Book Value</u>
Construction in Progress .....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,047,349
General Government – Building and Grounds .....	20,564	-	-	-	20,564	-
General Government – Bridges .....	2,744,652	106,859	-	-	2,851,511	2,516,145
General Government – Cemetery .....	-	-	-	-	-	4,400
Fire .....	1,597,825	145,783	-	-	1,743,608	2,313,652
General Government .....	1,584,105	94,047	-	-	1,678,152	2,980,453
General Government – Codes .....	62,393	=	-	-	62,393	-
General Government – Finance .....	153,922	7,085	51,480	-	109,527	7,582
Police .....	2,077,033	248,050	40,412	-	2,284,671	2,757,450
Recreation .....	1,905,261	256,021	-	-	2,161,282	4,624,494
Sanitation .....	1,230,461	73,425	-	-	1,303,886	369,774
Schools .....	10,202,740	1,028,802	-	-	11,231,542	19,692,161
Service center .....	578,502	147,703	-	-	726,205	4,731,149
Streets .....	13,719,595	758,261	5,879	7,500	14,479,477	5,482,824
	<u>35,877,053</u>	<u>2,866,036</u>	<u>97,771</u>	<u>7,500</u>	<u>38,652,818</u>	<u>45,480,084</u>
<b>Totals.....</b>	<b><u>\$ 35,877,053</u></b>	<b><u>\$ 2,866,036</u></b>	<b><u>\$ 97,771</u></b>	<b><u>\$ 7,500</u></b>	<b><u>\$ 38,652,818</u></b>	<b><u>\$ 49,527,433</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**Schedule of Capital Assets by Function and Activity**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
General Government – Building and Grounds.....	\$ -	\$ -	\$ -	\$ -	\$ 20,564	\$ -	\$ 20,564
General Government – Bridges.....	-	-	5,367,656	-	-	-	5,367,656
General Government – Cemetery.....	4,400	-	-	-	-	-	4,400
Construction in Progress.....	-	-	-	-	-	4,047,349	4,047,349
Service Center.....	-	5,057,120	-	114,919	285,315	-	5,457,354
Fire.....	146,731	1,631,122	-	90,000	2,189,407	-	4,057,260
General Government.....	994,496	2,866,927	-	680,108	117,074	-	4,658,605
General Government – Codes.....	-	-	-	-	62,393	-	62,393
General Government – Finance.....	-	-	-	-	193,246	-	193,246
Police.....	-	3,394,528	-	-	1,647,593	-	5,042,121
Recreation.....	567,105	1,132,794	4,632,027	374,763	79,087	-	6,785,776
Sanitation.....	-	-	-	-	1,673,660	-	1,673,660
Schools.....	286,717	15,539,191	-	13,677,583	1,420,212	-	30,923,703
Streets.....	-	51,223	19,107,535	-	727,406	-	19,886,164
Total Capital Assets.....	1,999,449	29,672,905	29,107,218	14,937,373	8,415,957	4,047,349	88,180,251
Accumulated Depreciation.....	-	(10,411,375)	(18,045,679)	(4,557,741)	(5,638,023)	-	(38,652,818)
<b>Net Capital Assets.....</b>	<b><u>\$ 1,999,449</u></b>	<b><u>\$ 19,261,530</u></b>	<b><u>\$ 11,061,539</u></b>	<b><u>\$ 10,379,632</u></b>	<b><u>\$ 2,777,934</u></b>	<b><u>\$ 4,047,349</u></b>	<b><u>\$ 49,527,433</u></b>

See accompanying independent auditors' report and notes.

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**CITY OF ALCOA, TENNESSEE**  
**MISCELLANEOUS SCHEDULES**  
**June 30, 2013**

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**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF INTERFUND TRANSFERS – ALL FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

**TRANSFERS TO:**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Obligation Public Works Construction Fund</u>	<u>Equipment Replacement Fund</u>	<u>Internal Service Fund - Schools OPEB Insurance Fund</u>	<u>Greenway Projects</u>	<u>Total</u>
<b>TRANSFERS FROM:</b>							
Education Fund.....	\$ -	\$ -	\$ -	\$ -	\$ 68,500	\$ -	\$ 68,500
General Fund .....	-	3,335,295	1,001,668	200,000	-	35,136	4,572,099
School Construction Fund ..	250,000	-	-	-	-	-	250,000
Water Utility .....	-	2,010,503	-	-	-	-	2,010,503
Electric Utility .....	-	1,034,632	-	-	-	-	1,034,632
Landfill .....	-	<u>801,845</u>	-	-	-	-	<u>801,845</u>
<b>Totals.....</b>	<b><u>\$ 250,000</u></b>	<b><u>\$ 7,182,275</u></b> (1)	<b><u>\$ 1,001,668</u></b> (2)	<b><u>\$ 200,000</u></b> (4)	<b><u>\$ 68,500</u></b> (3)	<b><u>\$ 35,136</u></b> (1)	<b><u>\$ 8,737,579</u></b> (4)

- (1) To provide monies for annual OPEB liability.
- (2) To provide monies for debt retirement.
- (3) To provide monies for equipment replacements
- (4) To provide monies for Public Projects

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Balance July 1, <u>2012</u></b>	<b>Levy/ Pick-up/ (Releases)</b>	<b>Write- offs</b>	<b><u>Collections</u></b>	<b>Balance June 30, <u>2013</u></b>
Estimated Levy – January 2013	\$ -	\$ 8,833,086	\$ -	\$ -	\$ 8,833,086
Current Year – 2012	8,907,792	265,002	-	8,759,559	413,235
Prior Years:					
2011	303,998	-	-	129,324	174,674
2010	161,942	-	-	85,990	75,952
2009	367,971	-	-	2,441	365,530
2008	482,523	15,522	-	-	498,045
2007	12,598	-	-	-	12,598
2006	8,152	-	-	59	8,093
2005	16,030	-	-	-	16,030
2004	25,623	-	-	-	25,623
2003	13,031	-	-	-	13,031
2002	<u>17,439</u>	<u>-</u>	<u>(2,839)</u>	<u>14,600</u>	<u>-</u>
Total Taxes Receivable	10,317,099	9,113,610	(2,839)	(8,991,973)	10,435,897
Less: Allowance for Estimated Uncollectible accounts	<u>(31,793)</u>	<u>-</u>	<u>(831)</u>	<u>-</u>	<u>(32,624)</u>
<b>Net Taxes Receivable</b>	<b><u>\$ 10,285,306</u></b>	<b><u>\$ 9,113,610</u></b>	<b><u>\$ (3,670)</u></b>	<b><u>\$ (8,991,973)</u></b>	<b><u>\$ 10,403,273</u></b>

See accompanying independent auditors' report and notes.

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF INSURANCE IN FORCE – ELECTRIC UTILITY**  
**June 30, 2013**

<u>Name of Company</u>	<u>Policy Number</u>	<u>Term of Policy</u>		<u>Annual Premium</u>	<u>Coverage and Liability Limits</u>
		<u>From</u>	<u>To</u>		
Federal Insurance Company	(12)78389459	6-30-13	6-30-14	\$ 35,299	<u>AUTOMOBILES AND TRUCKS</u> \$1,000,000 combined single limit for all damages because of bodily injury or property damage Medical payments – \$2,000 Uninsured motorist – \$100,000 Physical Damage – actual cash value less deductible
Travelers Casualty Insurance Company	103189899	6-30-13	6-30-14	3,359	<u>CRIME</u> Theft and embezzlement – \$500,000 each loss Deductible – \$5,000
Distributors Self Insurance Fund	WC-014-2012	6-30-13	6-30-14	92,237	<u>WORKMEN’S COMPENSATION</u> Legal – Statutory requirements \$1,000,000 Employer’s Liability Limit
Affiliated FM Insurance Company	GL-085	6-30-13	6-30-14	46,407	<u>REAL AND PERSONAL PROPERTY DAMAGE</u> Substations – \$19,602,015 Automotive – \$1,159,129 Contractor’s Equipment – \$1,160,733
North River Insurance Company	5530952223	6-30-13	6-30-14	31,064	<u>COMMERCIAL UMBRELLA</u> Commercial catastrophe liability – \$5,000,000
Distributors Insurance Company	CL-G048-2012	6-30-13	6-30-14	42,771	<u>GENERAL LIABILITY</u> General aggregate – \$750,000 Property damage – \$250,000 Bodily injury – \$250,000 Fire damage limit – \$250,000 Medical expense – \$50,000 Each occurrence limit – \$250,000
Federal Insurance Co.	7987-48-45	6-30-13	6-30-14	12,577	<u>EXCESS GENERAL LIABILITY</u> Each occurrence – \$750,000 Aggregate – \$2,250,000
Public Officials Liability Coverage	TML-0247-12	7-28-13	7-28-14	10,074	<u>DIRECTORS AND OFFICERS</u> Liability – \$1,000,000 per occurrence Deductible – \$5,000
The Hartford Steam Boiler Inspection and Ins. Co.	FBP9450255	6-30-13	6-30-14	48,906	<u>BOILER &amp; MACHINERY</u> Insurance Limits – \$3,000,000
Illinois Union Insurance	PPLG24878685	6-30-13	6-30-14	2,767	<u>POLLUTION LIABILITY</u> Liability - \$750,000

**SCHEDULE OF INSURANCE ON REAL PERSONAL PROPERTY:**

	<u>Replacement Cost</u>	<u>90% Coverage</u>
Buildings.....	\$ 8,350,368	\$ 7,515,331
Personal property .....	<u>842,000</u>	<u>757,800</u>
<b>Total.....</b>	<b><u>\$ 9,192,368</u></b>	<b><u>\$ 8,273,131</u></b>

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF INSURANCE IN FORCE – GENERAL/ WATER AND SEWER UTILITY**  
**June 30, 2013**

<u>Name of Company</u>	<u>Policy Number</u>	<u>Policy Number</u>		<u>Detail of Coverage</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
		<u>From</u>	<u>To</u>			
TML Risk Management Pool	TML 0247-15	7-28-13	7-28-14	COMPREHENSIVE GENERAL LIABILITY  Covers all operations of the City and all officials and employees	\$300,000 per Person as limited by the Tort Liability Act \$700,000 per Occurrence \$100,000 Property Damage \$1,000,000 per Occurrence Each other loss Non-Tort Acts	\$ 87,661
				AUTOMOBILE LIABILITY & PHYSICAL DAMAGE Deductible: Comprehensive - \$2,500 Collision - \$2,500 Liability - \$1,000		\$ 56,891
				PUBLIC OFFICIALS' PERSONAL ERRORS AND OMISSIONS LIABILITY Deductible: \$5,000	\$1,000,000 per occurrence	\$ 58,079
TML Risk Management Pool	TWC-0251-13	7-28-13	7-28-14	WORKER'S COMPENSATION State requirements employer's Liability	\$300,000 – each accident \$700,000 – policy limit \$300,000 – each employee	\$ 299,220
TML Risk Management Pool	TMP-5296-13	1-20-13	1-20-14	PROPERTY DAMAGE - Caterpillar compactor, scraper, bulldozer, tractor, and backhoes.	\$1,810,794 – limit per occurrence	\$ 1,952
				CRIME COVERAGE	\$150,000 per occurrence	
TML Risk Management Pool	TMP-5296-13	1-20-13	1-20-14	PROPERTY COVERAGE Physical Damage to Public Safety Building, fire stations, garage and storage, municipal building, service center, landfill buildings, water treatment plant, pump stations, and other small structures - 90% co-insurance – see schedule	\$71,062,758 limit per occurrence	\$ 77,006
TML Risk Management Pool	TMP-5296-13	1-20-13	1-20-13	ELECTRONIC DATA PROCESSING - Equipment coverage	\$650,000 limit per occurrence	\$ 701

**SCHEDULE OF INSURANCE ON REAL AND PERSONAL PROPERTY:**

	<u>General</u>	Blount County <u>Landfill</u>	<u>Water</u>	<u>Electric</u>	<u>Total</u>
Building and Contents	<u>\$ 21,693,189</u>	<u>\$ 525,541</u>	<u>\$ 39,422,825</u>	<u>\$ 9,421,203</u>	<u>\$ 71,062,758</u>

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF INSURANCE IN FORCE – SCHOOLS**  
**June 30, 2013**

<u>Name of Company</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
TML Risk Management Pool	TML 0604-12	07/28/12-07/28/13	Comprehensive General Liability	\$300,000 per person as limited by the Tort Liability Act; \$700,000 per occurrence; \$100,000 property damage; \$1,000,000 per occurrence each other loss non-tort acts	\$ 3,445
			Errors & Omissions Liability Deductible - \$5,000	\$1,000,000	\$ 17,838
			Comprehensive Auto Liability Deductible: Comprehensive - \$250 Collision - \$500		\$ 2,359
				\$ 300,000	\$ 42,451
TML Risk Management Pool	TWC 0581-12	07/28/12-07/28/13	Worker's Compensation		
TML Risk Management Pool	TMP 0317-12	01/20/12-01/20/13	Physical damage to real and personal property Values - \$47,344,819		\$ 58,278
			Copiers and small office equipment Values - \$227,000		\$ 296
			Mobile equipment Values - \$126,050		\$ 165

\* Automobile liability  
\*\* Auto physical damage

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -**  
**PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR**  
**June 30, 2013**

<b>Fiscal Year Ending June 30,</b>	<b>Total Bond Principal/ Interest Requirements</b>	<b>Bond Total</b>		<b>1997 State Revolving Funds Project</b>	
		<b>Bond</b>	<b>Interest</b>	<b>Bond</b>	<b>Interest</b>
		2014	\$ 9,693,987	\$ 4,156,848	\$ 5,537,139
2015	9,892,879	4,544,964	5,347,915	225,000	292,106
2016	9,936,065	4,800,136	5,135,929	225,000	283,106
2017	10,305,990	5,040,500	5,265,490	50,000	274,106
2018	<u>10,286,366</u>	<u>5,256,032</u>	<u>5,030,334</u>	<u>50,000</u>	<u>272,106</u>
Subtotal	<u>50,115,287</u>	<u>23,798,480</u>	<u>26,316,807</u>	<u>775,000</u>	<u>1,422,530</u>
2019	10,311,052	5,526,768	4,784,284	50,000	270,106
2020	10,324,264	5,802,708	4,521,556	50,000	268,106
2021	10,322,648	6,078,840	4,243,808	50,000	266,106
2022	10,111,147	6,160,188	3,950,959	50,000	264,106
2023	<u>8,013,733</u>	<u>4,356,752</u>	<u>3,656,981</u>	<u>250,000</u>	<u>263,106</u>
Subtotal	<u>49,082,844</u>	<u>27,925,256</u>	<u>21,157,588</u>	<u>450,000</u>	<u>1,331,530</u>
2024	8,002,832	4,553,556	3,449,276	275,000	258,106
2025	7,950,983	4,720,576	3,230,407	275,000	252,606
2026	7,935,933	4,932,848	3,003,085	300,000	247,106
2027	7,246,095	4,480,372	2,765,723	325,000	241,106
2028	<u>7,191,270</u>	<u>4,633,160</u>	<u>2,558,110</u>	<u>325,000</u>	<u>234,281</u>
Subtotal	<u>38,327,113</u>	<u>23,320,512</u>	<u>15,006,601</u>	<u>1,500,000</u>	<u>1,233,205</u>
2029	7,268,783	4,926,212	2,342,571	350,000	226,969
2030	7,295,872	5,179,540	2,116,332	350,000	218,744
2031	6,300,933	4,423,156	1,877,777	375,000	210,344
2032	5,218,595	3,542,072	1,676,523	400,000	201,156
2033	<u>4,979,003</u>	<u>3,457,265</u>	<u>1,521,738</u>	<u>425,000</u>	<u>191,156</u>
Subtotal	<u>31,063,186</u>	<u>21,528,245</u>	<u>9,534,941</u>	<u>1,900,000</u>	<u>1,048,369</u>
2034	5,005,631	3,643,156	1,362,475	425,000	177,875
2035	4,957,119	3,760,000	1,197,119	450,000	164,594
2036	4,990,581	3,965,000	1,025,581	450,000	150,531
2037	3,499,294	2,655,000	844,294	500,000	136,469
2038	<u>3,510,419</u>	<u>2,785,000</u>	<u>725,419</u>	<u>525,000</u>	<u>120,844</u>
Subtotal	<u>21,963,044</u>	<u>16,808,156</u>	<u>5,154,888</u>	<u>2,350,000</u>	<u>750,313</u>
2039	3,545,813	2,945,000	600,813	575,000	104,438
2040	3,532,531	3,065,000	467,531	575,000	85,031
2041	3,538,375	3,210,000	328,375	600,000	65,625
2042	3,544,301	3,365,175	179,126	625,000	44,626
2043	<u>672,751</u>	<u>650,000</u>	<u>22,751</u>	<u>650,000</u>	<u>22,751</u>
Subtotal	<u>14,833,771</u>	<u>13,235,175</u>	<u>1,598,596</u>	<u>3,025,000</u>	<u>322,471</u>
<b>TOTALS</b>	<b><u>\$205,385,245</u></b>	<b><u>\$126,615,824</u></b>	<b><u>\$ 78,769,421</u></b>	<b><u>\$10,000,000</u></b>	<b><u>\$ 6,108,418</u></b>

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -**  
**PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR**  
**June 30, 2013**

Fiscal Year Ending June 30,	1997 State Revolving Funds Project		General Obligation Refunding Bonds Series 2011		Local Government Public Improvement Bonds Series IV-B-10	
	Bond	Interest	Bond	Interest	Bonds	Interest
	2013	\$ 41,900	\$ 641	\$ 275,000	\$ 25,800	\$ 135,000
2014	-	-	285,000	17,550	145,000	72,278
2015	-	-	300,000	9,000	150,000	63,940
2016	-	-	-	-	160,000	55,240
2017	-	-	-	-	170,000	45,880
Subtotal	<u>41,900</u>	<u>641</u>	<u>860,000</u>	<u>52,350</u>	<u>760,000</u>	<u>317,310</u>
2018	-	-	-	-	180,000	35,340
2019	-	-	-	-	190,000	24,180
2020	-	-	-	-	200,000	12,400
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,000</u>	<u>71,920</u>
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTALS</b>	<b><u>\$ 41,900</u></b>	<b><u>\$ 641</u></b>	<b><u>\$ 860,000</u></b>	<b><u>\$ 52,350</u></b>	<b><u>\$ 1,330,000</u></b>	<b><u>\$ 389,230</u></b>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -**  
**PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)**  
**June 30, 2013**

Fiscal Year Ending June 30,	General Obligation Refunding Bonds Series 2006 (Taxable)		Water and Sewer General Obligation Bonds Series 2008		General Obligation Bonds Series 2008	
	Bonds	Interest	Bonds	Interest	Bonds	Interest
2013	\$ 450,000	\$ 465,762	\$ 50,000	\$ 244,375	\$ 50,000	\$ 104,362
2014	475,000	441,913	50,000	242,375	50,000	102,363
2015	500,000	416,738	50,000	240,375	50,000	100,362
2016	525,000	390,238	150,000	238,375	-	98,362
2017	550,000	361,624	150,000	232,375	-	98,362
Subtotal	<u>2,500,000</u>	<u>2,076,275</u>	<u>450,000</u>	<u>1,197,875</u>	<u>150,000</u>	<u>503,811</u>
2018	575,000	331,650	100,000	226,375	-	98,362
2019	625,000	299,738	-	221,375	-	98,363
2020	650,000	265,050	-	221,375	-	98,363
2021	700,000	228,000	-	221,375	-	98,362
2022	750,000	188,100	-	221,375	50,000	98,363
Subtotal	<u>3,300,000</u>	<u>1,312,538</u>	<u>100,000</u>	<u>1,111,875</u>	<u>50,000</u>	<u>491,813</u>
2023	800,000	145,350	-	221,375	50,000	96,237
2024	850,000	99,750	-	221,375	50,000	94,088
2025	900,000	51,300	-	221,375	50,000	91,938
2026	-	-	-	221,375	75,000	89,750
2027	-	-	-	221,375	75,000	86,450
Subtotal	<u>2,550,000</u>	<u>296,400</u>	<u>-</u>	<u>1,106,875</u>	<u>300,000</u>	<u>458,463</u>
2028	-	-	-	221,375	75,000	83,075
2029	-	-	-	221,375	75,000	79,700
2030	-	-	200,000	221,375	200,000	76,250
2031	-	-	250,000	212,125	200,000	67,000
2032	-	-	300,000	199,625	200,000	57,000
Subtotal	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>1,075,875</u>	<u>750,000</u>	<u>363,025</u>
2033	-	-	200,000	184,625	300,000	47,000
2034	-	-	200,000	175,225	300,000	32,900
2035	-	-	250,000	165,825	400,000	18,800
2036	-	-	250,000	154,075	-	-
2037	-	-	350,000	142,325	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>1,250,000</u>	<u>822,075</u>	<u>1,000,000</u>	<u>98,700</u>
2038	-	-	350,000	125,875	-	-
2039	-	-	400,000	109,250	-	-
2040	-	-	900,000	90,250	-	-
2041	-	-	1,000,000	47,500	-	-
2042	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>2,650,000</u>	<u>372,875</u>	<u>-</u>	<u>-</u>
<b>TOTALS</b>	<u><b>\$ 8,350,000</b></u>	<u><b>\$ 3,685,213</b></u>	<u><b>\$ 5,200,000</b></u>	<u><b>\$ 5,687,450</b></u>	<u><b>\$ 2,250,000</b></u>	<u><b>\$ 1,915,812</b></u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -**  
**PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)**  
**June 30, 2013**

Fiscal Year Ending June 30,	Local Government Public Improvement Bonds Series B-17-A		General Obligation Bonds Series E-5-B		Local Government Public Improvement Bonds Series E-3-E	
	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
	2013	\$ 115,000	\$ 105,975	\$ 955,000	\$ 3,666,000	\$ 1,445,000
2014	120,000	101,950	1,130,000	3,618,250	1,665,000	172,250
2015	125,000	97,450	1,250,000	3,561,750	1,745,000	89,000
2016	135,000	92,450	2,900,000	3,499,250	35,000	1,750
2017	<u>140,000</u>	<u>87,050</u>	<u>3,070,000</u>	<u>3,354,250</u>	-	-
Subtotal	<u>635,000</u>	<u>484,875</u>	<u>9,305,000</u>	<u>17,699,500</u>	<u>4,890,000</u>	<u>507,500</u>
2018	145,000	81,450	3,290,000	3,200,750	-	-
2019	155,000	75,288	3,550,000	3,036,250	-	-
2020	160,000	68,700	3,735,000	2,858,750	-	-
2021	170,000	61,900	3,925,000	2,672,000	-	-
2022	<u>180,000</u>	<u>54,675</u>	<u>2,605,000</u>	<u>2,476,000</u>	-	-
Subtotal	<u>810,000</u>	<u>342,013</u>	<u>17,105,000</u>	<u>14,243,750</u>	-	-
2023	190,000	47,025	2,695,000	2,347,250	-	-
2024	200,000	38,475	2,775,000	2,212,500	-	-
2025	205,000	29,475	2,885,000	2,073,750	-	-
2026	220,000	20,250	3,245,000	1,929,500	-	-
2027	<u>230,000</u>	<u>10,350</u>	<u>3,360,000</u>	<u>1,767,250</u>	-	-
Subtotal	<u>1,045,000</u>	<u>145,575</u>	<u>14,960,000</u>	<u>10,330,250</u>	-	-
2028	-	-	3,835,000	1,599,250	-	-
2029	-	-	4,060,000	1,412,064	-	-
2030	-	-	2,920,000	1,214,000	-	-
2031	-	-	1,940,000	1,070,500	-	-
2032	-	-	<u>2,000,000</u>	<u>976,000</u>	-	-
Subtotal	-	-	<u>14,755,000</u>	<u>6,271,814</u>	-	-
2033	-	-	2,160,000	878,500	-	-
2034	-	-	2,255,000	774,000	-	-
2035	-	-	2,300,000	665,000	-	-
2036	-	-	1,905,000	553,750	-	-
2037	-	-	<u>1,910,000</u>	<u>462,250</u>	-	-
Subtotal	-	-	<u>10,530,000</u>	<u>3,333,500</u>	-	-
2038	-	-	2,020,000	370,500	-	-
2039	-	-	2,090,000	273,250	-	-
2040	-	-	1,710,000	172,500	-	-
2041	-	-	1,740,175	87,000	-	-
2042	-	-	-	-	-	-
Subtotal	-	-	<u>7,560,175</u>	<u>903,250</u>	-	-
<b>TOTALS</b>	<b><u>\$ 2,490,000</u></b>	<b><u>\$ 972,463</u></b>	<b><u>\$ 74,215,175</u></b>	<b><u>\$ 52,782,064</u></b>	<b><u>\$ 4,890,000</u></b>	<b><u>\$ 507,500</u></b>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF BOND AND CAPITAL OUTLAY NOTE -**  
**PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)**  
**June 30, 2013**

Fiscal Year Ending June 30,	The Industrial Board of Blount County, TN Series 2009		General Obligation Bonds – Landfill Series 2009		2011 State Revolving Fund Project	
	Bonds	Interest	Bond	Interest	Bond	Interest
2013	\$ -	\$ -	\$ 270,000	\$ 170,030	\$ 144,948	\$ 128,616
2014	-	-	250,000	163,280	149,964	123,600
2015	-	-	250,000	155,780	155,136	118,428
2016	250,000	354,375	675,000	148,280	160,500	113,064
2017	<u>260,000</u>	<u>343,125</u>	<u>700,000</u>	<u>128,030</u>	<u>166,032</u>	<u>107,532</u>
Subtotal	<u>510,000</u>	<u>697,500</u>	<u>2,145,000</u>	<u>765,400</u>	<u>776,580</u>	<u>591,240</u>
2018	275,000	331,425	740,000	107,030	171,768	101,796
2019	290,000	319,050	765,000	83,350	177,708	95,856
2020	300,000	306,000	800,000	57,340	183,840	89,724
2021	310,000	292,500	815,000	29,340	190,188	83,376
2022	<u>325,000</u>	<u>278,550</u>	-	-	<u>196,752</u>	<u>76,812</u>
Subtotal	<u>1,500,000</u>	<u>1,527,525</u>	<u>3,120,000</u>	<u>277,060</u>	<u>920,256</u>	<u>447,564</u>
2023	340,000	263,925	-	-	203,556	70,008
2024	360,000	248,625	-	-	210,576	62,988
2025	375,000	232,425	-	-	217,848	55,716
2026	390,000	215,550	-	-	225,372	48,192
2027	<u>410,000</u>	<u>198,000</u>	-	-	<u>233,160</u>	<u>40,404</u>
Subtotal	<u>1,875,000</u>	<u>1,158,525</u>	-	-	<u>1,090,512</u>	<u>277,308</u>
2028	425,000	179,550	-	-	241,212	32,352
2029	445,000	160,425	-	-	249,540	24,024
2030	470,000	140,400	-	-	258,156	15,408
2031	485,000	119,250	-	-	267,072	6,492
2032	<u>510,000</u>	<u>97,425</u>	-	-	<u>22,265</u>	<u>532</u>
Subtotal	<u>2,335,000</u>	<u>697,050</u>	-	-	<u>1,038,245</u>	<u>78,808</u>
2033	535,000	74,475	-	-	23,156	-
2034	555,000	50,400	-	-	-	-
2035	565,000	25,425	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
Subtotal	<u>1,655,000</u>	<u>150,300</u>	-	-	<u>23,156</u>	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
<b>TOTALS</b>	<b><u>\$ 7,875,000</u></b>	<b><u>\$ 4,230,900</u></b>	<b><u>\$ 5,265,000</u></b>	<b><u>\$ 1,042,460</u></b>	<b><u>\$ 3,848,749</u></b>	<b><u>\$ 1,394,920</u></b>

**CITY OF ALCOA, TENNESSEE  
ELECTRIC UTILITY  
SCHEDULE OF UTILITY RATES IN FORCE  
For the Fiscal Year Ended June 30, 2013**

The basic utility rates in force as of June 30, 2013, are as follows:

Base Residential Rate – Schedule RS

Customer Charge: \$11.25 per month  
Energy Charge: 9.398 cents per kWh per month

Base General Power Rate – Schedule GSA

**Part 1**

Customer Charge: \$18.54 per delivery point per month  
Energy Charge: 10.462 cents per kWh per month

**Part 2**

Customer Charge: \$93.00 per delivery point per month  
Demand Charge: First 50 kWh of billing demand per month, no demand charge  
\$12.65/kw for 51 – 1,000 kWh  
Energy Charge: First 15,000 kWh per month at 10.230 cents per kWh  
Additional kWh per month at 6.405 cents per kWh

**Part 3**

Customer Charge: \$232.00 per delivery point per month  
Demand Charge: First 1,000 kW of billing demand per month at \$12.02 per kWh  
Excess over 1,000 kW of billing demand per month at \$12.02 per  
KWh, plus an additional \$12.77 per month for each kW, if  
any, of the amount by which the customer's billing demand  
Exceeds the higher of 1,000 kW or its contract demand  
Energy Charge: 6.402 cents per kWh per month

(Continued)

**CITY OF ALCOA, TENNESSEE  
ELECTRIC UTILITY  
SCHEDULE OF UTILITY RATES IN FORCE (Continued)  
For the Fiscal Year Ended June 30, 2013**

**ADJUSTMENTS**

The customer's bill for each month shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

**MINIMUM MONTHLY BILL**

The monthly bill under this rate schedule shall not be less than the sum of (a) the base customer charge, (b) the base demand charge, as adjusted, applied to the customer's billing demand, and (c) the base energy charge, as adjusted, applied to the customer's energy takings; provided, however, that under Part 2 of the base charge, the monthly bill shall in no event be less than the sum of (a) the base customer charge and (b) 20 percent of the portion of the base demand charge, as adjusted, applicable to the second block (excess over 50 kW) of billing demand, multiplied by the higher of the customer's currently effective contract demand or its highest billing demand established during the preceding 12 months.

Distributor may require minimum bills higher than those stated above.

**PAYMENT**

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charge under Distributor's standard policy.

**CUSTOMERS**

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Residential.....	23,608	23,595
General Power – under 50 kW .....	3,802	3,689
General Power – 50 kW and over .....	323	320
Street and athletics .....	38	28
Outdoor lighting – code 78.....	8	8
	<u>27,779</u>	<u>27,640</u>

**CITY OF ALCOA, TENNESSEE  
WATER AND SEWER UTILITY  
SCHEDULE OF UTILITY RATES IN FORCE  
For the Fiscal Year Ended June 30, 2013**

The basic utility rates in force as of June 30, 2013 are as follows:

**WATER UTILITY RATES:**

Rates per 1,000 gallons for all water used, and minimum charge for water service according to the size of meter employed, except as otherwise provided:

	One Monthly Billing	Inside City Total Charges/Mo.	Meter Size	Outside City Total Charges/Mo.
First	2,000 Gallons	\$ 11.40 per mo.	5/8" to 1"	\$ 17.10 per mo.
		\$ 28.50 per mo.	1-1/2 to 3"	42.75 per mo.
		\$208.75 per mo.	4" to 6"	313.15 per mo.
		\$569.40 per mo.	Greater than 6"	854.10 per mo.
	<u>One Monthly Billing</u>	<u>Inside City Price Per 1,000 Gals.</u>		<u>Outside City Price Per 1,000 Gals.</u>
Over	2,000 Gallons	\$ 3.35	All sizes	5.10

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

**CITY OF ALCOA, TENNESSEE  
WATER AND SEWER UTILITY  
SCHEDULE OF SANITARY SEWER SERVICE RATES IN FORCE  
For the Fiscal Year Ended June 30, 2013**

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

**SEWER UTILITY RATES:**

**RATE A. Residential – Inside City**

Each and every residential water user connected with the sanitary sewer system of the City be, and is, hereby required to pay a sanitary sewerage disposal charge each month. The base charge for said service shall be \$7.85 per month. In addition to the base charge there shall be a charge of \$4.55 per thousand gallons of water consumption.

**RATE A –1. Residential – Outside City**

Each and every residential water user connected with the sanitary sewer system of the City be, and is, hereby required to pay sanitary sewerage disposal charge each month. The base charge for said service shall be \$13.40 per month. In addition to the base charge there shall be a charge of \$7.75 per thousand gallons of water consumption.

**RATE B. Commercial – Inside City**

Each and every commercial water user connected with the sanitary sewer system of the City be, and is, hereby required to pay a sanitary sewerage charge each month. The base charge for said service shall be \$7.85 per month. In addition to the base charge there shall be a charge of \$4.55 per thousand gallons of water consumption.

**RATE B –1. Commercial – Outside City**

Each and every commercial water user connected with the sanitary sewer system of the City be, and is, hereby required to pay a sanitary sewerage disposal charge each month. The base charge for said service shall be \$13.40 per month. In addition to the charge there shall be a charge of \$7.75 per thousand gallons of water consumption.

**RATE C. Industrial – Inside City**

Each and every inside industrial water user connected with the sanitary sewer system of the City be, and is, hereby required to pay a sanitary sewerage disposal charge each month. The base charge for said service shall be \$7.85 per month. In addition to the base charge there shall be a charge of \$4.55 per thousand gallons of water consumption.

**RATE C –1. Industrial – Outside City**

Each and every outside industrial water user connected with the sanitary sewer system of the City be, and is, hereby required to pay a sanitary sewerage disposal charge each month. The base charge for said service shall be \$13.40 per month. In addition to the base charge there shall be a charge of \$7.75 per thousand gallons of water consumption.

(Continued)

**CITY OF ALCOA, TENNESSEE  
WATER AND SEWER UTILITY  
SCHEDULE OF SANITARY SEWER SERVICE RATES IN FORCE  
For the Fiscal Year Ended June 30, 2013**

RATE C -1. Industrial – Outside City (Continued)

When a consumer under Rates B, B-1, C, or C-1 operates a private sanitary sewerage system or by other means does not discharge all of this waste into the sanitary sewerage system of the City, a separate agreement may be approved by the sewerage actually discharged into the sanitary sewerage system.

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

Consumers under rates A and A-1 shall be subject to a maximum monthly billing of 15,000 gallons.

**CITY OF ALCOA, TENNESSEE  
WATER AND SEWER UTILITY  
SCHEDULE OF CUSTOMERS SERVED  
For the Fiscal Year Ended June 30, 2013**

**CUSTOMERS**

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

	<u>Water</u>		<u>Sewer</u>	
	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Residential – inside city .....	3,196	3,195	2,901	2,895
Residential – outside city .....	5,010	5,017	2,089	2,083
Commercial – inside city .....	1,025	995	806	777
Commercial – outside city .....	519	488	254	231
Industrial – inside city.....	12	12	3	3
Industrial – outside city.....	<u>3</u>	<u>3</u>	<u>1</u>	<u>1</u>
<b>Totals.....</b>	<b><u>9,765</u></b>	<b><u>9,710</u></b>	<b><u>6,054</u></b>	<b><u>5,990</u></b>

CITY OF ALCOA, TENNESSEE

AWWA WLCC Free Water Audit Software: **Reporting Worksheet**

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Water Audit Report for: **City of Alcoa, TN**  
 Reporting Year: **2013** **7/2012 - 6/2013**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

**All volumes to be entered as: MILLION GALLONS (US) PER YEAR**

**WATER SUPPLIED**

<< Enter grading in column 'E'

Volume from own sources:	<input type="text" value="8"/>	<input type="text" value="2,398.940"/>	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	<input type="text" value="7"/>	<input type="text" value="359.841"/>	under-registered MG/Yr
Water imported:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
Water exported:	<input type="text" value="10"/>	<input type="text" value="427.688"/>	MG/Yr
<b>WATER SUPPLIED:</b>		<input type="text" value="2,331.093"/>	MG/Yr

**AUTHORIZED CONSUMPTION**

Billed metered:	<input type="text" value="10"/>	<input type="text" value="1,463.861"/>	MG/Yr
Billed unmetered:	<input type="text" value="10"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled metered:	<input type="text" value="8"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled unmetered:	<input type="text" value="8"/>	<input type="text" value="9.466"/>	MG/Yr

Click here: [?](#)  
for help using option buttons below

Pcnt:  Value:

Use buttons to select percentage of water supplied OR value

**AUTHORIZED CONSUMPTION:**  MG/Yr

**WATER LOSSES (Water Supplied - Authorized Consumption)**  MG/Yr

**Apparent Losses**

Unauthorized consumption:	<input type="text" value="8"/>	<input type="text" value="0.500"/>	MG/Yr
Customer metering inaccuracies:	<input type="text" value="9"/>	<input type="text" value="3.669"/>	MG/Yr
Systematic data handling errors:	<input type="text" value="7"/>	<input type="text" value="3.601"/>	MG/Yr
<b>Apparent Losses:</b>		<input type="text" value="7.770"/>	

Pcnt:  Value:

Choose this option to enter a percentage of billed metered consumption. This is NOT a default value

**Real Losses (Current Annual Real Losses or CARL)**  
 Real Losses = Water Losses - Apparent Losses:  MG/Yr

**WATER LOSSES:**  MG/Yr

**NON-REVENUE WATER**

**NON-REVENUE WATER:**  MG/Yr

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

**SYSTEM DATA**

Length of mains:	<input type="text" value="9"/>	<input type="text" value="246.5"/>	miles
Number of active AND inactive service connections:	<input type="text" value="9"/>	<input type="text" value="12,056"/>	
Connection density:		<input type="text" value="49"/>	conn./mile main
Average length of customer service line:	<input type="text" value="8"/>	<input type="text" value="20.0"/>	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	<input type="text" value="8"/>	<input type="text" value="80.0"/>	psi

**COST DATA**

Total annual cost of operating water system:	<input type="text" value="9"/>	<input type="text" value="\$7,409,745"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="9"/>	<input type="text" value="\$3.35"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="text" value="8"/>	<input type="text" value="\$564.14"/>	\$/Million gallons

**PERFORMANCE INDICATORS**

**Financial Indicators**

Non-revenue water as percent by volume of Water Supplied:	<input type="text" value="37.2%"/>
Non-revenue water as percent by cost of operating system:	<input type="text" value="6.9%"/>
Annual cost of Apparent Losses:	<input type="text" value="\$26,028"/>
Annual cost of Real Losses:	<input type="text" value="\$479,513"/>

**Operational Efficiency Indicators**

Apparent Losses per service connection per day:	<input type="text" value="1.77"/>	gallons/connection/day
Real Losses per service connection per day*:	<input type="text" value="193.16"/>	gallons/connection/day
Real Losses per length of main per day*:	<input type="text" value="N/A"/>	
Real Losses per service connection per day per psi pressure:	<input type="text" value="2.41"/>	gallons/connection/day/psi
Unavoidable Annual Real Losses (UARL):	<input type="text" value="101.74"/>	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	<input type="text" value="850.00"/>	million gallons/year
Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input type="text" value="8.35"/>	

\* only the most applicable of these two indicators will be calculated

**WATER AUDIT DATA VALIDITY SCORE:**

**\*\*\* YOUR SCORE IS: 85 out of 100 \*\*\***

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

**PRIORITY AREAS FOR ATTENTION:**

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

- 1: Volume from own sources
- 2: Master meter error adjustment
- 3: Systematic data handling errors

For more information, click here to see the Grading Matrix worksheet

**CITY OF ALCOA, TENNESSEE**  
**STORMWATER UTILITY**  
**SCHEDULE OF STORMWATER UTILITY RATES IN FORCE**  
**For the Fiscal Year Ended June 30, 2013**

The median Equivalent Residential Unit (ERU) of 2,696 square feet has been established for the calculation of Stormwater Fees within the corporate limits of the City of Alcoa. As outlined in Title 18, Chapter 8, of the Alcoa Municipal Code, the following rates and charges shall apply:

- A. For billings calculated on or after January 1, 2010:
  - a. Detached Dwelling Unit - \$4.00 per month.
  - b. Other Developed Land – Prorated at \$5.00 per ERU per month with a minimum charge of one (1) ERU per month.
  
- B. For billings calculated on or after January 1, 2011:
  - a. Detached Dwelling Unit - \$4.00 per ERU per month according to the following schedule:

i.	Class I	0 – 1.0 ERU	\$ 4.00 / month
ii.	Class II	>1.0 – 1.5 ERU	6.00 / month
iii.	Class III	>1.5 – 2.0 ERU	8.00 / month
iv.	Class IV	>2.0 – 2.5 ERU	10.00 / month
v.	Class V	>2.5 ERU	12.00 / month
  
  - b. Other Developed Land – Prorated at \$6.00 per ERU per month with a minimum charge of one (1) ERU per month.

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

<b>Fiscal Year</b>	<b>Real Property</b>		<b>Utilities And Personal Property</b>		<b>Total</b>		<b>Ratio Of Total Assessed to Total Estimated Actual Value</b>
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>	<b>Assessed to Total Estimated Actual Value</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	
2003	\$ 189,969,640	\$ 595,289,900	\$ 109,450,690	\$ 367,337,151	\$ 299,420,330	\$ 962,627,051	31.1
2004	195,911,200	611,612,300	109,833,495	395,449,529	305,744,695	1,007,061,829	30.4
2005	237,762,945	750,638,900	125,969,481	399,938,360	363,732,426	1,150,577,260	31.6
2006	247,243,080	794,939,100	125,409,074	397,258,006	372,652,154	1,192,197,106	31.3
2007	261,683,945	828,322,800	184,269,568	445,953,513	445,953,513	1,274,276,313	35.0
2008	272,106,130	862,357,800	127,729,625	399,835,755	399,835,755	1,262,193,555	31.7
2009	299,141,245	950,991,200	152,824,814	489,183,401	451,966,059	1,440,174,601	31.5
2010	298,353,980	949,602,400	142,874,963	456,023,662	441,228,943	1,405,626,062	31.4
2011	297,910,805	955,798,600	156,568,384	498,713,548	454,479,189	1,454,512,148	31.2
2012	300,422,940	979,877,849	150,244,693	477,638,950	450,667,333	1,524,033,999	29.6

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collection</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2003	2.15	\$ 6,781,878	\$ 6,431,746	94.8	\$ 337,101	\$ 6,768,847	99.8	\$ 13,031	0.19%
2004	2.20	7,128,473	6,739,198	94.5	363,652	7,102,850	99.8	25,623	0.36%
2005	2.20	6,769,424	6,489,243	95.9	264,151	6,753,394	99.8	16,030	0.24%
2006	1.92	7,457,538	6,865,745	97.3	583,641	7,449,386	99.9	8,152	0.11%
2007	2.10	8,166,570	7,838,879	96.0	315,093	8,153,972	99.8	12,598	0.15%
2008	2.10	11,063,469	8,126,633	73.5	2,170,905	10,297,538	93.1	765,931	6.92%
2009	2.10	9,067,939	8,173,154	90.1	3304,550	8,477,704	93.5	590,235	6.50%
2010	1.96	9,132,861	8,864,975	97.1	-	8,864,975	97.1	267,886	2.93%
2011	1.96	8,945,269	8,641,271	96.6	195,439	8,836,710	98.8	303,998	3.40%
2012	1.96	9,712,794	8,759,559	95.5	232,414	8,991,973	98.0	413,235	4.51%

**CITY OF ALCOA, TENNESSEE  
SCHEDULE OF UNCOLLECTED DELINQUENT  
TAXES FILED IN BLOUNT COUNTY, TENNESSEE  
CIRCUIT COURT  
June 30, 2013**

<u>Property Tax Year</u>	<u>Uncollected Delinquent Taxes</u>	<u>Penalty</u>	<u>Total</u>
2010	\$ 88,830	\$ 31,969	\$ 120,799
2010	97,318	36,982	134,300
2009	108,826	39,142	147,968
2008	82,781	29,800	112,581
2007	65,844	23,690	89,534
2006	49,081	13,157	62,238
2005	84,014	20,200	104,214
2004	56,827	14,875	71,702
2003	74,857	19,277	94,134
2002	<u>133,141</u>	<u>33,997</u>	<u>167,138</u>
<b>Totals</b>	<b><u>\$ 841,519</u></b>	<b><u>\$ 263,089</u></b>	<b><u>\$ 1,104,608</u></b>

**CITY OF ALCOA, TENNESSEE  
 SCHEDULE OF MISCELLANEOUS DATA -  
 EDUCATION FUND  
 June 30, 2013**

Education:

Number of Schools .....	3
Number of Administrative Personnel .....	13
Number of Instructional Personnel .....	135
Number of Other Personnel (includes 20 lunchroom) .....	85
Number of Students enrolled .....	1,780

**Other Ten-Year Statistics:**

<u>School Year</u>	<u>Average Daily Attendance</u>	<u>No. of Teachers</u>	<u>Annual Appropriation</u>	<u>Debt Service</u>
2002-03	1,181	105	9,839,330	-
2003-04	1,223	108	11,273,200	-
2004-05	1,354	119	11,028,110	-
2005-06	1,414	120	12,114,252	-
2006-07	1,520	121	13,275,000	-
2007-08	1,540	121	14,062,050	-
2008-09	1,569	129	14,697,150	-
2009-10	2,051	132	14,934,400	-
2010-11	1,624	134	15,498,000	-
2011-2012	2,135	134	16,056,000	-
2012-2013	2,155	135	16,521,500	-

**CITY OF ALCOA, TENNESSEE**

**SECTION FOUR**

**STATISTICAL SECTION**

**June 30, 2013**

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**CITY OF ALCOA, TENNESSEE**  
**STATISTICAL SECTION**  
**June 30, 2013**

This part of the City of Alcoa's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

**CONTENTS**

**SCHEDULES**

**FINANCIAL TRENDS**

1 through 4

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

**REVENUE CAPACITY**

5 through 8

These schedules contain information to help the reader assess the City's most significant local revenue source.

**DEBT CAPACITY**

9 through 13

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.

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

14 through 15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

**OPERATING INFORMATION**

16 through 18

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.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting governmental-wide information include information beginning in that year.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>GOVERNMENTAL ACTIVITIES:</b>										
Invested in capital assets, net of related debt.....	\$ 9,138,604	\$ 17,131,555	\$19,139,028	\$16,394,858	\$ 15,621,176	\$12,958,427	\$ 15,507,157	\$15,573,164	\$14,011,825	\$ 16,865,890
Restricted .....	12,890,404	5,656,633	5,182,983	4,557,091	7,554,419	2,058,850	2,551,554	3,081,114	3,562,716	4,175,046
Unrestricted (deficit) .....	<u>(11,247,155)</u>	<u>(14,276,105)</u>	<u>(11,817,361)</u>	<u>(12,398,197)</u>	<u>(14,296,838)</u>	<u>4,417,981</u>	<u>10,082,758</u>	<u>9,204,097</u>	<u>8,941,155</u>	<u>8,394,178</u>
<b>Total Governmental Activities Net Position ...</b>	<b><u>\$ 10,781,853</u></b>	<b><u>\$ 8,512,083</u></b>	<b><u>\$12,504,650</u></b>	<b><u>\$ 8,553,752</u></b>	<b><u>\$ 8,878,757</u></b>	<b><u>\$19,435,258</u></b>	<b><u>\$28,141,469</u></b>	<b><u>\$27,858,375</u></b>	<b><u>\$26,515,696</u></b>	<b><u>\$ 29,435,114</u></b>
<b>BUSINESS-TYPE ACTIVITIES:</b>										
Invested in capital assets, net of related debt.....	\$ 38,763,375	\$ 37,278,343	\$37,476,104	\$36,064,484	\$ 36,535,491	\$33,482,220	\$ 37,975,646	\$35,636,261	\$39,715,302	\$ 40,637,583
Restricted .....	1,338,590	1,269,617	1,200,538	1,131,873	1,056,919	1,056,919	956,943	849,413	770,800	700,800
Unrestricted.....	<u>18,846,604</u>	<u>18,844,587</u>	<u>14,497,846</u>	<u>11,978,142</u>	<u>10,172,283</u>	<u>15,033,590</u>	<u>12,933,442</u>	<u>14,721,108</u>	<u>9,386,939</u>	<u>7,002,882</u>
<b>Total Business-Type Activities Net Position ...</b>	<b><u>\$ 58,948,569</u></b>	<b><u>\$ 57,392,547</u></b>	<b><u>\$53,174,488</u></b>	<b><u>\$49,174,499</u></b>	<b><u>\$ 47,764,693</u></b>	<b><u>\$49,572,729</u></b>	<b><u>\$51,866,031</u></b>	<b><u>\$51,206,782</u></b>	<b><u>\$49,873,041</u></b>	<b><u>\$ 48,341,265</u></b>
<b>PRIMARY GOVERNMENT:</b>										
Invested in capital assets, net of related debt.....	\$ 47,901,979	\$ 54,409,898	\$56,615,132	\$52,459,342	\$ 52,156,667	\$46,440,647	\$ 53,482,803	\$51,209,425	\$53,727,127	\$ 57,503,473
Restricted .....	14,228,994	6,926,250	6,383,521	5,688,964	8,611,338	3,115,769	3,508,497	3,930,527	4,333,516	4,875,846
Unrestricted.....	<u>7,599,449</u>	<u>4,568,482</u>	<u>2,680,485</u>	<u>(420,055)</u>	<u>(4,124,555)</u>	<u>19,451,571</u>	<u>23,016,200</u>	<u>23,925,205</u>	<u>18,328,094</u>	<u>15,397,060</u>
<b>Total Primary Government Net Position .....</b>	<b><u>\$ 69,730,422</u></b>	<b><u>\$ 65,904,630</u></b>	<b><u>\$65,679,138</u></b>	<b><u>\$57,728,251</u></b>	<b><u>\$ 56,643,450</u></b>	<b><u>\$69,007,987</u></b>	<b><u>\$80,007,500</u></b>	<b><u>\$79,065,157</u></b>	<b><u>\$76,388,737</u></b>	<b><u>\$ 77,776,379</u></b>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Expenses:</b>										
Governmental Activities:										
General Government .....	\$ 2,643,841	\$ 2,431,591	\$ 1,897,624	\$ 1,522,712	\$ 1,731,014	\$ 2,159,519	\$ 5,623,401	\$ 4,673,272	\$ 6,256,070	\$ 1,207,747
Public Safety.....	8,354,301	8,242,524	7,095,684	7,016,544	7,410,445	7,686,688	7,783,149	7,019,372	6,280,067	5,825,586
Public Works .....	4,183,912	5,484,274	4,453,578	4,522,688	4,844,146	13,880,225	5,337,366	3,898,648	3,797,348	3,664,140
Culture and Recreation .....	1,316,438	1,342,132	1,058,816	1,140,865	582,776	699,307	690,163	751,194	248,131	617,760
Other .....	-	-	-	-	-	1,026,510	633,967	523,900	509,841	395,104
Education.....	19,836,728	18,980,713	18,327,823	16,451,592	16,342,500	16,158,628	14,517,438	12,942,843	14,554,687	16,956,274
Economic Development .....	748,075	690,939	746,932	2,167,843	2,593,283	1,294,182	1,556,297	1,332,990	1,216,316	1,246,024
Interest on Long-term debt .....	<u>1,166,010</u>	<u>2,675,165</u>	<u>3,447,121</u>	<u>5,644,637</u>	<u>4,664,560</u>	<u>5,192,439</u>	<u>1,600,989</u>	<u>797,014</u>	<u>1,017,636</u>	<u>972,465</u>
Total Governmental Activities Expenses.....	<u>38,249,305</u>	<u>39,847,338</u>	<u>37,027,578</u>	<u>38,466,881</u>	<u>38,168,724</u>	<u>48,097,498</u>	<u>37,742,770</u>	<u>31,939,233</u>	<u>33,880,096</u>	<u>30,885,100</u>
Business-type Activities:										
Stormwater Utility .....	901,571	1,008,510	856,813	684,311	407,413	-	-	-	-	-
Water and Sewer.....	10,647,505	10,513,127	10,871,063	10,757,815	11,500,028	12,085,753	9,547,906	7,625,736	7,191,330	6,493,311
Electric .....	59,171,822	57,423,290	59,534,420	52,772,944	59,545,482	50,868,625	47,297,957	43,868,951	38,430,174	37,352,976
Landfill .....	<u>3,629,673</u>	<u>3,788,479</u>	<u>3,294,204</u>	<u>3,291,294</u>	<u>3,147,097</u>	<u>3,176,499</u>	<u>3,349,762</u>	<u>3,103,979</u>	<u>2,944,893</u>	<u>2,946,065</u>
Total Business- type Activities Expenses.....	<u>74,350,571</u>	<u>72,733,406</u>	<u>74,556,500</u>	<u>67,506,364</u>	<u>74,600,020</u>	<u>66,130,877</u>	<u>60,195,625</u>	<u>54,598,666</u>	<u>48,566,397</u>	<u>46,792,352</u>
Total Primary Government Expenses.....	<u>112,599,876</u>	<u>112,580,744</u>	<u>111,584,078</u>	<u>105,973,245</u>	<u>112,768,744</u>	<u>114,228,375</u>	<u>97,938,395</u>	<u>86,537,899</u>	<u>82,446,493</u>	<u>77,677,452</u>
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for services:										
General Government.....	178,493	1,023,162	1,028,807	421,735	549,297	6,512,649	5,732,909	4,577,541	4,010,856	3,163,856
Police and Fire.....	18,146	29,985	-	-	-	-	45,140	65,478	53,502	534,645
Public Works .....	372,895	627,425	34,351	402,569	356,588	12,797,643	-	235,430	270,432	254,259
Culture and Recreation .....	17,350	-	41,737	20,948	52,364	-	-	9,033	-	-
Education.....	552,034	782,537	754,043	736,025	583,548	605,749	778,208	865,193	697,206	672,424
Solid Waste.....	-	-	-	-	-	407,610	408,454	1,262,596	1,076,701	1,131,905
Operating grants and contributions.....	8,823,444	3,577,873	3,526,523	2,285,592	1,591,445	7,161,923	8,667,042	5,773,597	5,294,863	4,909,596
Capital grants and contributions .....	<u>223,478</u>	<u>328,348</u>	<u>3,238,754</u>	<u>665,927</u>	<u>-</u>	<u>27,240</u>	<u>27,240</u>	<u>800,061</u>	<u>737,330</u>	<u>1,156,809</u>
Total Governmental Activities Program Revenues.....	<u>10,185,840</u>	<u>6,369,330</u>	<u>8,624,215</u>	<u>4,532,796</u>	<u>3,133,242</u>	<u>27,512,814</u>	<u>15,658,993</u>	<u>13,588,929</u>	<u>12,140,890</u>	<u>11,823,494</u>

(Continued)

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Business-type Activities:</b>										
Charges for services:										
Stormwater Utility .....	1,015,899	1,032,697	997,509	907,020	806,057	194,292	-	-	-	-
Water and Sewer .....	10,584,258	11,121,466	10,127,771	10,354,502	9,606,210	9,108,586	8,709,566	7,812,764	6,995,619	8,548,463
Electric .....	61,827,061	61,180,133	62,679,266	53,854,543	59,706,962	52,196,811	49,367,529	45,816,670	40,961,706	40,282,250
Landfill .....	3,461,295	4,158,261	3,554,335	3,276,464	2,791,841	3,070,331	3,121,903	2,800,106	2,754,395	2,750,208
Operating grants and contributions ..	105,603	85,166	69,490	75,926	74,113	75,000	60,776	-	-	-
Capital grants and contributions .....	473,138	942,024	2,667,043	1,814,111	565,229	531,038	92,556	174,010	445,110	73,756
Total Business-type Activities										
Program Revenues .....	<u>77,467,254</u>	<u>78,519,747</u>	<u>80,095,414</u>	<u>70,282,566</u>	<u>73,550,412</u>	<u>65,176,058</u>	<u>61,352,330</u>	<u>56,603,550</u>	<u>51,156,830</u>	<u>51,654,677</u>
Total Primary Government										
Program Revenues .....	<u>87,653,094</u>	<u>84,889,077</u>	<u>88,719,629</u>	<u>74,815,362</u>	<u>76,683,654</u>	<u>92,688,872</u>	<u>77,011,323</u>	<u>70,192,479</u>	<u>63,297,720</u>	<u>63,478,171</u>
<b>Net (Expense) / Revenue:</b>										
Governmental Activities .....	(28,063,465)	(33,478,008)	(28,403,363)	(33,934,085)	(35,035,482)	(20,584,684)	(22,083,777)	(18,350,304)	(21,739,206)	(19,061,606)
Business-type Activities .....	<u>3,116,683</u>	<u>5,786,341</u>	<u>5,538,914</u>	<u>2,776,202</u>	<u>(1,049,608)</u>	<u>(954,819)</u>	<u>1,156,705</u>	<u>2,004,884</u>	<u>2,590,433</u>	<u>4,862,235</u>
Total primary government										
(expense) / revenue .....	<u>(24,946,782)</u>	<u>(27,691,667)</u>	<u>(22,864,449)</u>	<u>(31,157,883)</u>	<u>(36,085,090)</u>	<u>(21,539,503)</u>	<u>(20,927,072)</u>	<u>(16,345,420)</u>	<u>(19,148,773)</u>	<u>(14,199,371)</u>
<b>General Revenues and Other Changes</b>										
<b>In Net Position</b>										
<b>Governmental Activities:</b>										
Sales Taxes .....	15,912,732	15,002,875	15,808,462	18,667,876	13,950,671	8,500,325	9,469,854	8,546,111	7,607,958	6,410,707
State income taxes and excise taxes .	104,705	145,229	69,431	101,659	-	145,505	111,169	85,713	62,171	81,616
Property taxes .....	12,385,106	12,211,321	13,797,967	11,768,876	10,680,581	10,693,312	9,465,400	7,868,047	8,196,455	8,468,790
Business taxes .....	284,263	1,361,561	817,279	684,788	-	760,459	797,007	762,792	799,659	763,599
Miscellaneous taxes .....	-	512,818	265,316	684,577	4,012,543	418,471	929,532	900,332	721,189	544,511
In lieu of taxes .....	-	-	-	140,979	-	(199,079)	(112,977)	(82,692)	(138,787)	(75,248)
Interest earned .....	3,476	17,931	19,370	11,828	173,239	521,908	641,745	454,700	219,843	114,553
Other general revenue .....	-	-	-	-	2,128,485	-	-	-	166,038	155,971
Gain/loss on sale of capital assets ....	13,296	-	-	-	-	-	-	-	-	-
Payment to Maryville College .....	-	-	-	-	(7,875,000)	-	-	-	-	-
Bond proceeds from Blount County .	-	-	-	-	490,595	-	-	-	-	-
Transfers .....	1,629,657	1,621,501	1,576,436	1,548,497	857,428	1,562,572	1,290,141	1,157,980	1,185,262	1,064,213
Extraordinary/Special items .....	-	-	-	-	-	-	(10,750,000)	-	-	-
Total governmental activities .....	<u>30,333,235</u>	<u>30,873,236</u>	<u>32,354,261</u>	<u>33,609,080</u>	<u>24,418,542</u>	<u>22,403,473</u>	<u>11,841,871</u>	<u>19,692,983</u>	<u>18,819,788</u>	<u>17,528,712</u>
<b>Business-type Activities:</b>										
Gain/loss on sale of fixed assets .....	45,783	-	-	-	(67,465)	(304,413)	-	-	-	-
Interest earned .....	23,313	53,219	37,511	182,101	166,465	528,502	792,685	486,837	-	-
Transfers .....	(1,629,657)	(1,621,501)	(1,576,436)	(1,548,497)	(857,428)	(1,562,572)	(1,290,141)	(1,157,980)	(1,185,262)	(1,064,213)
Total Business-type Activities .....	<u>(1,560,661)</u>	<u>(1,568,282)</u>	<u>(1,538,925)</u>	<u>(1,366,396)</u>	<u>(758,428)</u>	<u>(1,338,483)</u>	<u>(497,456)</u>	<u>(671,143)</u>	<u>(1,185,262)</u>	<u>(1,064,213)</u>
Total Primary Government .....	<u>28,772,574</u>	<u>29,304,954</u>	<u>30,815,336</u>	<u>32,242,684</u>	<u>23,660,114</u>	<u>21,064,990</u>	<u>11,344,415</u>	<u>19,021,840</u>	<u>17,634,526</u>	<u>16,464,499</u>
<b>Change in Net Position:</b>										
Governmental Activities .....	2,269,770	(2,604,772)	3,950,898	(325,005)	(10,616,940)	1,818,789	(10,241,906)	1,342,679	(2,919,418)	(1,532,894)
Business-type Activities .....	<u>1,556,022</u>	<u>4,218,059</u>	<u>3,999,989</u>	<u>1,409,806</u>	<u>(1,808,036)</u>	<u>(2,293,302)</u>	<u>659,249</u>	<u>1,333,741</u>	<u>1,405,171</u>	<u>3,798,112</u>
Total Primary Government .....	<u>\$ 3,825,792</u>	<u>\$ 1,613,287</u>	<u>\$ 7,950,887</u>	<u>\$ 1,084,801</u>	<u>\$ (12,424,976)</u>	<u>\$ (474,513)</u>	<u>\$ (9,582,657)</u>	<u>\$ 2,676,420</u>	<u>\$ (1,514,247)</u>	<u>\$ 2,265,218</u>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>GENERAL FUND</b>										
Assigned .....	\$ -	\$ -	\$ 1,135,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	2,096	180,786	990	16,495	19,619	24,851	17,555	47,115	28,717	50,036
Unassigned.....	<u>2,590,467</u>	<u>2,336,761</u>	<u>3,993,720</u>	<u>2,392,524</u>	<u>2,482,343</u>	<u>3,312,439</u>	<u>3,643,328</u>	<u>3,741,452</u>	<u>4,514,173</u>	<u>4,828,252</u>
<b>Total General Fund .....</b>	<b><u>\$ 2,592,563</u></b>	<b><u>\$ 2,517,547</u></b>	<b><u>\$ 5,130,428</u></b>	<b><u>\$ 2,409,019</u></b>	<b><u>\$ 2,501,962</u></b>	<b><u>\$ 3,337,290</u></b>	<b><u>\$ 3,660,883</u></b>	<b><u>\$ 3,788,567</u></b>	<b><u>\$ 4,542,890</u></b>	<b><u>\$ 4,878,288</u></b>
<b>All Other Governmental Funds</b>										
Nonspendable .....	\$ -	\$ 72	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	3,215,522	2,533,986	41,988	1,168,915	1,590,226	2,033,999	2,533,999	3,033,999	3,533,999	4,125,010
Assigned, reported in:										
Debt Service Fund .....	804,120	94,697	95,232	95,766	95,766	95,766	95,766	-	-	-
Special Revenue Funds .....	641,993	1,265,943	2,685,827	2,576,815	2,395,866	4,289,608	3,721,722	3,090,180	2,347,356	1,280,041
Capital Projects Funds .....	3,307,028	1,081,149	1,004,074	715,595	4,036,277	6,789,139	2,644,107	2,519,805	2,277,689	2,798,762
Committed .....	5,834,498	500,000	-	-	-	-	-	-	-	-
Unassigned.....	<u>-</u>	<u>(76,574)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total All Other</b>										
<b>Governmental Funds .....</b>	<b><u>\$ 13,803,161</u></b>	<b><u>\$ 5,399,273</u></b>	<b><u>\$ 3,827,121</u></b>	<b><u>\$ 4,557,091</u></b>	<b><u>\$ 8,118,135</u></b>	<b><u>\$ 13,208,512</u></b>	<b><u>\$ 8,995,594</u></b>	<b><u>\$ 8,643,984</u></b>	<b><u>\$ 8,159,044</u></b>	<b><u>\$ 8,203,813</u></b>

**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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>REVENUES:</b>										
Taxes .....	\$ 22,449,030	\$ 18,847,900	\$ 20,758,394	\$ 19,241,999	\$ 19,304,370	\$ 20,372,567	\$ 18,150,924	\$ 15,597,853	\$ 16,095,222	\$ 14,093,881
Licenses, permits and fees .....	448,607	387,426	362,880	418,004	107,733	205,155	142,779	116,748	70,249	107,348
Rent .....	143,389	136,533	154,944	154,744	162,663	158,314	139,200	139,200	139,200	
Intergovernmental .....	14,337,120	19,660,547	19,471,744	15,452,554	14,641,516	11,361,713	9,353,782	6,238,740	5,604,951	5,203,130
American Recovery and Reinvestment Act (ARRA) ....	-	-	2,796,361	1,432,448	-	-	-	-	-	-
Fines, forfeitures and costs.....	467,396	504,571	833,623	580,522	507,517	982,593	756,482	706,697	713,899	646,098
Interest earned .....	3,476	14,301	15,381	11,828	173,241	521,908	589,814	435,944	219,063	114,392
Other revenue .....	98,121	1,022,837	235,338	144,164	427,025	1,820,655	1,151,066	2,696,928	803,748	2,218,595
Grants .....	-	-	-	-	-	1,575,424	2,111,315	953,434	2,319,282	1,175,464
Charges for service.....	<u>942,279</u>	<u>1,104,516</u>	<u>901,811</u>	<u>1,033,120</u>	<u>1,071,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues.....	<u>38,889,418</u>	<u>41,678,631</u>	<u>45,530,476</u>	<u>38,469,383</u>	<u>36,395,227</u>	<u>36,998,329</u>	<u>32,395,362</u>	<u>26,885,544</u>	<u>25,965,614</u>	<u>23,558,908</u>
<b>EXPENDITURES:</b>										
General government.....	1,703,606	1,725,782	1,703,547	1,585,698	1,647,465	1,872,986	1,318,684	1,060,638	1,402,171	1,242,544
Public safety .....	8,039,066	7,831,192	7,381,046	7,145,375	7,410,445	7,296,684	7,397,238	3,811,738	6,024,656	4,883,506
Public Works .....	4,913,515	5,277,899	6,206,920	4,330,871	4,844,146	17,322,578	7,400,825	4,300,074	3,796,771	4,032,130
Recreation and Arts.....	1,060,417	1,096,972	583,044	1,140,865	582,776	703,805	1,628,659	620,830	104,504	567,674
Other Appropriations .....	-	-	-	-	-	972,937	633,967	523,900	509,841	395,104
Education.....	20,982,875	17,958,585	17,303,597	16,451,592	16,299,972	15,586,138	14,527,226	12,464,318	10,650,033	14,591,165
Capital Projects .....	-	-	-	-	-	53,575	129,573	67,649	228,060	42,674
Debt service:										
Principal retirement.....	3,354,834	3,497,476	3,022,318	2,462,276	2,407,416	2,202,688	1,558,116	1,193,676	1,656,590	1,797,390
Interest and fiscal fees.....	3,118,018	5,421,897	5,625,452	5,644,637	4,664,560	5,192,439	3,888,231	1,867,191	1,976,097	1,935,218
Capital Outlay .....	1,889,367	1,174,219	3,383,297	3,673,344	5,161,078	1,670,554	1,785,216	7,893,326	3,748,260	1,018,104
Community development/ Culture .....	<u>748,075</u>	<u>690,939</u>	<u>790,263</u>	<u>2,167,843</u>	<u>10,189,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures .....	<u>45,809,773</u>	<u>44,674,961</u>	<u>45,999,484</u>	<u>44,602,501</u>	<u>53,207,707</u>	<u>52,874,384</u>	<u>40,267,735</u>	<u>33,803,340</u>	<u>30,096,983</u>	<u>30,505,509</u>
Deficiency of Revenue Over Expenditures Before Financing Sources (Uses).....	<u>(6,920,355)</u>	<u>(2,996,330)</u>	<u>(469,008)</u>	<u>(6,133,118)</u>	<u>(16,812,480)</u>	<u>(15,876,055)</u>	<u>(7,872,373)</u>	<u>(6,917,796)</u>	<u>(4,131,369)</u>	<u>(6,946,601)</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE 4**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**(Prepared Using the Modified Accrual Basis of Accounting)**  
**Last Ten Fiscal Years**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Operating Transfers .....	3,769,602	(68,500)	(68,500)	(94,000)	-	17,806,049	2,941,558	2,690,422	2,080,051	3,065,055
Issuance of debt/capital lease .....	-	402,528	952,511	-	-	396,759	4,137,293	3,081,104	761,395	1,003,107
In lieu of taxes .....	1,629,657	1,621,501	1,576,436	1,548,497	1,411,774	1,562,572	1,112,984	1,157,980	991,703	1,064,213
Proceeds-from bonds .....	10,000,000	-	470,000	1,024,635	34,000,000	-	-	-	-	-
Paid to debt escrow agent .....	-	-	(470,000)	-	(24,525,000)	-	-	-	-	-
Debt Service to Blount Co .....	-	-	-	-	-	-	(95,536)	(281,093)	(81,947)	-
 Total Other Financing Sources .....	<u>15,399,259</u>	<u>1,955,529</u>	<u>2,460,447</u>	<u>2,479,132</u>	<u>10,886,774</u>	<u>19,765,380</u>	<u>8,096,299</u>	<u>6,648,413</u>	<u>3,751,202</u>	<u>5,132,375</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses .....	<u>\$ 8,478,904</u>	<u>\$ (1,040,729)</u>	<u>\$ 1,991,439</u>	<u>\$ (3,653,986)</u>	<u>\$ (5,925,706)</u>	<u>\$ 3,889,325</u>	<u>\$ 223,926</u>	<u>\$ (269,383)</u>	<u>\$ (380,167)</u>	<u>\$ (1,814,226)</u>
 Debt service as a percentage of non-capital expenditures .....	<u>16.90%</u>	<u>20.80%</u>	<u>20.75%</u>	<u>22.21%</u>	<u>15.33%</u>	<u>16.26%</u>	<u>15.64%</u>	<u>9.96%</u>	<u>13.73%</u>	<u>13.94%</u>

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

<b><u>Fiscal Year Ending 30-Jun</u></b>	<b><u>Tax Year</u></b>	<b><u>Residential Property</u></b>	<b><u>Commercial Property</u></b>	<b><u>Industrial Property</u></b>	<b><u>Total Taxable Assessed Value</u></b>	<b><u>Total Direct Tax Rate</u></b>	<b><u>Estimated Actual Taxable Value</u></b>	<b><u>Assessed Value as a Percentage of Actual Value</u></b>
2004	2003	\$189,969,640	\$ 67,310,832	\$ 42,139,858	\$299,420,330	2.15	\$ 980,369,051	31%
2005	2004	195,911,200	70,254,921	39,578,574	305,744,695	2.20	1,025,070,629	30%
2006	2005	237,762,945	82,828,042	43,141,439	363,732,426	2.20	1,189,271,660	31%
2007	2006	247,243,080	90,081,440	35,327,634	372,652,154	1.92	1,230,266,706	30%
2008	2007	261,683,945	161,502,514	22,767,054	445,953,513	2.10	1,477,865,826	30%
2009	2008	272,106,130	107,305,226	20,424,399	399,835,755	2.10	1,359,312,773	29%
2010	2009	299,141,245	131,234,268	21,590,546	451,966,059	1.96	1,492,090,101	30%
2011	2010	298,353,980	121,632,050	21,242,913	441,228,943	1.96	1,468,493,462	30%
2012	2011	297,910,805	136,969,733	19,598,651	454,479,189	1.96	1,522,336,648	30%
2013	2012	300,422,940	129,589,563	20,655,563	450,667,633	1.96	1,524,033,999	29%

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE 6**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
(Rate per \$100 of Assessed Value)  
Last Ten Calendar Years

<b>Fiscal Year Ending 30-Jun</b>	<b>Tax Year</b>	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>General Purpose School Fund</b>	<b>Total Direct Tax Rate</b>	<b>Overlapping Tax Rate - Blount County</b>
2004	2003	\$ 0.31	\$ 0.67	\$ 1.17	\$ 2.15	\$ 2.15
2005	2004	0.43	0.58	1.19	2.20	2.43
2006	2005	0.41	0.55	1.24	2.20	2.43
2007	2006	0.22	0.62	1.08	1.92	2.23
2008	2007	0.42	0.63	1.05	2.10	2.23
2009	2008	0.34	0.71	1.05	2.10	2.23
2010	2009	0.48	0.55	0.93	1.96	2.04
2011	2010	0.48	0.55	0.93	1.96	2.15
2012	2011	0.48	0.55	0.93	1.96	2.15
2013	2012	0.48	0.55	0.93	1.96	2.15

**CITY OF ALCOA, TENNESSEE  
SCHEDULE 7  
PRINCIPAL TAXPAYERS  
June 30, 2013**

**FOR TAX YEAR 2013**

**FOR TAX YEAR 2003**

	<u>ASSESSMENT</u>	<u>Rank</u>	Percentage of Total City Taxable Assessed <u>Value</u>		<u>ASSESSMENT</u>	<u>Rank</u>	Percentage of Total City Taxable Assessed <u>Value</u>
ALCOA	\$ 130,486,345	1	29.0%	ALCOA	\$ 103,490,030	1	34.56%
CMH MANAGEMENT	14,276,938	2	3.17%	BELLSOUTH	7,332,070	2	2.45%
HAMILTON CROSSING, LLC	7,414,640	3	1.65%	CMH SERVICES	4,855,191	3	1.62%
FAULKNER PROPERTIES	6,391,400	4	1.42%	FAULKNER PROPERTIES	4,690,360	4	1.57%
BELLSOUTH TELECOMMUNICATIONS	4,900,382	5	1.01%	MIDEB NOMINEES, INC. #672	4,356,560	5	1.45%
MIDEB NOMINEES INC #672	4,536,000	6	1.00%	ALCOA POWER GENERATING	3,417,260	6	1.14%
ETMG INVESTMENTS, LLC	4,498,168	7	.98%	REHOLD ALCOA, LLC	3,029,480	7	1.01%
MIDEB NOMINEES INC	3,302,440	8	.73%	MIDEB NOMINEES, INC.	2,741,200	8	.92%
STOCK CREEK, LLC	3,202,000	9	71%	WEST PROPERTIES, LLC	2,601,712	9	.87%
REHOLD ALCOA, LLC	<u>2,616,680</u>	10	<u>.58%</u>	MIDLAND PLAZA ASSOC.	<u>2,303,640</u>	10	<u>.77%</u>
	<u>\$ 181,624,993</u>		<u>40.25%</u>		<u>\$ 138,817,503</u>		<u>46.36%</u>
Total City Assessment	<u>\$ 450,667,663</u>			Total City Assessment	<u>\$ 299,420,330</u>		

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE 8**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2004	\$ 6,781,878	\$ 6,431,746	94.8%	\$ 337,101	\$ 6,768,847	99.8%
2005	7,128,473	6,739,198	94.5%	363,652	7,102,850	99.6%
2006	6,769,424	6,489,243	95.9%	264,151	6,753,394	99.8%
2007	7,457,538	6,865,745	92.1%	583,641	7,449,386	99.9%
2008	8,166,570	7,838,879	96.0%	315,093	8,153,972	99.8%
2009	11,063,469	8,126,633	73.5%	2,170,905	10,297,538	93.1%
2010	9,067,939	8,173,154	90.1%	304,550	8,477,704	93.5%
2011	9,132,861	8,864,975	97.1%	-	8,864,975	97.1%
2012	8,945,269	8,641,271	96.6%	195,439	8,836,710	98.8%
2013	9,172,794	8,759,559	95.5%	234,267	8,993,826	98.1%

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE 9**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business Type Activities							Percentage of Personal Income	Per Capita
	General Obligation/Revenue Bonds	Capital Outlay Notes	Capital Leases	Water & Sewer Bonds	Landfill Bonds	Electric Bonds	Electric Capital Outlay Notes	Water & Sewer Capital Outlay Notes	Capital Leases	Total		
2004	\$22,475,000	\$-	\$ 124,854	\$ 9,504,983	\$ 3,102,963	\$10,291,591	\$ -	\$ 72,222	\$ 72,711	\$45,644,324	21.53%	\$ 5,459
2005	21,940,000	-	303,049	12,273,919	2,867,963	10,483,872	-	-	14,855	47,883,658	21.72%	5,702
2006	23,365,000	-	271,382	28,347,687	2,622,963	13,772,231	-	-	-	68,379,263	27.07%	8,079
2007	36,260,309	-	439,670	37,723,554	2,516,000	13,822,290	-	-	-	90,761,823	33.96%	10,564
2008	41,085,000	-	9,389,160	46,228,098	2,316,000	21,075,000	-	-	-	120,093,258	43.30%	13,907
2009	48,695,000	-	9,447,676	46,541,857	2,135,000	21,105,000	-	-	-	127,924,533	42.01%	13,685
2010	48,285,000	-	9,341,120	46,034,581	8,000,000	20,870,000	-	-	295,718	132,826,419	67.85%	15,720
2011	46,625,000	-	10,192,449	45,507,263	7,475,000	20,295,000	-	-	409,718	130,504,430	(1)	(1)
2012	44,865,000	-	10,443,284	48,491,008	6,935,000	19,665,000	-	-	264,777	130,664,069	(1)	(1)
2013	52,975,000	-	10,072,979	48,290,824	6,365,000	18,985,000	-	-	130,285	136,819,088	(1)	(1)

Notes:

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

See Schedule 14 for personal income and population data for the City. These ratios are calculated using personal income and population for the prior calendar year.

(1) Data not available

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

<b>Fiscal Year</b>	<b>General Obligation/ Revenue Bonds</b>	<b>Capital Outlay Notes</b>	<b>Total</b>	<b>Taxable Value of Property</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2003	\$ 23,025,000	\$ -	\$ 23,025,000	\$ 297,140,921	7.75%	\$ 2,787
2004	22,475,000	-	22,475,000	299,420,330	7.51%	2,688
2005	21,940,000	-	21,940,000	305,744,695	7.18%	2,612
2006	23,365,000	-	23,365,000	363,732,426	6.42%	2,761
2007	36,260,309	-	36,260,309	372,652,154	9.73%	4,220
2008	41,085,000	-	41,085,000	445,953,513	9.21%	4,758
2009	48,695,000	-	48,695,000	399,835,755	12.18%	5,610
2010	46,625,000	-	46,625,000	451,966,059	10.32%	5,518
2011	44,865,000	-	44,865,000	441,228,943	10.17%	5,256
2012	52,975,000	-	52,975,000	450,667,633	11.75%	6,087

**NOTES:**

Gross Bonded Debt includes a long-term general obligation debt and loan agreements. Business-Type Activities Debt is not included.

Actual Taxable Value of Property data can be found on Schedule 5.

Population data can be found on Schedule 14.

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE 11**  
**DIRECT AND OVERLAPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of June 30, 2013**

<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	\$ 52,975,000		
Capital Leases	<u>10,072,979</u>		
Total Direct Debt	63,047,979	100%	63,047,979
Overlapping Debt:			
Blount County General Government	213,084,928	15%	<u>31,962,739</u>
<b>Total Direct and Overlapping Debt</b>			<b><u>\$ 95,010,718</u></b>

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

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

Source: Blount County, Tennessee government

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

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

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

<b>Fiscal Year Ending 30-Jun</b>	<b>Landfill Revenue Debt</b>					
	<b>Landfill Service Charges</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage</b>
2004	\$ 2,750,208	\$ 2,105,432	\$ 644,776	\$ 225,000	\$ 168,493	1.64
2005	2,754,395	2,146,297	608,098	235,000	147,552	1.59
2006	2,885,350	2,275,684	609,666	245,000	132,957	1.61
2007	3,182,679	2,564,082	618,597	106,963	133,131	2.58
2008	3,145,331	2,532,914	612,417	210,000	158,106	1.66
2009	2,865,954	2,555,229	310,725	210,000	110,745	0.97
2010	3,333,601	2,565,827	767,774	525,000	188,265	1.08
2011	3,609,425	2,440,878	1,168,547	525,000	277,490	1.46
2012	4,227,886	3,503,439	724,447	634,028	259,845	0.81
2013	3,566,011	3,361,784	204,227	646,145	247,999	0.23

	<b>Electric Revenue Debt</b>					
	<b>Utility Service Charges</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage</b>
2004	\$ 40,273,723	\$ 36,771,189	\$ 3,502,534	\$ 375,000	\$ 188,069	6.22
2005	40,961,706	37,856,576	3,105,130	215,000	234,463	6.91
2006	45,816,670	42,676,590	3,140,080	70,000	456,088	5.97
2007	49,366,956	45,144,687	4,222,269	75,000	645,166	5.86
2008	52,194,112	48,450,521	3,743,591	225,000	838,000	3.52
2009	59,696,972	55,973,384	3,723,588	235,000	486,155	5.16
2010	53,833,208	52,416,557	1,416,651	575,000	330,000	1.57
2011	62,677,214	59,103,033	3,574,181	575,000	405,000	3.65
2012	61,177,604	57,156,903	2,020,701	630,000	277,575	2.23
2013	61,824,158	56,271,437	5,552,721	680,000	462,500	4.86

(Continued)

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

<b>Water and Sewer Revenue Debt</b>						
	<b><u>Utility Service Charges</u></b>	<b><u>Less: Operating Expenses</u></b>	<b><u>Net Available Revenue</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Coverage</u></b>
2004	\$ 8,548,463	\$ 5,488,590	\$ 3,059,873	\$ 647,390	\$ 295,543	3.25
2005	7,390,812	5,956,921	1,433,891	671,592	564,133	1.16
2006	7,812,764	6,222,615	1,590,149	303,664	599,954	1.76
2007	8,709,566	6,598,365	2,111,201	366,153	1,340,686	1.24
2008	9,108,586	7,867,338	1,241,248	477,416	2,034,035	.49
2009	9,606,210	7,413,003	2,193,207	185,000	1,724,138	1.15
2010	10,354,502	7,223,718	3,130,784	190,000	1,414,681	1.95
2011	10,078,198	7,240,067	2,838,131	190,014	1,471,659	1.71
2012	11,981,772	6,884,584	5,097,188	567,486	1,433,809	2.55
2013	10,686,651	6,902,487	3,779,164	497,712	1,395,130	2.00

<b>Stormwater Revenue Debt</b>						
	<b><u>Utility Service Charges</u></b>	<b><u>Less: Operating Expenses</u></b>	<b><u>Net Available Revenue</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Coverage</u></b>
2010	\$ -	\$ -	\$ -	\$ -	\$ -	-
2011	997,509	816,882	100,627	49,213	-	2.04
2012	1,032,697	958,598	74,099	50,913	-	1.46
2013	1,015,899	833,508	182,391	52,671	-	3.46

Notes:

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

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE 14**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Calendar Years**

<b>Tax Year Ended June 30,</b>	<b>(1) <u>Population</u></b>	<b>Personal Income</b>	<b>(2) <u>Per Capita Income</u></b>	<b>(3) <u>School Enrollment</u></b>	<b>(4) <u>Unemployment Rate</u></b>
2003	8,262	\$ 200,130,426	\$ 24,223	1,324	3.00%
2004	8,362	\$ 212,001,786	\$ 25,353	1,309	3.20%
2005	8,398	\$ 220,472,694	\$ 26,253	1,405	4.60%
2006	8,463	\$ 252,569,772	\$ 29,844	1,466	4.20%
2007	8,592	\$ 267,271,344	\$ 31,107	1,594	3.60%
2008	8,635	\$ 277,338,930	\$ 32,118	1,610	5.40%
2009	8,680	\$ (5)	\$ (5)	1,637	10.50%
2010	8,449	\$ 195,754,881	\$ 23,169	1,775	8.00%
2011	8,517	\$ 258,593,154	\$ 30,362	1,775	7.70%
2012	8,570	\$ 260,202,340	\$ 30,362	1,780	7.80%

- Sources:
- (1) 2000-2006 Bureau of the Census, Actual and Estimated  
2007 City of Alcoa statistical forecast bases on Census data  
2010 and 2012 U.S. Census Bureau
  - (2) 1997-2007 UT Center for Business and Economic Research; East TN Development District 2012
  - (3) City of Alcoa Schools
  - (4) Tennessee Department of Labor and Workforce Development

**CITY OF ALCOA, TENNESSEE  
SCHEDULE 15  
PRINCIPAL EMPLOYERS  
June 30, 2013**

<u>Employer</u>	<u>2013</u>			<u>(3) 2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City/County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City/County Employment</u>
Denso Manufacturing Tennessee, Inc. (1)	3,000	1	5.02%	2,930	1	5.15%
Clayton Homes (1)	2,829	2	4.74%	2,508	2	4.41%
Blount Memorial Hospital, Inc. (1)	2,130	3	3.57%	1,950	4	3.43%
Blount County School System (1)	1,600	4	2.68%	1,090	5	1.92%
Alcoa, Inc. (1)	1,207	5	2.02%	2,000	3	3.52%
Ruby Tuesday (1)	1,207	6	2.02%	-	-	-
Blount County Government (1)	669	7	1.12%	613	7	1.08%
Marriott City Schools (2)	646	8	1.08%	-	-	-
Maryville Business Services (1)	561	9	0.94%	-	-	-
WalMart Super Center (2)	554	10	0.93%	-	-	-
Newell Rubbermaid (1)	375	11	0.63%	-	-	-
TeamHealth Alcoa Billing Center (1)	350	12	0.59%	-	-	-
City of Maryville (2)	304	13	0.51%	-	-	-
Massey Group (2)	300	14	0.50%	325	-	-
Rockford Manufacturing (1)	300	15	0.50%	-	9	0.57%
Standard Aero, Inc. (1)	275	16	0.46%	-	-	-
City of Alcoa (2)	260	17	0.43%	-	-	-
Maryville College (2)	229	18	0.38%	-	-	-
Cornerstone of Recovery (1)	225	19	0.38%	-	-	-
Reinhart Food Service (1)	220	20	0.37%	-	-	-
Alcoa City Schools (2)	217	21	0.36%	-	-	-
U.S. Food Service (1)	150	22	0.25%	-	-	-
Skier's Choice (1)	140	23	0.23%	-	-	-
	<u>17,748</u>		<u>29.71%</u>	<u>11,416</u>		<u>20.08%</u>
Total Blount County Employment 2012 (as of 04/13) (4)	59,744					
Total Blount County Employment 2004 (as of 06/04) (4)	56,858					

\*Total employment for Blount County

Source: (1) The Knoxville News Sentinel "Book of Lists"  
(2) 2013 Responses from Employer  
(3) The Knoxville News Sentinel "Book of Lists" 2000-2005  
(4) U.S. Bureau of Labor Statistics

CITY OF ALCOA, TENNESSEE  
SCHEDULE 16  
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
Last Ten Fiscal Years

	<u>Actual FY 2013</u>	<u>Actual FY 2012</u>	<u>Actual FY2011</u>	<u>Actual FY 2010</u>	<u>Actual FY 2009</u>	<u>Actual FY 2008</u>	<u>Actual FY 2007</u>	<u>Actual FY 2006</u>	<u>Actual FY 2005</u>	<u>Actual FY 2004</u>
<b>General Government</b>										
Administration / Office	43	42	51	51	51	53	53	56	53	52
Police	42	42	42	41	43	41	41	42	42	40
Fire	30	30	30	28	29	29	29	29	29	29
Public Works and Streets	15	15	18	18	20	21	20	22	21	21
Other-support service and maintenance	6	6	7	7	10	10	10	10	10	10
Education	231	231	228	227	227	218	214	189	185	180
Solid Waste	11	11	10	10	11	11	11	11	9	9
Other – inspectors	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
<b>Total General Government</b>	<b><u>381</u></b>	<b><u>382</u></b>	<b><u>390</u></b>	<b><u>386</u></b>	<b><u>396</u></b>	<b><u>388</u></b>	<b><u>383</u></b>	<b><u>364</u></b>	<b><u>354</u></b>	<b><u>346</u></b>
<b>Utilities</b>										
Water and Sewer	34	34	33	33	34	34	36	36	36	36
Stormwater	8	8	8	8	-	-	-	-	-	-
Electric	62	62	61	61	63	67	67	65	65	61
Landfill	<u>16</u>	<u>16</u>	<u>16</u>	<u>18</u>	<u>18</u>	<u>12</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>
<b>Total Utilities</b>	<b><u>120</u></b>	<b><u>120</u></b>	<b><u>118</u></b>	<b><u>120</u></b>	<b><u>115</u></b>	<b><u>113</u></b>	<b><u>114</u></b>	<b><u>112</u></b>	<b><u>112</u></b>	<b><u>108</u></b>
<b>Total General Government and Utilities</b>	<b><u>501</u></b>	<b><u>502</u></b>	<b><u>508</u></b>	<b><u>506</u></b>	<b><u>511</u></b>	<b><u>501</u></b>	<b><u>497</u></b>	<b><u>476</u></b>	<b><u>466</u></b>	<b><u>454</u></b>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b><u>Function/Program</u></b>										
Police										
Physical arrests	1,506	697	1,449	1,321	992	954	1,231	926	1,036	942
Traffic violations	7,179	7,550	8,067	6,403	7,838	9,282	9,933	5,776	6,165	5,782
Fire										
Emergency responses	1,797	1,669	1,591	1,518	1,510	1,400	1,159	1,126	1,060	1,052
Fires extinguished	58	75	99	63	119	132	130	90	89	74
Inspections	283	850	131	729	383	404	373	557	884	829
Public works/Streets										
Street resurfacing (miles)	1.3	1.5	3.3	0.81	0.50	2.03	1.08	0.303	1.83	1.71
Potholes repaired	126	83	38	203	116	70	163	105	99	114
Education										
Tuition students served	473	484	490	482	468	475	456	446	401	359
Parks and recreation										
Community pool admissions	35,500	40,510	44,506	47,474	53,627	46,097	47,586	41,506	38,517	34,413
Landfill										
Refuse collected (tons per day)	227.87	283.57	295.60	202.00	288.06	321.24	327.13	324.56	322.52	342.54
Recyclables collected (tons per day)	n/a	188.65	150.00	145.00	167.20	172.61	162.59	160.18	155.83	76.02
Water/Sewer										
New connections	n/a	117	81	79	29	263	275	400	259	322
Water mains breaks-leak repaired	n/a	208	194	116	171	249	415	394	268	237
Average daily consumption (thousands of gallons)	6,566	5,308	5,040	5,858	6,728	3,753	3,638	3,433	3,388	5,299
Peak daily consumption (thousands of gallons)	9,040	8,990	9,550	9,890	10,370	12,520	11,440	9,937	10,897	11,819
Average daily sewage treatment (thousands of gallons)	2,125	2,025	1,227	1,693	1,674	1,763	1,810	1,730	1,710	1,710
Electric Utility										
Average monthly kwh purchased	52,276,324	51,720,533	55,409,355	54,855,918	54,266,511	55,989,565	54,926,073	53,866,920	50,880,341	51,791,257

**Sources:** Various City departments.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b><u>Function/Program</u></b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	-	-	-	-	-	-	-	-	-	-
Patrol units	42	42	42	33	33	33	33	29	29	24
Police Adm./other vehicles	15	15	15	21	21	21	21	20	19	19
Fire stations	3	3	3	3	3	3	3	3	3	3
Landfill										
Collection trucks (customers)	56,809	71,500	71,500	80,784	83,283	80,573	74,890	74,498	75,689	76,760
Public works/Streets										
Highway (miles)	110.5	110.5	110.5	110	110	110	110	109	107.4	107.1
Streetlights										
Traffic signals	24	24	24	21	21	21	21	20	19	19
Education										
High School	1	1	1	1	1	1	1	1	1	1
Middle School	1	1	1	1	1	1	1	1	1	1
Elementary School	1	1	1	1	1	1	1	1	1	1
Parks and recreation										
Acreage	83.8	83.8	83.8	83.8	83.8	83.8	83.8	83.8	83.8	83.8
Playgrounds	3	3	3	3	3	3	3	3	3	3
Community centers	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	213.1	213.1	213.1	213.1	214.0	213.4	213.4	206	202.5	194.4
Storage capacity (thousands of gallons)	13,350	13,350	13,350	13,350	13,350	13,350	13,350	13,350	13,350	13,350
Treatment capacity (thousands of gallons)	16,000	16,000	16,000	16,000	16,000	16,000	16,000	24,000	24,000	24,000
Sewage										
Sanitary sewers (miles)	137.6	133.6	133.6	133.6	133.6	132.9	132.9	132	132	131.5
Storm sewers (miles)	47.3	47.3	47.3	47.3	49.8	48.8	48.8	48.7	48.7	48.4
Electric										
Number of Customers	27,808	27,640	27,443	27,431	27,364	27,557	27,276	26,717	26,196	25,734
Annual KWH sold	627,315,889	620,646,399	632,856,770	621,001,490	620,958,542	641,067,826	626,980,649	615,927,172	580,143,917	586,547,073
Sub Stations	12	12	12	12	12	12	12	12	12	12
Pole line (miles)	1,145	1,145	1,145	1,145	1,107	1,107	1,096	1,078	1,057	1,046
<b>Sources:</b> Various city departments.										

**CITY OF ALCOA, TENNESSEE**

**SECTION FIVE**

**SINGLE AUDIT SECTION**

**June 30, 2013**

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**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2013**

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Other/ Transfers In (Out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2013</u>
<b>FEDERAL ASSISTANCE AWARDS:</b>								
<b><u>General Fund:</u></b>								
COPS Hiring GHSO	U.S. Department of Justice	N/A	16.710	\$ -	\$ 3,751	\$ -	\$ 4,719	\$ (968)
COPS Hiring Recovery	U.S. Department of Justice	N/A	16.710	(37,380)	68,118	-	30,738	-
E.Bryne Memorial Justice Assistance	U.S. Department of Justice	N/A	16.738	-	10,285	-	10,285	-
TIMING ATMS System	ARRA through TN Dept. of Transportation	N/A	20.200	(29,306)	29,306	-	-	-
Total General Fund Federal Awards				<u>(66,686)</u>	<u>111,460</u>	<u>-</u>	<u>45,742</u>	<u>(968)</u>
<b><u>Capital Projects Funds:</u></b>								
G.O. Public Works Construction								
Old Knoxville Highway/Pellissippi Place W/S Replacement	TN Dept. of Transportation	N/A	20.205	-	516,211	-	1,285,315	(769,104)
Home Grant Fund:								
Home Investment Partnership (ARRA)	TN Housing Development	HM-09-03	14.239	-	366,964	-	366,964	-
Total Capital Projects Funds Federal Awards				-	883,175	-	1,652,279	(769,104)
<b><u>Federal Projects Funds:</u></b>								
Carl Perkins Program Improvement	TN Dept. of Education	2012-2013	84.048A	-	15,885	-	20,754	(4,869)
Carl Perkins Program Improvement	TN Dept. of Education	2011-2012	84.048A	(25,208)	25,208	-	-	-
Title I Part A Improving Basic Programs	TN Dept. of Education	12-01	84.010A	(134,774)	287,060	-	371,790	(219,504)
Title II Part A Teacher/Principal Training	TN Dept. of Education	12-21	84.367A	(56,643)	114,774	-	59,103	(972)
Title II Part D Technology	TN Dept. of Education	12-01	84.318X	14	-	-	-	14
Title II Part D Technology	TN Dept. of Education	12-01	84.318X	(244)	-	-	-	(244)
Idea Preschool	TN Dept. of Education	12-01	84.173A	45,179	-	-	-	45,179
Idea Preschool	TN Dept. of Education	12-01	84.173	8,423	-	(8,423)	-	-
Idea Part B/Comp Plan	TN Dept. of Education	12-01	84.027A	(106,917)	106,917	-	-	-
Title I Part A Improving Basic Programs	TN Dept. of Education	12-01	84.010A	2,912	94,500	-	97,575	(163)
Education Jobs Program	TN Dept. of Education	12-01	84.410	(5,007)	5,007	-	-	-
E-Rate Project Communications	TN Dept. of Education	12-01	84.151	1,480	33,786	-	-	35,266
Idea Part B Comp Plan	TN Dept. of Education	13-01	84.027	-	354,155	-	348,727	5,428
Idea Preschool	TN Dept. of Education	13-01	84.173	-	9,965	8,423	10,547	7,841
Total Federal Projects Funds				<u>(270,785)</u>	<u>1,047,257</u>	<u>-</u>	<u>908,496</u>	<u>(132,024)</u>

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)**  
**For the Fiscal Year Ended June 30, 2013**

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Other/ Transfers In (Out)</u>	<u>Expenditures</u>	<u>Balance June 30, 2013</u>
<b>FEDERAL ASSISTANCE AWARDS:</b>								
<b><u>Education Fund:</u></b>								
Coordinated School Health	TN Dept. of Education	N/A	84.397	(51,796)	51,796	-	28,388	(28,388)
Career Ladder Extended Contract (ARRA)	TN Dept. of Education	N/A	84.394	-	71,146	-	72,311	(1,165)
Total Education Funds				<u>(51,796)</u>	<u>122,942</u>	<u>-</u>	<u>100,699</u>	<u>(29,553)</u>
<b><u>Water and Sewer Utility Fund</u></b>								
Drinking Water Revolving Loan Fund	TN Dept. of Environment and Conservation	N/A	66.468	-	409,572	-	409,572	-
<b>TOTALS – FEDERAL FINANCIAL ASSISTANCE</b>				<b><u>(389,267)</u></b>	<b><u>2,574,406</u></b>	<b><u>-</u></b>	<b><u>3,116,788</u></b>	<b><u>(931,649)</u></b>
<b>STATE AWARDS:</b>								
<b><u>Proprietary Funds:</u></b>								
Landfill Fund	TN Dept. of Environment and Conservation	N/A	66.000	(2,378)	87,378	-	105,603	(20,603)
<b><u>Education Fund:</u></b>								
Family Resource Center	TN Dept. of Education	N/A	84.310A	(29,612)	29,612	-	29,612	(29,612)
Early Childhood (Lottery – Pre K)	TN Dept. of Education	N/A	94.349A	(168,949)	168,949	-	37,381	(37,381)
Driver Education	TN Dept. of Education	N/A	84.394	-	6,710	-	10,545	(3,835)
Total Education Fund				<u>(198,561)</u>	<u>205,271</u>	<u>-</u>	<u>77,538</u>	<u>(70,828)</u>
<b>TOTALS – STATE FINANCIAL ASSISTANCE</b>				<b><u>(200,939)</u></b>	<b><u>292,649</u></b>	<b><u>-</u></b>	<b><u>183,141</u></b>	<b><u>(91,431)</u></b>
<b>TOTALS – FEDERAL AND STATE FINANCIAL ASSISTANCE</b>				<b><u>\$ (590,206)</u></b>	<b><u>\$2,867,055</u></b>	<b><u>\$ -</u></b>	<b><u>\$3,299,929</u></b>	<b><u>\$(1,023,080)</u></b>

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF PERFORMANCE BASED ASSISTANCE, LOANS AND ENTITLEMENTS**  
**For the Fiscal Year Ended June 30, 2013**

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2012</u>	<u>Amount Earned</u>	<u>Receipts</u>	<u>Balance June 30, 2013</u>
National School Lunch Program	U.S. Dept. of Agriculture	N/A	10.555	\$ (28,696)	\$ 368,663	\$ 397,359	\$ -
National School Breakfast Program	U.S. Dept. of Agriculture	N/A	10.553	(9,694)	108,545	118,239	-
				<u>\$ (38,390)</u>	<u>\$ 477,208</u>	<u>\$ 515,598</u>	<u>\$ -</u>

Summary of Due from Grantors and Unapplied Grant Funds for the fiscal year ended June 30, 2013:

	<u>Due from Grantors</u>	<u>Unapplied Grant Funds</u>	<u>Total</u>
General Fund	\$ (968)	\$ -	\$ (968)
Federal Projects Funds	(265,994)	133,970	(132,024)
G.O. Public Works Construction	(769,104)	-	(769,104)
Education Fund	(100,381)	-	(100,381)
Landfill Fund	<u>(20,603)</u>	<u>-</u>	<u>(20,603)</u>
<b>Totals</b>	<b><u>\$ (1,157,050)</u></b>	<b><u>\$ 133,970</u></b>	<b><u>\$ (1,023,080)</u></b>

**CITY OF ALCOA, TENNESSEE  
 SCHEDULE OF NON-CASH ASSISTANCE  
 For the Fiscal Year Ended June 30, 2013**

<b>CFDA No.</b>	<b>Program Name</b>	<b>Grantor Agency</b>	<b>Balance July 1, 2012</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Balance June 30, 2013</b>
10.569	U.S. Department Of Agriculture Donated Commodities	Federal Pass Through Tennessee Department Of Agriculture	\$ _____ -	\$ _____ 31,000	\$ _____ 31,000	\$ _____ -

**CITY OF ALCOA, TENNESSEE**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**AND**

**SINGLE AUDIT REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**AND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2013**

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January 21, 2014

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alcoa, Tennessee, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise The City of Alcoa, Tennessee's basic financial statements and have issued our report thereon dated January 21, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The City of Alcoa, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The City of Alcoa, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of The City of Alcoa, Tennessee's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: Finding 2013-1 and 2013-2.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Alcoa, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

### **The City of Alcoa, Tennessee's Response to Findings**

The City of Alcoa, Tennessee's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Alcoa, Tennessee's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Alcoa, Tennessee's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alcoa, Tennessee's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ingram, Overholt & Bean, PC*

Alcoa, Tennessee

January 21, 2014



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January 21, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

**Compliance**

We have audited the City of Alcoa, Tennessee's compliance with the types of compliance requirements described in the "OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City of Alcoa, Tennessee's major federal programs for the year ended June 30, 2013. The City of Alcoa, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Alcoa, Tennessee's management. Our responsibility is to express an opinion on the City of Alcoa, Tennessee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States; and OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Alcoa, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Alcoa, Tennessee's compliance with those requirements.

In our opinion, the City of Alcoa, Tennessee 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, 2013.

### **Internal Control Over Compliance**

Management of the City of Alcoa, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Alcoa, Tennessee's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Alcoa, Tennessee's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report is solely to describe the scope of our testing of compliance with the specific compliance requirements referred to above that are applicable to each of the City of Alcoa, Tennessee's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the City of Alcoa, Tennessee's compliance but not to provide an opinion on the City of Alcoa, Tennessee's effectiveness of internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alcoa, Tennessee's compliance with the specific program compliance requirements applicable to its major programs and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of management of the City of Alcoa, Tennessee, federal awarding agencies, pass-through entities, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

*Ingram, Overholt & Bean, PC*

Alcoa, Tennessee

January 21, 2014

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2013**

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unqualified opinion on the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the General Fund and the Education Special Revenue Fund financial statements of the City of Alcoa, Tennessee.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance are reported in the audit of the financial statements of the City of Alcoa, Tennessee based on the Report of Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies in internal control over the major federal award programs are reported in the Report on Compliance with Requirements Applicable to the Major Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The independent auditors' report on compliance for the major federal award programs for the City of Alcoa, Tennessee expresses an unqualified opinion on all major federal programs.
6. Audit findings, if any, that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs determined and tested as major programs include:

<u>Program</u>	<u>Grant CFDA No.</u>
U.S. Department of Education:	
Idea Part B/Comp. Plan (cluster) .....	84.027A
Title I Improving Basic Education (cluster) .	84.010A
U.S. Department of Agriculture Cluster:	
National School Lunch Program.....	10.555
School Breakfast Program .....	10.553
Department of Transportation.....	20.205

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Alcoa, Tennessee did not qualify as a low-risk auditee.

(Continued)

**CITY OF ALCOA, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**For the Fiscal Year Ended June 30, 2013**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**2013-1      Finding**

The Education Fund made numerous disbursements using payee initials with no address present on the checks or on applicable invoices. The checks were prepared and returned for delivery to the person requesting the disbursement.

**Recommendation**

We recommend that the Education Fund require the full name and address of payee to be placed on all disbursement checks, and compared to the payee name and address on the applicable invoice, purchase order and/or receiving report. We further recommend that the person making the check request should not be the same person delivering the check. Requests of this nature create opportunities for fraud.

**Management Response**

We concur with the recommendation.

**2013-2      Finding**

The Cafeteria Fund expenditures exceeded revenue by \$48,104 during the current year. Prior year expenditures exceeded revenues by \$67,773.

**Recommendation**

We recommend that the Cafeteria Fund management should evaluate the cause of expenses exceeding revenues, in order to eliminate future expenditures in excess of revenues.

**Management Response**

We concur with the recommendation.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

None.

**D. PRIOR YEAR FINDINGS**

None.