

NEW ISSUE
BOOK-ENTRY-ONLY

PRELIMINARY OFFICIAL STATEMENT

\$9,995,000*
CITY OF ALCOA, TENNESSEE
General Obligation Bonds, Series 2025

OFFERED FOR SALE NOT SOONER THAN

Wednesday, November 19, 2025 at 10:15 A.M. E.S.T.
Through the Facilities of *PARITY*[®]



SINCE 1931

CUMBERLAND SECURITIES
INDEPENDENT FINANCIAL ADVISOR

November 10, 2025

*Preliminary, subject to change.

This *Preliminary Official Statement* and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the *Official Statement* is delivered in final form. Under no circumstances shall this *Preliminary Official Statement* constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 10, 2025

NEW ISSUE

BOOK-ENTRY-ONLY

Rating: S&P – “AA-”

(See “MISCELLANEOUS-Rating” herein)

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations, as described under the heading “LEGAL MATTERS-Tax Matters” herein. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “LEGAL MATTERS - Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except certain Tennessee franchise and excise taxes. (See “LEGAL MATTERS - Tax Matters” herein).

\$9,995,000*

**CITY OF ALCOA, TENNESSEE
General Obligation Bonds, Series 2025**

Dated: Date of delivery (assume December 12, 2025).

Due: June 1, as shown below.

The \$9,995,000* General Obligation Bonds, Series 2025 (the “Bonds”) issued by the City of Alcoa, Tennessee (the “City”) are issuable in fully registered form in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal, and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on June 1, 2026 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the “Registration Agent”). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated trust office of the Registration Agent.

The Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. See section entitled “SECURITIES OFFERED – Security”.

The Bonds maturing June 1, 2033 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2032.

<u>Due</u> <u>(June 1)</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Due</u> <u>(June 1)</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2027	\$180,000				2042	\$340,000			
2028	190,000				2043	355,000			
2029	195,000				2044	370,000			
2030	205,000				2045	385,000			
2031	215,000				2046	400,000			
2032	225,000				2047	415,000			
2033	235,000				2048	435,000			
2034	240,000				2049	455,000			
2035	255,000				2050	470,000			
2036	265,000				2051	490,000			
2037	275,000				2052	515,000			
2038	285,000				2053	535,000			
2039	300,000				2054	555,000			
2040	310,000				2055	575,000			
2041	325,000								

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire *Preliminary Official Statement* to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued by the City, subject to the approval of the legality thereof by Owings, Wilson & Coleman, Knoxville, Tennessee, bond counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the City by Stephanie D. Coleman, Esq., Owings, Wilson & Coleman, counsel to the City. It is expected that the Bonds will be available for delivery through the facilities of DTC, New York, New York, on or about December __, 2025.

Cumberland Securities Company, Inc.
Municipal Advisor

November __, 2025

*Preliminary, subject to change.

This *Preliminary Official Statement* speaks only as of its date, and the information contained herein is subject to change.

This *Preliminary Official Statement* may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this *Preliminary Official Statement*, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this *Preliminary Official Statement*. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This *Preliminary Official Statement* and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Bond Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This *Preliminary Official Statement* does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this *Preliminary Official Statement*, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the Municipal Advisor or the Underwriter. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the City, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

**Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

CITY OF ALCOA, TENNESSEE

BOARD OF COMMISSIONERS

Tanya Martin, *Mayor*

Tracey Cooper, *Vice Mayor*

Steve Biggar

Josh Blair

Eddie Hall

CITY OFFICIALS

Bruce Applegate
City Manager

Allison Willamson
Interim Finance Director

Kim Wade
City Recorder

Stephanie D. Coleman
Owings, Wilson & Coleman
City Attorney

BOND REGISTRATION AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Owings, Wilson & Coleman
Knoxville, Tennessee

MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.

TABLE OF CONTENTS

SUMMARY STATEMENT	i
SUMMARY NOTICE OF SALE	iii
DETAILED NOTICE OF SALE	iv
EXHIBIT A	xii
EXHIBIT B	xiv
BID FORM	xvi
SECURITIES OFFERED	
Authority and Purpose	1
Description of the Bonds	1
Security	2
Qualified Tax-Exempt Obligations	2
Optional Redemption of the Bonds	2
Mandatory Redemption	3
Notice of Redemption	3
Payment of Bonds	4
BASIC DOCUMENTATION	
Registration Agent	5
Book-Entry-Only System	5
Discontinuance of Book-Entry-Only System	7
Disposition of Bond Proceeds	8
Discharge and Satisfaction of Bonds	8
Remedies of Bondholders	9
LEGAL MATTERS	
Litigation	10
Tax Matters	
<i>Federal</i>	10
<i>State Tax</i>	12
Changes in Federal and State Tax Law	12
Closing Certificates	12
Approval of Legal Proceedings	13
MISCELLANEOUS	
Rating	14
Competitive Public Sale	14
Municipal Advisor; Related Parties; Other	14
Additional Debt	15
Debt Limitations	16
Debt Record	16
Continuing Disclosure	16
<i>Five-Year History of Filing</i>	16
<i>Content of Annual Report</i>	16
<i>Reporting of Significant Events</i>	18
<i>Termination of Reporting Obligation</i>	19
<i>Amendment; Waiver</i>	19
<i>Default</i>	20
Bondholder Risk	20
Additional Information	20
CERTIFICATION OF THE CITY	22

APPENDIX A: LEGAL OPINION

APPENDIX B: SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

Location	B-1
General.....	B-1
Transportation.....	B-1
Education	B-4
Hospitals	B-5
Manufacturing and Commerce	B-6
<i>Major Employers in the County</i>	B-9
Economic Data	B-10
Recreation.....	B-10
Recent Developments.....	B-11

DEBT STRUCTURE

Summary of Bonded Indebtedness	B-13
Indebtedness and Debt Ratios	B-14
Bonded Debt Service Requirements - General Obligation	B-16
Bonded Debt Service Requirements - Revenue and Tax Supported Water and Sewer	B-27
Bonded Debt Service Requirements - Revenue and Tax Supported Solid Waste System	B-18
Bonded Debt Service Requirements - Revenue and Tax Supported Electric System.....	B-19

FINANCIAL OPERATIONS

Introduction.....	B-20
Basis of Accounting and Presentation.....	B-20
Budgetary Process	B-20
Fund Balances, Net Assets and Retained Earnings	B-21
Five-Year Summary of Revenues, Expenditures and Changes in Fund Balance – General Fund	B-22
Five-Year Summary of Revenues, Expenditures and Changes in Fund Balances – Water and Sewer Fund.....	B-23
Five-Year Summary of Revenues, Expenditures and Changes in Fund Balances – Electric Fund.....	B-24
Investment and Cash Management Practices	B-25
Real Property Assessment, Tax Levy and Collection Procedures	
<i>State Taxation of Property</i>	B-25
<i>County Taxation of Property</i>	B-26
<i>Assessment of Property</i>	B-27
<i>Periodic Reappraisal and Equalization</i>	B-28
<i>Valuation for Property Tax Purposes</i>	B-28
<i>Certified Tax Rate</i>	B-28
<i>Tax Freeze for the Elderly Homeowners</i>	B-29
<i>Tax Collection and Tax Lien</i>	B-29
<i>Assessed Valuations</i>	B-30
<i>Property Tax Rates and Collections</i>	B-30
<i>Ten Largest Taxpayers</i>	B-31
Local Option Sales Tax	B-31
Pension Plans	B-32
Unfunded Accrued Liability for Post-Employment Benefits Other Than Pensions.....	B-33

APPENDIX C: GENERAL PURPOSE FINANCIAL STATEMENTS – THE CITY OF ALCOA, TENNESSEE

SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Preliminary Official Statement*. This Summary Statement shall not be reproduced, distributed, or otherwise used except in conjunction with the remainder of this *Preliminary Official Statement*.

- The IssuerCity of Alcoa, Tennessee (the “City” or “Issuer”). See APPENDIX B contained herein.
- Securities Offered.....\$9,995,000* General Obligation Bonds, Series 2025 (the “Bonds”) of the City, dated the date of issuance (assume December 12, 2025). The Bonds mature each June 1 beginning June 1, 2027 through June 1, 2055, inclusive. See the section entitled “SECURITIES OFFERED” herein for additional information.
- SecurityThe Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.
- PurposeThe Bonds are being issued for the purpose of financing, in whole or in part, (i) the acquisition of land and for the construction, improvement, renovation, and equipping of schools, public buildings, public facilities, and park and recreation facilities; (ii) the acquisition of land and for the construction, improvement, renovation and equipping of roads, highways, bridges and sidewalks; (iii) the acquisition of vehicles and equipment, including but not limited to public works vehicles and equipment, public safety vehicles and equipment, computer hardware and software, and other technological equipment; (iv) construction and equipping of extensions, improvements, renovations and replacement of public utilities, including but not limited to electric utilities (the “Electric System”), (the “Electric System Projects”), solid waste (the “Solid Waste System”), (the “Solid Waste System Projects”), and the water and sewer system (the “Water and Sewer System”), (the “Water and Sewer System Projects”); (v) payment of architectural, engineering, legal, fiscal and administrative costs incident to the foregoing (collectively, the “Projects”); (vi) reimbursement to the City for funds previously expended for any of the foregoing; and (vii) payment of the costs incident to the issuance and sale of the Bonds.
- Optional RedemptionThe Bonds maturing June 1, 2033 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2032.
- Tax Matters.....In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, as hereafter defined, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, as more fully described under the heading “LEGAL MATTERS-Tax Matters” herein. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “LEGAL MATTERS – Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See “LEGAL MATTERS -Tax Matters” herein.)
- Bank Qualification.....The Bonds will be treated as “qualified tax-exempt obligations” within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled “LEGAL MATTERS - Tax Matters” for additional information.
- Rating.....S&P: “AA-”. See the section entitled “MISCELLANEOUS - Rating” for more information.

Municipal Advisor.....Cumberland Securities Company, Inc., See the section entitled “MISCELLANEOUS-Municipal Advisor; Related parties; Other” herein.

Underwriter....._____.

Bond CounselOwings, Wilson & Coleman, Knoxville, Tennessee.

Book-Entry-Only.....The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled “BASIC DOCUMENTATION - Book-Entry-Only System”.

Registration Agent.....Regions Bank, Nashville, Tennessee.

General.....The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See “SECURITIES OFFERED” herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of The Depository Trust Company, New York, New York.

DisclosureIn accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the City will provide the Municipal Securities Rulemaking Board (the “MSRB”) through the operation of the Electronic Municipal Market Access system (“EMMA”) and the State Information Depository (“SID”), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled “MISCELLANEOUS-Continuing Disclosure.”

Other Information.....The information in this *Preliminary Official Statement* is deemed “final” within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omissions of certain pricing information allowed to be omitted pursuant to such Rule 15c2-12. For more information concerning the City or this *Preliminary Official Statement*, contact Mr. Bruce Applegate, City Manager, 223 Associates Boulevard, Alcoa, Tennessee 37701; or the City's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663. Additional information regarding BiDCOMP™/PARITY® may be obtained from PARITY®, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: 800-850-7422.

GENERAL FUND BALANCES
Summary of Changes In Fund Balances
For the Fiscal Year Ended June 30

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Beginning Fund Balance	\$22,395,289	\$23,833,635	\$31,288,093	\$33,479,585	\$38,857,963
Revenues	28,207,194	32,482,359	33,112,970	36,733,873	40,822,934
Expenditures	28,550,060	28,103,845	29,889,793	31,242,404	37,967,208
Excess of Revenues Over (under) Expenditures	(342,866)	4,378,514	3,223,177	5,491,469	2,855,726
Other Financing Sources:					
Transfers In	1,825,232	1,708,985	1,769,660	1,833,879	1,750,055
Transfers Out	(88,000)	(88,000)	(2,888,000)	(2,794,000)	(1,151,000)
Proceeds of Bonds & Notes	-	-	-	-	-
Insurance Recoveries	30,491	25,594	10,509	64,132	44,943
Sale of Capital Assets	13,489	24,626	76,146	790,277	48,562
Adjustments	-	-	-	(7,379)	-
Ending Fund Balance	<u>\$23,833,635</u>	<u>\$31,288,093</u>	<u>\$33,479,585</u>	<u>\$38,857,963</u>	<u>\$42,406,249</u>

Source: Annual Comprehensive Financial Reports of the City of Alcoa, Tennessee.

SUMMARY NOTICE OF SALE
\$9,995,000*
CITY OF ALCOA, TENNESSEE
General Obligation Bonds, Series 2025

NOTICE IS HEREBY GIVEN that the Mayor of the City of Alcoa, Tennessee (the “City”) will receive electronic or written bids until **10:15 a.m. E.S.T. on Wednesday, November 19, 2025**, for the purchase of all, but not less than all, of the City's \$9,995,000* General Obligation Bonds, Series 2025 (the “Bonds”). Electronic bids must be submitted through **PARITY®** as described in the “Detailed Notice of Sale”. In case of written bids, bids will be received by the City’s Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth in the Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the **PARITY®** System not later than 9:45 a.m., Eastern Standard Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours’ notice via Bloomberg News Service and/or the **PARITY®** System.

Electronic bids must be submitted through **PARITY®** via the BiDComp Competitive Bidding Service as described in the Detailed Notice of Sale, and no other provider of electronic bidding services will be accepted. For the purposes of the bidding process, both written and electronic, the time maintained by **PARITY®** shall constitute the official time with respect to all bids. To the extent any instructions or directions set forth in **PARITY®** conflict with the terms of the Detailed Notice of Sale and this Summary Notice of Sale, the Detailed Notice of Sale and this Summary Notice of Sale shall prevail.

The Bonds will be issued in book-entry-only form (except as otherwise described in the Detailed Notice of Sale) and dated the date of issuance (assume December 12, 2025). The Bonds will mature on June 1 in the years 2027 through 2055, inclusive, with term bonds optional, with interest payable on June 1 and December 1 of each year, commencing June 1, 2026, and will be subject to optional redemption prior to maturity on June 1, 2032. Bidders must bid not less than one hundred percent (100.00%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds. The approving opinion for the Bonds will be furnished at the expense of the City by Owings, Wilson & Coleman, Bond Counsel, Knoxville, Tennessee. **No rate or rates bid for the Bonds shall be less than four percent (4.00%) or exceed five percent (5.00%) per annum. Additionally, each maturity must have a minimum reoffering price of at least ninety-eight percent (98.0%) of par.** Unless bids are rejected, the Bonds will be awarded by the Mayor of the City on the sale date to the bidder whose bid results in the lowest true interest rate on the Bonds and complies with all of the bid parameters outlined in this Summary Notice of Sale and the Detailed Notice of Sale.

In the event that the competitive sale requirements of applicable Treasury Regulations are not met, the City will require bidders to comply with the “hold-the-offering-price rule” or the “10% Test” for purposes of determining the issue price of the Bonds as described in the Detailed Notice of Sale. Bids will not be subject to cancellation in the event that the competitive sale requirements of applicable Treasury Regulations are not satisfied.

Additional information, including the *Preliminary Official Statement* in near final form and the Detailed Notice of Sale, may be obtained through www.prospectushub.com or from the City’s Municipal Advisor, Cumberland Securities Company, Inc., (865) 988-2663. Further information regarding **PARITY®** may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

/s/ Tanya Martin
Mayor

DETAILED NOTICE OF SALE
\$9,995,000*
CITY OF ALCOA, TENNESSEE
General Obligation Bonds, Series 2025

NOTICE IS HEREBY GIVEN that the Mayor of City of Alcoa, Tennessee (the “City”) will receive electronic or written bids until **10:15 a.m. E.S.T. on Wednesday, November 19, 2025** for the purchase of all, but not less than all, of the City's \$9,995,000* General Obligation Bonds, Series 2025 (the “Bonds”). Electronic bids must be submitted through *PARITY*[®] as described in this “Detailed Notice of Sale.” In case of written bids, bids will be received by the City’s Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth herein, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the *PARITY*[®] System not later than 9:45 a.m., Eastern Standard Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours’ notice via Bloomberg News Service and/or the *PARITY*[®] System.

Description of the Bonds. The Bonds will be issued in fully registered book-entry-only form (except as otherwise described herein) without coupons, be dated the date of issuance (assume December 12, 2025), bear interest payable each June 1 and December 1, commencing June 1, 2026 be issued, or reissued upon transfer, in \$5,000 denominations or multiples thereof, as shall be requested by the purchaser or registered owner thereof, as applicable, and will mature and be payable as follows:

<u>YEAR</u> <u>(JUNE 1)</u>	<u>AMOUNT*</u>	<u>YEAR</u> <u>(JUNE 1)</u>	<u>AMOUNT*</u>
2027	\$180,000	2042	\$340,000
2028	190,000	2043	355,000
2029	195,000	2044	370,000
2030	205,000	2045	385,000
2031	215,000	2046	400,000
2032	225,000	2047	415,000
2033	235,000	2048	435,000
2034	240,000	2049	455,000
2035	255,000	2050	470,000
2036	265,000	2051	490,000
2037	275,000	2052	515,000
2038	285,000	2053	535,000
2039	300,000	2054	555,000
2040	310,000	2055	575,000
2041	325,000		

Bank Qualification. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended.

Registration and Depository Participation. The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully-registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC. The Book-Entry-Only System will evidence beneficial

ownership interests of the Bonds in the principal amount of \$5,000 for the Bonds and any integral multiple of \$5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. The Bonds will be payable, at maturity or upon earlier redemption to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments (as applicable) to beneficial owners of the Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The City will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Notwithstanding the foregoing, if the successful bidder for the Bonds certifies that it intends to hold the Bonds for its own account and has no present intent to re-offer the Bonds, the use of the Book-Entry-Only System is not required.

In the event that the Book-Entry-Only System for the Bonds is discontinued and a successor securities depository is not appointed by the City, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of \$5,000 for the Bonds or integral multiples thereof. The ownership of Bonds so delivered shall be registered in registration books to be kept by the Registration Agent (named herein) and the City and the Registration Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Resolution authorizing the Bonds.

Security Pledged. The Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

Municipal Bond Insurance. The City has provided information to prospective bond insurance companies in order to qualify the Bonds under their respective optional bidding programs. If the successful bidder or bidders for the Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the Bonds, the successful bidder or bidders does so at its own risk and expense and the obligation of the successful bidder to pay for such series Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The City will cooperate with the successful bidder(s) in obtaining such insurance, but the City will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder(s) will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy, and excluding only the fees of S&P that will be paid by the City.

Purpose. The Bonds are being issued for the purpose of financing, in whole or in part, (i) the acquisition of land and for the construction, improvement, renovation, and equipping of schools, public buildings, public facilities, and park and recreation facilities; (ii) the acquisition of land and for the construction, improvement, renovation and equipping of roads, highways, bridges and sidewalks; (iii) the acquisition of vehicles and equipment, including but not limited to public works vehicles and equipment, public safety vehicles and equipment, computer hardware and software, and other technological equipment; (iv) construction and equipping of extensions, improvements, renovations and replacement of public utilities, including but not limited to electric utilities (the "Electric System"), (the "Electric System Projects"), solid waste (the "Solid Waste System"), (the "Solid Waste System Projects"), and the water and sewer system (the "Water and Sewer System"), (the "Water and Sewer System Projects"); (v) payment of architectural, engineering, legal, fiscal and administrative costs incident to the foregoing (collectively, the "Projects"); (vi) reimbursement to the City for funds previously expended for any of the foregoing; and (vii) payment of the costs incident to the issuance and sale of the Bonds

Optional Redemption. The Bonds maturing on June 1, 2033 and thereafter are subject to optional redemption prior to maturity at the option of the City on or after June 1, 2032, at any time at the redemption price of par plus accrued interest.

Term Bond Option; Mandatory Redemption. Bidders shall have the option to designate certain consecutive serial maturities of the Bonds as one or more term bonds (“Term Bonds”) bearing a single interest rate. If a successful bidder for the Bonds designates certain consecutive serial maturities of such Bonds to be combined as one or more Term Bonds as allowed herein, then each Term Bond shall be subject to mandatory sinking fund redemption by the City at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the bid of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed herein for such principal payment date.

Bidding Instructions. The City will receive electronic or written bids for the purchase of all, but not less than all, of the Bonds. **Bidders for each series of the Bonds are requested to name the interest rate or rates the Bonds are to bear in multiples of one-eighth of one percent and/or one-hundredth of one percent (.01%) or one (1) basis point, but no rate specified shall be less than four percent (4.00%) or be in excess of five percent (5.00%) per annum. There will be no limitation on the number of rates of interest that may be specified in a single bid for the Bonds but a single rate shall apply to each single maturity of the Bonds. Bidders must bid not less than one hundred percent (100.00%) of par or no more than one hundred and twenty-five percent (125%) of par. Additionally, each maturity must have a minimum reoffering price of at least ninety-eight percent (98.0%) of par.**

Electronic bids must be submitted through *PARITY*[®] via BiDCOMP Competitive Bidding System and no other provider of electronic bidding services will be accepted. Subscription to the i-Deal LLC Dalcomp Division’s BiDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will not confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. For the purposes of the bidding process, the time as maintained by *PARITY*[®] shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in *PARITY*[®] conflict with the terms of this Detailed Notice of Sale, this Notice shall prevail. An electronic bid made through the facilities of *PARITY*[®] shall be deemed an offer to purchase in response to this Detailed Notice of Sale and shall be binding upon the bidder as if made by a signed, written bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by *PARITY*[®]. The use of *PARITY*[®] facilities are at the sole risk of the prospective bidders.

For further information regarding *PARITY*[®], potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, NY, 10018, Telephone: 212-849-5000.

In the event of a system malfunction in the electronic bidding process bidders may submit bids prior to the established date and time by FACSIMILE transmission sent to the City’s Municipal Advisor, Cumberland Securities Company, Inc. at 865-988-1863. Any facsimile submission is made at the sole risk of the prospective bidder. The City and the Municipal Advisor shall not be responsible for confirming receipt of any facsimile bid or for any malfunction relating to the transmission and receipt of such bids.

Any written bids should be submitted by facsimile to the City’s Municipal Advisor at 865-988-1863. Written bids must be submitted on the Bid Forms included with the *Preliminary Official Statement*.

The City reserves the right to reject all bids for the Bonds and to waive any informalities in the bids accepted.

Unless all bids for the Bonds are rejected, the Bonds will be awarded by the Mayor to the bidder whose bid complies with this Detailed Notice of Sale and results in the lowest true interest rate on the Bonds to be calculated as that rate that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds. For purposes of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the Mayor shall determine in her sole discretion which of the bidders shall be awarded the Bonds.

After receipt of the bids, the City reserves the right to make adjustments and/or revisions to the Bonds, as described below.

Adjustment and/or Revision. While it is the City's intention to sell and issue the approximate par amounts of the Bonds as offered herein, there is no guarantee that adjustment and/or revision may not be necessary in order to properly size the Bonds. Accordingly, the Mayor reserves the right, in her sole discretion, to adjust down the original par amount of the Bonds by up to twenty-five percent (25%). The principal factor to be considered in making any adjustments is the amount of premium bid for particular maturities. Among other factors the Mayor may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds is the size of individual maturities or sinking fund installments and/or other preferences of the City. Additionally, the Mayor reserves the right to change the dated date of the Bonds.

In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid for the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

The successful bidder for the Bonds will be tentatively notified by not later than 5:00 p.m. (Eastern Daylight Time), on the sale date of the exact revisions and/or adjustments required, if any.

Good Faith Deposit. No good faith check will be required to accompany any bid submitted. The successful bidder shall be required to deliver to the City's Municipal Advisor (by wire transfer) the amount of up to two percent (2%) of the aggregate principal amount of the Bonds offered for sale which will secure the faithful performance of the terms of the bid. A wire transfer must be received by the City's Municipal Advisor no later than the close of business on the day following the competitive sale. The wire instructions will be sent to the winning bidder after all bids are received.

The good faith deposit shall be applied (without interest) to the purchase price of the Bonds. If the successful bidder should fail to accept or pay for the Bonds when tendered for delivery and payment, the good faith deposit will be retained by the City as liquidated damages.

In the event of the failure of the City to deliver the Bonds to the purchaser in accordance with the terms of this Notice within forty-five (45) days after the date of the sale, the good-faith deposit will be promptly returned to the purchaser unless the purchaser directs otherwise.

Establishment of Issue Price

Undertakings of the Successful Bidder. The successful bidder for the Bonds shall make a bona fide public offering of the Bonds and shall, within 30 minutes after being notified of the award of the Bonds, advise the City in writing (via facsimile transmission or electronic mail) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the City within 24 hours after award, furnish the following information to the City to complete the *Official Statement* in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the City that the Bonds were initially offered to the public).
- B. The identity of the other underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information that the City determines is necessary to complete the *Official Statement* in final form.

After the award of the Bonds, the City will prepare copies of the final *Official Statement* and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the City will not include in the final *Official Statement* a “NRO” (“not reoffered”) designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the City in all aspects for the accuracy and completeness of information provided by such successful bidders with respect to such reoffering.

The City expects the successful bidder to deliver copies of such *Official Statement* in final form (the “Final Official Statement”) to persons to whom such bidder initially sells the Bonds and the Municipal Securities Rulemaking Board (“MSRB”) via the MSRB’s Electronic Municipal Market Access System (“EMMA”). The successful bidder will be required to acknowledge receipt of the Final Official Statement, to certify that each has made delivery of the Final Official Statement to the MSRB, to acknowledge that the City expects the successful bidder to deliver copies of such Final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the Final Official Statement and only in states where the offer is legal.

Establishment of Issue Price

- a. The successful bidder shall assist the City in establishing the issue price of the Bonds as more fully described herein. All actions to be taken by the City under this Detailed Notice of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the City by the Municipal Advisor, and any notice or report to be provided to the City may be provided to the Municipal Advisor.
- b. The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:
 - 1. the City shall disseminate this Detailed Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
 - 2. all bidders shall have an equal opportunity to bid;
 - 3. the City expects to receive bids for the Bonds from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
 - 4. the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Detailed Notice of Bond Sale.

Any bid submitted pursuant to this Detailed Notice of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

- c. In the event that the Competitive Sale Requirements are not satisfied as to the Bonds, the City shall so advise the successful bidder. In such event, the City intends to treat the (i) the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a maturity-

by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City promptly after the award of the Bonds if any maturities of the Bonds satisfy the 10% Test as of the date and time of the award of the Bonds. The Hold-the-Offering-Price Rule shall apply to all maturities that do not satisfy the 10% Test as of the sale date. Bids will not be subject to cancellation in the event that the City determines to apply the Hold-the-Offering-Price Rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

- d. By submitting a bid, in the event of application of the Hold-the-Offering-Price Rule, the successful bidder for the Bonds shall be deemed to have (i) confirmed that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:
 1. the close of the fifth (5th) business day after the sale date; or
 2. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

In the event of application of the Hold-the-Offering-Price Rule to any maturity of the Bonds, any successful bidder will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

- e. By submitting a bid, each bidder confirms that:
 - (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:
 - (A) (1) to report the prices at which it sells to the public any unsold Bonds of each maturity allocated to it to which the Hold-the-Offering-Price Rule applies until the close of the fifth (5th) business day after the sale date and (2) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder and as set forth in the related pricing wires,
 - (B) to promptly notify the successful bidder of the Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public, and
 - (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.
 - (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer

that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity to which the Hold-the-Offering-Price Rule applies allocated to it until the close of the fifth (5th) business day after the sale date and (B) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder or the underwriter and as set forth in the related pricing wires.

- f. The City acknowledges that, in making the representations set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds.
- g. Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public shall not constitute sales to the public for purposes of this Detailed Notice of Bond Sale. Further, for purposes of this Detailed Notice of Bond Sale:
1. “public” means any person other than an underwriter or a related party;
 2. “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);
 3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
 4. “sale date” means the date that the Bonds are awarded by the City to the successful bidder.

Issue Price Certificate. The winning bidder will be required to provide the City, at closing, with an issue price certificate consistent with the foregoing and meeting the requirements of bond counsel. The form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit A if the Competitive Sale

Requirements are met, and the form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit B if the Competitive Sale Requirements are not met.

Legal Opinion. The approving opinion of Owings, Wilson & Coleman, Knoxville, Tennessee, Bond Counsel along with other certificates including, but not limited to, a tax certificate and a continuing disclosure certificate dated as of the date of delivery of the Bonds will be furnished to the purchaser at the expense of the City. As set forth in the *Preliminary Official Statement*, Bond Counsel's opinion with respect to the Bonds will state that interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal law alternative minimum tax imposed on individuals. As set forth in the *Preliminary Official Statement*, the owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds. Reference is hereby made to the *Preliminary Official Statement* and the form of the opinion contained in Appendix A.

Continuing Disclosure. At the time the Bonds are delivered, the City will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after each of the City's fiscal years (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system (the "EMMA") and any State Information Depository established in the State of Tennessee (the "SID"). If the City is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by the City either with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of events are summarized in the *Preliminary Official Statement*.

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days' notice will be given to the successful bidder of such delivery. Delivery will be made in book-entry-only form through the facilities of The Depository Trust Company, New York, New York. Payment for the Bonds must be made in *Federal Funds* or other immediately available funds.

CUSIP Numbers. CUSIP numbers will be assigned to the Bonds at the expense of the City. The City will assume no obligation for assignment of such numbers or the correctness of such numbers and neither failure to record such numbers on Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and make payment for the Bonds.

Official Statements: Other. The City has deemed the *Preliminary Official Statement* to be final as of its date within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission (the "SEC") except for the omission of certain pricing and other information. The City will furnish the successful bidder at the expense of the City a reasonable number of copies of the *Official Statement* in final form, containing the pricing and other information to be supplied by the successful bidder and to be dated the date of the sale, to be delivered by the successful bidder to the persons to whom each such bidder and members of its bidding group initially sell the Bonds within seven (7) business days. Acceptance of a bid of the Bonds will constitute a contract between the City and the successful bidder for the provision of such copies within seven business days of the sale date.

Further Information. Additional information, including the *Preliminary Official Statement*, this Detailed Notice of Sale and the Official Bid Form, may be obtained from the City's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: 865-988-2663. Further information regarding **PARITY**[®] may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York, 10018, Telephone: 212-849-5000.

/s/ Tanya Martin, Mayor

(The remainder of this page left blank intentionally.)

EXHIBIT A

**CITY OF ALCOA, TENNESSEE
[\$ _____ GENERAL OBLIGATION BONDS, SERIES 2025]**

**ISSUE PRICE CERTIFICATE
(if Competitive Sale Requirements are met)**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) of the City of Alcoa, Tennessee (the “Issuer”).

1. ***Reasonably Expected Initial Offering Price.***

- (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.
- (b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

- (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (c) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).
- (d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 19, 2025.
- (e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party

to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Owings, Wilson & Coleman in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____

[NAME OF UNDERWRITER]

By: _____

Name: _____

Title: _____

EXHIBIT B

CITY OF ALCOA, TENNESSEE [§ _____ GENERAL OBLIGATION BONDS, SERIES 2025]

ISSUE PRICE CERTIFICATE (if Competitive Sale Requirements are not met)

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”) [and the other members of the underwriting syndicate (together, the “Underwriting Group”)], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the City of Alcoa, Tennessee (the “Issuer”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.
2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***
 - (a) [SHORT NAME OF UNDERWRITER] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
 - (b) As set forth in the [Detailed Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER] agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the Hold-the-Offering-Price Rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.
3. ***Defined Terms.***
 - (a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”
 - (b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule B hereto as the “Hold-the-Offering-Price Maturities.”
 - (c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT NAME OF UNDERWRITER] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
 - (d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different

maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

- (e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (f) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).
- (g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 19, 2025.
- (h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Owings, Wilson & Coleman connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____

[NAME OF UNDERWRITER]

By: _____

BID FORM

Honorable Tanya Martin, Mayor
 223 Associates Boulevard
 Alcoa, Tennessee 37701

November 19, 2025

Dear Ms. Martin:

For your legally issued, properly executed \$9,995,000* General Obligation Bonds, Series 2025 (the "Bonds") of the City of Alcoa, Tennessee, in all respects as more fully outlined in your Detailed Notice of Sale, which by reference are made a part hereof, we will pay you a sum of _____ (\$_____).

The Bonds shall be dated the date of issuance (assume December 12, 2025) and shall be callable in accordance with the Detailed Notice of Sale. The Bonds shall mature on June 1 and bear interest at the following rates:

<u>Maturity (June 1)</u>	<u>Amount*</u>	<u>Rate</u>	<u>Maturity (June 1)</u>	<u>Amount*</u>	<u>Rate</u>
2027	\$180,000	___	2042	\$340,000	___
2028	190,000	___	2043	355,000	___
2029	195,000	___	2044	370,000	___
2030	205,000	___	2045	385,000	___
2031	215,000	___	2046	400,000	___
2032	225,000	___	2047	415,000	___
2033	235,000	___	2048	435,000	___
2034	240,000	___	2049	455,000	___
2035	255,000	___	2050	470,000	___
2036	265,000	___	2051	490,000	___
2037	275,000	___	2052	515,000	___
2038	285,000	___	2053	535,000	___
2039	300,000	___	2054	555,000	___
2040	310,000	___	2055	575,000	___
2041	325,000	___			

We have elected the option to designate two or more consecutive serial maturities as term bond maturities as indicated:

- Term Bond 1: Maturities from June 1, 20_____ through June 1, 20_____ @ _____%.
- Term Bond 2: Maturities from June 1, 20_____ through June 1, 20_____ @ _____%.
- Term Bond 3: Maturities from June 1, 20_____ through June 1, 20_____ @ _____%.
- Term Bond 4: Maturities from June 1, 20_____ through June 1, 20_____ @ _____%.

It is our understanding that the Bonds are offered for sale as "qualified tax-exempt obligations" subject to the final approving opinion of Owings, Wilson & Coleman, Bond Counsel, Knoxville, Tennessee, whose opinion together with the executed Bonds, will be furnished by the City without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for up to 2% of the Bonds on which we have bid by the close of business on the date following the competitive public sale as outlined in the *Detailed Notice of Sale*. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Bonds on which we have bid.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. [If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]

Accepted for and on behalf of the
 City of Alcoa, Tennessee, this
 19th day of November, 2025.

 Tanya Martin, Mayor

Respectfully submitted,

Total interest cost from
 December 12, 2025 to final maturity \$ _____
 Less: Premium /plus discount, if any \$ _____
 Net Interest Cost \$ _____
 True Interest Rate %

The computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.

\$9,995,000*
CITY OF ALCOA, TENNESSEE
General Obligation Bonds, Series 2025

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This *Preliminary Official Statement* which includes the Summary Statement hereof and appendices hereto, is furnished in connection with the offering by the City of Alcoa, Tennessee (the “City”) of \$9,995,000* General Obligation Bonds, Series 2025 (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Sections 9-21-101 *et. seq.*, *Tennessee Code Annotated*, and other applicable provisions of law and pursuant to a resolution duly adopted by the Board of Commissioners on April 8, 2025 (the “Resolution”).

The Bonds are being issued for the purpose of financing, in whole or in part, (i) the acquisition of land and for the construction, improvement, renovation, and equipping of schools, public buildings, public facilities, and park and recreation facilities; (ii) the acquisition of land and for the construction, improvement, renovation and equipping of roads, highways, bridges and sidewalks; (iii) the acquisition of vehicles and equipment, including but not limited to public works vehicles and equipment, public safety vehicles and equipment, computer hardware and software, and other technological equipment; (iv) construction and equipping of extensions, improvements, renovations and replacement of public utilities, including but not limited to electric utilities (the “Electric System”), (the “Electric System Projects”), solid waste (the “Solid Waste System”), (the “Solid Waste System Projects”), and the water and sewer system (the “Water and Sewer System”), (the “Water and Sewer System Projects”); (v) payment of architectural, engineering, legal, fiscal and administrative costs incident to the foregoing (collectively, the “Projects”); (vi) reimbursement to the City for funds previously expended for any of the foregoing; and (vii) payment of the costs incident to the issuance and sale of the Bonds

DESCRIPTION OF THE BONDS

The Bonds will be dated and bear interest from their date of issuance and delivery (assume December 12, 2025). Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing June 1, 2026. The Bonds are issuable in book-entry-only form in \$5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the Mayor and shall be attested by the City Recorder. No Bond shall be valid until it has been authorized by the manual signature of an authorized officer or employee of the Registration Agent and the date of the authentication noted thereon.

*Preliminary, subject to change.

SECURITY

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

The City, through its governing body, shall annually levy and collect a tax on all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on the Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the City and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected. The taxes may be reduced to the extent of direct appropriations from the General Fund of the City to the payment of debt service on the Bonds.

The Bonds are not obligations of the State of Tennessee (the "State") or any political subdivision thereof other than the City.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Under the Internal Revenue Code of 1986, as amended (the "Code"), in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations," as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the City as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

OPTIONAL REDEMPTION OF THE BONDS

Bonds maturing June 1, 2033, and thereafter, shall be subject to optional redemption prior to maturity at the option of the City on June 1, 2032 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the City Council, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry-Only System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry-Only System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

MANDATORY REDEMPTION

The bidders have the option of creating term bonds pursuant to the Detailed Notice of Sale. If term bonds are created, then the following provisions will apply. Subject to the credit hereinafter provided, the City shall redeem Bonds maturing June 1, 20__, and June 1, 20__ on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed within a maturity shall be selected in the manner described above relating to optional redemption.

The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
-----------------	------------------------	---

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45) day next preceding any such redemption date, the City may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this section) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the City on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation shall be accordingly reduced. The City shall on or before the forty-fifth (45) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) described above are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

NOTICE OF REDEMPTION

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such

successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

PAYMENT OF BONDS

The Bonds will bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, on the dates provided herein, such interest being computed upon the basis of a 360-day year of twelve 30-day months. Interest on each Bond shall be paid by check or draft of the Registration Agent to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the designated trust office of the Registration Agent.

(The remainder of this page left blank intentionally.)

BASIC DOCUMENTATION

REGISTRATION AGENT

The Registration Agent, Regions Bank, Nashville, Tennessee, its successor or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as follows. However, if the winning bidder certifies to the City that it intends to hold the Bonds for its own account and has no present intent to reoffer the Bonds, then the use of the Book-Entry-Only System is not required.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the “Regular Record Date”) by check or draft mailed to such owner at its address shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

DTC and its Participants. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over

100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized Book-Entry-Only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry-Only System for the Bonds is discontinued.

Payments of Principal and Interest. Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may

wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE MUNICIPAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

Transfers of Bonds. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the City determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the City will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to Beneficial Owners.

No Assurance Regarding DTC Practices. The foregoing information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the City believes to be reliable, but the City, the Bond Counsel, the Registration Agent and the Municipal Advisor do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners

of the Bonds. None of the City, the Bond Counsel, the Registration Agent or the Municipal Advisor will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled “SECURITIES OFFERED – Redemption.”

DISPOSITION OF BOND PROCEEDS

The proceeds of the sale of the Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund known as the 2025 Construction Fund (the "Construction Fund"), or such other designation as shall be determined by the Mayor to be kept separate and apart from all other funds of the City. The City shall disburse funds in the Construction Fund to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit or purchase price of the Bonds and paid to the Municipal Advisor to be used to pay costs of issuance of the Bonds. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Projects and to reimburse the City for any funds previously expended for costs of the Projects. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be invested in such investments as shall be permitted by applicable law to the extent permitted by applicable law.

DISCHARGE AND SATISFACTION OF BONDS

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

2. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (“an Agent”; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof,

proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or

3. By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise described below, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Registration Agent. For the purposes described above, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

REMEDIES OF BONDHOLDERS

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

- (1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the City, including, but not limited to, the right to require the City to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the City to carry out any other covenants and agreements, or

- (2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

(The remainder of this page left blank intentionally.)

LEGAL MATTERS

LITIGATION

There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the City to sell or issue the Bonds.

TAX MATTERS

Federal

General. Owings, Wilson & Coleman, Knoxville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the City and assuming compliance by the City with certain covenants, is that interest on the Bonds:

- is excludable from a bondholder's federal gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

The Code imposes requirements on the Bonds that the City must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the City does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The City has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also section "CHANGES IN FEDERAL AND STATE TAX LAW" below.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Original Issue Discount. A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Current tax law generally provides that any original issue discount on debt obligations such as these Bonds as it accrues is excludable from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Qualified Tax-Exempt Obligations. Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations", as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the City as to the Bonds, Bond Counsel has determined that the Bonds, upon issuance, will be "qualified tax-exempt obligations" within the meaning of the Code.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts

withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the City will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the Mayor acting in her official capacity to the effect that to the best of her knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no

event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the City since the date of the *Official Statement*, in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the Mayor acting in her official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the Mayor and City Recorder acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the City concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Owings, Wilson & Coleman, Knoxville, Tennessee, Bond Counsel. Bond Counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled “LEGAL MATTERS - Tax Matters.” The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A. For additional information, see the section entitled “MISCELLANEOUS – “Competitive Public Sale”, “Additional Information” and “Continuing Disclosure.”

(The remainder of this page left blank intentionally.)

MISCELLANEOUS

RATING

S&P Global Ratings (“S&P”) has given the Bonds the rating of “AA-”.

There is no assurance that such rating will continue for any given period of time or that the rating may not be suspended, lowered or withdrawn entirely by S&P, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for, and ratings, liquidity, and market value of Outstanding Bonds obligations, including the Bonds. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds.

The rating reflects only the views of S&P and any explanation of the significance of such rating should be obtained from S&P.

COMPETITIVE PUBLIC SALE

The Bonds will be offered for sale at competitive public bidding on November 19, 2025. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that is dated November 10, 2025.

The successful bidder for the Bonds was an account led by _____, _____, _____ (the “Underwriters”) who contracted with the City, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of \$ _____ (consisting of the par amount of the Bonds, less an underwriter’s discount of \$ _____ and less a net original issue discount of \$ _____) or _____% of par.

MUNICIPAL ADVISOR; RELATED PARTIES; OTHER

Municipal Advisor. Cumberland Securities Company, Inc., has served as Municipal Advisor (the “Municipal Advisor”) to the City for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged by the City to compile, create, or interpret any information in the *Preliminary Official Statement* and *Official Statement* relating to the City, including without limitation any of the City’s financial and operating data, whether historical or projected. Any information contained in the *Preliminary Official Statement* and *Official Statement* concerning the City, any of its affiliates or contractors and any outside parties has not been independently verified by the Municipal Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Municipal Advisor as to its accuracy or completeness or otherwise. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to review

or audit any information in the *Preliminary Official Statement* and *Official Statement* in accordance with accounting standards.

Regions Bank. Regions Bank (the “Bank”) is a wholly-owned subsidiary of Regions Financial Corporation. The Bank provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the City in other normal commercial banking capacities, it will be compensated separately for such services.

Official Statement. Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the *Preliminary Official Statement*, in final form, and the *Official Statement*, in final form on behalf of the City and will be compensated and/or reimbursed for such distribution and other such services.

Other. Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company’s role as serving as the City’s Dissemination Agent. If the City chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. including Dissemination Agent and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

ADDITIONAL DEBT

The City also has ongoing capital needs that may or may not require the issuance of additional debt. Additionally, the City may also authorize the issuance of additional refundings of outstanding bonds as savings opportunities arise.

(The remainder of this page left blank intentionally.)

DEBT LIMITATIONS

Pursuant to Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, there is no limit on the amount of bonds that may be issued when the City uses the statutory authority granted therein to issue bonds. (see “DEBT STRUCTURE - Indebtedness and Debt Ratios” for additional information.)

DEBT RECORD

There is no record of a default on principal and interest payments by the City from information available. Additionally, no agreements or legal proceedings of the City relating to securities have been declared invalid or unenforceable.

CONTINUING DISCLOSURE

The City will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2025 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the City. The City, or dissemination agent, will provide notice in a timely manner to the MSRB of a failure by the City to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

Five-Year History of Filing. For Fiscal Year 2020, the Required Information and the Annual Report (due on June 30, 2021) was filed 203 days late (on January 19, 2022) only on the following Bonds: General Obligation Refunding Bonds, Series 2020, dated June 25, 2020 (the “Series 2020 Bonds”), General Obligation Refunding Bonds, Series 2020B, dated December 16, 2020 (the “Series 2020B Bonds”) and the General Obligation Bonds, Series 2020C, dated December 16, 2020 (the “Series 2020C Bonds”). This late filing was due to a mistake by the Dissemination Agent. The Required Information and Annual Report for Fiscal Year 2020 was filed on time on all other outstanding bonds for the City. Additionally, the 2020 Audit was available on the City’s website and the State of Tennessee’s website. Other than as stated above, the City has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12 for the past five years.

Content of Annual Report. The City's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the City for the fiscal year, prepared in accordance with generally accepted auditing standards, provided, however, if the City's audited

financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled “SUPPLEMENTAL INFORMATION STATEMENT.”

1. Summary of Bonded Indebtedness as of the end of such fiscal year;
2. Indebtedness and Debt Ratios as of the end of such fiscal year, together with information about the property tax base;
3. Bonded Debt Service Requirements – General Obligation as of the end of such fiscal year;
4. Bonded Debt Service Requirements – Revenue and Tax Supported Water and Sewer System as of the end of such fiscal year;
5. Bonded Debt Service Requirements – Revenue and Tax Supported Solid Waste System as of the end of such fiscal year;
6. Bonded Debt Service Requirements – Revenue and Tax Supported Electric System as of the end of such fiscal year;
7. Fund Balances, Net Assets and Retained Earnings for the fiscal year;
8. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year;
9. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances – Water and Sewer Fund for the fiscal year;
10. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances – Electric Fund for the fiscal year;
11. The estimated Assessed Valuations of property in the City for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year;
12. Property Tax Rates and Collections of the City for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year; and
13. The Ten Largest Taxpayers.

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the City or related public entities, which have been submitted to the MSRB or the U.S. Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, in final form, it will be available

from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events. The City will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the City shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the City shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults, if material;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
 - g. Modifications to rights of Bondholders, if material;
 - h. Bond calls, if material, and tender offers;
 - i. Defeasances;
 - j. Release, substitution, or sale of property securing repayment of the securities, if material;
 - k. Rating changes;
 - l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
 - m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a

definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- o. Incurrence of a financial obligation (which includes a debt obligation, or a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the City, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms as of a financial obligation of the City, any of which affect security holders, if material; and
- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the City, any of which reflect financial difficulties.

Termination of Reporting Obligation. The City's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared

on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default. In the event of a failure of the City to comply with any provision of the Disclosure Certificate, any Bondholder or any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply with the Disclosure Certificate shall be an action to compel performance.

BONDHOLDER RISK

CLIMATE CHANGE. Planning for climate change in the State and its impact on the City's operation is an unknown challenge. The State's climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts include changes in the length, intensity, and frequency of droughts and floods. The financial impact of climate change is not yet known, and therefore, its future impact on the City cannot be quantified reliably at this time.

CYBER-SECURITY. Computer networks and data transmission and collection are vital to the efficient operations of the City. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the City, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties and the services provided, and cause a loss of confidence in the City's operations, which could materially affect the City and its operations.

ADDITIONAL INFORMATION

Use of the words "shall," "must," or "will" in this *Preliminary Official Statement* in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this *Preliminary Official Statement* involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this *Preliminary Official Statement* nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete

statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The *Preliminary Official Statement* and *Official Statement*, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds. Any statements or information printed in the *Preliminary Official Statement* or the *Official Statement*, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The City has deemed this *Preliminary Official Statement* as “final” as of its date within the meaning of Rule 15c2-12 except for the omission of certain pricing information allowed to be omitted pursuant to Rule 15c2-12.

(The remainder of this page left blank intentionally.)

(The remainder of this page left blank intentionally.)

CERTIFICATION OF THE CITY

On behalf of the City, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/ _____
Mayor

ATTEST:

/s/ _____
City Recorder

APPENDIX A

LEGAL OPINION

December __, 2025

City of Alcoa, Tennessee
c/o City Mayor
223 Associates Blvd.
Alcoa, Tennessee 37701

In re: City of Alcoa, Tennessee
\$9,995,000 General Obligation Bonds, Series 2025

Ladies and Gentlemen:

We have acted as bond counsel to the City of Alcoa, Tennessee, in connection with the issuance by the City of Alcoa, Tennessee (the “Issuer”) of \$9,995,000 General Obligation Bonds, Series 2025, dated December __, 2025 (the “Bonds”). In such capacity, we have examined such laws and such certified proceedings, certifications, and other documents as we have deemed necessary to give the opinions below.

Regarding questions of fact material to the opinions below, we have relied on the certified proceedings and other certifications of representatives of the Issuer and certifications of others furnished to us without undertaking to verify them by independent investigation. As for certain matters of law material to the opinions below, we have relied upon certifications of public officials.

Based on the foregoing, we are of the opinion, as of the date hereof, that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limit regarding rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent that necessary funds are not provided from other sources. For the prompt payment of the principal, premium, if any, and interest on the Bonds, the full faith and credit of the Issuer have been irrevocably pledged.
3. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of

computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the bonds.

4. Under existing law, the Bonds and the income therefrom are exempt from all present state, county, and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265 of the Code.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds. Further we express no opinion herein regarding tax consequences with respect to the Bonds other than as expressly set forth herein.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Sincerely,

Owings, Wilson & Coleman

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

LOCATION

The City of Alcoa (the “City”) is located in eastern Tennessee in Blount County (the “County”). The County is bordered to the east by Sevier County, to the north by Knox County and to the west by Loudon County. The southern border is Monroe County and the State of North Carolina. Other incorporated towns within the County are Maryville, the county seat and the largest city, Rockford, Friendsville and Townsend. Vonore is an unincorporated town that is in both Blount County and Monroe County.

The County is in the extreme eastern portion of Tennessee. Bordering the Great Smoky Mountains National Park, the immediate surrounding terrain is hilly and mountainous while much of the county is covered with rolling farmlands. Blount County is situated near the geographic center of the eastern United States with approximately 50 percent of the U.S. population within a 500-mile radius. The County benefits from being a gateway to the Great Smoky Mountains National Park. The scenic and recreational attractions of the park attract an ever increasing number of tourists to the County yearly.

Maryville is also situated at the southern boundary of the Oak Ridge Technology corridor, a nationally recognized high-technology research and development center. Additionally, Maryville is located about four miles from the Pellissippi Parkway extension, which makes the city residents within a 10 to 20-minute drive to the West Knoxville - Oak Ridge area.

GENERAL

The County covers 559 square miles in the extreme eastern portion of Tennessee.

The County is part of the Knoxville Metropolitan Statistical Area (the “MSA”). The MSA includes Knox (Knoxville and Farragut), Anderson (Oak Ridge and Clinton), Blount (Maryville and Alcoa), Loudon (Loudon), and Union (Maynardville) Counties.

The County is also part of the Knoxville-Morristown-Sevierville Combined Statistical Area (the “CSA”). The CSA includes Roane, Anderson, Blount, Knox, Loudon, Union, Grainger, Hamblen, Jefferson, Campbell, Cocke and Sevier Counties. The City of Knoxville is the largest city in the CSA with a population of 190,740 according to the 2020 Census.

TRANSPORTATION

The area has excellent transportation facilities by rail, air, river and highway. Both the Norfolk Southern and CSX Railroads have terminals and stops in the County, with lines radiating in nine directions. The Pellissippi Highway (I-140) provides a direct link to I-40 and I-75 in Knox County. Major highways serving the County include U.S. Highway 44, 129, 321, 411 and 441 as well as State Routes 33, 75 and 95.

McGhee Tyson Airport. The McGhee Tyson Airport is the principal commercial airport in East Tennessee, serving the commercial airline industry, air cargo, military aviation and general aviation. With parallel 9,000 foot runways, McGhee Tyson Airport can accommodate any size aircraft. The Airport is located within the city limits of Alcoa, which is 12 miles south of downtown Knoxville. The airport occupies more than 2,000 acres of land with space for additional air cargo facilities or economic development. This facility is owned and managed by the Metropolitan Knoxville Airport Authority.

According to a study by the University of Tennessee’s Center for Transportation Research, the airport contributes over \$1 billion to the local economy (including Anderson, Blount, Knox, Loudon and Sevier Counties) every year. The report examined the employment, business, and tax impacts of the airport, including the Downtown Island Airport.

The Metropolitan Knoxville Airport Authority (MKAA) was established in 1978 as an independent nonprofit agency to own and operate McGhee Tyson Airport and Downtown Island Airport. The Authority’s nine-member Board of Commissioners is appointed by the Mayor of Knoxville and confirmed by City Council. This Board determines the policies for the current Airport Authority staff of 150 employees in six departments. The Board appoints a President who serves as the chief administrator and executive officer. All of the revenues are generated by user fees and rental income so no taxpayer dollars are used to support airport operations.

Two air cargo services provide daily service. In addition, six passenger airlines carry air cargo on most flights. More than 44,206 tons of airfreight annually pass through its cargo facilities. Federal Express and United Parcel Service are the main couriers.

McGhee Tyson Airport has several major airlines serving 28 non-stop destinations including Atlanta, Chicago, Dallas/Ft. Worth, Denver, New York, Orlando and Washington D.C. With more than 120 arrivals and departures each day and more than 4,000 seats available, McGhee Tyson Airport is one of the most convenient and accessible regional airports in the nation.

The airport is served by two low-fare carriers: Allegiant Air and Frontier Airlines. Allegiant Travel Company is focused on linking travelers in small cities to world-class leisure destinations. Through its subsidiary, Allegiant Air, the company operates a low-cost, high-efficiency, all-jet passenger airline offering air travel both on a stand-alone basis and bundled with hotel rooms, rental cars and other travel related services. Frontier Airlines started flight in the summer of 2011 from Knoxville to its hub in Denver, Colorado.

McGhee Tyson is served by major and regional carriers including:

<u>Major Airlines:</u>		<u>Regional Carriers:</u>	
Allegiant Air	Delta Airlines	American Eagle	United Express
American Airlines	Frontier Airlines	Avelo	
United			

Source: Metropolitan Knoxville Airport Authority.

These airlines connect passengers with service to several hub airports across the nation on more than 100 flights daily.

McGhee Tyson Airport

<u>Total Year</u>	<u>Commercial Passengers</u>	<u>Total Air Cargo in Tons</u>
2014	1,738,133	74,115,672
2015	1,747,472	77,395,631
2016	1,827,989	84,831,987
2017	1,988,626	82,884,887
2018	2,221,137	81,363,507
2019	2,572,822	84,678,684
2020	1,161,447	84,151,936
2021	1,995,197	89,230,552
2022	2,495,737	79,334,045
2023	2,343,910	85,823,544
2024	3,030,494	75,088,531

Source: Metropolitan Knoxville Airport Authority, and Knoxville-Knox County Planning “2025 Facts and Figures”.

TACAir is McGhee Tyson Airport’s general aviation services provider. In addition to providing fuel and services to commercial carriers, they also accommodate the general aviation industry, which includes corporate aviation, charter flights, flight schools and people who fly as a hobby.

The Tennessee Air National Guard’s 134th Air Refueling Group operates 10 aircraft at McGhee Tyson Airport. The Guard’s KC-135E tankers provide refueling to the country’s military aircraft. In addition, the Army Aviation Support Facility, the 110th and 119th Tactical Control Squadrons and the 228th Combat Communications Squadron operate on the base.

Downtown Island Home Airport. Knoxville’s Downtown Island Home Airport, located five minutes from downtown, serves as another home base for smaller and privately owned airplanes. The Island Home Airport is a 150-acre general aviation facility with a 3,500-foot runway. It is home to nearly 140 private and corporate aircraft, with 24 hours a day service available.

Waterways. Fifteen miles away is the head of the Tennessee River navigation channel in Knoxville. This river is part of the Interconnected Inland Water System that links Knoxville with 21 states, the Mississippi River and the Great Lakes. Linkages may be made to the entire inland waterway system, allowing shipments to be made by water to Houston, Tampa, Pittsburgh, Minneapolis and Little Rock.

Six active river terminals handle barge shipments throughout the area. The Tennessee-Tombigbee Waterway links East Tennessee with 13 other states and the Gulf of Mexico. This 234-mile canal connects 16,000 miles of waterways throughout Tennessee, Mississippi and Alabama leading to the Port of Mobile and the Gulf of Mexico. This Waterway shortens the shipping between Tennessee and the Gulf of Mexico by 882 miles and enables East Tennessee products to arrive at their Gulf destination from eight to nine days earlier. The development of the Tennessee-Tombigbee Waterway has been a catalyst for the development of industry and agriculture throughout the area. Barge shipping has always been a popular alternative to rail in East Tennessee because of the existence of the Inland Water System.

Nearby Knoxville also has a Foreign Trade Zone, is an inland Port of Entry with a U.S. Customs Office. In 1988, Knoxville was given its Foreign Trade Zone designation by the U.S. Department of Commerce. This designation allows manufacturers to ship foreign raw materials and components to parts of Knoxville and store them duty free in Knoxville until used. In May 1991, the Foreign Trade Zone was activated.

EDUCATION

Alcoa City Schools District is made up of about 9 square miles. The fall 2024 enrollment was about 1,863 students.

The County is also home to two other school systems: The *Blount County School System* is made up of over 20 public schools, including one alternative education school. Fall 2024 enrollment for Blount County schools is about 10,324. The District's size is about 584 square miles. *Maryville City Schools District* is made up of about 16.2 square miles with seven schools: three elementary, two intermediate, one junior high school and one high school. The fall 2024 enrollment had 4,955 students.

Source: Tennessee Department of Education and the City of Maryville Audit.

Also, there are several private schools that serve the area: Apostolic Christian Academy, Clayton-Bradley Academy, Foothills Christian Academy, New Horizon Montessori School, and Maryville Christian School. Moreover, the County has many opportunities for higher education. In addition to the following schools, the University of Tennessee Knoxville is located in nearby Knox County. It is the largest campus in the UT system.

Maryville College. The private, four-year, liberal arts college, located in Maryville, was founded in 1819 and is one of the fifty oldest institutions of higher learning in the United States. The college is co-educational and grants the degrees of Bachelor of Arts, Bachelor of Science and Bachelor of Music with fifty diverse fields of study. Fall 2024 enrollment is 1,151 students, and the college is situated on a 375-acre campus. Dual degree programs are available in the fields of engineering, pharmacy and veterinary medicine.

Source: Maryville College.

Pellissippi State Community College (the "PSCC") – Blount County Center. The Blount County Center satellite campus for PSCC has been housed at the former Bungalow Elementary School building since 1991. While that location served the needs of the college for many years, the institution has outgrown the aging facility. An average of 1,600 students attend classes at the Blount County Center each year. An expanded 39.5-acre facility allows more students to attend classes nearer to where they live.

Since its founding in 1974 as State Technical Institute at Knoxville, PSCC has expanded the teaching of technology, the use of technology in instruction, and the transfer of technology to local business and industry in support of regional economic development. Enrollment for fall 2025 was listed as 8,292. The PSCC continues to support and develop career/technical associate's degrees and institutional certificates, university parallel associate's degree programs, and continuing education opportunities for the citizens of Knox, Blount, and surrounding counties. PSCC has been named one of the 200 fastest-growing community colleges in the nation, according to Community College

Week.

Several campuses make up the Community College. The main campus is the Pellissippi Campus in west Knoxville. The Division Street Campus and the Magnolia Avenue Campus are also in Knoxville.

Source: Pellissippi State Technical Community College and the City.

Tennessee College of Applied Technology-Knoxville (the "TCAT-Knoxville"). TCAT-Knoxville is part of a statewide system of 27 vocational-technical schools. TCAT-Knoxville meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. TCAT-Knoxville's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. TCAT-Knoxville serves the central east region of the state including Knox and Blount Counties. TCAT-Knoxville began operations in 1966, and the main campus is located in Knox County. Fall 2023 enrollment was 2,280 students.

Source: Tennessee College of Applied Technology-Knoxville.

HOSPITALS

Prisma Health Blount Memorial Hospital. Prisma Health acquired Blount Memorial in December 2024. The Hospital is an acute care, short-term hospital located in Maryville. The Hospital Facility consists of approximately 715,925 square feet and a licensed capacity of 275 beds and 131 physicians. The hospital employs about 2,470 people and had 10,791 admissions in 2018. There are several Special Care Units at Blount Memorial Hospital: ICU, CCU, same day surgery, medical/surgical patient care, Mountain View Recovery Center, emotional health center, family birthing center, and KidCare. The hospital's Emergency Room is open 24 hours and is equipped with 17 treatment rooms.

University of Tennessee Medical Center. Located in nearby Knoxville near the Blount County line, the *UT Medical Center* in Knoxville is an acute care teaching hospital with 589 beds and about 550 doctors. The hospital employs about 5,316 people and had 28,964 admissions for 2018. Designated as the region's Level I adult and pediatric Trauma Center by the state of Tennessee, the Medical Center provides the highest level of programs and emergency services. Critically ill patients are transported to the Medical Center via one of LIFESTAR'S two helicopters.

Special care units such as cardiac care, open heart, medical intensive care, neuro-respiratory, and trauma surgical intensive care are available for patients who require maximum medical attention. A Level IV Intensive Care Nursery, a Pediatric Intensive Care Unit, a newborn nursery and many other programs comprising Children's Health Services enable the hospital to provide the region's most comprehensive medical services for infants and children. University Hospital also serves as the Regional Perinatal Center.

Source: University Health Center and Knoxville News Sentinel.

[balance of page left blank]

MANUFACTURING AND COMMERCE

The economic base for Blount County includes a diversified group of industrial and service companies. The County has nine industrial parks within its boundaries with less than 400 acres remaining for development. Big Springs has 100 acres available in Maryville. Partnership Park North has 220 acres available about 8 miles from McGhee Tyson Airport in Alcoa. Partnership Park South has 210 acres in Maryville. Stock Creek Development Centre is a 24-acre site 5 miles from downtown Knoxville in Rockford.

The County is aligned with many strategic partners that assist growth and attract many advanced technology and R&D based companies. They are the Oak Ridge National Laboratory, the University of Tennessee, the Technology 2020 project, Tennessee Valley Authority and the National Safe Skies Alliance.

Amazon.com, Inc. Amazon currently operates fulfillment and sortation centers in Charleston, Chattanooga, Lebanon, Memphis, Mt. Juliet, Murfreesboro and Nashville, a Prime Now Hub in Nashville and various other facilities supporting last mile delivery operations across the State of Tennessee. New facilities were built in Alcoa and in Clarksville in 2022. The company is in the midst of building a corporate office in downtown Nashville, which will bring 5,000 jobs and house the management functions for Amazon's Retail Operations division. In Tennessee, Amazon has three fulfillment centers that use innovative robotics technology (Alcoa, Memphis and Mt. Juliet), with eighth fulfillment centers total.

Since 2010, Amazon has invested more than \$13 billion in Tennessee, including infrastructure and compensation to thousands of its employees in the state. Amazon's investments in Tennessee contributed an additional \$13 billion into the state's economy, and using methodology developed by the U.S. Bureau of Economic Analysis, Amazon estimates its investments in the state have created an additional 39,000 indirect jobs on top of the company's more than 25,000 direct hires in Tennessee.

Amazon in 2018 bought organic grocer Whole Foods for \$13.7 billion. Amazon also added Sears' Kenmore appliances to its website and is rolling out its own ready-to-cook meal kits, competing with companies such as Blue Apron. Amazon's fulfillment network supports millions of small, medium, and large-sized businesses worldwide through its Fulfillment By Amazon offering. There are more than 30,000 authors, sellers and developers in Tennessee, growing their businesses and reaching new customers on Amazon products and services every day.

Amazon's innovative Career Choice program pre-pays 95 percent of tuition for courses in high-demand fields. Since the program's launch, more than 30,000 employees have pursued degrees in game design and visual communications, nursing, IT programming and radiology, to name a few. In addition, Amazon has pledged to invest over \$700 million to provide upskilling training for 100,000 U.S. employees for in-demand jobs. Programs will help Amazonians from all backgrounds access training to move into highly-skilled roles across the company's corporate offices, tech hubs, fulfillment centers, retail stores, and transportation network, or pursue career paths outside of Amazon.

[balance of page left blank]

Arconic Inc. Formerly ALCOA Inc., Arconic Inc. owns and operates three aluminum plants located in the City of Alcoa near the McGhee Tyson Airport. This operation is the largest aluminum-producing and fabricating complex in the United States. In 2016 ALCOA Inc. split into two standalone companies Arconic Inc. and ALCOA Corp. The former ALCOA Inc. aluminum facility has now become Arconic Inc.

The plant's primary product is flat, rolled aluminum sheets. With aerospace and transportation accounting for 65 percent of the company's Global Rolled Product revenue, several big names in the automobile industry have become customers of Arconic, including Ford, Chrysler and GM. Arconic Inc. can currently supply over 90 percent of a jet engine's necessary components through metallic and carbon fiber reinforced plastic aircraft parts.

The plants have produced in the past about 200 metric tons of aluminum a year. The facility at one time was the largest aluminum manufacturing facility in the world with 12,000 ALCOA Inc. employees. The company has origins going back more than 120 years. Alcoa supplied aluminum for many notable moments in American history, including providing aluminum parts for the Wright Brothers' airplane in Kitty Hawk, North Carolina, paving the way for modern aerospace.

DENSO Tennessee. The automotive parts plant DENSO has three locations in the state – Maryville, Athens and Jackson. The Maryville location contains four plants. DENSO has invested approximately \$3 billion in Tennessee. DENSO opened in 1988 and makes starters, alternators, instrument clusters and electronics for the automotive industry. The company's entire campus covers more than 154 acres and also features a training center, logistics center and associate fitness center. The company provides parts for 20 automakers, including Toyota, Honda, Daimler Chrysler, General Motors, Ford and Subaru. DENSO employs more than 23,000 people across the North American region.

In late 2018 DENSO completed the initial phase of a \$1 billion expansion plan that will result in 1,000 new jobs to its Blount County facility to meet the future demand for electric vehicles.

This new billion-dollar-expansion comes a year after DENSO spent \$400 million building a 500-employee facility at Maryville intended in part to pull together various warehouse operations. Already one of the largest employers in the County, DENSO represents an investment exceeding \$2 billion in the Blount County Industrial Park.

National Safe Skies Alliance is a non-profit consortium dedicated to advancing aviation security by conducting independent testing and evaluation of anti-terrorism technologies in airports nationwide. Safe Skies' membership is comprised of airports, airlines, national laboratories, universities, and the security industry, working in partnership with the Department of Homeland Security - Transportation Security Administration, to protect the traveling public. Safe Skies' staff of security specialists, test engineers and statisticians are experts in the evaluation of security systems for the Passenger Checkpoint, Checked Baggage and Air Cargo, Access Control and the Airport Perimeter.

The *Oak Ridge National Laboratory* (the "ORNL") based in nearby Roane County, is a multiprogram science and technology laboratory managed for the U.S. Department of Energy by UT-Battelle, LLC. Scientists and engineers at ORNL conduct basic and applied research and development to create scientific knowledge and technological solutions that strengthen the nation's

leadership in key areas of science; increase the availability of clean, abundant energy; restore and protect the environment; and contribute to national security. ORNL also performs other work for the Department of Energy, including isotope production, information management, and technical program management, and provides research and technical assistance to other organizations. The laboratory is a program of DOE's Oak Ridge Field Office.

Pellissippi Place is a 450-acre high tech park on the Oak Ridge Corridor in Alcoa located off Old Knoxville Highway and Pellissippi Parkway. The first construction phase was begun in late 2008. The park focuses on technology, corporate research and high-tech business development. Over the course of the project, the park is expected to create over \$1 billion dollars in economic impact. Total build out of the park is estimated between 20 to 30 years. Phase I involved the infrastructure for the park, a phase that cost around \$10 million and was completed in 2010. The development is LEED certified, which requires all developers and contractors to following sustainable green building guidelines recognized by the U.S. Green Building Council.

Molecular Pathology Laboratory Network, which develops molecular diagnostics and cytogenetics tests and services with a focus on pathology, hematology/oncology, obstetrics and gynecology, medical genetics, infection disease, gastroenterology, and internal medicine was the first major tenant in the park. In 2015, ProNova Solutions become the anchor tenant as a proton therapy manufacturer. A new, \$70 million apartment complex is expected to be completed in 2024. The complex will eventually include apartments, retail and restaurants.

The property is owned by Knox County, Blount County, and the cities of Maryville and Alcoa. The development of the entire 450-acre Pellissippi Place is being overseen by the Industrial Development Board of Alcoa and Maryville. Blount Partnership is the umbrella organization that houses the Industrial Development Board, as well as the Smoky Mountain Tourism Development Authority and Blount County Chamber of Commerce.

The *Technology 2020* project was initiated in 1993 to capitalize on the unique resources of the East Tennessee region: the presence of the ORNL, the University of Tennessee-Knoxville, the headquarters of the Tennessee Valley Authority, and a significant number of both large and small technology companies in the region. A \$4.5 million investment has been made by DOE, South Central Bell, the Tennessee Public Service Commission and Lockheed-Martin to set up a regional telecommunications laboratory. This economic development resource center is located in Oak Ridge's Commerce Park. An 18,000 square foot facility has been constructed on the 5.2-acre site. The facility will be used for testing and demonstrating new communications technologies and applications.

Tennessee Main Street Program. The City of Maryville has a historically significant downtown that it has improved through accreditation with the Tennessee Main Street Program. As of May 2024, there are almost 50 communities that are accredited through the state program Tennessee Main Street Accreditation and a program of the national Trust for Historic Preservation (called Main Street America). The Main Street Program provides training, support and grant opportunities to assist in downtown revitalization efforts to focus on historic preservation, community events and economic revitalization. In 2020, accredited Tennessee Main Street communities generated \$79 million of public and private investment and nearly 158 new businesses. The Tennessee Main Street Program requires communities to illustrate a commitment from local

government and other local organizations, an adequate organizational budget, a strong historic preservation ethic, a collection of historic commercial buildings and a walkable district.

Source: Tennessee Department of Economic and Community Development.

The *Tennessee Valley Authority* (the “TVA”) provides support, technology, expertise, and financial resources to existing businesses and industries in the Valley to help them grow and be more efficient and profitable. These resources include technical assistance, low-interest loans, and other tools needed by businesses for successful operation.

The *University of Tennessee's* flagship campus in Knoxville is home to a wide array of vigorous programs doing research on issues vital to the community, the state, the nation, and the world. The university has collaborative relationships with public and private agencies including ORNL, Battelle Memorial Institute (forming UT-Battelle), St. Jude Children's Research Hospital, the Memphis Bioworks Foundation, and the Boston-Baskin Cancer group (forming UT Cancer Institute).

Major Employers in Blount County, Tennessee

<u>Company</u>	<u>Product/Service</u>	<u>Employment</u>
Clayton Homes	Manufactured Housing	5,047
Denso	Automotive Parts	5,000
Blount Memorial Hospital	Healthcare	2,801
McGhee Tyson Air National Guard	Airbase	1,728
Blount County Schools	Education	1,701
Amazon	Distribution	1,700
Maryville City Schools	Education	1,499
Arconic Inc. ¹	Aluminum Ingot, Coiled Steel	1,100
Newell Brands	Manufacturer	900
Blount County Government	Government	774
Accenture	Hotel Customer Service	541
Peninsula Hospital	Healthcare	396
Maryville College	Education	376
Standard Aero Alliance Inc.	Aircraft Engines and Parts	350
City of Maryville	Government	311
City of Alcoa	Government	302
DWK Life Science	Manufacturing	300
City of Alcoa	Government	298
Ruby Tuesday Inc.	Restaurants	295
Performance Foodservice	Distribution	282
Alcoa City Schools	Education	281
Skier’s Choice	Manufacturing	270
Flex-N-Gate	Manufacturing	262

¹ Headquarters are based in Blount County, but employment includes some employees working in Knox County.

Source: Knoxville Chamber of Commerce, and the Cities of Alcoa and Maryville Audits - 2024.

ECONOMIC DATA

Social and Economic Characteristics

	<u>National</u>	<u>Tennessee</u>	<u>Blount County</u>	<u>Alcoa</u>	<u>Maryville</u>
Median Value Owner Occupied Housing	\$303,400	\$256,800	\$247,600	\$232,300	\$310,600
% High School Graduates or Higher Persons 25 Years Old and Older	89.40%	89.60%	90.4%	90.7%	93.7%
% Persons with Income Below Poverty Level	11.10%	14.00%	9.7%	15.4%	8.1%
Median Household Income	\$78,538	\$67,097	\$70,935	\$60,049	\$79,340

Source: U.S. Census Bureau State & County QuickFacts - 2023.

Per Capita Personal Income

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
National	\$55,567	\$59,123	\$64,460	\$66,244	\$69,810
Tennessee	\$48,903	\$51,959	\$57,508	\$59,210	\$62,229
Blount County	\$45,405	\$48,415	\$52,907	\$55,312	\$58,447
Index vs. National	82	82	82	83	84
Index vs. State	93	93	92	93	94
Knoxville MSA	\$48,434	\$51,757	\$57,581	\$58,941	\$62,167
Index vs. National	87	88	89	89	89
Index vs. State	99	100	100	100	100
Knoxville-Sevierville-Harriman CSA	\$46,208	\$49,392	\$55,135	\$56,474	\$59,503
Index vs. National	83	84	86	85	85
Index vs. State	94	95	96	95	96

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

RECREATION

Appalachian National Scenic Trail (the "AT"). The Appalachian Trail is a 2,175-mile long footpath stretching through 14 eastern states from Maine to Georgia. It can be accessed in Blount County through the Great Smoky Mountain National Park in Townsend. Conceived in 1921 and first completed in 1937, it traverses the wild, scenic, wooded, pastoral, and culturally significant lands of the Appalachian Mountains. The AT is enjoyed by an estimated 4 million people each year.

Source: National Park Service.

Fort Loudoun State Historic Park. Fort Loudoun State Park is located in Vonore (in Monroe County) on TVA's Tellico Reservoir. This 1,200-acre site is the location of one of the earliest British fortifications on the western frontier, built in 1756. Today the fort and the 1794 Tellico Blockhouse overlook the Tellico Reservoir and the Appalachian Mountains. Much of the park's 1,200-acres lie on an island on Tellico Lake. The park has a Visitor Center/Museum that offers information on the area's history and artifacts that were excavated prior to the Fort's reconstruction. The largest event of each year is an 18th Century Trade Faire that showcases many aspects of that century. There are over 150,000 visitors to the park each year. British soldiers, civilians, ladies and small children come together with traders, French soldiers, Creek and Cherokee Indians.

Source: Tennessee State Parks.

Great Smoky Mountains National Park (the "Park"). The Great Smoky Mountains National Park straddles the border between North Carolina and Tennessee in Blount and Sevier Counties and the southern part of Cocke County. Monroe County is located southwest of the Park. The City of Gatlinburg in Sevier County is the gateway city to the Park. Over 500,000 acres were set aside in 1934 to form the Park. The Park includes 244,000 acres in Tennessee and 276,000 acres in North Carolina and covers a total 800 square miles. It includes 97 historic and 342 modern structures that are maintained by the Park. The Park is a hiker's paradise with over 800 miles of maintained trails, including the Appalachian Trail. The Smoky Mountains have the most biological diversity of any area in the world's temperate zone. The Park is a sanctuary for a magnificent array of animal and plant life, all of which is protected for future generations to enjoy.

Located in the center of the eastern half of the United States, the Park is readily accessible to 70% of the country's population. Each year it draws the largest attendance of any of the National Parks in the United States. Visitors to the Tennessee side of the park during 2020 reached over 12.4 million. The Park is also one of the few national parks that does not charge an entrance fee.

A news release from the park service says the spending supported 10,734 jobs in the local area. The peer-reviewed visitor spending analysis was conducted by U.S. Geological Survey economists along with the National Park Service. The report shows \$14.7 billion of direct spending by 283 million park visitors in communities within 60 miles of a national park. According to the report, most visitor spending supports jobs in restaurants, grocery and convenience stores (39 percent); hotels, motels and bed and breakfasts (27 percent); and other amusement and recreation (20 percent).

Source: National Park Service.

RECENT DEVELOPMENTS

Amazon. Amazon launched a new, state-of-the-art fulfillment center in Alcoa in 2023. This will create approximately 800 new, full-time jobs with benefits and opportunities to engage with advanced robotics. Amazon employees at the more than 634,812-square-foot fulfillment center will pick, pack and ship smaller customer items, such as books, electronics and consumer goods. Amazon also began built in 2021 distribution facilities in Maryville and Knoxville.

BJ Wholesale Club. Construction began on the new retail facility beside Foothills Mall, with an opening planned for the end of 2024. Approximately 100 jobs will be created for the facility. In addition to groceries, several services include gas pumps, eyecare, and more. In 2023, Publix

opened at the old Sears location (closed in 2019) at the mall's south end. BJ's will sit at the north end, taking up the space held by the now-demolished JCPenney building (closed in 2020).

Company Distilling. Company Distilling established new operations in Blount County in 2021. The distilling company create approximately 60 new jobs and invested \$20.2 million to establish two multi-use facilities in Townsend and Alcoa for bourbon-whiskey manufacturing, tasting rooms and outdoor activities. The Townsend location includes a 4,000-square-foot tasting room and outdoor space for activities with access to the Great Smoky Mountains National Park. The second location opened 2022 in Springbrook Farm, a master planned “city center” in Alcoa. It will serve as the primary distillery and location for the spirit’s main manufacturing. The 20,000-square-foot refurbished building includes a tasting room and retail store along with family-friendly outdoor activities and entertainment on the property’s 31 acres.

Flex-N-Gate. Flex-N-Gate officials expanded its operations in 2021 in Blount County. This created approximately 91 new jobs for the automotive original equipment manufacturer (OEM) supplier that specializes in manufacturing plastic, metal, lighting and mechanical assemblies. The company invested \$5.5 million to upgrade and expand its Rockford manufacturing facility and increase production in lighting materials. Flex-N-Gate has been manufacturing automotive parts since the 1960s. Headquartered in Illinois, Flex-N-Gate currently employs approximately 185 people at its Rockford location and 23,000 throughout the world.

Pellissippi Place. In 2022, it was announced that a new \$70 million apartment complex at Pellissippi Place are planned to create live-work neighborhood inside Alcoa technology park. Ramston Capital, a Nashville-based developer, is investing between \$70-\$80 million to build a mixed-use residential project at Pellissippi Place, a research and development park in Alcoa. The four-story residential project will be constructed on about 13 acres of the 450-acre park. The apartment complex is expected to be completed by 2024.

Pellissippi State Community College (the “PSCC”). PSCC constructed a \$16.5 million, 52,397 square-foot Ruth and Steve West Workforce Development Center at the Blount County campus in 2021. The center is a training hub where students can master the skills necessary to fill critical local jobs, including in manufacturing, computer programming and robotics. The Tennessee College of Applied Technology – Knoxville also has a presence in the center offering programs in welding, mechatronics and pipefitting.

Smith & Wesson Brands. Gun manufacturer Smith & Wesson Brands relocated its headquarters and other major operation to Maryville in 2021, creating approximately 750 new jobs in an \$125 million investment. The company relocated distribution, assembly and plastic injection molding operations to Partnership Park North in Blount County. Smith & Wesson, founded in 1852, is one of the largest manufacturer and designers of guns in the world, from revolvers and pistols to modern sporting rifles. Ground-breaking occurred in November 2021.

Source: The Blount County Economic Development Board, The Daily Times, Knoxville News Sentinel and WBIR Knoxville, TN.

[balance of page left blank]

CITY OF ALCOA, TENNESSEE
SUMMARY OF BONDED INDEBTEDNESS

PURPOSE	DUE DATE	INTEREST MODE ¹	General Fund	Water & Sewer	Landfill	Electric	(Unaudited)	
							As of June 30, 2025	Estimated ¹
							OUTSTANDING	
\$9,225,000 Loan Agreement (Maryville Civic Arts Center), Series 2009	June 2036	Variable ²	5,165,000	-	-	-	\$ 5,165,000	
\$77,370,000 Loan Agreement, Series E-5-B	June 2042	Variable ²	5,545,000	23,695,000	-	7,860,000	\$ 37,100,000	
\$9,625,000 General Obligation Refunding Bonds, Series 2016A	June 2042	Fixed	2,635,000	4,920,000	-	-	\$ 7,555,000	
\$9,995,000 General Obligation Bonds, Series 2017	June 2037	Fixed	7,100,000	-	-	-	\$ 7,100,000	
\$9,975,000 General Obligation Bonds, Series 2018	May 2038	Fixed	6,225,000	1,050,000	-	-	\$ 7,275,000	
\$28,300,000 General Obligation Refunding Bonds, Series 2020	June 2042	Fixed	23,000,000	1,550,000	-	-	\$ 24,550,000	
\$6,200,000 General Obligation Refunding Bonds, Series 2020B	June 2045	Fixed	-	5,390,000	-	-	\$ 5,390,000	
\$4,815,000 General Obligation Bonds, Series 2020C (Federally Taxable)	June 2030	Fixed	-	2,990,000	-	-	\$ 2,990,000	
\$9,460,000 General Obligation Bonds, Series 2021A	March 2050	Fixed	5,715,000	2,915,000	-	-	\$ 8,630,000	
\$5,550,000 General Obligation Bonds, Series 2021B (Federally Taxable)	March 2026	Fixed	379,301	143,472	423,897	253,330	\$ 1,200,000	
\$22,900,000 General Obligation Bonds, Series 2022A	June 2052	Fixed	18,490,000	-	765,000	2,445,000	\$ 21,700,000	
\$8,475,000 General Obligation Refunding Bonds, Series 2022B	March 2045	Fixed	7,675,000	-	-	-	\$ 7,675,000	
TOTAL BONDED DEBT			\$ 81,929,301	\$ 42,653,472	\$ 1,188,897	\$ 10,558,330	\$ 136,330,000	
Current Issue: \$9,995,000 General Obligation Bonds, Series 2025	June 2055	Fixed	9,995,000	-	-	-	\$ 9,995,000	
Less: Revenue-Supported Debt			-	(42,653,472)	(1,188,897)	(10,558,330)	\$ (54,400,699)	
NET BONDED DEBT			\$ 91,924,301	\$ -	\$ -	\$ -	\$ 91,924,301	

NOTES:

¹ The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein.

² The City budgets to account for interest rate and/or basis risk.

CITY OF ALCOA, TENNESSEE
Indebtedness and Debt Ratios

INTRODUCTION

The information set forth in the following table is based upon information derived in part from the GENERAL PURPOSE FINANCIAL STATEMENTS which are included herein and the table should be read in conjunction with those statements.

	For Fiscal Year Ended June 30				Unaudited 2025	After Issuance 2025
	2021	2022	2023	2024		
INDEBTEDNESS						
TAX SUPPORTED						
General Obligation Bonds & Notes	\$ 77,672,169	\$ 92,811,556	\$ 89,516,469	\$ 85,855,663	\$ 81,929,301	\$ 91,924,301
TOTAL TAX SUPPORTED	\$ 77,672,169	\$ 92,811,556	\$ 89,516,469	\$ 85,855,663	\$ 81,929,301	\$ 91,924,301
REVENUE SUPPORTED						
Water & Sewer & Solid Waste Revenue Bonds	\$ 53,336,011	\$ 51,544,406	\$ 49,102,296	\$ 46,494,854	\$ 43,842,370	\$ 43,842,370
Electric Revenue Bonds	13,561,820	14,914,038	13,578,146	12,094,483	10,558,330	10,558,330
TOTAL REVENUE SUPPORTED	\$ 66,897,831	\$ 66,458,444	\$ 62,680,442	\$ 58,589,337	\$ 54,400,699	\$ 54,400,699
TOTAL DEBT	\$ 144,570,000	\$ 159,270,000	\$ 152,196,911	\$ 144,445,000	\$ 136,330,000	\$ 146,325,000
Less: Revenue Supported Debt	\$ (66,897,831)	\$ (66,458,444)	\$ (62,680,442)	\$ (58,589,337)	\$ (54,400,699)	\$ (54,400,699)
Less: Debt Service Fund	(1,718,254)	(2,160,661)	(2,486,757)	(2,498,055)	(2,498,055)	(2,498,055)
NET DIRECT DEBT	\$ 75,953,915	\$ 90,650,895	\$ 87,029,712	\$ 83,357,608	\$ 79,431,246	\$ 89,426,246
OVERLAPPING DEBT (1)	\$ 20,369,608	\$ 18,686,961	\$ 17,223,683	\$ 13,651,275	\$ 12,633,528	\$ 12,633,528
NET DIRECT & OVERLAPPING DEBT	\$ 96,323,522	\$ 109,337,856	\$ 104,253,395	\$ 97,008,883	\$ 92,064,774	\$ 102,059,774
PROPERTY TAX BASE						
Estimated Actual Value	\$ 1,848,172,764	\$ 2,223,738,753	\$ 2,305,681,515	\$ 2,653,360,261	\$ 2,754,047,620	\$ 2,754,047,620
Appraised Value	1,848,172,764	1,812,347,084	1,879,130,435	2,653,360,261	2,754,047,620	2,754,047,620
Assessed Value	607,454,037	599,421,927	621,024,753	844,433,694	881,373,325	881,373,325

(1) OVERLAPPING DEBT includes the City's share of Blount County's Net Direct Debt.

Source: General Purpose Financial Statements and City Officials.

DEBT RATIOS	For Fiscal Year Ended June 30				Unaudited 2025	After Issuance 2025
	2021	2022	2023	2024		
TOTAL DEBT to Estimated Actual Value	7.82%	7.16%	6.60%	5.44%	4.95%	5.31%
TOTAL DEBT to Appraised Value	7.82%	8.79%	8.10%	5.44%	4.95%	5.31%
TOTAL DEBT to Assessed Value	23.80%	26.57%	24.51%	17.11%	15.47%	16.60%
NET DIRECT DEBT to Estimated Actual Value	12.50%	15.12%	14.01%	9.87%	9.01%	10.15%
NET DIRECT DEBT to Appraised Value	4.11%	5.00%	4.63%	3.14%	2.88%	3.25%
NET DIRECT DEBT to Assessed Value	12.50%	15.12%	14.01%	9.87%	9.01%	10.15%
OVERLAPPING DEBT to Estimated Actual Value	1.10%	0.84%	0.75%	0.51%	0.46%	0.46%
OVERLAPPING DEBT to Appraised value	1.10%	1.03%	0.92%	0.51%	0.46%	0.46%
OVERLAPPING DEBT to Assessed Value	3.35%	3.12%	2.77%	1.62%	1.43%	1.43%
NET DIRECT & OVERLAPPING DEBT to Estimated Actual Value	5.21%	4.92%	4.52%	3.66%	3.34%	3.71%
NET DIRECT & OVERLAPPING DEBT to Appraised Value	5.21%	6.03%	5.55%	3.66%	3.34%	3.71%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	15.86%	18.24%	16.79%	11.49%	10.45%	11.58%
PER CAPITA RATIOS						
ESTIMATED POPULATION (1)	11,375	12,500	13,000	13,500	15,000	15,100
PER CAPITA PERSONAL INCOME (2)	\$ 52,596	\$ 52,596	\$ 52,596	\$ 52,596	\$ 52,596	\$ 52,596
Estimated Actual Value to POPULATION	\$ 162,477	\$ 177,899	\$ 177,360	\$ 196,545	\$ 183,603	\$ 182,387
Assessed Value to POPULATION	\$ 53,403	\$ 47,954	\$ 47,771	\$ 62,551	\$ 58,758	\$ 58,369
Total Debt to POPULATION	\$ 12,709	\$ 12,742	\$ 11,707	\$ 10,700	\$ 9,089	\$ 9,690
Net Direct Debt to POPULATION	\$ 6,677	\$ 7,252	\$ 6,695	\$ 6,175	\$ 5,295	\$ 5,922
Overlapping Debt to POPULATION	\$ 1,791	\$ 1,495	\$ 1,325	\$ 1,011	\$ 842	\$ 837
Net Direct & Overlapping Debt to POPULATION	\$ 8,468	\$ 8,747	\$ 8,019	\$ 7,186	\$ 6,138	\$ 6,759
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	24.16%	24.23%	22.26%	20.34%	17.28%	18.42%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	12.70%	13.79%	12.73%	11.74%	10.07%	11.26%
Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	3.40%	2.84%	2.52%	1.92%	1.60%	1.59%
Net Direct & Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	16.10%	16.63%	15.25%	13.66%	11.67%	12.85%

(1) Per Capita computations are based upon POPULATION data according to the U.S. Census.

(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the U. S. Department of Commerce.

CITY OF ALCOA, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS

General Obligation
As of June 30, 2025 (Unaudited)

F.Y. Ended	Existing Debt - General Obligation (1)		Estimated Debt - General Obligation (2)		General Obligation Bonds, Series 2025			% Series 2025		Total Bonded Debt			% All Principal Repaid
	Principal	Interest (2)	TOTAL	Principal	Interest (3)	TOTAL	Principal Repaid	Interest	Principal	Interest	TOTAL		
6/30													
2026	\$ 4,044,301	\$ 2,758,229	\$ 6,802,530	\$ -	\$ 207,674	\$ 207,674	\$ 4,044,301	\$ 2,965,903	0.00%	\$ 4,044,301	\$ 2,965,903	\$ 7,010,204	4.40%
2027	3,985,000	2,605,594	6,590,594	180,000	424,788	604,788	4,165,000	3,030,381		4,165,000	3,030,381	7,195,381	
2028	4,115,000	2,440,419	6,555,419	190,000	417,138	607,138	4,305,000	2,857,556		4,305,000	2,857,556	7,162,556	
2029	4,040,000	2,269,019	6,309,019	195,000	409,063	604,063	4,235,000	2,678,081		4,235,000	2,678,081	6,913,081	
2030	4,170,000	2,112,819	6,282,819	205,000	400,775	605,775	4,375,000	2,513,594	7.70%	4,375,000	2,513,594	6,888,594	22.98%
2031	4,315,000	1,961,119	6,276,119	215,000	392,063	607,063	4,530,000	2,353,181		4,530,000	2,353,181	6,883,181	
2032	4,430,000	1,809,344	6,239,344	225,000	382,925	607,925	4,655,000	2,192,269		4,655,000	2,192,269	6,847,269	
2033	4,565,000	1,652,937	6,217,937	235,000	373,363	608,363	4,800,000	2,026,300		4,800,000	2,026,300	6,826,300	
2034	4,760,000	1,501,325	6,261,325	240,000	363,375	603,375	5,000,000	1,864,700		5,000,000	1,864,700	6,864,700	
2035	4,875,000	1,341,925	6,216,925	255,000	353,175	608,175	5,130,000	1,695,100	19.41%	5,130,000	1,695,100	6,825,100	49.21%
2036	5,080,000	1,178,463	6,258,463	265,000	342,338	607,338	5,345,000	1,520,800		5,345,000	1,520,800	6,865,800	
2037	3,770,000	1,008,675	4,778,675	275,000	331,075	606,075	4,045,000	1,339,750		4,045,000	1,339,750	5,384,750	
2038	3,170,000	899,063	4,069,063	285,000	319,388	604,388	3,455,000	1,218,450		3,455,000	1,218,450	4,673,450	
2039	3,260,000	807,488	4,067,488	300,000	307,275	607,275	3,560,000	1,114,763		3,560,000	1,114,763	4,674,763	
2040	3,350,000	713,288	4,063,288	310,000	294,525	604,525	3,660,000	1,007,813	33.77%	3,660,000	1,007,813	4,667,813	71.04%
2041	3,000,000	616,463	3,616,463	325,000	281,350	606,350	3,325,000	897,813		3,325,000	897,813	4,222,813	
2042	3,090,000	525,115	3,615,115	340,000	267,538	607,538	3,430,000	792,653		3,430,000	792,653	4,222,653	
2043	3,185,000	431,025	3,616,025	355,000	253,088	608,088	3,540,000	684,113		3,540,000	684,113	4,224,113	
2044	1,605,000	333,088	1,938,088	370,000	238,000	608,000	1,975,000	571,088		1,975,000	571,088	2,546,088	
2045	1,650,000	282,063	1,932,063	385,000	222,275	607,275	2,035,000	504,338	51.53%	2,035,000	504,338	2,539,338	86.60%
2046	1,185,000	229,600	1,414,600	400,000	205,913	605,913	1,585,000	455,513		1,585,000	455,513	2,020,513	
2047	1,220,000	192,275	1,412,275	415,000	188,913	603,913	1,635,000	381,188		1,635,000	381,188	2,016,188	
2048	1,260,000	153,850	1,413,850	435,000	171,275	606,275	1,695,000	325,125		1,695,000	325,125	2,020,125	
2049	910,000	114,150	1,024,150	455,000	152,788	607,788	1,365,000	266,938		1,365,000	266,938	1,631,938	
2050	935,000	86,850	1,021,850	470,000	133,450	603,450	1,405,000	220,300	73.29%	1,405,000	220,300	1,625,300	94.96%
2051	965,000	58,800	1,023,800	490,000	113,475	603,475	1,455,000	172,275		1,455,000	172,275	1,627,275	
2052	995,000	29,850	1,024,850	515,000	92,650	607,650	1,510,000	122,500		1,510,000	122,500	1,632,500	
2053	-	-	-	535,000	70,763	605,763	535,000	70,763		535,000	70,763	605,763	
2054	-	-	-	555,000	48,025	603,025	555,000	48,025		555,000	48,025	603,025	
2055	-	-	-	575,000	24,438	599,438	575,000	24,438	100.00%	575,000	24,438	599,438	100.00%
	<u>\$ 81,929,301</u>	<u>\$ 28,112,832</u>	<u>\$ 110,042,132</u>	<u>\$ 9,995,000</u>	<u>\$ 7,782,874</u>	<u>\$ 17,777,874</u>	<u>\$ 91,924,301</u>	<u>\$ 35,895,705</u>		<u>\$ 91,924,301</u>	<u>\$ 35,895,705</u>	<u>\$ 127,820,006</u>	

NOTES:

- (1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein.
- (2) The City budgets to account for interest rate and/or basis risk.
- (2) Estimated Interest Rates. Estimated Average Coupon of 4.25%.

CITY OF ALCOA, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS
REVENUE AND TAX SUPPORTED

Water And Sewer System
As of June 30, 2025 (Unaudited)

F.Y. Ended	Total Bonded Debt Service Requirements (1) & (2)			% All Principal Repaid	
	6/30	Principal	Interest		TOTAL
2026	\$	2,213,472	\$ 1,644,374	\$ 3,857,846	5.19%
2027		2,200,000	1,569,648	3,769,648	
2028		2,215,000	1,487,728	3,702,728	
2029		2,285,000	1,407,083	3,692,083	
2030		2,345,000	1,319,693	3,664,693	26.40%
2031		2,620,000	1,231,233	3,851,233	
2032		2,700,000	1,133,557	3,833,557	
2033		2,575,000	1,032,083	3,607,083	
2034		2,520,000	933,445	3,453,445	
2035		2,160,000	833,783	2,993,783	55.88%
2036		2,210,000	741,633	2,951,633	
2037		2,205,000	647,983	2,852,983	
2038		2,300,000	553,833	2,853,833	
2039		2,295,000	456,595	2,751,595	
2040		2,340,000	360,395	2,700,395	82.49%
2041		2,835,000	262,845	3,097,845	
2042		2,920,000	150,445	3,070,445	
2043		385,000	35,495	420,495	
2044		380,000	27,795	407,795	
2045		380,000	20,195	400,195	98.66%
2046		115,000	12,480	127,480	
2047		115,000	10,065	125,065	
2048		115,000	7,650	122,650	
2049		115,000	5,063	120,063	
2050		110,000	2,475	112,475	100.00%
		<u>\$ 42,653,472</u>	<u>\$ 15,887,569</u>	<u>\$ 58,541,041</u>	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included in herein.

(2) The City budgets to account for interest rate and/or basis risk.

CITY OF ALCOA, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS
REVENUE AND TAX SUPPORTED
Solid Waste System
As of June 30, 2025 (Unaudited)

F.Y. Ended 6/30	Total Bonded Debt Service Requirements (1)			% All Principal Repaid
	Principal	Interest	TOTAL	
2026	\$ 508,897	\$ 38,326	\$ 547,223	42.80%
2027	85,000	30,600	115,600	49.95%
2028	85,000	26,350	111,350	57.10%
2029	85,000	22,100	107,100	64.25%
2030	85,000	17,850	102,850	71.40%
2031	85,000	13,600	98,600	78.55%
2032	85,000	9,350	94,350	85.70%
2033	85,000	5,100	90,100	92.85%
2034	85,000	2,550	87,550	100.00%
	<u>\$ 1,188,897</u>	<u>\$ 165,826</u>	<u>\$ 1,354,723</u>	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included in herein.

CITY OF ALCOA, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS
Revenue & Tax Supported - Electric System
As of June 30, 2025 (Unaudited)

F.Y. Ended 6/30	Total Bonded Debt Service Requirements (1) & (2)			% Principal Repaid
	Principal	Interest	TOTAL	
2026	\$ 1,583,330	\$ 481,327	\$ 2,064,657	15.00%
2027	1,405,000	412,750	1,817,750	
2028	1,455,000	342,500	1,797,500	
2029	1,525,000	269,750	1,794,750	
2030	1,600,000	193,500	1,793,500	71.68%
2031	1,100,000	113,500	1,213,500	
2032	90,000	58,500	148,500	
2033	90,000	54,000	144,000	
2034	90,000	51,300	141,300	
2035	90,000	48,600	138,600	85.51%
2036	90,000	45,900	135,900	
2037	90,000	43,200	133,200	
2038	90,000	40,500	130,500	
2039	90,000	37,800	127,800	
2040	90,000	35,100	125,100	89.77%
2041	90,000	32,400	122,400	
2042	90,000	29,700	119,700	
2043	90,000	27,000	117,000	
2044	90,000	24,300	114,300	
2045	90,000	21,600	111,600	94.03%
2046	90,000	18,900	108,900	
2047	90,000	16,200	106,200	
2048	90,000	13,500	103,500	
2049	90,000	10,800	100,800	
2050	90,000	8,100	98,100	98.30%
2051	90,000	5,400	95,400	
2052	90,000	2,700	92,700	100.00%
	<u>\$ 10,558,330</u>	<u>\$ 2,438,827</u>	<u>\$ 12,997,157</u>	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included in herein.

(2) The City budgets to account for interest rate and/or basis risk.

FINANCIAL INFORMATION

INTRODUCTION

As required by generally accepted accounting principles (GAAP), all City funds and account groups are organized according to standards established by the Government Accounting Standards Board (GASB). The City's financial reporting system is designed to provide timely, accurate feedback on the City's overall financial position and includes, at a minimum, quarterly reports to the City Commission. All City financial statements are audited annually by independent certified public accountants.

The City's General Purpose Financial Statements, which is an extract of the Annual Comprehensive Financial Report included herein.

BASIS OF ACCOUNTING AND PRESENTATION

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as a net current asset. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general ruling include: (1) sick pay which is not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

BUDGETARY PROCESS

The City Manager in a timely manner is required to submit to the Board of Commissioners a proposed operating budget for the fiscal year which begins on the following July 1. A public hearing is conducted by the Board of Commissioners to obtain citizen comment on the proposed budget. Prior to June 30th, the budget must be adopted. All annual appropriations lapse at the end of the fiscal year.

Amendments which revise the total expenditures of any fund may occur at any time during the fiscal year. The City Manager may, on his own authority, transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the Board of Commissioners.

[balance of page left blank]

FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

The City maintains fund balances, net assets or retained earnings in most major operating funds. Additionally, several reserves have been established to address specific needs of the City.

The table below depicts fund balances and retained earnings for the last five fiscal years ending June 30:

	<u>For the year ended June 30</u>				
<u>Fund Type</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<i>Governmental Funds:</i>					
General	\$ 8,754,196	\$13,245,986	\$15,225,388	\$20,703,845	\$23,517,393
Education	1,238,680	2,431,398	3,476,972	3,973,538	4,555,124
Debt Service	1,648,124	1,718,254	2,160,661	2,486,757	2,498,055
Other					
Governmental	<u>9,868,913</u>	<u>8,207,022</u>	<u>18,219,717</u>	<u>7,749,822</u>	<u>6,802,224</u>
Total	<u>\$21,509,913</u>	<u>\$25,602,680</u>	<u>\$39,082,738</u>	<u>\$34,913,962</u>	<u>\$37,372,796</u>
<i>Proprietary Net Assets:</i>					
Stormwater	\$ 2,574,415	\$ 2,806,029	\$ 2,983,414	\$ 6,197,339	\$ 7,053,593
Water/Sewer	25,921,105	28,263,604	32,986,982	38,729,450	41,781,094
Electric	38,392,250	39,335,933	40,801,651	43,597,968	44,682,140
Landfill	<u>5,033,997</u>	<u>6,577,453</u>	<u>8,771,839</u>	<u>11,592,239</u>	<u>15,828,798</u>
Total	<u>\$71,921,767</u>	<u>\$76,983,019</u>	<u>\$85,543,886</u>	<u>\$100,116,996</u>	<u>\$109,345,625</u>

Source: Annual Comprehensive Financial Reports of the City of Alcoa, Tennessee.

[balance of page left blank]

CITY OF ALCOA, TENNESSEE
FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - General Fund
For the Fiscal Year Ended June 30

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues:					
Local Taxes	\$ 23,045,951	\$ 24,396,027	\$ 25,880,770	\$ 27,850,930	\$ 29,640,881
Licenses and Permits	133,231	842,527	587,772	278,458	286,609
Intergovernmental Revenue	1,702,040	2,205,553	2,056,128	2,108,522	2,301,078
Charges for Service	741,833	768,215	663,722	737,444	1,004,490
Fines and Forfeits	318,630	354,221	371,026	345,913	311,759
Rent for use of Facilities	143,794	141,003	179,940	164,910	162,366
Interest and Investment Earnings	55,566	7,491	6,681	268,823	753,969
Miscellaneous	345,231	582,003	334,684	2,941,924	807,998
Sale of Property / Equipment	-	-	-	-	-
Total Revenues	<u>\$ 26,486,276</u>	<u>\$ 29,297,040</u>	<u>\$ 30,080,723</u>	<u>\$ 34,696,924</u>	<u>\$ 35,269,150</u>
Expenditures and Other Uses:					
General Government	\$ 2,719,864	\$ 2,689,794	\$ 2,930,449	\$ 3,448,073	\$ 3,893,027
Public Safety	9,911,410	10,405,662	10,856,239	11,574,057	12,263,134
Public Works	4,813,377	4,658,603	5,525,925	5,975,660	6,002,853
Recreation and Parks	-	-	-	-	-
Other Appropriations	2,353,303	2,418,114	2,527,947	2,602,141	2,489,219
Adjustment	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	131,743	135,750
Interest and Fiscal Charges	-	-	-	17,956	13,947
Capital Projects	-	140,832	1,969,298	-	-
Total Expenditures	<u>\$ 19,797,954</u>	<u>\$ 20,313,005</u>	<u>\$ 23,809,858</u>	<u>\$ 23,749,630</u>	<u>\$ 24,797,930</u>
Excess of Revenues & Over (under) Expenditures	\$ 6,688,322	\$ 8,984,035	\$ 6,270,865	\$ 10,947,294	\$ 10,471,220
Other Financing Sources (Uses):					
Interfund Transfers - In	\$ -	\$ -	\$ 1,661,333	\$ -	\$ -
Interfund Transfers - Out	(6,495,000)	(5,826,500)	(9,452,640)	(7,103,500)	(9,234,160)
In Lieu of Taxes	2,042,775	1,334,255	1,597,105	1,634,663	1,576,488
Proceeds of Bonds	-	-	-	-	-
Payment of Refunding Bonds and Maryville College	-	-	-	-	-
Payment to Blount County	-	-	-	-	-
Other	-	-	1,902,739	-	-
Total Other Financing Sources (Uses)	<u>\$ (4,452,225)</u>	<u>\$ (4,492,245)</u>	<u>\$ (4,291,463)</u>	<u>\$ (5,468,837)</u>	<u>\$ (7,657,672)</u>
Excess of Revenue and Other Sources over (Under) Expenditures and Other Sources	\$ 2,236,097	\$ 4,491,790	\$ 1,979,402	\$ 5,478,457	\$ 2,813,548
Extraordinary Item	-	-	-	-	-
Fund Balance July 1	\$ 6,518,099	\$ 8,754,196	\$ 13,245,986	\$ 15,225,388	\$ 20,703,845
Prior Period Adjustment	-	-	-	-	-
Fund Balance June 30	<u>\$ 8,754,196</u>	<u>\$ 13,245,986</u>	<u>\$ 15,225,388</u>	<u>\$ 20,703,845</u>	<u>\$ 23,517,393</u>

Source: Annual Comprehensive Financial Report for City of Alcoa, Tennessee

CITY OF ALCOA, TENNESSEE
FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - Water and Sewer Fund
For the Fiscal Year Ended June 30

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues:					
Charges for Services	\$ 15,381,718	\$ 15,393,998	\$ 16,050,398	\$ 16,763,479	\$ 17,810,621
Miscellaneous Revenues	490,582	688,321	450,194	706,950	494,960
Total Revenues	<u>\$ 15,872,300</u>	<u>\$ 16,082,319</u>	<u>\$ 16,500,592</u>	<u>\$ 17,470,429</u>	<u>\$ 18,305,581</u>
Expenses:					
Administrative	\$ 844,736	\$ 1,063,845	\$ 647,202	\$ 809,579	\$ 984,774
Accounting & Collection	1,134,675	1,084,624	1,081,795	1,363,002	1,565,838
Supervision	625,248	587,059	604,247	768,705	649,264
Water Plant Operation	1,573,688	1,680,429	1,584,146	1,739,188	1,924,571
Distribution	753,234	817,445	959,874	1,360,747	1,081,139
Meter Reading and Repair	371,303	383,628	666,896	320,171	491,259
Water Maintenance	328,286	330,815	417,373	404,764	361,925
Sewer Collection and Disposal	2,909,588	3,108,341	3,091,458	4,154,213	5,156,057
Inspection/Environmental Compliance	116,332	98,640	105,156	149,145	197,018
Depreciation and Amortization	2,820,140	2,911,151	2,931,221	3,071,069	3,606,909
Special Projects	-	-	-	-	-
Total Expenses	<u>\$ 11,477,230</u>	<u>\$ 12,065,977</u>	<u>\$ 12,089,368</u>	<u>\$ 14,140,583</u>	<u>\$ 16,018,754</u>
Operating Income	\$ 4,395,070	\$ 4,016,342	\$ 4,411,224	\$ 3,329,846	\$ 2,286,827
Other Income/Expense:					
Grant	\$ -	\$ 37,791	\$ 973,792	\$ 1,987,409	\$ -
Debt Issuance	(44,049)	(263,559)	-	-	-
Other Income (Expenses)	13,654	(182,304)	77,161	56,348	23,767
Amortization of Discount/Expense	(24,992)	(1,031,870)	(161,756)	(161,756)	(211,200)
Interest Income (Expense)	(1,589,413)	11,375	(1,105,956)	(1,109,562)	(1,143,436)
Total Other Income (Expense)	<u>\$ (1,644,800)</u>	<u>\$ (1,428,567)</u>	<u>\$ (216,759)</u>	<u>\$ 772,439</u>	<u>\$ (1,330,869)</u>
Net Income before Capital Contribution and Transfers	\$ 2,750,270	\$ 2,587,775	\$ 4,194,465	\$ 4,102,285	\$ 955,958
Transfer of Capital Assets	\$ -	\$ 154,724	\$ 928,913	\$ 2,040,183	\$ 2,495,686
Capital Contributions	714,077	-	-	-	-
Payments in lieu of taxes	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
Changes in Net Assets	<u>\$ 3,064,347</u>	<u>\$ 2,342,499</u>	<u>\$ 4,723,378</u>	<u>\$ 5,742,468</u>	<u>\$ 3,051,644</u>
Net Assets - Beginning of the year	\$ 22,856,758	\$ 25,921,105	\$ 28,263,604	\$ 32,986,982	\$ 38,729,450
Prior Period Adjustment	-	-	-	-	-
Net Assets - End of the year	<u>\$ 25,921,105</u>	<u>\$ 28,263,604</u>	<u>\$ 32,986,982</u>	<u>\$ 38,729,450</u>	<u>\$ 41,781,094</u>

Source: Annual Comprehensive Financial Reports for City of Alcoa, Tennessee.

CITY OF ALCOA, TENNESSEE
FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - Electric Fund
For the Fiscal Year Ended June 30

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating Revenues:					
Residential	\$ 41,896,652	\$ 42,549,194	\$ 45,279,152	\$ 48,902,884	\$ 47,551,990
Small lighting and power sales	5,898,069	6,255,280	6,904,496	7,371,848	7,771,158
Large lighting and power sales	16,629,253	15,548,541	16,881,274	19,229,701	19,798,907
Street and outdoor	1,198,689	1,213,757	1,299,568	1,359,299	1,336,161
Consumer forfeitures and discounts	375,331	416,785	444,229	473,366	435,519
Rent from electric property	1,344,889	1,528,141	1,646,688	1,603,091	1,580,261
Total Revenues	<u>\$ 67,342,883</u>	<u>\$ 67,511,698</u>	<u>\$ 72,455,407</u>	<u>\$ 78,940,189</u>	<u>\$ 78,473,996</u>
Operating Expenses:					
Purchased Power	\$ 49,544,537	\$ 48,184,826	\$ 52,656,127	\$ 57,808,536	\$ 58,322,259
Distribution expenses	2,165,824	2,173,583	2,689,557	2,545,951	2,629,160
Customer Accounts, Services and Sales	2,142,033	1,855,748	1,923,210	1,763,612	1,804,448
Administrative and General	3,300,630	3,841,215	2,824,141	3,431,082	3,628,947
Depreciation	3,145,626	3,239,604	3,311,659	3,500,049	3,528,968
Maintenance Expenses	4,458,193	5,476,342	5,833,168	5,535,982	5,496,701
Sales expense	-	-	-	-	-
Total Operating Expenses	<u>\$ 64,756,843</u>	<u>\$ 64,771,318</u>	<u>\$ 69,237,862</u>	<u>\$ 74,585,212</u>	<u>\$ 75,410,483</u>
Operating Income	<u>\$ 2,586,040</u>	<u>\$ 2,740,380</u>	<u>\$ 3,217,545</u>	<u>\$ 4,354,977</u>	<u>\$ 3,063,513</u>
Nonoperating Expenses					
Change in Fair Value of Investments	\$ -	\$ -	\$ 3,695	\$ 63,668	\$ -
Interest Income	39,384	16,455	10,196	98,070	150,741
Interest Expense	(269,346)	(134,856)	(159,637)	(491,615)	(615,338)
Other Income	2,819	4,129	-	5,241	1,905
Gain on Sale of Asset	-	-	-	359,089	1,395
Debt Issuance Costs	-	-	(61,429)	-	-
Net Nonoperating Revenues / Expenses	<u>\$ (227,143)</u>	<u>\$ (114,272)</u>	<u>\$ (207,175)</u>	<u>\$ 34,453</u>	<u>\$ (461,297)</u>
Net Income before transfers	\$ 2,358,897	\$ 2,626,108	\$ 3,010,370	\$ 4,389,430	\$ 2,602,216
Contributions and Transfers					
Transfers - In Lieu of Taxes	\$ (1,642,775)	\$ (934,255)	\$ (1,197,105)	\$ (1,234,663)	\$ (1,176,488)
Transfers - In Lieu of Taxes - County	-	(748,170)	(347,547)	(358,450)	(341,556)
Total Transfers	<u>(1,642,775)</u>	<u>(1,682,425)</u>	<u>(1,544,652)</u>	<u>(1,593,113)</u>	<u>(1,518,044)</u>
Changes in Net Assets	<u>\$ 716,122</u>	<u>\$ 943,683</u>	<u>\$ 1,465,718</u>	<u>\$ 2,796,317</u>	<u>\$ 1,084,172</u>
Net Assets - July 1	<u>\$ 37,676,128</u>	<u>\$ 38,392,250</u>	<u>\$ 39,335,933</u>	<u>\$ 40,801,651</u>	<u>\$ 43,597,968</u>
Prior Year Adjustments	-	-	-	-	-
Net Assets - June 30	<u><u>\$ 38,392,250</u></u>	<u><u>\$ 39,335,933</u></u>	<u><u>\$ 40,801,651</u></u>	<u><u>\$ 43,597,968</u></u>	<u><u>\$ 44,682,140</u></u>

Source: Annual Comprehensive Financial Reports for City of Alcoa, Tennessee.

INVESTMENT AND CASH MANAGEMENT PRACTICES

Investment of idle City operating funds is controlled by State statute and local policies. Generally, such policies limit investment instruments to direct U.S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. The City is not authorized to invest in reverse repurchase agreements or derivative products. No investment may be made for a period greater than two years without written permission of the State Director of Local Finance.

As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds for trust upon residential property in the state equal to at least 150 percent of the amount of uninsured deposits. All collateral must be held in a third party escrow account for the benefit of the City. For reporting purposes, all investments are stated at cost, which approximates market value.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

State Taxation of Property; Classifications of Taxable Property; Assessment Rates

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the "General Assembly") exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as provided under Tennessee law.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

- (a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;
- (b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;
- (c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and

- (d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

- (a) Public Utility Property, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and
- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

County Taxation of Property

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its value upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

Assessment of Property

County Assessments; County Board of Equalization. The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

State Assessments of Public Utility Property; State Board of Equalization. The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

Periodic Reappraisal and Equalization

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an on-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

Valuation for Property Tax Purposes

County Valuation of Property. The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State Board of Equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

State Valuation of Public Utility Property. The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole (*i.e.*, the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

Certified Tax Rate

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the "*Certified Tax Rate*") which will provide the same *ad valorem* revenue for that jurisdiction as was levied during the previous year. The governing body of a county or

municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

Tax Freeze for the Elderly Homeowners

The Tennessee Constitution was amended by the voters in November 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for "freezing" the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer's property tax bill is \$500 for the year in which he becomes eligible, his property taxes will remain at \$500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements.

Tax Collection and Tax Lien

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

[balance of page left blank]

Assessed Valuations. According to the Tax Aggregate, property in the County and City reflected a ratio of appraised value to true market value of 1.00. The following table shows pertinent data for tax year 2024¹.

<u>Class</u>	<u>Assessed Valuation</u>	<u>Rate</u>	<u>Appraised Value</u>
Public Utilities	\$ 13,530,168	55%	\$ 30,996,948
Commercial and Industrial	433,379,040	40%	1,083,447,600
Personal Tangible	147,379,842	30%	491,265,972
Residential and Farm	<u>287,084,275</u>	25%	<u>1,148,337,100</u>
Total	<u>\$881,373,325</u>		<u>\$2,754,047,620</u>

¹ The tax year coincides with the calendar year, so tax year 2024, for example is actually fiscal year 2024-2025.

The estimated assessed value of property in the City for the fiscal year ending June 30, 2025 (tax year 2024) is \$881,373,325 compared to \$844,433,694 for the fiscal year ending June 30, 2024 (tax year 2023). The estimated actual value of all taxable property for tax year 2024 is \$2,754,047,620 compared to \$2,653,360,261 for tax year 2023.

Source: 2024 Tax Aggregate Report for Tennessee and the City.

Property Tax Rates and Collections. The following table shows the property tax rates and collections of the City for tax years 2021 through 2025 as well as the aggregate uncollected balances for each fiscal year ending June 30.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr Collections		Aggregate Uncollected Balance	
Tax Year ²	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	as of June 30, 2025	
						Amount	Pct
2021	\$599,421,927	\$2.27	\$13,606,883	\$13,233,780	97.3%	N/A	N/A
2022	621,024,753	2.27	14,097,267	13,724,018	97.4%	N/A	N/A
2023	844,433,694	1.69	14,270,934	13,847,946	97.0%	N/A	N/A
2024	881,373,325	1.69	14,895,209	14,493,901	97.3%	401,308	2.7%
2025	882,928,935	1.69	14,921,499	IN PROGRESS			

* Estimated

² The tax year coincides with the calendar year, so tax year 2025, for example is actually fiscal year 2025-2026.

[balance of page left blank]

Ten Largest Taxpayers. For the fiscal year ending June 30, 2025 (tax year 2024), the ten largest taxpayers in the City are as follows:

<u>Taxpayer</u>	<u>Business Type</u>	<u>Assessment</u>	<u>Percentage of Total Taxable Assessed Value</u>
1. ARCONIC	Aluminum Ingot	\$140,003,877	16.9%
2. Ridge at Hamilton Crossing	Apartments	19,162,960	2.3
3. CMH Services	MFG & Mortgage Banker	15,144,070	1.8
4. Ardmore Knoxville	Apartments	12,786,720	1.5
5. Bungalow Lofts LLC	Apartments	11,493,520	1.4
6. Alcoa HC LP & Mont Belvieu	Real Estate	11,210,940	1.4
7. Faulkner Properties	Real Estate	9,749,440	1.2
8. Topside OZ	Apartments	9,575,520	1.2
9. Aurora Properties LLC	Real Estate	9,442,040	1.1
10. TN Alcoa Primary LLC		<u>9,310,105</u>	<u>1.1</u>
Total		<u>\$247,879,192</u>	<u>29.90%</u>

Source: The City.

LOCAL OPTION SALES TAX

Pursuant to applicable provisions of Title 67, Chapter 6, Part 7 of *Tennessee Code Annotated*, as amended, (the "Act"), the County levies a county-wide local option sales tax. Under the Act, counties and incorporated cities may levy a sales tax on the same privileges on which the State levies its sales tax. The rate of any sales tax levied by a county or city is limited under State law to two and three-fourths percent (2 3/4%).

Pursuant to the Act, the levy of a sales tax by a county precludes any city from within the county from levying a sales tax, but a city may levy a sales tax in addition to the county's sales tax a rate not exceeding the difference between the county sales tax rate and the maximum local option sales tax rate of two and three fourths percent (2 3/4%). If a city is located in more than one county, each portion of the city that is located in a separate county is treated as a separate city for purposes of determining the maximum sales tax rate.

[balance of page left blank]

The City's share of the County-wide sales tax for the most recent five fiscal years indicated as follows:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u> (Unaudited)
General	\$10,910,635	\$12,771,437	\$13,372,967	\$14,022,281	\$14,604,704
General Purpose					
School Fund	<u>3,984,293</u>	<u>4,749,935</u>	<u>5,190,638</u>	<u>5,315,822</u>	<u>5,915,758</u>
TOTAL	<u>\$14,894,928</u>	<u>\$17,521,372</u>	<u>\$18,563,605</u>	<u>\$19,338,103</u>	<u>\$20,522,462</u>

The Act authorizes a local jurisdiction, by resolution of its governing body, to pledge proceeds raised by the power and authority granted by the Act to the punctual payment of principal of and interest on bonds, notes or other evidence of indebtedness issued for purposes for which such proceeds were intended to be spent. The Board of Commissioners of the City has not pledged any local option sales tax proceeds to bonded indebtedness of the City.

PENSION PLANS

The City has a retirement plan known as the City of Alcoa Employee's Retirement Plan. The Plan was established January 1, 1955. All full-time employees employed at least 30 hours per week, except school personnel who are eligible for membership in the Tennessee Teachers' Retirement System are members of the Plan. The Plan is managed by a Board of Trustees with the First Tennessee Bank, Maryville, Tennessee being agent for the Trustees. The City has no beneficial interest in the trust fund and no funds are ever to revert to the City.

Certain employees of the City school system are members of the Tennessee Consolidated Retirement System (TCRS), an agent multiple-employer public employee retirement system (PERS) that acts as a common investment and administrative agent for political subdivisions in the State.

The TCRS is a defined benefit retirement plan covering teachers and general employees of the State as well as employees of political subdivisions that have elected coverage. Membership in the system is mandatory for State employees, teachers and employees of participating political subdivisions. The 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 10 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at age 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 performance of duty. Members joining the system on or after July 1, 1979 were vested after 10 years of service and those who became members before July 1, 1979 were vested after four (4) years of service. Benefit provisions are established and amended by State statute. The City pays the total cost of pension contribution.

For additional information on the funding status, trend information and actuarial status of the City's retirement programs, please refer to the appropriate Notes to Financial Statements located in the General Purpose Financial Statements of the City attached herein.

UNFUNDED ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement 45 establishes standards for the measurement, recognition, and display of Other Post-Employment Benefits (“OPEB”) in the financial reports of state and local government employers. GASB 45 requires the recognition of the accrued liability for the respective year, plus the disclosure of the total unfunded liability. Cash funding of the unfunded liability is not required. For more information, see the Notes to the General Purpose Financial Statements located herein.

[balance of page left blank]

APPENDIX C

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

CITY OF ALCOA, TENNESSEE

FOR THE FISCAL YEAR ENDED

JUNE 30, 2024

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of the City of Alcoa for the fiscal year ended June 30, 2024 which is available upon request from the City.

CITY OF ALCOA

CITY OF ALCOA, TENNESSEE

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2024



"Excellence in Service - Quality of Life"

CITY OF ALCOA, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2024

Prepared By:

Brittany Spence, CMFO
Director of Finance

CITY OF ALCOA, TENNESSEE

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-v
GFOA Certificate.....	vi
City Organizational Chart.....	vii
Principal Elected and Appointed Officials	viii
FINANCIAL SECTION	
Independent Auditor's Report	ix-xi
Management's Discussion and Analysis.....	xii-xxii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1-2
Statement of Activities.....	3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	8
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Education Fund – Special Revenue Fund.....	9
Statement of Net Position – Proprietary Funds	10-11
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	12
Statement of Cash Flows – Proprietary Funds	13-14
Statement of Fiduciary Assets, Liabilities and Net Position – Employees' Retirement System Fund	15
Statement of Changes in Fiduciary Plan Net Position – Employees' Retirement System Fund	16
Notes to Financial Statements	17-64
REQUIRED SUPPLEMENTARY INFORMATION SECTION	
Schedules of Changes in Net Pension Liability (Asset) and Related Ratios Employees' Retirement Plan of the City of Alcoa	65
Schedules of Contributions Based on Participation in the Employees' Retirement Plan of the City of Alcoa	66
Schedules of Investment Returns (Losses) Employees' Retirement Plan of the City of Alcoa	67
Schedules of Changes in Net Pension Liability (Asset) and Related Ratios Public Employee Retirement Plan of TCRS	68
Schedules of Contributions – Public Employee Retirement Plan of TCRS.....	69
Schedules of Changes in Net Pension Liability (Asset) and Related Ratios Public Employee Retirement Plan of TCRS Hybrid without Cost Controls.....	70
Schedules of Contributions Based on Participation in the Public Employee Retirement Plan of TCRS Hybrid without Cost Controls.....	71

CITY OF ALCOA, TENNESSEE

TABLE OF CONTENTS (Continued)

Page

REQUIRED SUPPLEMENTARY INFORMATION SECTION (Continued)

Schedules of Proportionate Share of Net Pension Liability (Asset)
Teacher Legacy Retirement Plan of TCRS72

Schedules of Alcoa City Schools' Contributions Teacher Legacy Retirement Plan of TCRS73

Schedules of Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset)
Teacher Hybrid Retirement Plan of TCRS74

Schedules of Alcoa City Schools' Contributions Teacher Hybrid Retirement Plan of TCRS75

Schedules of Changes in Total OPEB Liability and Related Ratios – City Plan76

Schedules of Contributions to OPEB Plan – City Plan77

Schedules of Alcoa City Schools' Changes in Total OPEB Liability and Related Ratios78

OTHER SUPPLEMENTARY INFORMATION SECTION

Combining and Individual Fund Statements

Non-Major Governmental Funds

Combining Balance Sheet..... 79-81

Combining Statement of Revenues, Expenditures and Changes in Fund Balance 82-84

Internal Service Funds

Combining Statement of Net Position85

Combining Statement of Revenues, Expenditures and Changes in Fund Net Position.....86

Combining Cash Flows 87-88

Budgetary Comparison Schedules

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

Education Fund
Statement of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual90

Debt Service Fund
Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual.....91

Alcoa Intermediate School (AIS) Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....92

West Plant Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....93

Special Revenue Funds

State Street Aid Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....94

Federal Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....95

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

Alcoa Schools Extended Day Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....97

Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....98

Commercial Motor Vehicle Fines Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....99

Alcoa Schools Internal School Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Actual100

CITY OF ALCOA, TENNESSEE

TABLE OF CONTENTS (Continued)

Page

OTHER SUPPLEMENTARY INFORMATION SECTION (Continued)

Combining and Individual Fund Statements (Continued)

Debt Service Funds

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

Project Eagle Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....102

Capital Projects Funds

Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....103

Equipment Replacement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....104

Home Grant Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....105

Landscaping Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual106

General Obligation Public Works Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....107

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

ADA Improvements Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....109

Enterprise Funds

Stormwater Utility Fund
Statement of Net Position110

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

Water and Sewer Utility Fund
Statement of Net Position 112-113

Water and Sewer Utility Fund
Schedules of Revenues, Expenditures and Changes in Net Position114

Electric Utility Fund
Statement of Net Position 115-116

Electric Utility Fund
Schedules of Revenues, Expenditures and Changes in Net Position117

Landfill Fund
Statement of Net Position 118-119

Landfill Fund
Schedules of Revenues, Expenditures and Changes in Net Position120

Fiduciary Funds

Employees' Retirement System Fund
Schedule of Fiduciary Assets, Liabilities and Net Position121

Employees' Retirement System Fund
Schedule of Changes in Fiduciary Plan Net Position122

Schedule of Changes in Long-Term Debt by Individual Issue123

CITY OF ALCOA, TENNESSEE

TABLE OF CONTENTS (Continued)

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION SECTION (Continued)	
Combining and Individual Fund Statements (Continued)	
Schedule of Bond and Interest Requirements by Fiscal Year	124-127
Schedule of Changes in Lease Obligations.....	128
Schedule of Lease Obligations, Principal, and Interest Requirements by Fiscal Year	129
Schedule of Internal Receivables and Payables	130
Schedule of Transfers	131
Schedule of Utility Rates - Electric	132
Schedule of Utility Rates - Water and Sewer	133
Schedule of Stormwater Utility Rates in Force	134
STATISTICAL INFORMATION SECTION	
Schedule 1 – Net Position by Component Last Ten Fiscal Years	135
Schedule 2 – Changes in Net Position Last Ten Fiscal Years	136-138
Schedule 3 – Fund Balances, Governmental Funds Last Ten Fiscal Years	139
Schedule 4 – Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years	140
Schedule 5 – Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years.....	141
Schedule 6 – Property Tax Levies and Collections Last Ten Fiscal Years	142
Schedule 7 – Direct and Overlapping Property Taxes Last Ten Calendar Years	143
Schedule 8 – Principal Tax Payers.....	144
Schedule 9 – Ratios of Outstanding Debt by Type Last Ten Fiscal Years.....	145
Schedule 10 – Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years	146
Schedule 11 – Direct and Overlapping Governmental Activities Debt as of June 30, 2024.....	147
Schedule 12 – Pledged – Revenue Coverage Last Ten Fiscal Years.....	148-149
Schedule 13 – Demographic and Economic Statistics Last Ten Fiscal Years	150
Schedule 14 – Principal Employers.....	151
Schedule 15 – Full-time Equivalent City Government Employees by Function Last Ten Fiscal Years.....	152
Schedule 16 – Operating Indicators by Function/Program Last Ten Fiscal Years	153
Schedule 17 – Capital Assets Statistics By Function/Program Last Ten Fiscal Years.....	154
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	155-156
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	157
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	158-159
Report for Each Major Program and Report on Internal Control Over Compliance Required by Uniform Guidance	160-161
Schedule of Findings and Questioned Costs.....	162-163
Schedule of Prior Year Findings	164
Corrective Action Plan	165

INTRODUCTORY SECTION



223 Associates Blvd., Alcoa, TN 37701

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

December 17, 2024

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

The financial statements of the City of Alcoa, Tennessee for the fiscal year ended June 30, 2024, are submitted for your review. Responsibility for the accuracy and completeness of the presented data, including all disclosures, rests with the City. To the best of our knowledge and belief, this report is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included. Also included is Management’s Discussion and Analysis (MD&A) which presents a narrative overview of the financial activities of the City.

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

This report includes all funds (financial activities) of the City. The City provides a full range of municipal services including police and fire protection, water, sewer, electric utility services, development services, municipal courts, a K-12 education system, recreational and cultural activities, streets, traffic control, refuse collection, general administrative services, and operation of the Alcoa-Maryville-Blount County Landfill.

PROFILE OF THE GOVERNMENT

The City of Alcoa is a unique and culturally diverse community located in Blount County, Tennessee and forms the southern portion of the Knoxville metropolitan area. The 2020 U.S. Census certified population of Blount County is 135,280. The City of Alcoa’s 2020 population is 10,834 which represents a 28% increase over the 2010 Census population of 8,449. The City was originally designed to serve as a company town by the Aluminum Company of America beginning around 1910. The Alcoa Company of America was attracted to this area because of the abundance of waterpower resources. The Little Tennessee River and its tributaries were considered a good source of the hydroelectric energy essential to the aluminum production process. After construction of a series of dams and the initial aluminum smelting facility, the company began actual construction of the town site in 1917. The City of Alcoa was formally chartered by private act of the Tennessee General Assembly effective July 1, 1919.

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

In addition to providing utility services to its citizens, the City provides water, sewer and electric services to customers who reside well beyond the corporate limits. The City's electric department covers approximately 2/3 of Blount County and provides power to approximately 35,334 customers. The City's water system extends predominantly over the northern and eastern portions of the County with the sewer system extending in the same general area but to a lesser degree. Current water and sewer customers total approximately 10,749 and 6,928, respectively. Additionally, the City furnishes wholesale water to Tuckaleechee Utility District which provides water to customers in the Walland and Townsend areas near the Great Smoky Mountains.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The City of Alcoa has experienced fairly steady growth in the local economy since the great recession of 2009. Since 2015, growth in property values along with new construction have led to an increase in tax appraised values of over 73%. New construction has primarily been in the area of both single family and multifamily residential developments which is evidenced in the population growth mentioned above. Although online sales have dampened the expansion opportunities of large retailers, Alcoa has seen modest growth in new construction initiated by smaller chains, independent retailers, banks, and restaurants over the past year.

In terms of job growth, the joint Economic Development Board (EDB) created by the cities of Maryville, Alcoa and Blount County has seen tremendous success in creating new jobs by attracting new manufacturers such as Amazon and Smith & Wesson as well as facilitating expansions of existing employers such as Denso Manufacturing and Arconic (formerly ALCOA, Inc.). Since 2013, the EDB has secured over \$2.7 billion in new capital investment which has brought over 6,110 new jobs to Alcoa, Maryville, and Blount County. As a result, the local unemployment rate is only 3.4% as compared to 3.7% for the State of Tennessee and 4.3% for the United States.

The City entered into an agreement in FY 2016 with Arconic and a private developer to create a mixed-use urban development on the 300-acre former West Plant site, now known as Springbrook Farm. The City will invest approximately \$11 million in infrastructure in exchange for a secured interest in the property and a portion of the proceeds from future property sales. An additional \$5 million has been earmarked for related road improvements. A 6,000-foot boulevard including utilities was completed in August 2018. The master plan provides for over 700,000 square feet of retail and office space, 500 hotel rooms and over 1,300 residential units consisting of a mix of single-family lots, townhomes, apartments, and senior living facilities. Construction of a national brand hotel was completed and opened for business in 2021. In FY 2023, a second national brand hotel and major supermarket were completed. In 2022, construction began on a 300-unit upscale apartment complex. The first phase of the project was completed in FY 2023 producing 150 units. The second phase of the remaining 150 units was completed in FY 2024. Both facilities quickly acquired new tenants with an estimated occupancy of 70% by the end of the fiscal year. A new distilling company is expected to open in 2026 and will provide new and exciting activities for the community including live music, bonfire pits, and open access to the greenway trail. Other FY 2024 openings occurring in Springbrook Farm included "Swig"

soda shop, “Kickback Jacks” restaurant, UT Federal Credit Union, a nail salon, 27 new commercial residential units, and an additional financial services company.

In February 2021, Amazon announced their plans to construct a 2.7 million square foot regional distribution center with an investment in excess of \$200 million. Construction began on the facility shortly after the announcement and was completed in late 2022. The distribution center became fully operational in 2023 and resulted in over 1,500 new jobs with an anticipated 1,000 more to come. As of June 2024, Amazon had fully supplemented the initial 1,500 positions with 1,200 new jobs consisting of both full-time and part-time positions.

A second major economic development was announced in September 2021. Smith & Wesson, a 169-year-old firearms company in Springfield Massachusetts, moved their entire operation including manufacturing, headquarters, and visitor center to Partnership Park North (PPN). PPN is a joint venture industrial park owned by the cities of Maryville, Alcoa, and Blount County. Smith & Wesson will invest approximately \$125 million in the community and will create 750 jobs. Construction on the new facility was completed in 2023.

The success of City and EDB economic recruitment opportunities have led to an increased need for housing which has stimulated roughly \$200 million dollars of private investment into three different commercial residential complexes. Each of these developments have spurred interest from commercial and retail investors to locate on adjoining properties to benefit from the high volume of close by residents. The two commercial residential locations along Topside Road have triggered initial planning investments for a commercial corridor housing roughly 42,000 square feet of restaurants and other service-oriented businesses. Staff project early stages of this construction to begin in FY 2025.

Long-term Financial Planning

The City’s debt portfolio remained the same in FY24 as no new debt was issued nor any existing debt reissued.

The City conducted two general obligation bond issues in FY22. In February, the City issued \$22.9 million in bonds to fund several projects with the largest involving the construction of Phase I of a two phase expansion to the existing intermediate school. This initial phase consists of the addition of 14 new classrooms along with a new kitchen and cafeteria. Phase II will provide additional classrooms, a new library, administrative office space, and renovation of the existing school. The City Commission authorized proceeding with construction based on anticipated new revenues stemming from commercial and residential construction taking place in Springbrook Farm along with Amazon breaking ground on their multimillion-dollar facility. Phase I was completed in time for the 2023-2024 school year and total construction cost was approximately \$17.6 million. Phase II construction is expected to take place sometime within the next 5-7 years and the cost will be roughly the same as Phase I. The remaining bond proceeds were used to purchase two fire trucks, 51.4 acres of raw land for future Landfill needs, and to fund various capital projects tied to the Electric Department. Additional proceeds were used to fund infrastructure improvements taking place in Partnership Park North to meet the needs of Smith & Wesson.

The City is considering a 2025 bond issue to cover the cost of several major infrastructure projects that will take place in the near future. These projects are mainly related to utility funds. The Electric Department’s current system is nearing capacity and will soon require an additional substation to meet customer demand. The construction of a new substation will play an essential role in continuing to provide quality and reliable electric service. A critical artery of the water system, that has been in operation since the utilities inception, is scheduled to be completely replaced in 2025. City forces will complete labor, however the materials are estimated to cost over \$1 million. Development in Springbrook Farm continues to progress at a rapid pace requiring extensive investment in the construction of infrastructure. The estimated cost of additional infrastructure, including a new roadway, is roughly \$10 million. This project is driven by development needs and timing will be dependent upon future agreements. Debt issuance will be contingent upon interest rates and other economic factors at the time of consideration.

Internal Control

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

Budgetary Controls

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

Single Audit

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

As a part of the City's single audit, performed in accordance with the Single Audit Act and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for fiscal year ended June 30, 2024, provided no instances of material weaknesses in the internal control structure.

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Pugh CPAs has been selected by the City Commission. The auditors' report on the financial statements is included in the financial section of the report.

In addition to this report, Pugh CPAs was also contracted to perform the Single Audit of the City's federal grant programs. This audit was designed to meet the requirements of the Federal Single Audit Act and the related Uniform Guidance.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alcoa for its comprehensive annual financial report for the fiscal year ended June 30, 2023. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgment

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

Respectfully yours,



Bruce M. Applegate Jr., MPPA
City Manager



Brittany Spence, CMFO
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

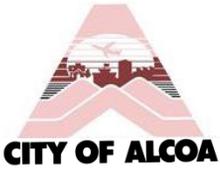
**City of Alcoa
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

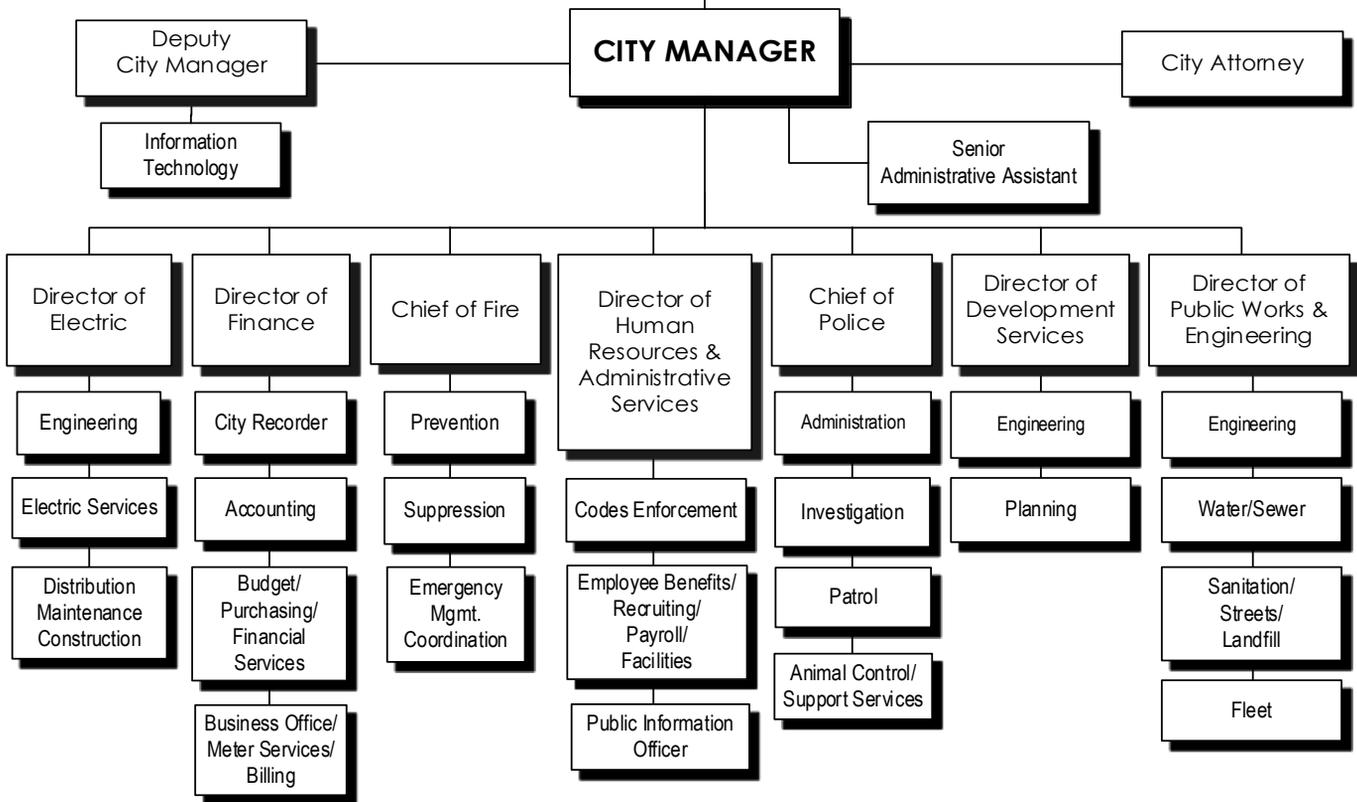
Executive Director/CEO



City of Alcoa

ALCOA VOTERS

BOARD of COMMISSIONERS



CITY OF ALCOA

City Officials

CITY OF ALCOA, TENNESSEE

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

BOARD OF COMMISSIONERS

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

Bruce M. Applegate, Jr., City Manager
Brittany Spence, CMFO, Director of Finance

FINANCIAL SECTION



PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
Telephone: 865-769-0660
Fax: 865-769-1660

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparisons for the general fund and education fund, and the aggregate remaining fund information of City of Alcoa, Tennessee (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison statements for the general fund and education fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages xii - xxii and the required supplementary information on pages 65 - 78 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information section as listed in the table of contents and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* on pages 155 - 156 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information section and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alcoa’s internal control over financial reporting and compliance.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 17, 2024



223 Associates Blvd., Alcoa, TN 37701

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Alcoa's (the City) Annual Comprehensive Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal.

Financial Highlights

- The City's net position at June 30, 2024 is \$179,389,155, an increase of \$14,636,599 over the prior year. Of this amount, \$57,841,567 is unrestricted which may be used to meet the government's ongoing obligations to citizens and creditors.
- As of June 30, 2024, the City's governmental activities reported combined ending net position of \$70,043,530, an increase of \$5,407,970 over the prior year.
- The City's General Fund reported total fund balance of \$23,517,393 on June 30, 2024, an increase of \$2,813,548. This fund balance is 67% of total general fund revenue.
- On June 30, 2024, the City's Education Fund reported total fund balance of \$4,555,124, an increase of \$581,586 from last fiscal year. Fund balance of the Education Fund is 16% of total revenue. Tennessee State Law requires schools to maintain a minimum fund balance of 3% (TCA 49-3-352).
- The City did not issue any new debt or reissue existing debt in 2024.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Government-Wide Financial Statements

Analysis of Net Position

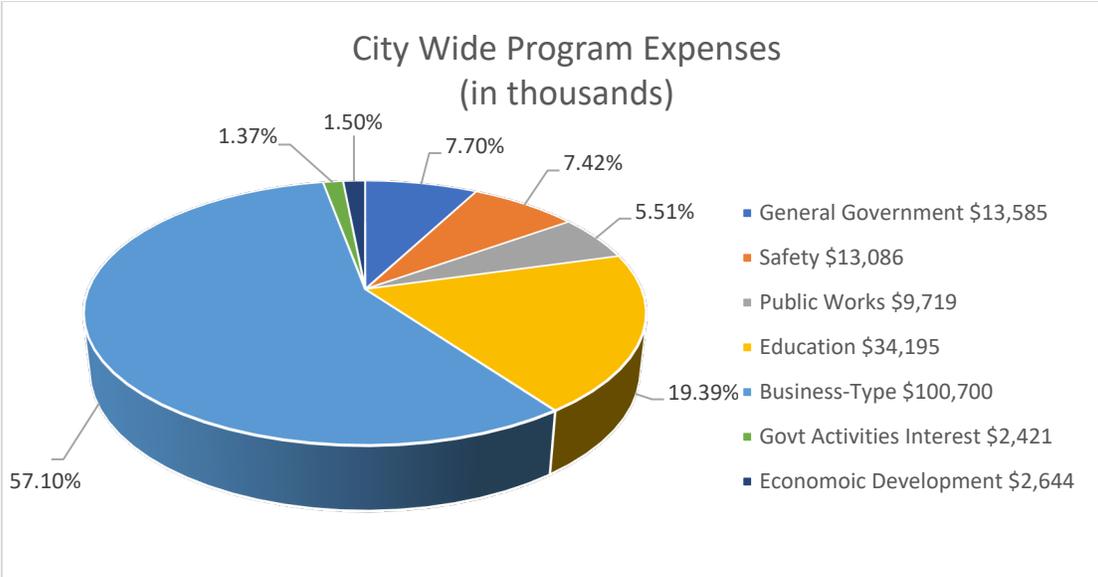
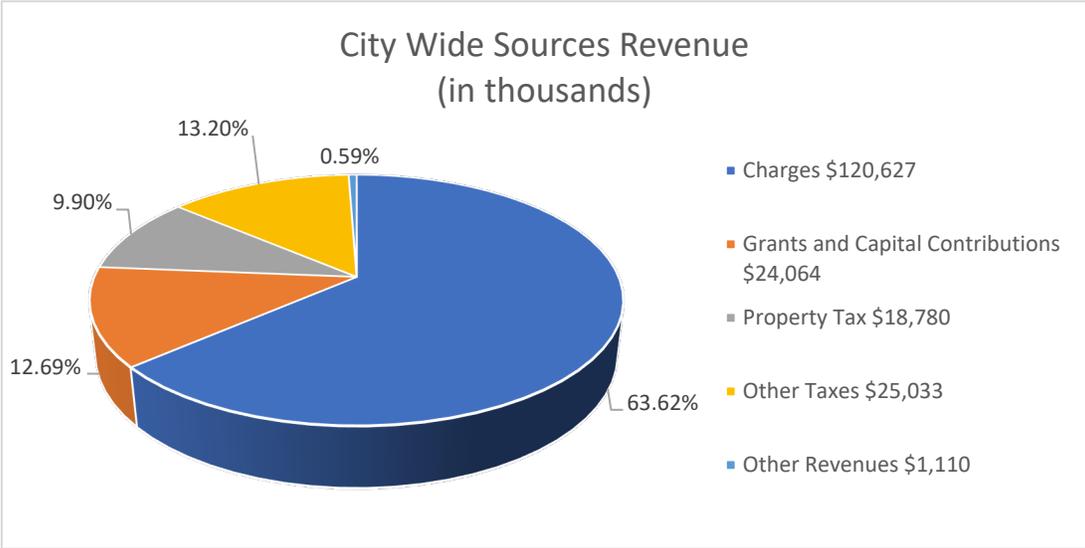
Over time, net position may serve as a useful indicator of a government’s financial position. As shown on the following statement, the City’s net position is \$179,389,155 at the close of the most recent fiscal year. The largest portion of the City’s net position (63%) reflects its net investment of \$113.4 million in capital assets (e.g., land, buildings, infrastructure, improvements, machinery, and equipment), less related debt used to acquire those assets that are outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, as the capital assets themselves cannot be liquidated for these liabilities. An additional portion of the City’s net position, 8.2 million (4.5%) represents resources that are subject to external restrictions on how they may be used.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets:						
Current and Other Assets	\$ 66,058,084	\$ 69,048,490	\$ 65,551,994	\$ 64,970,641	\$ 131,610,078	\$ 134,019,131
Capital Assets (net)	123,981,204	123,021,004	135,395,383	125,457,652	259,376,587	248,478,656
Total Assets	<u>190,039,288</u>	<u>192,069,494</u>	<u>200,947,377</u>	<u>190,428,293</u>	<u>390,986,665</u>	<u>382,497,787</u>
Deferred Outflows of Resources:						
Deferred Pension and OPEB Outflow s	13,208,340	11,452,427	6,984,836	5,370,016	20,193,176	16,822,443
Deferred Bond Refunding Costs	58,029	60,792	4,350,400	4,561,600	4,408,429	4,622,392
Total Deferred Outflow s of Resources	<u>13,266,369</u>	<u>11,513,219</u>	<u>11,335,236</u>	<u>9,931,616</u>	<u>24,601,605</u>	<u>21,444,835</u>
Liabilities:						
Other Liabilities	4,258,782	8,642,298	17,305,236	13,426,749	21,564,018	22,069,047
Long-Term Liabilities	112,140,156	113,260,230	85,234,837	86,226,704	197,374,993	199,486,934
Total Liabilities	<u>116,398,938</u>	<u>121,902,528</u>	<u>102,540,073</u>	<u>99,653,453</u>	<u>218,939,011</u>	<u>221,555,981</u>
Deferred Inflows of Resources:						
Deferred Revenue - Property Tax	14,666,554	14,054,499	0	0	14,666,554	14,054,499
Deferred Pension and OPEB Inflow s	2,196,635	2,990,126	396,915	589,460	2,593,550	3,579,586
Total Deferred Inflow s of Resources	<u>16,863,189</u>	<u>17,044,625</u>	<u>396,915</u>	<u>589,460</u>	<u>17,260,104</u>	<u>17,634,085</u>
Net Position:						
Net Investment in Capital Assets	32,544,684	24,645,776	80,851,996	71,206,686	113,396,680	95,852,462
Restricted	8,150,908	6,860,083	0	0	8,150,908	6,860,083
Unrestricted	29,347,938	33,129,701	28,493,629	28,910,310	57,841,567	62,040,011
Total Net Position	<u>\$ 70,043,530</u>	<u>\$ 64,635,560</u>	<u>\$ 109,345,625</u>	<u>\$ 100,116,996</u>	<u>\$ 179,389,155</u>	<u>\$ 164,752,556</u>

Analysis of Change in Net Position

The following statement and associated graph indicate an increase in net position as of June 30, 2024 of \$14,636,599 over prior year. Normal operations increased net position by \$14.6 million primarily due to increased general revenue in governmental activities and increased program revenues in business type activities. The increase in business-type activities can be attributed to growth in our customer base as well as incremental rate adjustments based on the Consumer Price Index (CPI). Total program revenues increased by \$4.7 million from FY2023, which included a \$1.8 million increase in charges for service. Operating grants and contributions increased by approximately \$1.9 million, mainly due to increased State funding in Education. The expense side increased \$5.5 million for governmental activities and \$3.8 million in business-type activities resulting in a total increase of \$9.3 million in total expenses. The increase in governmental activities is due to construction costs associated with the Phase I expansion of Alcoa Intermediate School, increased service provision due to population growth, and several capital projects related to economic development. The business-type activities increase in expenses is similar due to the infrastructure improvements required to meet the growth needs of several major economic development projects, as well as an overall increase in Alcoa’s commercial residential sector. Another factor contributing to rising expenses is the increased cost of materials tied to rising inflation. The City continues to experience COVID related supply chain issues that have resulted in the continued addition of vendor escalation fees which has further increased the cost of certain products.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 13,940,515	\$ 12,168,562	\$ 106,686,644	\$ 105,178,586	\$ 120,627,159	\$ 117,347,148
Operating Grants and Contributions	19,169,259	17,315,318	2,383	14,008	19,171,642	17,329,326
Capital Grants and Contributions	1,448,338	368,612	3,444,041	7,083,853	4,892,379	7,452,465
General Revenues:						
Sales and Other State Taxes	22,442,782	21,524,995	0	0	22,442,782	21,524,995
State Income Taxes	72,695	66,941	0	0	72,695	66,941
Property Taxes	18,780,068	19,207,308	0	0	18,780,068	19,207,308
Business Taxes/Licenses	1,307,306	1,466,701	0	0	1,307,306	1,466,701
Miscellaneous Taxes	638,385	670,199	0	0	638,385	670,199
In-Lieu of Taxes	572,268	833,366	0	0	572,268	833,366
Other Revenues	0	637,728	0	0	0	637,728
Change in Fair Value of Investments	111,679	(187,204)	238,753	108,521	350,432	(78,683)
Interest Income	998,640	388,055	1,133,425	707,024	2,132,065	1,095,079
Total Revenues	<u>79,481,935</u>	<u>74,460,581</u>	<u>111,505,246</u>	<u>113,091,992</u>	<u>190,987,181</u>	<u>187,552,573</u>
Expenses						
General Government	13,585,237	12,820,578	0	0	13,585,237	12,820,578
Public Safety	13,085,983	12,225,135	0	0	13,085,983	12,225,135
Public Works	9,718,789	8,015,191	0	0	9,718,789	8,015,191
Economic Development	2,644,366	2,602,141	0	0	2,644,366	2,602,141
Education	34,195,358	32,441,762	0	0	34,195,358	32,441,762
Interest on Long-Term Debt	2,420,720	2,094,449	0	0	2,420,720	2,094,449
Stormwater Utility	0	0	1,623,566	1,327,247	1,623,566	1,327,247
Water and Sewer	0	0	17,939,485	15,730,475	17,939,485	15,730,475
Electric Utility	0	0	76,367,467	75,435,279	76,367,467	75,435,279
Landfill	0	0	4,769,611	4,391,218	4,769,611	4,391,218
Total Expenses	<u>75,650,453</u>	<u>70,199,256</u>	<u>100,700,129</u>	<u>96,884,219</u>	<u>176,350,582</u>	<u>167,083,475</u>
Change in Net Position Before Transfers	3,831,482	4,261,325	10,805,117	16,207,773	14,636,599	20,469,098
Transfers-In Lieu of Tax Payments	1,576,488	1,634,663	(1,576,488)	(1,634,663)	0	0
Change in Net Position	5,407,970	5,895,988	9,228,629	14,573,110	14,636,599	20,469,098
Net Position at Beginning of Year	64,635,560	58,739,572	100,116,996	85,543,886	164,752,556	144,283,458
Net Position at End of Year	<u>\$ 70,043,530</u>	<u>\$ 64,635,560</u>	<u>\$ 109,345,625</u>	<u>\$ 100,116,996</u>	<u>\$ 179,389,155</u>	<u>\$ 164,752,556</u>



Governmental Activities:

- Governmental activities increased the City’s net position by \$5,407,970. Expenses increased in FY2024 by over \$5 million. However, due to personnel vacancies and delayed capital projects, expenses still came in lower than budgeted expectations. The Public Works department was most affected by capital project delays and ended the year almost \$1.3 million under budget. Revenue growth also contributed to the increase in net position largely due to continuous economic growth. Revenue in the general fund exceeded projections by over \$900 thousand in FY2024.
- Governmental activities revenue increased by \$5,021,354 million over the prior year primarily due to increased local and State revenue related to consumer spending, property tax roll growth, and additional funding opportunities for Education. Recent changes to State funding calculations favorably impacted the Education Fund resulting in increased State Revenues which is reflected in Operating Grants & Contributions. Sales and other taxes increased by \$917,787 due to significant economic growth related to the opening of several new retail stores and restaurants.
- Expenses increased by \$5,451,197 or 7.8%, partly due to the completion of the Phase I expansion of Alcoa Intermediate School and other projects including the continued construction of additional greenway trails. Increased expenses can also be attributed to the receipt of multiple vehicles and heavy equipment that were backordered from previous fiscal years.

Business-type Activities:

- Business-type activities increased the City's net position by \$9,228,629.
- The Electric Utility is the largest business-type activity with operating revenues of \$78,473,996 and total operating expenses of \$75,410,483. Of that amount, Purchased Power expense totaled \$58,322,259 which is a slight increase of \$513 thousand from the prior year. This increase is primarily the result of pass-through fuel cost adjustments from the City's wholesale electricity supplier, the Tennessee Valley Authority. Other operating costs exhibited an increase of \$311,548 from the prior year. To offset the increased expense, the base customer charge was raised by \$2.75 effective October 2024.
- The Water and Sewer Utility ended the fiscal year with total operating revenues of \$18,305,581, and operating expenses of \$16,018,754 which resulted in a change in net position of approximately \$3 million. Increased charges for service related to new residential and commercial development as well as an automatic annual consumer price index (CPI) adjustment on rates contributed approximately \$835,152 to increased revenue. Interest revenue increased by \$247,521 as a result of favorable interest rates throughout FY2024. On the expense side, normal operating costs increased by \$1,878,171 due to increased cost related to wastewater disposal as well as the increased cost of construction materials.
- The Landfill Utility Fund ended the fiscal year with a change in net position of \$4,236,559. This is an increase of \$1,416,159 over the prior year and is mainly due to an automatic increase in the tipping fee per ton of refuse based on the consumer price index (CPI). Additionally, increased use of the landfill cell designated for demolition/construction materials also contributed to the growth of net position. Operating expenses increased slightly by \$384,561 from FY2024 due to standard salary increases and the rising cost of large construction equipment.
- The Stormwater Utility Fund ended the fiscal year with a change in net position of \$856,254. Operating revenue increased slightly by \$67,427, which was offset by an increase of \$296,318 in operating expenses. The growth in net position is mainly attributable to \$948,355 in capital contributions related to developments in Springbrook Farm and on Topside Road.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the fiscal year June 30, 2024, the City's governmental funds reported combined ending fund balances of \$37.4 million, an increase of over \$2.5 million from 2023. This increase is the culmination of revenues exceeding projections and supply chain delays impacting capital project timelines. Approximately \$23 million or 62% of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$23 million with total fund balance at \$23.5 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Total unassigned fund balance represents 93% of the \$24.8 million total general fund operating expenditures.

The Education Fund is the operating fund for Alcoa City Schools. As of June 30, 2024, the fund balance is approximately \$4.5 million which is an increase of \$581,586 over the prior year amount of \$4 million. The fund balance represents 15.5% of the school's total budget of \$29.4 million. The key reasons for the increase can be attributed to growth in State funding and increased sales tax at the county level.

The Debt Service Fund is used to pay principal and interest for debt issued for City and School-related projects. The revenue in the Debt Service Fund is composed of transfers made by the General Fund. The committed fund balance at June 30, 2024 is \$2,498,055 which represents an increase of \$11,298 over the previous year.

The West Plant Construction Fund is used to account for funding sources and associated expenditures incurred in conjunction with infrastructure construction relating to the West Plant re-development project. The revenue in the West Plant Construction Fund is composed of budgeted transfers from the General Fund. The restricted fund balance at June 30, 2024 is \$1,228,328 which will be used for future expenditures incurred with the re-development project.

The Alcoa Intermediate School (AIS) construction fund is used to account for funding sources and associated expenditures related to the phase I expansion of the existing intermediate school. The revenue in the AIS construction fund is composed of bond proceeds. The restricted fund balance at June 30, 2024 is \$322,322 which will be used for future construction-related expenditures.

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

Proprietary Funds

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

As of June 30, 2024, the Stormwater Utility net position totaled \$7,053,593. The Stormwater Utility's combined operating and nonoperating revenues exceeded expenses and generated a change in net position of \$856,254. This increase is the result of capital contributions related to the construction of stormwater infrastructure in the Springbrook Farm and Topside Road developments.

Net position for the Water and Sewer Utility as of June 30, 2024 was \$41,781,094, which represents an increase of \$3,051,644 from 2023. The annual CPI adjustment on rates contributed to some of the increase along with growth in residential and commercial sales which can be attributed to economic growth over the past 12 months. A large factor contributing to the increase was the receipt of capital contributions from multiple "commercial residential" developments. Operating expenses increased by \$1,878,171 due to a combination of factors including the increased cost of materials and wastewater disposal.

The net position of the Electric Utility as of June 30, 2024 was \$44,682,140, an increase of \$1,084,172 over the previous year. Total operating expenses increased by \$852,271 of which purchased power made up \$513,723 of the increase. Service charges decreased by \$466,193, mainly due to reductions in residential sales which can be attributed to conservation efforts and the increased use of more energy-efficient appliances.

The net position of the Landfill Utility increased by \$4,236,559 to \$15,828,798 as of June 30, 2024. This is the result of increased revenues coupled with lower-than-predicted operating expenses. The improvement in operating revenues stemmed from an automatic CPI adjustment to the per ton tipping fee and an increase in the tonnage being accepted at the landfill.

Budget Highlights

General Fund

The City passed one General Fund budget amendment in FY2024. The budget amendment was passed on May 24, 2024, and increased both revenues and expenditures by \$1,178,575, resulting in a net zero effect. The amendment was necessary to prevent overspending appropriations in a few functional areas where necessary operational costs were severely impacted by inflation. Funding for this additional appropriation stemmed from growth in local option sales tax, development proceeds, and interest earnings that exceeded expectations. Overall operating revenues exceeded the final budget by approximately \$915 thousand. General Fund operating expenditures were under budget by approximately \$2.5 million primarily due to the delayed completion of several planned capital projects, a continuing result of lingering production slowdowns and construction material shortages.

Capital Assets and Debt Administration

The City’s capital assets for governmental and business type activities as of June 30, 2024 amount to \$259,376,587 (net of accumulated depreciation). Capital assets include land, buildings, infrastructure, improvements, machinery and equipment, lease assets, and construction in progress.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 2,197,303	\$ 2,197,303	\$ 5,142,906	\$ 5,027,656	\$ 7,340,209	\$ 7,224,959
Buildings	82,172,345	64,529,907	98,392,316	94,684,083	180,564,661	159,213,990
Infrastructure	76,314,460	74,598,973	72,287,287	63,153,597	148,601,747	137,752,570
Improvements	18,082,347	16,679,022	33,908,354	32,466,442	51,990,701	49,145,464
Machinery and Equipment	17,310,221	15,414,284	36,481,727	36,306,681	53,791,948	51,720,965
Lease Assets	11,086,761	11,086,761	0	0	11,086,761	11,086,761
Construction in Progress	2,290,636	18,546,307	10,246,975	8,237,513	12,537,611	26,783,820
Total Capital Assets	209,454,073	203,052,557	256,459,565	239,875,972	465,913,638	442,928,529
Less: Accumulated						
Depreciation / Amortization	85,472,869	80,031,553	121,051,579	114,405,717	206,524,448	194,437,270
Net Capital Assets	\$ <u>123,981,204</u>	\$ <u>123,021,004</u>	\$ <u>135,407,986</u>	\$ <u>125,470,255</u>	\$ <u>259,389,190</u>	\$ <u>248,491,259</u>
Net Capital Assets - Beginning	\$ 123,021,004	\$ 116,004,350	\$ 125,457,652	\$ 118,732,257	\$ 248,478,656	\$ 234,736,607
Increase/(Decrease) in Net Capital Assets	960,200	7,016,654	9,937,731	6,725,395	10,897,931	13,742,049
Net Capital Assets - Ending	\$ <u>123,981,204</u>	\$ <u>123,021,004</u>	\$ <u>135,395,383</u>	\$ <u>125,457,652</u>	\$ <u>259,376,587</u>	\$ <u>248,478,656</u>

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

- Equipment and vehicles purchased for use in both governmental and business-type activities.
- Continued water line and sewer lines projects (new and rehab).
- Voltage and substation improvements and line extensions in the electric department.
- Construction in progress for an additional Landfill cell.
- Continued infrastructure construction in progress at the Springbrook Farm development.
- Infrastructure construction in progress at the Amazon distribution center.
- Infrastructure construction in progress at the Smith & Wesson manufacturing and headquarters site.
- Phase I expansion of Alcoa Intermediate School.

For government-wide financial statement presentation, all depreciable capital assets are depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. Please refer to the Notes to the Financial Statements (See Note 6 – Capital Assets) for further information regarding capital assets.

Long-Term Debt

At the end of the current fiscal year, the City had total long-term debt obligations outstanding of \$197.4 million. Of this amount, \$138.9 million are general obligation bonds backed by the full faith and credit of the City. The estimated liability for Landfill closure and post closure costs is \$13.8 million. The remainder includes leases of \$6.7 million and compensated absences of \$2.7 million.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
General Obligation/Revenue Bonds	\$ 81,175,000	\$ 85,085,000	\$ 57,745,000	\$ 61,415,000	\$ 138,920,000	\$ 146,500,000
Premium on Bonds	5,138,173	5,356,397	1,148,788	1,225,236	6,286,961	6,581,633
Leases	6,696,141	7,290,537	0	0	6,696,141	7,290,537
Total Debt Payable	93,009,314	97,731,934	58,893,788	62,640,236	151,903,102	160,372,170
Compensated Absences	1,483,587	1,130,494	1,177,029	1,230,255	2,660,616	2,360,749
Pension Liability	8,227,892	6,636,213	7,340,449	6,050,092	15,568,341	12,686,305
OPEB Liability	9,419,363	7,761,591	4,008,381	3,045,603	13,427,744	10,807,194
Estimated Liability for Closure/ Post-Closure Care Costs	0	0	13,815,191	13,260,518	13,815,191	13,260,518
Total Long Term Obligations	\$ 112,140,156	\$ 113,260,232	\$ 85,234,838	\$ 86,226,704	\$ 197,374,994	\$ 199,486,936

The City of Alcoa’s debt payable decreased by a net of \$8,469,068 during the current fiscal year as a result of budgeted debt service payments. The City did not issue any new debt in 2024; however, from 2020 through 2022 refunding bonds were issued to replace existing debt saving the City \$8.7 million in reduced interest cost over the life of the debt.

Principal payments in FY2024 consisted of \$7.6 million for bonds and \$594,396 for lease liabilities. Liabilities for closure/post-closure increased \$554,673 based on state formula guidelines and compensated absences increased by \$299,867 based on benefit formulas.

Additional information on the City’s long-term debt can be found in the Notes to the Financial Statements (see Note 7 – Debt and Long-Term Liabilities).

Economic Factors and Next Year’s Budget Highlights

The primary revenues of the City of Alcoa’s governmental activities stem from various taxes on consumption and wealth along with charges for goods or services for business-type activities. Consumption taxes include the hotel/motel tax, various alcohol-related taxes, general business taxes, and most importantly, the general sales tax. Taxes on wealth primarily include the ad valorem property tax along with various related in-lieu-of taxes. Sales tax revenues have increased steadily since FY2009, which was the first year of the great recession. Sales tax performance continues to improve year-over-year due to robust private investment in the commercial/retail sector. Over a ten-year period, growth in existing property values along with net new construction has led to an increase in property tax collected of 52%. The 2024 property tax reappraisal overlapped with the height of COVID-19-related residential housing purchases, further impacting revenues. New commercial construction continues at a steady pace, with new restaurants and retail options capitalizing on population growth from newly activated single-family residential and commercial residential projects.

Growth trends for sales and property taxes are generally very good indicators in forecasting sales revenues for proprietary funds. More residential and commercial development should equate to an increase in water, sewer, and electric sales. However, both electric and water sales growth projections have been tempered by a continuing trend of reduced consumption per customer. This is a result of both conservation efforts and vast improvements in the efficiency of residential and commercial fixtures, appliances, and equipment. The impact of this has affected the water and sewer utilities more so than electric due to their smaller size in terms of customers and overall revenue. The major investment in capital assets required by water production, distribution, and wastewater treatment, coupled with mandated staffing levels of licensed personnel to operate the facilities creates a heavy burden of fixed costs. In other words, these fixed costs must be covered by water and sewer sales regardless of the volumes sold. The City of Alcoa continuously monitors its water and sewer operations to ensure that rates and resulting revenues are sufficient to adequately provide for system operations yet remain at competitive levels with neighboring utilities.

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

The City of Alcoa's population has grown steadily over the past four decennial censuses from 6,400 in 1990 to 10,834 in 2020 which represents an annual growth rate of 1.8%. This correlates with the growth in single-family and multifamily residential development mentioned above. Although population growth generally translates into additional property and sales taxes, there is also a cost to provide services to those new populations. When the capacity of any service provided is reached, the cost of added capacity can have a significant impact on the City's budget. So far, the City's growth has not reached the threshold requiring significant expansion of general governmental services with the exception of classroom capacity at the Alcoa Intermediate School. Construction began in October 2021 on a major addition to provide additional classrooms along with a new kitchen and cafeteria. Construction was completed in the Summer of 2023 allowing students to begin the 2023-2024 school year in the new addition.

With respect to consumption taxes, i.e., sales taxes, Alcoa's population levels have not historically played a significant role in the growth or decline of those taxes. Alcoa is a commercial center that surrounds the Knoxville Metropolitan Airport and borders the City of Knoxville and Knox County, thereby making it a convenient destination for customers from all over the metropolitan area. In other words, Alcoa's retail customer base is much larger than its population base.

Alcoa's economic success depends a great deal upon the economic wellbeing of the region as a whole. For most households, economic wellbeing is a direct result of a well-paying job. Providing high quality jobs has been a long-standing focus of the City's administration. Alcoa along with the City of Maryville and Blount County fund a joint Economic Development Board (EDB) which has been tremendously successful in creating new jobs through both attracting new employers and facilitating the expansion of existing ones. For example, Smith & Wesson announced they would be moving their gun manufacturing and corporate headquarters to Blount County after residing in Springfield Massachusetts, for the past 169 years. Facility construction was completed in 2023 in an industrial park owned jointly by the Cities of Alcoa, Maryville, and Blount County. Smith & Wesson invested an estimated \$133 million in constructing their facility and will provide 750 new jobs.

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

Over the past several years, the City has averaged around 35 new single-family homes per year. These new housing units have been primarily located in the City's premier subdivisions and would be considered in the upper echelon in terms of value based on regional standards. Due to growth in population, permits for new single-family residential construction jumped to 79 in FY2023. However, virtually all the inventory of available lots has been depleted and land sold for single-family development has been constrained to 17 permits in FY2024. Developers have been quick to integrate property constraints into their new residential developments for single-family detached products by pushing for smaller lots or zero-lot-line projects (townhouses). An FY23 project proposing 141 townhomes has completed several phases and construction should be finalized in FY2025. A second project with intermixed townhomes and single-family detached homes on smaller lots is in the final stages of design and should begin in late FY2025 or FY2026. Finally, the boom in apartment complex construction continues with over 1,100 new units in various stages of completion adding to the 722 units completed since 2016. An anchor mixed-use development complex with 900 residential units will begin its Phase 1 construction of 450 apartment units in FY25, kicking off renewed investment in the Pellissippi Place business park.

Despite positive growth trends in population, jobs, sales, and property tax experienced over the past several years, the City recognizes there is more that can be accomplished to assist in creating an increased level of economic stability for the future. With that in mind, the City has stepped in to serve as the catalyst for starting a major re-development project located at the geographical core of the City. The project involves converting a 300-acre former factory site into a mixed-use urban development. The site had been home to Alcoa Inc.'s West Plant fabricating mill from its construction in 1921 until it ceased operations in 1988. Demolition of all the structures occurred shortly thereafter and discussions as to the property's reuse continued until 2008 when Alcoa Inc. began a search for qualified firms with the experience and capacity to successfully complete a redevelopment project of this size. In 2009, Alcoa Inc. (now Arconic) entered a re-development agreement with Airport Center Development Partners (ACDP) with the primary partner being ReSight of Littleton, CO to create a mixed-use, urban development. Aside from completing an initial master plan, the great recession halted any further activity on the project.

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

City funding for the Springbrook Farm project came from the issuance of \$9.9 million in general obligation bonds coupled with \$2.6 million previously committed in a capital projects fund, with an additional \$5 million allocated for roadway renovations in FY2018. The City realizes that the build-out of the project may extend over 20 or more years but expects to recoup its initial investment within 7 to 10 years based on a portion of property sales and the ensuing growth in property and sales taxes. As FY2022 transitioned to FY2023, the Springbrook Farm development was acquired by RealtyLink of Greenville, SC. RealtyLink specializes in retail development in the southeastern United States as well as Texas and are currently negotiating with a vast array of retailers that they are proposing to locate within Springbrook Farm.

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

- Two Major Hotels
- 327 new commercial residential units
- 4 new restaurants
- 5 new small businesses

Construction will begin in FY2025 on two new multi-tenant buildings expected to house 3 new restaurants and two new medical businesses. Staff also expect to see two premier restaurants and the first phase of a regional health care medical campus build out begin construction during the 3rd and 4th quarters of FY2025. Company Distilling, a local whiskey distilling group, continues progress on the buildout of their adjoining campus on the south side of the Springbrook site. A hotel on the site is expected to kick off the development of this corridor in the 3rd quarter of FY2025.

Two major economic development agreements were announced in 2021. In February, a development agreement was executed for the construction of a regional distribution center for Amazon. This agreement will result in a 5-story, 2.8 million square foot facility providing up to 1,000 new employment opportunities in Blount County. Amazon's investment in the facility is estimated to be over \$250 million. Amazon officially began operations in their new facility in 2023. As mentioned previously, the second major development was announced in September 2021 when Smith & Wesson revealed their plans to relocate from Springfield, Massachusetts to Blount County. Smith & Wesson's estimated investment is \$133 million and will result in 750 new jobs in Blount County. Smith & Wesson officially began production in their new facility in October 2023.

Many factors were considered in preparing the City of Alcoa's budget for the 2025 fiscal year. The City has invested a great deal of capital in preparing for future economic development which will provide a return on investment from growth in sales and property taxes. However, this new growth and resulting revenue will not be immediate, and it will take time before the City recognizes a return on this investment. In the interim, the City will continue to provide the same quality services to its citizens utilizing existing revenues and funding sources available.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 36,952,694	\$ 43,242,709	\$ 80,195,403
Investments	0	6,206,115	6,206,115
Receivables			
Taxes, Net	16,161,455	0	16,161,455
Accounts, Net	1,052,176	7,436,384	8,488,560
Accrued Interest	0	47,529	47,529
Note Receivable	3,790,654	0	3,790,654
Internal Balances	135,226	(135,226)	0
Due from Other Governments	3,960,855	0	3,960,855
Inventories	2,300	4,310,938	4,313,238
Prepaid Items/ Clearing Accounts/ Other Assets	1,349	4,195,267	4,196,616
Energy Service Loans Receivable	0	63,554	63,554
Net Pension Asset	3,767,520	0	3,767,520
TCRS Stabilization Trust	233,855	0	233,855
Regulatory Asset - Debt Issuance Costs	0	184,724	184,724
Capital Assets			
Nondepreciable	4,487,939	15,389,881	19,877,820
Depreciable, Net of Accumulated Depreciation	119,493,265	120,005,502	239,498,767
Total Capital Assets, Net of Depreciation	123,981,204	135,395,383	259,376,587
Total Assets	190,039,288	200,947,377	390,986,665
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Bond Refunding Costs	58,029	4,350,400	4,408,429
Deferred Pension Outflows	10,388,737	5,585,211	15,973,948
Deferred Other-Postemployment Benefits Outflows	2,819,603	1,399,625	4,219,228
Total Deferred Outflows of Resources	13,266,369	11,335,236	24,601,605

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION (Continued)
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	2,341,016	13,393,427	15,734,443
Accrued Payroll	224,896	192,827	417,723
Other Liabilities	1,692,870	458,071	2,150,941
Customer Deposits	0	3,213,630	3,213,630
Advances from TVA for Energy Service Loans	0	47,281	47,281
Long-Term Liabilities			
Due Within One Year	6,311,913	5,018,478	11,330,391
Due in More Than One Year			
Long-Term Debt	82,104,949	55,052,338	137,157,287
Lease Obligations	6,076,039	0	6,076,039
Landfill Closure/Post Closure Costs	0	13,815,191	13,815,191
Net Pension Liability	8,227,892	7,340,449	15,568,341
Other Post-Employment Benefit Liability	9,419,363	4,008,381	13,427,744
Total Liabilities	<u>116,398,938</u>	<u>102,540,073</u>	<u>218,939,011</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	14,666,554	0	14,666,554
Deferred Pension Inflows	498,128	133,845	631,973
Deferred Other-Postemployment Benefits Inflows	1,698,507	263,070	1,961,577
Total Deferred Inflows of Resources	<u>16,863,189</u>	<u>396,915</u>	<u>17,260,104</u>
NET POSITION			
Net Investment in Capital Assets	32,544,684	80,851,996	113,396,680
Restricted for			
Special Revenue			
State Street Aid	99,006	0	99,006
Drug Enforcement	134,498	0	134,498
Education	1,243,464	0	1,243,464
Federal Projects	734	0	734
Vehicle Enforcement	6,931	0	6,931
Capital Projects	2,898,755	0	2,898,755
Pensions	3,767,520	0	3,767,520
Unrestricted Position	29,347,938	28,493,629	57,841,567
Total Net Position	<u>\$ 70,043,530</u>	<u>\$ 109,345,625</u>	<u>\$ 179,389,155</u>

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 13,585,237	\$ 10,234,313	\$ 646,526	\$ 0	\$ (2,704,398)	\$ 0	\$ (2,704,398)
Public Safety	13,085,983	90,679	199,037	0	(12,796,267)	0	(12,796,267)
Public Works	9,718,789	811,450	0	1,448,338	(7,459,001)	0	(7,459,001)
Economic Development	2,644,366	0	650,000	0	(1,994,366)	0	(1,994,366)
Education	34,195,358	2,804,073	17,673,696	0	(13,717,589)	0	(13,717,589)
Debt Service:							
Interest on Long-Term Debt	2,420,720	0	0	0	(2,420,720)	0	(2,420,720)
Total Governmental Activities	75,650,453	13,940,515	19,169,259	1,448,338	(41,092,341)	0	(41,092,341)
Business-Type Activities							
Stormwater Utility	1,623,566	1,489,410	100	948,355	0	814,299	814,299
Water and Sewer Utility	17,939,485	18,327,064	2,283	2,495,686	0	2,885,548	2,885,548
Electric	76,367,467	78,477,387	0	0	0	2,109,920	2,109,920
Landfill	4,769,611	8,392,783	0	0	0	3,623,172	3,623,172
Total Business-Type Activities	100,700,129	106,686,644	2,383	3,444,041	0	9,432,939	9,432,939
Total Government	\$ 176,350,582	\$ 120,627,159	\$ 19,171,642	\$ 4,892,379	(41,092,341)	9,432,939	(31,659,402)
General Revenues:							
					22,442,782	0	22,442,782
					72,695	0	72,695
					18,780,068	0	18,780,068
					1,307,306	0	1,307,306
					638,385	0	638,385
					572,268	0	572,268
					111,679	238,753	350,432
					998,640	1,133,425	2,132,065
					1,576,488	(1,576,488)	0
					<u>46,500,311</u>	<u>(204,310)</u>	<u>46,296,001</u>
Change in Net Position					5,407,970	9,228,629	14,636,599
Net Position - Beginning					<u>64,635,560</u>	<u>100,116,996</u>	<u>164,752,556</u>
Net Position - Ending					<u>\$ 70,043,530</u>	<u>\$ 109,345,625</u>	<u>\$ 179,389,155</u>

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

CITY OF ALCOA, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2024

	General	Education	Debt Service	AIS Construction	West Plant Construction	Non-Major Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 21,330,793	\$ 3,659,252	\$ 2,498,275	\$ 365,253	\$ 1,228,328	\$ 4,787,443	\$ 33,869,344
Receivables:							
Property Taxes	15,258,329	962,283	0	0	0	0	16,220,612
Less: Allowance for Uncollectible Taxes	(59,157)	0	0	0	0	0	(59,157)
Accounts	173,380	473,542	0	0	0	345,409	992,331
Prepaid Expenditures	0	1,349	0	0	0	0	1,349
Inventories and Prepaid Items	0	0	0	0	0	2,300	2,300
TCRS Stabilization Trust	0	233,855	0	0	0	0	233,855
Due from Other Governments	2,682,536	0	0	0	0	1,278,319	3,960,855
Due from Other Funds	135,226	0	0	0	0	0	135,226
Total Assets	\$ 39,521,107	\$ 5,330,281	\$ 2,498,275	\$ 365,253	\$ 1,228,328	\$ 6,413,471	\$ 55,356,715
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ 855,075	\$ 239,272	\$ 0	\$ 42,931	\$ 0	\$ 1,157,310	\$ 2,294,588
Accrued Expenses	481,680	0	0	0	0	0	481,680
Due to State of Tennessee	405	535,885	0	0	0	0	536,290
Other Liabilities	0	0	220	0	0	4,587	4,807
Total Liabilities	1,337,160	775,157	220	42,931	0	1,161,897	3,317,365
Deferred Inflows of Resources							
Deferred Revenue - Property Taxes	14,666,554	0	0	0	0	0	14,666,554
Total Deferred Inflows of Resources	14,666,554	0	0	0	0	0	14,666,554
Fund Balances							
Nonspendable	0	1,349	0	0	0	2,300	3,649
Restricted	0	233,855	0	322,322	1,228,328	2,598,883	4,383,388
Committed	500,000	4,319,920	2,498,055	0	0	2,181,587	9,499,562
Assigned	0	0	0	0	0	468,804	468,804
Unassigned	23,017,393	0	0	0	0	0	23,017,393
Total Fund Balances	23,517,393	4,555,124	2,498,055	322,322	1,228,328	5,251,574	37,372,796
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 39,521,107	\$ 5,330,281	\$ 2,498,275	\$ 365,253	\$ 1,228,328	\$ 6,413,471	\$ 55,356,715

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

CITY OF ALCOA, TENNESSEE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2024

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

Ending Fund Balance - Governmental Funds	\$	37,372,796	
Note Receivables recorded in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			3,790,654
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Capital Assets	\$	209,454,073	
Less: Accumulated Depreciation		<u>(85,472,869)</u>	123,981,204
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Long-Term Debt		(81,175,000)	
Unamortized Bond Premium		(5,138,173)	
Lease Obligations		(6,696,141)	
Compensated Absences		<u>(1,226,805)</u>	(94,236,119)
Internal service funds are used by management to charge certain costs (e.g., certain employee benefits, insurance, maintenance, and use of equipment) to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.			1,944,996
Net pension assets and liabilities of the City's pension plans are not current financial resources and, therefore, are not reported in the governmental funds.			(4,460,372)
Other post-employment benefits liabilities are not current financial resources and, therefore, are not reported in the governmental funds.			(9,419,363)
Amounts reported as deferred outflows of unamortized amounts on refundings, deferred outflows related to other post-employment benefits, and deferred outflows related to pensions increase the amount of net position reported in the statement of net position, but are not reported as assets in the funds. Similarly, deferred inflows related to pensions and other postemployment benefits decrease the amount of net position reported in the statement of net position, but are not reported as liabilities in the funds.			
Deferred Outflows of Resources Related to Deferred Bond Refunding Costs		58,029	
Deferred Outflows of Resources Related to Pensions		10,388,737	
Deferred Outflows of Resources Related to Other Post-employment Benefits		2,819,603	
Deferred Inflows of Resources Related to Pensions		(498,128)	
Deferred Inflows of Resources Related to Other Post-employment Benefits		<u>(1,698,507)</u>	<u>11,069,734</u>
Net Position of Governmental Activities	\$		<u><u>70,043,530</u></u>

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	General Fund	Education Fund	Debt Service Fund	AIS Construction	West Plant Construction	Non-Major Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes:							
Property Taxes	\$ 10,541,991	\$ 8,238,077	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,780,068
Local Option Sales Taxes	14,022,281	5,315,822	0	0	0	0	19,338,103
Other Taxes	5,076,609	45,578	0	0	0	383,681	5,505,868
Licenses, Permits and Fees	286,609	427,625	0	0	0	0	714,234
Intergovernmental:							
Unrestricted							
State Taxes	1,608,265	128,419	0	0	0	0	1,736,684
Restricted:							
Federal Grants	140,940	23,472	0	0	0	2,189,239	2,353,651
State Grants	491,073	0	0	0	0	0	491,073
U.S.D.A Reimbursements	0	0	0	0	0	994,229	994,229
Other State Revenues	60,800	14,141,755	0	0	0	1,144,815	15,347,370
Other Local Revenues	0	144,833	0	0	0	0	144,833
Charges for Services	1,004,490	0	0	0	0	676,281	1,680,771
Fines, Forfeitures and Costs	311,759	0	0	0	0	22,002	333,761
Property Rental	162,366	0	0	0	0	0	162,366
Change in Fair Value of Investments	0	110,537	0	1,143	0	0	111,680
Interest Income	753,969	0	0	0	38,912	149,280	942,161
Internal School Fund Revenue	0	0	0	0	0	1,860,080	1,860,080
Miscellaneous Income	807,998	34,334	0	0	0	1,478,121	2,320,453
Total Revenues	35,269,150	28,610,452	0	1,143	38,912	8,897,728	72,817,385
Expenditures:							
Current:							
General Government	3,893,027	0	0	0	0	0	3,893,027
Public Safety	12,263,134	0	0	0	0	16,000	12,279,134
Public Works	6,002,853	0	0	0	0	1,646,290	7,649,143
Contributions to Other Agencies	2,489,219	0	0	0	0	0	2,489,219
Education	0	28,189,841	0	0	0	5,724,192	33,914,033
Capital Outlay/Capital Assets	0	0	0	870,685	202,546	3,607,007	4,680,238
Debt Service:							
Principal Retirement	135,750	8,313	3,828,895	0	0	0	3,972,958
Interest and Fiscal Fees	13,947	712	3,042,627	0	0	0	3,057,286
Total Expenditures	24,797,930	28,198,866	6,871,522	870,685	202,546	10,993,489	71,935,038
Net Change in Fund Balance Before Other Financing Sources (Uses)	10,471,220	411,586	(6,871,522)	(869,542)	(163,634)	(2,095,761)	882,347
Other Financing Sources (Uses):							
Transfers to Other Funds	(9,234,160)	0	0	0	0	0	(9,234,160)
Transfer from Other Funds	0	170,000	6,882,820	0	200,000	1,981,340	9,234,160
Transfer from Business-Type Activities In-Lieu of Tax	1,576,488	0	0	0	0	0	1,576,488
Total Other Financing Sources (Uses)	(7,657,672)	170,000	6,882,820	0	200,000	1,981,340	1,576,488
Net Change in Fund Balances	2,813,548	581,586	11,298	(869,542)	36,366	(114,421)	2,458,835
Fund Balances, July 1st	20,703,845	3,973,538	2,486,757	1,191,864	1,191,962	5,365,995	34,913,961
Fund Balances, June 30th	\$ 23,517,393	\$ 4,555,124	\$ 2,498,055	\$ 322,322	\$ 1,228,328	\$ 5,251,574	\$ 37,372,796

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

CITY OF ALCOA, TENNESSEE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

June 30, 2024

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

Net Change in Fund Balances – Total Governmental Funds	\$	2,458,835
--	----	-----------

Governmental funds report note receivable disbursements as expenditures and the subsequent receipts as revenues. However, on the Statement of Net Position the subsequent receipts (\$658,102) reduce the receivable.	(1,547,219)
---	-------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets Purchased	\$ 6,421,721	
Depreciation Expense	<u>(5,461,521)</u>	
Net Change in Capital Assets		960,200

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Add: Principal Payments on Debt	3,910,000	
Add: Principal Payments on Leases	<u>594,396</u>	4,504,396

Expenses reported in the statement of activities include amortization of the deferred amount on debt refunding (\$2,763). In addition, the amortization of bond premium results in reduction of expenses (\$218,224). These amounts do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	215,461
---	---------

Internal service funds are used by management to charge certain costs (e.g., certain employee benefits, insurance, maintenance, and use or equipment) to individual funds. The net revenue (expense) amounts of the internal service funds are reported with governmental activities.	(218,133)
---	-----------

Certain assets, liabilities, deferred inflows, and deferred outflows accounted for using the economic resources focus and the accrual basis of accounting are reported in the Statement of Net Position but are not reported in the fund financial statements, which include only items that are accounted for using current financial resources measurement and modified accrual basis of accounting. These amounts do not provide or require the use of current financial resources and, therefore, are not reflected in the revenues and expenditures of governmental funds.

Change in Assets and Deferred Outflows of Resources		
Net Pension Asset	(56,806)	
Deferred Pension Outflows	705,609	
Deferred Other-Postemployment Benefits Outflows	<u>1,050,304</u>	1,699,107

Change in Liabilities and Deferred Inflows of Resources		
Net Pension Liability	(1,591,679)	
Other Post-Employment Benefit Liability	(1,657,772)	
Compensated Absences	(208,717)	
Deferred Pension Inflows	451,734	
Deferred Other Post-Employment Benefits Inflows	<u>341,757</u>	<u>(2,664,677)</u>

Change in Net Position of Governmental Activities	\$	<u><u>5,407,970</u></u>
---	----	-------------------------

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

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

For the Fiscal Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property Taxes	\$ 9,940,000	\$ 9,940,000	\$ 10,541,991	\$ 601,991
Local Option Sales Taxes	13,500,000	13,850,000	14,022,281	172,281
Other Taxes	5,283,860	5,283,860	5,076,609	(207,251)
Licenses, Permits and Fees	299,600	299,600	286,609	(12,991)
Fines, Forfeitures and Costs	284,500	284,500	311,759	27,259
Intergovernmental:				
Unrestricted:				
State Taxes	1,922,400	1,922,400	1,608,265	(314,135)
Restricted:				
Federal Grants	64,100	64,100	140,940	76,840
State Grants	17,740	196,315	491,073	294,758
Other State Revenues	60,000	60,000	60,800	800
Interest Income	400,000	400,000	753,969	353,969
Public Works, Labor, and Material	750,000	750,000	770,033	20,033
Miscellaneous	56,000	56,000	32,864	(23,136)
Property Rental	134,440	134,440	162,366	27,926
Department Services	270,000	270,000	190,033	(79,967)
Fees Development	37,950	37,950	44,424	6,474
Insurance Refunds	15,000	15,000	6,930	(8,070)
Private Grants	25,000	25,000	1,226	(23,774)
TML Grants	5,000	5,000	13,265	8,265
City Development Contributions	0	650,000	650,000	0
Contributions and Donations - Business	110,010	110,010	103,713	(6,297)
Total Revenues	<u>33,175,600</u>	<u>34,354,175</u>	<u>35,269,150</u>	<u>914,975</u>
Expenditures:				
General Government	3,766,233	4,215,633	3,893,027	322,606
Public Works	6,944,170	7,296,370	6,002,853	1,293,517
Public Safety	12,661,441	12,918,416	12,263,134	655,282
Contributions to Other Agencies	2,502,253	2,622,253	2,489,219	133,034
Debt Service:				
Principal	135,750	135,750	135,750	0
Interest and Other Charges	13,947	13,947	13,947	0
Capital Outlay	130,000	130,000	0	130,000
Total Expenditures	<u>26,153,794</u>	<u>27,332,369</u>	<u>24,797,930</u>	<u>2,534,439</u>
Net Change in Fund Balance Before				
Other Financing Sources (Uses)	<u>7,021,806</u>	<u>7,021,806</u>	<u>10,471,220</u>	<u>3,449,414</u>
Other Financing Sources (Uses)				
Operating Transfers In (Out):				
Payments in Lieu of Taxes - Business-Type Activities	1,818,250	1,818,250	1,576,488	(241,762)
Debt Service Fund - In	130,000	130,000	0	(130,000)
Debt Service Fund	(6,882,820)	(6,882,820)	(6,882,820)	0
Education Fund	(170,000)	(170,000)	(170,000)	0
Capital Projects	(2,181,340)	(2,181,340)	(2,181,340)	0
Total Other Financing Sources (Uses)	<u>(7,285,910)</u>	<u>(7,285,910)</u>	<u>(7,657,672)</u>	<u>(371,762)</u>
Net Change in Fund Balance	<u>(264,104)</u>	<u>(264,104)</u>	<u>2,813,548</u>	<u>3,077,652</u>
Fund Balance, July 1st	<u>20,703,845</u>	<u>20,703,845</u>	<u>20,703,845</u>	<u>0</u>
Fund Balance, June 30th	<u>\$ 20,439,741</u>	<u>\$ 20,439,741</u>	<u>\$ 23,517,393</u>	<u>\$ 3,077,652</u>

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
EDUCATION FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2024

	<u>Budget Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property Taxes	\$ 8,310,000	\$ 8,380,000	\$ 8,238,077	\$ (141,923)
Local Option Sales Taxes	5,900,000	5,900,000	5,315,822	(584,178)
Other Taxes	36,000	36,000	45,578	9,578
Licenses, Permits and Fees	301,200	301,200	427,625	126,425
Intergovernmental:				
Unrestricted:				
State Taxes	120,000	120,000	128,419	8,419
Restricted:				
Federal Grants	1,012,600	1,012,600	23,472	(989,128)
Other State Revenues	13,450,200	13,650,200	14,141,755	491,555
Other Local Revenues	25,000	25,000	144,833	119,833
Miscellaneous Income	10,000	10,000	34,334	24,334
Change in Fair Value of Investments	35,000	35,000	110,537	75,537
Total Revenues	<u>29,200,000</u>	<u>29,470,000</u>	<u>28,610,452</u>	<u>(859,548)</u>
Expenditures				
Instruction Elementary/Secondary	14,712,107	14,229,766	14,152,440	77,326
Special Education Program	2,164,954	2,164,954	2,117,119	47,835
Vocational Education	589,673	631,173	619,930	11,243
Health Services	487,597	487,597	484,682	2,915
Other Student Support	1,059,704	1,089,704	1,086,815	2,889
Instruction Regular	916,812	916,812	914,075	2,737
Technology	726,333	609,333	591,744	17,589
Board of Education	397,874	296,740	267,521	29,219
Office of the Director	200,284	200,284	189,979	10,305
Office of Principals	1,625,802	1,740,802	1,737,075	3,727
Fiscal Services	287,362	287,362	268,492	18,870
Human Services	280,240	280,240	256,364	23,876
Operation of Plant	2,533,921	2,363,921	2,324,126	39,795
Maintenance of Plant	988,493	1,086,693	1,074,361	12,332
Transportation	424,240	432,240	430,587	1,653
Food Services	962,050	962,050	0	962,050
Family Resource Center	105,390	105,390	103,336	2,054
Lottery Pre-K	286,914	380,914	378,308	2,606
Debt Service:				
Principal	8,313	8,313	8,313	0
Interest and Other Charges	712	712	712	0
Capital Outlay	441,225	1,195,000	1,192,887	2,113
Total Expenditures	<u>29,200,000</u>	<u>29,470,000</u>	<u>28,198,866</u>	<u>1,271,134</u>
Net Change in Fund Balance Before				
Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>411,586</u>	<u>411,586</u>
Other Financing Sources (Uses)				
Transfer from General Fund	<u>0</u>	<u>0</u>	<u>170,000</u>	<u>170,000</u>
Other Financing Sources (Uses) Total	<u>0</u>	<u>0</u>	<u>170,000</u>	<u>170,000</u>
Net Change in Fund Balance	<u>0</u>	<u>0</u>	<u>581,586</u>	<u>581,586</u>
Fund Balance, July 1st	<u>3,973,538</u>	<u>3,973,538</u>	<u>3,973,538</u>	<u>0</u>
Fund Balance, June 30th	<u>\$ 3,973,538</u>	<u>\$ 3,973,538</u>	<u>\$ 4,555,124</u>	<u>\$ 581,586</u>

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

	Business-Type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Major Funds					
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 1,317,847	\$ 16,286,906	\$ 5,271,541	\$ 12,287,761	\$ 35,164,055	\$ 3,083,350
Investments	0	0	0	6,206,115	6,206,115	0
Accounts Receivable, Net	122,680	1,604,644	5,153,297	555,763	7,436,384	59,844
Materials and Supplies	0	1,820,507	2,490,431	0	4,310,938	0
Other Current Assets	0	47,529	0	0	47,529	0
Due From Other Funds	0	55,226	0	5,348	60,574	0
Prepaid TVA Power Invoice Program	0	0	4,195,267	0	4,195,267	0
Total Current Assets	1,440,527	19,814,812	17,110,536	19,054,987	57,420,862	3,143,194
Noncurrent Assets						
Capital Assets						
Land and Easements	0	1,206,839	1,269,726	2,666,341	5,142,906	0
Construction in Progress	0	2,067,954	7,460,801	718,220	10,246,975	0
Structures, Improvements and Equipment	7,018,493	111,515,251	106,136,371	16,386,966	241,057,081	0
	7,018,493	114,790,044	114,866,898	19,771,527	256,446,962	0
Less: Accumulated Depreciation	(1,203,896)	(48,690,311)	(56,654,099)	(14,503,273)	(121,051,579)	0
Net Capital Assets	5,814,597	66,099,733	58,212,799	5,268,254	135,395,383	0
Other Noncurrent Assets						
Cash Held for Long-Term Purposes	0	0	0	8,078,654	8,078,654	0
Receivables from Customers for Conservation Loans	0	0	63,554	0	63,554	0
Regulatory Asset - Debt Issuance Costs	0	0	184,724	0	184,724	0
Total Other Noncurrent Assets	0	0	248,278	8,078,654	8,326,932	0
Total Noncurrent Assets	5,814,597	66,099,733	58,461,077	13,346,908	143,722,315	0
Total Assets	7,255,124	85,914,545	75,571,613	32,401,895	201,143,177	3,143,194
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Pension Outflows	336,284	1,751,954	2,805,003	691,970	5,585,211	0
Deferred Other Post Employment Benefits Outflows	85,824	350,854	757,380	205,567	1,399,625	0
Deferred Bond Refunding Costs	0	4,350,400	0	0	4,350,400	0
Total Deferred Outflows of Resources	422,108	6,453,208	3,562,383	897,537	11,335,236	0

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
June 30, 2024

	Business-Type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Major Funds					
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	
LIABILITIES						
Current Liabilities						
Accounts Payable	25,756	1,888,575	11,246,953	232,143	13,393,427	46,425
Due to Other Funds	0	0	195,800	0	195,800	0
Medical Claims Payable	0	0	0	0	0	1,151,773
Customer Deposits	0	0	3,213,630	0	3,213,630	0
Other Accrued Liabilities	12,547	66,887	167,986	28,584	276,004	0
Current Portion of Long-Term Debt	0	2,049,444	1,290,881	501,124	3,841,449	0
Compensated Absences	51,158	277,762	696,074	152,035	1,177,029	0
Total Current Liabilities	89,461	4,282,668	16,811,324	913,886	22,097,339	1,198,198
Noncurrent Liabilities						
Long-Term Debt	0	43,148,809	10,598,786	1,304,743	55,052,338	0
Estimated Liability for Landfill Closure and Postclosure Care Costs	0	0	0	13,815,191	13,815,191	0
Unearned Credits	0	0	374,894	0	374,894	0
Conservation -TVA	0	0	47,281	0	47,281	0
Net Pension Liability	264,441	2,096,227	4,214,808	764,973	7,340,449	0
Other Post-Employment Benefit Liability	248,838	949,626	2,199,198	610,719	4,008,381	0
Total Noncurrent Liabilities	513,279	46,194,662	17,434,967	16,495,626	80,638,534	0
Total Liabilities	602,740	50,477,330	34,246,291	17,409,512	102,735,873	1,198,198
DEFERRED INFLOWS OF RESOURCES						
Deferred Pension Inflows	8,416	43,372	63,430	18,627	133,845	0
Deferred Other Post Employment Benefits Inflows	12,483	65,957	142,135	42,495	263,070	0
Total Deferred Inflows of Resources	20,899	109,329	205,565	61,122	396,915	0
NET POSITION						
Net Investment in Capital Assets	5,814,597	25,251,880	46,323,132	3,462,387	80,851,996	0
Unrestricted	1,238,996	16,529,214	(1,640,992)	12,366,411	28,493,629	1,944,996
Total Net Position	\$ 7,053,593	\$ 41,781,094	\$ 44,682,140	\$ 15,828,798	\$ 109,345,625	\$ 1,944,996

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2024

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Major Funds					
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	
OPERATING REVENUES						
Charges for Services	\$ 1,470,693	\$ 17,810,621	\$ 76,458,216	\$ 8,187,724	\$ 103,927,254	\$ 8,219,025
Rents and Other Services	0	464,622	1,580,261	0	2,044,883	0
Miscellaneous	0	30,338	435,519	0	465,857	0
Total Operating Revenues	<u>1,470,693</u>	<u>18,305,581</u>	<u>78,473,996</u>	<u>8,187,724</u>	<u>106,437,994</u>	<u>8,219,025</u>
OPERATING EXPENSES						
Medical Claims Paid	0	0	0	0	0	6,390,435
Insurance Premiums/Administration	0	0	0	0	0	2,103,201
Purchased Power	0	0	58,322,259	0	58,322,259	0
Administrative and General	567,167	984,774	3,628,947	553,567	5,734,455	0
Accounting and Collections	0	1,565,838	0	0	1,565,838	0
Supervision	0	649,264	0	0	649,264	0
Water Treatment Plant	0	1,924,571	0	0	1,924,571	0
Distribution and Transmission	0	1,081,139	2,629,160	0	3,710,299	0
Meter Readings and Repairs	0	491,259	0	0	491,259	0
Water Maintenance	0	361,925	0	0	361,925	0
Sewage Collection/Disposal/Pumping	0	5,156,057	0	0	5,156,057	0
Customer Accounts, Services and Sales	0	0	1,804,448	0	1,804,448	0
Stormwater Operations	800,260	0	0	0	800,260	0
Landfill Operations	0	0	0	2,933,361	2,933,361	0
Environmental Compliance	0	197,018	0	792,394	989,412	0
Depreciation	256,139	3,606,909	3,528,968	454,912	7,846,928	0
Electric Maintenance	0	0	5,496,701	0	5,496,701	0
Total Operating Expenses	<u>1,623,566</u>	<u>16,018,754</u>	<u>75,410,483</u>	<u>4,734,234</u>	<u>97,787,037</u>	<u>8,493,636</u>
OPERATING INCOME (LOSS)	<u>(152,873)</u>	<u>2,286,827</u>	<u>3,063,513</u>	<u>3,453,490</u>	<u>8,650,957</u>	<u>(274,611)</u>
NONOPERATING REVENUES (EXPENSES)						
Other Income (Expense)	18,818	23,767	1,905	204,756	249,246	0
Gain on Sale of Property and Equipment	0	0	1,395	0	1,395	0
Amortization Expense	0	(211,200)	0	0	(211,200)	0
Change in Fair Value of Investments	0	0	0	238,753	238,753	0
Interest Expense	0	(1,709,531)	(615,338)	(35,075)	(2,359,944)	0
Interest Income	41,954	566,095	150,741	374,635	1,133,425	56,478
Total Non-Operating Revenues (Expenses)	<u>60,772</u>	<u>(1,330,869)</u>	<u>(461,297)</u>	<u>783,069</u>	<u>(948,325)</u>	<u>56,478</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(92,101)</u>	<u>955,958</u>	<u>2,602,216</u>	<u>4,236,559</u>	<u>7,702,632</u>	<u>(218,133)</u>
CONTRIBUTIONS AND TRANSFERS						
Capital Contributions	948,355	2,495,686	0	0	3,444,041	0
Payments in Lieu of Taxes - County	0	0	(341,556)	0	(341,556)	0
Payments in Lieu of Taxes - City	0	(400,000)	(1,176,488)	0	(1,576,488)	0
Total Contributions and Transfers	<u>948,355</u>	<u>2,095,686</u>	<u>(1,518,044)</u>	<u>0</u>	<u>1,525,997</u>	<u>0</u>
CHANGE IN NET POSITION	<u>856,254</u>	<u>3,051,644</u>	<u>1,084,172</u>	<u>4,236,559</u>	<u>9,228,629</u>	<u>(218,133)</u>
NET POSITION, July 1st	<u>6,197,339</u>	<u>38,729,450</u>	<u>43,597,968</u>	<u>11,592,239</u>	<u>100,116,996</u>	<u>2,163,129</u>
NET POSITION, June 30th	<u>\$ 7,053,593</u>	<u>\$ 41,781,094</u>	<u>\$ 44,682,140</u>	<u>\$ 15,828,798</u>	<u>\$ 109,345,625</u>	<u>\$ 1,944,996</u>

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2024

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Major Funds					
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers/Employees' Insurance	\$ 1,464,255	\$ 19,280,969	\$ 76,921,828	\$ 8,090,349	\$ 105,757,401	\$ 8,159,181
Cash Payments to Suppliers for Goods and Services/ Medical Claims	(218,180)	(6,694,041)	(47,651,312)	(1,752,316)	(56,315,849)	(8,871,157)
Cash Payments to Employees for Services	(1,087,629)	(4,610,450)	(20,228,151)	(1,638,871)	(27,565,101)	0
Net Cash Flows Provided By (Used In) Operating Activities	<u>158,446</u>	<u>7,976,478</u>	<u>9,042,365</u>	<u>4,699,162</u>	<u>21,876,451</u>	<u>(711,976)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers Out - In Lieu of Taxes	0	(400,000)	(1,176,488)	0	(1,576,488)	0
Payments to County	0	0	(341,556)	0	(341,556)	0
Net Cash Provided By (Used In) Non Capital Financing Activities	<u>0</u>	<u>(400,000)</u>	<u>(1,518,044)</u>	<u>0</u>	<u>(1,918,044)</u>	<u>0</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Advances from TVA	0	0	(55,107)	0	(55,107)	0
Acquisition of Conservation Loans	0	0	18,907	0	18,907	0
Proceeds from Sale of Capital Assets	0	0	1,430	0	1,430	0
Acquisition of Capital Assets	(159,451)	(4,673,118)	(9,012,702)	(802,245)	(14,647,516)	0
Utility Plant Removal Costs	0	0	6,860	0	6,860	0
Principal Paid on Long-Term Debt	0	(1,955,000)	(1,230,000)	(485,000)	(3,670,000)	0
Interest Paid on Long-Term Debt	0	(1,758,975)	(527,578)	(45,623)	(2,332,176)	0
Net Cash Flows Provided By (Used In) Capital and Related Financing Activities	<u>(159,451)</u>	<u>(8,387,093)</u>	<u>(10,796,285)</u>	<u>(1,332,868)</u>	<u>(20,675,697)</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sale of Investments	0	0	1,422,970	0	1,422,970	0
Interest and Dividends on Investments	41,954	566,095	150,741	374,635	1,133,425	56,478
Net Cash Flows Provided By (Used In) Investing Activities	<u>41,954</u>	<u>566,095</u>	<u>1,573,711</u>	<u>374,635</u>	<u>2,556,395</u>	<u>56,478</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	40,949	(244,520)	(1,698,253)	3,740,929	1,839,105	(655,498)
CASH & CASH EQUIVALENTS - July 1st	<u>1,276,898</u>	<u>16,531,426</u>	<u>6,969,794</u>	<u>16,625,486</u>	<u>41,403,604</u>	<u>3,738,848</u>
CASH & CASH EQUIVALENTS - June 30th	<u>\$ 1,317,847</u>	<u>\$ 16,286,906</u>	<u>\$ 5,271,541</u>	<u>\$ 20,366,415</u>	<u>\$ 43,242,709</u>	<u>\$ 3,083,350</u>

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2024

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Major Funds					
	Stormwater Utility	Water/ Sewer Utility	Electric Utility	Landfill	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (152,873)	\$ 2,286,827	\$ 3,063,513	\$ 3,453,490	\$ 8,650,957	\$ (274,611)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:						
Depreciation	256,139	3,606,909	3,829,006	454,912	8,146,966	0
Changes in Assets and Liabilities						
Accounts Receivable	(6,438)	769,642	(1,716,341)	(94,701)	(1,047,838)	(59,844)
Due from Other Funds	0	69,495	0	(2,674)	66,821	0
Other Current Assets	0	136,251	0	0	136,251	0
Prepaid Expenses	0	0	(36,965)	0	(36,965)	0
Materials and Supplies	0	139,326	725,715	0	865,041	0
Deferred Outflows - Pension Expense	(62,896)	(309,940)	(460,082)	(128,191)	(961,109)	0
Deferred Outflows - OPEB	(44,544)	(165,535)	(353,100)	(90,532)	(653,711)	0
Accounts Payable	2,964	845,496	3,063,300	39,567	3,951,327	(4,651)
Other Accrued Liabilities	(7,682)	4,051	(254,703)	4,136	(254,198)	(372,870)
Due to Other Funds	0	0	44,934	0	44,934	0
Net Pension Liability	97,665	422,141	580,416	190,135	1,290,357	0
OPEB Liability	65,604	243,797	520,042	133,335	962,778	0
Deferred Inflows - Pension Expense	(3,669)	(18,892)	(27,623)	(8,107)	(58,291)	0
Deferred Inflows - OPEB	(9,148)	(33,996)	(72,517)	(18,593)	(134,254)	0
Customer Deposits	0	0	164,173	0	164,173	0
Other Revenue (Expense)	18,818	23,767	0	199,180	241,765	0
Closure and Postclosure Care Costs	0	0	0	554,673	554,673	0
Compensated Absences	4,506	(42,861)	(27,403)	12,532	(53,226)	0
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>\$ 158,446</u>	<u>\$ 7,976,478</u>	<u>\$ 9,042,365</u>	<u>\$ 4,699,162</u>	<u>\$ 21,876,451</u>	<u>\$ (711,976)</u>
SUPPLEMENTARY SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital Asset Contributions	\$ 948,355	\$ 2,495,686	\$ 0	\$ 0	\$ 3,444,041	\$ 0
Amortization (Accretion) of Deferred Amount on Refunding	0	(211,200)	(26,386)	0	(237,586)	0
Amortization (Accretion) of Bond Premium	0	49,444	10,881	16,124	76,449	0
Deferred Credits/Regulatory Charges	0	0	(72,290)	0	(72,290)	0
Change in Fair Value of Investments	0	0	0	238,753	238,753	0

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

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM FUND - FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS, LIABILITIES AND NET POSITION
June 30, 2024

ASSETS	
Investments in Tennessee Retirement Group Trust	\$ <u>28,949,090</u>
LIABILITIES	<u>0</u>
NET POSITION	
Restricted for Pension Benefits	<u>28,949,090</u>
TOTAL NET POSITION	<u>\$ <u>28,949,090</u></u>

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

CITY OF ALCOA, TENNESSEE
EMPLOYEES' RETIREMENT SYSTEM FUND - FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY PLAN NET POSITION
For the Fiscal Year Ended June 30, 2024

Additions	
Employer Contributions	\$ 1,156,459
Investment Income (Loss):	
Investment Income (Loss)	2,667,372
Less Investment Expenses	<u>(28,172)</u>
Net Investment Income	<u>2,639,200</u>
Total Additions	<u>3,795,659</u>
Deductions	
Administrative Expenses	20,137
Benefit Payments	<u>3,033,186</u>
Total Deductions	<u>3,053,323</u>
Change in Net Position	742,336
Net Position Restricted for Pension Benefits - Beginning of Year	<u>28,206,754</u>
Net Position Restricted for Pension Benefits - End of Year	<u>\$ 28,949,090</u>

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

CITY OF ALCOA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) REPORTING ENTITY

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

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

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

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. *Governmental activities* are normally supported by taxes and intergovernmental revenues. *Business-type activities* rely to a significant extent, on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets as well as long-term obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal year.

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

(C) BASIS OF PRESENTATION

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

Governmental Fund Types

Governmental Funds are those through which most of the governmental functions of the City are financed. The focus of Governmental Fund measurement, in the fund financial statements, is upon determination of financial position and changes in financial position rather than upon net income. Governmental Funds are accounted for using the modified accrual basis of accounting. Governmental Funds include the following fund types:

General Fund: The General Fund is established to account for resources devoted to financing the general services that City performs for its citizens. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required or elected to be accounted for in another fund. The General Fund is always considered a major fund in the basic financial statements.

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted or committed to expenditures for specified purposes. There is one special revenue fund presented as a major fund in the basic financial statements as follows:

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

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

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt not being accounted for in the Enterprise Funds.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) BASIS OF PRESENTATION (Continued)

Proprietary Fund Types

Proprietary funds are used to account for the City's ongoing operations and activities, which are similar to those often found in the private sector. The focus of Proprietary Fund measurement is upon the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds include the following fund types:

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

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

Water and Sewer Utility Fund: The Water and Sewer Utility Fund is used to account for the operation of the City's water and sewer system. This fund is presented as a major fund in the basic financial statements.

Electric Utility Fund: The Electric Utility Fund is used to account for the operation of the City's electric system. This fund is presented as a major fund in the basic financial statements.

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

Internal Service Funds: Internal Service Funds are used to account for the providing of goods or services to other governmental operating units on a cost reimbursement basis. The purpose of centralizing certain activities in an Internal Service Fund is to achieve a level of operating efficiency that may not be available if the same activities were performed by multiple units within the governmental organization. The objective of an Internal Service Fund is not to make a profit but rather to recover, over a period of time, the total cost of providing the goods or services. The following internal service funds are used by the City:

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

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

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

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

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

Fiduciary Fund Types

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the source and use of liquid resources, and 3) demonstrate how the City's actual experience conforms to the annual budget. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" is defined as collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The State Pooled Investment Fund is governed by the State Funding Board in accordance with Tennessee Code Annotated. The Funding Board is comprised of the State Treasurer, the Comptroller, the Commissioner of Finance and Administration, the Secretary of State and the Governor. Reporting is done monthly, quarterly and annually and there are regularly scheduled meetings. The Funding Board has developed an Investment Policy which meets Rule SEC 2a-7 requirements and State laws.

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

Unbilled Accounts Receivable - The City of Alcoa Utilities delay the recording of some accrued revenues due to the staggering of meter reading dates during the month. Consequently, there is a lag in meter reading time and billing dates as the Utilities do not bill at a cut-off date of June 30th, the year-end. Unbilled revenues are estimated by calculation of average daily revenue for the number of days unrecorded based on the following month's billing.

For the Electric Utility at June 30, 2024, unbilled revenue was estimated to be \$2,002,270. For the Water and Sewer Utility at June 30, 2024, unbilled revenue was estimated to be \$455,114.

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

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

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

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

Capital Assets - Capital assets, including public domain infrastructure (e.g. roads, bridges, sidewalks, and culverts) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of the donation. Capital assets received in a service concession arrangement are reported at estimated acquisition value.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

Long-Term Obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type. Debt premiums and discounts are deferred and amortized over the life of the debt. Debt payable is reported net of the applicable premium or discount.

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

Proprietary fund financial statements recognize debt premiums and discounts as deferrals that are amortized to interest expense over the life of the debt. Debt payable is reported net of the applicable premium or discount. Under GASB *Statement No. 62*, debt issue costs that are recovered through rate charges established by the regulatory authority are recognized as deferred regulatory charges. They are amortized over the life of the debt.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan, the Public Employee Retirement Plan (Hybrid Without Cost Controls), the Teacher Legacy Plan, and the Teacher Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and the additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan, the Public Employee Retirement Plan (Hybrid Without Cost Controls), the Teacher Legacy Plan, and the Teacher Retirement Plan of TCRS. Investments are reported at fair value.

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

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

1. In a timely manner, the City Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearing is conducted by the City to obtain taxpayer comments.
3. Prior to July 1st, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts within major functional areas of any fund as outlined in the budget ordinance; however, any revisions that may alter the total expenditures of any major functional area or fund must be approved by the Board of Commissioners. The general fund is divided into the following major functional areas: *General Government, Public Works, Public Safety, Contributions to Other Agencies, Capital Outlay, and Transfers to Debt Service & Other Funds.*
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.
6. Budgets for the General Fund, Special Revenue Funds and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles.

(B) SUPPLEMENTAL APPROPRIATIONS

The following revisions were made to the original fiscal 2024 budgeted expenditures and other financing uses by additional appropriations for the following major governmental funds:

Fund	Original Budget	Revisions	Final Budget
General Fund	\$ 26,153,794	\$ 1,178,575	\$ 27,332,369
Education Fund	\$ 29,200,000	\$ 270,000	\$ 29,470,000

NOTE 3 - DEPOSITS AND INVESTMENTS

(A) DEPOSITS

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

Included in Cash and Cash equivalents at June 30, 2024 were balances in the State Treasurer's Local Government Investment Pool (LGIP) in the amount of \$3,082,027. Deposits with the LGIP are not subject to categorization and are reported at amortized cost using a table net asset value. The LGIP is not registered with the SEC as an investment company. However, the LGIP has a policy that it will operate in a manner consistent with the SEC's Rule 2a-7. SEC Rule 2a-7 allows SEC registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the State Treasurer to administer the LGIP under the same terms and conditions, including collateral requirements, as required for other funds invested by the Treasurer. The reported value of the pool is the same as the fair value of the pool shares. There are no minimum or maximum dollar limits on the size of withdrawal transactions. In most cases, a withdrawal will be honored the same day it is requested. However, withdrawals of \$5,000,000 or more will be honored the next working day after request.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

(B) INVESTMENTS

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

Investment Policies:

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates the City's investment policies limit investments to terms of no more than four years. As of June 30, 2024, the average weighted maturity of the City's portfolio was 10 months.

Credit Risk - Credit risk is the risk that the issuer, or other counterparty to an investment, will not fulfill its obligations. Investing is performed in accordance with investment policies which comply with applicable state statutes. The City's Investment Policy allows only investments in the highest-grade securities. As of June 30, 2024, the City's investment holdings were in compliance with state statutes.

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City has no limit on the amount it may invest in any one issuer. As of June 30, 2024, all of the City's investments are in United States Treasury Bills and Notes which are securities issued by the government of the United States of America. All U.S. Government Treasury investments have an Aaa credit rating.

As of June 30, 2024, the City had the following investments and related maturities.

	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 - 2 Years</u>	<u>2 - 4 Years</u>
Investments:				
U.S. Treasuries	\$ <u>6,206,115</u>	\$ <u>3,062,047</u>	\$ <u>3,144,068</u>	\$ <u>0</u>

Fair Value:

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

(B) INVESTMENTS (Continued)

The City has the following recurring fair value measurement as of June 30, 2024:

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

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

	Fair Value Measurement Using			
	Carrying Amount in the Statement of Net Position	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of June 30, 2024				
U.S. Treasuries	\$ 6,206,115	\$ 6,206,115	\$ 0	\$ 0

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

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

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

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

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2024, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

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

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

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

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

At June 30, 2024, the Alcoa City Schools and the System had the following investments held by the trust on its behalf.

	Weighted Average Maturity (Days)	Maturities	Stabilization Reserve Trust Fair Value	System Fair Value	Total
Investments at Fair Value					
U.S. Equity	N/A	N/A	\$ 72,495	\$ 8,974,218	\$ 9,046,713
Developed Market International Equity	N/A	N/A	32,740	4,052,873	4,085,613
Emerging Market International Equity	N/A	N/A	9,354	1,157,964	1,167,318
U.S. Fixed Income	N/A	N/A	46,771	5,789,818	5,836,589
Real Estate	N/A	N/A	23,385	2,894,909	2,918,294
Short-Term Securities	N/A	N/A	2,339	289,491	291,830
NAV - Private Equity and Strategic Lending	N/A	N/A	46,771	5,789,818	5,836,589
Total			\$ 233,855	\$ 28,949,091	\$ 29,182,946

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

	Fair Value Measurements Using				
	Carrying Amount	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Amortized Cost (NAV)
Investments at Fair Value					
U.S. Equity	\$ 9,046,713	\$ 9,046,713	\$ 0	\$ 0	\$ 0
Developed Market International Equity	4,085,613	4,085,613	0	0	0
Emerging Market International Equity	1,167,318	1,167,318	0	0	0
U.S. Fixed Income	5,836,589	0	5,836,589	0	0
Real Estate	2,918,294	0	0	2,918,294	0
Short-Term Securities	291,830	0	291,830	0	0
Private Equity and Strategic Lending	5,836,589	0	0	0	5,836,589
Total	\$ 29,182,946	\$ 14,299,644	\$ 6,128,419	\$ 2,918,294	\$ 5,836,589

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

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

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

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

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

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

https://treasury.tn.gov/Portals/0/Documents/Retirement/CAFR%20Reports/2023/2023TCRSReport_Full%20Report.pdf

NOTE 4 - PROPERTY TAX

The City's property tax is levied each September 1st on the assessed value as listed by the County Assessor and is payable by each October 1st. Property taxes are delinquent after October 1st and are recorded as such on June 30th. The assessed values are established by the County Assessment Board. The City's tax rate for the year ended June 30, 2024 was \$1.69 per \$100 of assessed value.

Property taxes levied for 2023 and prior years, but uncollected as of June 30, 2024, are recorded as receivables, net of estimated amounts uncollectible based upon collections in prior years. The Allowance for Uncollectible Property Taxes as of June 30, 2024 is \$59,157. The taxes collected during the fiscal year ended June 30, 2024, and those taxes expected to be collected in the subsequent sixty (60) days, are recognized as revenues in the fiscal year ended June 30, 2024. The remainder of net property taxes receivable are recorded as deferred revenue.

Property taxes levied for the fiscal year ending June 30, 2024 are recorded as receivables and deferred revenue.

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

As of June 30, 2024, interfund receivables and payables were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>	<u>Total Balances</u>
Governmental Activities			
General Fund	\$ 135,226	\$ 0	\$ 135,226
Total Governmental Activities	<u>\$ 135,226</u>	<u>\$ 0</u>	<u>\$ 135,226</u>
Business-Type Activities			
Water and Sewer Utility	\$ 55,226	\$ 0	\$ 55,226
Electric Utility	0	(195,800)	(195,800)
Landfill	<u>5,348</u>	<u>0</u>	<u>5,348</u>
Total Business-Type Activities	<u>\$ 60,574</u>	<u>\$ (195,800)</u>	<u>\$ (135,226)</u>

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

Transfers during the year are as follows:

<u>Transfers From:</u>	<u>Transfers to:</u>					
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Education Fund</u>	<u>West Plant Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund	\$ 0	\$ 6,882,820	\$ 170,000	\$ 200,000	\$ 1,981,340	\$ 9,234,160
Water & Sewer Utility Fund	400,000	0	0	0	0	400,000
Electric Utility Fund	<u>1,176,488</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,176,488</u>
Total	<u>\$ 1,576,488</u>	<u>\$ 6,882,820</u>	<u>\$ 170,000</u>	<u>\$ 200,000</u>	<u>\$ 1,981,340</u>	<u>\$ 10,810,648</u>

The transfers from the General Fund are to fund the operating activities of the receiving fund. Transfers to the nonmajor funds include \$491,340 from the General Fund to the Equipment Replacement Fund for capital asset purchases, \$1,400,000 to the Project Eagle fund for capital asset purchases, and \$90,000 to the ADA Improvement Fund to provide funding for future ADA improvements. The transfers from the Electric Utility Fund and Water and Sewer Utility Fund are transfers in lieu of payment of taxes.

NOTE 6 - CAPITAL ASSETS

A summary of capital asset activity, for the government-wide financial statements, for the fiscal year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,197,303	\$ 0	\$ 0	\$ 2,197,303
Construction in Progress	<u>18,546,307</u>	<u>1,953,323</u>	<u>(18,208,994)</u>	<u>2,290,636</u>
Total Capital Assets, Not Being Depreciated	<u>20,743,610</u>	<u>1,953,323</u>	<u>(18,208,994)</u>	<u>4,487,939</u>
Capital Assets, Being Depreciated / Amortized:				
Buildings	64,529,907	17,642,438	0	82,172,345
Parks & Greenways	14,232,139	0	0	14,232,139
Improvements	16,679,022	1,403,325	0	18,082,347
Swimming Pools	1,047,667	0	0	1,047,667
Infrastructure	59,319,167	1,715,487	0	61,034,654
Lease Assets:				
Buildings (Civic Arts Center)	9,142,400	0	0	9,142,400
Communications Equipment	1,149,908	0	0	1,149,908
Equipment	794,453	0	0	794,453
Equipment and Vehicles	<u>15,414,284</u>	<u>1,916,142</u>	<u>(20,205)</u>	<u>17,310,221</u>
Total Capital Assets, Being Depreciated / Amortized	<u>182,308,947</u>	<u>22,677,392</u>	<u>(20,205)</u>	<u>204,966,134</u>
Less Accumulated Depreciation / Amortization for:				
Buildings	(21,912,347)	(1,485,053)	0	(23,397,400)
Parks & Greenways	(2,986,682)	(577,739)	0	(3,564,421)
Improvements	(11,418,472)	(571,868)	0	(11,990,340)
Swimming Pools	(1,047,667)	0	0	(1,047,667)
Infrastructure	(27,062,063)	(1,396,646)	0	(28,458,709)
Lease Assets	(5,070,548)	(618,542)	0	(5,689,090)
Equipment and Vehicles	<u>(10,533,774)</u>	<u>(811,673)</u>	<u>20,205</u>	<u>(11,325,242)</u>
Total Accumulated Depreciation / Amortization	<u>(80,031,553)</u>	<u>(5,461,521)</u>	<u>20,205</u>	<u>(85,472,869)</u>
Total Capital Assets, Being Depreciated / Amortized, Net	<u>102,277,394</u>	<u>17,215,871</u>	<u>0</u>	<u>119,493,265</u>
Governmental Activities Capital Assets, Net	<u>\$ 123,021,004</u>	<u>\$ 19,169,194</u>	<u>\$ (18,208,994)</u>	<u>\$ 123,981,204</u>

NOTE 6 - CAPITAL ASSETS (Continued)

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land and Land Rights	\$ 5,027,656	\$ 115,250	\$ 0	\$ 5,142,906
Construction in Progress	8,237,513	6,398,487	(4,389,025)	10,246,975
Total Capital Assets, Not Being Depreciated	<u>13,265,169</u>	<u>6,513,737</u>	<u>(4,389,025)</u>	<u>15,389,881</u>
Capital Assets, Being Depreciated:				
Electric Plant in Service:				
Transmission	16,865,508	23,593	0	16,889,101
Distribution	72,670,961	3,921,339	(213,109)	76,379,191
General	13,956,804	104,781	(1,193,506)	12,868,079
Water & Sewer Plant in Service	101,117,788	10,478,245	(80,782)	111,515,251
Stormwater in Service	5,931,252	1,107,806	(20,565)	7,018,493
Landfill in Service	16,055,887	331,079	0	16,386,966
Total Capital Assets, Being Depreciated	<u>226,598,200</u>	<u>15,966,843</u>	<u>(1,507,962)</u>	<u>241,057,081</u>
Less Accumulated Depreciation for:				
Electric Plant in Service:				
Transmission	(11,038,128)	(467,885)	0	(11,506,013)
Distribution	(36,026,729)	(2,870,854)	213,109	(38,684,474)
General	(7,159,992)	(490,267)	1,186,647	(6,463,612)
Water & Sewer Plant in Service	(45,164,184)	(3,606,909)	80,782	(48,690,311)
Stormwater in Service	(968,322)	(256,139)	20,565	(1,203,896)
Landfill in Service	(14,048,362)	(454,911)	0	(14,503,273)
Total Accumulated Depreciation	<u>(114,405,717)</u>	<u>(8,146,965)</u>	<u>1,501,103</u>	<u>(121,051,579)</u>
Total Capital Assets, Being Depreciated, Net	<u>112,192,483</u>	<u>7,819,878</u>	<u>(6,859)</u>	<u>120,005,502</u>
Business-Type Activities Capital Assets, Net	<u>\$ 125,457,652</u>	<u>\$ 14,333,615</u>	<u>\$ (4,395,884)</u>	<u>\$ 135,395,383</u>

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

General Government	\$ 1,256,072
Public Safety	772,622
Public Works	1,680,001
Education	1,752,826
	<u>\$ 5,461,521</u>

NOTE 7 - DEBT AND LONG-TERM LIABILITIES

(A) BONDS AND NOTES PAYABLE

General Obligation Bonds - The City issues general obligation bonds to provide for the acquisition and construction of major roads, capital facilities and equipment. General obligation bonds have been issued for general government activities, business-type activities and to refund previously issued general obligation bonds. General obligation bonds outstanding at June 30, 2024 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$77,370,000 - 2008 Local Government Improvement Bonds, Series E-5-B - due in annual installments of \$100,000 to \$2,090,000 through June 2036, variable interest 4.00% to 5.00%.	\$ 5,945,000	\$ 33,490,000	\$ 39,435,000
\$9,625,000 - 2016A General Obligation Bonds - due in annual installments of \$65,000 to \$975,000 through June 2036, variable interest 2.00% to 3.00%.	2,905,000	4,950,000	7,855,000
\$9,995,000 - 2017 General Obligation Bonds - due in annual installments of \$460,000 to \$685,000 through June 2037, variable interest 2.00% to 3.00%.	7,605,000	0	7,605,000
\$9,975,000 - 2018 General Obligation Bonds - due in annual installments of \$255,000 to \$380,000 through May 2048, variable interest 3.50% to 5.00%.	6,410,000	1,375,000	7,785,000
\$28,300,000 - 2020 General Obligation Refunding Bonds - due in annual installments of \$355,000 to \$1,630,000 through June 2043, variable interest 3.00% to 5.00%.	23,880,000	1,730,000	25,610,000
\$6,200,000 - 2020B General Obligation Refunding Bonds - due in annual installments of \$265,000 to \$275,000 through June 2045, variable interest 2.00% to 3.00%.	0	5,660,000	5,660,000
\$4,815,000 - 2020C General Obligation Bonds (Taxable) - due in annual installments of \$325,000 to \$500,000 through June 2034, variable interest 0.30% to 1.85%.	0	3,315,000	3,315,000
\$9,460,000 - 2021A General Obligation Bonds - due in annual installments of \$110,000 to \$555,000 through March 2050, variable interest 2.00% to 4.00%.	6,015,000	3,035,000	9,050,000
\$5,550,000 - 2021B General Obligation Refunding Bonds (Taxable) - due in annual installments of \$770,000 to \$1,200,000 through March 2050, variable interest 0.15% to 0.82%.	1,600,000	800,000	2,400,000
\$22,900,000 - 2022A General Obligation Bonds - due in annual installments of \$90,000 to \$1,085,000 through June 2052, variable interest 3.00% to 5.00%.	18,875,000	3,390,000	22,265,000
\$8,475,000 - 2022B General Obligation Refunding Bonds - due in annual installments of \$255,000 to \$505,000 through June 2045, variable interest 3.00% to 4.00%.	<u>7,940,000</u>	<u>0</u>	<u>7,940,000</u>
Total General Obligation Bonds	<u>\$ 81,175,000</u>	<u>\$ 57,745,000</u>	<u>\$ 138,920,000</u>

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

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

(A) BONDS AND NOTES PAYABLE (Continued)

The following is a summary of debt transactions of the City for the fiscal year ended June 30, 2024:

	Debt Payable July 1, 2023	Debt Issued	Debt Retired	Debt Refunded	Debt Payable June 30, 2024
General Obligation Bonds	\$ 146,500,000	\$ 0	\$ 7,580,000	\$ 0	\$ 138,920,000

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

Fiscal Years Ending June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 3,990,000	\$ 2,636,979	\$ 3,765,000	\$ 2,307,478	\$ 7,755,000	\$ 4,944,457
2026	4,090,000	2,503,429	3,885,000	2,160,578	7,975,000	4,664,007
2027	3,595,000	2,366,094	3,690,000	2,012,998	7,285,000	4,379,092
2028	3,705,000	2,220,419	3,755,000	1,856,578	7,460,000	4,076,997
2029	3,615,000	2,069,519	3,895,000	1,698,933	7,510,000	3,768,452
2030 - 2034	19,795,000	8,379,794	16,155,000	6,169,260	35,950,000	14,549,054
2035 - 2039	19,035,000	5,151,363	11,620,000	3,449,825	30,655,000	8,601,188
2040 - 2044	14,230,000	2,618,978	9,310,000	985,475	23,540,000	3,604,453
2045 - 2049	6,225,000	971,938	1,290,000	136,453	7,515,000	1,108,391
2050 - 2052	2,895,000	175,500	380,000	18,674	3,275,000	194,174
Totals	\$ 81,175,000	\$ 29,094,013	\$ 57,745,000	\$ 20,796,252	\$ 138,920,000	\$ 49,890,265

(B) LEASE OBLIGATIONS

Civic Arts Center

On May 2, 2006, the City Commission adopted a resolution authorizing the execution of an agreement with respect to a Civic Arts Center to be constructed on the campus of Maryville College; approving the issuance of bonds in an amount not to exceed \$33,685,000 by the Industrial Development Board of Blount County to finance the Civic Arts Centers; consenting to the assignment of the City's obligation under the lease agreement; and such other matters with respect to the Civic Arts Center. The lease obligates the City to pay annually an amount not to exceed 28.57% of the rental payments due, which shall be equal to a percentage of the principal and interest on the bonds.

Communications Equipment

In 2024, the City entered into an agreement with Blount County, Tennessee to acquire emergency communication equipment with Blount County being the lessor. The City's pro rata share of the cost was \$1,149,908 and the City is required to make annual payments of \$121,381 including interest at 1.20% for 10 years.

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

Other Lease Obligations

From time to time the City enters into smaller lease agreements during the normal course of its operations. As of June 30, 2024, these additional leases account for \$360,834 of the total lease amount.

Changes in lease obligations for the year end June 30, 2024 were:

	Balance <u>July 1, 2023</u>	<u>Issued</u>	<u>Payments</u>	Balance <u>June 30, 2024</u>
Civic Center	\$ 5,865,000	\$ 0	\$ 340,000	\$ 5,525,000
Communications Equipment	920,640	0	110,333	810,307
Novatech Copiers	94,811	0	27,764	67,047
Tasers	196,378	0	63,508	132,870
Body Cameras	186,193	0	44,478	141,715
Canon Copiers	27,515	0	8,313	19,202
Total	<u>\$ 7,290,537</u>	<u>\$ 0</u>	<u>\$ 594,396</u>	<u>\$ 6,696,141</u>

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

Fiscal Years Ending <u>June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 620,102	\$ 268,625
2026	640,957	246,569
2027	563,782	224,927
2028	525,725	203,656
2029	542,114	183,817
2030 - 2034	2,683,461	596,275
2035 - 2036	<u>1,120,000</u>	<u>75,825</u>
Totals	<u>\$ 6,696,141</u>	<u>\$ 1,799,694</u>

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

(C) TOTAL LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Governmental Activities					
Debt Payable:					
General Obligation Bonds	\$ 85,085,000	\$ 0	\$ 3,910,000	\$ 81,175,000	\$ 3,990,000
Premium on Bond Issuance	<u>5,356,397</u>	<u>0</u>	<u>218,224</u>	<u>5,138,173</u>	<u>218,224</u>
Total Debt Payable	<u>90,441,397</u>	<u>0</u>	<u>4,128,224</u>	<u>86,313,173</u>	<u>4,208,224</u>
Other Liabilities:					
Lease Obligations	7,290,537	0	594,396	6,696,141	620,102
Compensated Absences	<u>1,130,494</u>	<u>1,351,242</u>	<u>998,149</u>	<u>1,483,587</u>	<u>1,483,587</u>
Total Other Liabilities	<u>8,421,031</u>	<u>1,351,242</u>	<u>1,592,545</u>	<u>8,179,728</u>	<u>2,103,689</u>
Total Liabilities	<u>\$ 98,862,428</u>	<u>\$ 1,351,242</u>	<u>\$ 5,720,769</u>	<u>\$ 94,492,901</u>	<u>\$ 6,311,913</u>
Business-Type Activities					
Debt Payable:					
General Obligation Bonds	\$ 61,415,000	\$ 0	\$ 3,670,000	\$ 57,745,000	\$ 3,765,000
Premium on Bond Issuance	<u>1,225,236</u>	<u>0</u>	<u>76,449</u>	<u>1,148,787</u>	<u>76,449</u>
Total Debt Payable	<u>62,640,236</u>	<u>0</u>	<u>3,746,449</u>	<u>58,893,787</u>	<u>3,841,449</u>
Other Liabilities:					
Compensated Absences	<u>1,230,255</u>	<u>829,829</u>	<u>883,055</u>	<u>1,177,029</u>	<u>1,177,029</u>
Total Liabilities	<u>\$ 63,870,491</u>	<u>\$ 829,829</u>	<u>\$ 4,629,504</u>	<u>\$ 60,070,816</u>	<u>\$ 5,018,478</u>

NOTE 8 - EMPLOYEE RETIREMENT PLANS

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

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

The following information is provided to support the balances as of June 30, 2024 in the total column on the Statement of Net Position on pages 1 and 2 of the financial statements.

	Employees' Retirement System of the City of Alcoa	Public Employee Retirement Plan (Legacy)	Public Employee Retirement Plan (Hybrid Without Cost Controls)	Teacher Legacy Plan	Teacher Retirement Plan	All Plans
Net Pension Asset	\$ 0	\$ 0	\$ 0	\$ 3,697,410	\$ 70,110	\$ 3,767,520
Net Pension Liability	\$ 8,357,278	\$ 6,826,015	\$ 385,048	\$ 0	\$ 0	\$ 15,568,341
Pension Deferred Outflow s	\$ 1,495,124	\$ 9,551,684	\$ 1,293,383	\$ 3,482,269	\$ 151,488	\$ 15,973,948
Pension Deferred Inflow s	\$ 0	\$ 289,489	\$ 0	\$ 258,541	\$ 83,943	\$ 631,973
Pension Expense (Negative Expense)	\$ (543,378)	\$ 3,089,565	\$ 522,128	\$ 895,311	\$ 84,921	\$ 4,048,547

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

General Information

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

Benefits Provided - The System provides benefits as follows:

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

Employees Covered by Benefit Terms - At the measurement date of June 30, 2023, the following City employees were covered by the System:

Inactive Employees or Beneficiaries Currently Receiving Benefits	166
Inactive Employees Entitled to, but not yet Receiving Benefits	9
Active Employees Entitled to, but not yet Receiving Benefits	<u>24</u>
Total	<u><u>199</u></u>

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

General Information (Continued)

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

Contributions - The City makes employer contributions based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability for past service costs. The System is noncontributory, and no contributions are required by members of the system. For the year ended June 30, 2024, the employer contributions for the City to the System were \$1,156,459 based on a rate of 55.10% of covered payroll.

Net Pension Liability

Pension Liability - The City's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of July 1, 2024.

Actuarial Assumptions - The total pension liability as of the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Actuarial Cost Method:	Entry Age Normal (level percentage of pay).
Mortality Rates:	110% of the SOA PubG-2010 Mortality Tables, with current and future mortality improvement estimated by projecting improvement using Scale MP-2021.
Salary Scale:	4.0% Annual increase to normal retirement, with adjustment for longevity and sick pay.
Social Security Scale:	4.0% Annual increase to wage base and cost of living escalation.
Discount Rate:	6.75% per Annum.
Marriage Assumption:	85% of Participants are Assumed to be married with husbands assumed to be 4 years older than wives.
Other Assumptions:	Credited service adjusted to reflect accumulated sick leave.
Asset Valuation Method:	Five-year smoothing of difference between market value and expected market assets.

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

Rates of Return (Loss) - The annual money-weighted rate of return (loss) on the Plan's investments, net of investment expenses, for the fiscal year 2024 was 9.7%.

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

Changes in Net Pension Liability

The changes in net pension liability are shown below:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net Pension Liability (Asset)</u> <u>(a) - (b)</u>
<u>Balances at June 30, 2022</u>	\$ 36,940,960	\$ 28,057,613	\$ 8,883,347
Changes for the Year:			
Service Cost	119,441	0	119,441
Interest	2,575,523	0	2,575,523
Difference between Expected and Contributions - Employer	0	1,448,328	(1,448,328)
Net Investment Income	0	1,804,788	(1,804,788)
Benefit Payments - Including Refunds of Employee Contributions	(3,071,892)	(3,071,892)	0
Administrative Expenses	0	(32,083)	32,083
Net Changes	<u>(376,928)</u>	<u>149,141</u>	<u>(526,069)</u>
<u>Balances at June 30, 2023</u>	<u>\$ 36,564,032</u>	<u>\$ 28,206,754</u>	<u>\$ 8,357,278</u>

The components of the net pension liability at June 30, 2023 were as follows:

Total Pension Liability (7.25%)	\$ 36,564,032
Plan Fiduciary Net Position	<u>(28,206,754)</u>
Net Pension Liability	<u>\$ 8,357,278</u>

Plan Fiduciary Net Position as a % of Total Pension Liability 77.14%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability using the stated discount rate of 7.25%, as well as what the net position liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
Net Pension Liability (Asset) 2023	<u>\$ 11,677,525</u>	<u>\$ 8,357,278</u>	<u>\$ 5,491,232</u>

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

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

For the fiscal year ended June 30, 2024, the City recognized pension expense (negative pension expense) of (\$543,379). At June 30, 2024, the City reported deferred outflows of resources and deferred inflow of resources related to the System from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 338,665	\$ 0
Contributions Subsequent to the Measurement Date of June 30, 2023	<u>1,156,459</u>	<u>0</u>
Total	<u>\$ 1,495,124</u>	<u>\$ 0</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2023" will be recognized as a reduction to net pension liability in the following measurement period.

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

For the Years ended June 30,

2025	\$ (132,292)
2026	(249,669)
2027	686,750
2028	33,876

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

The Public Employee Retirement Plan (Legacy), Public Employee Retirement Plan (Hybrid Without Cost Controls), Teacher Legacy Plan and Teacher Retirement plan are defined benefits plans administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34 – 37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-investment-Policies>.

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

Contributions - TCRS

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

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) - TCRS

Net Pension Liability (Asset) - The net pension liability (asset) for each plan was measured as of June 30, 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.0%
Investment Rate of Return	6.75%, net of pension plan investment expenses, including inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) - TCRS (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Alcoa will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(C) PUBLIC EMPLOYEE RETIREMENT PLAN - LEGACY

General Information about the Pension Plan

Plan Description - Employees of City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS.

Benefits Provided - Tennessee Code Annotated Title 8, Chapters 34 – 37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A 1% COLA is granted if the CPI change is between one-half percent and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by the Benefit Terms - At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	115
Inactive Employees Entitled to, but not yet Receiving Benefits	92
Active Employees	<u>153</u>
Total	<u><u>360</u></u>

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

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

General Information about the Pension Plan (Continued)

Contributions - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City has adopted a noncontributory plan. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, employer contributions for the City were \$1,797,285 based on a rate of 15.87% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
<u>Balances at June 30, 2022</u>	\$ 62,744,508	\$ 59,267,784	\$ 3,476,724
Changes for the Year:			
Service Cost	1,004,714	0	1,004,714
Interest	4,226,488	0	4,226,488
Difference between Expected and Actual Experience	3,903,509	0	3,903,509
Contributions - Employer	0	1,832,731	(1,832,731)
Net Investment Income	0	3,968,697	(3,968,697)
Benefit Payments - Including Refunds of Employee Contributions	(2,269,160)	(2,269,160)	0
Administrative Expenses	0	(16,008)	16,008
Net Changes	<u>6,865,551</u>	<u>3,516,260</u>	<u>3,349,291</u>
<u>Balances at June 30, 2023</u>	<u>\$ 69,610,059</u>	<u>\$ 62,784,044</u>	<u>\$ 6,826,015</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of the City calculated using the discount rate of 6.75%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	Net Pension Liability (Asset) 2023	<u>\$ 17,021,374</u>	<u>\$ 6,826,015</u>

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

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

Pension Expense (Negative Pension Expense) - For the year ended June 30, 2024, the City recognized pension expense (negative pension expense) of \$3,089,565.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 5,534,123	\$ 289,489
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	507,109	0
Changes of Assumptions	1,713,167	0
Contributions Subsequent to the Measurement Date of June 30, 2023	<u>1,797,285</u>	<u>0</u>
Total	<u>\$ 9,551,684</u>	<u>\$ 289,489</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2023,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

For the Years ended June 30,

2025	\$ 1,808,721
2026	1,281,206
2027	3,071,444
20208	1,303,539

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

Payable to the Pension Plan

The City reported no outstanding amount of contributions to the pension plan, including employee contributions, required at the year ended June 30, 2024.

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

Plan Description - Employees of City are provided a defined benefit pension plan through the Public Employee Retirement Plan (Hybrid Without Cost Controls), an agent multiple-employer pension plan administered by the TCRS.

Benefits Provided - Tennessee Code Annotated, Title 8, Chapters 34 37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member’s age and service credit total 90. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member’s age and service credit total 80. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefits. No COLA is granted if the change in the CPI is less than one-half percent. A 1% COLA is granted if the CPI change is between one-half percent and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms - At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	0
Inactive Employees Entitled to, but not yet Receiving Benefits	28
Active Employees	<u>192</u>
Total	<u><u>220</u></u>

Contributions - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City has adopted a noncontributory plan. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, the employer contributions for the City were \$638,332 based on a rate of 6.27% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	(a)	(b)	(a) - (b)
<u>Balances at June 30, 2022</u>	\$ <u>2,080,595</u>	\$ <u>1,754,361</u>	\$ <u>326,234</u>
Changes for the Year:			
Service Cost	415,180	0	415,180
Interest	168,465	0	168,465
Difference between Expected and Actual Experience	193,343	0	193,343
Contributions - Employer	0	591,676	(591,676)
Net Investment Income	0	137,444	(137,444)
Administrative Expenses	<u>0</u>	<u>(10,946)</u>	<u>10,946</u>
Net Changes	<u>776,988</u>	<u>718,174</u>	<u>58,814</u>
<u>Balances at June 30, 2023</u>	\$ <u><u>2,857,583</u></u>	\$ <u><u>2,472,535</u></u>	\$ <u><u>385,048</u></u>

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net Pension Liability (Asset) 2023	\$ <u>1,181,131</u>	\$ <u>385,048</u>	\$ <u>(216,785)</u>

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

Pension Expense - For the year ended June 30, 2024, the City recognized pension expense of \$522,128.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources relate to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 508,590	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	31,367	0
Changes of Assumptions	115,094	0
Contributions Subsequent to the Measurement Date of June 30, 2023	<u>638,332</u>	<u>0</u>
Total	<u>\$ 1,293,383</u>	<u>\$ 0</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2023,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

<u>For the Years ended June 30,</u>	
2025	\$ 65,728
2026	62,463
2027	100,123
2028	65,785
2029	62,183
Thereafter	298,769

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

Payable to the Pension Plan

At June 30, 2024, the City reported no payables outstanding to the pension plan.

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

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

Defined Contribution Plan

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

Full time employees are eligible to participate and fully vest in the City's contributions after 12 months of continuous service. Any amounts forfeited may be used to reduce the City's current period contribution requirement. The City has elected to contribute 5% of each eligible participant's compensation per year. The City contributed \$509,037 to the plan during 2024 which represents 5% of covered payroll. Covered payroll for the City for the year ended June 30, 2024 was \$10,180,735.

(E) TEACHER LEGACY PLAN

General Information about the Pension Plan

Plan Description - Teachers employed by the Alcoa City Schools with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits Provided - Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service are required for nonservice-related disability eligibility. The service related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A 1% COLA is granted if the CPI change is between one-half percent and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions - Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Alcoa City Schools for the year ended June 30, 2024 to the Teacher Legacy Pension Plan were \$737,371 which is 6.81% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets) - At June 30, 2024, the Alcoa City Schools reported a liability (asset) of \$(3,697,410) for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Alcoa City Schools' proportion of the net pension liability (asset) was based on Alcoa City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023, Alcoa City Schools' proportion was 0.313613%. The proportion measured as of June 30, 2022 was 0.308576%.

Pension Expense (Negative Pension Expense) - For the year ended June 30, 2024, Alcoa City Schools recognized pension expense (negative pension expense) of \$895,311.

NOTE 8 - EMPLOYEES' RETIREMENT PLANS (Continued)

(E) TEACHER LEGACY PLAN (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2024, Alcoa City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources shown below:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 880,911	\$ 171,584
Changes of Assumptions	1,204,717	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	641,520	0
Changes in Proportion of Net Pension Liability (Asset)	17,750	86,957
LEAs Contributions Subsequent to the Measurement Date of June 30, 2023	<u>737,371</u>	<u>0</u>
Total	<u>\$ 3,482,269</u>	<u>\$ 258,541</u>

Alcoa City Schools' employer contributions of \$737,371 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction (increase) in net pension liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Years ended June 30,

2025	\$ 847,249
2026	(528,675)
2027	2,162,758
2028	5,025

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

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents Alcoa City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75%, as well as what Alcoa City Schools' proportionate share of the net pension liability (asset) would be if we were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ <u>8,053,218</u>	\$ <u>(3,697,410)</u>	\$ <u>(13,470,620)</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2024, Alcoa City Schools' reported no payables for the outstanding amount of contributions to the pension plan, including employee contributions, required at the year ended June 30, 2024.

NOTE 8 - EMPLOYEES' RETIREMENT PLANS (Continued)

(F) TEACHER RETIREMENT PLAN

General Information about the Pension Plan

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

Benefits Provided - Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A 1% COLA is granted if the CPI change is between one-half percent and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions - Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2024 to the Teacher Retirement Plan were \$118,460, which is 4% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets) - At June 30, 2024, Alcoa City Schools reported a liability (asset) of (\$70,110) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. Alcoa City Schools' proportion of the net pension asset was based on Alcoa City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023, Alcoa City Schools' proportion was 0.165341%. The proportion measured as of June 30, 2022 was 0.131819%.

Pension Expense (Negative Pension Expense) - For the year ended June 30, 2024, Alcoa City Schools' recognized a pension expense (negative pension expense) of \$84,921.

NOTE 8 - EMPLOYEES' RETIREMENT PLANS (Continued)

(F) TEACHER RETIREMENT PLAN (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2024, Alcoa City Schools' reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 2,362	\$ 40,922
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	17,825	0
Changes of Assumptions	52,747	0
Changes in Proportion of Net Pension Liability (Asset)	2,258	43,021
LEAs Contributions Subsequent to the Measurement Date of June 30, 2023	<u>76,296</u>	<u>0</u>
Total	<u>\$ 151,488</u>	<u>\$ 83,943</u>

Alcoa City Schools employer contributions of \$118,460, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Years ended June 30.

2025	\$ (4,137)
2026	(6,731)
2027	20,767
2028	(2,547)
2029	(2,438)
Thereafter	(13,665)

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents Alcoa City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75%, as well as what Alcoa City Schools' proportionate share of the net pension liability (asset) would be if we were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ <u>322,504</u>	\$ <u>(70,110)</u>	\$ <u>(352,761)</u>

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2024, Alcoa City Schools' reported no payable for the outstanding amount of contributions to the pension plan, including employee contributions, required at the year ended June 30, 2024.

NOTE 8 - EMPLOYEES' RETIREMENT PLANS (Continued)

(F) TEACHER RETIREMENT PLAN (Continued)

Defined Contribution Plan

Alcoa City Schools contributes to the Higher Education and Teacher Hybrid Plan, a defined contribution pension plan under section 401(k) of the Internal Revenue Code, for teachers with membership in the Tennessee Consolidated Retirement System after July 1, 2014. This plan is a component of the defined benefit plan reported above. Benefit terms, including contribution requirements, for the defined contribution plan are established by Tennessee Code Annotated Title 8, Chapters 34-37 and may be amended by the Tennessee General Assembly. For each employee in the pension plan, the Alcoa City Schools is required to contribute 5% of annual salary to an individual employee account. Employees have a 2% contribution, with an opt-out feature. For the year ended June 30, 2024, the Alcoa City Schools recognized pension expense of \$200,779. Employees are immediately vested on all contributions and earnings on those contributions. The Alcoa City Schools reported no payable for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

(G) DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan known as the City of Alcoa Thrift Plan (the "Thrift Plan"). The Thrift Plan is available to all city employees and permits them to defer a portion of their salary until future years. Contributions to the plan are optional. The deferred compensation is not available to employees until termination, retirement, or death.

The Thrift Plan qualifies under Internal Revenue Section 457(g). The assets of the deferred compensation plan are held in trust (not available to the creditors of the City) and the City does not act as a fiduciary or administrator of the trust. The Thrift Plan administrator provides an annual valuation report to the City. The Thrift Plan assets totaled \$28,502,512 as of June 30, 2024.

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

In addition to the pension benefits described in Note 8, the City maintains separate OPEB plans for City Retirees and for School System Retirees. As of June 30, 2024, total plan balances presented in the statement of net position are as follows:

	<u>City</u>	<u>School System</u>	<u>All Plans</u>
Other Postemployment Benefit Liability	\$ 7,824,932	\$ 5,602,812	\$ 13,427,744
Other Postemployment Benefit Outflows	\$ 2,620,600	\$ 1,598,628	\$ 4,219,228
Other Postemployment Benefit Inflows	\$ 500,874	\$ 1,460,703	\$ 1,961,577
Other Postemployment Benefit Expense	\$ 321,937	\$ 118,587	\$ 440,524

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

(A) CITY

General Information About the OPEB Plan

Plan Description - The City provides post-retirement health care benefits (the "Plan") to certain retirees. The City will allow retirees and their spouse to participate in the City's health insurance plan provided the retiree pays the requisite premium. To participate, retirees must have reached the age of 55 with 25 years of service or age 62 with 15 years of service or be on disability retirement and must have health benefits coverage in the self-insured plan provided by the City. Employees must be hired prior to January 1, 2015 to participate in this plan. The retiree can remain on the City plan from age 55 through age 65 by paying half of the coverage premium to the City. The Plan is a single-employer plan.

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

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

(A) CITY (Continued)

General Information About the OPEB Plan (Continued)

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

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

The contribution requirements are established and may be amended by the City. The Plan is currently being funded on a pay-as-you-go basis, whereby amounts paid to retirees and their matching payments are the only contributions. There are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. For the fiscal year ended June 30, 2024, the City paid \$607,309 to the Plan for OPEB benefits as they came due.

Total OPEB Liability

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

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

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

The actuarial demographic assumptions used in the July 1, 2024 actuarial valuation were based on the results of past experience. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the Group Annuity 1983 Mortality Table.

Discount Rate - The discount rate used to measure the total OPEB liability as of June 30, 2024 was 4.21%. This rate reflects the interest rate derived from yields on the S&P Municipal Bond Index prevailing on the measurement date.

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

(A) CITY (Continued)

Total OPEB Liability (Continued)

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
<u>Balance at June 30, 2023</u>	\$ <u>6,051,861</u>
Changes for the Year	
Service Cost	102,253
Interest	226,864
Experience Losses (Gains)	1,886,415
Changes in Assumptions	164,848
Benefits Payments	<u>(607,309)</u>
Net Changes	<u>1,773,071</u>
<u>Balance at June 30, 2024</u>	\$ <u><u>7,824,932</u></u>

Sensitivity of Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability related to the plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.21%) or 1 percentage-point higher (5.21%) than the current discount rate:

	<u>1% Decrease (3.21%)</u>	<u>Current Discount Rate (4.21%)</u>	<u>1% Increase (5.21%)</u>
Total OPEB Liability	\$ <u>8,447,120</u>	\$ <u>7,824,932</u>	\$ <u>7,271,562</u>

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability related to the Plan, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current healthcare cost trend rate.

	<u>1% Decrease (6.00%)</u>	<u>Healthcare Cost Trend Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Total OPEB Liability	\$ <u>7,161,639</u>	\$ <u>7,824,932</u>	\$ <u>8,596,852</u>

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

(A) CITY (Continued)

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

OPEB Expense (Negative OPEB Expense) - For the fiscal year ended June 30, 2024, the City recognized OPEB expense (negative OPEB expense) of \$321,937.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the fiscal year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience Losses (Gains)	\$ 2,483,227	\$ 0
Change in Assumptions	137,373	500,874
Totals as of June 30, 2024	<u>\$ 2,620,600</u>	<u>\$ 500,874</u>

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

For the Years ended June 30:

2025	\$ 478,657
2026	478,657
2027	478,661
2028	341,878
2029	341,873
Total	<u>\$ 2,119,726</u>

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

(B) SCHOOL SYSTEM

General Information About the OPEB Plan

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

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

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

(B) SCHOOL SYSTEM (Continued)

General Information About the OPEB Plan (Continued)

Benefits Provided - The Alcoa City Schools offers the TGOP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the TGOP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Alcoa City Schools does not provide a direct subsidy toward retirees' insurance premiums and is subject only to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms - At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	19
Inactive Employees Entitled to, but not yet Receiving Benefits	0
Active Employees	164
Total	183

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Alcoa City Schools paid \$208,776 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial Assumptions - The collective total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4%.
Healthcare Cost Trend Rates	10.31% for pre-65, decreasing annually over an 11 year period to an ultimate rate of 4.50%. 12.44% for post-65, decreasing annually over an 11 year period to an ultimate rate of 4.50%.
Retiree's Share of Benefit-Related Costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

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

(B) SCHOOL SYSTEM (Continued)

Total OPEB Liability (Continued)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2021. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2020.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.65%. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

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

	<u>Total OPEB Liability</u>
<u>Balance at June 30, 2022</u>	<u>\$ 6,486,138</u>
Changes for the Year	
Service Cost	290,177
Interest	233,859
Change of Benefit Terms	0
Differences Between Expected and Actual Experience	568,833
Changes in Assumptions	598,122
Benefits Payments	<u>(343,266)</u>
Net Changes	<u>1,347,725</u>
<u>Balance at June 30, 2023</u>	<u>\$ 7,833,863</u>
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	\$ 2,231,051
Employer's Proportionate Share of the Collective Total OPEB Liability	\$ 5,602,812
Employer's Proportion of the Collective Total OPEB Liability	\$ 71.52%

The Alcoa City Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Alcoa City Schools' proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed (1.79)% from the prior measurement date. Alcoa City Schools recognized \$165,186 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Alcoa City School retirees.

Changes in Assumptions - The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2024. The medical and drug trend rate assumptions were updated to reflect more recent experience and a change in expected per capita health claims to reflect more recent information as of the measurement date. Coverage acceptance rates for certain employers were updated to reflect more recent subsidy amounts and plan experience.

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

(B) SCHOOL SYSTEM (Continued)

Total OPEB Liability (Continued)

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

	<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Proportionate Share of Collective Total OPEB Liability	\$ <u>6,013,026</u>	\$ <u>5,602,812</u>	\$ <u>5,212,214</u>

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

	<u>1% Decrease (9.31% / 11.44% Decreasing to 3.50%)</u>	<u>Healthcare Cost Trend Rates (10.31% / 12.44% Decreasing to 4.5%)</u>	<u>1% Increase (11.31% / 13.44% Decreasing to 5.50%)</u>
Proportionate Share of Collective Total OPEB Liability	\$ <u>5,032,839</u>	\$ <u>5,602,812</u>	\$ <u>6,261,793</u>

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

OPEB Expense (Negative OPEB Expense) - For the fiscal year ended June 30, 2024, Alcoa City Schools recognized OPEB expense of \$118,587.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the fiscal year ended June 30, 2024, Alcoa City Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Actual and Expected Experience	\$ 616,725	\$ 709,552
Changes of Assumptions	704,458	525,157
Changes in Proportions	68,669	225,994
Employer Payments Subsequent to the Measurement Date	<u>208,776</u>	<u>0</u>
Totals as of June 30, 2024	\$ <u>1,598,628</u>	\$ <u>1,460,703</u>

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

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

(B) SCHOOL SYSTEM (Continued)

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

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

<u>For the Years ended June 30:</u>	
2025	\$ (47,430)
2026	(47,430)
2027	(47,430)
2028	(31,585)
2029	17,326
Thereafter	<u>85,698</u>
Total	<u>\$ (70,851)</u>

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

On-Behalf Payments

TGOP Plan - The State of Tennessee makes a contribution (on-behalf payment) for School System employees who participate in the TGOB. The on-behalf payment for fiscal year 2024 was \$88,150 and has been recorded as a revenue and expenditure in the Education Fund.

TNP - The State of Tennessee makes a contribution (on-behalf payment) for School System employees who participate in the TNP. The on-behalf payment for fiscal year 2024 was \$21,333 and has been recorded as a revenue and expenditure in the Education Fund.

NOTE 10 - EMPLOYEE HEALTH INSURANCE INTERNAL SERVICE FUND

The City has established reserves for risks associated with the employee's health insurance plan. The Employees Insurance Trust is accounted for as an internal service fund where assets are set aside for claim settlements. The City retains the risk of loss to a limit of \$120,000 per specific loss. The City has obtained a stop/loss commercial insurance policy to cover claims beyond the \$120,000 per specific loss. The maximum liability approximates \$100 million for the year (based on 839 covered persons at a maximum of \$120,000 per covered person).

All full-time employees of the primary government are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This premium charge is based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for catastrophe losses.

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The Employees' Insurance Trust Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not reported. The process used to compute claims liabilities does not necessarily result in an exact amount.

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

<u>Year Ended June 30,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims</u>	<u>Liability Balance at Fiscal Year End</u>
2022	\$ 671,197	\$ 3,871,168	\$ 592,906
2023	592,906	6,361,001	1,524,643
2024	1,524,643	6,175,444	1,151,773

The City carries commercial insurance for all other risks of loss, including general liability, property and casualty, workers' compensation and environmental. Settled claims from these risks have not exceeded commercial insurance coverage in any of the prior three (3) fiscal years.

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

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

The City participates in TVA's Home Energy Conservation Program. TVA advances the funds from which the City disburses for approved customer home insulation and heat pumps. In the event of customer default, the City does not have loss exposure. As of June 30, 2024, receivables from customers for conservation loans was \$63,554.

The City participates in the TVA program for prepayment of wholesale power invoices. The prepayment account earns daily interest based on TVA's average short-term interest rate. TVA reduces the prepayment account for the amount of the City's monthly power invoice each month. As of June 30, 2024, the total prepaid TVA power invoice program was \$4,195,267.

NOTE 12 - CONSTRUCTION CONTRACTS

As of June 30, 2024, the City had the following commitments with respect to unfinished construction—in-progress:

Project Name	Total Contract or Estimated Amount	Costs Incurred Through June 30, 2024	Estimated Cost to Complete
Duck Pond GW Ph 3	\$ 500,000	\$ 91,684	\$ 408,316
Hunters Crossing Curb & Gutter	75,000	14,700	60,300
Amazon GW Trail	1,714,814	640,655	1,074,159
McBath Intersection Improvements	1,350,000	1,129,004	220,996
PAL Renovations	1,350,000	50,483	1,299,517
TDOT Ph 1 Water	112,650	105,921	6,729
TDOT Ph 2 Sewer	289,172	259,690	29,482
TDOT Ph 3 Sewer	200,720	155,071	45,649
TDOT Ph 4 Sewer	167,475	38,653	128,822
TDOT Ph 2 Water	187,168	184,513	2,655
TDOT Ph 3 Water	267,110	248,291	18,819
TDOT Ph 4 Water	157,625	44,314	113,311
Island Home Lift Station	473,903	262,603	211,300
Lincon Rd Waterline	2,000,000	768,898	1,231,102
New Cell Construction	1,600,000	718,219	881,781
	<u>\$ 10,445,637</u>	<u>\$ 4,712,699</u>	<u>\$ 5,732,938</u>

NOTE 13 - LANDFILL OPERATIONS

(A) SOLID WASTE AUTHORITY

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

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

Expenditures of the Authority for management and a solid waste plan are paid by the City of Alcoa Landfill Fund and amounted to \$129,906 for the year ended June 30, 2024.

NOTE 13 - LANDFILL OPERATIONS

(B) LANDFILL CLOSURE AND POSTCLOSURE

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

State and Federal laws and regulations require the Landfill to place a final cover on its Phase I site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty (30) years after the closure. Although closure and postclosure care costs will be paid only near or after the date that the Landfill stops accepting waste (including Phase II in 1996 through Phase IV which will all interface with the existing Phase I Landfill), the Landfill reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$13,815,191 reported as landfill closure and postclosure care liability at June 30, 2024, represents the cumulative amount reported to date based on the use of 28% of the estimated capacity of the Landfill. The City expects to close the Landfill site in 2025, under the current estimate. The City has permit extensions that will allow for an additional 35 years of use. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 14 - JOINT VENTURES

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

(A) EMERGENCY COMMUNICATIONS DISTRICT OF BLOUNT COUNTY

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

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

For the fiscal year ended June 30, 2024, the City of Alcoa, Tennessee contributed \$231,997 to the Blount County Emergency Communications District. Summary financial information, as required by generally accepted accounting principles, for the fiscal year ended June 30, 2023, the most recent fiscal year available, is presented below:

Operating Revenues	\$ 2,253,354
Operating Expenses	<u>2,762,913</u>
Operating Income (Loss)	(509,559)
Non-Operating Revenues	<u>1,040,575</u>
Change in Net Position	531,016
Net Position - July 1, 2022	<u>6,011,383</u>
Net Position - June 30, 2023	<u>\$ 6,542,399</u>
Total Assets	<u>\$ 7,362,642</u>
Deferred Outflows of Resources	<u>\$ 926,782</u>
Total Liabilities	<u>\$ 892,689</u>
Deferred Inflows of Resources	<u>\$ 854,339</u>
Net Position	<u>\$ 6,542,399</u>

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

NOTE 14 - JOINT VENTURES (Continued)

(B) RECREATION AND PARKS COMMISSION

Blount County, the City of Maryville, and the City of Alcoa jointly operate a recreation and parks system through a joint Recreation and Parks Commission. The Commission is composed of seven members, two of whom are appointed by the City of Alcoa Commission. Two members each are appointed by Blount County and the City of Maryville, Tennessee. One member is appointed by the joint commission. The City of Alcoa has control over budget and financing of the Commission only to the extent of representation by the two board members appointed.

For the fiscal year ended June 30, 2024, the City contributed \$646,641 to the Recreation and Parks Commission to fund operations. Summary financial information, as required by accounting principles generally accepted in the United States of America, for the fiscal year ended June 30, 2023, the most recent fiscal year available, is presented below:

Revenues	\$ 3,396,096
Expenditures	<u>3,506,393</u>
Change in Net Position	(110,297)
Net Position - July 1, 2022	<u>2,799,211</u>
Net Position - June 30, 2023	<u>\$ 2,688,914</u>
Total Assets	<u>\$ 2,785,485</u>
Deferred Outflows of Resources	<u>\$ 1,298,470</u>
Total Liabilities	<u>\$ 985,589</u>
Deferred Inflows of Resources	<u>\$ 409,452</u>
Net Position	<u>\$ 2,688,914</u>

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

(C) BLOUNT COUNTY CABLE TELEVISION AUTHORITY

The City of Alcoa, Blount County, and the City of Maryville, Tennessee jointly regulate the operation of cable television through the Blount County Cable Television Authority. The Authority is composed of nine (9) appointed members, three (3) of whom are appointed by the City of Alcoa Commission. The remaining six (6) members are appointed by Blount County and the City of Maryville. The Authority funds its budget through the collection of cable television franchise fees from companies under its jurisdiction. After payment of the Authority's expenses, the residual of those collections is remitted to the County and the two Cities based on point of collection.

Summary financial information, as required by accounting principles generally accepted in the United States of America, for the fiscal year ended June 30, 2023, the most recent fiscal year available is presented below:

Revenues	\$ 1,005,699
Expenditures	<u>23,371</u>
Excess of Revenue Over Expenditures Before	
Franchise Fee Distributions	982,328
Franchise Fee Distributions to County and Cities	<u>975,192</u>
Change in Net Position	7,136
Net Position - July 1, 2022	<u>17,027</u>
Net Position - June 30, 2023	<u>\$ 24,163</u>
Total Assets	<u>\$ 272,844</u>
Total Liabilities	<u>\$ 248,681</u>
Net Position	<u>\$ 24,163</u>

NOTE 14 - JOINT VENTURES (Continued)

(C) BLOUNT COUNTY CABLE TELEVISION AUTHORITY (Continued)

No joint venture debt was reported on the financial statements of the Authority as of June 30, 2023.

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

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

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

For the fiscal year ended June 30, 2024, the City contributed \$495,675 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, 2023, the most recent fiscal year available, is presented below:

Revenues	\$ 483,715
Expenditures	<u>7,406,637</u>
Operating Income (Loss)	(6,922,922)
Nonoperating Revenues	<u>23,005,768</u>
Change in Net Position	16,082,846
Net Position - July 1, 2022	<u>9,272,930</u>
Net Position - June 30, 2023	<u>\$ 25,355,776</u>
Total Assets	<u>\$ 46,637,333</u>
Total Liabilities	<u>\$ 21,281,557</u>
Net Position	<u>\$ 25,355,776</u>

The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee issues a publicly available report. A copy may be obtained by writing to Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee, 201 S. Washington Street, Maryville, Tennessee 37804.

NOTE 15 - JOINT DEVELOPMENTS

(A) PARTNERSHIP PARK NORTH - PARTNERSHIP PARK SOUTH

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

NOTE 15 - JOINT DEVELOPMENTS (Continued)

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

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

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

On September 30, 2021, Smith & Wesson Brands, Inc. announced plans to move their headquarters to Partnership Park North. Vast infrastructure improvements will be required in order to meet the needs of such a large organization. All associated cost and related revenue will be split based on the funding structure outlined in the Intergovernmental Development Agreement. The City of Alcoa's 30% share of expenditures is estimated to be approximately \$2.8 million. The City issued General Obligation Bonds, Series 2022A, (see Note 7) and appropriated approximately \$780,000 thousand of the bond proceeds to assist with funding the initial infrastructure needs.

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

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

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

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

(C) PROJECT PEARL

On January 21, 2021, the City entered into an intergovernmental agreement with Blount County, and The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee ("Board"). The agreement is to induce the construction, equipping and operation by Amazon of a distribution and robotics processing facility in order to promote economic development within the boundaries of the City and County. The Board desires to design and construct certain public road, greenway and utility infrastructure improvements. To finance certain costs of the infrastructure work, the City has executed an industrial revenue note with the Board in an amount not to exceed \$6,000,000. The Board has drawn down the full proceeds in accordance with terms of the agreement. The industrial revenue note will be repaid to the City by the Board through payments in lieu of taxes generated in connection with the project. The industrial revenue note does not bear interest and matures March 1, 2044. During the year ended June 30, 2024, payments totaling \$1,547,219 were received leaving a remaining outstanding amount due to the City from the Board of \$3,790,654 as of June 30, 2024. In order to fund the loan to the Board, the City issued General Obligation Bonds, Series 2021A (see Note 7) for \$6,305,000.

NOTE 16 - RISK FINANCING ACTIVITIES

It is the policy of the City to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, worker's compensation, and employee health and accident claims. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

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

NOTE 17 - PENDING LITIGATION

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

REQUIRED SUPPLEMENTARY INFORMATION SECTION

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

Fiscal Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 119,441	\$ 152,232	\$ 146,377	\$ 174,173	\$ 167,476	\$ 178,301	\$ 171,443	\$ 205,136	\$ 190,824	\$ 232,880
Interest	2,575,523	2,594,343	2,615,595	2,542,594	2,560,640	2,586,636	2,607,943	2,695,269	2,688,755	2,612,606
Differences between Actual and Expected Experience	0	173,123	0	462,715	0	219,890	0	117,353	0	547,119
Change of Assumptions	0	(75,449)	0	894,375	0	789,732	0	(1,221,352)	0	0
Benefit Payments, Including Refunds of Employee Contributions	(3,071,892)	(3,070,187)	(3,051,726)	(3,026,576)	(2,940,875)	(2,925,221)	(3,215,457)	(2,832,855)	(2,587,026)	(2,549,182)
Net Change in Total Pension Liability	(376,928)	(225,938)	(289,754)	1,047,281	(212,759)	849,338	(436,071)	(1,036,449)	292,553	843,423
Total Pension Liability - Beginning	36,940,962	37,166,900	37,456,654	36,409,373	36,622,132	35,772,794	36,208,865	37,245,314	36,952,761	36,109,338
Total Pension Liability - Ending (a)	\$ 36,564,034	\$ 36,940,962	\$ 37,166,900	\$ 37,456,654	\$ 36,409,373	\$ 36,622,132	\$ 35,772,794	\$ 36,208,865	\$ 37,245,314	\$ 36,952,761
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,448,328	\$ 1,448,328	\$ 1,397,040	\$ 1,512,265	\$ 1,397,040	\$ 1,554,021	\$ 2,132,867	\$ 2,406,072	\$ 2,173,944	\$ 1,451,649
Net Investment Income	1,804,788	(1,091,538)	6,504,510	1,261,933	1,865,151	2,062,113	2,634,609	802,129	693,555	2,612,615
Benefit Payments, Including Refunds of Employee Contributions	(3,071,892)	(3,070,187)	(3,051,726)	(3,026,576)	(2,940,875)	(2,925,221)	(3,215,457)	(2,832,855)	(2,587,026)	(2,549,182)
Administrative Expense	(32,083)	(20,185)	(45,612)	(37,470)	(48,597)	(25,732)	(41,329)	(83,979)	(73,003)	(75,650)
Net Change in Plan Fiduciary Net Position	149,141	(2,733,582)	4,804,212	(289,848)	272,719	665,181	1,510,690	291,367	207,470	1,439,432
Plan Fiduciary Net Position - Beginning	28,057,615	30,791,197	25,986,985	26,276,833	26,004,114	25,338,933	23,828,243	23,536,876	23,329,406	21,889,974
Plan Fiduciary Net Position - Ending (b)	\$ 28,206,756	\$ 28,057,615	\$ 30,791,197	\$ 25,986,985	\$ 26,276,833	\$ 26,004,114	\$ 25,338,933	\$ 23,828,243	\$ 23,536,876	\$ 23,329,406
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 8,357,278	\$ 8,883,347	\$ 6,375,703	\$ 11,469,669	\$ 10,132,540	\$ 10,618,018	\$ 10,433,861	\$ 12,380,622	\$ 13,708,438	\$ 13,623,355
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.14%	75.95%	82.85%	69.38%	72.17%	71.01%	70.83%	65.81%	63.19%	63.13%
Covered Payroll	\$ 2,176,616	\$ 2,176,616	\$ 2,469,096	\$ 2,469,096	\$ 2,844,881	\$ 2,844,881	\$ 3,087,577	\$ 3,087,577	\$ 3,747,156	\$ 3,747,156
Net Pension Liability (Asset) as a Percentage of Covered Payroll	383.96%	408.13%	258.22%	464.53%	356.17%	373.23%	337.93%	400.98%	365.84%	363.57%

CITY OF ALCOA, TENNESSEE
SCHEDULES OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF ALCOA
Fiscal Years Ended June 30

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 1,156,459	\$ 1,448,328	\$ 1,448,328	\$ 1,397,037	\$ 1,397,037	\$ 1,512,242	\$ 1,512,242	\$ 1,445,037	\$ 1,445,037	\$ 1,427,703
Contribution in Relation to the Contractually Required Contribution	<u>1,156,459</u>	<u>1,448,328</u>	<u>1,448,328</u>	<u>1,397,040</u>	<u>1,512,265</u>	<u>1,397,040</u>	<u>1,554,021</u>	<u>2,132,867</u>	<u>2,406,072</u>	<u>2,173,944</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3)</u>	<u>\$ (115,228)</u>	<u>\$ 115,202</u>	<u>\$ (41,779)</u>	<u>\$ (687,830)</u>	<u>\$ (961,035)</u>	<u>\$ (746,241)</u>
Covered Payroll	\$ 2,099,016	\$ 2,176,616	\$ 2,176,616	\$ 2,469,096	\$ 2,469,096	\$ 2,844,881	\$ 2,844,881	\$ 3,087,577	\$ 3,087,577	\$ 3,747,156
Contributions as a percentage of Covered Payroll	55.10%	66.54%	66.54%	56.58%	61.25%	49.11%	54.63%	69.08%	77.93%	58.02%

Notes:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Asset valuation	Five-year smoothing of difference between market value and expected market assets
Inflation	4.0%
Salary increases	4.0% Annual increase to normal retirement age, including inflation
Investment Rate of Return	7.25%, Net investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Scale MP-2021, customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	None

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.7%	6.6%	-3.6%	25.8%	4.9%	7.4%	8.4%	11.3%	3.4%	3.0%

CITY OF ALCOA, TENNESSEE
SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
PUBLIC EMPLOYEE RETIREMENT PLAN OF TCRS

Fiscal Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 1,004,714	\$ 1,044,871	\$ 908,297	\$ 910,481	\$ 924,323	\$ 924,442	\$ 931,368	\$ 948,025	\$ 904,768	\$ 894,770
Interest	4,226,488	3,829,052	3,691,414	3,493,920	3,264,516	3,077,693	2,784,741	2,593,218	2,379,080	2,204,346
Changes in Benefit Terms	0	0	0	0	0	0	0	0	0	0
Differences between Actual and Expected Experience	3,903,509	3,117,092	(415,448)	(176,721)	382,156	(163,031)	1,792,558	(36,221)	361,622	(23,187)
Change of Assumptions	0	0	3,197,909	0	0	0	913,725	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(2,269,160)	(1,856,650)	(1,559,574)	(1,443,310)	(1,342,601)	(1,187,648)	(1,001,168)	(868,269)	(798,854)	(713,405)
Net Change in Total Pension Liability	6,865,551	6,134,365	5,822,598	2,784,370	3,228,394	2,654,456	5,421,224	2,636,753	2,846,616	2,362,524
Total Pension Liability - Beginning	62,744,508	56,610,143	50,787,545	48,003,175	44,774,781	42,120,325	36,699,101	34,062,348	31,215,732	28,853,208
Total Pension Liability - Ending (a)	<u>\$ 69,610,059</u>	<u>\$ 62,744,508</u>	<u>\$ 56,610,143</u>	<u>\$ 50,787,545</u>	<u>\$ 48,003,175</u>	<u>\$ 44,774,781</u>	<u>\$ 42,120,325</u>	<u>\$ 36,699,101</u>	<u>\$ 34,062,348</u>	<u>\$ 31,215,732</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,832,731	\$ 1,809,310	\$ 1,828,104	\$ 1,876,225	\$ 1,898,893	\$ 1,890,068	\$ 1,927,489	\$ 1,949,830	\$ 1,902,848	\$ 1,770,618
Contributions - Employee	0	0	0	0	0	0	0	0	0	0
Net Investment Income	3,968,697	(2,358,833)	12,625,054	2,297,016	3,176,264	3,222,720	3,870,902	855,389	931,379	4,154,442
Benefit Payments, Including Refunds of Employee Contributions	(2,269,160)	(1,856,650)	(1,559,574)	(1,443,310)	(1,342,601)	(1,187,648)	(1,001,168)	(868,269)	(798,854)	(713,405)
Administrative Expense	(16,008)	(17,120)	(16,915)	(18,064)	(18,790)	(20,690)	(18,845)	(18,410)	(12,952)	(10,211)
Net Change in Plan Fiduciary Net Position	3,516,260	(2,423,293)	12,876,669	2,711,867	3,713,766	3,904,450	4,778,378	1,918,540	2,022,421	5,201,444
Plan Fiduciary Net Position - Beginning	59,267,784	61,691,077	48,814,408	46,102,541	42,388,775	38,484,325	33,705,947	31,787,407	29,764,986	24,563,542
Plan Fiduciary Net Position - Ending (b)	<u>\$ 62,784,044</u>	<u>\$ 59,267,784</u>	<u>\$ 61,691,077</u>	<u>\$ 48,814,408</u>	<u>\$ 46,102,541</u>	<u>\$ 42,388,775</u>	<u>\$ 38,484,325</u>	<u>\$ 33,705,947</u>	<u>\$ 31,787,407</u>	<u>\$ 29,764,986</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 6,826,015</u>	<u>\$ 3,476,724</u>	<u>\$ (5,080,934)</u>	<u>\$ 1,973,137</u>	<u>\$ 1,900,634</u>	<u>\$ 2,386,006</u>	<u>\$ 3,636,000</u>	<u>\$ 2,993,154</u>	<u>\$ 2,274,941</u>	<u>\$ 1,450,746</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.19%	94.46%	108.98%	96.11%	96.04%	94.67%	91.37%	91.84%	93.32%	95.35%
Covered Payroll	\$ 11,548,396	\$ 11,400,817	\$ 11,511,990	\$ 11,805,789	\$ 11,678,300	\$ 11,624,034	\$ 11,868,775	\$ 12,006,344	\$ 11,714,226	\$ 11,108,012
Net Pension Liability (Asset) as a Percentage of Covered Payroll	59.11%	30.50%	-44.14%	16.71%	16.27%	20.53%	30.64%	24.93%	19.42%	13.06%

Notes: Changes of Assumptions - In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 1,797,285	\$ 1,832,731	\$ 1,809,310	\$ 1,828,105	\$ 1,876,225	\$ 1,898,893	\$ 1,890,067	\$ 1,927,489	\$ 1,949,830	\$ 1,902,848
Contributions in Relation to the Actuarially Determined Contribution	<u>1,797,285</u>	<u>1,832,731</u>	<u>1,809,310</u>	<u>1,828,105</u>	<u>1,876,225</u>	<u>1,898,893</u>	<u>1,890,067</u>	<u>1,927,489</u>	<u>1,949,830</u>	<u>1,902,848</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>									
Covered Payroll	\$ 11,325,046	\$ 11,548,783	\$ 11,400,817	\$ 11,511,990	\$ 11,805,789	\$ 11,678,300	\$ 11,624,034	\$ 11,868,775	\$ 12,006,344	\$ 11,714,226
Contributions as a Percentage of Covered Payroll	15.87%	15.87%	15.87%	15.88%	15.89%	16.26%	16.26%	16.24%	16.24%	16.24%

Notes:

Valuation date: Actuarially determined contribution rates for 2024 were calculated based on the June 30, 2022 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period:	Varies by Year
Asset Valuation:	10-year smoothed within a 20.0% corridor to market value
Inflation	2.25%
Salary Increases:	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement.
Cost of Living Adjustments	2.125%

Changes of assumptions - In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changes: Decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified the mortality assumptions.

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

Fiscal Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	\$ 415,180	\$ 322,573	\$ 236,998	\$ 208,853	\$ 150,708	\$ 111,940	\$ 64,876	\$ 6,951	\$ 3,019
Interest	168,465	121,779	84,075	59,192	37,099	21,355	8,868	803	226
Changes in Benefit Terms	0	0	0	0	0	0	0	0	0
Differences between Actual and Expected Experience	193,343	154,677	90,530	47,023	58,780	45,099	51,643	41,847	515
Change of Assumptions	0	0	147,300	0	0	0	3,866	0	0
Benefit Payments, Including Refunds of Employee Contributions	0	0	0	0	0	0	0	0	0
Net Change in Total Pension Liability	776,988	599,029	558,903	315,068	246,587	178,394	129,253	49,601	3,760
Total Pension Liability - Beginning	2,080,595	1,481,566	922,663	607,595	361,008	182,614	53,361	3,760	0
Total Pension Liability - Ending (a)	<u>\$ 2,857,583</u>	<u>\$ 2,080,595</u>	<u>\$ 1,481,566</u>	<u>\$ 922,663</u>	<u>\$ 607,595</u>	<u>\$ 361,008</u>	<u>\$ 182,614</u>	<u>\$ 53,361</u>	<u>\$ 3,760</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 591,676	\$ 400,552	\$ 317,714	\$ 260,940	\$ 207,800	\$ 154,071	\$ 113,677	\$ 53,225	\$ 3,019
Contributions - Employee	0	0	0	0	0	0	0	0	0
Net Investment Income	137,444	(62,107)	261,906	34,798	32,996	20,678	12,384	750	29
Benefit Payments, Including Refunds of Employee Contributions	0	0	0	0	0	0	0	0	0
Administrative Expense	(10,946)	(14,530)	(11,165)	(9,632)	(8,300)	(6,905)	(4,811)	(2,639)	(89)
Net Change in Plan Fiduciary Net Position	718,174	323,915	568,455	286,106	232,496	167,844	121,250	51,336	2,959
Plan Fiduciary Net Position - Beginning	1,754,361	1,430,446	861,991	575,885	343,389	175,545	54,295	2,959	0
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,472,535</u>	<u>\$ 1,754,361</u>	<u>\$ 1,430,446</u>	<u>\$ 861,991</u>	<u>\$ 575,885</u>	<u>\$ 343,389</u>	<u>\$ 175,545</u>	<u>\$ 54,295</u>	<u>\$ 2,959</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 385,048</u>	<u>\$ 326,234</u>	<u>\$ 51,120</u>	<u>\$ 60,672</u>	<u>\$ 31,710</u>	<u>\$ 17,619</u>	<u>\$ 7,069</u>	<u>\$ (934)</u>	<u>\$ 801</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.53%	84.32%	96.55%	93.42%	94.78%	95.12%	96.13%	101.75%	78.70%
Covered Payroll	\$ 9,273,917	\$ 7,051,984	\$ 5,440,302	\$ 4,492,849	\$ 3,639,234	\$ 2,674,836	\$ 1,891,468	\$ 902,111	\$ 51,170
Net Pension Liability (Asset) as a Percentage of Covered Payroll	4.15%	4.63%	0.94%	1.35%	0.87%	0.66%	0.37%	-0.10%	1.57%

Notes: Changes of Assumptions - In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available. Please refer to the previously supplied data from the TCRS GASB website for prior years' data, if needed.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 638,332	\$ 591,676	\$ 400,552	\$ 317,714	\$ 260,940	\$ 207,800	\$ 154,071	\$ 113,677	\$ 53,225	\$ 3,019
Contribution in Relation to the Contractually Required Contribution	638,332	591,676	400,552	317,714	260,940	207,800	154,071	113,677	53,225	3,019
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 10,180,735	\$ 9,276,176	\$ 7,051,984	\$ 5,440,302	\$ 4,492,849	\$ 3,639,234	\$ 2,674,836	\$ 1,891,468	\$ 902,111	\$ 51,170
Contributions as a Percentage of Covered Payroll	6.27%	6.38%	5.68%	5.84%	5.81%	5.71%	5.76%	6.01%	5.90%	5.90%

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available. Please refer to the previously supplied data from the TCRS GASB website for prior years' data, if needed.

Notes:

Valuation date: Actuarially determined contribution rates for 2024 were calculated based on the June 30, 2022 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period:	Varies by Year
Asset Valuation:	10-year smoothed within a 20.0% corridor to market value
Inflation	2.25%
Salary Increases:	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement.
Cost of Living Adjustments	2.125%

Changes of assumptions - In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changes: Decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified the mortality assumptions.

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

Fiscal Years Ended June 30

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 737,371	\$ 884,371	\$ 1,045,970	\$ 1,047,265	\$ 1,075,125	\$ 1,016,590	\$ 875,530	\$ 834,530	\$ 805,879	\$ 787,391
Contribution in Relation to the Contractually Required Contribution	<u>737,371</u>	<u>884,371</u>	<u>1,045,970</u>	<u>1,047,265</u>	<u>1,075,125</u>	<u>1,016,590</u>	<u>875,530</u>	<u>834,530</u>	<u>805,879</u>	<u>787,391</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Alcoa City Schools' Covered Payroll	\$ 10,827,770	\$ 10,176,870	\$ 10,429,758	\$ 10,197,326	\$ 10,114,061	\$ 9,718,827	\$ 9,642,402	\$ 9,234,536	\$ 8,914,611	\$ 8,710,070
Contributions as a percentage of Alcoa City Schools' Covered Payroll	6.81%	8.69%	10.03%	10.27%	10.63%	10.46%	9.08%	9.04%	9.04%	9.04%

Note: *Changes of assumptions* - In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changes: Decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified the mortality assumptions.

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

Fiscal Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Alcoa City Schools' Proportion of the Net Pension Liability (Asset)	0.165341%	0.131819%	0.099928%	0.088480%	0.089544%	0.093047%	0.099622%	0.056086%	0.026702%
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ (70,110)	\$ (39,931)	\$ (108,243)	\$ (50,313)	\$ (50,546)	\$ (42,199)	\$ (26,284)	\$ (5,839)	\$ (1,074)
Alcoa City Schools' Covered Payroll	\$ 3,288,702	\$ 2,251,067	\$ 1,442,169	\$ 1,116,539	\$ 947,556	\$ 813,117	\$ 650,860	\$ 246,776	\$ 55,480
Alcoa City Schools' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-2.13%	-1.77%	-7.51%	-4.51%	-5.33%	-5.19%	-4.04%	-2.37%	-1.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	104.97%	104.55%	121.53%	116.52%	123.07%	126.97%	126.81%	121.88%	127.46%

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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

Fiscal Years Ended June 30

	<u>2024*</u>	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 76,296	\$ 57,224	\$ 45,247	\$ 29,132	\$ 22,666	\$ 18,383	\$ 13,260	\$ 26,154	\$ 6,177	\$ 1,387
Contribution in Relation to the Contractually Required Contribution	<u>76,296</u>	<u>57,224</u>	<u>45,247</u>	<u>29,132</u>	<u>22,666</u>	<u>18,383</u>	<u>32,525</u>	<u>26,154</u>	<u>9,871</u>	<u>2,219</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ (19,265)</u>	<u>\$ 0</u>	<u>\$ (3,694)</u>	<u>\$ (832)</u>					
Alcoa City Schools' Covered Payroll	\$ 4,015,566	\$ 3,288,702	\$ 2,251,067	\$ 1,442,169	\$ 1,116,539	\$ 947,556	\$ 813,117	\$ 650,860	\$ 246,776	\$ 55,480
Contributions as a Percentage of Alcoa City Schools' Covered Payroll	1.90%	1.74%	2.01%	2.02%	2.03%	1.94%	4.00%	4.02%	4.00%	4.00%

Note: *Changes of assumptions* - In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changes: Decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified the mortality assumptions.

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

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

Fiscal Years Ended June 30

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service Cost	\$ 102,253	\$ 98,235	\$ 138,197	\$ 134,813	\$ 127,360	\$ 121,295	\$ 115,519
Interest	226,864	237,795	134,998	142,457	130,338	171,434	174,257
Experiences Losses (Gains)	1,886,415	0	1,822,429	0	(401,439)	0	0
Change in Assumptions	164,848	0	(1,001,751)	0	1,008,795	0	0
Benefit Payments	(607,309)	(618,254)	(577,807)	(389,700)	(413,592)	(382,956)	(354,589)
Net Change in Total OPEB Liability	1,773,071	(282,224)	516,066	(112,430)	451,462	(90,227)	(64,813)
Total OPEB Liability - Beginning	6,051,861	6,334,085	5,818,019	5,930,449	5,478,987	5,569,214	5,634,027
Total OPEB Liability - Ending	<u>\$ 7,824,932</u>	<u>\$ 6,051,861</u>	<u>\$ 6,334,085</u>	<u>\$ 5,818,019</u>	<u>\$ 5,930,449</u>	<u>\$ 5,478,987</u>	<u>\$ 5,569,214</u>
Covered-Employee Payroll	\$ 11,620,180	\$ 11,535,491	\$ 11,091,818	\$ 11,500,888	\$ 11,058,546	\$ 11,983,656	\$ 11,522,746
Total OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	67.3%	52.5%	57.1%	50.6%	53.6%	45.7%	48.3%

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

CITY OF ALCOA, TENNESSEE
SCHEDULES OF CONTRIBUTIONS TO OPEB PLAN
CITY PLAN

Fiscal Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018
Actuarial Determined Contribution	\$ 669,220	\$ 662,133	\$ 582,516	\$ 564,012	\$ 529,152	\$ 513,749	\$ 498,064
Contributions in Relation to the Actuarial Determined Contribution	607,309	618,254	577,807	389,700	413,592	382,956	354,589
Contribution Deficiency (Excess)	\$ 61,911	\$ 43,879	\$ 4,709	\$ 174,312	\$ 115,560	\$ 130,793	\$ 143,475
Covered-Employee Payroll	\$ 11,620,180	\$ 11,535,491	\$ 11,091,818	\$ 11,500,888	\$ 11,058,546	\$ 11,983,656	\$ 11,522,746
Contribution as a Percentage of Covered- Employee Payroll	5.2%	5.4%	5.2%	3.4%	3.7%	3.2%	3.1%

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF ALCOA, TENNESSEE

**SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
SCHOOL SYSTEM**

Fiscal Years Ended June 30

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service Cost	\$ 290,177	\$ 403,003	\$ 368,314	\$ 323,219	\$ 296,908	\$ 332,787	\$ 359,136
Interest	233,859	155,650	151,686	219,486	181,590	228,550	189,004
Changes in Benefit Terms	0	(150,227)	0	0	630,540	(79,273)	0
Differences Between Expected and Actual Experience	568,833	(28,721)	21,193	(425,640)	802,344	(1,806,470)	0
Changes of Assumptions	598,122	(588,070)	(12,744)	691,789	(436,740)	238,191	(293,130)
Benefit Payments	<u>(343,266)</u>	<u>(215,848)</u>	<u>(225,585)</u>	<u>(260,351)</u>	<u>(267,700)</u>	<u>(294,944)</u>	<u>(270,806)</u>
Net Change in Total OPEB Liability	1,347,725	(424,213)	302,864	548,503	1,206,942	(1,381,159)	(15,796)
Total OPEB Liability - Beginning	<u>6,486,138</u>	<u>6,910,351</u>	<u>6,607,487</u>	<u>6,058,984</u>	<u>4,852,042</u>	<u>6,233,201</u>	<u>6,248,997</u>
Total OPEB Liability - Ending	<u>\$ 7,833,863</u>	<u>\$ 6,486,138</u>	<u>\$ 6,910,351</u>	<u>\$ 6,607,487</u>	<u>\$ 6,058,984</u>	<u>\$ 4,852,042</u>	<u>\$ 6,233,201</u>
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	\$ 2,231,051	\$ 1,730,805	\$ 1,868,848	\$ 1,685,484	\$ 1,475,956	\$ 1,187,712	\$ 1,633,498
Employer's Proportionate Share of the Collective Total OPEB Liability	\$ 5,602,812	\$ 4,755,333	\$ 5,041,503	\$ 4,922,003	\$ 4,583,028	\$ 3,664,330	\$ 4,599,703
Covered-Employee Payroll	\$ 14,816,317	\$ 13,145,718	\$ 12,465,986	\$ 11,682,794	\$ 11,242,690	\$ 10,883,282	\$ 10,566,293
Employer's Proportionate Share of Collective Total OPEB Liability as a Percentage of Covered-Employee Payroll	37.8%	36.2%	40.4%	42.1%	40.8%	33.7%	43.5%

Notes: There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan. The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF ALCOA, TENNESSEE

COMBINING BALANCE SHEET

Non-Major Governmental Funds

June 30, 2024

	Special Revenue Funds							Total Special Revenue Funds
	State Street Aid	Federal Projects	Alcoa City Schools Cafeteria	Alcoa Schools Extended Day Program	Drug	Commercial Motor Vehicle Fines	Internal School Fund	
ASSETS								
Cash and Cash Equivalents	\$ 65,046	\$ 0	\$ 362,304	\$ 295,655	\$ 134,498	\$ 6,931	\$ 1,009,609	\$ 1,874,043
Accounts Receivable	0	5,985	64,799	274,625	0	0	0	345,409
Due From Grantors, Other Governments, and State of Tennessee	33,960	1,055,978	0	0	0	0	0	1,089,938
Inventories and Prepaid Items	0	0	0	0	0	0	2,300	2,300
Total Assets	<u>\$ 99,006</u>	<u>\$ 1,061,963</u>	<u>\$ 427,103</u>	<u>\$ 570,280</u>	<u>\$ 134,498</u>	<u>\$ 6,931</u>	<u>\$ 1,011,909</u>	<u>\$ 3,311,690</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 0	\$ 1,060,642	\$ 4,341	\$ 46,023	\$ 0	\$ 0	\$ 0	\$ 1,111,006
Other Liabilities	0	587	0	4,000	0	0	0	4,587
Total Liabilities	<u>0</u>	<u>1,061,229</u>	<u>4,341</u>	<u>50,023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,115,593</u>
Fund Balances								
Nonspendable	0	0	0	0	0	0	2,300	2,300
Restricted	99,006	734	0	0	134,498	6,931	1,009,609	1,250,778
Committed	0	0	422,762	520,257	0	0	0	943,019
Assigned	0	0	0	0	0	0	0	0
Total Fund Balances	<u>99,006</u>	<u>734</u>	<u>422,762</u>	<u>520,257</u>	<u>134,498</u>	<u>6,931</u>	<u>1,011,909</u>	<u>2,196,097</u>
Total Liabilities and Fund Balances	<u>\$ 99,006</u>	<u>\$ 1,061,963</u>	<u>\$ 427,103</u>	<u>\$ 570,280</u>	<u>\$ 134,498</u>	<u>\$ 6,931</u>	<u>\$ 1,011,909</u>	<u>\$ 3,311,690</u>

CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET (Continued)

Non-Major Governmental Funds

June 30, 2024

	Debt Service Funds			Capital Project Funds				
	Project Pearl	Project Eagle	Total Debt Service Funds	Capital Projects	Equipment Replacement	Home Grant Program	Landscaping	General Obligation Public Works Construction
ASSETS								
Cash and Cash Equivalents	\$ 420,504	\$ 633,683	\$ 1,054,187	\$ 274,479	\$ 455,123	\$ 0	\$ 280,391	\$ 486,674
Accounts Receivable	0	0	0	0	0	0	0	0
Due from Grantors, Other Governments, and State of Tennessee	188,381	0	188,381	0	0	0	0	0
Inventories and Prepaid Items	0	0	0	0	0	0	0	0
Total Assets	\$ 608,885	\$ 633,683	\$ 1,242,568	\$ 274,479	\$ 455,123	\$ 0	\$ 280,391	\$ 486,674
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 4,000	\$ 0	\$ 4,000	\$ 2,281	\$ 4,793	\$ 0	\$ 0	\$ 35,230
Other Liabilities	0	0	0	0	0	0	0	0
Total Liabilities	4,000	0	4,000	2,281	4,793	0	0	35,230
Fund Balances								
Nonspendable	0	0	0	0	0	0	0	0
Restricted	0	0	0	272,198	0	0	280,391	451,444
Committed	604,885	633,683	1,238,568	0	0	0	0	0
Assigned	0	0	0	0	450,330	0	0	0
Total Fund Balances	604,885	633,683	1,238,568	272,198	450,330	0	280,391	451,444
Total Liabilities and Fund Balances	\$ 608,885	\$ 633,683	\$ 1,242,568	\$ 274,479	\$ 455,123	\$ 0	\$ 280,391	\$ 486,674

CITY OF ALCOA, TENNESSEE
COMBINING BALANCE SHEET (Continued)

Non-Major Governmental Funds

June 30, 2024

	Capital Project Funds (Continued)		Total Capital Project Funds	Total Non-Major Governmental Funds
	Legacy	ADA Improvement		
ASSETS				
Cash and Cash Equivalents	\$ 18,474	\$ 344,072	\$ 1,859,213	\$ 4,787,443
Accounts Receivable	0	0	0	345,409
Due from Grantors, Other Governments, and State of Tennessee	0	0	0	1,278,319
Inventories and Prepaid Items	0	0	0	2,300
Total Assets	\$ 18,474	\$ 344,072	\$ 1,859,213	\$ 6,413,471
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 0	\$ 0	\$ 42,304	\$ 1,157,310
Other Liabilities	0	0	0	4,587
Total Liabilities	0	0	42,304	1,161,897
Fund Balances				
Nonspendable	0	0	0	2,300
Restricted	0	344,072	1,348,105	2,598,883
Committed	0	0	0	2,181,587
Assigned	18,474	0	468,804	468,804
Total Fund Balances	18,474	344,072	1,816,909	5,251,574
Total Liabilities and Fund Balances	\$ 18,474	\$ 344,072	\$ 1,859,213	\$ 6,413,471

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

Non-Major Governmental Funds

For the Fiscal Year Ended June 30, 2024

	Special Revenue Funds						Total Special Revenue Funds
	State Street Aid	Federal Projects	Alcoa City Schools Cafeteria	Alcoa Schools Extended Day Program	Drug	Commercial Motor Vehicle Fines	
Revenues							
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Gasoline Tax	383,681	0	0	0	0	0	383,681
Federal and State Grants	0	1,928,233	0	261,006	0	0	2,189,239
U.S.D.A Reimbursements	0	0	994,229	0	0	0	994,229
Charges for Services	0	0	453,608	196,916	0	0	660,938
Fines, Forfeitures and Costs	0	0	0	0	22,002	0	22,002
Miscellaneous Income	0	0	0	0	0	0	0
Internal School Fund Revenue	0	0	0	0	0	1,860,080	1,860,080
Interest Income	9,682	0	2,885	16,873	4,250	235	38,116
Total Revenues	<u>393,363</u>	<u>1,928,233</u>	<u>1,450,722</u>	<u>474,795</u>	<u>26,252</u>	<u>235</u>	<u>6,148,285</u>
Expenditures							
Current							
Public Safety	0	0	0	0	16,000	0	16,000
Public Works	520,000	0	0	0	0	0	520,000
Education	0	1,927,200	1,487,470	463,067	0	0	5,724,192
Capital Outlay	0	0	0	0	0	0	0
Total Expenditures	<u>520,000</u>	<u>1,927,200</u>	<u>1,487,470</u>	<u>463,067</u>	<u>16,000</u>	<u>0</u>	<u>6,260,192</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(126,637)</u>	<u>1,033</u>	<u>(36,748)</u>	<u>11,728</u>	<u>10,252</u>	<u>235</u>	<u>28,230</u>
Other Financing Sources (Uses)							
Transfers In	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>(126,637)</u>	<u>1,033</u>	<u>(36,748)</u>	<u>11,728</u>	<u>10,252</u>	<u>235</u>	<u>28,230</u>
Fund Balances, July 1st	<u>225,643</u>	<u>(299)</u>	<u>459,510</u>	<u>508,529</u>	<u>124,246</u>	<u>6,696</u>	<u>983,679</u>
Fund Balances, June 30th	<u>\$ 99,006</u>	<u>\$ 734</u>	<u>\$ 422,762</u>	<u>\$ 520,257</u>	<u>\$ 134,498</u>	<u>\$ 6,931</u>	<u>\$ 1,011,909</u>

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

Non-Major Governmental Funds

For the Fiscal Year Ended June 30, 2024

	Debt Service Funds			Capital Project Funds				
	Project Pearl	Project Eagle	Total Debt Service Funds	Capital Projects	Equipment Replacement	Home Grant Program	Landscaping	General Obligation Public Works Construction
Revenues								
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 1,144,815	\$ 0	\$ 0	\$ 0	\$ 0
State Gasoline Tax	0	0	0	0	0	0	0	0
Federal and State Grants	0	0	0	0	0	0	0	0
U.S.D.A Reimbursements	0	0	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0	15,343	0
Fines, Forfeitures and Costs	0	0	0	0	0	0	0	0
Miscellaneous Income	0	0	0	0	0	0	0	1,448,338
Internal School Fund Revenue	0	0	0	0	0	0	0	0
Interest Income	5,902	0	5,902	12,373	22,291	0	13,132	57,466
Total Revenues	5,902	0	5,902	1,157,188	22,291	0	28,475	1,505,804
Expenditures								
Current								
Public Safety	0	0	0	0	0	0	0	0
Public Works	0	1,126,290	1,126,290	0	0	0	0	0
Education	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	1,201,122	578,725	0	150,927	1,647,506
Total Expenditures	0	1,126,290	1,126,290	1,201,122	578,725	0	150,927	1,647,506
Net Change in Fund Balance Before Other Financing Sources (Uses)	5,902	(1,126,290)	(1,120,388)	(43,934)	(556,434)	0	(122,452)	(141,702)
Other Financing Sources (Uses)								
Transfers In	0	1,400,000	1,400,000	0	491,340	0	0	0
Total Other Financing Sources (Uses)	0	1,400,000	1,400,000	0	491,340	0	0	0
Net Change in Fund Balances	5,902	273,710	279,612	(43,934)	(65,094)	0	(122,452)	(141,702)
Fund Balances, July 1st	598,983	359,973	958,956	316,132	515,424	0	402,843	593,146
Fund Balances, June 30th	\$ 604,885	\$ 633,683	\$ 1,238,568	\$ 272,198	\$ 450,330	\$ 0	\$ 280,391	\$ 451,444

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

Non-Major Governmental Funds

For the Fiscal Year Ended June 30, 2024

	<u>Capital Project Funds</u>		Total Capital Project Funds	Total Non-Major Governmental Funds
	<u>Legacy</u>	<u>ADA Improvement</u>		
Revenues				
Intergovernmental	\$ 0	\$ 0	\$ 1,144,815	\$ 1,144,815
State Gasoline Tax	0	0	0	383,681
Federal and State Grants	0	0	0	2,189,239
U.S.D.A Reimbursements	0	0	0	994,229
Charges for Services	0	0	15,343	676,281
Fines, Forfeitures and Costs	0	0	0	22,002
Miscellaneous Income	20,000	9,783	1,478,121	1,478,121
Internal School Fund Revenue	0	0	0	1,860,080
Interest Income	0	0	105,262	149,280
Total Revenues	<u>20,000</u>	<u>9,783</u>	<u>2,743,541</u>	<u>8,897,728</u>
Expenditures				
Current				
Public Safety	0	0	0	16,000
Public Works	0	0	0	1,646,290
Education	0	0	0	5,724,192
Capital Outlay	20,536	8,191	3,607,007	3,607,007
Total Expenditures	<u>20,536</u>	<u>8,191</u>	<u>3,607,007</u>	<u>10,993,489</u>
Net Change in Fund Balances Before Other Financing Sources (Uses)	<u>(536)</u>	<u>1,592</u>	<u>(863,466)</u>	<u>(2,095,761)</u>
Other Financing Sources (Uses)				
Transfers In	0	90,000	581,340	1,981,340
Total Other Financing Sources (Uses)	<u>0</u>	<u>90,000</u>	<u>581,340</u>	<u>1,981,340</u>
Net Change in Fund Balances	<u>(536)</u>	<u>91,592</u>	<u>(282,126)</u>	<u>(114,421)</u>
Fund Balances, July 1st	<u>19,010</u>	<u>252,480</u>	<u>2,099,035</u>	<u>5,365,995</u>
Fund Balances, June 30th	<u>\$ 18,474</u>	<u>\$ 344,072</u>	<u>\$ 1,816,909</u>	<u>\$ 5,251,574</u>

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

June 30, 2024

	Employee Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	School's OPEB Insurance Fund	Total Internal Service Funds
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 1,178,479	\$ 210,027	\$ 15,441	\$ 941,000	\$ 738,403	\$ 3,083,350
Accounts Receivable	59,844	0	0	0	0	59,844
Total Current Assets	1,238,323	210,027	15,441	941,000	738,403	3,143,194
LIABILITIES AND NET POSITION						
Current Liabilities						
Accounts Payable	31,490	0	14,935	0	0	46,425
Medical Claims Payable	1,151,773	0	0	0	0	1,151,773
Total Current Liabilities	1,183,263	0	14,935	0	0	1,198,198
Net Position						
Unrestricted	55,060	210,027	506	941,000	738,403	1,944,996
Total Net Position	\$ 55,060	\$ 210,027	\$ 506	\$ 941,000	\$ 738,403	\$ 1,944,996

CITY OF ALCOA, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2024

	Employee Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	Schools OPEB Insurance Fund	Total Internal Service Funds
OPERATING REVENUES						
Insurance Charges	\$ 5,919,695	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,919,695
Refunds - Co-Insurance	1,078,837	0	0	0	0	1,078,837
Employee Contributions	358,065	199,877	0	0	0	557,942
Employer Contributions	0	215,713	0	65,000	0	280,713
Service Center Charges	0	0	381,838	0	0	381,838
Total Operating Revenues	<u>7,356,597</u>	<u>415,590</u>	<u>381,838</u>	<u>65,000</u>	<u>0</u>	<u>8,219,025</u>
OPERATING EXPENSES						
Salaries	0	0	14,313	0	0	14,313
Fringe Benefits	0	0	1,250	0	0	1,250
Building Improvements	0	0	53,554	0	0	53,554
Improvement Teams/Training	0	0	4,324	0	0	4,324
Maintenance Contracts	0	0	23,525	0	0	23,525
Contract Services	0	0	36,725	0	0	36,725
Utilities	0	0	149,839	0	0	149,839
Supplies	0	0	22,764	0	0	22,764
Repair and Maintenance	0	0	75,038	0	0	75,038
Medical Claims Paid	6,175,444	214,991	0	0	0	6,390,435
Insurance Premiums and Administrative Expenses	1,721,869	0	0	0	0	1,721,869
Total Operating Expenses	<u>7,897,313</u>	<u>214,991</u>	<u>381,332</u>	<u>0</u>	<u>0</u>	<u>8,493,636</u>
OPERATING INCOME (LOSS)	(540,716)	200,599	506	65,000	0	(274,611)
NON-OPERATING REVENUES (EXPENSES)						
Interest Income	56,478	0	0	0	0	56,478
CHANGE IN NET POSITION	(484,238)	200,599	506	65,000	0	(218,133)
NET POSITION - July 1st	<u>539,298</u>	<u>9,428</u>	<u>0</u>	<u>876,000</u>	<u>738,403</u>	<u>2,163,129</u>
NET POSITION - June 30th	<u>\$ 55,060</u>	<u>\$ 210,027</u>	<u>\$ 506</u>	<u>\$ 941,000</u>	<u>\$ 738,403</u>	<u>\$ 1,944,996</u>

CITY OF ALCOA, TENNESSEE

COMBINING CASH FLOWS

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2024

	<u>Employee Insurance Fund</u>	<u>Flexible Spending Fund</u>	<u>Service Center Fund</u>	<u>City OPEB Insurance Fund</u>	<u>Schools OPEB Insurance Fund</u>	<u>Total Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Insurance Premiums/Reimbursements Collected	\$ 7,296,753	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,296,753
Collections from Various City Departments	0	415,590	381,838	65,000	0	862,428
Cash Payments to Suppliers	<u>(8,261,119)</u>	<u>(214,991)</u>	<u>(395,047)</u>	<u>0</u>	<u>0</u>	<u>(8,871,157)</u>
Net Cash Provided By (Used In)						
Operating Activities	(964,366)	200,599	(13,209)	65,000	0	(711,976)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Income	<u>56,478</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>56,478</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(907,888)	200,599	(13,209)	65,000	0	(655,498)
CASH AND CASH EQUIVALENTS - July 1st	<u>2,086,367</u>	<u>9,428</u>	<u>28,650</u>	<u>876,000</u>	<u>738,403</u>	<u>3,738,848</u>
CASH AND CASH EQUIVALENTS - June 30th	<u>\$ 1,178,479</u>	<u>\$ 210,027</u>	<u>\$ 15,441</u>	<u>\$ 941,000</u>	<u>\$ 738,403</u>	<u>\$ 3,083,350</u>

CITY OF ALCOA, TENNESSEE
COMBINING CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2024

	Insurance Fund	Flexible Spending Fund	Service Center Fund	City OPEB Insurance Fund	Schools OPEB Insurance Fund	Total Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating Income (loss)	\$ (540,716)	\$ 200,599	\$ 506	\$ 65,000	\$ 0	\$ (274,611)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Expenses:						
Changes in Assets and Liabilities:						
Accounts Receivable	(59,844)	0	0	0	0	(59,844)
Accounts Payable	9,064	0	(13,715)	0	0	(4,651)
Medical Claims Payable	(372,870)	0	0	0	0	(372,870)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (964,366)</u>	<u>\$ 200,599</u>	<u>\$ (13,209)</u>	<u>\$ 65,000</u>	<u>\$ 0</u>	<u>\$ (711,976)</u>

GENERAL FUND

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

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

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2023
	Budgeted Amounts				
	Original	Final			
Revenues:					
Taxes:					
Property Taxes	\$ 9,940,000	\$ 9,940,000	\$ 10,541,991	\$ 601,991	\$ 10,307,811
Local Option Sales Taxes	13,500,000	13,850,000	14,022,281	172,281	13,372,967
Other Taxes	5,283,860	5,283,860	5,076,609	(207,251)	4,170,152
Licenses, Permits and Fees	299,600	299,600	286,609	(12,991)	278,458
Fines, Forfeitures and Costs	284,500	284,500	311,759	27,259	345,913
Intergovernmental:					
Unrestricted:					
State Taxes	1,922,400	1,922,400	1,608,265	(314,135)	1,965,900
Restricted:					
Federal Grants	64,100	64,100	140,940	76,840	58,819
State Grants	17,740	196,315	491,073	294,758	23,803
Other State Revenues	60,000	60,000	60,800	800	60,000
Interest Income	400,000	400,000	753,969	353,969	268,823
Public Works, Labor, and Material	750,000	750,000	770,033	20,033	485,414
Miscellaneous Income	56,000	56,000	32,864	(23,136)	769,180
Property Rental	134,440	134,440	162,366	27,926	164,910
Department Services	270,000	270,000	190,033	(79,967)	213,686
Fees Development	37,950	37,950	44,424	6,474	38,344
Insurance Refunds	15,000	15,000	6,930	(8,070)	32,390
Private Grants	25,000	25,000	1,226	(23,774)	23,652
TML Grants	5,000	5,000	13,265	8,265	5,119
City Development Contributions	0	650,000	650,000	0	2,000,000
Contributions and Donations - Business	110,010	110,010	103,713	(6,297)	111,583
Total Revenues	33,175,600	34,354,175	35,269,150	914,975	34,696,924
Expenditures:					
General Government	3,766,233	4,215,633	3,893,027	322,606	3,448,073
Public Works	6,944,170	7,296,370	6,002,853	1,293,517	5,975,660
Public Safety	12,661,441	12,918,416	12,263,134	655,282	11,574,057
Contributions to Other Agencies	2,502,253	2,622,253	2,489,219	133,034	2,602,141
Debt Service:					
Principal	135,750	135,750	135,750	0	131,743
Interest and Other Charges	13,947	13,947	13,947	0	17,956
Capital Outlay	130,000	130,000	0	130,000	0
Total Expenditures	26,153,794	27,332,369	24,797,930	2,534,439	23,749,630
Net Change in Fund Balance Before					
Other Financing Sources (Uses)	7,021,806	7,021,806	10,471,220	3,449,414	10,947,294
Other Financing Sources (Uses)					
Operating Transfers In (Out):					
Payments in Lieu of Taxes - Business-Type Activities	1,818,250	1,818,250	1,576,488	(241,762)	1,634,663
Debt Service Fund - In	130,000	130,000	0	(130,000)	0
Debt Service Fund - Out	(6,882,820)	(6,882,820)	(6,882,820)	0	(6,156,990)
Education Fund	(170,000)	(170,000)	(170,000)	0	(500,000)
Capital Projects	(2,181,340)	(2,181,340)	(2,181,340)	0	(446,510)
Total Other Financing Sources (Uses)	(7,285,910)	(7,285,910)	(7,657,672)	(371,762)	(5,468,837)
Net Change in Fund Balance	(264,104)	(264,104)	2,813,548	3,077,652	5,478,457
Fund Balance, July 1st	20,703,845	20,703,845	20,703,845	0	15,225,388
Fund Balance, June 30th	\$ 20,439,741	\$ 20,439,741	\$ 23,517,393	\$ 3,077,652	\$ 20,703,845

EDUCATION FUND

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

CITY OF ALCOA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
EDUCATION FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				Totals 2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Taxes:					
Property Taxes	\$ 8,310,000	\$ 8,380,000	\$ 8,238,077	\$ (141,923)	\$ 8,899,497
Local Option Sales Taxes	5,900,000	5,900,000	5,315,822	(584,178)	5,190,638
Other Taxes	36,000	36,000	45,578	9,578	11,335
Licenses, Permits and Fees	301,200	301,200	427,625	126,425	380,919
Intergovernmental:					
Unrestricted:					
State Taxes	120,000	120,000	128,419	8,419	159,544
Restricted:					
Federal Grants	1,012,600	1,012,600	23,472	(989,128)	20,901
Other State Revenues	13,450,200	13,650,200	14,141,755	491,555	11,037,672
Other Local Revenues	25,000	25,000	144,833	119,833	66,923
Miscellaneous Revenues	10,000	10,000	34,334	24,334	13,011
Change in Fair Value of Investments	35,000	35,000	110,537	75,537	54,380
Total Revenues	<u>29,200,000</u>	<u>29,470,000</u>	<u>28,610,452</u>	<u>(859,548)</u>	<u>25,834,820</u>
Expenditures					
Instruction Elementary/Secondary	14,712,107	14,229,766	14,152,440	77,326	13,687,328
Special Education Program	2,164,954	2,164,954	2,117,119	47,835	1,962,160
Vocational Education	589,673	631,173	619,930	11,243	593,809
Health Services	487,597	487,597	484,682	2,915	366,877
Other Student Support	1,059,704	1,089,704	1,086,815	2,889	830,446
Instruction Regular	916,812	916,812	914,075	2,737	680,127
Technology	726,333	609,333	591,744	17,589	859,634
Board of Education	397,874	296,740	267,521	29,219	290,932
Office of the Director	200,284	200,284	189,979	10,305	192,489
Office of Principals	1,625,802	1,740,802	1,737,075	3,727	1,633,272
Fiscal Services	287,362	287,362	268,492	18,870	140,681
Human Services	280,240	280,240	256,364	23,876	260,600
Operation of Plant	2,533,921	2,363,921	2,324,126	39,795	2,265,289
Maintenance of Plant	988,493	1,086,693	1,074,361	12,332	987,434
Transportation	424,240	432,240	430,587	1,653	410,328
Food Services	962,050	962,050	0	962,050	0
Family Resource Center	105,390	105,390	103,336	2,054	99,129
Lottery Pre-K	286,914	380,914	378,308	2,606	263,989
Debt Service:					
Principal	8,313	8,313	8,313	0	957
Interest and Other Charges	712	712	712	0	8,068
Capital Outlay	441,225	1,195,000	1,192,887	2,113	254,705
Total Expenditures	<u>29,200,000</u>	<u>29,470,000</u>	<u>28,198,866</u>	<u>1,271,134</u>	<u>25,788,254</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>411,586</u>	<u>411,586</u>	<u>46,566</u>
Other Financing Sources (Uses)					
Transfer to Internal School Fund	0	0	0	0	(50,000)
Transfer from General Fund	0	0	170,000	170,000	500,000
Other Financing Sources (Uses) Total	<u>0</u>	<u>0</u>	<u>170,000</u>	<u>170,000</u>	<u>450,000</u>
Net Change in Fund Balance	<u>0</u>	<u>0</u>	<u>581,586</u>	<u>581,586</u>	<u>496,566</u>
Fund Balance, July 1st	<u>3,973,538</u>	<u>3,973,538</u>	<u>3,973,538</u>	<u>0</u>	<u>3,476,972</u>
Fund Balance, June 30th	<u>\$ 3,973,538</u>	<u>\$ 3,973,538</u>	<u>\$ 4,555,124</u>	<u>\$ 581,586</u>	<u>\$ 3,973,538</u>

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt not being accounted for in the Enterprise Funds.

CITY OF ALCOA, TENNESSEE

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

DEBT SERVICE FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				Totals 2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures					
Bond/Capital Outlay Note Redemptions	3,828,880	3,828,880	3,828,895	(15)	3,126,998
Interest and Fiscal Fees	3,053,940	3,053,940	3,042,627	11,313	2,703,896
Total Expenditures	<u>6,882,820</u>	<u>6,882,820</u>	<u>6,871,522</u>	<u>11,298</u>	<u>5,830,894</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(6,882,820)</u>	<u>(6,882,820)</u>	<u>(6,871,522)</u>	<u>11,298</u>	<u>(5,830,894)</u>
Other Financing Sources (Uses)					
Transfers In	6,882,820	6,882,820	6,882,820	0	6,156,990
Total Other Financing Sources (Uses)	<u>6,882,820</u>	<u>6,882,820</u>	<u>6,882,820</u>	<u>0</u>	<u>6,156,990</u>
Net Change in Fund Balance	0	0	11,298	11,298	326,096
Fund Balance, July 1st	<u>2,486,757</u>	<u>2,486,757</u>	<u>2,486,757</u>	<u>0</u>	<u>2,160,661</u>
Fund Balance, June 30th	<u>\$ 2,486,757</u>	<u>\$ 2,486,757</u>	<u>\$ 2,498,055</u>	<u>\$ 11,298</u>	<u>\$ 2,486,757</u>

ALCOA INTERMEDIATE SCHOOL CONSTRUCTION FUND

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

CITY OF ALCOA, TENNESSEE

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

ALCOA INTERMEDIATE SCHOOL (AIS) CONSTRUCTION – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024			Variance with Final Budget - Positive (Negative)	Totals 2023
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues					
Change in Fair Value of Investments	\$ 0	\$ 0	\$ 1,143	\$ 1,143	\$ 176,956
Total Revenues	<u>0</u>	<u>0</u>	<u>1,143</u>	<u>1,143</u>	<u>176,956</u>
Expenditures					
Capital Outlay	<u>2,000,000</u>	<u>2,000,000</u>	<u>870,685</u>	<u>1,129,315</u>	<u>10,255,589</u>
Total Expenditures	<u>2,000,000</u>	<u>2,000,000</u>	<u>870,685</u>	<u>1,129,315</u>	<u>10,255,589</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(869,542)</u>	<u>1,130,458</u>	<u>(10,078,633)</u>
Net Change in Fund Balance	(2,000,000)	(2,000,000)	(869,542)	1,130,458	(10,078,633)
Fund Balance, July 1st	<u>1,191,864</u>	<u>1,191,864</u>	<u>1,191,864</u>	<u>0</u>	<u>11,270,497</u>
Fund Balance, June 30th	<u>\$ (808,136)</u>	<u>\$ (808,136)</u>	<u>\$ 322,322</u>	<u>\$ 1,130,458</u>	<u>\$ 1,191,864</u>

WEST PLANT CONSTRUCTION FUND

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

CITY OF ALCOA, TENNESSEE

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

WEST PLANT CONSTRUCTION FUND – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2023
	Original	Final			
Revenues					
Federal Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 186,644
Interest Income	0	0	38,912	38,912	15,124
Total Revenues	<u>0</u>	<u>0</u>	<u>38,912</u>	<u>38,912</u>	<u>201,768</u>
Expenditures					
Capital Outlay/Capital Assets	350,000	450,000	202,546	247,454	289,498
Total Expenditures	<u>350,000</u>	<u>450,000</u>	<u>202,546</u>	<u>247,454</u>	<u>289,498</u>
Net Change in Fund Balance					
Before Other Financing Sources (Uses)	<u>(350,000)</u>	<u>(450,000)</u>	<u>(163,634)</u>	<u>286,366</u>	<u>(87,730)</u>
Other Financing Sources (Uses)					
Transfers In	200,000	200,000	200,000	0	0
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	<u>(150,000)</u>	<u>(250,000)</u>	<u>36,366</u>	<u>286,366</u>	<u>(87,730)</u>
Fund Balance, July 1st	<u>1,191,962</u>	<u>1,191,962</u>	<u>1,191,962</u>	<u>0</u>	<u>1,279,692</u>
Fund Balance, June 30th	<u>\$ 1,041,962</u>	<u>\$ 941,962</u>	<u>\$ 1,228,328</u>	<u>\$ 286,366</u>	<u>\$ 1,191,962</u>

NON-MAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

CITY OF ALCOA, TENNESSEE

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

STATE STREET AID – SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2023
	Original	Final			
Revenues					
State Gasoline Tax	\$ 456,500	\$ 456,500	\$ 383,681	\$ (72,819)	\$ 349,767
Interest Income	6,500	6,500	9,682	3,182	5,224
Total Revenues	<u>463,000</u>	<u>463,000</u>	<u>393,363</u>	<u>(69,637)</u>	<u>354,991</u>
Expenditures					
Streets:					
Resurfacing/Striping	600,000	600,000	520,000	80,000	437,049
Total Expenditures	<u>600,000</u>	<u>600,000</u>	<u>520,000</u>	<u>80,000</u>	<u>437,049</u>
Net Change in Fund Balance	(137,000)	(137,000)	(126,637)	10,363	(82,058)
Fund Balance, July 1st	<u>225,643</u>	<u>225,643</u>	<u>225,643</u>	<u>0</u>	<u>307,701</u>
Fund Balance, June 30th	<u>\$ 88,643</u>	<u>\$ 88,643</u>	<u>\$ 99,006</u>	<u>\$ 10,363</u>	<u>\$ 225,643</u>

CITY OF ALCOA, TENNESSEE

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

FEDERAL PROJECTS – SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				
	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)	Totals 2023
	Original	Final			
Revenues					
Monies Received Through the State of Tennessee	\$ 2,156,968	\$ 2,241,093	\$ 1,928,233	\$ (312,860)	\$ 2,673,472
Expenditures					
Salaries and Related Costs	932,750	851,283	788,010	63,273	1,062,022
Staff Development and Travel	116,515	276,867	121,318	155,549	71,914
Contracted Services	687,124	109,598	78,947	30,651	61,331
Materials and Supplies	83,370	654,729	593,209	61,520	152,043
Equipment	337,209	348,616	345,716	2,900	1,328,467
Total Expenditures	<u>2,156,968</u>	<u>2,241,093</u>	<u>1,927,200</u>	<u>313,893</u>	<u>2,675,777</u>
Net Change in Fund Balance	0	0	1,033	1,033	(2,305)
Fund Balance, July 1st	<u>(299)</u>	<u>(299)</u>	<u>(299)</u>	<u>0</u>	<u>2,006</u>
Fund Balance, June 30th	<u><u>\$ (299)</u></u>	<u><u>\$ (299)</u></u>	<u><u>\$ 734</u></u>	<u><u>\$ 1,033</u></u>	<u><u>\$ (299)</u></u>

CITY OF ALCOA, TENNESSEE

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

ALCOA CITY SCHOOLS CAFETERIA FUND - SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2023
	Original	Final			
Revenues					
Lunch and Breakfast Payments - Children	\$ 275,600	\$ 275,600	\$ 228,045	\$ (47,555)	\$ 263,844
Lunch and Breakfast Payments - Adults	15,000	15,000	14,264	(736)	9,716
USDA Reimbursements	1,007,100	1,007,100	994,229	(12,871)	882,966
Milk Sales	500	500	513	13	490
A la carte and Other Income	111,000	111,000	210,786	99,786	128,962
Interest Income	800	800	2,885	2,085	1,916
Total Revenues	<u>1,410,000</u>	<u>1,410,000</u>	<u>1,450,722</u>	<u>40,722</u>	<u>1,287,894</u>
Expenditures					
Food	736,500	736,500	838,744	(102,244)	687,974
Labor	650,000	650,000	582,579	67,421	595,304
Transportation	7,000	7,000	4,214	2,786	3,603
Ice Cream and Other Expenses	16,500	16,500	61,933	(45,433)	8,999
Total Expenditures	<u>1,410,000</u>	<u>1,410,000</u>	<u>1,487,470</u>	<u>(77,470)</u>	<u>1,295,880</u>
Net Change in Fund Balance	0	0	(36,748)	(36,748)	(7,986)
Fund Balance, July 1st	<u>459,510</u>	<u>459,510</u>	<u>459,510</u>	<u>0</u>	<u>467,496</u>
Fund Balance, June 30th	<u>\$ 459,510</u>	<u>\$ 459,510</u>	<u>\$ 422,762</u>	<u>\$ (36,748)</u>	<u>\$ 459,510</u>

CITY OF ALCOA, TENNESSEE

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

ALCOA SCHOOLS EXTENDED DAY PROGRAM – SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2023
	Original	Final			
Revenues					
Fees	\$ 270,000	\$ 270,000	\$ 196,916	\$ (73,084)	\$ 266,888
State Funds	0	269,662	261,006	(8,656)	244,522
Interest Income	5,000	5,000	16,873	11,873	6,093
Total Revenues	<u>275,000</u>	<u>544,662</u>	<u>474,795</u>	<u>(69,867)</u>	<u>517,503</u>
Expenditures					
Salaries	176,345	344,806	312,767	(136,422)	323,572
Fringe Benefits	52,956	95,269	86,209	(33,253)	66,833
Supplies and Food	0	2,000	55	(55)	6,733
Other Charges	45,699	102,587	64,036	(18,337)	64,420
Total Expenditures	<u>275,000</u>	<u>544,662</u>	<u>463,067</u>	<u>81,595</u>	<u>461,558</u>
Net Change in Fund Balance	0	0	11,728	11,728	55,945
Fund Balance, July 1st	<u>508,529</u>	<u>508,529</u>	<u>508,529</u>	<u>0</u>	<u>452,584</u>
Fund Balance, June 30th	<u>\$ 508,529</u>	<u>\$ 508,529</u>	<u>\$ 520,257</u>	<u>\$ 11,728</u>	<u>\$ 508,529</u>

CITY OF ALCOA, TENNESSEE

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

DRUG FUND - SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2023
	Original	Final			
Revenues					
Fines and Forfeits:					
DVD Sales	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30
Interest Income	2,000	2,000	4,250	2,250	1,533
Drug Control and Seizure	25,100	25,100	22,002	(3,098)	20,704
Total Revenues	<u>27,100</u>	<u>27,100</u>	<u>26,252</u>	<u>(848)</u>	<u>22,267</u>
Expenditures					
Public Safety	23,530	23,530	16,000	7,530	18,000
Total Expenditures	<u>23,530</u>	<u>23,530</u>	<u>16,000</u>	<u>7,530</u>	<u>18,000</u>
Net Change in Fund Balance	3,570	3,570	10,252	6,682	4,267
Fund Balance, July 1st	<u>124,246</u>	<u>124,246</u>	<u>124,246</u>	<u>0</u>	<u>119,979</u>
Fund Balance, June 30th	<u>\$ 127,816</u>	<u>\$ 127,816</u>	<u>\$ 134,498</u>	<u>\$ 6,682</u>	<u>\$ 124,246</u>

CITY OF ALCOA, TENNESSEE

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

COMMERCIAL MOTOR VEHICLE FINES FUND – SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				Totals 2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Interest Income	\$ 0	\$ 0	\$ 235	\$ 235	\$ 88
Total Revenues	<u>0</u>	<u>0</u>	<u>235</u>	<u>235</u>	<u>88</u>
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	235	235	88
Fund Balance, July 1st	<u>6,696</u>	<u>6,696</u>	<u>6,696</u>	<u>0</u>	<u>6,608</u>
Fund Balance, June 30th	<u>\$ 6,696</u>	<u>\$ 6,696</u>	<u>\$ 6,931</u>	<u>\$ 235</u>	<u>\$ 6,696</u>

CITY OF ALCOA, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL

ALCOA CITY SCHOOLS INTERNAL SCHOOL FUND - SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	<u>Totals 2024</u>	<u>Totals 2023</u>
Revenues		
Instructional	\$ 651	\$ 9,247
General Administrative	3,060	7,543
Field Trips	72,941	47,471
Miscellaneous	171,359	121,247
Athletic Funds	826,888	772,472
Club Funds	153,708	159,134
Other Purposes	521,030	448,062
BEP Funds	36,100	43,205
Grants - Special Projects Revenues	74,343	68,275
Charges for Services	10,414	8,974
Interest Income	4,191	2,658
Other Income	0	1,498
Total Revenues	<u>1,874,685</u>	<u>1,689,786</u>
Expenditures		
Instructional	15,391	35,299
General Administrative	52,320	49,469
Field Trips	71,262	45,676
Miscellaneous	141,657	95,345
Athletic Funds	797,503	787,806
Club Funds	139,816	147,520
Other Purposes	511,763	417,407
BEP Funds	38,700	40,654
Grants - Special Projects Expenses	71,623	48,944
Other Expenses	6,420	0
Total Expenditures	<u>1,846,455</u>	<u>1,668,120</u>
Net Change in Fund Balance		
Before Other Financing Sources (Uses)	<u>28,230</u>	<u>21,666</u>
Other Financing Sources (Uses)		
Transfers In	<u>0</u>	<u>50,000</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>50,000</u>
Net Change in Fund Balance	<u>28,230</u>	<u>71,666</u>
Fund Balance, July 1st	<u>983,679</u>	<u>912,013</u>
Fund Balance, June 30th	<u>\$ 1,011,909</u>	<u>\$ 983,679</u>

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

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

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt not being accounted for in the Enterprise Funds.

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

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

CITY OF ALCOA, TENNESSEE

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

PROJECT PEARL – DEBT FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024			Variance with Final Budget - Positive (Negative)	Totals 2023
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues					
Interest Income	\$ 0	\$ 0	\$ 5,902	\$ 5,902	\$ 17,354
Total Revenues	<u>0</u>	<u>0</u>	<u>5,902</u>	<u>5,902</u>	<u>17,354</u>
Expenditures					
Project Pearl Expenses	<u>550,000</u>	<u>550,000</u>	<u>0</u>	<u>550,000</u>	<u>104</u>
Total Expenditures	<u>550,000</u>	<u>550,000</u>	<u>0</u>	<u>550,000</u>	<u>104</u>
Net Change in Fund Balance	(550,000)	(550,000)	5,902	555,902	17,250
Fund Balance, July 1st	<u>598,983</u>	<u>598,983</u>	<u>598,983</u>	<u>0</u>	<u>581,733</u>
Fund Balance, June 30th	<u><u>\$ 48,983</u></u>	<u><u>\$ 48,983</u></u>	<u><u>\$ 604,885</u></u>	<u><u>\$ 555,902</u></u>	<u><u>\$ 598,983</u></u>

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

PROJECT EAGLE – DEBT FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024			Variance with Final Budget - Positive (Negative)	Totals 2023
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues					
Change in Fair Value of Investments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,429
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,429</u>
Expenditures					
Project Eagle Expenses	1,500,000	1,500,000	1,126,290	373,710	436,950
Total Expenditures	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,126,290</u>	<u>373,710</u>	<u>436,950</u>
Net Change in Fund Balance					
Before Other Financing Sources (Uses)	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,126,290)</u>	<u>373,710</u>	<u>(427,521)</u>
Other Financing Sources (Uses)					
Transfers In	1,400,000	1,400,000	1,400,000	0	0
Total Other Financing Sources (Uses)	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(100,000)	(100,000)	273,710	373,710	(427,521)
Fund Balance, July 1st	<u>359,973</u>	<u>359,973</u>	<u>359,973</u>	<u>0</u>	<u>787,494</u>
Fund Balance, June 30th	<u>\$ 259,973</u>	<u>\$ 259,973</u>	<u>\$ 633,683</u>	<u>\$ 373,710</u>	<u>\$ 359,973</u>

NON-MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS

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

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

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

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

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

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

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

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

CITY OF ALCOA, TENNESSEE

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

CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2023
	Original	Final			
Revenues					
Intergovernmental	\$ 4,500	\$ 4,500	\$ 1,144,815	\$ 1,140,315	\$ 852,858
Interest Income	1,034,500	1,034,500	12,373	(1,022,127)	3,782
Total Revenues	<u>1,039,000</u>	<u>1,039,000</u>	<u>1,157,188</u>	<u>118,188</u>	<u>856,640</u>
Expenditures					
Capital Outlay	<u>1,234,500</u>	<u>1,334,500</u>	<u>1,201,122</u>	<u>133,378</u>	<u>918,336</u>
Total Expenditures	<u>1,234,500</u>	<u>1,334,500</u>	<u>1,201,122</u>	<u>133,378</u>	<u>918,336</u>
Net Change in Fund Balance	(195,500)	(295,500)	(43,934)	251,566	(61,696)
Fund Balance, July 1st	<u>316,132</u>	<u>316,132</u>	<u>316,132</u>	<u>0</u>	<u>377,828</u>
Fund Balance, June 30th	<u>\$ 120,632</u>	<u>\$ 20,632</u>	<u>\$ 272,198</u>	<u>\$ 251,566</u>	<u>\$ 316,132</u>

CITY OF ALCOA, TENNESSEE

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

EQUIPMENT REPLACEMENT FUND – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				Totals 2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Interest Income	\$ 4,000	\$ 4,000	\$ 22,291	\$ 18,291	\$ 6,505
Expenditures					
Capital Outlay	648,160	648,160	578,725	69,435	226,106
Total Expenditures	<u>648,160</u>	<u>648,160</u>	<u>578,725</u>	<u>69,435</u>	<u>226,106</u>
Net Change in Fund Balance					
Before Other Financing Sources (Uses)	<u>(644,160)</u>	<u>(644,160)</u>	<u>(556,434)</u>	<u>87,726</u>	<u>(219,601)</u>
Other Financing Sources (Uses):					
Transfers In	491,340	491,340	491,340	0	356,510
Total Other Financing Sources (Uses)	<u>491,340</u>	<u>491,340</u>	<u>491,340</u>	<u>0</u>	<u>356,510</u>
Net Change in Fund Balance	(152,820)	(152,820)	(65,094)	87,726	136,909
Fund Balance, July 1st	<u>515,424</u>	<u>515,424</u>	<u>515,424</u>	<u>0</u>	<u>378,515</u>
Fund Balance, June 30th	<u>\$ 362,604</u>	<u>\$ 362,604</u>	<u>\$ 450,330</u>	<u>\$ 87,726</u>	<u>\$ 515,424</u>

CITY OF ALCOA, TENNESSEE

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

HOME GRANT PROGRAM FUND – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				Totals 2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures					
Reimbursement	0	0	0	0	0
Total Expenditures	0	0	0	0	0
Net Change in Fund Balance	0	0	0	0	0
Fund Balance, July 1st	0	0	0	0	0
Fund Balance, June 30th	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF ALCOA, TENNESSEE

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

LANDSCAPING FUND – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2023
	Original	Final			
Revenues					
Charges for Services	\$ 65,000	\$ 65,000	\$ 15,343	\$ (49,657)	\$ 71,045
Interest Income	5,000	5,000	13,132	8,132	5,081
Total Revenues	<u>70,000</u>	<u>70,000</u>	<u>28,475</u>	<u>(41,525)</u>	<u>76,126</u>
Expenditures					
Landscaping Projects	150,000	160,000	150,927	9,073	0
Sidewalk Projects	25,000	25,000	0	25,000	0
Total Expenditures	<u>175,000</u>	<u>185,000</u>	<u>150,927</u>	<u>34,073</u>	<u>0</u>
Net Change in Fund Balance	(105,000)	(115,000)	(122,452)	(7,452)	76,126
Fund Balance, July 1st	<u>402,843</u>	<u>402,843</u>	<u>402,843</u>	<u>0</u>	<u>326,717</u>
Fund Balance, June 30th	<u>\$ 297,843</u>	<u>\$ 287,843</u>	<u>\$ 280,391</u>	<u>\$ (7,452)</u>	<u>\$ 402,843</u>

CITY OF ALCOA, TENNESSEE

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

GENERAL OBLIGATION PUBLIC WORKS CONSTRUCTION – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2023
	Original	Final			
Revenues					
Contractor Reimbursement	\$ 310,000	\$ 1,458,000	\$ 1,448,338	\$ (9,662)	\$ 0
Change in Fair Value of Investments	0	0	0	0	8,981
Interest Income	0	62,000	57,466	(4,534)	6,121
Total Revenues	<u>310,000</u>	<u>1,520,000</u>	<u>1,505,804</u>	<u>(14,196)</u>	<u>15,102</u>
Expenditures					
Capital Outlay	885,000	2,095,000	1,647,506	447,494	186,681
Total Expenditures	<u>885,000</u>	<u>2,095,000</u>	<u>1,647,506</u>	<u>447,494</u>	<u>186,681</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(575,000)</u>	<u>(575,000)</u>	<u>(141,702)</u>	<u>433,298</u>	<u>(171,579)</u>
Net Change in Fund Balance	(575,000)	(575,000)	(141,702)	433,298	(171,579)
Fund Balance, July 1st	<u>593,146</u>	<u>593,146</u>	<u>593,146</u>	<u>0</u>	<u>764,725</u>
Fund Balance, June 30th	<u>\$ 18,146</u>	<u>\$ 18,146</u>	<u>\$ 451,444</u>	<u>\$ 433,298</u>	<u>\$ 593,146</u>

CITY OF ALCOA, TENNESSEE

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

LEGACY FUND – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				Totals 2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues					
Donations	\$ 100,000	\$ 100,000	\$ 20,000	\$ (80,000)	\$ 20,000
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>20,000</u>	<u>(80,000)</u>	<u>20,000</u>
Expenditures					
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>20,536</u>	<u>79,464</u>	<u>25,747</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>20,536</u>	<u>79,464</u>	<u>25,747</u>
Net Change in Fund Balance	0	0	(536)	(536)	(5,747)
Fund Balance, July 1st	<u>19,010</u>	<u>19,010</u>	<u>19,010</u>	<u>0</u>	<u>24,757</u>
Fund Balance, June 30th	<u>\$ 19,010</u>	<u>\$ 19,010</u>	<u>\$ 18,474</u>	<u>\$ (536)</u>	<u>\$ 19,010</u>

CITY OF ALCOA, TENNESSEE

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

ADA IMPROVEMENT – CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	June 30, 2024				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Totals 2023
	Original	Final			
Revenues					
ADA Improvements	\$ 4,000	\$ 4,000	\$ 9,783	\$ 5,783	\$ 3,109
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>9,783</u>	<u>5,783</u>	<u>3,109</u>
Expenditures					
Capital Outlay	<u>90,000</u>	<u>90,000</u>	<u>8,191</u>	<u>81,809</u>	<u>0</u>
Total Expenditures	<u>90,000</u>	<u>90,000</u>	<u>8,191</u>	<u>81,809</u>	<u>0</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	(86,000)	(86,000)	1,592	87,592	3,109
Other Financing Sources (Uses)					
Transfers-In	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>0</u>	<u>90,000</u>
Net Change in Fund Balance	4,000	4,000	91,592	87,592	93,109
Fund Balance, July 1st	<u>252,480</u>	<u>252,480</u>	<u>252,480</u>	<u>0</u>	<u>159,371</u>
Fund Balance, June 30th	<u>\$ 256,480</u>	<u>\$ 256,480</u>	<u>\$ 344,072</u>	<u>\$ 87,592</u>	<u>\$ 252,480</u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Stormwater Utility Fund – The Stormwater Utility Fund is used to account for the operations of the City’s stormwater systems and is presented as a major fund in the basic financial statements.

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

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

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

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

June 30, 2024
With Comparative Totals at June 30, 2023

	Business-Type Activities	
	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,317,847	\$ 1,276,898
Accounts Receivable, Net	122,680	116,242
Total Current Assets	1,440,527	1,393,140
Capital Assets		
Structures, Improvements and Equipment	7,018,493	5,931,252
Less: Accumulated Depreciation	(1,203,896)	(968,322)
Net Capital Assets	5,814,597	4,962,930
Total Assets	7,255,124	6,356,070
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflows	336,284	273,388
Deferred Other Post Employment Benefits Outflows	85,824	41,280
Total Deferred Outflows of Resources	422,108	314,668
LIABILITIES		
Current Liabilities		
Accounts Payable	25,756	22,792
Other Accrued Liabilities	12,547	20,229
Compensated Absences	51,158	46,652
Total Current Liabilities	89,461	89,673
Long-Term Liabilities		
Net Pension Liability	264,441	166,776
Other Post Employment Benefits Liability	248,838	183,234
Total Long-Term Liabilities	513,279	350,010
Total Liabilities	602,740	439,683
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	8,416	12,085
Deferred Other Post Employment Benefits Inflows	12,483	21,631
Total Deferred Inflows of Resources	20,899	33,716
NET POSITION		
Net Investment in Capital Assets	5,814,597	4,962,930
Unrestricted	1,238,996	1,234,409
Total Net Position	\$ 7,053,593	\$ 6,197,339

CITY OF ALCOA, TENNESSEE

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

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	Business-Type Activities	
	2024	2023
OPERATING REVENUES		
Residential Sales	\$ 233,753	\$ 229,361
Commercial/Industrial Sales	1,236,940	1,173,905
Total Operating Revenue	<u>1,470,693</u>	<u>1,403,266</u>
OPERATING EXPENSES		
Administrative and General	567,167	479,847
Operations and Maintenance	656,117	542,879
Street Cleaning	144,143	120,917
Depreciation	256,139	183,605
Total Operating Expenses	<u>1,623,566</u>	<u>1,327,248</u>
OPERATING INCOME	<u>(152,873)</u>	<u>76,018</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	41,954	14,718
Other Income	18,818	66,927
Total Nonoperating Revenues (Expenses)	<u>60,772</u>	<u>81,645</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(92,101)</u>	<u>157,663</u>
CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	948,355	3,056,262
Total Contributions and Transfers	<u>948,355</u>	<u>3,056,262</u>
CHANGE IN NET POSITION	856,254	3,213,925
NET POSITION, July 1st	<u>6,197,339</u>	<u>2,983,414</u>
NET POSITION, June 30th	<u>\$ 7,053,593</u>	<u>\$ 6,197,339</u>

CITY OF ALCOA, TENNESSEE

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

June 30, 2024

With Comparative Totals at June 30, 2023

	Business-Type Activities	
	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 16,286,906	\$ 16,531,426
Accounts Receivable, Net	1,604,644	2,374,286
Materials and Supplies	1,820,507	1,959,833
Other Current Assets	47,529	183,780
Due from Other Funds	55,226	124,721
Total Current Assets	<u>19,814,812</u>	<u>21,174,046</u>
Capital Assets		
Land and Easements	1,206,839	1,206,839
Construction in Progress	2,067,954	5,377,395
Structures, Improvements and Equipment	111,515,251	101,117,788
	<u>114,790,044</u>	<u>107,702,022</u>
Less: Accumulated Depreciation	(48,690,311)	(45,164,184)
Net Capital Assets	<u>66,099,733</u>	<u>62,537,838</u>
Total Assets	<u>85,914,545</u>	<u>83,711,884</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Pension Outflows	1,751,954	1,442,014
Deferred Other Post Employment Benefits Outflows	350,854	185,319
Deferred Bond Refunding Costs	4,350,400	4,561,600
Total Deferred Outflow of Resources	<u>6,453,208</u>	<u>6,188,933</u>

CITY OF ALCOA, TENNESSEE

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

June 30, 2024

With Comparative Totals at June 30, 2023

	Business-Type Activities	
	2024	2023
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,888,575	\$ 1,043,079
Other Accrued Liabilities	66,887	62,836
Current Portion of Long-Term Debt	2,049,444	2,004,444
Compensated Absences	277,762	320,623
Total Current Liabilities	<u>4,282,668</u>	<u>3,430,982</u>
Long-Term Liabilities		
Long-Term Debt	43,148,809	45,198,253
Net Pension Liability	2,096,227	1,674,086
Other Post-Employment Benefits Liability	949,626	705,829
Total Long-Term Liabilities	<u>46,194,662</u>	<u>47,578,168</u>
Total Liabilities	<u>50,477,330</u>	<u>51,009,150</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	43,372	62,264
Deferred Other Post Employment Benefits Inflows	65,957	99,953
Total Deferred Inflows of Resources	<u>109,329</u>	<u>162,217</u>
NET POSITION		
Net Investment in Capital Assets	25,251,880	22,301,441
Unrestricted	16,529,214	16,428,009
Total Net Position	<u>\$ 41,781,094</u>	<u>\$ 38,729,450</u>

CITY OF ALCOA, TENNESSEE

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

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	Business-Type Activities	
	2024	2023
OPERATING REVENUES		
Retail Water Sales	\$ 7,289,698	\$ 6,963,449
Wholesale Water Sales	1,333,291	1,267,404
Wholesale Water Sales - Arconic	1,794,267	1,717,925
Sewer Charges	7,341,745	6,765,688
Penalties	134,411	126,426
Sewer Taps	81,095	184,455
Connections	193,126	322,458
Fire Hydrant Rental	51,800	51,200
Back Flow and Grease Trap Fees	51,620	49,013
Line Extension	4,190	7,535
Miscellaneous	30,338	14,876
Total Operating Revenues	18,305,581	17,470,429
OPERATING EXPENSES		
Administration and General	984,774	809,579
Accounting and Collections	1,565,838	1,363,002
Supervision	649,264	768,705
Water Treatment Plant	1,924,571	1,739,188
Environmental Compliance	197,018	149,145
Distribution and Transmission	1,081,139	1,360,747
Meter Readings and Repairs	491,259	320,171
Water Maintenance	361,925	404,764
Sewer Collection and Pumping	1,385,738	1,146,253
Disposal	3,770,319	3,007,960
Deprecation	3,606,909	3,071,069
Total Operating Expenses	16,018,754	14,140,583
OPERATING INCOME	2,286,827	3,329,846
NONOPERATING REVENUES (EXPENSES)		
Other Income	8,647	39,791
Other Expense	(211,200)	(161,756)
Interest Income	566,095	318,574
Interest Expense	(1,709,531)	(1,428,136)
Gain on Sale of Property and Equipment	15,120	16,557
Total Nonoperating Revenues (Expenses)	(1,330,869)	(1,214,970)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	955,958	2,114,876
CONTRIBUTIONS AND TRANSFERS		
Transfer in Lieu of Taxes	(400,000)	(400,000)
Capital Contributions	2,495,686	4,027,592
Total Contributions and Transfers	2,095,686	3,627,592
CHANGE IN NET POSITION	3,051,644	5,742,468
NET POSITION, July 1st	38,729,450	32,986,982
NET POSITION, June 30th	\$ 41,781,094	\$ 38,729,450

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

June 30, 2024
With Comparative Totals at June 30, 2023

	Business-Type Activities	
	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 5,271,541	\$ 6,969,794
Investments	0	1,422,970
Accounts receivable less provision for doubtful accounts of \$339,435 at June 30, 2024 and \$430,122 at June 30, 2023	5,033,134	3,017,714
Accounts Receivable - Pole Rentals	120,163	419,242
Materials and Supplies	2,490,431	3,216,146
Prepaid TVA Power Invoice Program	4,195,267	4,158,302
Total Current Assets	17,110,536	19,204,168
Capital Assets		
Land and Easements	1,269,726	1,253,476
Construction in Progress	7,460,801	2,514,063
Structures, Improvements and Equipment	106,136,371	103,493,273
	114,866,898	107,260,812
Less: Accumulated Depreciation	(56,654,099)	(54,224,849)
Net Capital Assets	58,212,799	53,035,963
Other Noncurrent Assets		
Receivables from Customers for Conservation Loans	63,554	82,461
Regulatory Asset - Debt Issuance Costs	184,724	211,110
Total Other Noncurrent Assets	248,278	293,571
Total Noncurrent Assets	58,461,077	53,329,534
Total Assets	75,571,613	72,533,702
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflows	2,805,003	2,344,921
Deferred Other Post Employment Benefits Outflows	757,380	404,280
Total Deferred Outflows of Resources	3,562,383	2,749,201

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

June 30, 2024
With Comparative Totals at June 30, 2023

	Business-Type Activities	
	2024	2023
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 11,246,953	\$ 8,183,653
Due to Other Funds	195,800	150,866
Customer Deposits	3,213,630	3,049,457
Other Accrued Liabilities	167,986	422,689
Current Portion of Long-Term Debt	1,290,881	1,240,881
Compensated Absences	696,074	723,477
Total Current Liabilities	16,811,324	13,771,023
Long-Term Liabilities		
Long-Term Debt	10,598,786	11,889,667
Unearned Credits	374,894	302,604
Conservation -TVA	47,281	102,388
Net Pension Liability	4,214,808	3,634,392
Other Post Employment Benefit Liability	2,199,198	1,679,156
Total Long-Term Liabilities	17,434,967	17,608,207
Total Liabilities	34,246,291	31,379,230
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Outflows	63,430	91,053
Deferred Other Post Employment Benefits Outflows	142,135	214,652
Total Deferred Inflows of Resources	205,565	305,705
NET POSITION		
Net Investment in Capital Assets	46,323,132	41,328,385
Unrestricted	(1,640,992)	2,269,583
Total Net Position	\$ 44,682,140	\$ 43,597,968

CITY OF ALCOA, TENNESSEE

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

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	Business-Type Activities	
	2024	2023
OPERATING REVENUES		
Sale of Electric Energy:		
Residential - Non-Farm	\$ 47,551,990	\$ 48,902,884
Small Lighting and Power Sales	7,771,158	7,371,848
Large Lighting and Power Sales	19,798,907	19,229,701
Street and Outdoor Lighting	1,336,161	1,359,299
Consumer Forfeited Discounts	435,519	473,366
Rents and Other Services	1,580,261	1,603,091
Total Operating Revenues	78,473,996	78,940,189
OPERATING EXPENSES		
Purchased Power	58,322,259	57,808,536
Distribution	2,445,812	2,545,951
Customer Accounts, Services and Sales	1,804,448	1,763,612
Administrative and General	3,608,436	3,431,082
Depreciation	3,528,968	3,500,049
Maintenance Expense:		
Transmission	183,348	265,365
Distribution	5,496,701	5,217,596
Administrative and General	20,511	53,021
Total Operating Expenses	75,410,483	74,585,212
OPERATING INCOME	3,063,513	4,354,977
NONOPERATING EXPENSES		
Change in Fair Value of Investments	0	63,668
Interest Income	150,741	98,070
Interest Expense	(615,338)	(491,615)
Gain on Sale of Asset	1,395	359,089
Other Income	1,905	5,241
Net Nonoperating Revenues (Expenses)	(461,297)	34,453
INCOME BEFORE TRANSFERS	2,602,216	4,389,430
CONTRIBUTIONS AND TRANSFERS		
Transfer in Lieu of Tax	(1,176,488)	(1,234,663)
Payment to County	(341,556)	(358,450)
Total Contributions and Transfers	(1,518,044)	(1,593,113)
CHANGE IN NET POSITION	1,084,172	2,796,317
NET POSITION, July 1st	43,597,968	40,801,651
NET POSITION, June 30th	\$ 44,682,140	\$ 43,597,968

CITY OF ALCOA, TENNESSEE

LANDFILL FUND - ENTERPRISE FUND
STATEMENT OF NET POSITION

June 30, 2024

With Comparative Totals at June 30, 2023

	Business-Type Activities	
	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 12,287,761	\$ 9,322,048
Investments	6,206,115	5,967,362
Accounts Receivable, Net	555,763	461,062
Due from Other Funds	5,348	2,674
Total Current Assets	<u>19,054,987</u>	<u>15,753,146</u>
Capital Assets		
Land and Easements	2,666,341	2,567,341
Construction in Progress	718,220	346,055
Structures, Improvements and Equipment	16,386,966	16,055,887
	<u>19,771,527</u>	<u>18,969,283</u>
Less: Accumulated Depreciation	<u>(14,503,273)</u>	<u>(14,048,362)</u>
Net Capital Assets	<u>5,268,254</u>	<u>4,920,921</u>
Other Noncurrent Assets		
Cash Held for Long-Term Purposes	<u>8,078,654</u>	<u>7,303,438</u>
Total Non-Current Assets	<u>13,346,908</u>	<u>12,224,359</u>
Total Assets	<u>32,401,895</u>	<u>27,977,505</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Pension Outflows	691,970	563,779
Deferred Other Post Employment Benefits Outflows	205,567	115,035
Total Deferred Outflows of Resources	<u>897,537</u>	<u>678,814</u>

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

June 30, 2024
With Comparative Totals at June 30, 2023

	Business-Type Activities	
	2024	2023
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 232,143	\$ 192,576
Other Accrued Liabilities	28,584	24,448
Current Portion of Long-Term Debt	501,124	501,124
Compensated Absences	152,035	139,503
Total Current Liabilities	913,886	857,651
Long-Term Liabilities		
Long-Term Debt	1,304,743	1,805,867
Reserve for Closure and Post-Closure Costs	13,815,191	13,260,518
Net Pension Liability	764,973	574,838
Other Post Employment Benefits Liability	610,719	477,384
Total Long-Term Liabilities	16,495,626	16,118,607
Total Liabilities	17,409,512	16,976,258
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	18,627	26,734
Deferred Other Post Employment Benefits Inflows	42,495	61,088
Total Deferred Inflows of Resources	61,122	87,822
NET POSITION		
Net Investment in Capital Assets	3,462,387	2,613,930
Unrestricted	12,366,411	8,978,309
Total Net Position	\$ 15,828,798	\$ 11,592,239

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

For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	Business-Type Activities	
	2024	2023
OPERATING REVENUES		
Fees and Permits	\$ 8,187,724	\$ 6,691,310
OPERATING EXPENSES		
Administration and General	553,567	509,600
Landfill Operations	1,125,858	998,299
Scales and Security Operations	387,200	333,625
Facility Maintenance	396,200	429,772
Vehicle and Equipment Maintenance	894,197	426,340
Solid Waste Authority	129,906	120,215
Environmental Compliance	222,019	226,628
Closure and Post-Closure Costs	570,375	526,500
Depreciation	454,912	778,694
Total Operating Expenses	4,734,234	4,349,673
OPERATING INCOME	3,453,490	2,341,637
NON-OPERATING REVENUES (EXPENSES)		
Other Income	441	5,262
Interest Income	374,635	275,662
Change in Fair Value of Investments	238,753	44,853
Interest Expense	(35,075)	(40,932)
Other Expense	(303)	(614)
Gain on Sale of Structures, Improvements and Equipment	50,081	36,607
Waste Tire Reimbursement	154,537	157,925
Total Non-Operating Revenues (Expenses)	783,069	478,763
CHANGE IN NET POSITION	4,236,559	2,820,400
NET POSTION, July 1st	11,592,239	8,771,839
NET POSITION, June 30th	\$ 15,828,798	\$ 11,592,239

FIDUCIARY FUND

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

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

CITY OF ALCOA, TENNESSEE

EMPLOYEES' RETIREMENT SYSTEM FUND - FIDUCIARY FUND
SCHEDULE OF FIDUCIARY ASSETS, LIABILITIES and NET POSITION

June 30, 2024

With Comparative Totals for the Fiscal Year Ended June 30, 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Investments in Tennessee Retirement Group Trust	\$ <u>28,949,090</u>	\$ <u>28,206,754</u>
LIABILITIES	<u>0</u>	<u>0</u>
NET POSITION		
Restricted for Pension Benefits	<u>28,949,090</u>	<u>28,206,754</u>
TOTAL NET POSITION	<u>\$ <u>28,949,090</u></u>	<u>\$ <u>28,206,754</u></u>

CITY OF ALCOA, TENNESSEE

EMPLOYEES' RETIREMENT SYSTEM FUND - FIDUCIARY FUND
SCHEDULE OF CHANGES IN FIDUCIARY PLAN NET POSITIONFor the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	<u>2024</u>	<u>2023</u>
Additions		
Employer Contributions	\$ 1,156,459	\$ 1,448,328
Investment Income:		
Investment Income (Loss)	2,667,372	1,832,940
Less Investment Expenses	<u>(28,172)</u>	<u>(28,152)</u>
Net Investment Income	<u>2,639,200</u>	<u>1,804,788</u>
Total Additions	<u>3,795,659</u>	<u>3,253,116</u>
Deductions		
Administrative Expenses	20,137	32,083
Benefit Payments	<u>3,033,186</u>	<u>3,071,892</u>
Total Deductions	<u>3,053,323</u>	<u>3,103,975</u>
Change in Net Position	742,336	149,141
Net Position Restricted for Pension Benefits - Beginning of Year	<u>28,206,754</u>	<u>28,057,613</u>
Net Position Restricted for Pension Benefits - End of Year	<u>\$ 28,949,090</u>	<u>\$ 28,206,754</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2024

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2023	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2024
Governmental Activities									
Bonds Payable									
<u>Payable through Debt Service Fund</u>									
2008 Local Government Improvement Bonds, Series E-5-B	\$ 18,735,000	4.00% to 5.00%	8/7/2008	6/1/2036	\$ 6,370,000	\$ 0	\$ 425,000	\$ 0	\$ 5,945,000
General Obligation Refunding Bonds, Series 2016A	4,310,000	2.00% to 3.00%	3/10/2016	6/1/2036	3,170,000	0	265,000	0	2,905,000
General Obligation Refunding Bonds, Series 2017	9,995,000	2.00% to 3.00%	3/1/2017	6/1/2037	8,100,000	0	495,000	0	7,605,000
General Obligation Bonds, Series 2018	6,915,000	3.50% to 5.00%	5/4/2018	5/1/2028	6,585,000	0	175,000	0	6,410,000
General Obligation Refunding Bonds, Series 2020	25,925,000	3.00% to 5.00%	6/25/2020	6/1/2043	24,725,000	0	845,000	0	23,880,000
General Obligation Bonds, Series 2021A	6,305,000	2.00% to 4.00%	3/25/2021	3/1/2040	6,305,000	0	290,000	0	6,015,000
General Obligation Refunding Bonds, Series 2021B (Taxable)	3,950,000	0.15% to 0.82%	3/25/2021	3/1/2026	2,395,000	0	795,000	0	1,600,000
General Obligation Bonds, Series 2022A	19,240,000	3.00% to 5.00%	2/11/2022	6/1/2052	19,240,000	0	365,000	0	18,875,000
General Obligation Refunding Bond, Series 2022B	8,475,000	3.00% to 4.00%	4/22/2022	6/30/2045	8,195,000	0	255,000	0	7,940,000
Total Bonds Payable through Debt Service Fund					85,085,000	0	3,910,000	0	81,175,000
Total Governmental Activities					\$ 85,085,000	\$ 0	\$ 3,910,000	\$ 0	\$ 81,175,000
Business-Type Activities									
Bonds Payable									
<u>Payable through Landfill Department Fund</u>									
General Obligation Refunding Bonds, Series 2021B (Taxable)	\$ 1,600,000	0.15% to 0.82%	3/25/2021	3/1/2026	\$ 1,200,000	\$ 0	\$ 400,000	\$ 0	\$ 800,000
General Obligation Bonds, Series 2022A	1,025,000	3.00% to 5.00%	2/11/2022	6/1/2034	935,000	0	85,000	0	850,000
Total Bonds Payable through Landfill Fund					2,135,000	0	485,000	0	1,650,000
<u>Payable through Water and Sewer Department Fund</u>									
2008 Local Government Improvement Bonds, Series E-5-B	37,825,000	4.00% to 5.00%	8/7/2008	6/1/2042	25,195,000	0	750,000	0	24,445,000
General Obligation Refunding Bonds, Series 2016A	5,315,000	2.00% to 3.00%	3/10/2016	6/1/2042	4,980,000	0	30,000	0	4,950,000
General Obligation Bonds, Series 2018	3,060,000	2.75% to 5.00%	5/4/2018	5/1/2028	1,690,000	0	315,000	0	1,375,000
General Obligation Refunding Bonds, Series 2020	2,375,000	3.00% to 5.00%	6/25/2020	6/1/2033	1,900,000	0	170,000	0	1,730,000
General Obligation Refunding Bonds, Series 2020B	6,200,000	2.00% to 3.00%	12/16/2020	6/1/2045	5,930,000	0	270,000	0	5,660,000
General Obligation Bonds, Series 2020C (Taxable)	4,815,000	0.30% to 1.85%	12/16/2020	6/1/2034	3,615,000	0	300,000	0	3,315,000
General Obligation Bonds, Series 2021A	3,155,000	2.00% to 4.00%	3/25/2021	3/1/2050	3,155,000	0	120,000	0	3,035,000
Total Bonds Payable through Water and Sewer Utility Fund					46,465,000	0	1,955,000	0	44,510,000
<u>Payable through Electric Utility Fund</u>									
2008 Local Government Improvement Bonds, Series E-5-B	21,340,000	Variable	8/7/2008	6/1/2031	10,180,000	0	1,135,000	0	9,045,000
General Obligation Bonds, Series 2022A	2,635,000	3.00% to 5.00%	2/11/2022	6/1/2052	2,635,000	0	95,000	0	2,540,000
Total Bonds Payable through Electric Utility Fund					12,815,000	0	1,230,000	0	11,585,000
Total Business-Type Activities					\$ 61,415,000	\$ 0	\$ 3,670,000	\$ 0	\$ 57,745,000

CITY OF ALCOA, TENNESSEE

SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR

June 30, 2024

Fiscal Year	Total Requirement	Total		2008 Local Government Improvement Bonds, Series E-5-B		General Obligation Refunding Bonds, Series 2016A	
		Bond	Interest	Bond	Interest	Bond	Interest
2025	\$ 12,699,455	\$ 7,755,000	\$ 4,944,455	\$ 2,335,000	\$ 1,971,750	\$ 300,000	\$ 218,562
2026	12,639,007	7,975,000	4,664,007	2,385,000	1,855,000	300,000	212,563
2027	11,664,090	7,285,000	4,379,090	2,770,000	1,735,750	335,000	206,562
2028	11,536,997	7,460,000	4,076,997	2,820,000	1,597,250	335,000	199,863
2029	11,278,451	7,510,000	3,768,451	3,325,000	1,456,250	115,000	193,162
2030	11,220,612	7,755,000	3,465,612	3,450,000	1,290,000	120,000	190,288
2031	10,813,451	7,650,000	3,163,451	2,920,000	1,117,500	445,000	187,287
2032	9,698,252	6,820,000	2,878,252	1,940,000	971,500	485,000	176,163
2033	9,440,870	6,805,000	2,635,870	2,000,000	874,500	525,000	162,825
2034	9,325,870	6,920,000	2,405,870	2,060,000	774,500	515,000	148,387
2035	8,738,308	6,570,000	2,168,308	2,035,000	671,500	505,000	132,938
2036	8,752,744	6,815,000	1,937,744	2,035,000	569,750	650,000	117,787
2037	7,764,858	6,065,000	1,699,858	1,560,000	468,000	260,000	98,288
2038	7,053,395	5,560,000	1,493,395	1,560,000	390,000	355,000	89,837
2039	6,946,882	5,645,000	1,301,882	1,560,000	312,000	350,000	78,300
2040	6,888,783	5,780,000	1,108,783	1,560,000	234,000	395,000	67,800
2041	6,836,707	5,925,000	911,707	1,560,000	156,000	890,000	55,950
2042	6,805,261	6,100,000	705,261	1,560,000	78,000	975,000	29,250
2043	4,153,520	3,660,000	493,520	0	0	0	0
2044	2,460,182	2,075,000	385,182	0	0	0	0
2045	2,443,857	2,120,000	323,857	0	0	0	0
2046	1,650,980	1,390,000	260,980	0	0	0	0
2047	1,643,540	1,425,000	218,540	0	0	0	0
2048	1,640,000	1,465,000	175,000	0	0	0	0
2049	1,245,013	1,115,000	130,013	0	0	0	0
2050	1,232,430	1,135,000	97,430	0	0	0	0
2051	1,119,200	1,055,000	64,200	0	0	0	0
2052	1,117,550	1,085,000	32,550	0	0	0	0
Totals	\$ 188,810,265	\$ 138,920,000	\$ 49,890,265	\$ 39,435,000	\$ 16,523,250	\$ 7,855,000	\$ 2,565,812

CITY OF ALCOA, TENNESSEE

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

June 30, 2024

Fiscal Year	General Obligation Refunding Bonds, Series 2017		General Obligation Bonds, Series 2018		General Obligation Refunding Bonds, Series 2020	
	Bond	Interest	Bond	Interest	Bond	Interest
2025	\$ 505,000	\$ 197,081	\$ 510,000	\$ 252,900	\$ 1,060,000	\$ 872,600
2026	515,000	186,981	530,000	232,500	1,110,000	819,600
2027	525,000	176,681	545,000	217,925	1,175,000	764,100
2028	540,000	164,869	560,000	202,937	1,225,000	705,350
2029	550,000	152,719	205,000	186,138	1,290,000	644,100
2030	565,000	140,344	215,000	179,987	1,335,000	592,500
2031	580,000	126,219	220,000	173,538	1,380,000	552,450
2032	595,000	110,994	225,000	166,937	1,425,000	511,050
2033	610,000	95,375	230,000	160,188	1,250,000	468,300
2034	625,000	78,600	240,000	153,000	1,250,000	430,800
2035	645,000	59,850	245,000	145,500	1,290,000	393,300
2036	665,000	40,500	255,000	137,537	1,325,000	354,600
2037	685,000	20,550	265,000	129,250	1,375,000	314,850
2038	0	0	270,000	120,638	1,415,000	273,600
2039	0	0	280,000	111,862	1,455,000	231,150
2040	0	0	290,000	102,763	1,495,000	187,500
2041	0	0	300,000	93,337	1,540,000	142,650
2042	0	0	310,000	83,213	1,585,000	96,450
2043	0	0	320,000	72,750	1,630,000	48,900
2044	0	0	330,000	61,950	0	0
2045	0	0	340,000	50,400	0	0
2046	0	0	355,000	38,500	0	0
2047	0	0	365,000	26,075	0	0
2048	0	0	380,000	13,300	0	0
2049	0	0	0	0	0	0
2050	0	0	0	0	0	0
2051	0	0	0	0	0	0
2052	0	0	0	0	0	0
Totals	\$ 7,605,000	\$ 1,550,763	\$ 7,785,000	\$ 3,113,125	\$ 25,610,000	\$ 8,403,850

CITY OF ALCOA, TENNESSEE

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

June 30, 2024

Fiscal Year	General Obligation Refunding Bonds, Series 2020B		General Obligation Bonds, Series 2020C (Taxable)		General Obligation Bonds, Series 2021A	
	Bond	Interest	Bond	Interest	Bond	Interest
2025	\$ 270,000	\$ 121,300	\$ 325,000	\$ 46,202	\$ 420,000	\$ 217,395
2026	270,000	113,200	370,000	42,953	435,000	200,595
2027	270,000	105,100	330,000	39,252	445,000	183,195
2028	270,000	97,000	330,000	35,458	460,000	165,395
2029	270,000	91,600	330,000	31,662	475,000	146,995
2030	270,000	86,200	330,000	27,373	480,000	137,495
2031	270,000	80,800	325,000	22,587	485,000	127,895
2032	270,000	75,400	325,000	17,388	495,000	118,195
2033	270,000	70,000	325,000	11,862	500,000	108,295
2034	270,000	64,600	325,000	6,013	510,000	98,295
2035	270,000	59,200	0	0	515,000	88,095
2036	270,000	53,800	0	0	520,000	77,795
2037	270,000	48,400	0	0	530,000	67,395
2038	270,000	43,000	0	0	535,000	56,795
2039	270,000	37,600	0	0	545,000	46,095
2040	270,000	32,200	0	0	555,000	35,195
2041	270,000	26,800	0	0	115,000	24,095
2042	270,000	21,400	0	0	115,000	21,795
2043	270,000	16,000	0	0	115,000	19,495
2044	265,000	10,600	0	0	115,000	17,195
2045	265,000	5,300	0	0	115,000	14,895
2046	0	0	0	0	115,000	12,480
2047	0	0	0	0	115,000	10,065
2048	0	0	0	0	115,000	7,650
2049	0	0	0	0	115,000	5,063
2050	0	0	0	0	110,000	2,480
2051	0	0	0	0	0	0
2052	0	0	0	0	0	0
Totals	\$ 5,660,000	\$ 1,259,500	\$ 3,315,000	\$ 280,750	\$ 9,050,000	\$ 2,010,333

CITY OF ALCOA, TENNESSEE

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

June 30, 2024

Fiscal Year	General Obligation Refunding Bonds, Series 2021B (Taxable)		General Obligation Bonds, Series 2022A		General Obligation Refunding Bonds, Series 2022B	
	Bond	Interest	Bond	Interest	Bond	Interest
2025	\$ 1,200,000	\$ 17,040.00	\$ 565,000	\$ 769,750	\$ 265,000	\$ 259,875
2026	1,200,000	9,840.00	585,000	741,500	275,000	249,275
2027	0	0	605,000	712,250	285,000	238,275
2028	0	0	625,000	682,000	295,000	226,875
2029	0	0	640,000	650,750	310,000	215,075
2030	0	0	665,000	618,750	325,000	202,675
2031	0	0	690,000	585,500	335,000	189,675
2032	0	0	715,000	551,000	345,000	179,625
2033	0	0	740,000	515,250	355,000	169,275
2034	0	0	760,000	493,050	365,000	158,625
2035	0	0	690,000	470,250	375,000	147,675
2036	0	0	710,000	449,550	385,000	136,425
2037	0	0	725,000	428,250	395,000	124,875
2038	0	0	745,000	406,500	410,000	113,025
2039	0	0	765,000	384,150	420,000	100,725
2040	0	0	785,000	361,200	430,000	88,125
2041	0	0	805,000	337,650	445,000	75,225
2042	0	0	830,000	313,500	455,000	61,653
2043	0	0	850,000	288,600	475,000	47,775
2044	0	0	875,000	263,100	490,000	32,337
2045	0	0	895,000	236,850	505,000	16,412
2046	0	0	920,000	210,000	0	0
2047	0	0	945,000	182,400	0	0
2048	0	0	970,000	154,050	0	0
2049	0	0	1,000,000	124,950	0	0
2050	0	0	1,025,000	94,950	0	0
2051	0	0	1,055,000	64,200	0	0
2052	0	0	1,085,000	32,550	0	0
Totals	\$ 2,400,000	\$ 26,880	\$ 22,265,000	\$ 11,122,500	\$ 7,940,000	\$ 3,033,502

CITY OF ALCOA, TENNESSEE
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS

June 30, 2024

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2023	Issued During Period	Paid and/or Matured During Period	Remeasurements	Outstanding June 30, 2024
Governmental Activities									
Leases Payable									
<u>Payable through General Fund</u>									
Communications Equipment	\$ 1,149,908	1.2%	12/7/2021	6/1/2031	\$ 920,640	\$ 0	\$ 110,333	\$ 0	\$ 810,307
General Fund - Novatech Copiers	145,838	3.0%	7/1/2021	6/1/2026	94,811	0	27,764	0	67,047
General Fund - Tasers	327,493	3.0%	7/30/2021	7/30/2025	196,378	0	63,508	0	132,870
General Fund - Body Cameras	279,499	3.0%	7/30/2021	7/30/2026	186,193	0	44,478	0	141,715
Total Leases Payable through Debt Service Fund					<u>1,398,022</u>	<u>0</u>	<u>246,083</u>	<u>0</u>	<u>1,151,939</u>
<u>Payable through Education Fund</u>									
Education Fund - Canon Copiers	41,623	3.0%	7/5/2021	8/31/2026	27,515	0	8,313	0	19,202
								0	
<u>Payable through Debt Service Fund</u>									
Civic Center	9,225,000	4.5%	5/2/2006	6/1/2036	5,865,000	0	340,000	0	5,525,000
Total Governmental Activities					<u>\$ 7,290,537</u>	<u>\$ 0</u>	<u>\$ 594,396</u>	<u>\$ 0</u>	<u>\$ 6,696,141</u>

CITY OF ALCOA, TENNESSEE

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

June 30, 2024

Year Ending June 30,	Total		Civic Center		Communications Equipment		Education Fund - Canon Copiers		General Fund - Novatech Copiers		General Fund - Tasers		General Fund - Body Cameras		
	Requirements	Total		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
		Principal	Interest												
2025	\$ 888,727	\$ 620,102	\$ 268,625	\$ 360,000	248,625	\$ 111,657	9,724	\$ 8,566	459	\$ 28,609	1,466	\$ 65,440	4,041	\$ 45,830	4,310
2026	887,526	640,957	246,569	375,000	232,425	112,997	8,384	8,827	198	29,479	594	67,430	2,051	47,224	2,917
2027	788,709	563,782	224,927	390,000	215,550	114,353	7,028	1,809	8	8,959	861	0	0	48,661	1,480
2028	729,381	525,725	203,656	410,000	198,000	115,725	5,656	0	0	0	0	0	0	0	0
2029	725,931	542,114	183,817	425,000	179,550	117,114	4,267	0	0	0	0	0	0	0	0
2030	726,805	563,519	163,286	445,000	160,425	118,519	2,861	0	0	0	0	0	0	0	0
2031	731,781	589,942	141,839	470,000	140,400	119,942	1,439	0	0	0	0	0	0	0	0
2032	604,250	485,000	119,250	485,000	119,250	0	0	0	0	0	0	0	0	0	0
2033	607,425	510,000	97,425	510,000	97,425	0	0	0	0	0	0	0	0	0	0
2034	609,475	535,000	74,475	535,000	74,475	0	0	0	0	0	0	0	0	0	0
2035	605,400	555,000	50,400	555,000	50,400	0	0	0	0	0	0	0	0	0	0
2036	590,425	565,000	25,425	565,000	25,425	0	0	0	0	0	0	0	0	0	0
	<u>\$ 8,495,835</u>	<u>\$ 6,696,141</u>	<u>\$ 1,799,694</u>	<u>\$ 5,525,000</u>	<u>\$ 1,741,950</u>	<u>\$ 810,307</u>	<u>\$ 39,359</u>	<u>\$ 19,202</u>	<u>\$ 665</u>	<u>\$ 67,047</u>	<u>\$ 2,921</u>	<u>\$ 132,870</u>	<u>\$ 6,092</u>	<u>\$ 141,715</u>	<u>\$ 8,707</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF INTERNAL RECEIVABLES AND PAYABLES
June 30, 2024

<u>Due To</u>	<u>Due From</u>			
	<u>General Fund</u>	<u>Water and Sewer Utility</u>	<u>Landfill</u>	<u>Total</u>
Electric Utility	\$ 135,226	\$ 55,226	\$ 5,348	195,800
Total	<u>\$ 135,226</u>	<u>\$ 55,226</u>	<u>\$ 5,348</u>	<u>\$ 195,800</u>

CITY OF ALCOA, TENNESSEE

SCHEDULE OF TRANSFERS

June 30, 2024

Transfers to:

Transfers From:	General Fund	Debt Service Fund	Education Fund	West Plant Construction	Project Eagle	Equipment Replacement	ADA Improvement	Total
General Fund	\$ 0	\$ 6,882,820	\$ 170,000	\$ 200,000	\$ 1,400,000	\$ 491,340	\$ 90,000	\$ 9,234,160
Water & Sewer Utility Fund	400,000	0	0	0	0	0	0	400,000
Electric Utility Fund	<u>1,176,488</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,176,488</u>
Total	<u>\$ 1,576,488</u>	<u>\$ 6,882,820</u>	<u>\$ 170,000</u>	<u>\$ 200,000</u>	<u>\$ 1,400,000</u>	<u>\$ 491,340</u>	<u>\$ 90,000</u>	<u>\$ 10,810,648</u>

CITY OF ALCOA, TENNESSEE
SCHEDULE OF UTILITY RATES - ELECTRIC
June 30, 2024

The basic utility rates in force as of June 30, 2024 are as follows:

		<u>Base Residential Rate - Schedule RS</u>
	Customer Charge:	\$21.56 per month
	Energy Charge:	10.376 cents per kWh per month
		<u>Base General Power Rate - Schedule GSA</u>
PART 1	Customer Charge:	\$28.79 per delivery point per month
	Energy Charge:	11.582 cents per kWh per month
PART 2	Customer Charge:	\$103.25 per delivery point per month
	Demand Charge:	First 50 kW of billing demand per month, no demand charge \$15.00/kW for 51-1,000 kWh
	Energy Charge:	11.280 cents per kWh for first 15,000 kWh 6.810 cents per kWh for all additional kWh
PART 3	Customer Charge:	\$242 .25per delivery point per month
	Demand Charge:	First 1,000 kW of billing demand per month at 14.45 cents per kWh From 1,001-5,000 kW of billing demand per month at 15.42 cents per kW
	Energy Charge:	6.785 cents per kWh per month

Adjustment

The customer's bill for each month shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

Minimum Monthly Bill

The monthly bill under this rate schedule shall not be less than the sum of (a) the base customer charge, (b) the base demand charge, as adjusted, applied to the customer's billing demand, and (c) the base energy charge, as adjusted, applied to the customer's energy takings; provided, however, that under Part 2 of the Base Charges, the monthly bill shall in no event be less than the sum of (a) the base customer charge and (b) 20% of the portion of the base demand charge, as adjusted, applicable to the second block (excess over 50 kW) of billing demand, multiplied by the higher of the customer's currently effective contract demand or its highest billing demand established during the preceding 12 months.

Distributor may require minimum bills higher than those stated above.

Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

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

Residential	27,653
General Power - Under 50kw	4,374
General Power - 50kw and Over	329
Street and Athletics	47
Outdoor Lighting	2,931

CITY OF ALCOA, TENNESSEE

SCHEDULE OF UTILITY RATES WATER AND SEWER

June 30, 2024

The basic utility rates in force as of June 30, 2024 are as follows:

WATER UTILITY RATES:

Rates per 1,000 gallons for all water used, and minimum charge for water service according to the size of meter employed, except as otherwise provided:

<u>One Monthly Billing</u>	<u>Customer Class</u>	<u>Inside City Total Charges/Mo.</u>	<u>Meter Size</u>	<u>Outside City Total Charges/Mo.</u>
First 2,000 Gallons	Residential	\$ 18.75 per mo.	5/8" to 1"	\$ 28.15 per mo.
	Commercial	\$ 22.65 per mo.	5/8" to 1"	\$ 33.55 per mo.
	All	\$ 56.65 per mo.	1-1/2 to 3"	\$ 84.05 per mo.
	All	\$ 414.90 per mo.	4" to 6"	\$ 615.35 per mo.
	All	\$ 1,131.65 per mo.	Greater than 6"	\$ 1678.40 per mo.
		<u>Inside City Price Per 1,000 Gallons</u>		<u>Outside City Price Per 1,000 Gallons</u>
<u>One Monthly Billing</u>				
Over 2,000 Gallons		\$ 4.65	All Sizes	\$ 7.10

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

SEWER UTILITY RATES:

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

	<u>Location</u>	<u>Charge per 1,000 Gallons of Metered Water</u>	<u>Customer Base Charge</u>
RATE A	Residential - Inside City	\$ 6.35	\$ 15.20
RATE A-1	Residential - Outside City	\$ 10.85	\$ 25.95
RATE B	Commercial - Inside City	\$ 6.35	\$ 27.85
RATE B-1	Commercial - Outside City	\$ 10.85	\$ 47.40
RATE C	Industrial - Inside City	\$ 6.35	\$ 27.85
RATE C-1	Industrial - Outside City	\$ 10.85	\$ 47.40

A 5% penalty will be imposed on all sewer billings not paid within fifteen (15) days from their date. Consumers under rates A and A-1 shall be subject to a maximum monthly billing of 15,000 gallons.

The class and number of customers served by the Water and Sewer Utility as of June 30, 2024 are as follows:

	<u>Water</u>	<u>Sewer</u>
Residential - Inside City	3,990	3,602
Residential - Outside City	5,369	2,289
Commercial - Inside City	1,002	783
Commercial - Outside City	376	164
Industrial - Inside City	9	4
Industrial - Outside City	3	1

CITY OF ALCOA, TENNESSEE
STORMWATER UTILITY
SCHEDULE OF STORMWATER UTILITY RATES IN FORCE
For the Fiscal Year Ended June 30, 2024

The median Equivalent Residential Units (ERU) of 2,696 square feet has been established for the calculation of Stormwater Fees within the corporate limits of the City of Alcoa. As outlined in Title 18, Chapter 8, of the Alcoa Municipal Code, the following rates and charges shall apply:

For billings calculated on or after January 1, 2017:

Detached Dwelling Unit - \$4.00 per month according to the following schedule:

Class I		0 - 1.0 ERU	\$ 4.00 per month
Class II	>	1.0 - 1.5 ERU	\$ 6.00 per month
Class III	>	1.5 - 2.0 ERU	\$ 8.00 per month
Class IV	>	2.0 - 2.5 ERU	\$ 10.00 per month
Class V	>	2.5 ERU	\$ 12.00 per month

CITY OF ALCOA, TENNESSEE
STATISTICAL INFORMATION SECTION
June 30, 2024

This part of the City of Alcoa's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS	SCHEDULES
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1 through 4
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source.	5 through 8
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	9 through 12
Demographic And Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	13 through 14
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	15 through 17

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 32,544,684	\$ 24,645,776	\$ 35,763,945	\$ 29,558,104	\$ 24,517,065	\$ 28,049,182	\$ 26,539,320	\$ 20,456,653	\$ 18,305,142	\$ 18,643,895
Restricted	8,150,908	6,860,083	19,598,308	5,780,497	11,328,383	3,710,323	4,564,341	7,522,158	9,100,582	12,237,981
Unrestricted (Deficit)	<u>29,347,938</u>	<u>33,129,701</u>	<u>3,377,319</u>	<u>7,141,566</u>	<u>(6,898,483)</u>	<u>(9,122,568)</u>	<u>(6,362,087)</u>	<u>(8,626,812)</u>	<u>(14,907,903)</u>	<u>(19,025,038)</u>
Total Governmental Activities Net Position	<u>\$ 70,043,530</u>	<u>\$ 64,635,560</u>	<u>\$ 58,739,572</u>	<u>\$ 42,480,167</u>	<u>\$ 28,946,965</u>	<u>\$ 22,636,937</u>	<u>\$ 24,741,574</u>	<u>\$ 19,351,999</u>	<u>\$ 12,497,821</u>	<u>\$ 11,856,838</u>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 80,851,996	\$ 71,206,686	\$ 64,475,645	\$ 62,693,646	\$ 58,479,351	\$ 55,863,096	\$ 51,253,207	\$ 52,038,148	\$ 49,237,556	\$ 50,190,104
Restricted	0	0	2,855,889	0	0	0	1,300,187	1,281,411	1,264,653	1,477,123
Unrestricted	<u>28,493,629</u>	<u>28,910,310</u>	<u>18,212,352</u>	<u>14,289,373</u>	<u>13,442,416</u>	<u>10,487,524</u>	<u>6,595,944</u>	<u>10,254,121</u>	<u>9,450,499</u>	<u>8,477,339</u>
Total Business-Type Activities Net Position	<u>\$ 109,345,625</u>	<u>\$ 100,116,996</u>	<u>\$ 85,543,886</u>	<u>\$ 76,983,019</u>	<u>\$ 71,921,767</u>	<u>\$ 66,350,620</u>	<u>\$ 59,149,338</u>	<u>\$ 63,573,680</u>	<u>\$ 59,952,708</u>	<u>\$ 60,144,566</u>
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	\$ 113,396,680	\$ 95,852,462	\$ 100,239,590	\$ 92,251,750	\$ 82,996,416	\$ 83,912,278	\$ 77,792,527	\$ 72,494,801	\$ 67,542,698	\$ 68,833,999
Restricted	8,150,908	6,860,083	22,454,197	5,780,497	11,328,383	3,710,323	5,864,528	8,803,569	10,365,235	13,715,104
Unrestricted (Deficit)	<u>57,841,567</u>	<u>62,040,011</u>	<u>21,589,671</u>	<u>21,430,939</u>	<u>6,543,933</u>	<u>1,364,956</u>	<u>233,907</u>	<u>1,627,309</u>	<u>(5,457,404)</u>	<u>(10,547,699)</u>
Total Primary Government Net Position	<u>\$ 179,389,155</u>	<u>\$ 164,752,556</u>	<u>\$ 144,283,458</u>	<u>\$ 119,463,186</u>	<u>\$ 100,868,732</u>	<u>\$ 88,987,557</u>	<u>\$ 83,890,962</u>	<u>\$ 82,925,679</u>	<u>\$ 72,450,529</u>	<u>\$ 72,001,404</u>

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
EXPENSES										
Governmental Activities										
General Government	\$ 13,585,237	\$ 12,820,578	\$ 10,258,471	\$ 10,081,024	\$ 10,102,269	\$ 7,691,090	\$ 8,990,425	\$ 3,605,345	\$ 2,675,015	\$ 2,226,413
Public Safety	13,085,983	12,225,135	10,627,324	11,141,433	10,163,133	10,515,653	10,132,385	10,071,775	10,652,182	9,544,500
Public Works	9,718,789	8,015,191	6,200,286	6,552,288	6,303,387	6,599,273	6,462,318	5,733,789	5,815,449	5,698,308
Culture and Recreation	0	0	0	0	0	635,635	863,740	2,682,489	938,333	1,110,699
Economic Development	2,644,366	2,602,141	2,380,472	2,418,114	2,353,303	1,626,729	1,292,190	1,123,627	1,403,320	1,042,221
Education	34,195,358	32,441,762	26,521,577	27,031,042	26,115,353	25,055,763	24,678,680	22,041,495	22,072,833	19,998,346
Debt Service:										
Interest on Long-Term Debt	2,420,720	2,094,449	1,660,471	1,518,981	2,262,253	2,248,871	2,095,576	1,989,192	1,207,000	1,324,010
Total Governmental Activities Expenses	<u>75,650,453</u>	<u>70,199,256</u>	<u>57,648,601</u>	<u>58,742,882</u>	<u>57,299,698</u>	<u>54,373,014</u>	<u>54,515,314</u>	<u>47,247,712</u>	<u>44,764,132</u>	<u>40,944,497</u>
Business-Type Activities										
Stormwater Utility	1,623,566	1,327,247	1,218,101	1,227,614	1,189,745	1,267,648	1,078,091	1,126,244	1,146,369	1,108,997
Water & Sewer	17,939,485	15,730,475	13,372,281	13,543,710	13,198,361	12,756,765	12,078,385	12,029,149	12,183,484	10,986,018
Electric	76,367,467	75,435,279	69,806,475	65,654,344	65,026,188	67,833,110	64,529,615	62,496,910	60,690,350	62,513,432
Landfill	4,769,611	4,391,218	4,046,113	4,313,083	4,106,392	3,971,137	3,863,804	3,952,854	3,840,763	3,619,982
Total Business-Type Activities Expenses	<u>100,700,129</u>	<u>96,884,219</u>	<u>88,442,970</u>	<u>84,738,751</u>	<u>83,520,686</u>	<u>85,828,660</u>	<u>81,549,895</u>	<u>79,605,157</u>	<u>77,860,966</u>	<u>78,228,429</u>
Total Primary Government Expenses	<u>\$ 176,350,582</u>	<u>\$ 167,083,475</u>	<u>\$ 146,091,571</u>	<u>\$ 143,481,633</u>	<u>\$ 140,820,384</u>	<u>\$ 140,201,674</u>	<u>\$ 136,065,209</u>	<u>\$ 126,852,869</u>	<u>\$ 122,625,098</u>	<u>\$ 119,172,926</u>
PROGRAM REVENUES										
Governmental Activities										
Charges for Services										
General Government	\$ 10,234,313	\$ 8,539,949	\$ 8,594,282	\$ 8,488,621	\$ 8,352,607	\$ 7,378,694	\$ 6,884,388	\$ 6,901,490	\$ 675,592	\$ 279,171
Public Safety	90,679	413,624	437,999	483,281	441,619	580,532	656,737	636,235	663,174	504,445
Public Works	811,450	503,314	453,188	448,130	471,084	879,283	825,325	912,557	433,611	304,002
Economic Development	0	0	0	0	0	0	0	23,396	18,986	19,700
Education	2,804,073	2,711,675	2,046,237	1,441,982	1,576,488	371,794	1,134,061	1,205,635	603,372	451,405
Operating Grants and Contributions	19,169,259	17,315,318	14,816,634	15,687,429	13,982,663	11,787,718	12,582,245	10,163,304	10,218,711	10,536,788
Capital Grants and Contributions	1,448,338	368,612	4,382,972	4,838,848	137,600	260,050	2,946,797	569,067	1,385,336	5,202,207
Total Governmental Activities Program Revenues	<u>34,558,112</u>	<u>29,852,492</u>	<u>30,731,312</u>	<u>31,388,291</u>	<u>24,962,061</u>	<u>21,258,071</u>	<u>25,029,553</u>	<u>20,411,684</u>	<u>13,998,782</u>	<u>17,297,718</u>

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

	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PROGRAM REVENUES (Continued)										
Business-Type Activities										
Charges for Services										
Stormwater Utility	1,489,410	1,470,094	1,392,004	1,321,071	1,333,586	1,318,670	1,304,463	1,180,437	1,061,473	1,035,588
Water and Sewer	18,327,064	17,512,870	16,574,912	16,117,965	15,884,784	14,578,655	13,928,825	12,269,851	11,251,858	10,852,298
Electric	78,477,387	79,304,519	72,455,407	67,515,827	67,345,702	69,474,339	67,502,185	66,503,968	63,062,563	64,201,148
Landfill	8,392,783	6,891,103	6,311,325	5,851,247	5,366,894	4,927,248	4,431,096	4,290,739	3,635,050	3,534,132
Operating Grants and Contributions	2,383	14,008	11,572	7,235	1,260	25,941	147,596	127,253	153,261	75,718
Capital Grants and Contributions	3,444,041	7,083,853	1,902,704	154,724	787,977	4,061,553	540,608	178,450	377,230	1,610,605
Total Business-Type Activities Program Revenues	<u>110,133,068</u>	<u>112,276,447</u>	<u>98,647,924</u>	<u>90,968,069</u>	<u>90,720,203</u>	<u>94,386,406</u>	<u>87,854,773</u>	<u>84,550,698</u>	<u>79,541,435</u>	<u>81,309,489</u>
Total Primary Government Program Revenues	<u>\$ 144,691,180</u>	<u>\$ 142,128,939</u>	<u>\$ 129,379,236</u>	<u>\$ 122,356,360</u>	<u>\$ 115,682,264</u>	<u>\$ 115,644,477</u>	<u>\$ 112,884,326</u>	<u>\$ 104,962,382</u>	<u>\$ 93,540,217</u>	<u>\$ 98,607,207</u>
NET (EXPENSE) REVENUE										
Governmental Activities	\$ (41,092,341)	\$ (40,346,764)	\$ (26,917,289)	\$ (27,354,591)	\$ (32,337,637)	\$ (33,114,943)	\$ (29,485,761)	\$ (26,836,028)	\$ (30,765,350)	\$ (23,646,779)
Business-Type Activities	<u>9,432,939</u>	<u>15,392,228</u>	<u>10,204,954</u>	<u>6,229,318</u>	<u>7,199,517</u>	<u>8,557,746</u>	<u>6,304,878</u>	<u>4,945,541</u>	<u>1,680,469</u>	<u>3,081,060</u>
Total Primary Government Net Expenses	<u>\$ (31,659,402)</u>	<u>\$ (24,954,536)</u>	<u>\$ (16,712,335)</u>	<u>\$ (21,125,273)</u>	<u>\$ (25,138,120)</u>	<u>\$ (24,557,197)</u>	<u>\$ (23,180,883)</u>	<u>\$ (21,890,487)</u>	<u>\$ (29,084,881)</u>	<u>\$ (20,565,719)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities										
General Revenues										
Sales Tax and Other State Taxes	\$ 22,442,782	\$ 21,524,995	\$ 20,353,517	\$ 17,146,232	\$ 15,781,259	\$ 15,536,754	\$ 13,811,770	\$ 14,722,171	\$ 14,142,755	\$ 14,520,112
State Income and Excise Taxes	72,695	66,941	84,795	96,485	128,518	91,846	100,413	127,426	135,244	95,095
Property Taxes	18,780,068	19,207,308	18,431,905	18,962,159	17,853,420	14,535,523	14,275,685	14,297,638	13,744,696	13,734,216
Business Taxes	1,307,306	1,466,701	1,176,744	984,525	1,023,424	878,570	895,245	961,373	942,515	897,280
Miscellaneous Taxes	638,385	670,199	665,675	643,199	617,090	669,610	765,375	447,576	1,061,384	790,571
In-Lieu-of Taxes	572,268	833,366	928,349	1,127,309	1,196,851	1,172,589	1,058,111	1,207,703	297,331	371,954
Change in Fair Value of Investments	111,679	(187,204)	(71,225)	0	0	0	0	0	0	0
Interest Income	998,640	388,055	11,327	36,234	287,206	262,877	186,461	26,390	117,349	56,826
Gain (Loss) on Deletion of Capital Assets	0	637,728	0	0	0	0	0	0	0	0
Transfers-in-Lieu of taxes	1,576,488	1,634,663	1,597,105	1,334,255	2,042,775	1,535,975	1,844,322	1,899,929	1,889,495	1,728,324
Transfers - Contributions of Capital Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>(137,496)</u>	<u>(282,878)</u>	<u>(3,868,460)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Governmental Activities	<u>46,500,311</u>	<u>46,242,752</u>	<u>43,178,192</u>	<u>40,192,902</u>	<u>38,647,665</u>	<u>30,815,284</u>	<u>32,937,382</u>	<u>33,690,206</u>	<u>32,330,769</u>	<u>32,194,378</u>

CITY OF ALCOA, TENNESSEE

SCHEDULE 2

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

Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION (Continued)										
Business-Type Activities										
General Revenues										
Change in Fair Value of Investments	238,753	108,521	(73,796)	0	0	0	0	0	0	0
Interest Income	1,133,425	707,024	26,814	28,693	131,527	179,461	57,122	31,189	17,168	7,322
Transfers - Contributions of Capital Assets	0	0	0	137,496	282,878	0	0	0	0	0
Transfers-in-Lieu of taxes	<u>(1,576,488)</u>	<u>(1,634,663)</u>	<u>(1,597,105)</u>	<u>(1,334,255)</u>	<u>(2,042,775)</u>	<u>(1,535,975)</u>	<u>(1,844,322)</u>	<u>(1,899,929)</u>	<u>(1,889,495)</u>	<u>(1,728,324)</u>
Total Business-Type Activities	<u>(204,310)</u>	<u>(819,118)</u>	<u>(1,644,087)</u>	<u>(1,168,066)</u>	<u>(1,628,370)</u>	<u>(1,356,514)</u>	<u>(1,787,200)</u>	<u>(1,868,740)</u>	<u>(1,872,327)</u>	<u>(1,721,002)</u>
Total Primary Government	\$ <u>46,296,001</u>	\$ <u>45,423,634</u>	\$ <u>41,534,105</u>	\$ <u>39,024,836</u>	\$ <u>37,019,295</u>	\$ <u>29,458,770</u>	\$ <u>31,150,182</u>	\$ <u>31,821,466</u>	\$ <u>30,458,442</u>	\$ <u>30,473,376</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ 5,407,970	\$ 5,895,988	\$ 16,260,903	\$ 12,838,311	\$ 6,310,028	\$ (2,299,659)	\$ 3,451,621	\$ 6,854,178	\$ 1,565,419	\$ 8,547,599
Business-Type Activities	<u>9,228,629</u>	<u>14,573,110</u>	<u>8,560,867</u>	<u>5,061,252</u>	<u>5,571,147</u>	<u>7,201,232</u>	<u>4,517,678</u>	<u>3,076,801</u>	<u>(191,858)</u>	<u>1,360,058</u>
Total Primary Government	\$ <u>14,636,599</u>	\$ <u>20,469,098</u>	\$ <u>24,821,770</u>	\$ <u>17,899,563</u>	\$ <u>11,881,175</u>	\$ <u>4,901,573</u>	\$ <u>7,969,299</u>	\$ <u>9,930,979</u>	\$ <u>1,373,561</u>	\$ <u>9,907,657</u>

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

Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GENERAL FUND										
Restricted	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 127,991	\$ 124,927	\$ 325,264	\$ 165,441	\$ 63,674
Committed	500,000	500,000	500,000	500,000	500,000	0	0	0	0	0
Assigned	0	0	0	0	0	997,488	512,658	508,792	947,010	941,852
Unassigned	<u>23,017,393</u>	<u>20,203,845</u>	<u>14,725,388</u>	<u>12,745,986</u>	<u>8,254,196</u>	<u>5,392,620</u>	<u>7,669,588</u>	<u>7,741,634</u>	<u>5,355,971</u>	<u>4,142,773</u>
Total General Fund	<u>\$ 23,517,393</u>	<u>\$ 20,703,845</u>	<u>\$ 15,225,388</u>	<u>\$ 13,245,986</u>	<u>\$ 8,754,196</u>	<u>\$ 6,518,099</u>	<u>\$ 8,307,173</u>	<u>\$ 8,575,690</u>	<u>\$ 6,468,422</u>	<u>\$ 5,148,299</u>
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ 3,649	\$ 50,450	\$ 7,222	\$ 12,268	\$ 10,381	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	4,383,388	5,410,863	14,740,664	3,481,076	8,298,855	9,679,811	10,779,742	13,011,926	4,400,023	5,408,474
Assigned	468,804	534,434	1,308,063	1,177,623	397,498	2,349,248	3,052,057	1,382,936	2,027,993	3,471,511
Committed	8,999,562	8,214,669	7,801,401	7,685,727	3,357,642	981,411	1,011,620	1,357,262	3,484,317	2,352,470
Unassigned	<u>0</u>	<u>(299)</u>	<u>0</u>	<u>0</u>	<u>(3,550)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total All Other Governmental Funds	<u>\$ 13,855,403</u>	<u>\$ 14,210,117</u>	<u>\$ 23,857,350</u>	<u>\$ 12,356,694</u>	<u>\$ 12,060,826</u>	<u>\$ 13,010,470</u>	<u>\$ 14,843,419</u>	<u>\$ 15,752,124</u>	<u>\$ 9,912,333</u>	<u>\$ 11,232,455</u>

CITY OF ALCOA, TENNESSEE

SCHEDULE 4

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

Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES										
Taxes	\$ 43,624,039	\$ 42,302,167	\$ 39,643,793	\$ 37,356,751	\$ 35,157,746	\$ 30,733,301	\$ 29,468,908	\$ 30,380,301	\$ 25,390,315	\$ 26,555,861
Licenses, Permits and Fees	714,234	659,377	1,017,547	1,223,177	491,441	511,043	441,174	499,309	141,755	222,483
Property Rental	162,366	164,910	179,940	141,003	143,794	142,336	193,056	145,138	153,336	143,388
Intergovernmental	21,067,840	18,234,024	21,416,248	21,299,999	16,658,806	13,841,266	16,781,681	13,019,800	13,102,650	18,300,151
Fines, Forfeitures and Costs	333,761	366,647	406,099	371,807	331,242	525,147	603,444	590,061	663,174	517,539
Change in Fair Value of Investments	111,680	249,746	(71,225)	0	0	0	0	0	0	0
Interest Income	942,161	340,302	9,772	34,008	280,191	256,807	185,737	26,390	85,317	56,826
Internal School Fund Revenue	1,860,080	1,676,656	1,491,418	924,001	0	0	0	0	0	0
Miscellaneous Income	2,320,453	2,979,542	493,268	670,946	365,626	413,828	429,513	405,023	3,566,681	758,671
Charges for Service	1,680,771	1,487,363	1,123,383	896,836	1,583,764	1,406,462	1,344,381	1,275,152	920,100	834,269
Total Revenues	<u>72,817,385</u>	<u>68,460,734</u>	<u>65,710,243</u>	<u>62,918,528</u>	<u>55,012,610</u>	<u>47,830,190</u>	<u>49,447,894</u>	<u>46,341,174</u>	<u>44,023,328</u>	<u>47,389,188</u>
EXPENDITURES										
General Government	3,893,027	3,448,073	2,930,449	2,689,794	2,719,864	2,635,364	2,734,496	2,864,149	1,665,434	1,740,661
Public Safety	12,279,134	11,592,057	10,856,239	10,405,662	9,929,328	9,668,007	9,640,735	9,596,090	9,266,855	9,126,797
Public Works	7,649,143	6,849,763	6,057,251	5,190,530	5,403,380	5,517,199	5,357,568	4,670,404	5,039,816	4,974,584
Recreation and Arts	0	0	0	0	0	400,741	627,097	873,137	785,765	851,898
Contributions to Other Agencies	2,489,219	2,602,141	2,380,472	2,418,114	2,353,303	1,626,729	1,292,190	1,123,627	1,403,320	1,042,221
Education	33,914,033	31,880,564	28,441,535	26,544,447	24,494,222	23,241,540	22,856,597	21,790,764	20,509,466	18,833,640
Other-Building	0	0	0	0	0	194,303	51,442	0	0	0
Debt Service:										
Note Disbursement	0	0	2,500,000	3,500,000	0	0	0	0	0	0
Principal Retirement	3,972,958	3,259,698	3,387,824	3,435,000	3,270,000	3,215,000	3,125,000	2,770,000	5,560,136	5,269,964
Interest and Fiscal Fees	3,057,286	2,729,920	2,030,782	1,997,966	2,467,217	2,248,871	2,095,576	1,989,192	3,949,082	4,003,952
Bond Issuance Costs	0	0	580,204	241,659	440,036	0	22,289	0	0	(176,654)
Capital Outlay/Capital Assets	4,680,238	11,901,957	17,786,286	10,447,326	5,131,617	4,240,434	11,581,448	2,742,568	3,327,687	24,902,807
Total Expenditures	<u>71,935,038</u>	<u>74,264,173</u>	<u>76,951,042</u>	<u>66,870,498</u>	<u>56,208,967</u>	<u>52,988,188</u>	<u>59,384,438</u>	<u>48,419,931</u>	<u>51,507,561</u>	<u>70,569,870</u>
Excess (Deficiency) of Revenue Over Expenditures Before Financing Sources (Uses)	<u>882,347</u>	<u>(5,803,439)</u>	<u>(11,240,799)</u>	<u>(3,951,970)</u>	<u>(1,196,357)</u>	<u>(5,157,998)</u>	<u>(9,936,544)</u>	<u>(2,078,757)</u>	<u>(7,484,233)</u>	<u>(23,180,682)</u>
OTHER FINANCING SOURCES (USES)										
Operating Transfers	0	0	0	0	0	0	0	55,089	4,594,973	5,738,182
Issuance of Debt/Leases	0	0	31,990,825	10,651,440	29,034,118	0	6,915,000	9,995,000	0	9,995,000
In Lieu of Taxes	1,576,488	1,634,663	1,597,105	1,334,255	2,042,775	1,535,975	1,844,322	1,899,929	1,889,495	1,728,324
Payoff to Refunded Bond Escrow Agent	0	0	(8,867,073)	(3,940,958)	(28,594,082)	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>1,576,488</u>	<u>1,634,663</u>	<u>24,720,857</u>	<u>8,044,737</u>	<u>2,482,811</u>	<u>1,535,975</u>	<u>8,759,322</u>	<u>11,950,018</u>	<u>6,484,468</u>	<u>17,461,506</u>
Net Change in Fund Balance	<u>\$ 2,458,835</u>	<u>\$ (4,168,776)</u>	<u>\$ 13,480,058</u>	<u>\$ 4,092,767</u>	<u>\$ 1,286,454</u>	<u>\$ (3,622,023)</u>	<u>\$ (1,177,222)</u>	<u>\$ 9,871,261</u>	<u>\$ (999,765)</u>	<u>\$ (5,719,176)</u>
Debt Service as a Percentage of Noncapital Expenditures	11.7%	9.6%	7.0%	9.6%	11.2%	11.2%	10.9%	10.4%	19.7%	20.3%

CITY OF ALCOA, TENNESSEE

SCHEDULE 5

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ending June 30	Tax Year	Commercial Property	Residential Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage Actual Value
2024	2023	\$ 422,594,959	\$ 275,234,900	\$ 128,907,529	\$ 826,737,388	1.69	\$ 2,624,019,354	32%
2023	2022	328,787,316	155,334,525	122,972,112	607,093,953	2.27	1,948,461,283	31%
2022	2021	320,190,309	153,290,825	114,952,245	588,433,379	2.27	1,874,116,909	31%
2021	2020	313,167,175	150,726,200	124,997,057	588,890,432	2.27	1,812,207,264	32%
2020	2019	308,948,731	146,895,750	112,131,766	567,976,247	2.27	1,741,557,152	33%
2019	2018	354,484,084	121,061,475	33,375,720	508,921,279	1.96	1,570,065,116	32%
2018	2017	351,952,477	123,191,450	34,438,280	509,582,207	1.96	1,571,415,375	32%
2017	2016	353,008,768	121,353,975	36,253,880	510,616,623	1.96	1,551,573,604	33%
2016	2015	345,523,373	119,580,225	28,845,040	493,948,638	1.96	1,513,008,885	33%
2015	2014	307,716,795	118,361,585	20,736,324	446,814,704	1.96	1,512,783,981	30%

CITY OF ALCOA, TENNESSEE

SCHEDULE 6

SCHEDULE OF PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Calendar Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collection</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2024	2023	1.69	\$ 14,270,934	\$ 13,847,946	97.0%	\$ 240,665	\$ 14,088,611	98.7%	\$ 591,775	4.15%
2023	2022	2.27	14,097,267	13,724,018	97.4%	247,164	13,971,182	99.1%	553,656	3.93%
2022	2021	2.27	13,606,883	13,233,780	97.3%	241,718	13,475,498	99.0%	568,622	4.18%
2021	2020	2.27	13,789,212	13,501,757	97.9%	232,414	13,734,171	97.9%	448,846	3.26%
2020	2019	2.27	12,916,005	12,856,755	99.5%	407,313	13,264,067	100.0%	486,304	3.77%
2019	2018	1.96	9,974,857	9,631,915	96.6%	609,091	10,241,006	100.0%	561,691	5.63%
2018	2017	1.96	9,987,811	9,394,840	94.1%	583,503	9,976,343	99.8%	826,995	8.28%
2017	2016	1.96	9,974,857	9,631,915	96.6%	609,091	10,241,006	100.0%	561,691	5.63%
2016	2015	1.96	9,987,811	9,394,840	94.1%	581,503	9,976,343	99.8%	826,995	8.28%
2015	2014	1.96	10,014,628	9,080,958	90.7%	599,187	9,680,145	96.7%	600,435	6.00%

CITY OF ALCOA, TENNESSEE

SCHEDULE 7

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

<u>Fiscal Year Ending June 30,</u>	<u>Tax Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Purpose School Fund</u>	<u>Total Direct Tax Rate</u>	<u>Overlapping Tax Rate - Blount County</u>
2024	2023	\$ 0.32	\$ 0.85	\$ 0.52	\$ 1.69	\$ 1.59
2023	2022	0.55	1.04	0.68	2.27	2.47
2022	2021	0.52	1.05	0.70	2.27	2.47
2021	2020	0.62	0.95	0.70	2.27	2.47
2020	2019	0.62	0.96	0.69	2.27	2.47
2019	2018	0.06	1.10	0.80	1.96	2.47
2018	2017	0.06	1.10	0.80	1.96	2.47
2017	2016	0.06	1.10	0.80	1.96	2.47
2016	2015	0.27	0.88	0.81	1.96	2.47
2015	2014	0.49	0.58	0.89	1.96	2.47

CITY OF ALCOA, TENNESSEE

SCHEDULE 8

PRINCIPAL TAXPAYERS

June 30, 2024

Taxpayer	Fiscal Year 2023			Taxpayer	Fiscal Year 2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Arconic	\$ 136,590,219	1	16.5%	Alcoa	\$ 124,870,709	1	27.9%
Ridge at Hamilton Crossing	19,182,917	2	2.3%	CMH Management	13,582,896	2	3.0%
CMH Services Inc	12,571,950	3	1.5%	Hamilton Crossing	9,578,660	3	2.1%
Bungalow Lofts LLC	11,493,520	4	1.4%	Faulkner Properties	6,391,400	4	1.4%
Alcoa HC LP & Mont Belvieu	11,212,804	5	1.4%	Mideb Nominees Inc #672	4,631,840	5	1.0%
Faulkner Properties	9,749,440	7	1.2%	Mideb Nominees Inc	3,302,440	6	0.7%
Aurora Properties LLC	9,442,040	6	1.1%	Stock Creek LLC	3,202,000	7	0.7%
TN Alcoa Primary LLC	9,150,785	8	1.1%	Coleman-Prospero Industrial	3,137,360	8	0.7%
Clayton Education Corp	7,888,960	9	1.0%	Alcoa TN LLC	2,713,125	9	0.6%
Cornerstone of Recovery Inc	6,849,160	10	0.8%	Rehold Alcoa LLC	2,616,680	10	0.6%
Totals	\$ 234,131,795		28.3%		\$ 174,027,110		38.9%
Total Assessed Value All Property (Excluding Public Utilities)	\$ 826,737,388				\$ 446,814,704		

CITY OF ALCOA, TENNESSEE
SCHEDULE 9
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation/Revenue Bonds	Leases	Water & Sewer Bonds	Landfill Bonds	Landfill Capital Outlay Notes	Electric Bonds	Leases			
2024	\$ 86,313,173	\$ 6,696,141	\$ 45,198,253	\$ 1,805,867	\$ 0	\$ 11,889,667	\$ 0	\$ 151,903,101	19.35%	\$ 11,379
2023	90,441,397	7,290,640	47,202,697	2,306,991	0	13,130,548	0	160,372,273	24.26%	13,587
2022	93,875,621	7,863,357	49,042,141	2,813,116	0	14,226,429	0	167,820,664	27.66%	14,753
2021	76,641,193	6,500,000	50,971,585	2,375,000	0	12,300,000	0	148,787,778	26.11%	13,733
2020	73,789,118	6,892,544	44,656,923	1,545,000	0	13,285,000	0	140,168,585	26.84%	13,153
2019	83,095,000	7,304,785	46,020,401	2,290,000	38,161	14,215,000	0	152,963,347	31.77%	14,569
2018	86,310,000	7,621,966	47,452,169	3,145,000	128,283	15,110,000	0	159,767,418	36.33%	15,621
2017	82,520,000	7,961,166	45,527,201	3,965,000	216,374	15,950,000	0	156,139,741	38.36%	15,813
2016	75,605,000	9,554,742	46,613,701	4,760,000	0	16,765,000	0	153,298,443	44.44%	17,430
2015	78,150,000	9,656,129	47,153,837	5,630,000	0	17,550,000	27,947	158,167,913	47.20%	18,070

Notes:

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

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

CITY OF ALCOA, TENNESSEE

SCHEDULE 10

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Calendar Years

Fiscal Year Ending June 30,	General Obligation/ Revenue Debt	Tax Year	Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
2024	\$ 145,206,960	2023	\$ 826,737,388	17.56%	\$ 10,878
2023	153,081,633	2022	607,093,953	25.22%	12,970
2022	159,957,307	2021	588,433,379	27.18%	14,062
2021	142,287,778	2020	588,890,432	24.16%	13,133
2020	133,276,041	2019	567,976,247	23.47%	12,507
2019	145,620,401	2018	508,921,279	28.61%	13,870
2018	152,017,169	2017	509,582,207	29.83%	14,863
2017	147,962,201	2016	510,616,623	28.98%	14,985
2016	143,743,701	2015	493,948,638	29.10%	16,344
2015	148,483,837	2014	446,814,704	33.23%	16,964

Notes:

Gross Bonded Debt includes a long-term general obligation debt and loan agreements. Business-Type Activities Debt is not included.

Actual Taxable Value of Property data can be found on Schedule 5.

Population data can be found on Schedule 13.

CITY OF ALCOA, TENNESSEE

SCHEDULE 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2024

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Direct Debt			
General Obligation Bonds	\$ 86,313,173		
Leases	<u>6,696,141</u>		
Total Direct Debt	93,009,314	100.00%	\$ 93,009,314
Overlapping Debt			
Blount County General Government	118,846,342	15%	<u>17,826,951</u>
Total Direct and Overlapping Debt			<u>\$ 110,836,265</u>

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding indebtedness of those overlapping governments that is borne by the residents and businesses of the City of Alcoa. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of Blount County, Tennessee's taxable assessed value within the City's boundaries and by dividing Blount County, Tennessee's total taxable value assessed.

SOURCE: Blount County, Tennessee Government

CITY OF ALCOA, TENNESSEE
SCHEDULE 12
PLEDGED - REVENUE COVERAGE

Last Ten Fiscal Years*

Stormwater Debt

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2024	\$ 1,470,693	\$ 1,367,427	\$ 103,266	\$ 0	\$ 0	0.00
2023	1,403,266	1,143,643	259,623	0	0	0.00
2022	1,335,547	1,087,717	247,830	0	0	0.00
2021	1,315,880	1,133,391	182,489	0	0	0.00
2020	1,333,423	1,093,089	240,334	0	0	0.00
2019	1,318,670	1,157,162	161,508	0	0	0.00
2018	1,304,463	1,002,328	302,135	0	0	0.00
2017	1,180,437	1,058,940	121,497	0	0	0.00
2016	1,061,473	1,075,048	(13,575)	0	0	0.00
2015	1,035,588	1,033,603	1,985	27,947	0	0.07

Water & Sewer Utility Debt

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2024	\$ 18,305,581	\$ 12,411,845	\$ 5,893,736	\$ 1,955,000	\$ 1,709,531	1.61
2023	17,470,429	11,069,514	6,400,915	1,790,000	1,428,136	1.99
2022	16,500,592	9,158,147	7,342,445	1,880,000	1,121,157	2.45
2021	16,082,319	9,154,826	6,927,493	1,910,000	1,031,870	2.35
2020	15,872,300	8,657,090	7,215,210	1,288,854	1,419,691	2.66
2019	14,569,782	8,430,553	6,139,229	1,546,768	1,732,613	1.87
2018	13,928,825	8,048,135	5,880,690	1,431,768	1,429,986	2.05
2017	12,269,851	8,023,884	4,245,967	1,085,500	1,323,560	1.76
2016	11,205,806	8,090,148	3,115,658	1,085,500	1,244,342	1.34
2015	10,852,298	7,363,257	3,489,041	1,024,964	1,857,975	1.21

Electric Utility Debt

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2024	\$ 78,473,996	\$ 71,881,515	\$ 6,592,481	\$ 1,230,000	\$ 615,338	3.57
2023	78,940,189	71,085,163	7,855,026	1,085,000	480,915	5.02
2022	72,455,407	65,926,203	6,529,204	1,035,000	273,942	4.99
2021	67,511,698	61,531,714	5,979,984	985,000	19,018	5.96
2020	67,342,883	61,611,217	5,731,666	930,000	232,341	4.93
2019	69,471,689	68,881,304	590,385	1,100,000	457,634	0.38
2018	67,499,927	61,192,047	6,307,880	895,000	30,587	5.28
2017	66,500,398	59,299,057	7,201,341	815,000	14,757	8.67
2016	63,060,136	57,427,543	5,632,593	815,000	169,167	5.72
2015	64,132,308	59,684,010	4,448,298	730,000	340,000	4.16

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

Landfill Debt						
Fiscal Year	Landfill Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2024	\$ 8,187,724	\$ 4,279,322	\$ 3,908,402	\$ 485,000	\$ 35,075	7.52
2023	6,691,310	3,570,979	3,120,331	490,000	56,290	5.71
2022	6,104,742	3,245,576	2,859,166	775,000	38,155	3.52
2021	5,674,345	3,511,623	2,162,722	770,000	35,357	2.69
2020	5,191,417	3,365,681	1,825,736	783,161	51,602	2.19
2019	4,817,427	3,152,151	1,665,276	965,126	71,496	1.61
2018	4,431,096	3,772,359	658,737	945,122	91,445	0.57
2017	4,290,739	3,028,528	1,262,211	845,616	111,055	1.32
2016	3,623,476	2,814,377	809,099	795,000	192,838	0.82
2015	3,533,557	2,789,714	743,843	745,000	208,830	0.78

Notes:

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

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

Fiscal Year Ended June 30,	(1) Population	(2) Personal Income	(3) Per Capita Income	(4) School Enrollment	(5) Unemployment Rate
2024	13,349	\$ 784,901,577	\$ 58,799	2,237	3.40%
2023	11,803	660,951,476	55,999	2,245	3.30%
2022	11,375	606,651,500	53,332	2,215	3.80%
2021	10,834	569,781,728	52,592	2,138	3.50%
2020	10,656	522,189,078	49,002	2,116	6.60%
2019	10,499	481,484,140	45,860	2,077	3.00%
2018	10,228	439,711,948	42,991	2,053	3.10%
2017	9,874	407,045,776	41,224	1,969	2.70%
2016	8,795	344,992,670	39,226	1,987	3.70%
2015	8,753	335,082,346	38,282	1,969	4.20%

- SOURCES:** (1) 2015 - 2024 U.S. Census Bureau
(2) Calculation based upon Population and Per Capita Income
(3) 2015 - 2022 U.S. Bureau of Economic Analysis
2023 - 2024 Estimated based on prior year's growth.
(4) City of Alcoa Schools
(5) State of Tennessee

CITY OF ALCOA, TENNESSEE
SCHEDULE 14
PRINCIPAL EMPLOYERS
June 30, 2024

Employer	2024			2015 (1)		
	Employees	Rank	Percentage Of Total City/County Employment	Employees	Rank	Percentage Of Total City/County Employment
Clayton Homes ⁽⁴⁾	5,047	1	20.66%	2,099	2	11.79%
Denso Manufacturing Tennessee, Inc. ⁽²⁾	5,000	2	20.46%	3,400	1	19.10%
Blount Memorial Hospital ⁽²⁾	2,688	3	11.00%	2,441	3	13.72%
Blount County School System ⁽⁴⁾	1,700	4	6.96%	1,800	4	10.11%
McGhee Tyson ANG Base ⁽⁴⁾	1,609	5	6.59%	2,100	0	11.80%
Arconic ⁽²⁾ Formerly ALCOA, Inc.	1,100	6	4.50%	1,200	5	6.74%
Maryville City Schools ⁽²⁾	963	7	3.94%	653	9	3.67%
Vanderbilt Mortgage and Finance Inc. ⁽⁴⁾	900	8	3.68%	0	0	0.00%
Newell Brands ⁽⁴⁾ Sanford Brands	900	9	3.68%	350	11	1.97%
Blount County Government ⁽²⁾	730	10	2.99%	605	7	3.40%
Accenture Hospitality Service ⁽²⁾ Formerly Marriott	550	11	2.25%	575	8	3.23%
Alcoa City Schools ⁽²⁾	473	12	1.94%	231	21	1.30%
Ruby Tuesday ⁽⁴⁾	395	13	1.62%	518	6	2.91%
Maryville College ⁽²⁾	366	14	1.50%	254	18	1.43%
City of Maryville ⁽²⁾	342	15	1.40%	304	13	1.71%
Peninsula Hospital ⁽²⁾ , division of Covenant Health	326	16	1.33%	308	0	1.73%
City of Alcoa ⁽³⁾	298	17	1.22%	260	17	1.46%
Standard Aero, Inc. ⁽²⁾	285	18	1.17%	278	16	1.56%
K Covenant Health	265	19	1.08%	0	0	0.00%
Performance Foodservice ⁽²⁾ Formerly Reinhart Foodservice	265	20	1.08%	187	20	1.05%
Cornerstone of Recovery ⁽⁴⁾	230	21	0.94%	235	19	1.32%
	24,432		100.00%	17,798		100.00%
Total Blount County						
Employment 2022 (as of 06/2022) (4)	64,666					
Employment 2013 (as of 06/2013) (4)	55,615					

SOURCES:

- (1) City of Alcoa Comprehensive Financial Report 06/30/15
- (2) City of Maryville Comprehensive Financial Report 6/30/24
- (3) Response from Employer
- (4) U.S. Bureau of Labor Statistics

CITY OF ALCOA, TENNESSEE

SCHEDULE 15

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	<u>Actual FY 2024</u>	<u>Actual FY 2023</u>	<u>Actual FY 2022</u>	<u>Actual FY 2021</u>	<u>Actual FY 2020</u>	<u>Actual FY 2019</u>	<u>Actual FY 2018</u>	<u>Actual FY 2017</u>	<u>Actual FY 2016</u>	<u>Actual FY 2015</u>
General Government										
Administrative/ Office	41	40	45	41	41	43	43	42	42	42
Police	59	53	57	52	51	50	49	48	49	49
Fire	39	37	39	39	36	38	34	34	34	32
Public Works Admin	10	10	8	8	14	12	14	13	13	17
Streets	11	11	9	8	0	0	0	0	0	0
Other- Support Services and Maintenance	8	8	8	8	6	6	6	6	6	6
Education	281	268	247	237	237	218	218	242	249	235
Solid Waste	25	20	18	19	13	13	10	10	10	11
Other- Inspectors	3	3	2	2	2	3	3	3	3	3
Total General Government	477	450	433	414	400	383	377	398	406	395
Utilities										
Stormwater	6	6	6	6	9	7	7	8	8	8
Water and Sewer	31	31	30	31	38	35	35	35	34	34
Electric	52	50	54	48	50	58	61	57	60	60
Landfill	17	17	16	17	17	17	17	18	17	17
Total Utilities	106	104	106	102	114	117	120	118	119	119
Total Government and Utilities	583	554	539	516	514	500	497	516	525	514

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

Function/Program General Government	Fiscal Year Ending									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Police										
Physical Arrests	1,096	1,439	1,381	1,961	1,723	1,512	921	1,248	1,145	1,245
Traffic Violations	3,982	3,551	2,761	3,878	4,113	6,686	5,417	5,199	5,298	6,061
Fire										
Emergency Response	2,638	2,755	2,726	2,242	2,137	2,708	2,245	2,184	2,185	1,519
Fires Extinguished	53	54	29	26	32	58	43	71	84	46
Inspections	416	520	644	358	324	331	318	301	289	501
Public Works/Streets										
Street Resurfacing (Lanes)	5.0	5.2	5.0	4.0	6.8	5.3	5.0	3.5	3.4	2.3
Potholes Repaired	250	242	66	230	218	367	325	77	253	83
Education										
Tuition Students Served	292	318	337	343	338	357	407	378	409	435
Parks and Recreation										
Community Pool Admissions	25,700	19,808	24,600	16,039	13,235	29,345	32,600	32,360	36,045	30,368
Landfill										
Refuse Collected (Tons per day)	452.31	425.56	392.65	317.75	261.15	265.92	266.43	244.49	332.46	290.87
Water/Sewer										
New Connections	190	62	89	96	79	261	64	71	83	232
Water Main Breaks-Leak Repaired	112	139	172	139	110	114	80	79	108	160
Average Daily Consumption (thousands of gallons)	7,063	4,915	5,112	4,845	4,898	4,700	4,478	4,832	4,933	4,687
Peak Daily Consumption (thousands of gallons)	9,000	9,000	9,000	7,186	7,670	8,310	8,720	8,480	9,070	8,470
Average Daily Sewage Treatment (thousands of gallons)	2,825	1,960	2,276	2,541	2,544	2,020	1,422	1,755	1,926	1,348
Electric Utility										
Average Monthly kwh Purchased	57,165,239	52,965,698	54,333,374	54,334,733	53,018,402	53,916,652	54,665,807	52,830,896	24,465,339	54,395,397

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

Function/Program	Fiscal Year Ending									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	54	50	44	41	36	34	34	44	46	42
Police Adm. / Other Vehicles	25	24	24	22	25	17	17	17	16	16
Fire Stations	3	3	3	3	3	3	3	3	3	3
Landfill										
Collection Trucks (customers)	101,984	97,072	92,315	88,651	76,308	70,040	70,040	70,712	69,548	53,056
Public Works / Streets										
Highway (miles)	110.7	109.5	105.5	98.4	98.4	97.7	97.7	97.7	110.9	110.9
Traffic Lights	38	37	36	34	31	31	31	24	24	24
Education										
High School	1	1	1	1	1	1	1	1	1	1
Middle School	1	1	1	1	1	1	1	1	1	1
Intermediate School	1	1	1	1	1	1	1	1	1	1
Elementary School	1	1	1	1	1	1	1	1	1	1
Parks and Recreation										
Acreage	83.8	83.8	83.8	83.8	83.8	83.8	83.8	83.8	83.8	83.8
Playgrounds	7	7	7	7	7	7	7	3	3	3
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Water Mains (miles)	260.7	260.7	261.6	241.4	241.5	240.6	239.5	237.3	236.0	232.3
Storage Capacity (thousands of gallons)	14,950	14,950	14,950	14,950	14,950	14,950	14,950	14,950	14,950	14,950
Treatment Capacity (thousands of gallons)	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	1,600	16,000
Sewage										
Sanitary Sewers (miles)	155.9	150.1	149.8	132.8	132.7	130.1	130.0	129.0	127.0	126.1
Storm Sewers (miles)	85.3	73.8	60.6	55.6	55.6	53.5	49.3	49.7	49.6	138.36
Electric										
Number of Customers	32,499	31,299	30,949	30,299	30,106	29,750	29,262	28,915	28,728	28,549
Annual KWH Sold	647,632,659	616,223,104	622,816,521	615,815,190	636,220,819	624,005,361	624,009,864	613,858,813	601,572,219	621,642,357
Sub Stations	7	7	7	7	7	13	13	13	13	13
Pole Line (miles)	1,149	1,133	1,302	1,292	1,010	1,103	1,086	1,079	1,068	1,200

Sources: Various city departments

COMPLIANCE SECTION

CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor Program	ALN	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
Federal Awards				
U.S. Department of Agriculture				
Passed through the Tennessee Department of Agriculture:				
Child Nutrition Cluster:				
National School Lunch Program - Non-Cash Assistance-Commodities	10.555	N/A	\$ 0	\$ 93,432
Commodities - Warehousing Rebate	10.555	N/A	0	2,268
Total Passed through the Tennessee Department of Agriculture			0	95,700
Passed through the Tennessee Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	0	203,481
National School Lunch Program	10.555	N/A	0	592,846
National School Snack Program	10.555	N/A	0	20,834
NSLP Supply Chain Assistance	10.555	N/A	0	125,914
Total Passed through the Tennessee Department of Education			0	943,075
Total Child Nutrition Cluster			0	1,038,775
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	0	16,000
Total U.S. Department of Agriculture			0	1,054,775
U.S. Department of Education				
Passed through the Tennessee Department of Education:				
Career and Technical Education - Basic Grants to States	84.048	N/A	0	29,140
English Language Acquisition State Grants	84.365	N/A	0	17,443
Student Support and Academic Enrichment Program	84.424	N/A	0	7,475
Supporting Effective Instruction State Grants	84.367	N/A	0	84,894
Title I Grants to Local Educational Agencies	84.010	N/A	0	273,322
Special Education Cluster:				
Special Education - Grants to States	84.027A	N/A	0	459,322
COVID-19 Special Education - Grants to States	84.027X	N/A	0	1,214
Special Education - Preschool Grants	84.173A	N/A	0	16,399
COVID-19 Special Education - Preschool Grants	84.173X	N/A	0	7
Total Special Education Cluster			0	476,942
COVID-19 Education Stabilization Fund:				
Governor's Emergency Education Relief Fund	84.425C	N/A	0	43,624
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	0	0
American Rescue Plan - Elementary and Secondary School Emerg. Relief	84.425U	N/A	0	949,801
Total Education Stabilization Fund			0	993,425
Total Passed through the Tennessee Department of Education			0	1,882,641
Total U.S. Department of Education			0	1,882,641
U.S. Department of Health and Human Services				
Passed through the Tennessee Department of Education:				
Temporary Assistance for Needy Families (TANF)	93.558	N/A	0	23,103
Passed through the Tennessee Department of Health:				
Resilient School Communities Grant	93.354	N/A	0	45,592
Total U.S. Department of Health and Human Services			0	68,695

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

CITY OF ALCOA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (Continued)
For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor Program	ALN	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
Federal Awards (Continued)				
U.S. Department of Homeland Security				
U.S. Department of Homeland Security Direct Assistance:				
Assistance to Firefighters Grant	97.044	N/A	0	59,711
Total U.S. Department of Homeland Security			0	59,711
U.S. Department of Justice				
U.S. Department of Justice Direct Assistance:				
Public Safety Partnership and Community Policing Grants	16.710	N/A	0	64,828
Bulletproof Vest Partnership Program	16.607	N/A	0	8,400
Total U.S. Department of Justice			0	73,228
U.S. Department of Transportation				
Passed through the Tennessee Department of Safety & Homeland Security:				
State and Community Highway Safety (2023)	20.600	Z23THS002	0	6,142
State and Community Highway Safety (2024)	20.600	Z24THS003	0	15,510
Total Highway Safety Cluster			0	21,652
Total U.S. Department of Transportation			0	21,652
Total Federal Awards			0	3,160,702
State Financial Assistance				
Tennessee Department of Agriculture:				
USDA Child Nutrition State Matching		N/A	0	9,610
Tennessee Department of Education:				
Early Childhood Education		N/A	0	248,680
Family Resource Center Program		N/A	0	43,687
Innovative Schools Model		N/A	0	605,065
Learning Loss Remediation and Student Acceleration Camps		N/A	0	237,904
Public School Security Grant		N/A	0	32,886
State Special Education Preschool Grant		N/A	0	14,925
Total Tennessee Department of Education			0	1,183,147
Tennessee Department of Finance & Administration				
Violent Crime Intervention Fund Grant (VCIF)		N/A	0	153,554
Tennessee Department of Safety and Homeland Security				
Statewide School Resource Officer Grant Program		N/A	0	300,000
Tennessee Department of Transportation				
Aviation Education Program		N/A	0	9,996
Total State Financial Assistance			0	1,656,307
Total Federal Awards and State Financial Assistance			\$ 0	\$ 4,817,009

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

CITY OF ALCOA, TENNESSEE

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

For the Year Ended June 30, 2024

NOTE 1 - BASIS OF PRESENTATION

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - NON-CASH ASSISTANCE

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

NOTE 4 - INDIRECT COST RATE

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

NOTE 5 - CONTINGENCIES

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



PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
Telephone: 865-769-0660
Fax: 865-769-1660

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparisons for the general fund and education fund, and the aggregate remaining fund information of City of Alcoa, Tennessee (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Alcoa's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Alcoa's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Alcoa's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Alcoa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2024-001.

City of Alcoa's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Alcoa's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alcoa's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 17, 2024



PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
Telephone: 865-769-0660
Fax: 865-769-1660

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Alcoa's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 17, 2024

CITY OF ALCOA, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

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

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

Major federal programs for the City of Alcoa, Tennessee for the fiscal year ended June 30, 2024 are:

Program Name	Assistance Listing #
Special Education Cluster (IDEA)	84.027 / 84.173
COVID-19 Education Stabilization Fund	84.425

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

Auditee qualified as low-risk auditee? _____ Yes X No

CITY OF ALCOA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2024

Section II - Financial Statement Findings

Current Year Audit Findings: None

Section III - Federal Award Findings

Current Year Audit Findings: None

Section IV - Noncompliance Under *Government Auditing Standards*

2024-001 - Expenditures Exceed Appropriations

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

Condition - Actual expenditures in the Alcoa City Schools Cafeteria Fund exceeded the amounts appropriated in the budget.

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

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

Management's Response - We concur with the finding and recommendation. Management will continue to perform detailed monitoring of the budget and expenditures to take appropriate action as needed. Additionally, in relation to the Alcoa City Schools Cafeteria Fund, management would like to point out that although expenditures were not appropriated in the budget for greater than expected commodities and some smaller grant items, the net effect is minimal for actual balances.



223 Associates Blvd., Alcoa, TN 37701

Phone: 865-380-4700

Fax: 865-380-4797

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2024

The status of prior year findings for the year ended June 30, 2024:

Financial Statement Findings: None

Federal Award Findings and Questioned Costs: None

Noncompliance Under *Government Auditing Standards*

Prior Year Finding Number	Finding Title	Status/ Current Year Finding Number
2023-001	Expenditures Exceed Appropriations	Repeated / 2024-001



223 Associates Blvd., Alcoa, TN 37701

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2024

2024-001: Expenditures Exceed Appropriations

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

Corrective Action Planned: We concur with the finding and recommendation. Management will continue to perform detailed monitoring of the budget and expenditures to take appropriate action as needed.

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

A handwritten signature in blue ink that reads 'Thomas Shamblin'. The signature is written in a cursive style and is positioned above a horizontal line.

Thomas Shamblin, Alcoa City Schools
Director of Finance