

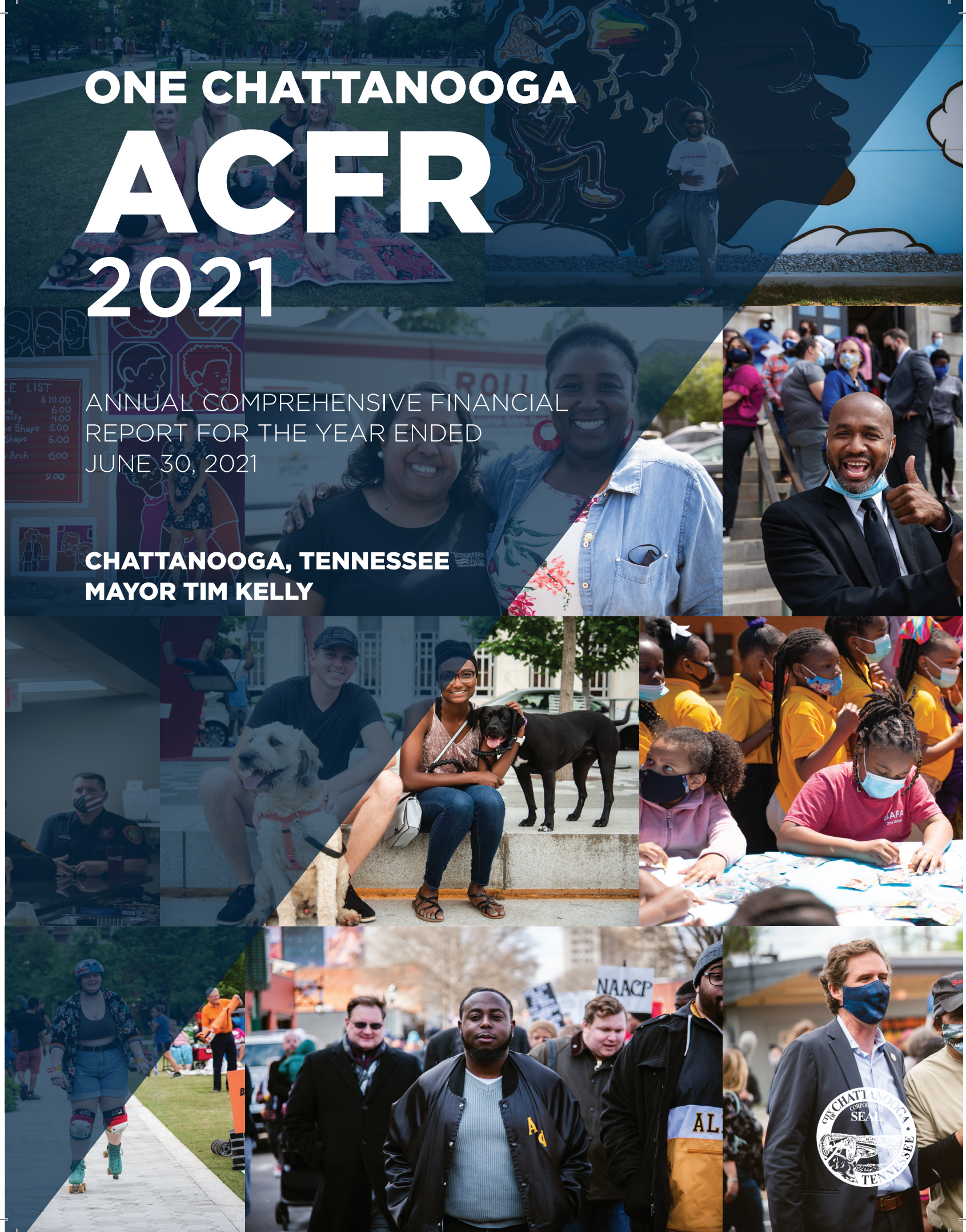
# ONE CHATTANOOGA

# ACFR

# 2021

ANNUAL COMPREHENSIVE FINANCIAL  
REPORT FOR THE YEAR ENDED  
JUNE 30, 2021

**CHATTANOOGA, TENNESSEE**  
**MAYOR TIM KELLY**





### **About the Cover**

Through the One Chattanooga vision, Chattanooga Mayor Tim Kelly has aligned the priorities of City Government with those established by the community to ensure all of our residents have access to opportunity, thriving neighborhoods, and good health. Whether it's through youth engagement, vibrant public spaces, public-private partnerships, or world-class public art, we are committed to ensuring Chattanooga is the best city in America.

CITY OF CHATTANOOGA, TENNESSEE

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021

DEPARTMENT OF FINANCE AND ADMINISTRATION  
DAISY W. MADISON, ADMINISTRATOR

# CITY OF CHATTANOOGA, TENNESSEE

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# CITY OF CHATTANOOGA, TENNESSEE

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# Mayor's Letter



City of Chattanooga  
Office of the Mayor

City Hall 101 East 11th Street Chattanooga, Tennessee 37402

January 31, 2022

**To the Citizens and City Council of the City of Chattanooga:**



Mayor Tim Kelly

It is my pleasure to present to you the annual financial report for the City of Chattanooga for the fiscal year ending June 30, 2021.

While sworn into office with just over 100 days of the 2021 fiscal year left, our team immediately began working to make Chattanooga a more equitable, prosperous, and resilient city. The foundation for this is the reorganization of government. Through the strategic process of reorganizing our City departments and offices, we successfully worked to align structure with our priorities and values. We created a framework for establishing a new Department of Early Learning, Department of Equity and Community Engagement, Department of Innovation Delivery and Performance, and more, always with residents at the top of mind.

I believe firmly that the best ideas don't come solely from inside the walls of City Hall, and that we are not truly serving the people of this great city if we are not giving them a seat at the table. That is why we began Mayor's Open Office Hours, a recurring opportunity for residents to meet with my senior team and me in community centers across Chattanooga. Through these events - and undoubtedly the many more to come - we heard from residents about the issues affecting their neighborhoods, as well as innovative ideas to help Chattanooga live up to its full potential.

We continued through the COVID-19 pandemic during the 2021 fiscal year, making difficult but necessary changes to city policies like the temporary closure of community centers, with the exception of free, convenient vaccination opportunities for Chattanoogaans. However, we continued forward in providing quality services and outreach to city residents. Chattanooga City Hall did not once close its doors to our constituents, a testament to the dedication of our many public servants.

The 2021 fiscal year provided a basis for the many great initiatives and improvements to come over the next several years, and I look forward to experiencing these successes with you. Together, we will continue to build a city that works for everyone, as One Chattanooga.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Kelly".

Mayor Tim Kelly  
City of Chattanooga





# City Council



Chip Henderson  
Chair  
District 1



Jenny Hill  
District 2



Ken Smith  
Vice-Chair  
District 3



Darrin Ledford  
District 4



Isiah Hester  
District 5



Carol Berz  
District 6



Raquetta Dotley  
District 7



Anthony Byrd  
District 8



Demetrus Coonrod  
District 9

# Letter of Transmittal



**City of Chattanooga  
Department of Finance and Administration  
City Hall  
101 East 11th Street  
Chattanooga, Tennessee 37402**

January 31, 2022

**To the Honorable Mayor Tim Kelly, Members of the City Council and the  
Citizens of Chattanooga, Tennessee:**

State and local statutes require that the City publish annual audited financial statements for each fiscal year. This Annual Comprehensive Financial Report (ACFR) of the City of Chattanooga for the fiscal year ended June 30, 2021 is submitted in compliance with this requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Henderson, Hutcherson & McCullough, PLLC, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Chattanooga’s financial statements for the year ended June 30, 2021. The independent auditor’s report is presented as the first item in the financial section of this report.

The independent audit of the City’s financial statements was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the

independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements. Special emphasis is placed on internal controls and legal requirements involving the administration of federal awards. These reports are in a separate Single Audit section.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Chattanooga’s MD&A can be found immediately following the financial statement report of the independent auditors.



Daisy W. Madison,  
City Finance Officer





## GOVERNMENTAL STRUCTURE, ECONOMIC CONDITIONS AND MAJOR INITIATIVES

### PROFILE OF THE GOVERNMENT

Nestled in a bend of the Tennessee River and surrounded by mountains and lakes, Chattanooga is so beautiful that it inspired a community quest to make it the best mid-sized city in America. Living in Chattanooga means that outdoor views and adventures are around every corner, but our city is much more than a pretty playground. Over the last four decades, we've been winning acclaim for our unique way of working together to produce national best practices for cleaning up air pollution, downtown revitalization, affordable housing, and much more.

Founded as a ferry landing and warehouse site in 1815, the City of Chattanooga was incorporated under State of Tennessee Private Acts of 1839. The City is the county seat of Hamilton County and is located near the southeastern corner of the state on the Tennessee-Georgia border. Chattanooga is centrally located in relation to other major population centers of the southeast, being within a 150-mile radius of Knoxville and Nashville, Tennessee; Birmingham, Alabama; and Atlanta, Georgia. Over 11 million people live within a 2 to 2½ hour drive of Chattanooga. It encompasses an area of 148 square miles. Official results of the 2020 U.S. Census show a population of 181,099, an 8.0% growth since the 2010 Census. This is slightly below the previous year's official estimate of 182,799 which was released prior

to the official census count. The next estimate is expected in May, 2022. The City is empowered to levy a property tax on both real and personal property located within its boundaries. Corporate limits may be extended at the request of an adjacent property owner or by a referendum of the people in the affected proposed annex areas who want to petition to be brought into the city boundary.

The City Mayor is elected at-large and is not a member of the City Council. The Council is composed of nine members, with each member being elected from one of nine districts within the geographic boundaries of the City. The Mayor and Council are elected on a non-partisan basis for four-year terms. The Mayor is the City's chief executive officer and oversees the operation of all City departments.

The City provides a full range of municipal services including but not limited to fire and police protection; sanitation services and recycling; construction and maintenance of highways, streets and infrastructure; recreation and cultural activities; youth and family development; public library; community development; planning and zoning; neighborhood services; social services; and administrative services for the government as a whole. It also operates a water quality program, a solid waste program and a wastewater treatment system for its residents and





for other communities in southeast Tennessee and northwest Georgia. The City's Electric Power Board (EPB) provides electric service and fiber-to-home to support phone, cable, and internet services. Other services are provided through the legally separate Chattanooga Downtown Redevelopment Corporation, which is reported along with EPB as an enterprise fund. Additional services are provided through the legally separate Chattanooga Metropolitan Airport Authority and the Chattanooga Area Regional Transportation Authority (CARTA), both of which are reported separately within the City's financial statements. Additional information on all these legally separate entities can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial plan. It is legally enacted through passage of an ordinance with an operative date of July 1. The appropriated budget is adopted on a departmental basis; the legal level of budgetary control is the fund level. The City Finance Officer is authorized to make intra-fund transfers if necessary. Budgetary comparison schedules are provided in the budget document for each individual governmental fund for which an appropriated annual budget has been adopted. The City has used a Budgeting for Outcomes approach to budget preparation and management which began with the Fiscal Year 2014 budget. This approach, in its eighth and final year with the Fiscal Year 2021 budget, is designed to measure results against goals and benchmarks used in determining funding levels for all city operations. It provides accountability by requiring regular review and monitoring of departmental performance by the Mayor, the City Finance Officer, and other senior City officials. The City's annual performance report to the citizens of Chattanooga gives residents an update on how city services are responding to their needs. It also provides department heads and managers with quantifiable information to assess performance in meeting the City's goal of efficient and effective management of resources in providing quality services to the citizens of Chattanooga. It puts citizens and their priorities, not status quo, first and it emphasizes accountability, innovation, and partnerships. The City Finance Officer obtains budget offers from all City departments and agencies to address the major results area communicated by the citizens. These results areas are safer streets, a growing economy, stronger neighborhoods, smarter students and stronger families, and high performing government.

## FACTORS AFFECTING FINANCIAL CONDITION

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

### The Local Economy:

The City of Chattanooga remains well positioned for future growth. Employment in the Chattanooga area is diverse. The pandemic which created devastating job loss nationwide in 2020 was much less apparent in the Chattanooga region, which has continued to show strength in manufacturing. The top employment sectors of trades, transportation, and utilities (20%), government (15%), manufacturing (13%), professional and business services (20%), education and health (13%), and leisure and hospitality (10%) comprise 91% of the workforce. The

local unemployment rate of 2.9% for the Chattanooga Metropolitan Statistical Area is comparable to the state and national averages of 4.4% and 4.8% as of September, 2021, according to information from the U.S. Bureau of Labor Statistics.

Chattanooga enjoys strategic advantages related to its location, strong transportation system, natural resources and competitive cost of doing business. The Chattanooga area is served by three interstate highways, seven U.S. highways, two railways, airlines, bus service, and the Tennessee River system. The Thrive Regional Partnership, comprised of 16 area counties, has partnered with the Federal Highway Administration to develop a long-range transportation plan for the Chattanooga region, ensuring continued transportation needs are met. Work is still underway in the Tennessee River on the new Chickamauga Lock. Construction to cost an estimated \$850 million will replace the existing 60 by 360 foot lock, which opened in 1940, with one that is 110 by 600 feet. The project could be completed by the end of 2025. The Chattanooga Metropolitan Airport is served by four airlines. Direct flights are available to eight major cities. Air traffic is starting to improve from its low point during the pandemic. Enplanements now stand at 225,000, a 60% reduction from a high of 554,050 in 2019. The Airport Authority has completed a \$25 million 1,300 space parking deck to accommodate future growth in air travel. Airport officials are considering a \$28 million expansion project of the passenger terminal which could begin in 2022. Chattanooga is home to three major air cargo facilities, three public use port terminals, and four major industrial parks. Railway service is provided by four divisions of the Norfolk Southern Railway System and two divisions of the CSX Transportation System, all with switching service throughout the entire area. Modern "piggyback" service is provided by both lines.

Retail has begun a rebound from the 2020 downturn. Hamilton Place Mall, which is in its 35th year of operation, anchors the area's I-75 retail corridor. Adaptation to change is the key to continued success of big-box retail as internet sales shift the shopping experience. Within the past year a new 135-room hotel opened on mall property. The mall's owners, with over 40 years in the shopping center industry, remain confident as shopping rebounds from its low point. The retail area just north of the mall, known as Waterside, could ultimately include



350,000 square feet of retail space, restaurants, and up to 300 apartments in this mixed use development encompassing over 60 acres. Construction plans for a 200-room hotel near the entrance to development on a recently rezoned have been announced.

A Central Business Improvement Districts (CBID) was established in 2019 to promote continued revitalization of the area. Additional fees pay for an enhanced level of programs and services not currently provided by city government. Within the CBID, the City's \$4.9 million project to reshape the historic Patten Parkway block is complete.

The former Alstom plant site, which was purchased in 2018 by a private development group, is poised to house a new office building, a parking garage, and a battery manufacturing facility. This 112-acre parcel along the river just south of downtown is envisioned to attract \$2 billion of investment over the next few years. Novonix, which first opened a facility here in 2019, announced plans to retrofit the 400,000 former Alstom facility to produce synthetic graphite, a major component for lithium-ion batteries. The \$160 million investment should add 300 jobs when complete. The areas known as the Southside, East Main Street Corridor, and South Broad District continue to attract major investment, including recently announced grocery chain, apartments, rerouting of a portion of the Riverwalk, and townhouse developments.

Chattanooga continues to receive recognition as a world leader in technology. The Electric Power Board (EPB) began offering one-gig high-speed internet in 2010. This service was upgraded to a ten-gigabit connection offered to all 170,000 homes in Chattanooga beginning in 2015, the first city to do so. The Fiber-to-the-Home (FITH) network is available to individuals, schools, and businesses in a service area covering 600 square miles including urban, suburban, and rural places and a diverse population of 300,000 people. Beginning in 2016, EPB added 4K ultra high definition TV service, the first in the area. The utility surpassed 100,000 customers in 2018. The system is integrated with Smart Grid, a technology which allows remote monitoring of meters for every customer. A \$111 million federal stimulus grant from the Department of Energy in 2010 dramatically accelerated the installation in 2012 of the Smart Grid, allowing for an implementation schedule to taking only two years. A wireless mesh network is piggybacked onto the entire

system, enhancing public safety as well. The network represents a total \$320 million investment. This investment continues to provide dividends to the city, including the recently announced relocation of Devnet, a tech company which works with local governments throughout the country. Additionally, Thrive Regional Partnership and Georgia Tech announced plans to create a freight research hub here.

Automotive manufacturing that began here in 2008 with the announcement that Volkswagen AG would locate its United States manufacturing headquarters in Chattanooga continues to strengthen. Since that time, the area has attracted \$4 billion in foreign direct investment. The Enterprise South Industrial Park (ESIP), home to Volkswagen AG, hosts numerous companies associated with automobile manufacturing, as well as an Amazon distribution center. The 3,000 acre industrial site has essentially been filled or committed for additional potential expansion of the VW plant. The plant has achieved production of over 100,000 units per year. A new SUV, designed and built specifically for the U.S. market, began production in December 2016, with sales beginning in May 2017 has been the company's best seller. The company is in the midst of an \$800 million expansion to the plant on 900 additional acres adjacent to their 1,300 acre facility for the production of an electric vehicle, expected to begin US production in Chattanooga in 2022. The vehicle will have a 250-mile range and entry level price of under \$40,000. Total vehicle production is expected to reach 185,000 once the new electric vehicles line is at full production. Once at full production capacity, the addition to the plant is expected to create 1,000 additional jobs. Nippon Paint, a Japanese company, has begun construction on a 270,000 square foot factory on 30 acres of the former Harriet Tubman housing project location in the East Chattanooga area. This will be a \$61 million investment and will bring 150 jobs to supply the Toyota/Mazda plant being constructed in Huntsville, AL. The development is adjacent to a newly identified Tax Increment Financing District which is designed to spur additional growth in the area. Gestamp, a world leader in hot-stamp technology and a Tier 1 supplier for VW, BMW, and Mercedes-Benz, announced plans in November, 2020 for a \$94 million expansion. This will add 260 new jobs over the next five years.

The first phase of the Chattanooga Chamber of Commerce "Chattanooga Climbs" campaign, conducted from July 2019 – June 2024, set goals for job growth, private investment and new payroll income. These goals include the following benchmarks (with results in parenthesis):

	<u>5 Year</u>	<u>Actual</u>
<u>Goal to increase</u>	<u>Target</u>	<u>(2 years)</u>
Regional Employment	5,000	2,190
Private Investment	\$1.0 B	\$970 M
Payroll	\$500 M	\$231 M
Annual Income	\$55,000	\$50,214





The “Chattanooga Climbs” economic development strategy will focus on an education initiative in high schools to help build a workforce, which will be ready to participate in the labor market driven by a need for a higher level of skills than required in the past.

Quality education is also the centerpiece of a successful community. A study released in 2015 by the Manhattan Institute shows the number of adults age 25 and over in the Chattanooga MSA with a bachelor’s degree or higher increased over 40% since 2000. Chattanooga State Technical Community College maintains five training partnerships to provide industry-specific training to students, allowing flexibility so programs can be tailored to current needs. This approach to educational and training support to industry will serve to attract additional new manufacturing and technical jobs to the area. The Hamilton County Public School System has established a school for Science, Technology, Engineering and Math (STEM), located on the Chattanooga State campus, which provides coursework based on hands-on training and offers internships or apprenticeships to the students. The Mayor’s Office announced the placement of city-funded staff in seven county schools within our borders in the coming fiscal year to enhance family engagement and help students realize their full potential. The University of Tennessee at Chattanooga (UTC) offers undergraduate and graduate degree opportunities in twenty-nine academic departments. The Chattanooga Smart Community Collaborative, a joint effort by a growing number of partners including The Enterprise Center, EPB, UTC, Erlanger Hospital, Siskin Hospital, CARTA, the Tennessee Aquarium, CO.LAB, and Chattanooga and Hamilton County governments, will work to attract new research projects in energy, transportation, and health care. The Smart Factory Institute is a new program at the Volkswagen Academy which is designed to help companies improve manufacturing techniques.

Tourism, part of the bedrock of our downtown resurgence, is beginning to rebound from its collapse in 2020 due to the Coronavirus Pandemic. Local attractions along with several national events brought an estimated \$1 billion to the local economy in 2019. Major events in 2021 included TSSAA football playoffs, the Chattanooga Motorcar Festival which included an auction by Mecum Action, an Ironman competition, and a return of Head of the Hooch rowing competition. Downtown will return as a popular tourist destination, anchored by the Tennessee River and the Tennessee Aquarium, which just celebrated its 29th anniversary. The Tennessee Riverwalk and River park system, which first opened a 2-mile section in 1989, now encompasses nearly 13 miles of walkway along the southern bank of the river, stretching from the Chickamauga Dam, through the northern edge of downtown, and terminating near the historic St. Elmo neighborhood. The Riverwalk is connected to the 12 mile South Chickamauga Creek Greenway. Chattanooga has become nationally recognized as a destination for those seeking outdoor activities which include hiking, hang-gliding, rock climbing, biking, and water sports. Outdoor competition and activities bring millions to the local economy and help keep Chattanooga in the forefront.

The fiscal health of Chattanooga City Government remains

strong. As outlined in the Management’s Discussion and Analysis on page iii, the City has maintained a healthy financial position through sound fiscal management. We have a history of strong fiscal discipline, healthy reserves, and constant review of operations, being ever vigilant to find new efficiencies and cost reduction measures. Standard and Poor’s Ratings Services raised the City’s bond rating to AAA in November 2013, which was reaffirmed as AAA Stable in November 2021. Fitch Ratings upgraded their bond rating for the City at AAA in conjunction with the 2021 bond issue. The EPB maintains AA+ ratings from S&P and Fitch.

**Long-term financial planning:** The City takes a long range approach to capital spending by the adoption of a five year capital plan. The City continues to explore growth opportunities through economic development, regional growth plans, and other strategic initiatives that involve all citizens.



An Open Data portal is in place to improve transparency and promote citizen engagement and includes regular updates to the budget and spending for the public to view on the City’s website.

**Relevant financial policies:** The City Council has adopted a Debt Management Policy which is intended to guide current and future decisions related to debt issued by the City. Performance is measured against benchmarks set forth and changes are made as needed to meet the desired goals.

**Major initiatives:** Chattanooga is a major participant in a 40-year regional growth plan, known as the Greater Chattanooga Regional Growth Initiative, or “Thrive 2055”. The participants include sixteen counties and their major cities from southeast Tennessee, northwest Georgia, and northeast Alabama, including the three metropolitan statistical areas. This public-private initiative is a pioneering effort for a new kind of long-term regional plan. It is a continuation of the type of public visioning and community engagement that has transformed Chattanooga and the surrounding area over the past 30 years.



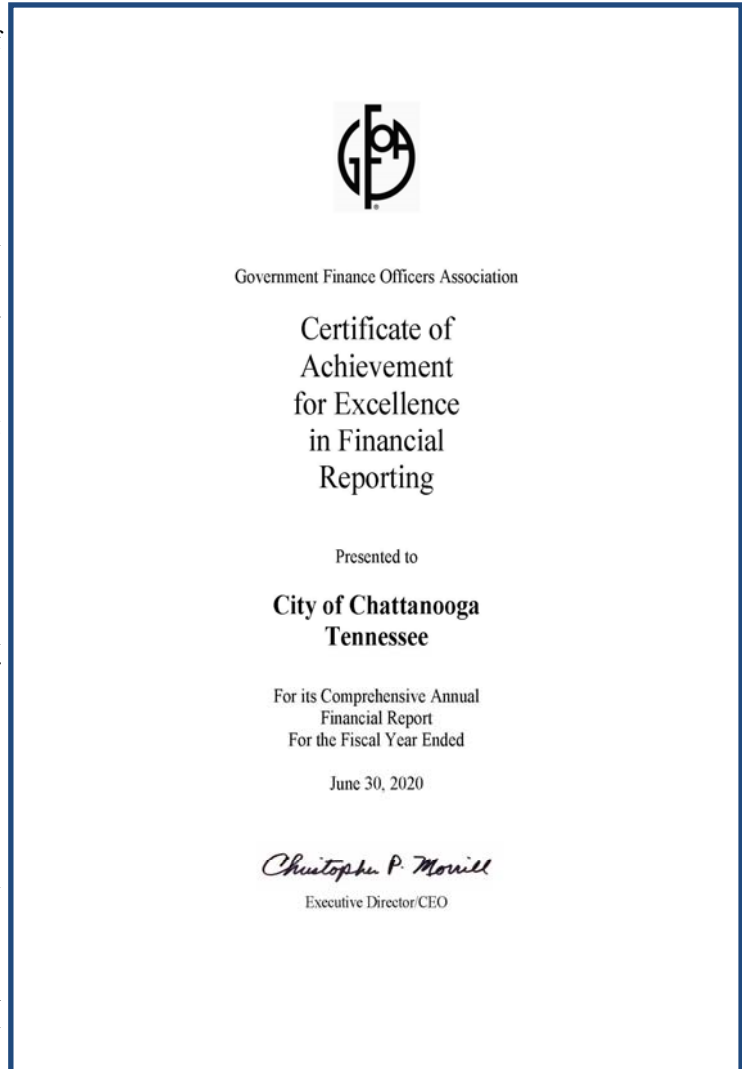
# Awards and Acknowledgments

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 Chattanooga, Tennessee for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the twenty-ninth consecutive year that the City has received this award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports 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 our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received the GFOA Award for Distinguished Budget Presentation for its annual appropriated budget for each of the twenty-seven fiscal years for which it applied. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

The GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting was received for the fiscal year ended June 30, 2020. This is the tenth consecutive year for which the City received the award. In order to qualify, a government must publish a Popular Annual Financial Report with contents that conform to program standards of creativity, presentation, understandability, and reader appeal.



The preparation of this report could not have been accomplished without the professional and dedicated services of the entire staff of the Finance Department and the City's independent public accountants, Henderson, Hutcherson & McCullough PLLC. We would like to express our appreciation to members of various City departments who assisted and contributed to the preparation of this report. Further appreciation is extended to the Mayor and the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

Daisy W. Madison  
City Finance Officer

# City Officials as of June 30, 2021



## Organization Chart

### EXECUTIVE BRANCH:

**Tim Kelly, Mayor**

Brent Goldberg, Chief of Staff

Julia Bursch, Deputy Chief of Staff

### CITY COUNCIL:

Chip Henderson, Chair.....District 1

Jenny Hill.....District 2

Carol Berz.....District 6

Ken Smith, Vice Chair.....District 3

Raquetta Dotley .....District 7

Darrin Ledford.....District 4

Anthony Byrd.....District 8

Isiah Hester.....District 5

Demetrus Coonrod.....District 9

### COURTS:

Sherry B. Paty.....City Court Judge

Russell J. Bean.....City Court Judge

Jennifer Collins.....Interim City Court Clerk

### DEPARTMENT ADMINISTRATORS

Legal..... Emily O'Donnell.....City Attorney

Legislative..... Nicole Gwyn.....Clerk to the Council

Finance and Administration..... Daisy W. Madison.....Administrator

Tanikia S. Jackson.....Deputy Administrator

Fire..... Chief Phil Hyman.....Administrator

Economic and Community Development Donna Williams.....Administrator

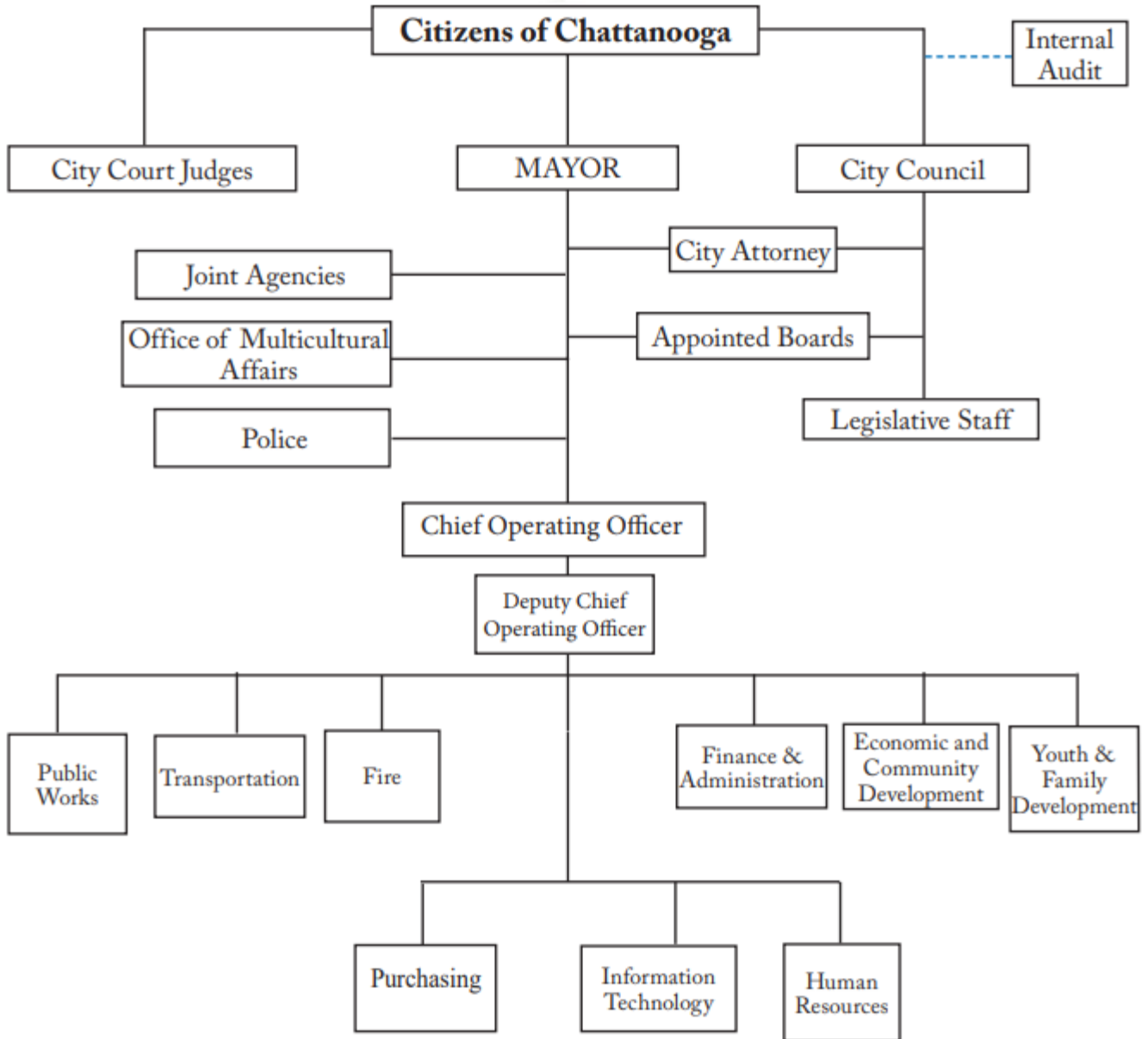
Police..... Chief David Roddy.....Administrator

Public Works..... Bill Payne.....Interim Administrator

Youth and Family Development..... Jason McKinney.....Interim Administrator

Transportation..... Blythe Bailey.....Administrator













CERTIFIED PUBLIC ACCOUNTANTS  
CHATTANOOGA | MEMPHIS

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Chattanooga, Tennessee

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely-presented component units, each major fund, and the aggregate remaining fund information of the City of Chattanooga, Tennessee (the City), as of and for the year ended June 30, 2021, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Chattanooga Metropolitan Airport Authority, Chattanooga Area Regional Transit Authority, and Downtown Chattanooga Business Improvement District, which represent 100 percent of the assets, net position, and revenues of the discretely-presented component units. Additionally, we did not audit the financial statements of EPB, which represent 52 percent, 45 percent, and 84 percent, respectively, of the assets, net position, and operating revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Chattanooga Metropolitan Airport Authority, Chattanooga Area Regional Transit Authority, Downtown Chattanooga Business Improvement District, and EPB is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely-presented component units, each major fund, and the aggregate remaining fund information of the City of Chattanooga, Tennessee as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv through xxi of the Financial Section and the required supplementary information on pages B-1 through B-19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Chattanooga's basic financial statements. The introductory section, combining and individual nonmajor fund and component unit financial statements, the budgetary comparison schedules included as other supplementary information, financial schedules, statistical tables and schedule of expenditures of federal and state awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 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's internal control over financial reporting and compliance.

Chattanooga, Tennessee  
January 31, 2022

Henderson Hutcherson  
& McCullough, PLLC

# Management's Discussion and Analysis

As management of the City of Chattanooga (the "City"), we provide readers of the City's financial statements with this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with our Letter of Transmittal beginning on page Intro 3 and the financial statements beginning on page A-1.

## Financial Highlights

- Assets and deferred outflow of resources for the primary government exceeded liabilities and deferred inflow of resources by \$2.4 billion (net position), an increase of \$167.8 million or 7.4 percent, at the close of the fiscal year. Of this amount, there is a \$282,000 deficit unrestricted net position, an increase of \$69.0 million. Governmental activities unrestricted net position increased \$2.9 million while business-type activities increased \$66.1 million.
- Net position of governmental activities was \$1.3 billion, an increase of \$61.6 million, or 5.0 percent. Business-type activities reported an ending net position of \$1.1 billion, an increase of \$106.3 million, or 10.4 percent due to favorable operations trend in all business-type activities.
- Long-term liabilities for the City's primary government increased \$90.7 million or 7.8 percent, during the current fiscal year. Governmental activities long-term liabilities increased \$1.8 million or 0.3 percent. This was largely due to an increase in pension liabilities of \$30.0 million offset by \$20.3 million decrease in debt and debt premiums as well as a \$7.5 million decrease in other post-employment benefits (OPEB) liabilities. Business-type activities increased \$88.8 million or 16.0 percent. During the year, EPB issued \$71.1 million in new revenue bonds and the City issued \$47.7 million in new State Revolving Fund (SRF) loans for financing sewer consent decree projects. Other increases include pension liabilities of \$9.2 million. These were offset by a \$37.2 million decrease in bonded debt and debt premiums and a decrease in OPEB liabilities of \$1.7 million.
- At the end of the current fiscal year, fund balance for the General Fund is \$128.2 million, an increase of \$24.3 million or 23.4 percent. This compares with a \$5.5 million decrease in FY20. The unassigned portion accounted for \$21.5 million of the FY21 increase. Revenue highlights include an increase in property taxes of \$4.8 million or 3.5 percent, tornado disaster relief from FEMA and TEMA of \$7.0 million and COVID-19 relief of \$6.3 million. On the expenditure side, the City was strategic in hiring during FY21 due to COVID-19 uncertainties, which resulted in a \$4.3 million or 2.7 percent decrease in personnel costs.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Chattanooga's basic financial statements which consist of three parts: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This comprehensive financial report also contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

# Government-wide Financial Statements

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

There are two government-wide financial statements:

**Statement of Net Position** - This statement presents information about the City's assets, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference 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.

**Statement of Activities** - This statement presents information showing how the City's net position changed during the most recent fiscal year. All current year revenues and expenses are reported as soon as the underlying event giving rise to the change occurs. Thus revenues and expenses are reported in this statement for items that will only result in cash flows in future fiscal years (e.g., revenue includes uncollected taxes and expenses include earned but unused leave).

The government-wide financial statements reflect three distinct activities:

**Governmental Activities** - These activities are primarily supported by taxes and intergovernmental revenues. The governmental activities of the City include general government, economic and community development, public safety, public works and transportation, and youth and family development.

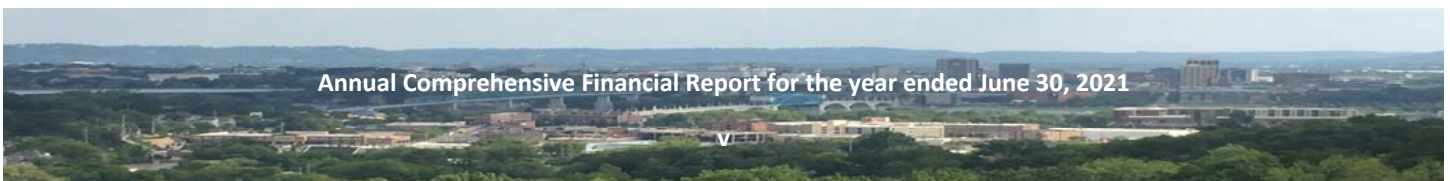
**Business-type Activities** - These activities are supported by user fees and charges for service which are intended to recover all of their costs. Included are electric, sewer, water quality systems, solid waste disposal, as well as a communications system. Also included is The Chattanooga Downtown Redevelopment Corporation, a legally separate entity that functions as an enterprise of the City and therefore has been included as an integral part of the primary government.

**Component Units** - There are three entities that are legally separate and reported separately from the primary government. The City of Chattanooga is financially accountable for them. These include: The Chattanooga Metropolitan Airport Authority, the Chattanooga Area Regional Transportation Authority (CARTA) and the Downtown Chattanooga Business Improvement District (CBID).

Governmental activities and business-type activities combine to comprise the primary government. The government-wide financial statements begin on page A-1 of this report.

## Fund Financial Statements

The fund financial statements provide more detailed information about the most significant funds — not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes. Some funds are required by State or Federal law or by bond covenants.



Other funds are established by the City to help manage money for specific purposes (i.e. economic development) or to show that it is meeting legal responsibilities for how certain monies are used (i.e. grants received from the U.S. Department of Housing and Urban Development or hotel-motel taxes).

All the funds of the City can be divided into three types of funds: (1) governmental funds, (2) proprietary funds, and (3) fiduciary funds.

**Governmental Funds** - These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However the focus of these funds is on: 1) how cash and other financial assets that can readily be converted to cash were received and used, and 2) what remains at the end of the fiscal year for future spending. This information may be useful in evaluating the City's near-term financing requirements.

Because the focus of the governmental funds statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented between the two. By doing so, readers may better understand the long-term impact of the City'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 the comparison between governmental funds and governmental activities in the government-wide financial statements.

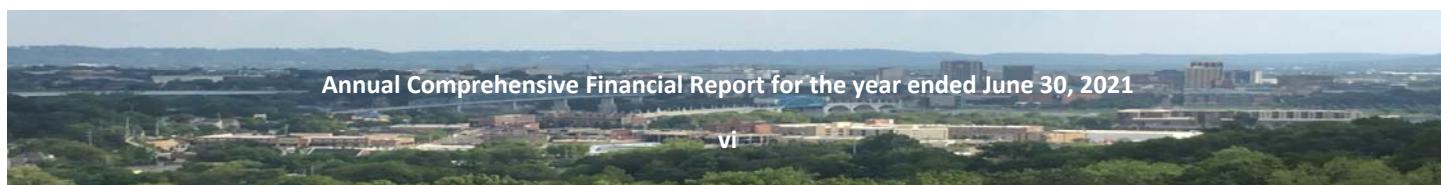
The City maintains a general fund, multiple special revenue funds, a debt service fund, a capital projects fund and one permanent fund as governmental funds. Information is presented separately in the governmental statements for the General Fund and the Capital Projects Fund since both are considered major funds. Data for the other funds are combined into a single column with individual fund data for each of these non-major governmental funds provided in the other supplementary information section of this report.

The City of Chattanooga adopts an annually appropriated budget for the General Fund, special revenue funds and the debt service fund. Budgetary comparisons are provided for these funds to demonstrate compliance with the budget. The General Fund budgetary comparison is found in the fund statements of this report. Additional details for the General Fund along with budgetary comparisons for special revenue funds and the debt service fund are provided in the other supplementary information section of this report. Since neither the Capital Projects Fund nor the permanent fund adopts an annual budget, they are excluded from budgetary reporting.

Governmental fund financial statements begin on page A-4 of this report.

**Proprietary Funds** - The City of Chattanooga maintains two types of proprietary funds: (1) enterprise funds and (2) internal service funds.

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements but provide more detail and additional information, such as cash flows. The Electric Power Board (EPB), Interceptor Sewer System, Water Quality Management, Solid Waste, Tennessee Valley Regional Communications System and Chattanooga Downtown Redevelopment Corporation are considered major funds.





- **Internal service funds** are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Chattanooga accounts for fleet maintenance, technology replacement and risk financing (e.g. medical cost and third party liability claims) in the internal service fund. The internal service funds are combined into a single column in the proprietary fund statements. Because these services predominantly benefit governmental rather than business-type functions, they have been included as part of governmental activities in the government-wide financial statements.

Proprietary funds statements begin on page A-9 of this report.

**Fiduciary Funds** - These funds are used to account for resources held for the benefit of others outside the government. While the City is responsible for ensuring that the assets are used for their intended purposes, we exclude these activities from the government-wide financial statements since these assets cannot be used to finance City operations.

The City of Chattanooga maintains a pension trust fund and an Other Post-Employment Benefits (OPEB) trust fund as fiduciary funds to account for resources held on behalf of participants in the City pension plans and OPEB plan. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fiduciary fund financial statements begin on page A-15 of this report.

## Notes to the Financial Statements

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

The notes to the financial statements begin on page A-19 of this report.

## Supplemental Information

**Required supplementary information** - in addition to the basic financial statements and accompanying notes, this report also presents required supplementary information regarding the City's progress in funding its obligation to provide pension and OPEB benefits to its employees.

Required supplementary information begins on page B-1 of this report.

**Other supplementary information** - begins on page C-1 and includes:

- Combining statements for non-major governmental funds
- Combining statements for discretely presented component units
- A more detailed budget to actual comparison for the General Fund
- Budget to actual comparisons for special revenue funds and the debt service fund

# Government-wide Overall Financial Analysis

Net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$2.4 billion at the close of the most recent fiscal year, an increase of \$167.8 million, or 7.4 percent, from last year. At the end of the fiscal year, the City of Chattanooga is once again able to report a positive net position for the government as a whole, as well as for its governmental and business-type activities individually.

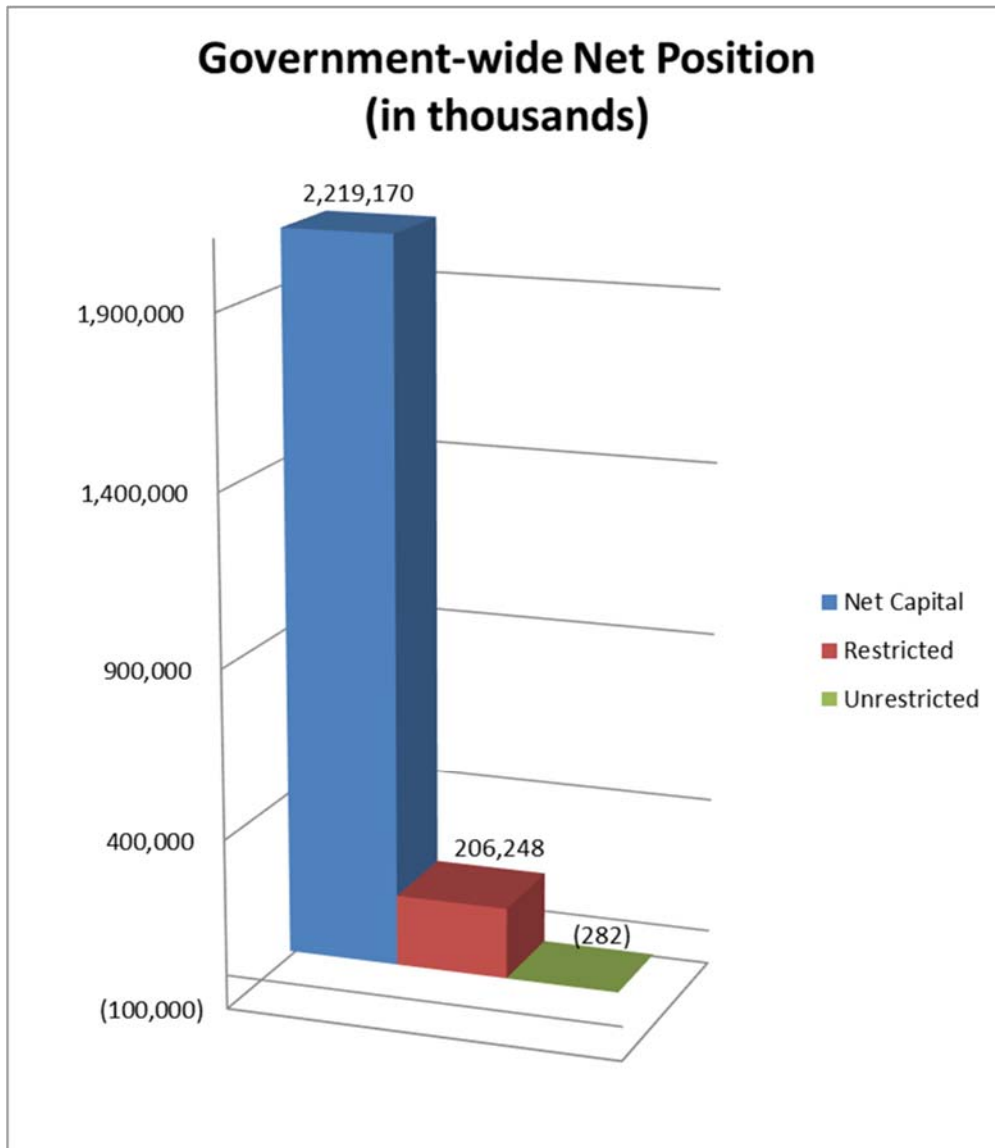
## City of Chattanooga's Net Position

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 473,518	\$ 429,803	\$ 655,915	\$ 533,354	\$ 1,129,433	\$ 963,157
Capital assets	1,538,312	1,494,459	1,279,693	1,228,634	2,818,005	2,723,093
Total assets	2,011,830	1,924,262	1,935,608	1,761,988	3,947,438	3,686,250
Total deferred outflows of resources	116,223	104,673	45,862	26,895	162,085	131,568
Long-term liabilities outstanding	605,066	603,239	644,621	555,778	1,249,687	1,159,017
Other liabilities	55,775	36,221	202,287	216,131	258,062	252,352
Total liabilities	660,841	639,460	846,908	771,909	1,507,749	1,411,369
Total deferred inflows of resources	165,302	149,129	11,335	-	176,637	149,129
Net position:						
Net investment in capital assets	1,383,672	1,323,233	835,498	813,975	2,219,170	2,137,208
Restricted	89,816	91,569	116,432	97,786	206,248	189,355
Unrestricted	(171,578)	(174,457)	171,296	105,213	(282)	(69,243)
Total net position	\$ 1,301,910	\$ 1,240,345	\$ 1,123,226	\$ 1,016,974	\$ 2,425,136	\$ 2,257,320

By far the largest portion of the City's net position, \$2.2 billion, reflects its investment in capital assets (land, buildings, equipment, infrastructure, etc.), less any related outstanding debt that was issued to acquire those assets. While capital assets are used to provide services to citizens, these assets are not available for future spending. It should be noted that although the City reports capital assets net of related debt, the resources needed to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$206.2 million, represents resources that are subject to external restrictions on how they may be used. The City has a negative unrestricted fund balance of \$282,000, which has been trending positively over the past few years.



The next chart provides revenue and expense details for Governmental Activities, Business-type Activities and the Primary Government as a whole.



## City of Chattanooga's Changes in Net Position

(in thousands)

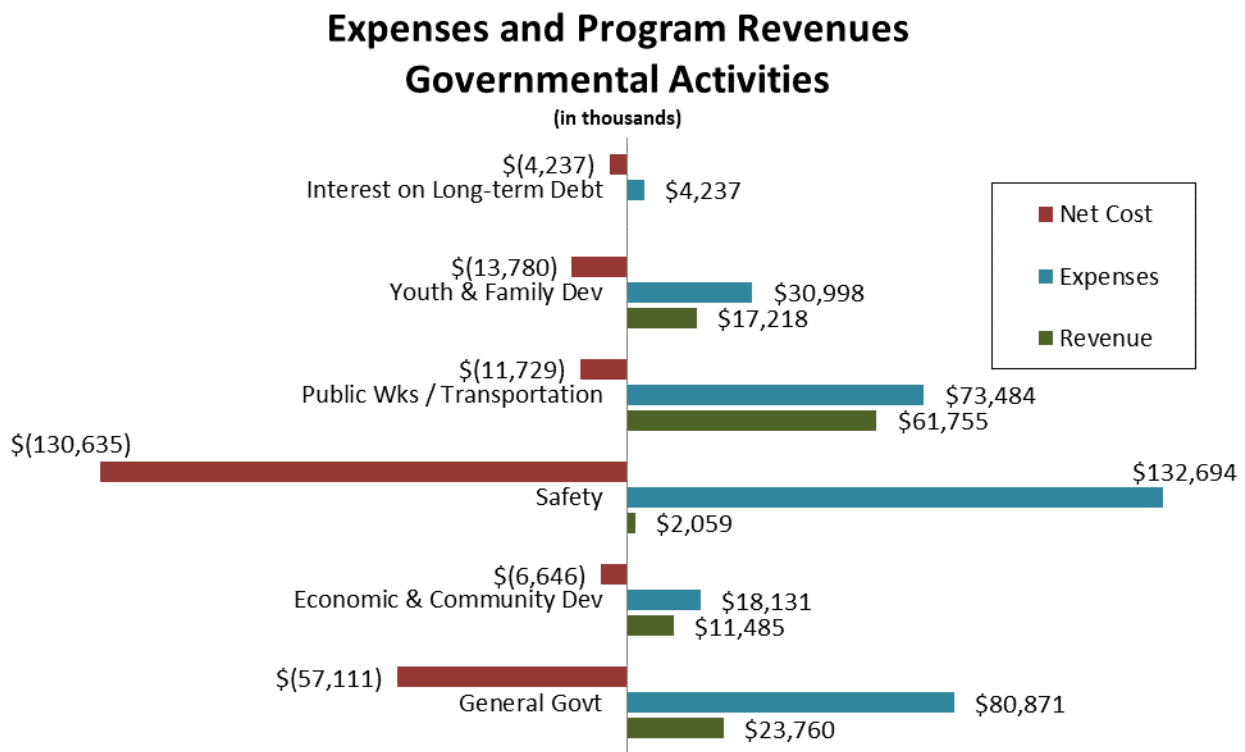
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 22,654	\$ 22,135	\$ 864,264	\$ 853,361	\$ 886,918	\$ 875,496
Operating grants	51,743	32,526	-	-	51,743	32,526
Capital grants	41,880	17,838	4,242	1,292	46,122	19,130
General revenues:						
Property taxes	154,826	151,750	-	-	154,826	151,750
Other taxes	29,175	27,522	-	-	29,175	27,522
Investment income	2,172	4,118	3,190	6,190	5,362	10,308
Miscellaneous	1,714	285	-	-	1,714	285
Unrestricted grants and contributions	100,577	96,718	-	-	100,577	96,718
Total revenues	<u>404,741</u>	<u>352,892</u>	<u>871,696</u>	<u>860,843</u>	<u>1,276,437</u>	<u>1,213,735</u>
<b>Expenses</b>						
Governmental activities:						
General government	80,871	75,953	-	-	80,871	75,953
Economic and community development	18,131	14,807	-	-	18,131	14,807
Public safety	132,694	132,524	-	-	132,694	132,524
Public works and transportation	73,484	82,470	-	-	73,484	82,470
Youth and family development	30,998	31,153	-	-	30,998	31,153
Interest on long-term debt	4,237	4,565	-	-	4,237	4,565
Business-type activities:						
Electric utility	-	-	678,231	709,943	678,231	709,943
Sewer	-	-	62,120	67,087	62,120	67,087
Solid waste	-	-	3,629	3,958	3,629	3,958
Water quality	-	-	16,325	18,828	16,325	18,828
Regional communications	-	-	1,754	1,900	1,754	1,900
Downtown redevelopment	-	-	2,411	2,122	2,411	2,122
Total expenses	<u>340,415</u>	<u>341,472</u>	<u>764,470</u>	<u>803,838</u>	<u>1,104,885</u>	<u>1,145,310</u>
Excess (deficiency) before transfers	64,326	11,420	107,226	57,005	171,552	68,425
Transfers	(9)	4,902	9	(4,902)	-	-
Increase (decrease) in net position	64,317	16,322	107,235	52,103	171,552	68,425
Net position, beginning	1,240,345	1,224,023	1,016,974	964,871	2,257,320	2,188,894
Propr period adjustment	(2,752)	-	(983)	-	(3,736)	-
Net position, restated	1,237,593	1,224,023	1,015,991	964,871	2,253,584	2,188,894
Net position, ending	<u>\$ 1,301,910</u>	<u>\$ 1,240,345</u>	<u>\$ 1,123,226</u>	<u>\$ 1,016,974</u>	<u>\$ 2,425,136</u>	<u>\$ 2,257,320</u>

# Governmental Activities

During the current fiscal year, net position of the City’s governmental activities increased \$64.3 million from the prior year for an ending balance of \$1.3 billion. Overall revenue and transfers increased \$46.9 million or 13.1 percent. Revenue for operating activities increased \$19.2 million or 59.1 percent, largely due to an increase in COVID-19 grants of \$6.6 million, FEMA grants of \$7.0 million for the April 2020 tornado disaster, private donations of \$1.6 million and a \$4.0 million capital contribution from IDB for financing East Chattanooga Rising. Revenue for capital projects increased \$24.0 million or 134.8 percent due to an increase in donated streets of \$22.0 million or 126.7 percent from the prior year. Property tax increased by \$3.1 million or 2.0 percent. Local option sales tax increased \$7.1 million or 10.8 percent. These were offset by a decrease in tourist development zone revenue of \$6.8 million or 65.7 percent, which felt the impact of COVID-19 on tourism.

Expenses for the current year decreased \$1.1 million or 0.3 percent. The largest change was personnel costs which decreased \$6.4 million or 3.7 percent as hiring was minimized during COVID-19. Governmental Activities had a modest \$5.4 million or 3.2 percent increase in operational costs.

The graph below provides the program revenue and expenses for each governmental activity. It also provides the net cost that must be provided from general revenues.

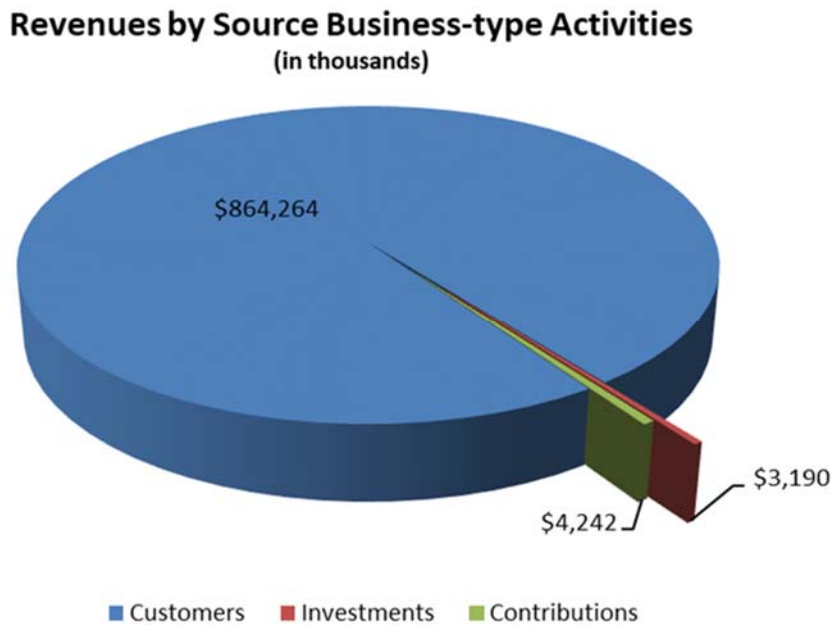


# Business-type Activities

During the current year, net position of the business-type activities increased \$108.3 million or 10.6 percent, to \$1.1 billion. This net position is dedicated solely to finance the continuing operations of the electric, sewer, water quality systems, solid waste disposal, regional communications systems and downtown redevelopment operations.

Revenues for the City’s business-type activities were \$871.7 million for the year just completed; this is a \$10.9 million or 1.3 percent increase. Expenses decreased \$39.4 million or 4.9 percent resulting in total expense of \$764.5 million for the year. Please see Enterprise Fund detail for additional information.

As you can see from the following graph, the major source of revenue for business-type activities is customer charges.



The following table provides a summary for each business-type activity. Each is discussed in more detail with the Enterprise Fund information.

**Expenses and Revenues - Business-type Activities**  
(in thousands)

	Electric	Sewer	Solid Waste	Water Quality	Regional Communication System	Downtown Revelopment	Total
Expenses	\$ 678,231	\$ 62,120	\$ 3,788	\$ 16,326	\$ 1,754	\$ 2,411	\$764,630
Revenues	726,137	102,589	4,648	30,918	2,714	4,859	871,865
Change in net position	\$ 47,906	\$ 40,469	\$ 860	\$ 14,592	\$ 960	\$ 2,448	\$107,235



# Financial Analysis of the City's Funds

As noted earlier, the City of Chattanooga uses fund accounting to help control and manage money for particular purposes or to demonstrate compliance with legal requirements. The following provides a more detailed analysis of the City's funds.

## Governmental Funds

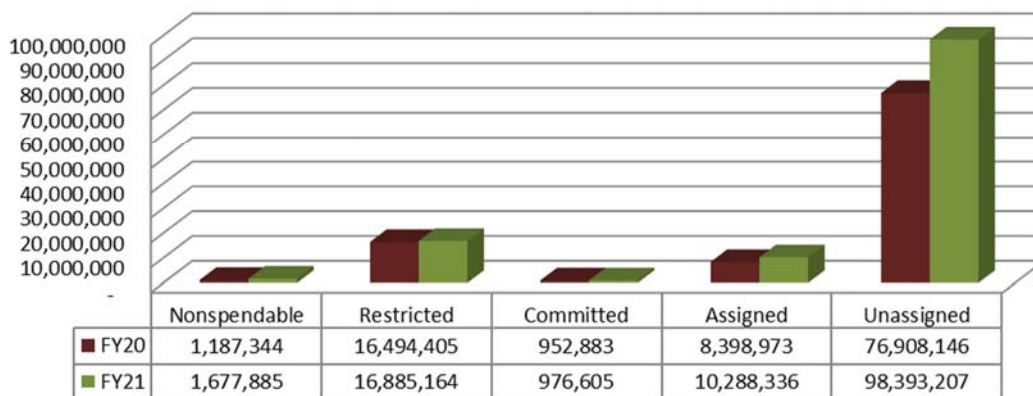
Governmental funds focus on the near-term flow of resources and balance of spendable resources. This information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's resources available for discretionary use since it represents the portion of fund balance which has not been limited for a specific purpose.

The City's governmental funds reported a combined fund balance of \$243.4 million at the end of the fiscal year. Of this amount, 40.4 percent or \$98.4 million is available for spending at the City's discretion (unassigned fund balance). Total fund balance is made up of the following:

- \$8.5 million is in non-spendable form such as inventories and notes receivable.
- \$118.4 million is restricted for particular purposes due to restrictions placed by grants, bond covenants, other governments or by City ordinance.
- \$7.8 million is committed for specific purposes based on City resolutions.
- \$10.3 million is assigned for particular purposes such as under control of boards or designated purpose by management.
- \$98.4 million is unassigned for General Fund discretionary use.

**General Fund:** This is the chief operating fund of the City. Total fund balance of the General Fund increased by 23.4 percent or \$24.3 million to \$128.2 million during the fiscal year. Unassigned fund balance increased \$21.5 million or 27.9 percent to \$98.4 million. During fiscal year 2021 there was a \$5.0 million planned use of fund balance for pay-as-you-go capital and economic development incentives.

**General Fund  
Fund Balance**



As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Unassigned fund balance represents approximately 33.4 percent of total General Fund expenditures and transfers out, while total fund balance represents 43.7 percent.

**Revenues** - Total revenues increased \$20.1 million or 6.7 percent, from the prior year, largely due to an increase of tax and intergovernmental revenue . All major revenue sources are discussed as follows.

- Tax revenue is \$6.2 million or 3.6 percent higher than in the prior year. Property tax revenue, which includes current and delinquent taxes, increased by \$4.8 million or 3.5 percent, from the prior year. Other taxes, which includes gross receipts tax, liquor and beer taxes, saw a combined increase of \$1.2 million or 8.2 percent.
- Licenses and permits revenues decreased by only \$18,000 or 0.3 percent.
- Intergovernmental revenues saw the largest increase of \$16.0 million or 15.7 percent over the prior year. This includes \$7.0 million in FEMA/TEMA funding for the April 2020 Tornado Disaster, \$6.3 million in COVID-19 grant funding from the state, \$5.9 million or 9.0 percent increase in local option sales tax, \$2.3 million or 15.3 percent increase in state sales tax, \$965,000 or 132.0 percent increase in state income tax, which is largely due to a delay in filing that was allowed by the State due to COVID-19. These increases were offset by a decrease in combined TDZ incremental sales tax of \$6.8 million or 65.7 percent, reflecting the drop in tourism during the pandemic.
- Charges for services increased \$135,000 or 3.7 percent. This is largely due to the success of the city's public golf courses in FY21, which brought in over \$380,000 more in green fees than FY20. This increase was offset a decrease in park rental fees and library sales.
- Fines, forfeitures and penalties saw an increase of \$125,000 or 9.4 percent from the prior year. This was due to an increase of \$129,000 or 18.1 percent in automated traffic fines. This was offset by a small decrease of \$18,000 or 3.2 percent in city and criminal court fines.
- Investment income decreased \$3.0 million or 81.5 percent. The decrease is primarily due to reduced interest rates resulting from market conditions during the pandemic. Also, FY20 investment income was higher than usual due to rapid calls of bonds in exchange for lower interest rates.
- Contributions and donations decreased \$169,000 or 44.4 percent. This was due to a decrease in miscellaneous and private donations, mostly for public art, in FY21 versus FY20.
- Sale of property decreased \$29,000 or 10.3 percent. This was largely due to a decrease in the sale of city owned property, back tax lots and city equipment in FY21.
- All other revenues saw an increase of \$913,000 or 11.9 percent largely due a high speed rail study refund from the state of Georgia of \$1.3 million. This was offset by a damage settlement payment received in FY20 of \$425,000 for a tornado disaster in April 2020.

**Expenditures** - Total expenditures decreased \$8.4 million or 3.3 percent, from the previous year. Major changes during fiscal year 2021 are discussed below.

- Employee Compensation decreased by \$4.3 million or 2.7 percent. Salaries for full-time employees decreased \$3.1 million or 3.5 percent, primarily due to a freeze on hiring except for essential positions due to uncertainties with respect to the pandemic.
- Operations costs decreased by \$4.1 million or 4.3 percent. The largest decrease was for debris removal and cleanup of \$3.5 million, which was due to the April 2020 tornado disaster where we incurred most of the debris removal costs in FY20 versus FY21. Other decreases include \$1.6 million related to a suspension of the capital component of the fleet lease rate and a \$740,000 decrease in on-the-job injury claims. These decreases were offset by an increase in IT maintenance costs of \$1.5 million, largely due to a new Software as a Service (SaaS) city-wide implementation for Oracle Cloud.

**Transfers** - Total transfers out decreased \$1.4 million primarily due to a decrease in general fund dollars for capital in the amount of \$887,000 and a \$648,000 decrease for debt service. These were offset by an increase of \$280,000 to fleet.

**Capital Projects Fund** — This fund focuses on project-to-date costs for many projects within the City. At the end of the year, the fund reported \$82.6 million in fund balance, a decrease of \$3.2 million. Fund balance for this fund fluctuates from year-to-year based on debt issued and project expenditures; new debt increases fund balance while project expenditures decreases it. Analysis of project income and expenditures follows.

Funding sources during the current fiscal year include transfers in of \$25.6 million, including \$22.6 million from General Fund and \$2.9 million from State Street Aid. Sources also includes \$10.4 million in revenue. This is primarily Federal and State revenues and private donations. The largest private donation is \$4.0 million capital contribution from the IDB for the East Chattanooga Rising.

Current year expenditures of \$39.1 million include \$23.0 million for street paving, sidewalk, bridge and tunnel projects, \$3.2 million for neighborhood and park improvements, \$5.9 million for ball fields, parks and community centers, \$975,000 for new police equipment, \$1.5 million maintenance and security upgrades to the public library, \$500,000 capital appropriation to both the Chattanooga Zoo and the Tivoli Theatre Foundation and \$2.9 million for IT upgrades, which includes a new Software as a Service (SaaS) implementation for the City.

## 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 the City completed the fiscal year, its proprietary funds, which include both enterprise funds and an internal service fund, have a combined net position of \$1.2 billion. Net investment in capital assets is \$855.4 million, with an additional \$116.4 million restricted for future use, leaving \$208.4 million available to meet on-going obligations.

**Enterprise Funds** - Total net position of the enterprise funds is \$1.2 billion, an increase of \$106.3 million or 10.4 percent. Details for each fund are presented below:

- **Electric Power Board** – The largest enterprise fund is EPB, which has both an electric and a fiber optic division. Total net position increased \$47.9 million or 10.4 percent to \$509.0 million, mainly due to an increase of \$84.1 million in cash and investments which can be largely attributed to the June 2021 bond issuance in addition to increases of \$10.3 million in Utility Plant. These increases were offset by a net increase of \$49.7 million of bonds and notes payable. Operating revenues were up \$6.8 million or 1.0 percent. Combined operating expenses, which includes tax equivalents and depreciation, decreased by \$34.2 million or 4.9 percent, largely due to a decrease of \$20.0 million in maintenance expenses.
- **Interceptor Sewer System** – Net position of the Interceptor Sewer System increased \$40.0 million or 9.2 percent, to \$473.0 million. Operating revenues rose \$500,000 or 0.5 percent while operating expenses decreased by \$5.2 million or 8.0 percent. Unrestricted net position (available to finance on-going operations) increased \$22.7 million or 35.8 percent to \$86.3 million. An additional \$95.5 million is restricted for future capital spending, which is an increase of \$19.0 million. Capital net position decreased \$1.7 million or 0.6 percent.
- **Solid Waste** – The City of Chattanooga operates a municipal solid waste landfill. The fund has a net position of \$15.1 million, an increase of \$800,000 or 5.3 percent. To date the City has accrued liabilities of \$4.6 million for closure and post closure care costs with adequate investments earmarked to cover these costs, in compliance with the Environmental Protection Agency (EPA) mandate establishing closure and post closure requirements.
- **Water Quality Management** – The Water Quality Fund, established to comply with EPA guidelines, now has \$108.5 million in net position, an increase of \$14.2 million or 15.0 percent from last year. Net investment in capital is \$57.9 million, leaving the amount available to fund day-to-day operations (unrestricted net position) at \$46.7 million. An additional \$4.0 million is restricted for future capital spending.
- **Tennessee Valley Regional Communications System** – The Tennessee Valley Regional Communications System was established in fiscal year 2016 to account for a regional communication system that services a multi-county/multi-state region. The fund has a net position of \$7.4 million which is a \$1.0 million increase from last year due.
- **Chattanooga Downtown Redevelopment Corporation** – The Chattanooga Downtown Redevelopment Corporation (CDRC) accounts for redevelopment financing, the operations of the Southside Parking Garage and other redevelopment activities. CDRC has a net position of \$10.3 million, an increase of \$2.4 million from last year.

**Internal Service Fund** - The internal service fund is used to account for the City's vehicle operation and maintenance program, employee medical benefits program, technology replacement and third party liability claims. The fund has a net position of \$57.0 million, a decrease of \$200,000 or 0.4 percent from last year.



# General Fund Budgetary Highlights

## Original Budget Compared to Final Budget

The City's budget ordinance provides the strategic financial plan of City government, encompassing all major funds and appropriations to agencies. The budget ordinance authorizes the City Finance Officer to make reallocations within the General Fund as necessary.

## Final Budget Compared to Actual Results

Revenues exceeded budget for the year by \$24.9 million or 8.5 percent. All revenue categories except investment income exceeded expectations and are addressed below.

- Total tax revenue for the year was higher than budget by \$8.3 million or 4.9 percent. This was mainly due to total property taxes, which includes both current and delinquent taxes, being over budget by \$5.5 million or 3.6 percent. All other taxes, including gross receipts tax, exceeded budget by \$2.9 million or 15.0 percent.
- Licenses and permits revenue was higher than budget by \$700,000 or 10.8 percent. This was largely due to building permits exceeding budget by \$500,000 or 34.2 percent.
- Intergovernmental revenue is \$15.2 million or 14.9 percent more than budget, primarily due to sales tax. Local option sales tax is \$12.1 million or 20.3 percent over budget while state shared sales tax exceeds budget by \$3.4 million or 24.1 percent. These were offset by a deficit in tourist development zone (TDZ) of \$1.0 million or 21.2 percent due to a decrease in travel during the pandemic .
- Charges for services are \$50,000 above budget or 1.3 percent, primarily due to the City's public golf courses performing extremely well, resulting in being over budget by \$600,000 or 35.1 percent. This was offset by deficits in facility rents and program fees which continued to be affected by the COVID-19 pandemic.
- Fines and forfeitures are \$200,000 above estimates or 16.9 percent. This is primarily due to higher than expected automated traffic fines, which exceeded budget by \$200,000 or 32.1 percent.
- Miscellaneous revenue is \$400,000 or 4.4 percent above budget primarily due to a \$1.3 million refund from the state of Georgia for a high speed rail study that was not budgeted. This was offset by a deficit in investment income of \$1.1 million or 64.7 percent due to reduced interest rates resulting from market conditions during the pandemic.

Expenditures were less than budget by \$14.3 million or 5.5 percent. All departments were under budget. Employee compensation is \$12.1 million or 7.4 percent below budget due to vacancies. Operations are also under budget by \$2.2 million or 2.3 percent.

# Capital Assets and Debt Administration

## Capital Assets

At fiscal year end, the City had a \$2.8 billion net investment in capital assets, an increase of \$94.9 million or 3.5 percent. This investment includes land, buildings, utility system improvements, machinery and equipment, park facilities and infrastructure. Net investment in capital assets for governmental funds increased \$43.9 million or 2.9 percent while business-type net investment in capital assets increased by \$51.1 million or 4.2 percent. The following table shows the net investment in capital assets by both governmental activities and business-type activities.

### City of Chattanooga's Capital Assets

(net of depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Non-depreciable:</b>						
Land & Easements	\$ 1,141,926	\$ 1,118,167	\$ 22,676	\$ 22,452	\$ 1,164,603	\$ 1,140,619
Construction in progress	74,920	84,312	220,006	185,718	294,926	270,030
<b>Depreciable:</b>						
Buildings & Improvements	76,161	76,476	101,467	101,567	177,628	178,043
Vehicles & Machinery	35,653	29,667	133,444	148,403	169,097	178,070
Infrastructure	209,652	185,837	802,099	770,493	1,011,751	956,330
<b>Total</b>	<b>\$ 1,538,312</b>	<b>\$ 1,494,459</b>	<b>\$ 1,279,693</b>	<b>\$ 1,228,633</b>	<b>\$ 2,818,005</b>	<b>\$ 2,723,092</b>

The majority of capital asset changes are in the land & easements and construction in progress.

- Land & easements saw an increase of \$23.8 million in FY21. This was largely due to an increase exceeding \$22.0 million of donated streets. Streets are donated annually to the City by developers and contractors after construction projects are completed. Public Works tracks all of these projects through the issuance of construction permits.
- Construction-in-progress (CIP) additions for governmental activities include \$1.4 million for the East Lake Park renovations, \$362,000 towards a new community center in Avondale and \$3.1 million for technology improvements and upgrades, and there was a reduction of \$14.5 million in CIP for paving/sidewalks/road improvements. Construction of projects related to the sewer system's consent decree and EPB projects comprised the majority of the increase in business-type activities. More information on the City's consent decree agreement can be found in Note 13 to the financial statements.
- The City of Chattanooga has opted to use depreciation rather than the maintenance method to report infrastructure assets. During the current fiscal year governmental activities recognized depreciation expense of \$33.3 million while business-type activities recognized depreciation expense of \$82.0 million.

More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

# Debt Administration

At June 30, the City had \$693.9 million in long-term debt outstanding. This is a \$61.0 million increase or 9.6 percent, from last year. Detail is provided in the table and narrative that follows.

The City of Chattanooga maintains a “AAA” rating from Standard & Poor’s and was recently upgraded to a “AAA” from Fitch Inc. in November 2021 for general obligation debt. The City Charter limits the amount of net general obligation debt to 10 percent of the assessed value of all taxable property within its corporate limits. The City’s general obligation debt, net of self-supporting debt, is \$122.1 million; this is 1.96 percent of the assessed value of \$6,234,412,936 billion. As of year-end, EPB had \$295.8 million in revenue bond debt outstanding compared to \$235.8 million last year; these bonds are rated “AA+” by Standard & Poor’s and Fitch. In fiscal year 2021, EPB issued new revenue bonds totaling \$71.1 million and paid off a \$13 million line of credit. CDRC had \$50.0 million in revenue bonds outstanding compared to \$55.3 million last year; these bonds are rated “AA+” by Standard & Poor’s and Fitch.

## City of Chattanooga's Long-term Debt (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds (backed by the City)	\$ 134,808	\$ 149,777	\$ 16,252	\$ 18,268	\$ 151,060	\$ 168,045
Revenue bonds (backed by specific revenues)	-	-	345,735	304,115	345,735	304,115
Notes payable and other	5,587	7,381	190,163	150,612	195,750	157,993
Capital leases	1,323	2,714	-	-	1,323	2,714
<b>Total</b>	<b>\$ 141,718</b>	<b>\$ 159,872</b>	<b>\$ 552,150</b>	<b>\$ 472,995</b>	<b>\$ 693,868</b>	<b>\$ 632,867</b>

During the year the City issued the following new debt:

- The City did not issue any new general obligation debt in fiscal year 2021.
- The Interceptor Sewer System drew down \$47.7 million from a state revolving loan fund for EPA consent decree projects.
- A total of \$57.8 million in debt was retired during the fiscal year; \$33.4 million in bond principal payments were made with an additional \$24.3 million in note and lease repayments.

More detailed information about the City’s long-term liabilities is presented in Note 5 to the financial statements.

# Economic Factors and Next Year's Budgets and Rates

The following factors were taken into account when adopting the budget for 2022:

The City of Chattanooga uses *Priority Based Budgeting* for undesignated General Fund. Mayor Kelly's One Chattanooga strategy serves as the framework to prioritize budget requests and fund them based on available revenue. Requests are prioritized based on these key values:

- Build a universal path to early learning
- Catalyze the resurgence of the black middle class
- Ensure accessible housing choices for all Chattanoogaans
- Improve local infrastructure
- Build a competitive regional economy
- Close the gaps in public health
- Provide responsive and effective local government

The following factors were taken into account when adopting the budget for 2022:

- Anticipated revenues in the General Fund are \$302,030,875 with a planned use of fund balance of \$13,225,000 for capital and economic development initiative. This is a \$44.2 million or 17.1 percent increase over the previous budget with the largest increase in property taxes. This was a property reappraisal year. Due to higher property tax values, the State certified the rate at \$1.8529. City Council approved a rate of \$2.25 per \$100 assessed value, \$0.27 lower than the previous rate, in order to capture the economic growth to fund a compensation plan to attract and retain professions workforce.
- Sales tax remained strong during the pandemic and is expected to continue to increase. State sales tax is budgeted \$3.2 million or 23.0 percent higher and local option sales tax is budgeted \$8.8 million or 18.8 percent higher. These increases are expected to be offset by the elimination of the state income tax, a reduction of \$1.2 million from prior year's budget, and a \$1.4 million or 63.1 percent reduction in interest.
- Expenditures of \$319,355,875 reflect a \$56.5 million or 21.5 percent increase over prior year budget. The largest increase is \$32.4 million or 20.9 percent for personnel costs. The increase in property taxes allowed the City to address low wages and staffing shortages through the implementation of new compensation plans. The fire and police pay plans required an overall 24.0 percent increase to move first responders to market rate. The general pay plan will bring the City up to a \$15 minimum wage and address compensation for head start employees.
- The budget also provides a \$13.8 million or 395.0 percent increase for capital reserves. Reserves will help support \$10.0 million for paving roads, an increase of over 58.0 percent from the prior year budget, and provide an additional \$9.0 million for road and bridge infrastructure repairs.
- During the prior year the capital component of the fleet leasing rate was not funded to provide flexibility in managing expenditures during COVID-19. The full rate was included in this year's budget and is reflected in the \$4.5 million or 44.1 percent increase in vehicle operating costs.



# Requests for Information

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

## **City of Chattanooga Finance Department**

101 East 11<sup>th</sup> Street; Suite 101  
Chattanooga, Tennessee 37402  
(423) 643-7363  
[www.chattanooga.gov](http://www.chattanooga.gov)

Complete financial statements of the component units may be obtained from:

## **Chattanooga Metropolitan Airport Authority**

1001 Airport Road, Suite 14  
Chattanooga, TN 37421  
(423) 855-2202  
[www.chattairport.com](http://www.chattairport.com)

## **CARTA**

1617 Wilcox Boulevard  
Chattanooga, TN 37406  
(423) 629-1411  
[www.gocarta.org](http://www.gocarta.org)

## **CBID**

407 Broad Street, Suite 202  
Chattanooga, TN 37402  
(423) 206-4200  
[www.dtchattalliance.org](http://www.dtchattalliance.org)



**BASIC FINANCIAL  
STATEMENTS**

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 159,066,589	\$ 242,543,574	\$ 401,610,163	\$ 17,971,233
Investments	117,490,386	208,593,420	326,083,806	-
Receivables, net of allowance for uncollectible	205,020,627	91,798,880	296,819,507	6,360,860
Internal balances	(43,148,023)	43,148,023	-	-
Other assets	-	-	-	3,255
Inventories	3,705,279	19,632,108	23,337,387	1,118,194
Prepaid items	4,000	10,739,000	10,743,000	1,884,683
Certificates of deposit	-	-	-	15,000,000
Restricted assets:				
Cash and cash equivalents	18,327,429	20,489,722	38,817,151	1,850,623
Investments	-	16,982,986	16,982,986	-
Endowment investments	6,864,317	-	6,864,317	-
Receivables	1,580	-	1,580	350,674
Other	-	29,130	29,130	-
Accrued post-employment benefit asset	-	1,958,000	1,958,000	-
Equity interest in joint venture	6,185,441	-	6,185,441	-
Land and other nondepreciable assets	1,216,846,157	242,682,274	1,459,528,431	36,396,851
Other capital assets, net of accumulated depreciation	321,466,127	1,037,010,624	1,358,476,751	136,982,547
Total assets	<u>2,011,829,909</u>	<u>1,935,607,741</u>	<u>3,947,437,650</u>	<u>217,918,920</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	2,236,439	8,886,197	11,122,636	-
Deferred pension	94,046,744	27,783,670	121,830,414	2,765,132
Deferred OPEB	19,940,130	9,191,715	29,131,845	222,160
Total deferred outflows of resources	<u>116,223,313</u>	<u>45,861,582</u>	<u>162,084,895</u>	<u>2,987,292</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	34,115,158	165,798,441	199,913,599	4,428,675
Customer deposits	-	22,958,000	22,958,000	-
Contracts payable	1,339,651	4,755,096	6,094,747	924,478
Unearned grants revenue	20,320,630	6,538,000	26,858,630	-
Other liabilities	-	2,238,000	2,238,000	-
Long-term liabilities:				
Due within one year	20,427,043	32,269,772	52,696,815	1,746,843
Due in more than one year	584,638,512	612,351,146	1,196,989,658	33,577,225
Total liabilities	<u>660,840,994</u>	<u>846,908,455</u>	<u>1,507,749,449</u>	<u>40,677,221</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	152,589,828	-	152,589,828	82,560
Deferred pension	4,429,513	-	4,429,513	1,468,219
Deferred OPEB	8,282,568	11,335,003	19,617,571	64,679
Total deferred inflows of resources	<u>165,301,909</u>	<u>11,335,003</u>	<u>176,636,912</u>	<u>1,615,458</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,383,671,937	835,498,170	2,219,170,107	153,074,478
Restricted for:				
Capital projects	82,591,393	-	82,591,393	-
Debt service reserve	-	9,768,038	9,768,038	2,201,297
Renewal and replacement	-	99,860,840	99,860,840	-
Landfill postclosure	-	6,802,449	6,802,449	-
Permanent endowments:				
Expendable	360,583	-	360,583	-
Nonexpendable	6,864,317	-	6,864,317	-
Unrestricted	(171,577,911)	171,296,368	(281,543)	23,337,758
Total net position	<u>\$ 1,301,910,319</u>	<u>\$ 1,123,225,865</u>	<u>\$ 2,425,136,184</u>	<u>\$ 178,613,533</u>

The notes to basic financial statements are an integral part of this statement.



CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
General government	\$ 80,870,897	\$ 14,109,942	\$ 9,650,699	\$ -
Economic and community development	18,130,506	4,892,896	6,591,614	-
Public safety	132,694,493	706,085	1,303,365	49,702
Public works and transportation	73,484,269	2,858,193	17,066,397	41,829,972
Youth and family development	30,998,037	87,319	17,130,924	-
Interest on long-term debt	4,236,694	-	-	-
Total governmental activities	<u>340,414,896</u>	<u>22,654,435</u>	<u>51,742,999</u>	<u>41,879,674</u>
Business-type activities:				
Electric utility, including fiber optics	678,231,000	721,628,000	-	3,712,000
Sewer	62,119,991	100,966,032	-	30,489
Solid waste	3,628,459	4,574,506	-	-
Water quality management	16,325,436	30,663,356	-	-
Regional Communications	1,753,892	2,714,137	-	-
Downtown redevelopment	2,411,054	3,717,660	-	500,000
Total business-type activities	<u>764,469,832</u>	<u>864,263,691</u>	<u>-</u>	<u>4,242,489</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 1,104,884,728</u>	<u>\$ 886,918,126</u>	<u>\$ 51,742,999</u>	<u>\$ 46,122,163</u>
<b>COMPONENT UNITS</b>				
Airport authority	\$ 23,102,266	\$ 19,000,735	\$ -	\$ 7,993,416
Downtown Chattanooga Business Improvement District (CBID)	474,438	876,900	-	100,000
Transportation authority	26,924,059	6,790,583	8,250,950	13,059,451
<b>TOTAL COMPONENT UNITS</b>	<u>\$ 50,500,763</u>	<u>\$ 26,668,218</u>	<u>\$ 8,250,950</u>	<u>\$ 21,152,867</u>

General revenues:

- Property taxes
- Liquor and beer taxes
- Hotel-Motel tax
- Local gross receipts tax
- Franchise taxes
- Other taxes

Grants and contributions not allocated to specific programs:

- County-wide sales taxes
- City allocation of state sales taxes
- City allocation of state income taxes
- City allocation of TDZ tax
- City allocation of other shared taxes

- Unrestricted investment earnings
- Miscellaneous
- Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning, as previously reported

Prior period adjustment

Net position, beginning, as restated

Net position, ending

The notes to basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (57,110,256)	\$ -	\$ (57,110,256)	\$ -
(6,645,996)	-	(6,645,996)	-
(130,635,341)	-	(130,635,341)	-
(11,729,707)	-	(11,729,707)	-
(13,779,794)	-	(13,779,794)	-
(4,236,694)	-	(4,236,694)	-
<u>(224,137,788)</u>	<u>-</u>	<u>(224,137,788)</u>	<u>-</u>
-	47,109,000	47,109,000	-
-	38,876,530	38,876,530	-
-	946,047	946,047	-
-	14,337,920	14,337,920	-
-	960,245	960,245	-
-	1,806,606	1,806,606	-
-	<u>104,036,348</u>	<u>104,036,348</u>	<u>-</u>
<u>(224,137,788)</u>	<u>104,036,348</u>	<u>(120,101,440)</u>	<u>-</u>
-	-	-	3,891,885
-	-	-	502,462
-	-	-	<u>1,176,925</u>
-	-	-	<u>5,571,272</u>
154,825,821	-	154,825,821	-
9,237,593	-	9,237,593	-
6,302,228	-	6,302,228	-
6,865,870	-	6,865,870	-
4,426,095	-	4,426,095	-
2,343,018	-	2,343,018	-
72,675,281	-	72,675,281	-
17,774,077	-	17,774,077	-
1,095,590	-	1,095,590	-
3,541,883	-	3,541,883	-
5,489,089	-	5,489,089	-
2,171,964	3,190,451	5,362,415	64,236
-	-	-	1,806,189
1,714,974	-	1,714,974	-
(8,535)	8,535	-	-
<u>288,454,948</u>	<u>3,198,986</u>	<u>291,653,934</u>	<u>1,870,425</u>
64,317,160	107,235,334	171,552,494	7,441,697
1,240,345,489	1,016,974,417	2,257,319,906	171,171,836
<u>(2,752,330)</u>	<u>(983,886)</u>	<u>(3,736,216)</u>	<u>-</u>
<u>1,237,593,159</u>	<u>1,015,990,531</u>	<u>2,253,583,690</u>	<u>171,171,836</u>
<u>\$ 1,301,910,319</u>	<u>\$ 1,123,225,865</u>	<u>\$ 2,425,136,184</u>	<u>\$ 178,613,533</u>

The notes to basic financial statements are an integral part of this statement.

**CITY OF CHATTANOOGA, TENNESSEE**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2021**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 66,699,045	\$ 54,585,233	\$ 26,258,772	\$ 147,543,050
Investments	70,484,819	34,005,566	6,864,317	111,354,702
Receivables, net of allowance for uncollectibles:				
Property taxes	143,807,396	-	-	143,807,396
Other taxes	14,682,743	-	1,275,868	15,958,611
Notes	5,347,960	-	7,465,382	12,813,342
Other	726,449	1,580	31,801	759,830
Due from other governments	26,650,387	-	4,059,756	30,710,143
Inventories	816,146	-	-	816,146
Prepaid items	4,000	-	-	4,000
	<u>\$ 329,218,945</u>	<u>\$ 88,592,379</u>	<u>\$ 45,955,896</u>	<u>\$ 463,767,220</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities:				
Accounts payable	\$ 5,635,072	\$ 4,669,607	\$ 1,810,013	\$ 12,114,692
Accrued payroll	9,374,088	-	956,841	10,330,929
Accrued pension and OPEB contributions	477,861	-	-	477,861
Due to other governments	66,723	-	46,365	113,088
Contracts payable	-	1,331,379	8,271	1,339,650
Unearned grants revenue	19,364,083	-	956,547	20,320,630
	<u>34,917,827</u>	<u>6,000,986</u>	<u>3,778,037</u>	<u>44,696,850</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	154,245,367	-	-	154,245,367
Unavailable revenue - other local taxes	2,377,034	-	503,891	2,880,925
Unavailable revenue - shared tax revenue	7,807,324	-	496,666	8,303,990
Unavailable revenue - CDBG loans	-	-	8,558,761	8,558,761
Unavailable revenue - other	1,650,196	-	-	1,650,196
	<u>166,079,921</u>	<u>-</u>	<u>9,559,318</u>	<u>175,639,239</u>
<b>FUND BALANCES</b>				
Nonspendable	1,677,885	-	6,864,317	8,542,202
Restricted	16,885,164	82,591,393	18,933,077	118,409,634
Committed	976,605	-	6,821,147	7,797,752
Assigned	10,288,336	-	-	10,288,336
Unassigned	98,393,207	-	-	98,393,207
	<u>128,221,197</u>	<u>82,591,393</u>	<u>32,618,541</u>	<u>243,431,131</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 329,218,945</u>	<u>\$ 88,592,379</u>	<u>\$ 45,955,896</u>	<u>\$ 463,767,220</u>

The notes to basic financial statements are an integral part of this statement.

**CITY OF CHATTANOOGA, TENNESSEE**

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

**June 30, 2021**

Differences in amounts reported for governmental activities in the statement of net position on page A-1:		
Fund balances - total governmental funds	\$	243,431,131
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		1,518,433,312
Certain revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and are deferred in the funds.		23,049,411
The equity interest in the joint venture represents an interest in the capital assets of the joint venture. This interest is not a financial resource and is not reported in the funds.		6,185,441
The internal service fund is used by management to charge the costs of fleet management and risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position		57,016,722
Contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in governmental fund but must be deferred in the statement of net position in addition to certain other items:		
Deferred pension	\$ 99,082,473	
Deferred OPEB	<u>21,257,905</u>	120,340,378
The City's other post-employment benefit plan has not been fully funded. This OPEB obligation is considered a long term obligation and is not reported in the funds.		(109,993,533)
The City's pollution remediation obligation is considered a long term obligation		(59,991)
Net pension liabilities are not due and payable in the current period and are not reported in the funds:		
General pension	\$ (75,652,648)	
Fire and police pension	<u>(235,496,723)</u>	(311,149,371)
Long-term liabilities are not due and payable in the current period and are not reported in the funds. Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due. All liabilities, both due in one year and due in more than one year, are reported in the statement of net position. This item consists of:		
General obligation serial bonds	\$ (134,808,063)	
Add net deferred refunding, issue premiums and discounts	(14,245,754)	
Notes payable	(5,586,530)	
Capital leases	(1,323,484)	
Capital lease payable to CDRC - reported as internal balance	(43,148,023)	
Compensated absences	(25,368,989)	
Accrued interest payable	<u>(1,796,753)</u>	(226,277,596)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds:		
Deferred pension	\$ (9,465,242)	
Deferred OPEB	<u>(9,600,343)</u>	(19,065,585)
Net position of governmental activities	<u>\$</u>	<u>1,301,910,319</u>

The notes to basic financial statements are an integral part of this statement.



**CITY OF CHATTANOOGA, TENNESSEE**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**Year Ended June 30, 2021**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 178,105,801	\$ -	\$ 7,104,093	\$ 185,209,894
Licenses and permits	6,932,293	250	682,423	7,614,966
Intergovernmental	117,505,844	2,230,123	27,713,017	147,448,984
Charges for services	3,805,737	-	285,652	4,091,389
Fines, forfeitures and penalties	1,448,678	-	16,171	1,464,849
Investment income	687,164	-	1,515,245	2,202,409
Contributions and donations	211,672	6,566,484	1,464	6,779,620
Sale of property	255,693	1,466,301	-	1,721,994
Miscellaneous	8,590,755	89,747	613,932	9,294,434
<b>Total revenues</b>	<b>317,543,637</b>	<b>10,352,905</b>	<b>37,931,997</b>	<b>365,828,539</b>
<b>EXPENDITURES</b>				
Current:				
General government	57,909,472	-	7,209,513	65,118,985
Finance and administration	6,172,976	-	-	6,172,976
Economic and community development	10,613,752	-	2,574,691	13,188,443
Public safety	112,841,847	-	342,265	113,184,112
Public works and transportation	45,589,963	-	3,363,590	48,953,553
Youth and family development	10,480,857	-	18,113,612	28,594,469
Capital outlay/capital assets	-	39,125,641	-	39,125,641
Debt service:				
Principal retirement	-	-	18,153,780	18,153,780
Interest and fiscal charges	-	-	6,276,326	6,276,326
<b>Total expenditures</b>	<b>243,608,867</b>	<b>39,125,641</b>	<b>56,033,777</b>	<b>338,768,285</b>
Excess (deficiency) of revenues over (under) expenditures	73,934,770	(28,772,736)	(18,101,780)	27,060,254
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	25,585,009	28,351,061	53,936,070
Transfers out	(49,655,324)	-	(7,158,418)	(56,813,742)
<b>Total other financing sources (uses)</b>	<b>(49,655,324)</b>	<b>25,585,009</b>	<b>21,192,643</b>	<b>(2,877,672)</b>
Net change in fund balances	24,279,446	(3,187,727)	3,090,863	24,182,582
FUND BALANCES, beginning	103,941,751	85,779,120	29,527,678	219,248,549
FUND BALANCES, ending	<u>\$ 128,221,197</u>	<u>\$ 82,591,393</u>	<u>\$ 32,618,541</u>	<u>\$ 243,431,131</u>

The notes to basic financial statements are an integral part of this statement.

**CITY OF CHATTANOOGA, TENNESSEE**

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

**Year Ended June 30, 2021**

Differences in amounts reported for governmental activities in the statement of net position on pages A-2 and A-3:

Net change in fund balances - total governmental funds		\$ 24,182,582
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlay expenditures in governmental funds, that meet the capitalization threshold, are shown as capital assets in the statement of net position.		31,929,445
Depreciation expense for governmental capital assets are included in the governmental activities.		(28,254,382)
Contributions of capital assets are not reflected in the governmental funds but are reported in the statement of activities. This item consists primarily of streets contributed by developers.		39,502,987
The net effect of various transactions involving capital assets is to decrease net positions.		(1,915,586)
The loss of equity interest in joint venture is reported in the statement of activities. This loss does not use current financial resources and is not reflected in the governmental funds.		(921,014)
Bond proceeds and notes issues provide financial resources to governmental funds while repayment of principal consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts and deferred amounts on refundings when debt is first issued; these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt is as follows:		
Principal paid	\$ 18,153,780	
Payment of capital lease	3,491,173	
Amortization	1,783,779	
Change in accrued interest payable	<u>219,010</u>	23,647,742
Net loss of the internal service funds are reported with governmental activities.		(224,799)
Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of:		
Change in personal leave liability	\$ 227,906	
Change in pension expense	(21,375,369)	
Change in pollution remediation liability	10,623	
Change in OPEB liability	<u>(1,902,039)</u>	(23,038,879)
Governmental revenues that provide current financial resources are reported in the governmental funds, while revenues that will not be collected for several months after the fiscal year are deferred. The statement of activities includes certain revenues that do not provide current financial resources. This item consists of:		
Change in deferred revenue to earned revenue	<u>\$ (590,936)</u>	<u>(590,936)</u>
Change in net position of governmental activities		<u><u>\$ 64,317,160</u></u>

The notes to basic financial statements are an integral part of this statement.

**CITY OF CHATTANOOGA, TENNESSEE**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 169,781,000	\$ 169,781,000	\$ 178,105,801	\$ 8,324,801
Licenses and permits	6,259,124	6,259,124	6,932,293	673,169
Intergovernmental	99,798,600	102,298,600	117,505,844	15,207,245
Charges for services	3,755,610	3,755,610	3,805,737	50,127
Fines, forfeitures and penalties	1,242,700	1,242,700	1,448,678	205,978
Investment income	1,800,800	1,800,800	687,164	(1,113,636)
Miscellaneous	7,534,732	7,534,732	9,058,120	1,523,389
<b>Total revenues</b>	<b>290,172,566</b>	<b>292,672,566</b>	<b>317,543,637</b>	<b>24,871,073</b>
<b>EXPENDITURES</b>				
General government	53,487,124	57,262,124	52,486,926	(4,775,197)
Executive	2,885,645	2,885,645	2,613,103	(272,543)
Finance and administration	7,187,627	7,187,627	6,172,976	(1,014,650)
Human resources	3,273,292	3,273,292	2,851,575	(421,717)
Economic and community development	11,114,533	11,114,533	10,613,752	(500,782)
Police	69,812,225	69,812,225	67,572,106	(2,240,119)
Fire	46,949,714	46,949,714	45,269,741	(1,679,974)
Public works	36,426,898	36,651,898	36,637,989	(13,909)
Transportation	10,121,551	10,121,551	8,909,842	(1,211,709)
Youth and family development	12,609,820	12,609,820	10,480,857	(2,128,963)
<b>Total expenditures</b>	<b>253,868,429</b>	<b>257,868,429</b>	<b>243,608,867</b>	<b>(14,259,563)</b>
<b>Excess of revenues over expenditures</b>	<b>36,304,137</b>	<b>34,804,137</b>	<b>73,934,770</b>	<b>39,130,636</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(49,661,694)	(49,661,694)	(49,655,324)	6,370
<b>Total other financing sources (uses)</b>	<b>(49,661,694)</b>	<b>(49,661,694)</b>	<b>(49,655,324)</b>	<b>6,370</b>
<b>Net change in fund balances</b>	<b>(13,357,557)</b>	<b>(14,857,557)</b>	<b>24,279,446</b>	<b>39,137,006</b>
<b>FUND BALANCES, beginning</b>	<b>103,941,751</b>	<b>103,941,751</b>	<b>103,941,751</b>	<b>-</b>
<b>FUND BALANCES, ending</b>	<b>\$ 90,584,194</b>	<b>\$ 89,084,194</b>	<b>\$ 128,221,197</b>	<b>\$ 39,137,006</b>

The notes to the basic financial statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2021

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds						Total	
	EPB	Interceptor Sewer System	Solid Waste	Water Quality Management	Downtown Redevelopment	Regional Communications		
<b>ASSETS</b>								
<b>Current Assets:</b>								
Cash and cash equivalents	\$ 173,125,000	\$ 46,416,277	\$ 4,633,291	\$ 6,555,348	\$ 8,450,746	\$ 3,362,912	\$ 242,543,574	\$ 29,850,970
Investments	16,545,000	150,051,266	-	41,997,154	-	-	208,593,420	13,000,000
Receivables:								
Customer service	63,967,000	28,002,266	13,448	6,290,104	-	-	98,272,818	888,831
Other	-	540,621	-	31,188	36,168	1,551	609,528	-
Less allowance for doubtful accounts	(3,813,000)	(13,484,959)	(100)	(1,244,668)	-	-	(18,542,727)	-
Inventories	16,586,000	3,046,108	-	-	-	-	19,632,108	2,889,133
Due from other governments	-	10,020,451	36,270	1,402,540	-	-	11,459,261	84,053
Prepaid items	10,738,000	-	-	-	-	1,000	10,739,000	-
<b>Total current assets</b>	<b>277,148,000</b>	<b>224,592,030</b>	<b>4,682,909</b>	<b>55,031,666</b>	<b>8,486,914</b>	<b>3,365,463</b>	<b>573,306,982</b>	<b>46,712,987</b>
<b>Noncurrent Assets:</b>								
<b>Restricted Assets:</b>								
Cash and cash equivalents	-	-	11,038,155	9,451,567	-	-	20,489,722	-
Investments	3,488,000	-	-	3,726,947	9,768,039	-	16,982,986	-
Investment in capital lease	-	-	-	-	43,148,023	-	43,148,023	-
Other	-	-	28,787	343	-	-	29,130	-
Accrued post-employment benefit asset	1,958,000	-	-	-	-	-	1,958,000	-
<b>Total restricted assets</b>	<b>5,446,000</b>	<b>-</b>	<b>11,066,942</b>	<b>13,178,857</b>	<b>52,916,062</b>	<b>-</b>	<b>82,607,861</b>	<b>-</b>
<b>Capital Assets:</b>								
Land	6,499,000	12,433,970	1,517,514	2,180,121	45,541	-	22,676,146	-
Construction in progress	35,580,000	171,664,452	112,655	9,367,318	511,826	2,769,877	220,006,128	59,884
Buildings	65,614,000	74,927,264	2,229,465	10,601,459	415,897	-	153,788,085	5,788,909
Equipment	119,776,000	43,685,772	4,321,759	2,479,816	211,121	9,523,282	179,997,750	9,634,777
Vehicles	-	4,049,836	2,145,766	2,636,629	-	-	8,832,231	45,217,536
Infrastructure	906,103,000	530,310,185	9,553,299	67,533,163	-	-	1,513,499,647	-
	1,133,572,000	837,071,479	19,880,458	94,798,506	1,184,385	12,293,159	2,098,799,987	60,701,106
Less accumulated depreciation	(417,916,000)	(355,439,496)	(11,624,985)	(26,421,539)	(423,330)	(7,281,739)	(819,107,089)	(40,822,134)
<b>Net capital assets</b>	<b>715,656,000</b>	<b>481,631,983</b>	<b>8,255,473</b>	<b>68,376,967</b>	<b>761,055</b>	<b>5,011,420</b>	<b>1,279,692,898</b>	<b>19,878,972</b>
<b>Total noncurrent assets</b>	<b>721,102,000</b>	<b>481,631,983</b>	<b>19,322,415</b>	<b>81,555,824</b>	<b>53,677,117</b>	<b>5,011,420</b>	<b>1,362,300,759</b>	<b>19,878,972</b>
<b>Total assets</b>	<b>998,250,000</b>	<b>706,224,013</b>	<b>24,005,324</b>	<b>136,587,490</b>	<b>62,164,031</b>	<b>8,376,883</b>	<b>1,935,607,741</b>	<b>66,591,959</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred refunding	10,138,000	39,967	109,359	8,640	226,079	-	10,522,045	-
Deferred pension	21,209,000	3,753,456	143,181	3,321,169	-	233,309	28,660,115	-
Deferred OPEB	6,477,000	1,359,402	51,851	1,218,971	-	84,491	9,191,715	-
<b>Total deferred outflows of resources</b>	<b>\$ 37,824,000</b>	<b>\$ 5,152,825</b>	<b>\$ 304,391</b>	<b>\$ 4,548,780</b>	<b>\$ 226,079</b>	<b>\$ 317,800</b>	<b>\$ 48,373,875</b>	<b>\$ -</b>

The notes to basic financial statements are an integral part of this statement.



CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2021

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds						Total	
	EPB	Interceptor Sewer System	Solid Waste	Water Quality Management	Downtown Redevelopment	Regional Communications		
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable and accrued liabilities:								
Accounts payable	\$ 137,471,000	\$ 24,242,531	\$ 92,921	\$ 1,942,941	\$ -	\$ 206,262	\$ 163,955,655	\$ 9,129,461
Accrued payroll	-	627,914	27,921	410,372	-	23,595	1,089,802	157,012
Other accrued liabilities	-	86,272	43,315	185,563	437,709	-	752,859	-
Due to other governments	-	125	-	-	-	-	125	(4,639)
Current maturities of long-term liabilities:								
Bonds payable	12,440,000	125,190	599,736	1,299,124	5,515,000	-	19,979,050	-
Notes payable	-	11,570,767	37,003	-	-	-	11,607,770	-
Compensated absences	187,000	93,994	7,647	72,390	-	5,187	366,218	25,350
Landfill postclosure costs	-	-	316,734	-	-	-	316,734	-
Contracts payable	-	4,620,635	-	134,461	-	-	4,755,096	-
Unearned revenue	6,538,000	-	-	-	-	-	6,538,000	-
Total current liabilities	<u>156,636,000</u>	<u>41,367,428</u>	<u>1,125,277</u>	<u>4,044,851</u>	<u>5,952,709</u>	<u>235,044</u>	<u>209,361,309</u>	<u>9,307,184</u>
Long-term liabilities:								
Bonds payable	310,310,000	707,540	3,083,492	12,810,733	44,460,000	-	371,371,765	-
Notes payable	-	178,479,379	76,335	-	-	-	178,555,714	-
Compensated absences	336,000	993,900	80,861	765,460	-	54,842	2,231,063	268,053
OPEB liability	-	7,033,868	268,293	6,307,259	-	437,178	14,046,598	-
Pension liability	24,472,000	8,784,442	335,093	7,772,737	-	546,028	41,910,300	-
Landfill postclosure costs	-	-	4,235,706	-	-	-	4,235,706	-
Customer deposits	22,958,000	-	-	-	-	-	22,958,000	-
Other noncurrent liabilities	2,238,000	-	-	-	-	-	2,238,000	-
Total long-term liabilities	<u>360,314,000</u>	<u>195,999,129</u>	<u>8,079,780</u>	<u>27,656,189</u>	<u>44,460,000</u>	<u>1,038,048</u>	<u>637,547,146</u>	<u>268,053</u>
Total liabilities	<u>516,950,000</u>	<u>237,366,557</u>	<u>9,205,057</u>	<u>31,701,040</u>	<u>50,412,709</u>	<u>1,273,092</u>	<u>846,908,455</u>	<u>9,575,237</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred refunding	-	-	-	-	1,635,848	-	1,635,848	-
Deferred pension	-	441,504	16,842	390,656	-	27,443	876,445	-
Deferred OPEB	10,109,000	613,923	23,418	550,504	-	38,158	11,335,003	-
Total deferred inflows of resources	<u>10,109,000</u>	<u>1,055,427</u>	<u>40,260</u>	<u>941,160</u>	<u>1,635,848</u>	<u>65,601</u>	<u>13,847,296</u>	<u>-</u>
<b>NET POSITION</b>								
Net investment in capital assets	474,124,000	291,108,464	6,613,311	57,879,921	761,054	5,011,420	835,498,170	19,878,972
Restricted for renewal and replacement	-	95,523,933	349,925	3,956,742	-	30,240	99,860,840	-
Restricted for landfill postclosure	-	-	6,802,449	-	-	-	6,802,449	-
Restricted for debt service	-	-	-	-	9,768,038	-	9,768,038	-
Unrestricted	34,891,000	86,322,457	1,298,713	46,657,407	(187,539)	2,314,330	171,296,368	37,137,750
Total net position	<u>\$ 509,015,000</u>	<u>\$ 472,954,854</u>	<u>\$ 15,064,398</u>	<u>\$ 108,494,070</u>	<u>\$ 10,341,553</u>	<u>\$ 7,355,990</u>	<u>\$ 1,123,225,865</u>	<u>\$ 57,016,722</u>

The notes to basic financial statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS

Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Major Funds							
	EPB	Interceptor Sewer System	Solid Waste	Water Quality Management	Downtown Redevelopment	Regional Communications		Total
<b>OPERATING REVENUES</b>								
Charges for services:								
Electric	\$ 532,950,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 532,950,000	\$ -
Fiber optic	170,702,000	-	-	-	-	-	170,702,000	-
Sewer	-	99,863,851	-	-	-	-	99,863,851	-
Waste disposal	-	-	4,464,263	-	-	-	4,464,263	-
Water quality	-	-	-	30,656,345	-	-	30,656,345	-
Lease rental revenue	-	-	-	-	3,096,888	-	3,096,888	-
Parking garage	-	-	-	-	620,772	-	620,772	-
Regional Communications Services	-	-	-	-	-	2,687,354	2,687,354	-
Other services	17,872,000	1,060,064	19,575	-	-	26,783	18,978,422	55,395,019
Other	-	10,141	46	343	-	-	10,530	6,988,859
Total operating revenues	<u>721,524,000</u>	<u>100,934,056</u>	<u>4,483,884</u>	<u>30,656,688</u>	<u>3,717,660</u>	<u>2,714,137</u>	<u>864,030,425</u>	<u>62,383,878</u>
<b>OPERATING EXPENSES</b>								
Power purchases	398,544,000	-	-	-	-	-	398,544,000	-
Other electric operations	71,278,000	-	-	-	-	-	71,278,000	-
Fiber optic operations	108,654,000	-	-	-	-	-	108,654,000	-
Sewer plant operations	-	46,015,325	-	-	-	-	46,015,325	-
Waste disposal operations	-	-	2,997,427	-	-	-	2,997,427	-
Closure/postclosure costs	-	-	56,914	-	-	-	56,914	-
Water quality operations	-	-	-	14,075,700	-	-	14,075,700	-
Parking garage operations	-	-	-	-	385,544	-	385,544	-
Regional Communication Services	-	-	-	-	-	1,122,653	1,122,653	-
Fleet operations	-	-	-	-	-	-	-	11,053,234
Liability insurance	-	-	-	-	-	-	-	2,183,585
Health services	-	-	-	-	-	-	-	47,045,996
Technology replacement	-	-	-	-	-	-	-	602,059
Depreciation	65,582,000	13,337,605	492,431	1,880,193	47,847	631,239	81,971,315	5,029,611
Other	13,866,000	-	-	-	648,457	-	14,514,457	-
Total operating expenses	<u>657,924,000</u>	<u>59,352,930</u>	<u>3,546,772</u>	<u>15,955,893</u>	<u>1,081,848</u>	<u>1,753,892</u>	<u>739,615,335</u>	<u>65,914,485</u>
<b>OPERATING INCOME (LOSS)</b>	<u>63,600,000</u>	<u>41,581,126</u>	<u>937,112</u>	<u>14,700,795</u>	<u>2,635,812</u>	<u>960,245</u>	<u>124,415,090</u>	<u>(3,530,607)</u>

The notes to basic financial statements are an integral part of this statement

**CITY OF CHATTANOOGA, TENNESSEE**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

**Year Ended June 30, 2021**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Major Funds							
	EPB	Interceptor Sewer System	Solid Waste	Water Quality Management	Downtown Redevelopment	Regional Communications		Total
NONOPERATING REVENUES (EXPENSES)								
Investment income	\$ 797,000	\$ 1,432,407	\$ 73,730	\$ 245,672	\$ 641,642	\$ -	\$ 3,190,451	\$ -
Interest expense	(9,193,000)	(2,767,057)	(81,687)	(369,543)	(1,329,206)	-	(13,740,493)	-
Tax equivalent	(7,402,000)	-	-	-	-	-	(7,402,000)	-
Other income	104,000	31,976	90,622	6,668	-	-	233,266	436,668
Other expense	(3,712,000)	-	-	-	-	-	(3,712,000)	-
Total nonoperating revenues (expenses)	<u>(19,406,000)</u>	<u>(1,302,674)</u>	<u>82,665</u>	<u>(117,203)</u>	<u>(687,564)</u>	<u>-</u>	<u>(21,430,776)</u>	<u>436,668</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>44,194,000</u>	<u>40,278,452</u>	<u>1,019,777</u>	<u>14,583,592</u>	<u>1,948,248</u>	<u>960,245</u>	<u>102,984,314</u>	<u>(3,093,939)</u>
Capital contributions	3,712,000	30,489	-	-	500,000	-	4,242,489	-
Transfers in	-	159,296	-	8,533	-	-	167,829	2,869,137
Transfers out	-	-	(159,298)	-	-	-	(159,298)	-
CHANGE IN NET POSITION	<u>47,906,000</u>	<u>40,468,237</u>	<u>860,479</u>	<u>14,592,125</u>	<u>2,448,248</u>	<u>960,245</u>	<u>107,235,334</u>	<u>(224,802)</u>
NET POSITION, as previously reported	461,109,000	432,957,068	14,302,214	94,317,085	7,893,305	6,395,745	1,016,974,417	57,241,524
PRIOR PERIOD ADJUSTMENT	-	(470,451)	(98,295)	(415,140)	-	-	(983,886)	-
NET POSITION, as restated	<u>461,109,000</u>	<u>432,486,617</u>	<u>14,203,919</u>	<u>93,901,945</u>	<u>7,893,305</u>	<u>6,395,745</u>	<u>1,015,990,531</u>	<u>57,241,524</u>
NET POSITION, ending	<u>\$ 509,015,000</u>	<u>\$ 472,954,854</u>	<u>\$ 15,064,398</u>	<u>\$ 108,494,070</u>	<u>\$ 10,341,553</u>	<u>\$ 7,355,990</u>	<u>\$ 1,123,225,865</u>	<u>\$ 57,016,722</u>

The notes to basic financial statements are an integral part of this statement

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

Year ended June 30, 2021

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	EPB	Major Funds			Downtown Development	Communications	Total	
		Interceptor Sewer System	Solid Waste	Water Quality Management				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers and users	\$ 709,540,348	\$ 126,255,206	\$ 582,629	\$ 27,450,489	\$ 3,712,238	\$ 1,748,644	\$ 869,289,554	\$ 64,278,180
Receipts from interfund services provided	3,980,652	1,127,478	4,073,000	729,318	-	968,254	10,878,702	-
Receipts from operating grants	-	-	20,184	23,540	-	-	43,724	-
Payments to suppliers	(522,051,000)	(54,203,176)	(511,440)	(4,601,640)	(1,093,443)	(401,835)	(582,862,534)	(57,996,571)
Payments to employees	(51,259,000)	(10,932,595)	(2,703,356)	(6,853,683)	-	(522,804)	(72,271,438)	(3,274,068)
Payments in lieu of taxes	(20,757,000)	-	-	-	-	-	(20,757,000)	-
Net cash from operating activities	119,454,000	62,246,913	1,461,017	16,748,024	2,618,795	1,792,259	204,321,008	3,007,541
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Transfers in	-	159,296	-	8,533	-	-	167,829	5,589,162
Transfers out	-	-	(159,298)	-	-	-	(159,298)	(2,720,025)
Net cash flows used in noncapital financing activities	-	159,296	(159,298)	8,533	-	-	8,531	2,869,137
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Principal paid on capital debt	(11,130,000)	(8,237,261)	(629,270)	(1,295,011)	(5,330,000)	-	(26,621,542)	-
Interest paid on capital debt	(10,167,000)	(2,768,760)	(151,044)	(566,932)	(1,851,883)	-	(15,505,619)	-
Line of credit	(13,183,000)	-	-	-	-	-	(13,183,000)	-
Proceeds from capital debt	75,013,000	47,697,540	-	-	3,491,174	-	126,201,714	-
Capital grants and contributions	4,303,000	-	-	-	500,000	-	4,803,000	-
(Additions) Subtractions to capital assets	(81,003,000)	(51,193,480)	(784,269)	(3,595,297)	-	(2,531,539)	(139,107,585)	(10,395,789)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	24,374
Net cash flows used in capital and related financing activities	(36,167,000)	(14,501,961)	(1,564,583)	(5,457,240)	(3,190,709)	(2,531,539)	(63,413,032)	(10,371,415)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Purchase of investments	(6,121,000)	(209,780,040)	(22,184,858)	(46,244,937)	(65,748,268)	-	(350,079,103)	5,685,413
Proceeds from sales and maturities of investments	4,141,000	178,024,916	22,184,858	39,282,215	65,823,334	-	309,456,323	-
Interest	359,000	1,432,407	145,009	245,672	641,642	-	2,823,730	-
Net cash flows from investing activities	(1,621,000)	(30,322,717)	145,009	(6,717,050)	716,708	-	(37,799,050)	5,685,413
Net increase (decrease) in cash and cash equivalents	81,666,000	17,581,531	(117,855)	4,582,267	144,794	(739,280)	103,117,457	1,190,676
Cash and cash equivalents, beginning of year	91,459,000	28,834,746	15,789,301	11,424,648	8,305,952	4,102,192	159,915,839	28,660,294
Cash and cash equivalents, end of year	\$ 173,125,000	\$ 46,416,277	\$ 15,671,446	\$ 16,006,915	\$ 8,450,746	\$ 3,362,912	\$ 263,033,296	\$ 29,850,970
<b>CLASSIFIED AS:</b>								
Current assets	\$ 173,125,000	\$ 46,416,277	\$ 4,633,291	\$ 6,555,348	\$ 8,450,746	\$ 3,362,912	\$ 242,543,574	\$ 29,850,970
Restricted assets	-	-	11,038,155	9,451,567	-	-	20,489,722	-
	\$ 173,125,000	\$ 46,416,277	\$ 15,671,446	\$ 16,006,915	\$ 8,450,746	\$ 3,362,912	\$ 263,033,296	\$ 29,850,970

(Continued on next page)

The notes to basic financial statements are an integral part of this statement

CITY OF CHATTANOOGA, TENNESSEE

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

Year ended June 30, 2021

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	EPB	Major Funds				Total		
		Interceptor Sewer System	Solid Waste	Water Quality Management	Downtown Development			Communications
(Continued from previous page)								
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES								
OPERATING INCOME (LOSS)	\$ 63,600,000	\$ 41,581,126	\$ 937,112	\$ 14,700,794	\$ 2,635,812	\$ 960,245	\$ 124,415,089	\$ (3,530,604)
ADJUSTMENTS NOT AFFECTING CASH								
Depreciation and amortization	67,103,000	13,337,605	394,136	1,880,193	47,847	631,239	83,394,020	5,029,611
Miscellaneous nonoperating expenses	106,000	-	-	-	-	-	106,000	-
Tax equivalents transferred to City	(7,193,000)	-	-	-	-	-	(7,193,000)	-
Provision for uncollectible accounts	-	671,594	-	(34,020)	-	-	637,574	-
(Increase) decrease in:								
Accounts receivable	(7,755,000)	25,744,933	191,320	(1,109,290)	(5,422)	2,761	17,069,302	1,419,342
Due from other funds	-	-	-	-	-	-	-	(14)
Due from other governments	-	125	609	(1,310,032)	-	-	(1,309,298)	-
Inventory	(893,000)	(40,220)	-	-	-	-	(933,220)	(371,172)
Prepaid Items	(1,821,000)	-	-	-	-	-	(1,821,000)	-
Increase (decrease) in:								
Accounts payable	5,797,000	(19,128,609)	(18,939)	1,554,614	(59,442)	54,482	(11,800,894)	138,563
Accrued liabilities	-	49,531	5,247	(54,487)	-	(14,402)	(14,111)	-
Other assets/liabilities	1,545,000	18,772	117,001	222,387	-	195,237	2,098,397	436,668
Net pension liability	480,000	-	87,432	1,132,955	-	-	1,700,387	-
OPEB liability	(1,515,000)	-	(252,901)	(192,245)	-	-	(1,960,146)	-
Compensated absences	-	12,056	-	(42,845)	-	(37,303)	(68,092)	(114,853)
Total adjustments	55,854,000	20,665,787	523,905	2,047,230	(17,017)	832,014	79,905,919	6,538,145
Net cash from operating activities	\$ 119,454,000	\$ 62,246,913	\$ 1,461,017	\$ 16,748,024	\$ 2,618,795	\$ 1,792,259	\$ 204,321,008	\$ 3,007,541



**CITY OF CHATTANOOGA, TENNESSEE**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

**June 30, 2021**

	Other Postemployment Benefits and Pension Trust Fund
	<u>Fund</u>
<b>ASSETS</b>	
Investments:	
Corporate bonds and notes	\$ 7,058,798
Corporate stocks	76,525,857
Foreign equity	103,688,318
Private debt	14,709,010
Mutual funds - equity	241,993,492
Mutual funds - fixed income	132,106,079
Real estate	52,262,126
Hedge funds	70,560,738
Private equity	41,135,394
Temporary investments	9,546,339
Receivables:	
Accrued income	93,382
Due from plan custodian	<u>1,970,865</u>
Total assets	<u>751,650,398</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities:	
Accrued payable	149,900
Due to plan custodian	<u>314,285</u>
Total liabilities	<u>464,185</u>
<b>NET POSITION</b>	
Net position restricted for OPEB	66,443,741
Net position restricted for pensions	<u>684,742,472</u>
Total net position	<u><u>\$ 751,186,213</u></u>

The notes to basic financial statements are an integral part of this statement.

**CITY OF CHATTANOOGA, TENNESSEE**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

**Year Ended June 30, 2021**

	Other Postemployment Benefits and Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 48,663,728
Plan member	8,737,315
Other	<u>121,816</u>
Total contributions	<u>57,522,859</u>
Investment income:	
Net appreciation in fair market value of investments	139,132,676
Interest	227,757
Dividends	<u>7,661,159</u>
	147,021,592
Less investment expense	<u>(509,602)</u>
Net investment income	<u>146,511,990</u>
Total additions	<u>204,034,849</u>
DEDUCTIONS	
Benefits paid to participants	64,354,145
Administrative expenses	<u>511,172</u>
Total deductions	<u>64,865,317</u>
CHANGE IN NET POSITION	139,169,532
NET POSITION - beginning	<u>612,016,681</u>
NET POSITION - ending	<u><u>\$ 751,186,213</u></u>

The notes to basic financial statements are an integral part of this statement.

**CITY OF CHATTANOOGA, TENNESSEE**

**COMBINING STATEMENT OF NET POSITION  
COMPONENT UNITS**

**June 30, 2021**

	Chattanooga Metropolitan Airport Authority	CARTA	Downtown Chattanooga Business Improvement District	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,328,315	\$ 1,126,305	\$ 516,613	\$ 17,971,233
Accounts receivable	1,606,721	4,731,821	22,318	6,360,860
Inventories	207,637	910,557	-	1,118,194
Certificates of deposit	15,000,000	-	-	15,000,000
Prepaid items	1,197,226	687,457	-	1,884,683
Other assets	-	-	3,255	3,255
Restricted assets:				
Cash and cash equivalents	1,850,623	-	-	1,850,623
Receivables	350,674	-	-	350,674
Land and other nondepreciable assets	32,755,364	3,641,487	-	36,396,851
Other capital assets, net of accumulated depreciation	115,053,327	21,875,190	54,030	136,982,547
<b>Total assets</b>	<b>184,349,887</b>	<b>32,972,817</b>	<b>596,216</b>	<b>217,918,920</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension outflows	1,254,902	1,510,230	-	2,765,132
Deferred OPEB outflows	205,898	16,262	-	222,160
<b>Total deferred outflows of resources</b>	<b>1,460,800</b>	<b>1,526,492</b>	<b>-</b>	<b>2,987,292</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	1,919,191	2,403,979	105,505	4,428,675
Contracts payable	924,478	-	-	924,478
Net pension obligation	3,328,434	11,358,432	-	14,686,866
Net OPEB obligation	607,033	231,165	-	838,198
Compensated absences payable	-	472,592	-	472,592
Notes payable	606,749	-	-	606,749
Revenue bonds payable	18,719,663	-	-	18,719,663
<b>Total liabilities</b>	<b>26,105,548</b>	<b>14,466,168</b>	<b>105,505</b>	<b>40,677,221</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	82,560	-	-	82,560
Deferred OPEB inflows	46,109	18,570	-	64,679
Deferred pension inflows	32,608	1,435,611	-	1,468,219
<b>Total deferred inflows of resources</b>	<b>161,277</b>	<b>1,454,181</b>	<b>-</b>	<b>1,615,458</b>
<b>NET POSITION</b>				
Net investment in capital assets	127,557,801	25,516,677	-	153,074,478
Restricted for debt service and construction	2,201,297	-	-	2,201,297
Unrestricted	29,784,764	(6,937,717)	490,711	23,337,758
<b>Total net position</b>	<b>\$ 159,543,862</b>	<b>\$ 18,578,960</b>	<b>\$ 490,711</b>	<b>\$ 178,613,533</b>

The notes to basic financial statements are an integral part of this statement.

CITY OF CHATTANOOGA, TENNESSEE

COMBINING STATEMENT OF ACTIVITIES  
COMPONENT UNITS

Year Ended June 30, 2021

	Program Revenues				Net Revenue (Expense) and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Chattanooga Metropolitan Airport Authority	CARTA	CBID	Total
CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY								
Airport operations	\$ 23,102,266	\$ 19,000,735	\$ -	\$ 7,993,416	\$ 3,891,885	\$ -	\$ -	\$ 3,891,885
DOWNTOWN CHATTANOOGA BUSINESS IMPROVEMENT DISTRICT (CBID)								
CBID operations	474,438	876,900	-	100,000	-	-	502,462	502,462
CARTA								
CARTA operations	<u>26,924,059</u>	<u>6,790,583</u>	<u>8,250,950</u>	<u>13,059,451</u>	<u>-</u>	<u>1,176,925</u>	<u>-</u>	<u>1,176,925</u>
Total component units	<u>\$ 50,500,763</u>	<u>\$ 26,668,218</u>	<u>\$ 8,250,950</u>	<u>\$ 21,152,867</u>	<u>3,891,885</u>	<u>1,176,925</u>	<u>502,462</u>	<u>5,571,272</u>
General revenues:								
Investment income					59,161	5,075	-	64,236
Miscellaneous					<u>1,687,346</u>	<u>118,843</u>	<u>-</u>	<u>1,806,189</u>
Total general revenues					<u>1,746,507</u>	<u>123,918</u>	<u>-</u>	<u>1,870,425</u>
CHANGE IN NET POSITION					5,638,392	1,300,843	502,462	7,441,697
Net position, beginning					<u>153,905,470</u>	<u>17,278,117</u>	<u>(11,751)</u>	<u>171,171,836</u>
Net position, ending					<u>\$ 159,543,862</u>	<u>\$ 18,578,960</u>	<u>\$ 490,711</u>	<u>\$ 178,613,533</u>

The notes to basic financial statements are an integral part of this statement.





**NOTES TO BASIC  
FINANCIAL STATEMENTS**

**CITY OF CHATTANOOGA, TENNESSEE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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**CITY OF CHATTANOOGA, TENNESSEE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities* which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units*, entities for which the primary government is financially accountable.

**Reporting Entity**

The City of Chattanooga, Tennessee (the City) was incorporated under the Private Acts of 1839. The Mayor, who is elected at-large, has all executive and administrative authority. The City Council has all legislative authority and is composed of nine members, with each member elected from one of nine districts within the geographic boundaries of the City. The Mayor is not a member of the City Council.

The accompanying financial statements present the City and its component units. The primary government includes EPB and the Chattanooga Downtown Redevelopment Corporation (CDRC) as enterprise funds. EPB, a separately administered organization, is not legally separate since the City affirms all board member appointments and approves all disbursements of EPB funds. The CDRC is a blended component unit which, in substance, is part of the primary government's operations, even though it is a legally separate entity. Discretely-presented component units are reported in a separate column from the primary government in the government-wide financial statements to emphasize they are legally separate from the City.

The City reports the following blended component unit:

**Chattanooga Downtown Redevelopment Corporation (CDRC)** – The CDRC facilitates redevelopment projects in downtown Chattanooga. The Mayor, City Council Chairperson, and Chief Finance Officer are permanent members of the board; the Mayor, subject to the approval of the City Council, appoints the remaining board members. The CDRC's governing body is substantially the same as the governing body of the primary government and there is a financial benefit or burden relationship between the primary government and CDRC. The CDRC has the authority to issue its own debt, but the City has agreed to finance any operating deficit of CDRC. The CDRC is reported as an enterprise fund and does not issue separate financial statements.

The City reports the following discretely-presented component units:

**Chattanooga Metropolitan Airport Authority (Airport Authority)** – The Airport Authority was established under Tennessee Code Annotated Section 42-4-101 for the management, operation and maintenance of Lovell Field. The City appoints all board members and is secondarily responsible for retirement of a portion of the revenue bonds recorded as a liability of the Airport Authority. Separately issued financial statements can be obtained from:

Chattanooga Metropolitan Airport Authority  
1001 Airport Road, Suite 14  
Chattanooga, TN 37421

**Chattanooga Area Regional Transit Authority (CARTA)** – CARTA was established under Tennessee Code Annotated 7-56; CARTA is responsible for the public transportation system. The City Council appoints ten members of the twelve-member board. CARTA has the authority to issue its own debt; the City finances the majority of CARTA's operating deficits. Separately issued financial statements can be obtained from:

(Continued)

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CARTA  
1617 Wilcox Boulevard  
Chattanooga, TN 37406

**Downtown Chattanooga Business Improvement District (CBID)** – This entity was established October 18, 2020, under Tennessee Code Annotated 7-84. CBID was established to administer special assessment revenue collected by the City. CBID's duties and responsibilities are defined in an ordinance approved by City Council and include, but not limited to, providing services for improvement and operation of the CBID. CBID is a legally separate entity which is closely related to and financially dependent on the City as the City has the legal obligation to levy the CBID taxes. These taxes represent substantially all of CBID's revenue. CBID's fiscal year end date is December 31. Separately issued financial statements can be obtained from:

CBID  
407 Broad Street, Suite 202  
Chattanooga, TN 37402

**Chattanooga Land Bank Authority** – This entity was established by the City of Chattanooga on February 27, 2015, under Tennessee Code Annotated 13-30, as amended. This entity is currently in the start-up phase and will potentially be reported as a component unit once operations commence. To date there have been no financial transactions.

### **Basis of Presentation**

#### **Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the enterprise funds. Fiduciary funds are excluded from the government-wide financial statements.

The City has three discretely-presented component units that have financial transactions. Neither the Chattanooga Metropolitan Airport Authority, the Chattanooga Area Regional Transit Authority, nor the Downtown Chattanooga Business Improvement District is considered to be a major component unit; therefore they are combined into a single column in the government-wide financial statements.

Transfers within governmental activities and business-type activities are eliminated upon consolidation, although activity which represents services provided or used are not eliminated. Any residual balances outstanding between the governmental activities and the business-type activities, including a capital lease, are reported in the government-wide financial statements as "internal balances." Transactions between the primary government and its discretely-presented component units are reported as external transactions, that is as revenues and expenses.

#### **Fund Financial Statements**

The fund financial statements provide information about City funds, including fiduciary funds and the blended component unit. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Because the emphasis of fund financial statements is on major governmental and enterprise funds, each major fund is displayed in a separate column. Remaining funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

**General Fund** - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those accounted for in another fund. Revenues are derived primarily from taxes and intergovernmental revenues.

**Capital Projects** - The Capital Projects Fund accounts for the acquisition or construction of capital projects, other than those financed by proprietary funds. Revenues are derived primarily from the sale of general obligation bonds and notes, loans, intergovernmental revenues, and earnings on investments.

(Continued)

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major enterprise funds:

**EPB** - The EPB Fund accounts for the cost of providing electric and fiber optic service for residential and commercial customers of Chattanooga and Hamilton County, Tennessee.

**Interceptor Sewer System** - The Interceptor Sewer System Fund accounts for sanitary sewer services provided to the residents of the City and to portions of northwest Georgia.

**Solid Waste** - The Solid Waste Fund accounts for the costs associated with the disposal of solid waste and recyclable materials.

**Water Quality Management** - The Water Quality Management Fund accounts for costs associated with the City's water quality management program as mandated by the Environmental Protection Agency and the State of Tennessee.

**Tennessee Valley Regional Communications System** - The Tennessee Valley Regional Communications System Fund accounts for a regional communication system that services a multi-county/multi-state region.

**Chattanooga Downtown Redevelopment Corporation** - The Chattanooga Downtown Redevelopment Corporation Fund accounts for redevelopment financing, the operations of the Southside Parking Garage and other parking facilities, and other activities. The CDRC is a blended component unit of the City.

Additionally, the City reports the following fund types:

**Special Revenue** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

**Debt Service** - The Debt Service Fund is used to account for the accumulation of resources for the payment of interest, principal, and related costs of long-term liabilities of the governmental activities.

**Permanent** - Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the government's programs.

**Internal Service** - The Internal Service Fund is used to account for medical and pharmaceutical services, fleet services, technology replacement and risk management activities provided to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

**Other Postemployment Benefits Trust** - The Other Postemployment Benefits Trust Fund accounts for resources held in trust for a defined benefit postemployment health and medical care plan for City retirees and their dependents.

**Pension Trust** - The Pension Trust Fund accounts for resources held in trust for both the General and the Fire and Police defined benefit pension plans to provide disability and retirement benefits for City employees and retirees.

During the course of normal operations, the City has numerous transactions between funds to provide services, construct assets and service debt; these transactions are generally reflected as transfers. Any residual balances outstanding at year end are reported as due to/due from other funds or component units.

### **Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

(Continued)



## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Government-wide Financial Statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Governmental Fund Financial Statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The City considers revenues as available if they are collected within thirty days of the end of the fiscal period, except for property taxes, for which the time period is sixty days. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**Proprietary, Pension and Other Postemployment Benefit Trust Funds** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

### **Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, special revenue funds and the debt service fund. The capital projects fund is appropriated on a project-length basis.

The appropriated budget is approved by fund and department. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level. The City Finance Officer has been delegated the authority to make intrafund transfers within the general fund. Amounts transferred are reported to City Council as required by Tennessee Code Annotated (T.C.A.) 6-56-209.

All unencumbered and unexpended appropriations lapse at the end of the fiscal year. Encumbrances are commitments related to unperformed contracts for goods or services (i.e., purchase orders). Encumbrance accounting is utilized to assure effective budgetary control and accountability. Encumbrances are carried forward to the subsequent year and become part of the subsequent year's budget for annually budgeted funds.

Appropriations for capital projects do not lapse until completion of the project. Because of the project nature of these funds, budgetary comparison statements on an annual basis do not provide meaningful information and, accordingly, are not presented in the accompanying financial statements.

### **Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

#### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, amounts due from banks, interest-bearing deposits at various financial institutions, certificates of deposits and short-term investments with an original maturity of three months or less.

#### **Investments**

Investments, including pension and other post-employment benefit investments, are reported at fair value, except for interest-earning investment contracts that have a remaining maturity of one year or less at the time of purchase. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Any change in the value of investments recorded at fair value is included in investment income.

(Continued)

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Internal Balances

Residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances. Internal balances include a capital lease payable in governmental activities with a corresponding capital lease receivable in CDRC, a blended component unit, in business-type activities.

### Inventories and Prepaid Items

Inventories, principally materials, supplies, and replacement parts to be used by the government, are valued at cost. Inventories held for resale are valued at the lower of cost or market, using either the first-in, first-out (FIFO) or the weighted average method. Prepaid items include certain payments to vendors which reflect costs applicable to future accounting periods. The costs of inventories and prepaid items are recorded as expenditures/expenses at the time individual inventory items are consumed (consumption method).

### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads, bridges, sidewalks, sewers, lighting systems, drainage systems, and similar items) are reported in the government-wide and proprietary fund financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (\$15,000 for software, \$25,000 for infrastructure) and an estimated useful life of three years or greater.

The initial capitalization of infrastructure assets reported by governmental activities was based on replacement cost deflated to the acquisition year. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs. Donated capital assets are recorded at their estimated fair value at the date of contribution.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

	<u>Useful Life</u>
Buildings	5 - 30 years
Vehicles and machinery	5 - 25 years
Improvements other than buildings	15 years
Sewer system	50 years
Solid waste system	30 years
Water quality management system	50 years
Communications system	5 - 30 years
Electric system	10 - 40 years
Public domain infrastructure	10 - 50 years

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. The City reports deferred gains on refunding and deferred contributions on pension and OPEB plans. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred contributions for the pension and OPEB plans were made during the fiscal year but are after the measurement date of the actuarial report. These amounts will be recognized during the next measurement period.

(Continued)

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period(s) and will not be recognized as inflow of resources (revenue) until that period. The City has four items that qualify for reporting in this category: (1) Unavailable revenue for property taxes recorded as receivables for the current calendar year tax levy which is not due until October 1. This amount, reported on the governmental funds balance sheet, will be recognized as revenue next year as it is received. (2) Unavailable revenue received after the availability period. This includes property taxes received after 60 days plus other local taxes and intergovernmental revenues received after 30 days. They are reported as deferred inflows on the governmental funds balance sheet and will be recognized as revenue next year. (3) Unavailable revenue relating to loans. (4) Certain amounts related to pensions and OPEB must be deferred.

Differences between projected and actual earnings on pension and OPEB plan investments are deferred and amortized over five years. Changes in pension and OPEB plan assumptions are deferred and amortized over the expected remaining service lives of employees.

### **Pensions and Other Postemployment Benefits**

For purposes of measuring the net pension and OPEB (other postemployment benefits) liability, deferred outflows of resources and deferred inflows of resources related to pensions, OPEB, pension expense, and OPEB expense, information about the fiduciary net position of the General Pension Plan, the Fire and Police Pension Plan, the OPEB Plan and additions/deductions from the plan net positions have been determined on the same basis as they are reported by the plans.

Benefit payments related to the pension plans (including refunds of employee contributions) are recognized in the fund financial statements when due and payable in accordance with the benefit terms. Benefit payments related to the OPEB plan are recognized when due and payable in accordance with the benefit terms. Payments made after the measurement date are deferred in government-wide statements.

Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

### **Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report for each category of fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### **Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

**Nonspendable Fund Balance** - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Restricted Fund Balance** - represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

**Committed Fund Balance** - represents amounts that can only be used for specific purposes imposed by an ordinance of the City Council. Committed resources cannot be used for any other purpose unless the City Council removes or changes the specified use by ordinance.

**Assigned Fund Balance** - represents amounts the City intends to use for specific purposes as expressed by City Council resolution or an official delegated the authority to assign amounts. The City Finance Officer has been granted the ability to assign amounts to a specific purpose as part of the annual budget ordinance.

**Unassigned Fund Balance** - represents the residual classification for the General Fund or deficit balances in other funds.

**Revenues, Expenditures/Expenses**

**Program Revenues**

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes and other internally dedicated resources are reported as general revenues rather than program revenues.

**Property Taxes**

Property taxes are levied annually by the City based upon assessed valuations established by the Hamilton County Assessor of Property. The various types of property are assessed at a percentage of market value as follows:

Farm and residential real property:	25%
Commercial and industrial property:	
Real	40%
Personal	30%
Public utilities real and personal property	55%

The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and City Charter, is set annually by the City Council and collected by the City Treasurer. Property taxes are secured by a statutory lien effective as of the original levy date of January 1. Taxes are due October 1 and become delinquent March 1 of the following year.

**Indirect Costs**

Certain indirect costs are included in program expense reported for individual functions.

**Compensated Absences**

The City of Chattanooga allows employees to accumulate earned but unused personal leave benefits which are eligible for payment upon separation from employment. The benefit is set by prescribed formula based on length of service. The City limits personal leave to twenty (20) days for library employees and one hundred fifty (150) days for all other employees hired on or before March 27, 1990, and one hundred (100) days for all other employees hired thereafter.

Expenditures for compensated absences are reported in governmental funds as they mature (i.e., accrued leave outstanding following an employee's resignation or retirement). The liability for compensated absences attributable to the City's governmental activities is recorded in the government-wide financial statements. The general fund and special revenue funds are used to liquidate this liability. The non-current portion of the liability for employees of governmental funds is a reconciling item between the fund and government-wide financial statements. Compensated absences related to business-type activities are charged to expense with a corresponding liability established in the government-wide financial statements as well as the applicable proprietary funds.

(Continued)

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

### Estimates

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

## NOTE 2. CASH AND INVESTMENTS

### Cash Deposits with Financial Institutions

The City utilizes a pooled cash concept for its funds which are collateralized. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third-party agents.

### Investments

The City utilizes a pooled investment concept. The City's investment policy with respect to the cash and investment pool is to maximize investment earnings while maintaining an acceptable level of risk. At June 30, 2021, investments of the primary government (except for Permanent, Restricted, Pension Trust and Other Postemployment Benefits Trust Funds) consist of the following:

Weighted Average	Fair Value or Maturity (Years)	Carrying Amount
Primary Government – Governmental Activities:		
U.S. Government agency securities	2.51	<u>\$ 117,490,386</u>
Primary Government – Business-Type Activities:		
U.S. Treasury bonds	1.00	\$ 9,768,039
U.S. Government agency securities	2.37	195,775,367
Certificates of deposit classified as investments	1.00	<u>20,033,000</u>
		<u>\$ 225,576,406</u>

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

	S&P or Moody's Rating	Fair Value Measurements Using:	
		Fair Value	Level 1
Primary Government – Governmental Activities:			
Corporate Bonds – Federal Home Loan Bank	AA+	\$ 17,486,365	\$ 17,486,365
Corporate Bonds – Federal Farm Credit Bank	AA+	<u>100,004,021</u>	<u>100,004,021</u>
		<u>\$ 117,490,386</u>	<u>\$ 117,490,386</u>

(Continued)



**NOTE 2. CASH AND INVESTMENTS (Continued)**

	S&P or Moody's Rating	Fair Value Measurements Using:	
		Fair Value	Level 1
Primary Government – Business-Type Activities:			
Certificates of deposit classified as investments	N/A	\$ 20,033,000	\$ 20,033,000
US Treasury Bonds	AA+	9,768,039	9,768,039
Corporate Bonds – Federal Home Loan Bank	AA+	36,682,371	36,682,371
Corporate Bonds – Federal Farm Credit Bank	AA+	140,501,469	140,501,469
Corporate Bonds – Fannie Mae	AA+	5,091,527	5,091,527
Corporate Bonds – Federal Home Loan Mortgage	AA+	13,500,000	13,500,000
		<u>\$ 225,576,406</u>	<u>\$ 225,576,406</u>

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's policies require purchases of investments with maturities of two years or less. The City presents its exposure to interest rate changes using the weighted average maturity method. The City manages its interest rate risk by limiting the weighted average maturity of its investment portfolio for the primary government. The City's investment portfolio did not experience any significant fluctuations in fair value during the year.

Custodial credit risk - The City's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

Credit risk - The City's policies are designed to maximize investment earnings, while protecting the security of principal and providing adequate liquidity, in accordance with all applicable state laws. T.C.A. 9-1-107(a) (1) authorizes municipalities to deposit and invest funds. All deposits in excess of the insurance coverage must be collateralized at 105% of value unless backed by the full faith and credit of the United States Government or its agencies. T.C.A. 6-56-106 details the types of allowable investments for public funds and states in part, "In order to provide a safe temporary medium for investment of idle funds, municipalities are authorized to invest in the following: (1) Bonds, notes or treasury bills of the United States; (2) Non-convertible debt securities of (a) The Federal Home Loan Bank, (b) the Federal National Mortgage Association, (c) the Federal Farm Credit Bank, and (d) the Federal Home Loan Mortgage Corporation; (3) Any other obligations not listed which are guaranteed as to principal and interest by the United States or any of its agencies; (4) Certificates of deposit and other evidences of deposit at state and federal chartered banks and savings and loan associations; (5) Obligations of the United States or its agencies; (6) The Tennessee Local Government Investment Pool; and (7) Repurchase Agreements (provided a master repurchase agreement has been executed and approved by the state director of local finance, such as that investments are made in accordance with procedures established by the state funding board)".

**Permanent, Pension Trust Funds and Other Postemployment Benefit Trust Fund Investments**

The Permanent, Pension Trust Funds and Other Postemployment Benefit Trust Fund are managed with long-term objectives that include maximizing total investment earnings. State statutes and City policies allow the Permanent, Pension Trust and Other Postemployment Benefit Trust Funds a broader range of investments than other City investments. The City's Pension Trust funds have no investments in any one issuer that represent 5 percent or more of plan net position. The credit risk of investments of the Permanent, Pension Trust and Other Postemployment Benefit Trust Funds is summarized as follows:

(Continued)

**NOTE 2. CASH AND INVESTMENTS (Continued)**

	S&P or Moody's Rating	Fair Value	Fair Value Measurements Using:	
			Level 1	Level 2
<b>Permanent Fund</b>				
Mutual funds – equity	Not rated	\$ 4,051,108	\$ 4,051,108	\$ -
Mutual funds – fixed income	Not rated	2,128,508	2,128,508	-
Other investments	Not rated	610,934	-	610,934
Temporary investments	Not rated	<u>73,767</u>	<u>73,767</u>	<u>-</u>
		<u>\$ 6,864,317</u>	<u>\$ 6,253,383</u>	<u>\$ 610,934</u>

	S&P or Moody's Rating	Fair Value	Fair Value Measurements Using:	
			Level 1	Level 2
<b>City of Chattanooga General Pension Plan</b>				
Domestic corporate bonds	Not rated	\$ 50	\$ 50	\$ -
Corporate stocks	Not rated	76,525,857	76,525,857	-
Foreign equity	Not rated	31,480,791	31,480,791	-
Private debt	Not rated	14,235,582	14,235,582	-
Mutual funds – equity	Not rated	51,206,305	51,206,305	-
Mutual funds – fixed income	Not rated	64,497,567	64,497,567	-
Real estate	Not rated	29,420,913	-	29,420,913
Hedge funds	Not rated	62,618,414	-	62,618,414
Private equity	Not rated	9,865,905	-	9,865,905
Temporary investments	Not rated	<u>1,878,951</u>	<u>1,878,951</u>	<u>-</u>
		<u>\$ 341,730,335</u>	<u>\$ 239,825,103</u>	<u>\$ 101,905,232</u>

<b>Fire and Police Pension Fund</b>				
Corporate bonds and notes	Not rated	\$ 7,058,748	\$ 7,058,748	\$ -
Foreign equity	Not rated	59,756,697	59,756,697	-
Mutual funds – equity	Not rated	131,079,673	131,079,673	-
Mutual funds – fixed income	Not rated	49,061,889	49,061,889	-
Real estate	Not rated	17,443,016	-	17,443,016
Private equity	Not rated	29,084,277	-	29,084,277
Temporary investments	Not rated	<u>2,172,135</u>	<u>2,172,135</u>	<u>-</u>
		<u>\$ 295,656,435</u>	<u>\$ 249,129,142</u>	<u>\$ 46,527,293</u>

<b>Other Postemployment Benefit Trust Fund</b>				
Foreign equity	Not rated	\$ 12,450,830	\$ 12,450,830	\$ -
Private debt	Not rated	473,428	473,428	-
Mutual funds – equity	Not rated	59,707,514	59,707,514	-
Mutual funds – fixed income	Not rated	18,546,623	18,546,623	-
Real estate	Not rated	5,398,197	-	5,398,197
Hedge funds	Not rated	7,942,324	-	7,942,324
Private equity	Not rated	2,185,212	-	2,185,212
Temporary investments	Not rated	<u>5,495,253</u>	<u>5,495,253</u>	<u>-</u>
		<u>\$ 112,199,381</u>	<u>\$ 96,673,648</u>	<u>\$ 15,525,733</u>

(Continued)

**NOTE 2. CASH AND INVESTMENTS (Continued)**

At June 30, 2021, the fair values of the City's investments in items classified as Level 2 on the fair value hierarchy totaling \$163,958,258 are based on valuations for which a readily determinable fair value does not exist. These investments are not listed on national exchanges or over-the-counter markets, and quoted market prices are not available. These investments include hedge funds, limited partnerships, private equity funds, and other types of non-traditional investments. Management estimates the fair values of these investments based on a review of all available information provided by fund managers and general partners. These fair value estimates are evaluated on a regular basis by management and are susceptible to revisions as more information becomes available. Because of these factors, it is reasonably possible that the estimated fair values of these investments may change materially in the near term.

**NOTE 3. RECEIVABLES**

Amounts in the financial statements are shown net of allowance for uncollectibles. Below is the detail of receivables including the applicable allowances for uncollectible accounts:

	Governmental Activities Funds					Total
	General	Capital Projects	Other Governmental	Internal Service	Business-Type Activities	
<b>Primary Government</b>						
Receivables:						
Taxes	\$ 148,075,223	\$ -	\$ -	\$ -	\$ -	\$ 148,075,223
Accounts	14,682,743	-	1,275,868	-	-	15,958,611
Notes	5,347,960	-	8,461,228	-	-	13,809,188
Customer service	-	-	-	888,831	98,272,818	99,161,649
Other	726,449	1,580	31,801	-	609,528	1,369,358
Intergovernmental	<u>26,650,387</u>	<u>-</u>	<u>4,059,756</u>	<u>84,053</u>	<u>11,459,261</u>	<u>42,253,457</u>
Gross receivables	195,482,762	1,580	13,828,653	972,884	110,341,607	320,627,486
Less:						
Allowance for uncollectibles	<u>(4,267,827)</u>	<u>-</u>	<u>(995,846)</u>	<u>-</u>	<u>(18,542,727)</u>	<u>(23,806,400)</u>
Net receivables	<u>\$ 191,214,935</u>	<u>\$ 1,580</u>	<u>\$ 12,832,807</u>	<u>\$ 972,884</u>	<u>\$ 91,798,880</u>	<u>\$ 296,821,086</u>

**Taxes Receivable**

Taxes receivable include the uncollected property taxes from tax levies made during the current and past nine years, as well as the anticipated levy for the current calendar year. The allowance for uncollectible taxes of \$4,267,827 is the weighted average percentage of prior year collections on delinquent taxes to the total delinquent taxes receivable at June 30, 2021.

**Community Development Loans**

Notes receivable of \$8,461,228, represent various loans made from community development funds received from HUD, including CDBG, HOME, and other special grants. These loans are provided to low-income recipients for the purchase and repair of homes. The allowance for uncollectable loans is \$995,846.

## NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance*</u>	<u>Additions/ Transfers In</u>	<u>Deductions/ Transfers Out</u>	<u>Ending Balance</u>
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities:</b>				
Non-depreciable assets:				
Land and land improvements	\$ 1,118,167,164	\$ 25,657,995	\$ 1,898,783	\$ 1,141,926,376
Construction in progress	<u>46,785,212</u>	<u>29,792,672</u>	<u>1,658,103</u>	<u>74,919,781</u>
Total non-depreciable assets	<u>1,164,952,376</u>	<u>55,450,667</u>	<u>3,556,886</u>	<u>1,216,846,157</u>
Depreciable assets:				
Buildings and improvements	212,198,170	1,658,103	-	213,856,273
Vehicles and machinery	165,413,681	12,621,130	2,578,626	175,456,185
Infrastructure	<u>821,536,982</u>	<u>13,793,934</u>	<u>-</u>	<u>835,330,916</u>
Total depreciable assets	<u>1,199,148,833</u>	<u>28,073,167</u>	<u>2,578,626</u>	<u>1,224,643,374</u>
Less accumulated depreciation for:				
Buildings and improvements	131,945,032	5,750,337	-	137,695,369
Vehicles and machinery	134,599,308	7,703,758	2,499,940	139,803,126
Infrastructure	<u>605,848,854</u>	<u>19,829,898</u>	<u>-</u>	<u>625,678,752</u>
Total accumulated depreciation	<u>872,393,194</u>	<u>33,283,993</u>	<u>2,499,940</u>	<u>903,177,247</u>
Depreciable assets, net	<u>326,755,639</u>	<u>(5,210,826)</u>	<u>78,686</u>	<u>321,466,127</u>
Governmental activities capital assets, net	<u>\$ 1,491,708,015</u>	<u>\$ 50,239,841</u>	<u>\$ 3,635,572</u>	<u>\$ 1,538,312,284</u>
<b>Business-Type Activities</b>				
Non-depreciable assets:				
Land	\$ 22,452,451	\$ 223,695	\$ -	\$ 22,676,146
Construction in progress	<u>155,213,893</u>	<u>64,792,235</u>	<u>-</u>	<u>220,006,128</u>
Total non-depreciable assets	<u>177,666,344</u>	<u>65,015,930</u>	<u>-</u>	<u>242,682,274</u>
Depreciable assets:				
Buildings and improvements	155,815,084	16,000	2,043,000	153,788,084
Vehicles and machinery	200,754,765	10,587,492	22,512,274	188,829,983
Sewer system	530,310,185	-	-	530,310,185
Solid waste system	9,553,299	-	-	9,553,299
Water quality management system	67,533,163	-	-	67,533,163
Electric system	754,974,000	45,300,000	21,811,000	778,463,000
Communication system	<u>126,668,000</u>	<u>15,005,000</u>	<u>14,033,000</u>	<u>127,640,000</u>
Total depreciable assets	<u>1,845,608,496</u>	<u>70,908,492</u>	<u>60,399,274</u>	<u>1,856,117,714</u>
Less accumulated depreciation for:				
Buildings and improvements	69,973,345	4,474,489	2,043,000	72,404,834
Vehicles and machinery	118,969,273	14,136,911	20,006,395	113,099,789
Sewer system	262,511,954	9,550,227	-	272,062,181
Solid waste system	3,949,318	318,170	-	4,267,488
Water quality management system	15,746,279	1,408,519	-	17,154,798
Electric system	255,904,000	32,428,000	22,705,000	265,627,000
Communication system	<u>69,833,000</u>	<u>21,177,000</u>	<u>16,519,000</u>	<u>74,491,000</u>
Total accumulated depreciation	<u>796,887,169</u>	<u>83,493,316</u>	<u>61,273,395</u>	<u>819,107,090</u>
Depreciable assets, net	<u>1,048,721,327</u>	<u>(12,584,824)</u>	<u>(874,121)</u>	<u>1,037,010,624</u>
Business-type activities capital assets, net	<u>\$ 1,226,387,671</u>	<u>\$ 52,431,106</u>	<u>\$ (874,121)</u>	<u>\$ 1,279,692,898</u>

(Continued)

**NOTE 4. CAPITAL ASSETS (Continued)****DISCRETELY-PRESENTED COMPONENT UNITS**

## Non-depreciable assets:

Land	\$ 12,510,421	\$ -	\$ -	\$ 12,510,421
Construction in progress	<u>2,424,132</u>	<u>24,278,505</u>	<u>2,816,207</u>	<u>23,886,430</u>
Total non-depreciable assets	<u>14,934,553</u>	<u>24,278,505</u>	<u>2,816,207</u>	<u>36,396,851</u>

## Depreciable assets:

Buildings and improvements	234,458,500	5,633,584	-	240,092,084
Vehicles and equipment	<u>82,779,217</u>	<u>2,600,903</u>	<u>92,603</u>	<u>85,287,517</u>
Total depreciable assets	<u>317,237,717</u>	<u>8,234,487</u>	<u>92,603</u>	<u>325,379,601</u>

Less accumulated depreciation	<u>176,506,580</u>	<u>11,980,350</u>	<u>89,876</u>	<u>188,397,054</u>
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Depreciable assets, net	<u>140,731,137</u>	<u>(3,745,863)</u>	<u>2,727</u>	<u>136,982,547</u>
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Component unit's capital assets, net	<u>\$ 155,665,690</u>	<u>\$ 20,532,642</u>	<u>\$ 2,818,934</u>	<u>\$ 173,379,398</u>
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Depreciation expense is charged to functions as follows:

## Primary Government – Governmental Activities:

General Government	\$ 4,855,665
Public Safety	3,263,519
Economic Development	669,689
Public Works	20,503,012
Parks Management	2,362
Youth & Family Development	319,233
Transportation	<u>3,670,513</u>
Total	<u>\$ 33,283,993</u>

## Primary Government – Business-Type Activities:

Sewer	\$ 13,337,605
Solid Waste	492,431
Water Quality	1,880,193
Tennessee Valley Regional Communications	631,239
Downtown Redevelopment	47,847
Electric Utility**	<u>65,582,000</u>
Total	<u>\$ 81,971,315</u>

## Discretely Presented Component Units:

CARTA	\$ 2,741,938
Airport Authority	9,235,936
Downtown Chattanooga Business Improvement District	<u>2,476</u>
Total	<u>\$ 11,980,350</u>

\*Beginning balances have been adjusted from the prior year to reflect the prior period adjustment described in Note 16.

\*\*The Electric Utilities automobile depreciation is booked under operating expenses and thus will be included in the accumulated depreciation additions but not included in the depreciation expense on the Statement of Revenues, Expenses, and Changes in Net Position. For fiscal year 2021, the auto depreciation was \$1,522,000.

**NOTE 5. LONG-TERM LIABILITIES****Governmental Activities**

Debt related to governmental activities at June 30, 2021, consisted of the following:

(Continued)



## NOTE 5. LONG-TERM LIABILITIES (Continued)

### General Obligation Bonds

The City periodically issues general obligation bonds for the acquisition and construction of major capital facilities. These bonds are direct obligations and are backed by the full faith and credit of the City. Certain bonds are subject to federal arbitrage regulations. These bonds are generally issued as 15 to 20-year serial bonds.

#### General obligation bonds are summarized by issue as follows:

<u>Series</u>	<u>Original Principal</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Principal June 30, 2021</u>
General Obligations Bonds, Series 2009	\$ 45,415,000	3.00% - 4.63%	11/01/20	\$ -
General Obligation Bonds, Series 2010 C	6,840,000	2.00% - 4.00%	02/01/21	-
General Obligation Bonds, Series 2011 A	26,495,000	2.00% - 4.00%	10/01/26	10,590,000
General Obligation Refunding Bonds, Series 2011 B	1,949,250	2.00% - 4.00%	10/01/27	1,814,263
Hotel-Motel Tax Refunding Bonds, Series 2011 B	15,595,750	2.00% - 4.00%	10/01/27	14,515,737
General Obligation Bonds, Series 2013	19,355,000	2.00% - 5.00%	10/01/28	10,505,000
Hotel-Motel Tax Pledge, Series 2013	7,420,000	2.00% - 5.00%	10/01/28	4,025,000
General Obligation Refunding Bonds, Series 2014 A	13,792,100	1.75% - 5.00%	11/01/26	4,277,061
Hotel-Motel Tax Refunding Bonds, Series 2014 A	3,961,340	1.75% - 5.00%	11/01/26	1,229,027
General Obligation Bonds, Series 2015 A	28,245,000	5.00%	09/01/30	18,820,000
General Obligation Refunding Bonds, Series 2015 B	18,955,000	3.00% - 5.00%	11/01/28	18,955,000
General Obligation Bonds, Series 2017 A	8,200,000	5.00%	03/01/31	5,455,000
General Obligation Refunding Bonds, Series 2017 B	12,640,000	3.00% - 5.00%	03/01/26	10,655,000
General Obligation Bonds, Series 2019 A	20,156,711	5.00%	02/01/34	17,466,975
General Obligation Refunding Bonds, Series 2019 B	4,055,000	2.00% - 5.00%	02/01/31	3,480,000
Hotel-Motel Tax Refunding Bonds, Series 2019 B	<u>14,805,000</u>	2.00% - 5.00%	02/01/31	<u>13,020,000</u>
Total payable from Debt Service Fund	<u>\$ 247,880,151</u>			<u>\$ 134,808,063</u>

### Notes and Loans Payable

Tennessee Municipal Bond Fund Loan (2004) - Pursuant to a loan agreement with the Tennessee Municipal Bond Fund, the City of Chattanooga was authorized to incur indebtedness up to \$25,000,000 for the purpose of paying for certain general government capital projects. The loan is being repaid over a 20-year period at variable rates through 2024. Interest rate changes are based on the short-term tax-exempt rate that is remarketed and published weekly. The balance at June 30, 2021, is \$4,783,868, of which \$4,670,530 is due from Governmental Activities and \$113,338 is due from Solid Waste Fund (a Business-type Activity).

HUD Section 108 Loan - On June 12, 2008, the City received a loan from the U.S. Department of Housing and Urban Development for an aggregate principal amount of \$4,576,000. A significant portion of the money was authorized to be used for repayment of the 2003 Fannie Mae Loan, with the remaining balance to be used for the Brownfields/Community Development Loan Fund and public infrastructure projects. The note bears an interest rate of 4% and is being amortized over 15 years with an optional redemption after 10 years. The balance at June 30, 2021 is \$916,000.

(Continued)

## **NOTE 5. LONG-TERM LIABILITIES (Continued)**

### **Capital Leases**

Chattanooga Downtown Redevelopment Corporation Capital Lease - In October 2000, the City entered into a non-cancelable long-term lease with the Chattanooga Downtown Redevelopment Corporation (CDRC), for financing the cost of designing, acquiring, constructing and equipping four facilities in the Tourist Development Zone comprising more than 631,210 square feet at a cost of over \$120 million. Facilities include (1) The Chattanooga - a residential conference center, (2) parking garage, (3) the Development Resource Center, and (4) an expansion of the Chattanooga-Hamilton County Convention and Trade Center. The lease provides for semi-annual payments in amounts sufficient to meet the annual debt service requirements on \$129 million in revenue bonds issued by the Industrial Development Board of the City of Chattanooga (IDB) on behalf of the CDRC, a non-profit corporation. The IDB bonds are secured by payments to be made by the CDRC. The lease payments are funded by the City's share of the 0.5% increase in the county-wide sales tax passed by county-wide referendum, state incremental sales tax generated in the Tourist Development Zone and interest income from a debt service reserve fund in excess of \$9 million included as part of the bond issue. In the event these sources are insufficient, the City agreed to appropriate sufficient moneys to make the lease payments. In October 2018, the Chattanooga was sold to a private developer for \$27 million. One hundred percent of the proceeds from the sale were used to defease a pro-rata share of the outstanding bonds. The City's lease payment for the year ended June 30, 2021, was \$7,181,883, of which \$5,330,000 was a reduction of principal. The debt service reserve fund held by the fiscal agent at June 30, 2021 is \$9,768,038. The fiscal agent is required by the agreement to apply any interest on the debt service reserve fund toward the lease payments. The debt service reserve fund will be used to retire debt near the end of the lease.

Per GASB 61, CDRC is reported as a blended component unit presented as a business-type activity. The capital lease payable in governmental activities and the capital lease receivable in business-type activities are eliminated for purposes of government-wide financial statements as a component of internal balances.

Regional Communication Capital Lease – In August 2016, the City entered into an equipment lease-purchase agreement to finance radio communication equipment totaling \$5,977,735. The lease term is five years and provides for annual payments which begin August 1, 2017. The recorded liability under this capital lease at June 30, 2021 is \$1,195,547.

Golf Course Capital Lease - In January 2018, the City entered into an equipment lease-purchase agreement to finance golf carts at the Brainerd and Brown Acres Golf Courses totaling \$346,000. The lease term is five years and provides for monthly payments which began April 1, 2018. The recorded liability under this capital lease at June 30, 2021 is \$72,160.

Tasers Capital Lease – In November 2016, the City entered into an equipment lease-purchase agreement to finance tasers for the Chattanooga Police Department totaling \$625,799. The lease term is five years and provides for annual payments which began June 1, 2018. The recorded liability under this capital lease at June 30, 2021 is \$0.

Debt service requirements for general obligation bonds, notes payable, and capital leases are met by the General Fund. The pension, OPEB, and compensated absences liability attributable to governmental activities will be liquidated by the General Fund and the Special Revenue Funds. All general obligation bonds, notes payable, and capital leases payable are included in the calculation of net investment in capital assets.

### **Business-type Activities**

Debt related to business-type activities at June 30, 2021, consisted of the following:

#### **Revenue and General Obligation Bonds**

The City periodically issues general obligation bonds for the acquisition and construction of major capital facilities. These bonds are direct obligations of each business-type activities and are supported by the operation of the fund. Certain bonds are subject to federal arbitrage regulations. These bonds are generally issued as 15 to 30-year serial bonds.

(Continued)

**NOTE 5. LONG-TERM LIABILITIES (Continued)**

Business-type activities bonds are summarized by issue as follows:

Series	Original Principal	Interest Rates	Final Maturity	Principal June 30, 2021
<b>Electric Power Board</b>				
2015 A Electric System Revenue Bonds	\$ 218,855,000	2.88%-5.00%	09/01/33	\$ 190,815,000
2015 B Electric System Revenue Bonds	15,355,000	0.70%-3.38%	09/01/25	7,985,000
2015 C Electric System Revenue Bonds	25,880,000	4.00%-5.00%	09/01/40	25,880,000
2021 Electric System Revenue Bonds	71,080,000	2.00%-4.00%	09/01/41	71,080,000
Electric Line of Credit	13,000,000	1.45%	05/28/21	-
<b>Interceptor Sewer System</b>				
General Obligation Refunding Bonds, Series 2014A	2,343,620	1.75%-5.00%	11/01/26	726,996
<b>Solid Waste Fund</b>				
General Obligation Refunding Bonds, Series 2014A	4,674,278	1.75%-5.00%	11/01/26	1,449,354
General Obligation Refunding Bonds, Series 2017B	2,155,000	3.00%-5.00%	03/01/26	1,815,000
<b>Water Quality Fund</b>				
General Obligation Bonds, Series 2013	5,245,000	2.00%-5.00%	10/01/28	2,840,000
General Obligation Refunding Bonds, Series 2014A	1,153,663	1.75%-5.00%	11/01/26	357,563
General Obligation Bonds, Series 2015A	8,100,000	5.00%	09/01/30	5,400,000
General Obligation Refunding Bonds, Series 2017B	615,000	3.00%-5.00%	03/01/26	520,000
General Obligation Bonds, Series 2019 A	3,628,289	5.00%	02/01/34	3,143,025
<b>Chattanooga Downtown Redevelopment Corporation</b>				
2018A IDB Rev Refunding 2007 Bonds	32,235,000	3.25%	10/01/28	30,490,000
2018C IDB Rev Refunding 2010 Bonds Taxable	<u>28,200,000</u>	3.90%	10/01/24	<u>19,485,000</u>
Total payable from Business-type Activities	<u>\$ 432,519,850</u>			<u>\$ 361,986,938</u>

**Notes, Loans, and Line of Credit Payable**

State Revolving Loan 2003 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a loan for the purpose of financing sewer projects. The loan is being repaid in monthly installments through 2025 at 2.98% interest. The balance at June 30, 2021 to be paid from Interceptor Sewer Fund is \$9,471,671.

Tennessee Municipal Bond Fund Loan (2004) - Pursuant to a loan agreement with the Tennessee Municipal Bond Fund, the City of Chattanooga was authorized to incur indebtedness up to \$25,000,000 for the purpose of paying for certain general government capital projects. The loan is being repaid over a 20-year period at variable rates through 2024. Interest rate changes are based on the short-term tax-exempt rate that is remarketed and published weekly. The balance at June 30, 2021, is \$4,783,868, of which \$4,670,530 is due from Governmental Activities and \$113,338 is due from Solid Waste Fund (a Business-type Activity).

State Revolving Loan 2007 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$13,000,000 loan for the purpose of financing sewer projects. The loan is being repaid in monthly installments through September 2031 at 2.79% interest. The balance at June 30, 2021 to be paid from Interceptor Sewer Fund is \$7,559,683.

(Continued)

**NOTE 5. LONG-TERM LIABILITIES (Continued)**

State Revolving Loan 2011 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$20,000,000 loan for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 2.00% interest. The balance at June 30, 2021 to be paid from Interceptor Sewer Fund is \$15,742,254.

State Revolving Loan 2012 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$33,100,000 loan for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 1.15% interest. The balance at June 30, 2021 to be paid from Interceptor Sewer Fund is \$26,376,324.

State Revolving Loan 2013 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$66,800,000 loan for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 1.67% interest. The balance at June 30, 2021 to be paid from Interceptor Sewer Fund is \$53,301,835.

State Revolving Loan 2016 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a \$42,500,000 loan for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 1.29% interest. The balance at June 30, 2021 to be paid from Interceptor Sewer Fund is \$26,973,852.

State Revolving Loan 2018 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure three loans worth \$48,100,000 for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 1.41% interest. The balance at June 30, 2021 to be paid from Interceptor Sewer Fund is \$44,787,020.

State Revolving Loan 2019 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure two loans worth \$24,000,000 for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 2.05% interest. The balance at June 30, 2021 to be paid from Interceptor Sewer Fund is \$5,018,916.

State Revolving Loan 2020 - The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a loan worth \$15,000,000 for the purpose of financing sewer projects. The loan will be repaid in monthly installments after 90 percent of the loan has been drawn down at 0.61% interest. The balance at June 30, 2021 to be paid from Interceptor Sewer Fund is \$818,591.

**Component Units**

Component Units debt at June 30, 2021, consisted of the following:

**Revenue Bonds**

Series	Original Principal	Interest Rates	Final Maturity	Principal June 30, 2021
Metropolitan Airport Authority				
Series 2019A Tax Exempt Revenue Bond	\$ 16,250,000	2.29%	02/01/39	\$ 14,712,561
Series 2019B Taxable Revenue Bond	<u>8,750,000</u>	2.87%	02/01/29	<u>4,007,102</u>

**Note Payable**

Description	Original Principal	Interest Rate	Final Maturity	Principal June 30, 2021
Note payable	\$ 754,000	0.00%	04/01/27	\$ 606,749
Total payable from Component Units	<u>\$ 25,754,000</u>			<u>\$ 19,326,412</u>

(Continued)

**NOTE 5. LONG-TERM LIABILITIES (Continued)**

**Refunding**

During fiscal year 2021, the City did not issue any new general obligation bonds.

In prior years, the City refunded certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust accounts assets and the liabilities for the refunded bonds are not included in the City's financial statements. At June 30, 2021, the remaining liabilities for the bonds refunded were as follows.

<u>Year</u> <u>Refunded</u>	<u>Primary</u> <u>Government</u>
2011	\$ 16,360,000
2014	8,039,000
2015	18,955,000
2017	12,990,000
2019	16,500,000

Changes in long-term liabilities for the fiscal year ended June 30, 2021, were as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
<b><u>Primary Government</u></b>					
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation serial bonds	\$ 149,776,632	\$ -	\$ 14,968,569	\$ 134,808,063	\$ 15,055,950
Notes payable	7,380,601	-	1,794,071	5,586,530	1,833,997
Capital leases payable	2,713,547	-	1,390,063	1,323,484	1,267,707
Accrued pollution remediation costs	70,614	1,900	12,523	59,991	52,158
Accrued postemployment benefits	117,517,047	-	7,523,514	109,993,533	-
Accrued general pension costs	64,467,706	11,184,942	-	75,652,648	-
Accrued fire and police pension costs	216,713,104	18,783,619	-	235,496,723	-
Compensated absences	26,005,151	16,638,893	16,981,652	25,662,392	2,217,231
Original issue premium	18,595,068	-	2,112,877	16,482,191	-
	<u>\$ 603,239,470</u>	<u>\$ 46,609,354</u>	<u>\$ 44,783,269</u>	<u>\$ 605,065,555</u>	<u>\$ 20,427,043</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>EPB:</b>					
Revenue bonds	\$ 235,810,000	\$ 71,080,000	\$ 11,130,000	\$ 295,760,000	\$ 12,440,000
Electric line of credit	13,000,000	-	13,000,000	-	-
Accrued pension costs	17,280,000	7,192,000	-	24,472,000	-
Compensated absences	599,000	-	76,000	523,000	187,000
Original issue premium	24,232,000	2,758,000	-	26,990,000	-
	<u>290,921,000</u>	<u>81,030,000</u>	<u>24,206,000</u>	<u>347,745,000</u>	<u>12,627,000</u>
<b>Interceptor Sewer System:</b>					
General obligation serial bonds	853,994	-	126,998	726,996	125,190
Notes payable	150,462,869	47,697,540	8,110,263	190,050,146	11,570,767
Accrued postemployment benefits	8,333,046	-	1,299,178	7,033,868	-
Accrued general pension costs	8,207,884	576,558	-	8,784,442	-
Compensated absences	1,075,838	839,712	827,656	1,087,894	93,994
Original issue premium	123,357	-	17,623	105,734	-
	<u>169,056,988</u>	<u>49,113,810</u>	<u>10,381,718</u>	<u>207,789,080</u>	<u>11,789,951</u>
<b>Solid Waste Fund:</b>					
General obligation serial bonds	3,857,695	-	593,341	3,264,354	599,736
Notes payable	149,267	-	35,929	113,338	37,003
Accrued landfill closure costs	4,658,064	56,915	162,539	4,552,440	316,734
Accrued postemployment benefits	535,093	-	266,800	268,293	-
Accrued general pension costs	247,661	87,432	-	335,093	-
Compensated absences	74,548	39,408	25,448	88,508	7,647
Original issue premium	499,401	-	80,527	418,874	-
	<u>10,021,729</u>	<u>183,755</u>	<u>1,164,584</u>	<u>9,040,900</u>	<u>961,120</u>

(Continued)

**NOTE 5. LONG-TERM LIABILITIES (Continued)**

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
<b>Water Quality Management Fund:</b>					
General obligation serial bonds	\$ 13,556,680	\$ -	\$ 1,296,092	\$ 12,260,588	\$ 1,299,124
Accrued postemployment benefits	6,499,504	-	192,245	6,307,259	-
Accrued general pension costs	6,639,782	1,132,955	-	7,772,737	-
Compensated absences	880,695	670,181	713,026	837,850	72,390
Original issue premium	2,047,471	-	198,202	1,849,269	-
	<u>29,624,132</u>	<u>1,803,136</u>	<u>2,399,565</u>	<u>29,027,703</u>	<u>1,371,514</u>
<b>Tennessee Valley Regional Communication Systems Fund:</b>					
Accrued postemployment benefits	383,352	53,826	-	437,178	-
Accrued general pension costs	368,631	177,397	-	546,028	-
Compensated absences	97,332	61,970	99,273	60,029	5,187
	<u>849,315</u>	<u>293,193</u>	<u>99,273</u>	<u>1,043,235</u>	<u>5,187</u>
<b>Chattanooga Downtown Redevelopment Corporation:</b>					
Revenue bonds	<u>55,305,000</u>	<u>-</u>	<u>5,330,000</u>	<u>49,975,000</u>	<u>5,515,000</u>
<b>Total business-type activities</b>	<u>\$ 555,778,164</u>	<u>\$ 132,423,894</u>	<u>\$ 43,581,140</u>	<u>\$ 644,620,918</u>	<u>\$ 32,269,772</u>
<b>Discretely-Presented Component Units</b>					
<b>Airport Authority:</b>					
Revenue bonds	\$ 1,147,184	\$ 17,572,479	\$ -	\$ 18,719,663	\$ 1,172,572
Note payable	709,396	-	102,647	606,749	101,679
Accrued postemployment benefits	719,514	-	112,481	607,033	-
Accrued general pension costs	2,837,689	490,745	-	3,328,434	-
	<u>5,413,783</u>	<u>18,063,224</u>	<u>215,128</u>	<u>23,261,879</u>	<u>1,274,251</u>
<b>CARTA:</b>					
Accrued postemployment benefits	230,404	10,965	10,204	231,165	-
Accrued general pension costs	11,787,593	3,809,788	4,238,949	11,358,432	-
Compensated absences	494,838	91,184	113,430	472,592	472,592
	<u>12,512,835</u>	<u>3,911,937</u>	<u>4,362,583</u>	<u>12,062,189</u>	<u>472,592</u>
<b>Total component units</b>	<u>\$ 17,926,618</u>	<u>\$ 21,975,161</u>	<u>\$ 4,577,711</u>	<u>\$ 35,324,068</u>	<u>\$ 1,746,843</u>

Principal and interest requirements to maturity for bonds and notes payable are as follows:

Year	Primary Government			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 16,889,947	\$ 5,605,113	\$ 31,586,820	\$ 16,468,316
2023	16,964,598	4,971,325	32,556,206	15,344,116
2024	17,641,851	4,271,274	33,633,505	14,171,803
2025	16,049,050	3,606,859	34,274,562	12,955,568
2026	16,358,778	2,919,038	33,276,333	11,752,276
2027-2031	52,460,509	6,368,098	161,420,111	43,456,311
2032-2036	4,029,862	322,389	130,967,495	18,115,331
2037-2041	-	-	83,095,944	5,053,027
2042-2046	-	-	11,339,446	37,798
	<u>\$ 140,394,593</u>	<u>\$ 28,064,096</u>	<u>\$ 552,150,422</u>	<u>\$ 137,354,546</u>

(Continued)



**NOTE 5. LONG-TERM LIABILITIES (Continued)**

<u>Year</u>	<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,172,572	\$ 416,424
2023	1,199,707	389,288
2024	1,227,471	361,525
2025	1,255,877	333,119
2026	1,284,940	304,056
2027-2031	5,461,368	1,097,766
2032-2036	4,500,878	566,509
2037-2041	<u>2,616,850</u>	<u>83,133</u>
	<u>\$ 18,719,663</u>	<u>\$ 3,551,820</u>

Principal and interest requirements to maturity for capital leases are as follows:

<u>Year</u>	<u>Primary Government</u>	
	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,267,707	\$ 3,281
2023	<u>55,777</u>	<u>805</u>
	<u>\$ 1,323,484</u>	<u>\$ 4,086</u>

**NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS**

The City acts as Trustee for the General Pension Plan, the Fire and Police Pension Plan, and the Other Postemployment Benefit (OPEB) Plan, which are included in the accompanying financial statements as Fiduciary Funds.

**General Pension Plan**

The City of Chattanooga General Pension Plan (GPP) is a single-employer defined benefit pension plan that covers all permanent, full-time general City employees and employees of the Chattanooga Metropolitan Airport Authority.

**Plan Description**

Plan administration - Management of the GPP is vested in the GPP Board of Trustees, which consists of seven members. The Mayor is an ex-officio member with the other six appointed by the Mayor with the approval of a majority vote of the City Council.

Plan membership - Pension plan membership as of January 1, 2021, the valuation date, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,286
Inactive plan members entitled to but not yet receiving benefits	148
Active plan members	<u>1,365</u>
Total	<u>2,799</u>

Benefits - The GPP provides retirement and disability benefits. The normal retirement benefit is two percent of average compensation multiplied by years of credited service up to twenty (20) years plus one percent of average earnings multiplied by years of credited service in excess of twenty (20) years. The normal retirement date is the first day of the month following the participant's attainment of age 62. Benefits are reduced on a pro rata basis for early retirement. An employee otherwise vested shall be penalized two and one-half percent for each year of age less than 62. However, if the sum of the participant's age and years of credited service is at least eighty (80), there shall be no reduction in the immediate early retirement benefit. Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is 3.0 percent. Chapter 2, Article III, Division 17 of the City Code provides for the General Pension Plan. Future amendments to the plan provisions can be authorized by City ordinance upon recommendation from the Board of Trustees of the GPP, upon advice by the Mayor and upon receipt of an actuarial report as to the costs and actuarial soundness of such changes.

(Continued)

**NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS (Continued)**

Deferred Retirement Option Provision - The Deferred Retirement Option Provision (DROP) of the GPP offers participants the option of receiving a portion of total pension benefit as a lump-sum cash payment at the time of retirement. When a participant elects the DROP, monthly benefit payments are reduced. The DROP payment is paid as a lump sum during the first month of retirement. The amount of the lump sum is dependent upon the participant's total credited service. The participant must have 26 years of credited service to be eligible for a one-year DROP payment, 27 years for a two-year DROP payment and at least 28 years for a three-year DROP payment.

Contributions - The GPP Board of Trustees establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate and amount is determined as of January 1 and projected to July 1, so that the City's contributions are based on their fiscal year. The contribution as determined in the January 1, 2020 valuation, for the year ended June 30, 2021, is 21.26% of projected payroll. The active member contribution rate was 2% of payroll.

**Plan Investments**

Investment policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the GPP Board of Trustees. It is the policy of the GPP Board of Trustees to pursue an investment strategy that provides sufficient return to meet its actuarial assumptions without undue investment risk. The following was the adopted asset allocation policy as of June 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
US large cap equity	25.0%
US small cap equity	5.0
International equity	10.0
US core fixed income	16.0
US high yield fixed income	4.5
International fixed developed	6.0
Private debt	5.0
Equity hedge funds	7.5
Diversified hedge funds	7.5
Private equity	3.0
Private real estate	10.0
Cash	<u>0.5</u>
Total	100.0%

Rate of return - For the year ended June 30, 2021, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 24.60 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

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

Total pension liability	\$ 397,244,695
Plan fiduciary net position	<u>(342,170,171)</u>
Net pension liability	<u>\$ 55,074,524</u>
Plan fiduciary net position as a percentage of the total pension liability	86.14%

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.50 percent
Salary increases	3.00 - 5.25 percent
Investment rate of return	6.75 percent, net of investment expenses

(Continued)

**NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS (Continued)**

Mortality rates for both pre-retirement and post-retirement individuals were based on the RP 2014 Mortality Table with Blue Collar Adjustment set forward four years for males and set forward three years for females and using a Scale MP-2017 projection to 2025. Post-disability mortality rates were based on the RP 2014 Disabled Mortality Table set forward four years for males and set forward seven years for females using a Scale MP-2017 projection to 2025.

Actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2017, dated February 21, 2019. The investment rate of return was decreased from 7.00 percent to 6.75 percent as of January 1, 2019.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges 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. The most recent target asset allocation and best estimates of short-term real rates of return for each major asset class as listed below:

<u>Asset Class</u>	<u>Target Allocation</u>
US large cap equity	3.8%
US small cap equity	4.5
International equity	4.9
US core fixed income	-0.4
US high yield fixed income	2.5
International fixed developed	-0.5
Private debt	9.0
Equity hedge funds	5.0
Diversified hedge funds	4.5
Private equity	12.0
Private real estate	6.0
*Arithmetic mean	

Discount rate - The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan members contribute 2.00 percent of pay and that the Board of Trustees adopts the actuarially determined contribution rate for the employer. Projected future benefit payments for all current plan members were projected through 2126.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the sensitivity of the net pension liability of the Plan to changes in the discount rate. Analysis is calculated using the discount rate of 6.75 percent, as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
GPP net pension liability	<u>\$ 98,220,720</u>	<u>\$ 55,074,524</u>	<u>\$ 18,171,032</u>

**Fire and Police Pension Plan**

The City of Chattanooga Fire and Police Pension Fund (CFPPF) is a single-employer defined benefit pension plan that provides pensions for all permanent full-time police officers and firefighters.

**Plan Description**

Plan administration - Management of the CFPPF is vested in the CFPPF Board of Directors, which consists of eight members; three active members of the fire department, three active members of the police department, one appointee by the Mayor and one appointee by the City Council. There is a fulltime administrative staff that oversees daily operations.

(Continued)

**NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS (Continued)**

Plan membership— Pension plan membership as of January 1, 2021, the valuation date, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	802
Inactive plan members entitled to but not yet receiving benefits	49
Active plan members	<u>854</u>
Total	<u>1,705</u>

Benefits - The CFPPF provides retirement, disability and death benefits. Pension benefits are as follows:

For participants vested prior to July 1, 2014, the normal retirement benefit is based upon 25 years of credited service and is calculated as 2.75% of final average monthly salary for each year of service up to 25 years plus 1.25% of final average monthly salary for each year of service greater than 25 up to 30 years. For participants hired prior to July 1, 2014 and not vested, the normal retirement benefit is based upon the earlier of 28 years of credited service and age 50 with 25 years of service and is calculated as 2.75% of final average monthly salary for each years of service up to 25 years plus 1.25% of final average monthly salary for each year of service greater than 25 up to 30 years. For participants hired after July 1, 2014, the normal retirement benefit is based upon the earlier of 30 years of credited service and age 55 with 25 years of credited service and is calculated as 2.5% of final average monthly salary for each year of service up to 30 years.

For all participants, benefit is capped at 75% of final average monthly salary. Reduced benefit provisions are available for participants who have attained age 55 and have completed at least 10 years of credited service. Additional benefits are available in the event of death for pre-retirement employees, based on predetermined formulas.

Effective July 1, 2014, cost of living adjustments are provided to retirees based on rates contingent on plan funded status percentages and increases in the consumer price index with a maximum increase of 3% per year.

Chapter 2, Article III, Division 18 of the City Code provides for the Fire and Police Pension Fund. Future amendments to the plan provisions can be authorized by City ordinance upon recommendation from the Board of the City of Chattanooga Fire and Police Pension Fund, upon advice by the Mayor provided that such an amendment is not inconsistent with sound actuarial principles.

Deferred Retirement Option Program - Two deferred retirement option plans (DROP) are available for participants:

For plan members previously contributing 9% of pay that began contribution 10% as of July 1, 2014 and who had at least 24 years of service as of July 1, 2014, a participant may retire at any time after completing at least 25 years of service and no more than 30 years of service with the option to back-DROP for up to three years but not prior to 25 years of service. The retirement benefit amount is calculated, based upon service at the back-DROP date and final average salary at retirement. Up to 36 months of this benefit amount will be used in determining the DROP lump-sum. The DROP account along with employee contributions made during the back-DROP period is credited with 7% interest annually, compounded monthly from the back-DROP date. Eligibility for this DROP was closed in fiscal year 2009. Participant contributions are 8%.

All other participants are eligible for a modified DROP. A participant may retire at any time after completing at least 25 years of service and no more than 33 years of service with the option to back-DROP for up to three years but not prior to 25 years of service. The retirement benefit amount is calculated based upon service at the back-DROP date and final average salary at the beginning for the DROP period. Up to 36 months of this benefit amount will be used in determining the DROP lump-sum. No COLA or interest will be applied to either the DROP annuity or DROP lump-sum.

Contributions - The CFPPF Board of Directors establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate and amount is determined as of January 1 and projected to July 1, so that the City's contributions are based on their fiscal year. The contribution as determined in the January 1, 2020 valuation, for the year ended June 30, 2021, is 50.24% of projected payroll. The active member contribution rate was 11% of payroll.

(Continued)

## NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS (Continued)

### Plan Investments

Investment policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the CFPPF Board of Directors. It is the policy of the CFPPF Board of Directors to pursue an investment strategy that provides sufficient return to meet its actuarial assumptions without undue investment risk. The following was the adopted asset allocation policy as of June 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic large cap	20%
Domestic mid cap	15
Domestic small cap	5
Developed international	10
Domestic fixed income	20
Emerging markets	10
Private debt	5
Real estate	5
Timber	5
Farmland	5
Total	<u>100%</u>

Rate of return - For the year ended June 30, 2021, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 29.34 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Net Pension Liability

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

Total pension liability	\$ 483,681,243
Plan fiduciary net position	<u>(295,648,655)</u>
Net pension liability	<u>\$ 188,032,588</u>
Plan fiduciary net position as a percentage of the total pension liability	61.12%

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.25 percent
Salary increases	2.25 percent – 2.75 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation
COLA	1.50 percent

Pre-retirement mortality rates were based on the RP-2014 Blue Collar Employee Mortality Table set forward two years. Healthy annuitant mortality rates are based on the RP-2014 Blue Collar Healthy Mortality Table set forward three years. Disabled annuitant mortality rates are based on the RP-2014 Disabled Retiree Mortality Table set forward three years. All mortality tables are projected generationally with scale SSA2020-2D times 75%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation.

(Continued)

**NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2020 (see the discussion of the pension plan’s investment policy) are summarized in the table below:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic large cap	6.90%
Domestic mid cap	7.30
Domestic small cap	7.00
Developed international	7.60
Domestic fixed income	2.40
Emerging markets	8.60
Private debt	10.20
Real estate	5.00
Timber	5.30
Farmland	7.00
*Arithmetic mean	

Discount rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current 11% of pay contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan 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.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the CFPPF, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
CFPPF net pension liability	<u>\$ 242,590,533</u>	<u>\$ 188,032,588</u>	<u>\$ 142,282,440</u>

**Combining Statements for Pension Trust Fund**

The City of Chattanooga administered plans do not issue stand-alone financial reports and are not included in the report of a public employee retirement system or a report of another entity. The plan financial statements are as follows:

(Continued)

**NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS (Continued)**

Combining Statement of Pension Trust Net Position:

	<u>General Pension Plan</u>	<u>Fire and Police Pension Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Receivables:			
Accrued income	\$ 78,001	\$ 3,955	\$ 81,956
Due from plan custodian	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Total receivables	<u>578,001</u>	<u>3,955</u>	<u>581,956</u>
Investments:			
Corporate bonds and notes	50	7,058,748	7,058,798
Corporate stocks	76,525,857	-	76,525,857
Foreign equity	31,480,791	59,756,697	91,237,488
Private debt	14,235,582	-	14,235,582
Mutual funds – equity	51,206,305	131,079,673	182,285,978
Mutual funds – fixed income	64,497,567	49,061,889	113,559,456
Real estate	29,420,913	17,443,016	46,863,929
Hedge funds	62,618,414	-	62,618,414
Private equity	9,865,905	29,084,277	38,950,182
Temporary investments	<u>1,878,951</u>	<u>2,172,135</u>	<u>4,051,086</u>
Total investments	<u>341,730,335</u>	<u>295,656,435</u>	<u>637,386,770</u>
Total assets	<u>342,308,336</u>	<u>295,660,390</u>	<u>637,968,726</u>
<b>LIABILITIES</b>			
Accrued expenses	<u>138,165</u>	<u>11,735</u>	<u>149,900</u>
Total liabilities	<u>138,165</u>	<u>11,735</u>	<u>149,900</u>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<u>\$ 342,170,171</u>	<u>\$ 295,648,655</u>	<u>\$ 637,818,826</u>

Combining Statement of Changes in Plan Net Position:

<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 13,886,732	\$ 22,018,026	\$ 35,904,758
Employee	1,259,372	4,548,644	5,808,016
Other	<u>-</u>	<u>121,816</u>	<u>121,816</u>
Total contributions	<u>15,146,104</u>	<u>26,688,486</u>	<u>41,834,590</u>
Investments income:			
Net appreciation in fair value of investments	55,556,040	59,581,360	115,137,400
Interest	222,745	5,012	227,757
Dividends	<u>2,076,897</u>	<u>4,797,459</u>	<u>6,874,356</u>
Less investment expense	<u>(419,972)</u>	<u>(69,630)</u>	<u>(489,602)</u>
Net investment income (loss)	<u>57,435,710</u>	<u>64,314,201</u>	<u>121,749,911</u>
Total additions	<u>72,581,814</u>	<u>91,002,687</u>	<u>163,584,501</u>
<b>DEDUCTIONS</b>			
Benefits paid to participants	24,193,687	29,991,777	54,185,464
Administrative expenses	<u>205,273</u>	<u>256,877</u>	<u>462,150</u>
Total deductions	<u>24,398,960</u>	<u>30,248,654</u>	<u>54,647,614</u>
<b>NET CHANGE</b>	48,182,854	60,754,033	108,936,887
<b>NET POSITION RESTRICTED FOR PENSIONS</b>			
Beginning of year	<u>293,987,317</u>	<u>234,894,622</u>	<u>528,881,939</u>
End of year	<u>\$ 342,170,171</u>	<u>\$ 295,648,655</u>	<u>\$ 637,818,826</u>

(Continued)



## NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS (Continued)

### Other Postemployment Benefits Plan (OPEB) - Trust

The City's OPEB plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions for all permanent, full-time City employees and employees of the Chattanooga Metropolitan Airport Authority. A stand-alone Financial Report is not issued for this trust.

#### **Plan Description**

Plan administration – Management of the OPEB Plan is vested in the General Pension Plan (GPP) Board of Trustees, which consists of seven members. The Mayor is an ex-officio member with the other six appointed by the Mayor with the approval of a majority vote of the City Council.

Plan membership – OPEB plan membership as of January 1, 2020, the date of the valuation, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,320
Active plan members	<u>2,321</u>
Total	<u>3,641</u>

Benefits – All of the City's employees may become eligible for benefits if they reach normal retirement age or certain service requirements while working for the City; those requirements are different for general employees and sworn safety employees. Those members meeting the above eligibility conditions as of July 1, 2010 receive health benefits for life. Those not meeting the eligibility conditions as of July 1, 2010 receive health benefits until eligible for Medicare. Chapter 2, Article III, Division 17 of the City Code provides for the OPEB Plan. Future amendments to the plan provisions can be authorized by City ordinance upon recommendation from the Board of Trustees of the GPP, upon advice by the Mayor and upon receipt of an actuarial report as to the costs and actuarial soundness of such changes.

Contributions - The City contributes to the plan at an actuarially determined rate. Retired plan members and beneficiaries are required to contribute specified amounts monthly toward the cost of health insurance premiums. Employees who retired prior to 2002 contribute an amount equal to the amount paid by active employees. Employees who retire after 2002 with 25 years of service or a job-related disability contribute an amount equal to 1.5 times that paid by active employees. Employees who retire after 2002 with less than 25 years of service or a non-job-related disability contribute an increased amount on the member of years' service less than 25 years. The City pays the remainder of the costs of medical coverage. The City established an Other Postemployment Benefits Trust (the Trust) in 2008 to partially pre-fund benefits. Beginning in 2011, the City began funding the Trust based on actuarial calculation in which all unfunded prior service costs as well as normal costs are allocated to various funds based on applicable payroll. The City is currently contributing 11.87 percent of the total covered payroll of participants. All obligations are liquidated from the OPEB trust.

#### **Plan Investments**

Investment policy - The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the GPP Board of Trustees. It is the policy of the GPP Board of Trustees to pursue an investment strategy that provides sufficient return to meet its actuarial assumptions without undue investment risk. The following was the adopted asset allocation policy as of June 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
US equity - large cap	38.0%
US equity - small cap	5.0
International equity	15.0
Core fixed income	12.0
High yield fixed income	3.0
International fixed income	2.5
E.M. debt	5.0
Private debt	2.5
Equity hedge funds	3.5
Diversified hedge funds	3.5
Private equity	5.0
Real estate	<u>5.0</u>
Total	<u>100.0%</u>

(Continued)

## NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS (Continued)

Rate of return - For the year ended June 30, 2021, the annual money-weighted rate of return on OPEB investments, net of OPEB plan investment expense, was 28.9 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### OPEB Liability

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

Total OPEB liability	\$ 218,157,614
Plan fiduciary net position	(113,367,387)
City's net OPEB liability	<u>\$ 104,790,227</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.97%

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of January 1, 2021 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.50 percent
Salary increases	
General Employees	3.00 to 5.25 percent, including inflation
Fire and Police Employees	1.50 to 2.75 percent, including inflation
Investment rate of return	6.75 percent compounded annually, net of OPEB plan investment expense, including inflation
Single equivalent interest rate	6.75 percent
Healthcare cost trend rates:	
Pre-Medicare eligible	7.00 percent
Medicare eligible	5.25 percent
Ultimate trend rates:	
Pre-Medicare eligible	4.50 percent
Medicare eligible	4.50 percent
Year of Ultimate trend rate	2027

Mortality – General Employee Deaths After Retirement: According to the RP-2014 Mortality Table with Blue Collar Adjustment, set forward four years for males and three years for females and projected to 2025 with projection scale MP-2017 for service retirements and beneficiaries of retired participants. The RP-2014 Disabled Mortality Table set forward four years for males and seven years for females and projected to 2025 using Scale MP-2017 is used for the period after disability retirement. Fire and Police Employee Deaths After Retirement: According to the RP 2014 Blue Collar Mortality fully generational using a modified MP-2018 projection scale and set forward three years for males and female for service retirements and beneficiaries of retired participants. The RP 2014 Disabled Mortality fully generational using a modified MP-2018 projection scale and set forward three years for both males and females is used for the period after disability retirement.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the January 1, 2020 valuation for general employees reflect the results of the experience investigation of the General Pension Fund for the period ending December 31, 2017. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases for fire and police employees reflect the results of the experience investigation of the Fire and Police Pension Fund for the period ending December 31, 2014, with an additional update to the mortality assumption based on most recent assumptions used in the Fund's GASB 67 and 68 actuarial valuations prepared as of June 30, 2019

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the January 1, 2020 valuation were based on a review of recent plan experience done concurrently with the January 1, 2020 valuation.

(Continued)

**NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS (Continued)**

The long-term expected rate of return on plan assets is to be reviewed as part of regular experience studies prepared for the Plan every four to five years. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in the current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed by the investment consultant for each major asset class. These ranges should be 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 then adding expected inflation. The capital market assumptions to be developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Upon adoption of the long-term rate of return by the Plan, the target asset allocation and best estimates of expected geometric real rates of return for each major asset class, as provided by the Plan’s investment consultant, are to be summarized in a manner suggested by the following table:

<u>Asset Class</u>	<u>3-yr Expected Real Rate of Return</u>
US equity – mid/large cap	3.8 %
US equity - small cap	4.5
International equity	4.9
Core fixed income	(0.4)
High yield fixed income	2.5
International fixed income	(0.5)
E.M. debt	4.1
Private debt	9.0
Equity hedge funds	5.0
Diversified hedge funds	4.5
Private equity	12.0
Real estate	6.0

Discount rate - The discount rate used to measure the OPEB liability was 6.75%. The plan will be funded based on the actuarially determined contribution each year in the future and therefore will not be projected to run out of money.

Based on these assumptions, the Plan’s Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability (TOL). The discount rate determination does not use the Municipal Bond Index Rate.

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability 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 discount rate:

	<u>1% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net OPEB liability	\$ 125,633,712	\$ 104,790,227	\$ 86,655,945

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. - The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6.00% decreasing to 3.50% for pre-Medicare, 4.25% decreasing 3.50% for Medicare eligible) or 1-percentage point higher (8.00% decreasing to 5.50% for pre-Medicare, 6.25% decreasing to 5.50% for Medicare eligible) than the current healthcare cost trend rates. The current healthcare cost trend rates are 7.00% decreasing to 4.50% for pre-Medicare, 5.25% decreasing to 4.50% for Medicare eligible.

(Continued)

**NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS (Continued)**

	<u>1% Decrease</u>	Healthcare Cost <u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 82,358,161	\$ 104,790,227	\$ 131,051,539

Alternative measurement method – January 1, 2020 is the actuarial valuation date upon which the total OPEB liability is based. The roll forward calculation to the current measurement date of June 30, 2021 from the prior measurement date of June 30, 2020 adds the normal cost (also called the service cost) for the fiscal year 2021, subtracts the actual benefit payments for the same period and then applies the expected investment rate of return for the period. If applicable, actuarial gains and losses arising from benefit changes, the differences between estimates and actual experience, and changes in assumptions or other inputs are reconciled to the total OPEB liability as of the Measurement Date.

The procedure was used to determine the total OPEB liability as of June 30, 2021, as shown in the following:

Total OPEB Liability Roll Forward	
Total OPEB Liability as of June 30, 2020	\$ 207,781,905
Actual benefit payment and refunds for July 1, 2020 – June 30, 2021	(7,239,382)
Interest on TOL	13,780,949
Service cost for the period July 1, 2020 – June 30, 2021 at the end of period	3,834,142
Experience (Gain)/Loss	-
Assumption Change (Gain/Loss)	-
Total OPEB liability rolled forward to June 30, 2021	<u>\$ 218,157,614</u>

Combining Statement of OPEB Trust Net Position:

ASSETS

Investments:	
Foreign equity	\$ 12,450,830
Private debt	473,428
Mutual funds – equity	59,707,514
Mutual funds – fixed income	18,546,623
Real estate	5,398,197
Hedge funds	7,942,324
Private equity	2,185,212
Temporary investments	<u>5,495,253</u>
Total investments	<u>112,199,381</u>
Receivables:	
Accrued income	11,426
Due from plan custodian	<u>1,470,865</u>
Total receivables	<u>1,482,291</u>
Total assets	<u>113,681,672</u>

LIABILITIES

Due to plan custodian	<u>314,285</u>
Total liabilities	<u>314,285</u>
NET POSITION RESTRICTED FOR OPEB	<u>\$ 113,367,387</u>

(Continued)

**NOTE 6. PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUSTS FUNDS (Continued)**

Combining Statement of Changes in Plan Net Position:

ADDITIONS

Contributions:	
Employer	\$ 12,758,970
Employee	<u>2,929,299</u>
Total contributions	<u>15,688,269</u>

Investments income:

Net appreciation in fair value of investments	23,995,278
Dividends	786,803
Less investment expense	<u>(20,000)</u>
Net investment income (loss)	<u>24,762,081</u>
Total additions	<u>40,450,350</u>

DEDUCTIONS

Benefits paid to participants	10,168,681
Administrative expenses	<u>49,023</u>
Total deductions	<u>10,217,704</u>

NET CHANGE 30,232,646

NET POSITION RESTRICTED FOR OPEB

Beginning of year	<u>83,134,741</u>
End of year	<u>\$ 113,367,387</u>

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS**

**PENSION**

The primary government provides retirement benefits through three single employer defined benefit pension plans: General Pension Plan, Fire and Police Pension Fund, and Electric Power Board of Chattanooga Retirement Plan. All permanent employees are eligible to participate in one of these retirement benefit pension plans. The component units provide retirement benefits as well. The Airport participates in the General Pension Plan while CARTA employees are covered by a separate defined benefit plan.

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

The information below provides an aggregate view of these plans for both the primary government and its component units:

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2019	\$ 878,769,704	\$ 567,783,478	\$ 310,986,226
Changes for the year:			
Service cost	18,053,695	-	18,053,695
Interest expense	60,359,168	-	60,359,168
Experience losses (gains)	3,507,471	-	3,507,471
Changes of assumptions	14,017,546	-	14,017,546
Contributions – city	-	39,929,268	(39,929,268)
Contributions – members	-	5,804,437	(5,804,437)
Net investment income	-	16,357,053	(16,357,053)
Benefits paid	(57,300,531)	(57,300,531)	-
Plan administrative expenses	-	(1,185,200)	1,185,200
Other	-	150,878	(150,878)
Net changes	<u>38,637,349</u>	<u>3,755,905</u>	<u>34,881,444</u>
Balances at 6/30/2020	<u>\$ 917,407,053</u>	<u>\$ 571,539,383</u>	<u>\$ 345,867,670</u>
	Component Units		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2019	\$ 42,065,449	\$ 27,420,625	\$ 14,644,824
Changes for the year:			
Service cost	1,297,541	-	1,297,541
Interest expense	2,945,390	-	2,945,390
Experience losses (gains)	696,848	-	696,848
Contributions – city	-	2,222,859	(2,222,859)
Contributions – members	-	506,580	(506,580)
Net investment income	-	2,230,655	(2,230,655)
Benefits paid	(3,047,764)	(3,047,764)	-
Plan administrative expenses	-	(62,358)	62,358
Net changes	<u>1,892,015</u>	<u>1,849,972</u>	<u>42,043</u>
Balances at 6/30/2020	<u>\$ 43,957,464</u>	<u>\$ 29,270,597</u>	<u>\$ 14,686,867</u>

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

	Primary Government			Totals
	General City Pension Plan	Fire & Police Pension Plan	EPB Pension Plan	
Net pension liability	\$ 93,090,947	\$ 235,496,723	\$ 17,280,000	\$ 345,867,670
Deferred pension outflows				
Contributions	13,407,357	22,018,026	-	35,425,383
Change in assumptions	4,790,152	24,804,099	8,878,000	38,472,251
Difference between expected and actual experience	2,487,411	11,792,334	10,518,000	24,797,745
Net difference between projected and actual earnings on pension plan investments	<u>14,412,683</u>	<u>6,909,352</u>	<u>1,813,000</u>	<u>23,135,035</u>
	<u>35,097,603</u>	<u>65,523,811</u>	<u>21,209,000</u>	<u>121,830,414</u>
Deferred pension inflows				
Change in assumptions	-	719,011	-	719,011
Difference between expected and actual experience	<u>-</u>	<u>3,710,502</u>	<u>-</u>	<u>3,710,502</u>
	<u>-</u>	<u>4,429,513</u>	<u>-</u>	<u>4,429,513</u>
Pension expense	23,450,169	34,946,933	7,100,000	65,497,102
	Component Units			Totals
	CARTA Pension Plan	General Airport Pension Plan		
Net pension liability	\$ 11,358,432	\$ 3,328,435	\$ 14,686,867	
Deferred pension outflows				
Contributions	823,570	479,375	1,302,945	
Change in assumptions	-	171,270	171,270	
Difference between expected and actual experience	686,660	88,937	775,597	
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>515,320</u>	<u>515,320</u>	
	<u>1,510,230</u>	<u>1,254,902</u>	<u>2,765,132</u>	
Deferred pension inflows				
Changes of proportion pension plan*	-	32,608	32,608	
Difference between expected and actual experience	413,356	-	413,356	
Net difference between projected and actual earnings on pension plan investments	<u>1,022,255</u>	<u>-</u>	<u>1,022,255</u>	
	<u>1,435,611</u>	<u>32,608</u>	<u>1,468,219</u>	
Pension expense	1,422,167	838,453	2,260,620	

\* Amount included from the Chattanooga Metropolitan Airport Authority's Financial Statements

The following is a summary of each of these plans:

**City of Chattanooga General Pension Plan**

**General Information**

Plan administration - The City of Chattanooga General Pension Plan (GPP) provides pensions for all permanent, full-time general City employees and employees of the Chattanooga Metropolitan Airport Authority. Chapter 2, Article III, Division 17 of the City Code provides for the General Pension Plan. Future amendments to the plan provisions can be authorized by City ordinance upon recommendation from the Board of Trustees of the GPP, upon advice by the Mayor and upon receipt of an actuarial report as to the costs and actuarial soundness of such changes.

(Continued)



**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

Benefits provided - The GPP provides retirement and disability benefits. The normal retirement benefit is two percent of average compensation multiplied by years of credited service up to twenty (20) years plus one percent of average earnings multiplied by years of credited service in excess of twenty (20) years. The normal retirement date is the first day of the month following the participant's attainment of age 62. Benefits are reduced on a pro rata basis for early retirement. An employee otherwise vested shall be penalized two and one-half percent for each year of age less than 62. However, if the sum of the participant's age and years of credited service is at least eighty (80), there shall be no reduction in the immediate early retirement benefit.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual cost-of-living adjustment will be made each January 1 and shall be equal to 3.0 percent.

Deferred Retirement Option Provision - The Deferred Retirement Option Provision (DROP) of the GPP offers participants the option of receiving a portion of total pension benefit as a lump-sum cash payment at the time of retirement. When a participant elects the DROP, monthly benefit payments are reduced. The DROP payment is paid as a lump sum during the first month of retirement. The amount of the lump sum is dependent upon the participant's total credited service. The participant must have 26 years of credited service to be eligible for a one-year DROP payment, 27 years for a two-year DROP payment and at least 28 years for a three-year DROP payment.

Employees covered by benefit terms – The following employees were covered by the benefit terms as of January 1, 2020, the valuation date:

Inactive plan members or beneficiaries currently receiving benefits	1,244
Inactive plan members entitled to but not yet receiving benefits	140
Active plan members	<u>1,460</u>
Total	<u>2,844</u>

Contributions - The GPP Board of Trustees establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2020, the active member contribution rate was 2.0 percent of annual pay and the City's contribution rate was 21.42 percent of the total covered payroll of participants.

**Net Pension Liability**

The City's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020, rolled-forward to June 30, 2020 using standard roll forward techniques.

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 percent
Salary increases	3.0 - 5.25 percent, including inflation
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
COLA	3.0 percent

Both pre-retirement and post-retirement mortality rates were based on the RP-2014 Mortality Table with Blue Collar Adjustment set forward four years for males and set forward three years for females and using a Scale MP-2017 projection to 2025. Post-disability mortality rates were based on the RP-2014 Disabled Mortality Table set forward four years for males and set forward seven years for females and using a Scale MP-2017 projection to 2025. The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2017, dated February 21, 2019. The investment rate of return was decreased from 7.00% to 6.75% as of January 1, 2019.

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US large cap equity	22.6%	3.0%
US small cap equity	4.9	4.0
International equity	12.6	4.5
US core fixed income	12.3	0.3
US high yield fixed income	4.4	2.0
International fixed developed	6.1	-1.5
Private debt	5.1	4.4
Equity hedge funds	9.9	3.5
Diversified hedge funds	7.5	3.0
Private equity	3.4	12.0
Private real estate	11.2	3.0
	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate of 2% of pay and that City contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan 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.

**Changes in Net Pension Liability**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> <u>(a)</u>	<u>Plan Net Position</u> <u>(b)</u>	<u>Net Pension Liability</u> <u>(a) – (b)</u>
Balances at 6/30/2019	\$ 379,534,625	\$ 296,765,272	\$ 82,769,353
Changes for the year:			
Service cost	7,713,580	-	7,713,580
Interest expense	24,827,265	-	24,827,265
Difference between expected and actual experience	1,777,809	-	1,777,809
Contributions – city	-	13,808,964	(13,808,964)
Contributions – members	-	1,293,351	(1,293,351)
Net investment income	-	5,788,076	(5,788,076)
Benefits paid	(23,446,580)	(23,446,580)	-
Plan administrative expenses	-	(221,766)	221,766
Net changes	<u>10,872,074</u>	<u>(2,777,955)</u>	<u>13,650,029</u>
Balances at 6/30/2020	<u>\$ 390,406,699</u>	<u>\$ 293,987,317</u>	<u>\$ 96,419,382</u>

Changes in actuarial assumptions – There have been no changes in assumptions used in the measurement of the total pension liability since the prior measurement date.

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the City, calculated using the discount rate of 6.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
City's net pension liability	\$ <u>139,581,267</u>	\$ <u>96,419,382</u>	\$ <u>59,868,966</u>

Pension plan fiduciary net position – The plan does not issue a separate financial report. Detailed information about the pension plan's fiduciary net position is found in Note 6.

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

For the year ended June 30, 2020, the City recognized pension expense of \$23,450,169 with an additional \$838,453 for the Airport Authority, a component unit of the City.

Deferred outflows of resources related to pensions are as follows:

	Primary Government	Airport Authority	Total
Deferred contributions	\$ 13,407,357	\$ 479,375	\$ 13,886,732
Net difference between projected and actual earnings on pension plan investments	14,412,683	515,320	14,928,003
Difference between expected and actual experience	2,487,411	88,937	2,576,348
Change of assumptions	<u>4,790,152</u>	<u>171,270</u>	<u>4,961,422</u>
Total deferred outflow of resources	<u>\$ 35,097,603</u>	<u>\$ 1,254,902</u>	<u>\$ 36,352,507</u>

Deferred inflows of resources related to pensions are as follows:

	Primary Government	Airport Authority	Total
Changes of proportion pension plan*	\$ -	\$ 32,608	\$ 32,608
Total deferred inflow of resources	<u>\$ -</u>	<u>\$ 32,608</u>	<u>\$ 32,608</u>

\* Amount included from the Chattanooga Metropolitan Airport Authority's Financial Statements

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

Year ended June 30,	Primary Government	Airport Authority	Total
2021	\$ 6,699,929	\$ 206,946	\$ 6,906,875
2022	5,740,971	205,266	5,946,237
2023	6,409,466	229,168	6,638,634
2024	<u>2,839,882</u>	<u>101,539</u>	<u>2,941,421</u>
	<u>\$ 21,690,248</u>	<u>\$ 742,919</u>	<u>\$ 22,433,167</u>

(Continued)

## **NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

### **Payable to the Pension Plan**

At June 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan.

### **Fire and Police Pension Fund**

#### **General Information**

Plan administration - The City of Chattanooga Fire and Police Pension Fund (CFPPF) provides pensions for all sworn members of the City's Fire and Police Departments. Chapter 2, Article III, Division 18 of the City Code provides for the Fire and Police Pension Fund. Future amendments to the plan provisions can be authorized by City ordinance upon recommendation from the Board of the City of Chattanooga Fire and Police Pension Fund, upon advice by the Mayor provided that such an amendment is not inconsistent with sound actuarial principles.

Benefits provided - The CFPPF provides retirement, disability and death benefits.

For participants vested as of July 1, 2014, the normal retirement benefit is based upon 25 years of credited service and is calculated as 2.75% of final average monthly salary for each year of service up to 25 years plus 1.25% of final average monthly salary for each year of service greater than 25 up to 30 years. For participants hired prior to July 1, 2014 but not vested as of July 1, 2014, the normal retirement benefit is based upon the earlier of 28 years of credited service or age 50 with 25 years of credited service and is calculated as 2.75% of final average monthly salary for each year of service up to 25 years plus 1.25% of final average monthly salary for each year of service greater than 25 up to 30 years.

For participants hired after July 1, 2014, the normal retirement benefit is based the earlier of 30 years of credited service or age 55 with 25 years of credited service and is calculated as 2.50% of final average monthly salary for each year of service up to 30 years.

For all participants, benefit is capped at 75% of final average monthly salary. Reduced benefit provisions are available for participants who have attained age 55 and have completed at least 10 years of credited service. Additional benefits are available in the event of death for pre-retirement employees, based on predetermined formulas. Benefit terms provide for potential cost-of-living adjustments. Effective July 1, 2014, cost-of-living adjustments are provided to retirees based on rates contingent on plan funded status percentages and increases in the consumer price index with a maximum increase of 3% per year.

Two deferred retirement option plans (DROP) are available for participants:

The original DROP applies to members who previously contributed 9% of pay and began contributing 10% as of July 1, 2014 and who had at least 24 years of service as of July 1, 2014. Those participants may retire at any time after completing at least 25 years of service and no more than 30 years of service with the option to back-DROP for up to three years but not prior to 25 years of service. The retirement benefit amount is calculated, based upon service at the back-DROP date and final average salary at retirement. Up to 36 months of this benefit amount will be used in determining the DROP lump-sum. The DROP account along with employee contributions made during the back-DROP period is credited with 7% interest annually, compounded monthly from the back-DROP date.

All other participants are eligible for a modified DROP. A participant may retire at any time after completing at least 25 years of service and no more than 33 years of service with the option to back-DROP for up to three years but not prior to 25 years of service. The retirement benefit amount is calculated based upon service at the back-DROP date and final average salary at the beginning for the DROP period. Up to 36 months of this benefit amount will be used in determining the DROP lump-sum. No COLA or interest will be applied to either the DROP annuity or DROP lump-sum.

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

Employees covered by benefit terms – The following employees were covered by the benefit terms as of January 1, 2020, the valuation date:

Inactive plan members or beneficiaries currently receiving benefits	799
Inactive plan members entitled to but not yet receiving benefits	40
Active plan members	<u>866</u>
	<u>1,705</u>

Contributions - The CFPPF Board of Directors establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2020, the active member contribution rate was 11 percent of payroll. The City’s contribution rate was 46.95% of the total covered payroll of participants.

**Net Pension Liability**

The City’s net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020, rolled-forward to June 30, 2020.

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.25 percent
Salary increases	2.25 - 2.75 percent plus service based merit increases
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation
COLA	1.50 percent

Pre-retirement mortality rates were based on the RP-2014 Blue Collar Employee Mortality Table set forward two years. Healthy annuitant mortality rates are based on the RP-2014 Blue Collar Healthy Mortality Table set forward three years. Disabled annuitant mortality rates are based on the RP-2014 Disabled Retiree Mortality Table set forward three years. All mortality tables are projected generationally with Scale SSA2019-2D times 75 percent. The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an experience study for the period January 1, 2015 through December 31, 2019 and based on changes to the retirement rate and COLA assumptions made in the conjunction with plan changes effective July 1, 2014. The investment return and administrative expense assumptions were further modified in the January 1, 2020 valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap equity	20%	6.15%
Mid cap equity	15	6.75
Small cap equity	5	7.15
International equity	10	7.05
Emerging markets	10	9.00
Private equity	5	10.40
Real estate	5	4.50
Timber	5	4.85
Farmland	5	6.30
Fixed income	<u>20</u>	1.15
	<u>100%</u>	

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

Discount rate - The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at their applicable rates and that City contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan 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.

**Changes in Net Pension Liability**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
Balances at 6/30/2019	\$ 447,437,761	\$ 230,724,657	\$ 216,713,104
Changes for the year:			
Service cost	6,598,391	-	6,598,391
Interest expense	31,845,950	-	31,845,950
Difference between expected and actual experience	55,033	-	55,033
Change of assumptions	14,017,546	-	14,017,546
Contributions – city	-	20,996,995	(20,996,995)
Contributions – members	-	4,555,733	(4,555,733)
Net investment income	-	8,976,784	(8,976,784)
Benefits paid	(29,563,336)	(29,563,336)	-
Plan administrative expenses	-	(947,089)	947,089
Other	-	150,878	(150,878)
Net changes	<u>22,953,584</u>	<u>4,169,965</u>	<u>18,783,619</u>
Balances at 6/30/2020	<u>\$ 470,391,345</u>	<u>\$ 234,894,622</u>	<u>\$ 235,496,723</u>

Changes in actuarial assumptions – There have been no changes in actuarial assumptions and methods used in the measurement of the total pension liability since the prior measurement date.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.00 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's net pension liability	<u>\$ 287,937,281</u>	<u>\$ 235,496,723</u>	<u>\$ 188,194,284</u>

Pension plan fiduciary net position – The plan does not issue a separate financial report. Detailed information about the pension plan's fiduciary net position is found in Note 6.

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

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

For the year ended June 30, 2020, the City recognized \$34,946,933 in pension expense. Deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 11,792,334	\$ 3,710,502
Change of assumptions	24,804,099	719,011
Deferred contributions	22,018,026	-
Net difference between projected and actual earnings on pension plan investments	<u>6,909,352</u>	<u>-</u>
Total	<u>\$ 65,523,811</u>	<u>\$ 4,429,513</u>

Deferred outflows of resources totaling \$22,018,026 represent contributions made after the plan’s valuation date. Amounts reported as deferred outflows of resources and deferred inflows of resources, excluding deferred contributions, related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2021	\$ 10,885,792
2022	8,546,822
2023	8,182,424
2024	7,403,107
2025	2,047,757
2026	<u>2,010,369</u>
	<u>\$ 39,076,271</u>

**Payable to the Pension Plan**

At June 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan.

**Electric Power Board of Chattanooga Retirement Plan**

**General Information**

Plan administration - The Electric Power Board of Chattanooga Retirement Plan (Plan) provides retirement benefits to all employees who have completed six months of employment. The Plan assigns the authority to establish and amend benefit provisions to EPB. A stand-alone financial report is not issued for this plan.

Benefits provided – The Plan provides retirement and death benefits. The normal monthly retirement benefit formula provides that each participant will receive a monthly payment in the form of a single life annuity with sixty monthly guaranteed payments. The monthly payments are computed at the rate of 2% of final monthly salary for the first twenty years of service; 1.25% of final monthly salary for the ten years of service; 0.5% of final monthly salary for the next five years of service (maximum 35 years).

A participant who has completed five or more years of credited service and who has attained age fifty-five may be entitled to receive an early retirement benefit. The early retirement benefit is equal to the amount of the accrued benefit reduced by 0.4% for each month by which the early retirement date precedes the normal retirement date.

The death benefit shall be a lump sum distribution equal to the discounted present value of 50% of the early retirement accrued benefit, if the employee had not yet reached normal retirement age, or 50% of the normal retirement accrued benefit if the employee had reached normal retirement age, computed on the day before death. After retirement, the death benefit shall be determined by the form of benefit payment the employee elected upon retirement

(Continued)



**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

Final monthly salary is the three-year average of base salary on the actual retirement date and the two previous August 1sts. The normal retirement date is the first day of the month coincident with the participant’s 65<sup>th</sup> birthday or having five years of participation in the plan.

Employees covered by benefit terms – The following employees were covered by the benefit terms as of June 30, 2021:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	151
Active plan members	<u>572</u>
	<u>739</u>

Contributions – Plan members are not required to contribute to the Plan. EPB’s contributions are calculated based on an actuarially determined rate, which is currently 16.00% of annual covered payroll.

**Net Pension Liability**

EPB’s net pension liability was measured as of August 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of August 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	1.5 percent
Salary increases	3.0 percent
Investment rate of return	6.5 percent

Mortality rates were based on the UP-1984 Mortality Table for males and females.

The actuarial assumptions used in the August 1, 2020 valuation were based on the results of an experience study for the period August 1, 2017 through July 31, 2020. The actuarial assumptions used in the August 1, 2019 valuation were based on the results of an actuarial experience study for the period August 1, 2016 – July 31, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	30-45%	6.5%
International equity	25-40	6.0
Fixed income	15-25	4.0
Real estate	0-15	6.0
Cash	0-10	0.5

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

Discount rate - The discount rate used to measure the total pension liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that EPB contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan 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.

**Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2019*	\$ 64,899,000	\$ 50,538,000	\$ 14,361,000
Changes for the year:			
Service cost	4,008,000	-	4,008,000
Interest expense	4,543,000	-	4,543,000
Difference between expected and actual experience	1,736,000	-	1,736,000
Contributions – EPB	-	5,600,000	(5,600,000)
Net investment income	-	1,792,000	(1,792,000)
Benefits paid	(5,100,000)	(5,100,000)	-
Plan administrative expenses	-	(24,000)	24,000
Net changes	<u>5,187,000</u>	<u>2,268,000</u>	<u>2,919,000</u>
Balance at 6/30/2020	<u>\$ 70,086,000</u>	<u>\$ 52,806,000</u>	<u>\$ 17,280,000</u>

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Plan, calculated using the discount rate of 6.5 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
City’s net pension liability	<u>\$ 38,082,000</u>	<u>\$ 24,472,000</u>	<u>\$ 13,240,000</u>

The plan does not issue a separate report.

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

For the year ended June 30, 2021, EPB recognized \$7,100,000 in pension expense. Deferred outflows of resources related to pensions are as follows:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 10,518,000
Change in assumptions	8,878,000
Net difference between projected and actual earnings on pension plan investments	<u>1,813,000</u>
Total	<u>\$ 21,209,000</u>

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

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

Year ended June 30,	
2022	\$ 1,786,000
2023	2,039,000
2024	2,056,000
2025	1,741,000
2026	1,453,000
Thereafter	<u>12,134,000</u>
	<u>\$ 21,209,000</u>

**Payable to the Pension Plan**

At June 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan.

**Other Postemployment Benefits**

The primary government provides benefits through two single-employer other postemployment benefit plans (OPEB), one for EPB employees and one for all other city employees. There is no separate plan for police and fire.

The information below provides an aggregate view of these plans for both the primary government and its component unit:

	Primary Government		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) – (b)
Balances at 6/30/2019*	\$ 230,247,830	\$ 99,668,794	\$ 130,579,036
Changes for the year:			
Service cost	4,814,108	-	4,814,108
Interest expense	15,738,464	-	15,738,464
Changes of assumptions	452,569		452,569
Difference between expected and actual experience	(10,884,708)	-	(10,884,708)
Contributions – city	-	16,205,794	(16,205,794)
Net investment income	-	2,468,865	(2,468,865)
Benefits paid	(9,151,255)	(9,151,255)	-
Plan administrative expenses	-	(57,322)	57,322
Net changes	<u>969,178</u>	<u>9,466,082</u>	<u>(8,496,904)</u>
Balances at 6/30/2020**	<u>\$ 231,217,008</u>	<u>\$ 109,134,876</u>	<u>\$ 122,082,132</u>

\*EPB balance at 6/30/2020

\*\*EPB balance at 6/30/2021

	Component Unit Total OPEB Liability
Total OPEB liability (TOL) as of June 30, 2019*	\$ 882,923
Changes for the year:	
Service cost	22,983
Interest on TOL and cash flows	74,466
Changes in assumptions	6,347
Difference between actual and expected experience	(57,001)
Contributions - employer	(71,170)
Net investment income	(11,529)
Benefits paid	(9,006)
Plan administrative expenses	183
Net changes	<u>(44,727)</u>
Total OPEB liability (TOL) as of June 30, 2020**	<u>\$ 838,197</u>

\*CARTA Balance at 6/30/2020

\*\*CARTA Balance at 6/30/2021

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

	Primary Government		
	City	EPB	Total
	OPEB Plan	OPEB Plan	
Net OPEB liability	\$ 124,040,131	\$ (1,958,000)	\$ 122,082,131
Deferred OPEB outflows:			
Deferred contributions	12,696,834	1,796,000	14,492,834
Difference between expected and actual experience	86,678	1,132,000	1,128,678
Change in assumptions	7,601,616	-	7,601,616
Net difference between projected and actual earnings on OPEB plan investments	2,269,717	3,549,000	5,818,717
	22,654,845	6,477,000	29,131,845
Deferred OPEB inflows:			
Difference between expected and actual experience	(9,508,571)	-	(9,508,571)
Change in assumptions	-	(5,382,000)	(5,382,000)
Net difference between projected and actual earnings on OPEB plan investments	-	(4,727,000)	(4,727,000)
	(9,508,571)	(10,109,000)	(19,617,571)
OPEB expense	\$ 14,176,593	\$ 300,000	\$ 14,476,593
	Component Units		
	Airport	CARTA	Total
	OPEB Plan	OPEB Plan	
Net OPEB liability	\$ 607,032	\$ 231,165	\$ 838,197
Deferred OPEB outflows:			
Deferred contributions	62,136	-	62,136
Difference between expected and actual experience	-	574	574
Change in assumptions	37,201	15,688	52,889
Net difference between projected and actual earnings on OPEB plan investments	11,108	-	11,108
Changes of proportion OPEB plan*	95,453	-	95,453
	205,898	16,262	222,160
Deferred OPEB inflows:			
Difference between expected and actual experience	(46,109)	(18,570)	(64,679)
	(46,109)	(18,570)	(64,679)
OPEB expense	\$ 69,378	\$ 8,262	\$ 77,640

\* Amount included from the Chattanooga Metropolitan Airport Authority's Financial Statements

The following is a summary of each plan:

**Other Postemployment Benefits (City Fund)**

**General Information**

Plan Description - The City's OPEB plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions for all permanent, full-time general City employees and employees of the Chattanooga Metropolitan Airport Authority. Management of the OPEB Plan vested in the General Pension Plan (GPP) Board of Trustees, which consists of seven members. The Mayor is an ex-officio member with the other six appointed by the Mayor with the approval of a majority vote of the City Council. A stand-alone Financial Report is not issued for this plan.

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

Benefits provided - All of the City's employees may become eligible for benefits if they reach normal retirement age or certain service requirements while working for the City; those requirements are different for general employees and sworn safety employees. Those members meeting the eligibility conditions as of July 1, 2010 receive health benefits for life. Those not meeting the eligibility conditions as of July 1, 2010 receive health benefits until eligible for Medicare. A stand-alone financial report is not issued for the plan. Chapter 2, Article III, Division 17 of the City Code provides for the General Pension Plan (GPP) and OPEB Plan. Future amendments to the plan provisions can be authorized by City ordinance upon recommendation from the Board of Trustees of the GPP, upon advice by the Mayor and upon receipt of an actuarial report as to the costs and actuarial soundness of such changes.

Employees covered by benefit terms. The following employees were covered by the benefit terms as of January 1, 2020, the date of the valuation used to determine the June 30, 2020:

Inactive members or their beneficiaries currently receiving benefits	1,320
Active members	<u>2,321</u>
Total	<u>3,641</u>

Contributions - The City contributes to the plan at an actuarially determined rate. Retired plan members and beneficiaries are required to contribute specified amounts monthly toward the cost of health insurance premiums. Employees who retired prior to 2002 contribute an amount equal to the amount paid by active employees. Employees who retire after 2002 with 25 years of service or a job-related disability contribute an amount equal to 1.5 times that paid by active employees. Employees who retire after 2002 with less than 25 years of service or a non-job-related disability contribute an increased amount on the member of years' service less than 25 years. The City pays the remainder of the costs of medical coverage. The City established an Other Postemployment Benefits Trust (the Trust) in 2008 to partially pre-fund benefits. Beginning in 2011, the City began funding the Trust based on an actuarial calculation in which all unfunded prior service costs as well as normal costs are allocated to various funds based on applicable payroll. The City is currently contributing 14.17 percent of the total covered payroll of participants. All obligations are liquidated from the OPEB trust.

**Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018, rolled-forward to June 30, 2020.

Actuarial assumptions. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	1.50 to 5.00 percent, including inflation
Investment rate of return	6.75 percent compounded annually, net of investment expense, and including inflation
Single equivalent interest rate	6.75 percent
Healthcare cost trend rates	
Pre-Medicare Eligible	7.00 percent
Medicare Eligible	5.25 percent
Ultimate trend rate	
Pre-Medicare Eligible	4.50 percent
Medicare Eligible	4.50 percent
Year of Ultimate trend rate	2027

Mortality – General Employee Deaths After Retirement: According to the RP-2000 Combined Mortality Table set forward four years for males and set forward two years for females and using a Scale AA projection to 2025, for service retirements and beneficiaries of retired participants. The RP-2000 Disabled Mortality Table set forward eight years for males and set forward nine years for females and using a Scale AA projection to 2025 is used for the period after disability retirement. Fire and Police Employee Deaths After Retirement: According to the RP 2014 Blue Collar Mortality fully generational using a modified MP-2014 projection scale and set forward three years for males and female for service retirements and beneficiaries of retired participants. The RP 2014 Disabled Mortality fully generational using a modified MP-2014 projection scale and set forward three years for both males and females is used for the period after disability retirement.

(Continued)

## NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the January 1, 2020 valuation for general employees reflected the results of the experience investigation of the General Pension Fund for the period ending December 31, 2017. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases for fire and police employees reflect the results of the experience investigation of the Fire and Police Pension Fund for the period ending December 31, 2014.

The remaining actuarial assumptions (e.g., initial per capital costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the January 1, 2020 valuation were based on a review of recent plan experience done concurrently with the January 1, 2020 valuation.

The long-term expected rate of return on plan assets is to be reviewed as part of regular experience studies prepared for the Plan every four to five years. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in the current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed by the investment consultant for each major asset class. These ranges should be 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 then adding expected inflation. The capital market assumptions to be developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Upon adoption of the long-term rate of return by the Plan, the target asset allocation and best estimates of expected geometric real rates of return for each major asset class, as provided by the Plan's investment consultant, are to be summarized in a manner suggested by the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>3-yr Expected Real Rate of Return</u>
US equity – mid/large cap	38.0 %	7.0 %
US equity – small cap	5.0 %	7.5 %
International equity	15.0 %	7.5 %
Core fixed income	12.0 %	1.7 %
High yield fixed income	3.0 %	6.5 %
International fixed income	5.0 %	1.2 %
E.M. debt	5.0 %	6.6 %
Private debt	0.0 %	7.0 %
Equity hedge funds	3.5 %	7.5 %
Diversified hedge funds	3.5 %	6.5 %
Private Equity	5.0 %	15.0 %
Real estate	5.0 %	8.0 %
	<u>100.0 %</u>	

Discount rate - The discount rate used to measure the OPEB liability was 6.75 percent. The plan will be funded based on the actuarially determined contribution each year in the future therefore will not be projected to run out of money.

Based on these assumptions, the Plan's fiduciary net position (FNP) was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (TOL). The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the Prior Measurement Date.

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

**Changes in Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/2019	\$ 207,678,223	\$ 73,690,668	\$ 133,987,555
Changes for the year:			
Service cost	3,883,018	-	3,883,018
Interest expense	14,274,983	-	14,274,983
Difference between expected and actual experience	(11,458,511)		(11,458,511)
Changes of assumptions	903,971		903,971
Contributions – employer	-	14,613,964	(14,613,964)
Net investment income	-	2,367,394	(2,367,394)
Benefits paid	(7,499,779)	(7,499,779)	-
Plan administrative expenses	-	(37,506)	37,506
Net changes	<u>103,682</u>	<u>9,444,073</u>	<u>(9,340,391)</u>
Balance at 6/30/2020	<u>\$ 207,781,905</u>	<u>\$ 83,134,741</u>	<u>\$ 124,647,164</u>

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability 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 discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	\$ 145,421,343	\$ 124,647,164	\$ 106,607,541

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6.00% decreasing to 3.50% for pre-Medicare, 4.25% decreasing to 3.50% for Medicare eligible) or 1-percentage point higher (8.00% decreasing to 5.50% for pre-Medicare, 6.25% decreasing to 5.50% for Medicare eligible) than the current healthcare cost trend rates. The current healthcare cost trend rates are 7.00% decreasing to 4.50% for pre-Medicare, 5.25% decreasing to 4.50% for Medicare eligible.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ 104,270,392	\$ 124,647,164	\$ 148,438,803

OPEB plan fiduciary net position. The plan does not issue a separate financial report. Detailed information about the OPEB plan's fiduciary net position is found in Note 6.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows, or Resources Related to OPEB**

For the year ended June 30, 2020, the City recognized OPEB expense of \$14,176,593 with an additional \$69,378 for the Airport Authority, a component unit of the City.

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

Deferred outflows of resources related to OPEB are as follows:

	<u>Primary Government</u>	<u>Airport Authority</u>	<u>Total</u>
Deferred outflow of resources:			
Deferred contribution	\$ 12,696,834	\$ 62,136	\$ 12,758,970
Difference between expected and actual Experience	86,678	424	87,102
Changes of assumptions	7,601,616	37,201	7,638,817
Net difference between projected and actual earnings on OPEB investment	2,269,717	11,108	2,280,825
Changes in proportion of OPEB plan*	<u>-</u>	<u>95,455</u>	<u>95,455</u>
Total	<u>\$ 22,654,845</u>	<u>\$ 206,324</u>	<u>\$ 22,861,169</u>

Deferred inflows of resources related to OPEB are as follows:

	<u>Primary Government</u>	<u>Airport Authority</u>	<u>Total</u>
Deferred outflow of resources:			
Difference between expected and actual experience	<u>\$ 9,508,571</u>	<u>\$ 46,533</u>	<u>\$ 9,555,104</u>
Total	<u>\$ 9,508,571</u>	<u>\$ 46,533</u>	<u>\$ 9,555,104</u>

\*Amount included from the Chattanooga Metropolitan Airport Authority's Financial Statements

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

	<u>Primary Government</u>	<u>Airport Authority</u>	<u>Total</u>
Year ended June 30,			
2021	\$ 330,277	\$ 1,616	\$ 331,893
2021	1,120,646	5,484	1,126,130
2022	1,384,351	6,775	1,391,126
2023	(606,233)	(2,967)	(609,200)
2024	<u>(1,744,708)</u>	<u>(8,538)</u>	<u>(1,753,246)</u>
	<u>\$ 484,333</u>	<u>\$ 2,370</u>	<u>\$ 486,703</u>

**Payable to the OPEB Plan**

At June 30, 2021, the City reported a payable of \$0 for the outstanding required amount of contribution to the OPEB plan.

**Other Postemployment Benefits (EPB)**

Plan Description - The Electric Power Board of Chattanooga Post Employment Health and Welfare Benefit Plan ("Plan") is a single-employer defined benefit healthcare and welfare plan administered by an individual designated by EPB. The Plan assigns the authority to establish and amend benefit provisions to EPB. A stand-alone Financial Report is not issued for this plan.

Benefits provided - The plan provides health and life insurance benefits. These benefits are subject to deductibles, co-payments provisions, and other limitations. Eligible retirees and their dependents may continue healthcare coverage through EPB, and retirees after July 1, 1994 received a death benefit from the plan.

(Continued)



**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

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

Inactive plan members or beneficiaries currently receiving benefits	427
Inactive plan members entitled to but not yet receiving benefits	62
Active plan members	<u>633</u>
	<u>1,122</u>

Contributions - The contribution requirements of plan members and EPB are established and may be amended by EPB. Plan members receiving benefits contribute based on retiree's age, retirement date, and years of service. Contribution rates for FY 2021 are as shown in the table below.

<u>Category</u>	Retirement After March 1, 1991				
	<u>Years of Service/percent of Contributions</u>				
	<u>5-9/85%</u>	<u>10-14.75%</u>	<u>15-19/55%</u>	<u>20-24/35%</u>	<u>25+/15%</u>
Pre-Age 65, EPO					
Individual	\$ 475	\$ 419	\$ 308	\$ 196	\$ 84
Employee +1	951	839	615	392	168
Family	1,426	1,258	923	587	252
Pre-Age 65, PPO					
Individual	\$ 380	\$ 336	\$ 246	\$ 157	\$ 67
Employee +1	761	671	492	313	134
Family	1,141	1,007	738	470	201
Age 65 & Over					
Individual	\$ 130	\$ 118	\$ 88	\$ 57	\$ 27
Spouse	130	118	88	57	27

EPB's contributions are calculated based on claims actually paid under the plan, which were 3.5% of annual covered payroll as of June 30, 2021.

**Net OPEB Liability**

EPB's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Healthcare cost trend	7.50 percent initial, 4.00 percent ultimate
Investment rate of return	6.50 percent

Mortality rates were based on the UP-1984 Mortality Table for Males or Females.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2017 – June 30, 2020.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges 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. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	30-40%	7.0 %
International equity	30-50	6.5 %
Fixed income	15-25	4.0 %
Real estate	0-10	6.0 %
Cash	0-10	0.5 %

Discount rate - The discount rate used to measure the total OPEB liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that EPB contributions will be made at the expected level of future claims under the plan. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table shows the changes in the net OPEB liability:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u> <u>(a)</u>	<u>Plan Net Position</u> <u>(b)</u>	<u>Net OPEB Asset</u> <u>(a) - (b)</u>
Balances at 6/30/2020	\$ 23,581,000	\$ 26,337,000	\$ (2,756,000)
Changes for the year:			
Service cost	950,000	-	950,000
Interest expense	1,533,000	-	1,533,000
Difference between expected and actual experience	518,000	-	518,000
Assumption changes	(447,000)		(447,000)
Contributions – employer	-	1,663,000	(1,663,000)
Net investment income	-	113,000	(113,000)
Benefits paid	(1,688,000)	(1,688,000)	-
Plan administrative expenses	-	(20,000)	20,000
Net changes	<u>866,000</u>	<u>68,000</u>	<u>798,000</u>
Balance at 6/30/2021	<u>\$ 24,447,000</u>	<u>\$ 26,405,000</u>	<u>\$ (1,958,000)</u>

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB liability (asset) of the Plan, calculated using the discount rate of 6.5 percent, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

	<u>1% Decrease</u> <u>(5.5%)</u>	<u>Discount Rate</u> <u>(6.5%)</u>	<u>1% Increase</u> <u>(7.5%)</u>
Net OPEB liability (asset)	\$ 711,000	\$ (1,958,000)	\$ (4,223,000)

Sensitivity of the net OPEB liability to changes in healthcare cost trend rate - The following presents the net OPEB liability (asset) of the Plan, calculated using the healthcare trend rate of 7.5 percent decreasing to an ultimate 4.0 percent, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent decreasing to 3.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 5.0 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.5% to 3.0%)</u>	<u>Healthcare Trend Rate</u> <u>(7.5% to 4.0%)</u>	<u>1% Increase</u> <u>(8.5% to 5.0%)</u>
Net OPEB liability (asset)	\$ (4,510,000)	\$ (1,958,000)	\$ 1,158,000

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revisions as results are compared to the past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2020.

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

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

For the year ended June 30, 2021, EPB recognized an OPEB expense of \$0.3 million. At June 30, 2021, EPB reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 1,796,000	-
Difference between expected and actual experience	3,549,000	(4,727,000)
Changes in assumptions	-	(5,382,000)
Net difference between projected and actual earnings on pension plan investments	<u>1,132,000</u>	<u>-</u>
Total	<u>\$ 6,477,000</u>	<u>\$ (10,109,000)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense (revenue) as follows:

Year ended June 30,	
2022	\$ (514,000)
2023	(287,000)
2024	(234,000)
2025	(297,000)
2026	(616,000)
Thereafter	<u>(3,480,000)</u>
	<u>\$ (5,428,000)</u>

Deferred outflows of resources totaling \$1.7 million represent contributions made after the Plan's valuation date. These contributions will be used to reduce the net OPEB liability during 2021.

**Payable to the OPEB Plan**

At June 30, 2020, EPB reported \$0 payable balances for required outstanding contributions to the Plan.

**City Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets in the plan are recorded at market value but are administered by private corporations under contract with the City. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

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

Asset balance at July 1, 2020	\$ 37,898,916
Deferrals of compensation	2,751,829
Earnings (losses)	7,590,506
Withdrawals	(3,561,630)
Administrative expenses	<u>(44,175)</u>
Asset balance at June 30, 2021	<u>\$ 44,635,446</u>

(Continued)

## NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)

### **EPB 401(k) Plan**

Effective August 1, 1984, EPB implemented a 401(k) defined contribution plan, the EPB Retirement Savings Plan, which allows employees to invest up to 100% of their salary in a tax-deferred savings plan. EPB contributes 100% matching contribution up to 4.0% of an employee's salary after one year of employment. All employees who have completed three months of employment and have attained age 18 are eligible to participate in the 401(k) defined contribution plan. Participating employees are immediately fully vested in EPB contributions, which amounted to approximately \$1.7 million in fiscal year 2021. Employee contributions were approximately \$4.0 million. The EPB Retirement Savings Plan is administered by an individual designated by EPB; the EPB Retirement Savings Plan assigns the authority to establish and amend the plan to EPB.

### **Pension Plans of Component Units**

Chattanooga Area Regional Transportation Authority (CARTA or Authority) is the only component unit with separate defined benefit pension plans. As of June 30, 2021, CARTA has two plans, The Disability and Retirement Plan and The Defined Benefit Plan. Condensed disclosures for CARTA's defined benefit pension plans are as follows:

#### **General Information**

Plan administration – The Disability and Retirement Plan of the Chattanooga Area Regional Transportation Authority and Local 1212 of the Amalgamated Transit Union (Plan) is administered by a committee of four persons, two appointed by Union and two appointed by CARTA. The Plan issues a stand-alone financial report which may be obtained by writing to CARTA, 1617 Wilcox Boulevard, Chattanooga, Tennessee, 37406.

Benefits provided – All full-time, permanent employees who have completed at least 60 days of employment are eligible to participate in the Plan. Participants who retire at or after age 65 with 5 years of continuous service, or when the sum of the employee's age and number of completed continuous years of service equals or exceeds 85, are entitled to a monthly benefit.

Employees covered by benefit terms – The following employees were covered by the benefit terms as of January 1, 2021, the valuation date:

Inactive employees or beneficiaries currently receiving benefits	112
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>167</u>
	<u>286</u>

Contributions – All participants are required to make a contribution equal to 4.5 percent of their earnings, with CARTA contributing 12.6 percent.

#### **Net Pension Liability**

The Authority's net pension liability was measured as of January 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Discount rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rates.

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

**Changes in Net Pension Liability**

The following is the combined net pension liability for both defined benefit plans:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at 1/1/2020	\$ 28,963,767	\$ 17,176,174	\$ 11,787,593
Changes for the year:			
Service cost	1,031,265	-	1,031,265
Interest expense	2,088,343	-	2,088,343
Difference between expected and actual experience	635,477	-	635,477
Contributions – CARTA	-	1,746,168	(1,746,168)
Contributions – members	-	461,933	(461,933)
Net investment income	-	2,030,848	(2,030,848)
Benefits paid	(2,238,379)	(2,238,379)	-
Plan administrative expenses	-	(54,703)	54,703
Net changes	<u>1,516,706</u>	<u>1,945,867</u>	<u>(429,161)</u>
Balance at 1/1/2021	<u>\$ 30,480,473</u>	<u>\$ 19,122,041</u>	<u>\$ 11,358,432</u>

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Authority, calculated using the discount rate of 7.5 percent for the Disability and Retirement Plan as well as what the Authority’s net pension 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 rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Authority’s net pension liability	\$ 14,189,283	\$ 11,358,432	\$ 9,940,504

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

For the year ended June 30, 2021, the Authority recognized pension expense of \$1,422,167. Deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 686,660	\$ 413,356
Authority contributions received after the measurement date	823,570	-
Net difference between projected and actual earnings on pension plan investments	-	<u>1,022,255</u>
Total	<u>\$ 1,510,230</u>	<u>\$ 1,435,611</u>

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

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

Year ended June 30,	
2022	\$ (170,746)
2023	(62,368)
2024	(530,781)
2025	(72,708)
Thereafter	<u>87,652</u>
	<u>\$ (748,951)</u>

**Other Postemployment Benefits of Component Units**

**General Information**

As of June 30, 2018, CARTA has adopted an OPEB plan that was established by the Authority Board. The Board is authorized to approve amendments to the Plan. The Board has not elected to advance fund the Plan, but rather maintains the Plan as a “pay as you go” basis, in that claims are paid as they arise, rather than establish an irrevocable trust to accumulate restricted funds. The Plan does not issue separate financial statements.

**Plan administration**

CARTA provides health care, life insurance, and supplemental retirement benefits for certain members of management and their spouses. The plan is a single-employer defined benefit plan; participants of this plan who retire are entitled to a monthly benefit.

**Funding Policy**

CARTA pays a \$1,500 supplement for life insurance and supplemental retirement benefits. The contribution requirements of CARTA are established and may be amended by CARTA’s Board of Directors. Plan members are currently not required to contribute. For fiscal year ended June 30, 2021, the Authority contributed \$9,758 for the pay as you go benefits.

**Membership**

The following schedule (derived from the recent actuarial valuation report) reflects membership for the OPEB Health Care Plan as of June 30, 2021.

Inactive employees or beneficiaries	95
DROP members	11
Active employees	<u>166</u>
Total	<u><u>272</u></u>

**Contribution**

Plan members are currently not required to contribute.

**Actuarial assumptions**

The total OPEB liability was determined by an actuarial valuation as of the valuation date, June 30, 2021. An expected total OPEB liability is determined as of June 30, 2021, the prior measurement date, using standard roll back techniques. The rollback calculation begins with the total OPEB liability, as of the measurement date, June 30, 2021, adds the expected benefit payments for the year, deducts interest at the discount rate of the year, and then subtracts the annual service cost.

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

The following actuarial assumptions apply to all periods included in the measurement:

Discount rate	2.19%
Salary increases	N/A
Inflation rate	3.00%
Municipal bond index rate	2.19%
Long-term expected rate of return	3.00%

Mortality rates were based on the RP-2014 Total Data Set Mortality Table projected generationally with Scale MP-2014, for service. The RP-2014 Disabled Retiree Mortality Table projected generationally with Scale MP-2014 is used for the period after disability retirement.

Changes in Total OPEB Liability

The following is the Authority’s changes in the total OPEB liability by source for the fiscal year ended June 30, 2021:

Total OPEB Liability (TOL) as of June 30, 2020	\$	230,404
Changes for the Year:		
Service cost		4,073
Interest on TOL and cash flows		4,947
Difference between actual and expected		(1,198)
Changes of assumptions		1,945
Benefits paid		<u>(9,006)</u>
Net changes		<u>761</u>
Total OPEB Liability (TOL) as of June 30, 2021	\$	<u>231,165</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Authority, calculated using the discount rate, as well as what the Authority’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage higher than the current rate.

	<u>1% Decrease</u> <u>(1.19%)</u>	<u>Discount Rate</u> <u>(2.19%)</u>	<u>1% Increase</u> <u>(3.19%)</u>
Net OPEB Liability (asset)	\$ 268,087	\$ 231,165	\$202,016

At June 30, 2021, the Authority reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 574	\$ (18,570)
Changes in assumptions	<u>15,688</u>	<u>-</u>
Total	<u>\$ 16,262</u>	<u>\$ (18,570)</u>

(Continued)

**NOTE 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

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

Fiscal Year Ending June 30:	
2022	\$ (758)
2023	(760)
2024	(925)
2025	<u>135</u>
Total	<u>\$ (2,308)</u>

**NOTE 8. INTERFUND TRANSFERS**

	Transfers In:					Total
	Capital Projects	Nonmajor Governmental	Sewer Fund	Water Quality Management	Internal Service	
<b>Transfers out:</b>						
General Fund	\$ 22,647,083	\$ 24,139,104	\$ -	\$ -	\$ 2,869,137	\$ 49,655,324
Nonmajor Governmental Funds						
Community						
Development	-	332,507	-	8,534	-	341,041
State Street Aid	2,937,926	-	-	-	-	2,937,926
Hotel/Motel Tax	-	3,879,450	-	-	-	3,879,450
Solid Waste	-	-	159,297	-	-	159,297
Total	<u>\$ 25,585,009</u>	<u>\$ 28,351,061</u>	<u>\$ 159,297</u>	<u>\$ 8,534</u>	<u>\$ 2,869,137</u>	<u>\$ 56,973,037</u>

Transfers are used to: (1) move revenues from the General Fund, the Community Development Fund, and the Hotel/Motel Tax Fund to the Debt Service Fund as debt service principal and interest payments become due, (2) move unrestricted revenue from borrowings to the Capital Projects Fund and the Debt Service Fund as required, (3) move unrestricted revenues from the General Fund to other funds for various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, (4) move unrestricted revenues from the General Fund to the Capital Projects Fund for ongoing projects, (5) move revenues from Community Development Fund, State Street Aid, and Hotel/Motel Fund to Capital Projects Fund for going projects, (6) due to reclassification of capital assets, assets and remaining funds balance were transferred to Internal Service fund.

**NOTE 9. FUND BALANCE**

The City Council has adopted a policy to maintain a minimum level of unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) in the General Fund. The target level is a balance equal to a minimum of 15% of General Fund revenues and transfers in. This amount is intended to provide for one-time capital needs or for emergency expenditures which meet specific guidelines. If fund balance falls below the minimum target level, the policy provides for actions to replenish the amount to the minimum target level within a three-year period. For the year ended June 30, 2021, the minimum fund balance per policy is \$47.6 million. The current unrestricted fund balance is \$109.7 million.

(Continued)



**NOTE 9. FUND BALANCE (Continued)**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:				
Nonspendable				
Endowments	\$ -	\$ -	\$ 6,864,317	\$ 6,864,317
Inventory	816,146	-	-	816,146
Long-term notes receivable	857,739	-	-	857,739
Prepaid expenses	4,000	-	-	4,000
Restricted				
Law enforcement	67,393	-	1,643,716	1,711,109
Economic development	9,915,911	-	11,424	9,927,335
African-American Museum	88,656	-	-	88,656
Special programs	6,813,205	-	-	6,813,205
Capital projects	-	82,591,393	-	82,591,393
Library Endowment	-	-	360,583	360,583
Human services program	-	-	536,912	536,912
State street aid	-	-	6,499,592	6,499,592
Community development	-	-	2,368,874	2,368,874
Hotel-Motel tax revenue pledge	-	-	6,417,406	6,417,406
Regional Planning Agency	-	-	807,152	807,152
Air Pollution Control Bureau	-	-	287,418	287,418
Committed				
Law enforcement	239,994	-	-	239,994
Economic development	534,434	-	-	534,434
Free Public Library	113,521	-	-	113,521
African-American Museum	88,656	-	-	88,656
Regional Planning Agency	-	-	3,996,625	3,996,625
Air Pollution Control Bureau	-	-	431,127	431,127
Debt service	-	-	2,393,395	2,393,395
Assigned				
Public Library	1,920,644	-	-	1,920,644
Golf course	961,849	-	-	961,849
Other purposes	7,405,843	-	-	7,405,843
Unassigned	<u>98,393,206</u>	<u>-</u>	<u>-</u>	<u>98,393,206</u>
Total fund balances	<u>\$ 128,221,197</u>	<u>\$ 82,591,393</u>	<u>\$ 32,618,541</u>	<u>\$ 243,431,131</u>
Summary for Governmental Funds				
Balance Sheet:				
Nonspendable	\$ 1,677,885	\$ -	\$ 6,864,317	\$ 8,542,202
Restricted	16,885,165	85,591,393	18,933,077	118,409,635
Committed	976,605	-	6,821,147	7,797,752
Assigned	10,288,336	-	-	10,288,336
Unassigned	<u>98,393,206</u>	<u>-</u>	<u>-</u>	<u>98,393,206</u>
Total fund balances	<u>\$ 128,221,197</u>	<u>\$ 82,591,393</u>	<u>\$ 32,618,541</u>	<u>\$ 243,431,131</u>

**NOTE 10. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; medical benefits; certain retiree medical benefits; unemployment compensation; injuries to employees; errors and omissions; and natural disasters. The City maintains property and casualty insurance coverage against property loss above the deductible amount which is ranging from \$500 to \$500,000 depending on the type of damage. As of June 30, 2021, there were no significant reductions in insurance coverage in the prior year.

The Internal Service Fund accounts for all exposures, except on-the-job-injury claims. To minimize its losses, the City has established a limited risk management program. Premiums are paid by all funds and are available to pay claims, claim reserves, and administrative costs of the program. The City has a self-funded medical benefits plan that is administered by Blue Cross/Blue Shield of Tennessee with the City's exposure limited by a stop-loss policy. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The liability does not include non-incremental claims adjustment expenses. Claim liabilities are calculated considering the effect of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

Interfund premiums in the Internal Service Fund are based on the insured funds' claims experience. Premiums are adjusted to cover all reported claims. It is anticipated that the settlement of an individual claim will be funded by premiums subsequent to the filing of the claim and prior to its settlement. At June 30, 2021, the Internal Service Fund liability consists of \$3,391,535 related to torts and \$3,856,672 related to medical benefits. Assets are sufficient in the fund to cover unpaid claims.

Changes in the balances of claims liabilities during the year are as follows:

	<u>General Fund</u>	<u>Internal Service Fund</u>
Unpaid claims, June 30, 2019	\$ 489,232	\$ 5,659,823
Incurred claims, including IBNRs/reduction in estimated liabilities	1,962,808	31,601,554
Claim payments	<u>(2,105,870)</u>	<u>(30,225,020)</u>
Unpaid claims, June 30, 2020	346,170	7,036,357
Incurred claims, including IBNRs/reduction in estimated liabilities	1,636,918	34,111,524
Claim payments	<u>(1,703,123)</u>	<u>(33,899,674)</u>
Unpaid claims, June 30, 2021	<u>\$ 279,965</u>	<u>\$ 7,248,207</u>

All unpaid claims are estimated to be paid within one year.

**NOTE 11. ENDOWMENTS**

Tennessee Code Annotated (T.C.A. 10-3-104 & 106) allows for the library board to receive and control donations.

The library endowment fund consists of nine separate endowments established by various individuals and estates. The principals of these endowments are restricted and the earnings are used to support the Chattanooga Public Library. The realized and unrealized gains are added to the restricted net assets. Currently, the investment account custodian of these endowments is Raymond James.

The endowments are tracked by the name of the benefactor. They are separated in order to track compliance with restrictions set forth by the benefactor at the time of the gift or settlement of the benefactor's estate.

The Library Endowment Board Investment Committee is responsible for establishing the Investment Policy Statement. The primary objectives are to maximize the return on assets while maintaining an appropriate level of risk for each account and to provide long term financial support for each account in accordance with its specific purpose.

(Continued)

## **NOTE 11. ENDOWMENTS (Continued)**

The investment committee has a fiduciary responsibility to manage the assets with the assistance of the investment consultant. The committee establishes the general investment guidelines to include the types of acceptable and unacceptable investments, diversification and asset allocation. It is also responsible for monitoring the performance of each investment.

At June 30, 2021, net appreciation of \$40,542 is available to be spent, which is reflected in the restricted fund balance.

## **NOTE 12. TAX ABATEMENTS**

The City of Chattanooga currently offers two types of tax abatement programs: (1) Downtown Housing Development and (2) Commercial and Industrial Development. Pursuant to Tennessee Code Annotated (TCA) 7-53-305, the Industrial Development Board (IDB) of the City of Chattanooga and the Health and Education Board (HEB) are allowed to own property within the city. The city may delegate the authority to the IDB and the HEB to negotiate and accept payments in lieu of ad valorem taxes (PILOT) from the corporation's lessees, provided that such payments are deemed to be in furtherance of the corporation's public purposes. Every PILOT has to be for business operations, which are defined as a project under TCA 7-53-101 (13). The IDB is allowed by state law to be exempt from taxation and to lease property as a method of security so that PILOT payments may be accepted by cities and counties.

### **Downtown Housing Development**

This program was renewed via Resolution No. 27968 on August 5, 2015 to encourage the development of single family rental housing in the downtown Chattanooga area. The program is effective for ten years expiring in August 2025. The City has delegated to the Health and Education Housing Facility Board (HEB) the authority to negotiate and accept PILOTs from lessees of the HEB upon findings by the City that such payments are deemed to be in furtherance HEB's public purposes. Applications must be made to and in a form prescribed by River City Company and accompanied by a \$3,500 fee for administration and processing. Criteria are as follows:

1. Housing development must be located within the Downtown area, must be occupied by persons of low and/or moderate income, and/or elderly, and/or handicapped persons, and must qualify as a "project" under the state legislation, for which the HEB was incorporated. Both existing housing that is to be rehabilitated and new housing construction are eligible for the program.
2. The value of all new construction, building renovations and site improvements must be equal to at least 60% of the value of the property prior to the making of any improvements.
3. The PILOT is effectively a freeze on the amount of property taxes paid for a period of ten years, plus two additional years if the project involves the rehabilitation of an existing building and two more years if the rehabilitation is a Certified Historic Rehabilitation. Additionally, after the PILOT freeze period, qualifying projects shall have the benefit of a PILOT phase-in period of four years in which taxes on the new construction and/or rehabilitation are paid at the rates 20%, 40%, 60% and 80%.
4. Projects must be approved by resolutions of the City Council and Hamilton County Commission. There are currently no recapture provisions when terms are not met and no other commitments are made by the City.

### **Commercial and Industrial Development**

The City promotes economic development and growth through commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City of Chattanooga.

(Continued)

**NOTE 12. TAX ABATEMENTS (Continued)**

This program offers tax abatements for a specified period in exchange for benefits received by the city due to an increase in real and personal property investments, as well as the creation of jobs. Application is made to the Chamber of Commerce, with approval by the Industrial Development Board (IDB) and City Council. To be eligible for a tax reduction, you must either relocate into the city or expand business within the city. Qualified businesses will be eligible for abatement of all or a portion of property taxes dependent on the dollar amount of the investment and the number and average wage of jobs created. There are provisions for recapturing abated taxes if certain terms of the agreement are not met. Other commitments made by the city include roadway improvements, rail services, and sewer improvements, just to name a few.

In 2015, an economic development fee was added to a few of these PILOTs which equates to approximately 15% of the total taxes that would be required if the taxpayer were to pay 100% of the total tax levy. This fee shall be collected by the City Treasurer and distributed to the City of Chattanooga’s IDB to be used for economic development purposes, as directed by the Mayor. In the coming years, more PILOTs will be required to pay such a fee.

Information relevant to disclosure of these programs includes the following:

	Number of New Abatements During the Fiscal Year	Number of Abatements as of End of the Fiscal Year	Number of Future Abatements Approved by Council	Amounts of Abatements During the Fiscal Year
Downtown Housing Development Commercial and Industrial Development	2	11	3	\$ 578,696
	<u>0</u>	<u>21</u>	<u>1</u>	<u>13,724,264</u>
Total	<u><u>2</u></u>	<u><u>32</u></u>	<u><u>4</u></u>	<u><u>\$ 14,302,960</u></u>

**NOTE 13. COMMITMENTS AND CONTINGENCIES**

**Construction Commitments**

The City has entered into various construction commitments. Such contracts include contracts for improvements to sewer, solid waste, and water quality systems, and acquisition and construction contracts related to general government capital projects. As of June 30, 2021, the City’s commitment with contractors was \$124,832,576.

**Operating Lease Agreements**

In September 2017, the City entered into a rental lease agreement with Dew Edney, LLC, for offices in the Edney Building for the period December 1, 2017 through November 31, 2021. The annual rent for the first three years will be \$164,213.20 and \$169,139.60 for the fourth year.

**Landfill Closure and Post Closure Care Costs**

The Solid Waste Fund accounts for all aspects of solid waste disposal, including the city’s municipal landfill; operations include a current landfill as well as closure and post closure care costs of landfills closed in prior years. State and federal regulations require the City to place a final cover on all landfills after closure and perform certain maintenance and monitoring functions for 30 years thereafter. The City recognizes landfill closure and post closure care costs based on the amount of the landfill used during the year. The estimated liability is based on 15.27 percent of the City Landfill Area III capacity and 100 percent usage of the Summit Landfill and the City Landfill Area II. Estimated remaining life is calculated based on anticipated usage. Currently, the City diverts all its waste, under contract, to the Bradley County Landfill. This has reduced utilization of Area III by approximately 65,000 cubic yards per year below normal. Absent renewal of a contract, the useful life will be approximately 66 years.

(Continued)

### NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

Changes in the estimated liability for landfill closure and post closure care costs for the year ended June 30, 2021, are as follows:

Estimated liability, June 30, 2020	\$ 4,658,064
Expenses recognized	56,914
Costs incurred	<u>(162,539)</u>
Estimated liability, June 30, 2021	<u>\$ 4,552,439</u>
Due within one year	<u>\$ 316,734</u>

The estimated costs of closure and post closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired at year-end. However, the actual costs of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in post closure requirements may need to be covered by charges to future landfill users, taxpayers, or both.

#### Consent Decree

The Interceptor Sewer System was established in 1952 to provide sewers for the City in a planned and orderly manner. The system encompasses approximately 1,296 miles of sewer gravity mains, 56 miles of sewer pressurized mains, 78 sewage pumping stations, approximately 171 residential/grinder stations, 8 combined sewer overflow treatment facilities, 1 combined sewer overflow storage facility and 1 regional wastewater treatment plant.

On April 24, 2013, a Consent Decree negotiated between the City, Environmental Protection Agency, Tennessee Department of Environment and Conservation, and the Tennessee Clean Water Network became effective. The City agreed to begin a program of rehabilitation of the sewer system for the purpose of reducing sanitary sewer overflows. This comprehensive, two-phase plan is expected to cost \$250 million over a 16-year period. The first phase is a 5-year program of specific projects identified by the City; the second phase consists of additional projects determined necessary by the City to meet the intent of the Consent Decree based on the success of the Phase 1 projects. The projects will be paid through user fees.

#### Pollution Remediation

Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, provides guidance for state and local governments in estimating and reporting the potential costs of pollution remediation. While GASB does not require the City to search for pollution, it does require the City to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the City is compelled to take action;
- The City is in violation of a pollution related permit or license;
- The City is named or has evidence that it will be named a responsible part by a regulator;
- The City is named or has evidence that it will be named in a lawsuit to enforce a cleanup; or
- The City commences or legally obligates itself to conduct remediation activities.

The standard requires the City to calculate pollution remediation liabilities using the expected cash flow technique. The remediation obligation estimate that appears in this report is subject to change over time due to price fluctuations, changes in technology, environmental studies, changes in regulations and other factors. Where the costs cannot reasonably be estimated, the City does not report a liability.

During the fiscal year, the City spent \$12,533 in pollution remediation obligation related activities and received \$1,900 reimbursement from the State of Tennessee. At June 30, 2021, the City had a net pollution remediation obligation of \$59,991.

(Continued)

### **NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)**

In the early 2000's, City took possession of the Butcher Block in a land swap deal worked out with EPB. At the same time, Butcher Block revealed contamination from former uses within the block: One Hour Valet Cleaners and a gas station. As part of the land swap agreement, the City agreed to remediate the pollution. The City applied and was granted assistance by the Dry Cleaner Environmental Remediation Program (DCERP) with the cleanup efforts and costs. DCERP is a state program funded by fees charged to drycleaner facilities to help clean up the contaminated property that has been affected by dry cleaning solvent. Based on the most recent work authorizations from DCERP and monitoring reports from S&ME, the company under contract with City to perform the remediation, it has been estimated that the remaining remediation could take up to ten (10) years to complete. Excluding the assistance from DCERP, the cost for the City to complete the remediation is estimated currently at \$32,833 at the end of fiscal year 2021.

In 2016, a new EPA grant was applied and granted for remediating a 50 foot buffer zone along approximately 2,050 lineal feet of Chattanooga Creek. This property is in the Chattanooga Creek floodway and has been responsible for depositing contaminants from former manufacturing sites upstream. The total project cost is \$240,000, with \$200,000 grant revenue from EPA. The grant is set to end by September of 2021. The estimated cost to finish the project at the end of fiscal year 2021 is \$27,158.

#### **Contingencies**

The City and its component units are parties to various lawsuits and claims in the ordinary course of their operations. The City is self-insured for such claims. Funds are earmarked/set aside for payment of any claims deemed to be a potential liability for the City. Management believes that the potential adverse impact of these proceedings would not be material to the basic financial statements of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. City management is not aware of any potential losses from such disallowances and believes that reimbursements, if any, would not be material.

#### **Conduit Debt Obligations**

From time to time, the Industrial Development Board and the Health, Educational and Housing Facility Board of the City of Chattanooga have issued bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The Industrial Development Board currently has five (5) outstanding bond issues, the original amounts of which were \$223,400,000. The Health, Educational and Housing Facility Board currently has twenty-nine (23) bond issues, the original amount of which were \$638,855,727. The Boards have no means of determining the outstanding amount of these bonds.

#### **Tax Increment Financing (TIF)**

The City of Chattanooga has adopted the Tax Increment Financing Program established by the Industrial Development Board (IDB) of the City of Chattanooga. TIF is an economic development tool that allocates all or a portion of the new, additional taxes generated by a development over a limited period of time to pay for public infrastructure such as utilities and road and traffic improvements, related to that development. Tax increment is the difference in tax revenues generated by the property in the development area after a project has been completed compared with the tax revenues generated by a property before the development plan was adopted. The difference in tax revenues pays towards the cost of improvements to the public infrastructure serving the development area. This enables the City to complete public infrastructure that it otherwise could not afford.

(Continued)

**NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)**

The TIF Program is primarily for the economic development projects that provide improvements in blighted and under-utilized areas in the City of Chattanooga and in other properties designated by City Council and the Hamilton County Commission. This program normally applies to projects initiated by a private developer and supported by tax increment property tax revenues. It is a discretionary program and does not create or vest any rights in any person or entity.

Prior to fiscal year 2021, IDB entered into TIF agreement with Black Creek, LLC and Evergreen Real Estate. Following City Council's approval of the economic impact plan in 2019, IDB entered into a third TIF agreement for the East Chattanooga Rising Development Area. One of the world's biggest paint and coating makers, Nippon Paint, is to build a 270,000 square foot manufacturing complex on the East Chattanooga area. In addition to taking on the site development construction, City also gave a twenty year loan of \$4 million to IDB to finance the project.

In fiscal year ending June 30, 2021, the City committed \$492,361.73 to the IDB for the three TIF projects.

**NOTE 14. SEGMENT INFORMATION**

EPB, the electric utility of the City of Chattanooga, issued revenue bonds to finance a portion of its electric system. In addition to providing electricity, EPB offers a range of fiber optic services. Both the electric and fiber optic divisions are accounted for in a single fund. Because investors in the revenue bonds rely on the revenue generated by electric activities for repayment, summary financial information for the electric and fiber divisions is presented below.

**CONDENSED STATEMENT OF NET POSITION**

	<u>Electric Division</u>	<u>Fiber Optics Division</u>	<u>Eliminations</u>	<u>Total</u>
Assets and deferred outflows of resources:				
Current assets	\$ 208,736,000	\$ 73,994,000	\$ (7,063,000)	\$ 275,667,000
Capital assets	627,569,000	143,864,000	(48,850,000)	722,583,000
Deferred outflows of resources	<u>34,636,000</u>	<u>9,858,000</u>	<u>(6,670,000)</u>	<u>37,824,000</u>
Total assets and deferred Outflows of resources	<u>870,941,000</u>	<u>227,716,000</u>	<u>(62,583,000)</u>	<u>1,036,074,000</u>
Liabilities and deferred inflows of resources:				
Current liabilities	138,063,000	25,636,000	(7,063,000)	156,636,000
Noncurrent liabilities	405,963,000	3,201,000	(48,850,000)	360,314,000
Deferred inflows of resources	<u>16,066,000</u>	<u>713,000</u>	<u>(6,670,000)</u>	<u>10,109,000</u>
Total liabilities and deferred Inflows of resources	<u>560,092,000</u>	<u>29,550,000</u>	<u>(62,583,000)</u>	<u>527,059,000</u>
Net position:				
Net investment in capital assets	332,885,000	92,389,000	48,850,000	474,124,000
Restricted for capital asset	4,303,000	-	-	4,303,000
Unrestricted	<u>(26,339,000)</u>	<u>105,777,000</u>	<u>(48,850,000)</u>	<u>30,588,000</u>
Total net position	<u>\$ 310,849,000</u>	<u>\$ 198,166,000</u>	<u>\$ -</u>	<u>\$ 509,015,000</u>

(Continued)

**NOTE 14. SEGMENT INFORMATION (Continued)**

## CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>Electric Division</u>	<u>Fiber Optics Division</u>	<u>Eliminations</u>	<u>Total</u>
Customer charges	\$ 563,432,000	\$ 181,742,000	\$ (23,650,000)	\$ 721,524,000
Depreciation expense	(44,406,000)	(21,176,000)	-	(65,582,000)
Other operating expenses	<u>(483,101,000)</u>	<u>(132,891,000)</u>	<u>23,650,000</u>	<u>(592,342,000)</u>
Operating income	35,925,000	27,675,000	-	63,600,000
Nonoperating revenues (expenses):				
Investment earnings	368,000	429,000	-	797,000
Interest expense	(9,193,000)	-	-	(9,193,000)
Other nonoperating	14,000	90,000	-	104,000
Tax equivalent	<u>(6,717,000)</u>	<u>(685,000)</u>	<u>-</u>	<u>(7,402,000)</u>
Change in net position	<u>20,397,000</u>	<u>27,509,000</u>	<u>-</u>	<u>47,906,000</u>
Net position, beginning	<u>290,452,000</u>	<u>170,657,000</u>	<u>-</u>	<u>461,109,000</u>
Net position, end of year	<u>\$ 310,849,000</u>	<u>\$ 198,166,000</u>	<u>\$ -</u>	<u>\$ 509,015,000</u>

## CONDENSED STATEMENT OF CASH FLOWS

	<u>Electric Division</u>	<u>Fiber Optics Division</u>	<u>Eliminations</u>	<u>Total</u>
Net cash provided (used) by:				
Operating activities	\$ 71,218,000	\$ 48,236,000	\$ -	\$ 119,454,000
Capital and related financing activities	(19,035,000)	(17,139,000)	-	(36,174,000)
Investing activities	<u>(724,000)</u>	<u>(890,000)</u>	<u>-</u>	<u>(1,614,000)</u>
Net increase (decrease)	51,459,000	30,207,000	-	81,666,000
Beginning cash and cash equivalents	<u>74,218,000</u>	<u>17,241,000</u>	<u>-</u>	<u>91,459,000</u>
Ending cash and cash equivalents	<u>\$ 125,677,000</u>	<u>\$ 47,448,000</u>	<u>\$ -</u>	<u>\$ 173,125,000</u>

**NOTE 15. JOINT VENTURE**

The City has an equity interest in Carter Street Corporation, a nonprofit organization. Carter Street Corporation's board consists of five members. Two members are appointed by the Mayor of the City, and two are appointed by the Hamilton County, Tennessee Mayor. The appointment of the fifth member, who serves as chairman, is agreed on by the City Mayor and the County Mayor.

Carter Street Corporation owns and manages a convention center and a parking garage that were financed by bonds issued by the Industrial Development Board of Chattanooga. The City and Hamilton County, Tennessee funded the repayment of the bonds through lease payments to Carter Street Corporation. Pursuant to the lease agreement, the City has a two-thirds equity interest in Carter Street Corporation upon the repayment of the bonds during prior years.

The City's two-thirds equity interest in Carter Street Corporation is computed as follows:

Total net position	\$ 9,278,161
Multiplied by two-thirds	<u>x 2/3</u>
City's equity interest	<u>\$ 6,185,441</u>

(Continued)



## NOTE 15. JOINT VENTURE (Continued)

Condensed financial information for Carter Street Corporation as of June 30, 2021, is as follows:

### STATEMENT OF NET POSITION

Assets:	
Cash	\$ 2,425,651
Accounts receivable, net	78,023
Prepaid expenses	30,498
Inventories	53,735
Capital assets, net	<u>7,503,777</u>
Total assets	<u>\$ 10,091,684</u>
Liabilities:	
Accounts payable	\$ 184,199
Accrued expenses	113,609
Advanced deposits	137,928
Long-term debt	<u>377,787</u>
Total liabilities	<u>813,523</u>
Net Position:	
Net investment in capital assets	7,503,777
Unrestricted	<u>1,774,384</u>
Total net position	<u>9,278,161</u>
Total liabilities and net position	<u>\$ 10,091,684</u>

### SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Total operating revenues	\$ 1,401,306
Total operating expenses	<u>3,283,820</u>
Loss from operations	(1,882,514)
Nonoperating revenues	300,993
Capital contributions	<u>200,000</u>
Net increase	(1,381,521)
Net position, beginning of year	<u>10,659,682</u>
Net position, end of year	<u>\$ 9,278,161</u>

Complete financial statements can be obtained from: Carter Street Corporation  
P.O. Box 6008  
Chattanooga, TN 37401

## NOTE 16. PRIOR PERIOD ADJUSTMENTS

As of June 30, 2021, there were two prior period adjustments. A prior period adjustment was made between the governmental activities and business-type activities. This adjustment was \$1,077. This was to correct the debt allocation for the bonds issued in 2019. A prior period adjustment was made to capitalize several projects that were classified as construction in progress, but should have been put into service. The amount that was capitalized in the prior period adjustment was \$37,526,746 for governmental activities and \$29,680,441 for business-type activities, for a total of \$67,207,187. The depreciation associated with this was also done in the prior period adjustment. The amount that was in the prior period adjustment was \$2,970,414 for governmental activities and \$984,963 for business-type activities, for a total of \$3,955,377.

## NOTE 17. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through the date of the auditor's report (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Except for the matter discussed in the following paragraph, management has not identified any other items requiring recognition or disclosure.

On November 4, 2021, the City was notified that the bond rating from Fitch was upgraded from AA+ to AAA. On November 16, 2021, the City issued General Obligation Bonds in the amount of \$12,280,000 and General Obligation Refunding Bonds in the amount of \$21,960,000, which totals \$34,240,000





**Required Supplementary Information**

Pension and OPEB Trust Fund

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

PENSION TRUST FUND - GENERAL (Reporting per GASB 67)

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>								
Service cost	\$ 7,669,324	\$ 7,713,580	\$ 7,739,257	\$ 7,437,871	\$ 6,982,512	\$ 6,379,426	\$ 6,381,168	\$ 6,069,090
Interest	25,535,915	24,827,265	24,677,422	23,936,377	23,280,746	22,693,730	21,950,480	22,247,450
Differences between expected and actual experience	(2,173,556)	1,777,809	348,190	1,236,249	2,630,676	735,472	(333,439)	-
Changes of assumptions	-	-	5,411,416	-	8,927,192	8,345,787	-	(5,893,894)
Benefit payments, including refund of member contributions	(24,193,687)	(23,446,580)	(22,352,506)	(21,695,787)	(20,277,462)	(18,970,026)	(17,206,397)	(16,420,492)
<b>Net change in total pension liability</b>	<b>6,837,996</b>	<b>10,872,074</b>	<b>15,823,779</b>	<b>10,914,710</b>	<b>21,543,664</b>	<b>19,184,389</b>	<b>10,791,812</b>	<b>6,002,154</b>
<b>Total pension liability - beginning</b>	<b>390,406,699</b>	<b>379,534,625</b>	<b>363,710,846</b>	<b>352,796,136</b>	<b>331,252,472</b>	<b>312,068,083</b>	<b>301,276,271</b>	<b>295,274,117</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 397,244,695</b>	<b>\$ 390,406,699</b>	<b>\$ 379,534,625</b>	<b>\$ 363,710,846</b>	<b>\$ 352,796,136</b>	<b>\$ 331,252,472</b>	<b>\$ 312,068,083</b>	<b>\$ 301,276,271</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 13,886,732	\$ 13,808,964	\$ 12,770,788	\$ 11,659,818	\$ 9,717,412	\$ 8,076,989	\$ 7,925,195	\$ 7,751,909
Contributions - member	1,259,372	1,293,351	1,245,864	1,203,981	1,179,685	1,158,835	1,140,121	1,130,354
Net investment income	57,435,710	5,788,076	6,280,709	27,938,443	25,744,473	193,190	9,290,101	31,178,197
Benefit payments, including refund of member contributions	(24,193,687)	(23,446,580)	(22,352,506)	(21,695,787)	(20,277,462)	(18,970,026)	(17,206,397)	(16,420,492)
Administrative expense	(205,273)	(221,766)	(164,522)	(393,230)	(158,790)	(161,500)	(205,580)	(192,205)
<b>Net change in plan fiduciary net position</b>	<b>48,182,854</b>	<b>(2,777,955)</b>	<b>(2,219,667)</b>	<b>18,713,225</b>	<b>16,205,318</b>	<b>(9,702,512)</b>	<b>943,440</b>	<b>23,447,763</b>
<b>Plan fiduciary net position - beginning</b>	<b>293,987,317</b>	<b>296,765,272</b>	<b>298,984,939</b>	<b>280,271,714</b>	<b>264,066,396</b>	<b>273,768,908</b>	<b>272,825,468</b>	<b>249,377,705</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 342,170,171</b>	<b>\$ 293,987,317</b>	<b>\$ 296,765,272</b>	<b>\$ 298,984,939</b>	<b>\$ 280,271,714</b>	<b>\$ 264,066,396</b>	<b>\$ 273,768,908</b>	<b>\$ 272,825,468</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 55,074,524</b>	<b>\$ 96,419,382</b>	<b>\$ 82,769,353</b>	<b>\$ 64,725,907</b>	<b>\$ 72,524,422</b>	<b>\$ 67,186,076</b>	<b>\$ 38,299,175</b>	<b>\$ 28,450,803</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>86.14%</b>	<b>75.30%</b>	<b>78.19%</b>	<b>82.20%</b>	<b>79.44%</b>	<b>79.72%</b>	<b>87.73%</b>	<b>90.56%</b>
<b>Covered payroll</b>	<b>\$ 61,226,547</b>	<b>\$ 65,158,198</b>	<b>\$ 62,944,765</b>	<b>\$ 60,195,485</b>	<b>\$ 59,220,510</b>	<b>\$ 57,608,950</b>	<b>\$ 57,555,196</b>	<b>\$ 55,815,216</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>89.95%</b>	<b>147.98%</b>	<b>131.50%</b>	<b>107.53%</b>	<b>122.47%</b>	<b>116.62%</b>	<b>66.54%</b>	<b>50.97%</b>

Notes to Schedule:

Changes in actuarial assumptions and methods:

2019:

- \*The assumed investment rate of return was lowered from 7.00% to 6.75%.
- \*Retirement, withdrawal, and disability rates were changed to more closely reflect recent experiences.
- \*The pre-retirement and post-retirement healthy mortality tables were changed to the RP-2014 Mortality Table set forward four years for males and three years for females and using a Scale MP-2017 projection to 2025.
- \*The post-retirement mortality table was changed to the RP-2014 Disability Mortality Table set forward four years for males and set forward seven years for females and using a Scale MP-2017 projection to 2025 for disability retirements.
- \*Salary increase rates were changed to more closely reflect recent experience.
- \*The administrative expense assumption was increased from 0.42% to 0.50% of payroll.
- \*The asset smoothing method was changed from 10-year to 5-year smoothing.

2017:

- \*The assumed investment rate of return was lowered from 7.25% to 7.00%.

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

PENSION TRUST FUND - FIRE AND POLICE (Reporting per GASB 67)

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>								
Service cost	\$ 6,850,469	\$ 6,598,391	\$ 6,456,437	\$ 5,486,963	\$ 5,398,371	\$ 5,599,755	\$ 5,754,036	\$ 5,858,028
Interest	32,357,215	31,845,950	31,209,745	29,768,876	30,121,491	29,255,906	27,011,054	30,728,527
Changes of benefit terms	-	-	-	-	-	-	-	(65,257,551)
Differences between expected and actual experience	4,073,991	55,033	1,268,327	18,629,233	(8,657,838)	175,120	1,007,292	9,811,157
Changes of assumptions	-	14,017,546	(1,006,613)	8,251,113	10,839,776	-	23,999,640	-
Benefit payments, including refund of member contributions	(29,991,777)	(29,563,336)	(29,025,870)	(30,063,677)	(29,009,204)	(29,511,435)	(28,100,924)	(30,114,186)
<b>Net change in total pension liability</b>	<b>13,289,898</b>	<b>22,953,584</b>	<b>8,902,026</b>	<b>32,072,508</b>	<b>8,692,596</b>	<b>5,519,346</b>	<b>29,671,098</b>	<b>(48,974,025)</b>
<b>Total pension liability - beginning</b>	<b>470,391,345</b>	<b>447,437,761</b>	<b>438,535,735</b>	<b>406,463,227</b>	<b>397,770,631</b>	<b>392,251,285</b>	<b>362,580,187</b>	<b>411,554,212</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 483,681,243</b>	<b>\$ 470,391,345</b>	<b>\$ 447,437,761</b>	<b>\$ 438,535,735</b>	<b>\$ 406,463,227</b>	<b>\$ 397,770,631</b>	<b>\$ 392,251,285</b>	<b>\$ 362,580,187</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 22,018,026	\$ 20,996,995	\$ 19,646,959	\$ 18,036,218	\$ 12,999,917	\$ 11,987,641	\$ 11,115,222	\$ 13,495,433
Contributions - member	4,548,644	4,555,733	4,496,310	4,456,026	4,137,743	3,869,165	3,528,823	3,199,093
Net investment income	64,314,201	8,976,784	13,644,639	14,333,154	21,850,184	(5,439,852)	6,760,919	33,750,882
Benefit payments, including refund of member contributions	(29,991,777)	(29,563,336)	(29,025,870)	(30,063,677)	(29,009,204)	(29,511,435)	(28,100,924)	(30,114,186)
Administrative expense	(256,877)	(947,089)	(2,004,109)	(1,054,284)	(742,349)	(1,269,308)	(889,162)	(608,924)
Other	121,816	150,878	144,652	135,260	151,146	326,393	162,076	167,314
<b>Net change in plan fiduciary net position</b>	<b>60,754,033</b>	<b>4,169,965</b>	<b>6,902,581</b>	<b>5,842,697</b>	<b>9,387,437</b>	<b>(20,037,396)</b>	<b>(7,423,046)</b>	<b>19,889,612</b>
<b>Plan fiduciary net position - beginning</b>	<b>234,894,622</b>	<b>230,724,657</b>	<b>223,822,076</b>	<b>217,979,379</b>	<b>208,591,942</b>	<b>228,629,338</b>	<b>236,052,384</b>	<b>216,162,772</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 295,648,655</b>	<b>\$ 234,894,622</b>	<b>\$ 230,724,657</b>	<b>\$ 223,822,076</b>	<b>\$ 217,979,379</b>	<b>\$ 208,591,942</b>	<b>\$ 228,629,338</b>	<b>\$ 236,052,384</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 188,032,588</b>	<b>\$ 235,496,723</b>	<b>\$ 216,713,104</b>	<b>\$ 214,713,659</b>	<b>\$ 188,483,848</b>	<b>\$ 189,178,689</b>	<b>\$ 163,621,947</b>	<b>\$ 126,527,803</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>61.12%</b>	<b>49.94%</b>	<b>51.57%</b>	<b>51.04%</b>	<b>53.63%</b>	<b>52.44%</b>	<b>58.29%</b>	<b>65.10%</b>
<b>Covered payroll</b>	<b>\$ 41,698,746</b>	<b>\$ 41,958,234</b>	<b>\$ 41,751,143</b>	<b>\$ 41,312,393</b>	<b>\$ 38,432,299</b>	<b>\$ 38,954,094</b>	<b>\$ 39,282,422</b>	<b>\$ 36,187,624</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>450.93%</b>	<b>561.26%</b>	<b>519.06%</b>	<b>519.73%</b>	<b>490.43%</b>	<b>485.65%</b>	<b>416.53%</b>	<b>349.64%</b>

Notes to Schedule:

Changes in assumptions:

- 2020:
- \*The mortality improvement assumption was changed from the MP-2018 improvement scale to 75% of the improvement rates used in the alternative II projection in the 2019 OASDI Trustees Report
- \*The turnover rates for Police were increased for the first 10 years of service with minor adjustments to rates in later years
- \*The turnover rates for Fire were increased for the first 10 years of service
- \*The disability rates were increased from 25% to 100% of the Old Age Survivors and Disability Income Table.
- \*The retirement rates for participants who were vested as of July 1, 2014 were increased for most years of service beginning at year 25 resulting in earlier projected retirement ages.
- \*On average participants are assumed to retire mid-year.
- \*The percent married assumption was lowered from 75% to 70%.
- \*The inflation assumption was lowered from 2.75% to 2.25%.
- \*The assumed rate of return was lowered from 7.25% to 7.00%.
- \*The salary scale was increased for participants with less than 10 years of service and lowered for participants with 16 or more years of service
- \*The payroll growth assumption was lowered from 2.75% to 2.25%.

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS

PENSION TRUST FUND - GENERAL (Reporting per GASB 67)

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 13,852,633	\$ 13,482,769	\$ 12,340,736	\$ 11,599,926	\$ 9,550,286	\$ 8,120,912	\$ 7,771,920	\$ 7,717,400	\$ 7,806,000	\$ 7,203,000
Contributions in relation to the actuarially determined contribution	13,886,732	13,808,964	12,770,788	11,659,818	9,717,412	8,076,989	7,925,195	7,751,909	7,599,939	6,682,722
Contribution deficiency (excess)	\$ (34,099)	\$ (326,195)	\$ (430,052)	\$ (59,892)	\$ (167,126)	\$ 43,923	\$ (153,275)	\$ (34,509)	\$ 206,061	\$ 520,278
Covered payroll	\$ 61,223,547	\$ 65,158,198	\$ 62,944,765	\$ 60,195,485	\$ 59,220,510	\$ 57,608,950	\$ 57,555,196	\$ 55,815,216	\$ 56,270,053	\$ 57,976,515
Contributions as a percentage of covered payroll	22.68%	21.19%	20.29%	19.37%	16.41%	14.02%	13.77%	13.89%	13.51%	11.53%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, eighteen months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	25.4 years
Asset valuation method	Market value, with 5-year recognition of investment gains and losses, not less than 80% or greater than 120% of market value
Inflation	2.50%
Salary increases	3.00-5.25%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Cost of living adjustments	3.0%
Mortality	Pre-retirement and post-retirement: RP2014 Mortality Table set forward four years for males and set forward three years for females and using a Scale MP-2017 projection to 2025. Post-retirement mortality: RP-2014 Disabled Mortality Table set forward four years for males and set forward seven years for females.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS

PENSION TRUST FUND - FIRE AND POLICE (Reporting per GASB 67)

Last 10 Calendar Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 21,080,574	\$ 19,604,058	\$ 18,823,113	\$ 16,504,790	\$ 12,829,325	\$ 12,030,640	\$ 9,478,900	\$ 13,346,490	\$ 11,859,505	\$ 9,692,292
Contributions in relation to the actuarially determined contribution	22,018,026	20,996,995	19,646,959	18,036,218	12,999,917	11,987,641	11,115,222	13,495,433	12,258,360	10,542,423
Contribution deficiency (excess)	\$ (937,452)	\$ (1,392,937)	\$ (823,846)	\$ (1,531,428)	\$ (170,592)	\$ 42,999	\$ (1,636,322)	\$ (148,943)	\$ (398,855)	\$ (850,131)
Covered payroll	\$ 41,958,234	\$ 41,751,143	\$ 41,312,393	\$ 38,432,299	\$ 38,954,094	\$ 39,282,422	\$ 36,187,624	\$ 37,215,933	\$ 37,288,914	\$ 34,940,022
Contributions as a percentage of covered payroll	52.48%	50.29%	47.56%	46.93%	33.37%	30.52%	30.72%	36.26%	32.87%	30.17%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 2020.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	100% level dollar
Remaining amortization period	Separate 30-year bases established annually for level dollar method.
Asset valuation method	10-year smoothed market; the actuarial value of assets is adjusted, if necessary, to be within 20% of the market value
Inflation	2.25%
Salary increases	1.50%-2.25%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Cost of living adjustments	1.50% (starting January 1 after third anniversary of retirement date)

This schedule will be 10 years as information is available.



**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF INVESTMENT RETURNS**

**Last 10 Fiscal Years**

**PENSION TRUST FUND**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense								
General Plan	24.60%	2.35%	5.56%	8.07%	11.46%	-0.78%	2.93%	16.11%
Fire & Police Plan	29.34%	3.85%	5.81%	6.35%	10.59%	-2.61%	2.89%	16.15%

**Notes to Schedule:**

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS**  
**OPEB TRUST FUND (Reporting Per GASB 74)**  
**Last 10 Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total OPEB liability</b>						
Service cost	\$ 3,834,142	\$ 3,883,018	\$ 3,910,132	\$ 3,796,244	\$ 3,285,014	\$ 3,078,079
Interest	13,780,949	14,274,983	13,649,152	13,031,065	12,436,672	12,016,977
Difference between expected and actual experience	-	(11,458,511)	-	167,505	-	-
Change in assumption	-	903,971	-	13,240,396	-	-
Benefit payments, including refund of member contributions	(7,239,382)	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,111)
<b>Net change in total OPEB liability</b>	<u>10,375,709</u>	<u>103,682</u>	<u>7,821,379</u>	<u>21,983,418</u>	<u>8,380,562</u>	<u>3,437,945</u>
<b>Total OPEB liability - beginning</b>	<u>207,781,905</u>	<u>207,678,223</u>	<u>199,856,844</u>	<u>177,873,426</u>	<u>169,492,864</u>	<u>166,054,919</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 218,157,614</u>	<u>\$ 207,781,905</u>	<u>\$ 207,678,223</u>	<u>\$ 199,856,844</u>	<u>\$ 177,873,426</u>	<u>\$ 169,492,864</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 12,758,970	\$ 14,613,964	\$ 14,180,763	\$ 14,191,396	\$ 13,403,639	\$ 12,917,243
Contributions - member	-	-	-	-	-	2,739,171
Net investment income	24,762,080	2,367,394	2,848,123	5,662,711	7,313,765	(2,469,379)
Benefit payments, including refund of member contributions	(7,239,382)	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,111)
Administrative expense	(49,023)	(37,505)	(44,054)	(50,522)	(41,992)	(41,906)
<b>Net change in plan fiduciary net position</b>	<u>30,232,645</u>	<u>9,444,074</u>	<u>7,246,927</u>	<u>11,551,793</u>	<u>13,334,288</u>	<u>1,488,018</u>
<b>Plan fiduciary net position - beginning</b>	<u>83,134,742</u>	<u>73,690,668</u>	<u>66,443,741</u>	<u>54,891,948</u>	<u>41,557,660</u>	<u>40,069,642</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 113,367,387</u>	<u>\$ 83,134,742</u>	<u>\$ 73,690,668</u>	<u>\$ 66,443,741</u>	<u>\$ 54,891,948</u>	<u>\$ 41,557,660</u>
<b>Net OPEB liability - ending (a) - (b)</b>	<u>\$ 104,790,227</u>	<u>\$ 124,647,163</u>	<u>\$ 133,987,555</u>	<u>\$ 133,413,103</u>	<u>\$ 122,981,478</u>	<u>\$ 127,935,204</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	51.97%	40.01%	35.48%	33.25%	30.86%	24.52%
<b>Covered payroll</b>	\$ 107,477,193	\$ 107,477,193	\$ 100,062,772	\$ 100,062,772	\$ 96,436,271	\$ 96,436,271
<b>Net OPEB liability as a percentage of covered payroll</b>	97.50%	115.98%	133.90%	133.33%	127.53%	132.66%

Benefit changes. None

*Changes in actuarial assumptions and methods:*

January 1, 2020 valuation: Discount rate was changed to 6.75%. Healthcare trend assumption was updated.

January 1, 2018 valuation: Discount rate was changed to 7.00%. Healthcare trend assumption was updated.

January 1, 2016 valuation: The demographic assumptions for retirement, disability incidence, withdrawal, and salary increases for fire and police employees reflect the results of the experience of the Fire and Police Pension Fund for the period ended December 31, 2014

**Notes to Schedule:**

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CITY CONTRIBUTIONS  
OPEB TRUST FUND (Reporting Per GASB 74)  
Last 10 Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 12,628,570	\$ 13,588,664	\$ 13,588,664	\$ 13,163,283	\$ 13,163,283	\$ 12,759,200	\$ 12,759,200	\$ 13,275,679	\$ 12,857,800	\$ 14,288,701
Contributions in relation to the actuarially determined contribution	12,758,970	14,613,964	14,180,763	14,191,396	13,403,639	12,917,243	15,754,457	15,071,389	12,857,800	14,288,701
Contribution deficiency (excess)	\$ (130,400)	\$ (1,025,300)	\$ (592,099)	\$ (1,028,113)	\$ (240,356)	\$ (158,043)	\$ (2,995,257)	\$ (1,795,710)	\$ -	\$ -
Covered payroll	\$107,477,193	\$107,477,193	\$100,062,772	\$100,062,772	\$ 96,436,271	\$ 96,436,271	\$ 95,390,933	\$ 95,390,933	\$ 95,280,557	\$ 95,280,557
Contributions as a percentage of covered payroll	11.87%	13.60%	14.17%	14.18%	13.90%	13.39%	16.52%	15.80%	13.49%	15.00%

**Notes to Schedule:**

Valuation date:

Valuations are performed every other year. The last valuation was January 1, 2020.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Inflation	2.50%
Healthcare cost trend rate	
Pre-Medicare eligible	7.00%
Medicare eligible	5.25%
Ultimate trend rate	
Pre-Medicare eligible	4.50%
Medicare eligible	4.50%
Year of ultimate trend rate	2023
Investment rate of return	6.75% including inflation
Retirement:	
General employees:	Minimum 5 years of service and age 62 or Rule of 80 or 55.
Fire / Police:	Age 55 with 10 years of service or any age with 25 years of service (30 years if hired after July 1, 2014)
Disability:	Immediate eligibility if duty-related disability, otherwise 10 years of service
Mortality	
General employee deaths after retirement:	According to the RP-2014 Mortality Table with Blue Collar Adjustment, set forward four years for males and three years for females and projected to 2025 with projection scale MP-2017 for service retirements and beneficiaries of retired participants. The RP-2014 Disabled Mortality Table set forward four years for males and seven years for females and projected to 2025 using Scale MP-2017 is used for the period after disability retirement.
Fire and Police employee deaths after retirement:	According to the RP 2014 Blue Collar Mortality fully generational using a modified MP-2018 projection scale and set forward three years for males and female for service retirements and beneficiaries of retired participants. The RP 2014 Disabled Mortality fully generational using a modified MP-2018 projection scale and set forward three years for both males and females is used for the period after disability retirement.
Other information:	None

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF INVESTMENT RETURNS  
OPEB TRUST (Reporting Per GASB 74)  
Last 10 Fiscal Years**

**OPEB TRUST FUND**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense						
OPEB	28.90%	3.76%	5.98%	8.30%	12.86%	-0.77%

**Notes to Schedule:**

This schedule will be 10 years as information is available.

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF EPB CONTRIBUTIONS  
OPEB TRUST FUND (Reporting Per GASB 74)  
Last 10 Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer Contributions	\$ 1,663,000	\$ 1,720,000	\$ 1,582,000	\$ 1,686,000
Covered payroll	\$ 48,790,000	\$ 46,282,000	\$ 43,270,000	\$ 42,611,000
Contributions as a percentage of covered payroll	3.41%	3.72%	3.66%	3.96%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Asset valuation method	Fair Market Value
Inflation	1.50%
Healthcare cost trend rate	
2018, 2019, and 2020	7.50%
2021	7.00%
Ultimate trend rate	
2018 and 2019	5.50%
2020 and 2021	4.00%
Investment rate of return	6.50%
Retirement age:	3% per year for ages 57-61, 20% at age 62, 10% at ages 63 and 64, and 100% at age 65
Mortality	In the actuarial valuation, assumed life expectancies were computed using the UP 1984 Table.

This schedule will be 10 years as information is available.

**Required Supplementary Information**

City Pension and OPEB Plans

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
GENERAL PENSION PLAN (Reporting per GASB 68)

Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 7,713,580	\$ 7,739,257	\$ 7,437,871	\$ 6,982,512	\$ 6,379,426	\$ 6,381,168	\$ 6,069,090
Interest	24,827,265	24,677,422	23,936,377	23,280,746	22,693,730	21,950,480	22,247,450
Changes of assumptions	-	5,411,416	1,236,249	8,927,192	8,345,787	-	(5,893,894)
Difference between expected and actual experience	1,777,809	348,190	-	2,630,676	735,472	(333,439)	-
Benefit payments, including refund of member contributions	(23,446,580)	(22,352,506)	(21,695,787)	(20,277,462)	(18,970,026)	(17,206,397)	(16,420,492)
<b>Net change in total pension liability</b>	<b>10,872,074</b>	<b>15,823,779</b>	<b>10,914,710</b>	<b>21,543,664</b>	<b>19,184,389</b>	<b>10,791,812</b>	<b>6,002,154</b>
<b>Total pension liability - beginning</b>	<b>379,534,625</b>	<b>363,710,846</b>	<b>352,796,136</b>	<b>331,252,472</b>	<b>312,068,083</b>	<b>301,276,271</b>	<b>295,274,117</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 390,406,699</b>	<b>\$ 379,534,625</b>	<b>\$ 363,710,846</b>	<b>\$ 352,796,136</b>	<b>\$ 331,252,472</b>	<b>\$ 312,068,083</b>	<b>\$ 301,276,271</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 13,808,964	\$ 12,770,788	\$ 11,659,818	\$ 9,717,412	\$ 8,076,989	\$ 7,925,195	\$ 7,751,909
Contributions - member	1,293,351	1,245,864	1,203,981	1,179,685	1,158,835	1,140,121	1,130,354
Net investment income	5,788,076	6,280,709	27,938,443	25,744,473	193,190	9,290,101	31,178,197
Benefit payments, including refund of member contributions	(23,446,580)	(22,352,506)	(21,695,787)	(20,277,462)	(18,970,026)	(17,206,397)	(16,420,492)
Administrative expense	(221,766)	(164,522)	(393,230)	(158,790)	(161,500)	(205,580)	(192,205)
<b>Net change in plan fiduciary net position</b>	<b>(2,777,955)</b>	<b>(2,219,667)</b>	<b>18,713,225</b>	<b>16,205,318</b>	<b>(9,702,512)</b>	<b>943,440</b>	<b>23,447,763</b>
<b>Plan fiduciary net position - beginning</b>	<b>296,765,272</b>	<b>298,984,939</b>	<b>280,271,714</b>	<b>264,066,396</b>	<b>273,768,908</b>	<b>272,825,468</b>	<b>249,377,705</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 293,987,317</b>	<b>\$ 296,765,272</b>	<b>\$ 298,984,939</b>	<b>\$ 280,271,714</b>	<b>\$ 264,066,396</b>	<b>\$ 273,768,908</b>	<b>\$ 272,825,468</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 96,419,382</b>	<b>\$ 82,769,353</b>	<b>\$ 64,725,907</b>	<b>\$ 72,524,422</b>	<b>\$ 67,186,076</b>	<b>\$ 38,299,175</b>	<b>\$ 28,450,803</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>75.30%</b>	<b>78.19%</b>	<b>82.20%</b>	<b>79.44%</b>	<b>79.72%</b>	<b>87.73%</b>	<b>90.56%</b>
<b>Covered payroll</b>	<b>\$ 65,158,198</b>	<b>\$ 62,944,765</b>	<b>\$ 60,195,485</b>	<b>\$ 59,220,510</b>	<b>\$ 57,608,950</b>	<b>\$ 57,555,196</b>	<b>\$ 55,815,216</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>147.98%</b>	<b>131.50%</b>	<b>107.53%</b>	<b>122.47%</b>	<b>116.62%</b>	<b>66.54%</b>	<b>50.97%</b>

Notes to Schedule:

Benefit changes: None

Assumption changes:

2019:

\*The assumed investment rate of return was lowered from 7.00% to 6.75%.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

FIRE AND POLICE PENSION FUND (Reporting per GASB 68)

Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 6,598,391	\$ 6,456,437	\$ 5,486,963	\$ 5,398,371	\$ 5,599,755	\$ 5,754,036	\$ 5,858,028
Interest	31,845,950	31,209,745	29,768,876	30,121,491	29,255,906	27,011,054	30,728,527
Changes of benefit terms	-	-	-	-	-	-	(65,257,551)
Differences between expected and actual experience	55,033	1,268,327	18,629,233	(8,657,838)	175,120	1,007,292	9,811,157
Changes of assumptions	14,017,546	(1,006,613)	8,251,113	10,839,776	-	23,999,640	-
Benefit payments, including refund of member contributions	(29,563,336)	(29,025,870)	(30,063,677)	(29,009,204)	(29,511,435)	(28,100,924)	(30,114,186)
<b>Net change in total pension liability</b>	<b>22,953,584</b>	<b>8,902,026</b>	<b>32,072,508</b>	<b>8,692,596</b>	<b>5,519,346</b>	<b>29,671,098</b>	<b>(48,974,025)</b>
<b>Total pension liability - beginning</b>	<b>447,437,761</b>	<b>438,535,735</b>	<b>406,463,227</b>	<b>397,770,631</b>	<b>392,251,285</b>	<b>362,580,187</b>	<b>411,554,212</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 470,391,345</b>	<b>\$ 447,437,761</b>	<b>\$ 438,535,735</b>	<b>\$ 406,463,227</b>	<b>\$ 397,770,631</b>	<b>\$ 392,251,285</b>	<b>\$ 362,580,187</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 20,996,995	\$ 19,646,959	\$ 18,036,218	\$ 12,999,917	\$ 11,987,641	\$ 11,115,222	\$ 13,495,433
Contributions - member	4,555,733	4,496,310	4,456,026	4,137,743	3,869,165	3,528,823	3,199,093
Net investment income	8,976,784	13,644,639	14,333,154	21,850,184	(5,439,852)	6,760,919	33,750,882
Benefit payments, including refund of member contributions	(29,563,336)	(29,025,870)	(30,063,677)	(29,009,204)	(29,511,435)	(28,100,924)	(30,114,186)
Administrative expense	(947,089)	(2,004,109)	(1,054,284)	(742,349)	(1,269,308)	(889,162)	(608,924)
Other	150,878	144,652	135,260	151,146	326,393	162,076	167,314
<b>Net change in plan fiduciary net position</b>	<b>4,169,965</b>	<b>6,902,581</b>	<b>5,842,697</b>	<b>9,387,437</b>	<b>(20,037,396)</b>	<b>(7,423,046)</b>	<b>19,889,612</b>
<b>Plan fiduciary net position - beginning</b>	<b>230,724,657</b>	<b>223,822,076</b>	<b>217,979,379</b>	<b>208,591,942</b>	<b>228,629,338</b>	<b>236,052,384</b>	<b>216,162,772</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 234,894,622</b>	<b>\$ 230,724,657</b>	<b>\$ 223,822,076</b>	<b>\$ 217,979,379</b>	<b>\$ 208,591,942</b>	<b>\$ 228,629,338</b>	<b>\$ 236,052,384</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 235,496,723</b>	<b>\$ 216,713,104</b>	<b>\$ 214,713,659</b>	<b>\$ 188,483,848</b>	<b>\$ 189,178,689</b>	<b>\$ 163,621,947</b>	<b>\$ 126,527,803</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>49.94%</b>	<b>51.57%</b>	<b>51.04%</b>	<b>53.63%</b>	<b>52.44%</b>	<b>58.29%</b>	<b>65.10%</b>
<b>Covered payroll</b>	<b>\$ 41,958,234</b>	<b>\$ 41,751,143</b>	<b>\$ 41,312,393</b>	<b>\$ 38,432,299</b>	<b>\$ 38,954,094</b>	<b>\$ 39,282,422</b>	<b>\$ 36,187,624</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>561.26%</b>	<b>519.06%</b>	<b>519.73%</b>	<b>490.43%</b>	<b>485.65%</b>	<b>416.53%</b>	<b>349.64%</b>

Notes to Schedule:

Changes in assumptions:

- 2020:
- \*The mortality improvement assumption was changed from the MP-2018 improvement scale to 75% of the improvement rates used in the alternative II projection in the 2019 OASDI Trustees Report.
- \*The turnover rates for Police were increased for the first 10 years of service with minor adjustments to rates in later years.
- \*The turnover rates for Fire were increased for the first 10 years of service.
- \*The disability rates were increased from 25% to 100% of the Old Age Survivors and Disability Income Table.
- \*The retirement rates for participants who were vested as of July 1, 2014 were increased for most years of service beginning at year 25 resulting in earlier projected retirement ages.
- \*On average participants are assumed to retire mid-year.
- \*The percent married assumption was lowered from 75% to 70%.
- \*The inflation assumption was lowered from 2.75% to 2.25%.
- \*The assumed rate of return was lowered from 7.25% to 7.00%.
- \*The salary scale was increased for participants with less than 10 years of service and lowered for participants with 16 or more years of service.
- \*The payroll growth assumption was lowered from 2.75% to 2.25%.

This schedule will be 10 years as information is available.



CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
ELECTRIC POWER BOARD OF CHATTANOOGA RETIREMENT PLAN

Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 4,139,928	\$ 4,007,999	\$ 4,052,285	\$ 3,419,789	\$ 3,191,879	\$ 2,765,420	\$ 2,395,069
Interest	4,905,978	4,542,966	4,221,731	4,431,537	4,250,696	4,043,136	3,637,040
Differences between expected and actual experience	1,752,001	1,735,358	2,277,706	1,460,427	734,695	2,594,311	3,608,092
Changes in assumptions	6,410,690	-	-	-	4,049,739	-	-
Benefit payments, including refund of member contributions	(4,910,035)	(5,100,449)	(5,962,649)	(7,177,555)	(6,568,775)	(5,237,213)	(2,455,053)
<b>Net change in total pension liability</b>	<b>12,298,562</b>	<b>5,185,874</b>	<b>4,589,073</b>	<b>2,134,198</b>	<b>5,658,234</b>	<b>4,165,654</b>	<b>7,185,148</b>
<b>Total pension liability - beginning</b>	<b>70,085,393</b>	<b>64,899,519</b>	<b>60,310,446</b>	<b>58,176,248</b>	<b>52,518,014</b>	<b>48,352,360</b>	<b>41,167,212</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 82,383,955</b>	<b>\$ 70,085,393</b>	<b>\$ 64,899,519</b>	<b>\$ 60,310,446</b>	<b>\$ 58,176,248</b>	<b>\$ 52,518,014</b>	<b>\$ 48,352,360</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 7,940,000	\$ 5,600,000	\$ 5,834,370	\$ 5,825,000	\$ 7,000,000	\$ 5,700,000	\$ 3,630,048
Net investment income	2,101,620	1,791,891	3,213,690	4,174,435	(345,933)	2,142,992	5,735,092
Benefit payments, including refund of member contributions	(4,910,035)	(5,100,449)	(5,962,649)	(7,177,555)	(6,568,775)	(5,237,213)	(2,455,053)
Administrative expense	(25,016)	(23,686)	(55,831)	(74,716)	(74,572)	(73,572)	(86,522)
<b>Net change in plan fiduciary net position</b>	<b>5,106,569</b>	<b>2,267,756</b>	<b>3,029,580</b>	<b>2,747,164</b>	<b>10,720</b>	<b>2,532,207</b>	<b>6,823,565</b>
<b>Plan fiduciary net position - beginning</b>	<b>52,805,787</b>	<b>50,538,031</b>	<b>47,508,451</b>	<b>44,761,287</b>	<b>44,750,567</b>	<b>42,218,360</b>	<b>35,394,795</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 57,912,356</b>	<b>\$ 52,805,787</b>	<b>\$ 50,538,031</b>	<b>\$ 47,508,451</b>	<b>\$ 44,761,287</b>	<b>\$ 44,750,567</b>	<b>\$ 42,218,360</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 24,471,599</b>	<b>\$ 17,279,606</b>	<b>\$ 14,361,488</b>	<b>\$ 12,801,995</b>	<b>\$ 13,414,961</b>	<b>\$ 7,767,447</b>	<b>\$ 6,134,000</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>70.30%</b>	<b>75.34%</b>	<b>77.87%</b>	<b>78.77%</b>	<b>76.94%</b>	<b>85.21%</b>	<b>87.31%</b>
<b>Covered payroll</b>	<b>\$ 47,656,428</b>	<b>\$ 44,354,016</b>	<b>\$ 42,505,392</b>	<b>\$ 37,195,884</b>	<b>\$ 37,808,796</b>	<b>\$ 35,014,644</b>	<b>\$ 32,127,132</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>51.35%</b>	<b>38.96%</b>	<b>33.79%</b>	<b>34.42%</b>	<b>35.48%</b>	<b>22.18%</b>	<b>19.09%</b>

Notes to Schedule:

Benefit changes. None.

Changes in assumptions. None.

This schedule will be 10 years as information is available.

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CITY CONTRIBUTIONS  
GENERAL PENSION FUND (Reporting per GASB 68)  
Last 10 Fiscal Years**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Actuarially determined contribution	\$ 13,482,769	\$ 12,340,736	\$ 11,599,926	\$ 9,550,286	\$ 8,120,912	\$ 7,771,920	\$ 7,717,400	\$ 7,806,000	\$ 7,203,000	\$ 6,302,882
Contributions in relation to the actuarially determined contribution	13,808,964	12,770,788	11,659,818	9,717,412	8,076,989	7,925,195	7,751,909	7,599,939	6,682,722	4,376,484
Contribution deficiency (excess)	<u>\$ (326,195)</u>	<u>\$ (430,052)</u>	<u>\$ (59,892)</u>	<u>\$ (167,126)</u>	<u>\$ 43,923</u>	<u>\$ (153,275)</u>	<u>\$ (34,509)</u>	<u>\$ 206,061</u>	<u>\$ 520,278</u>	<u>\$ 1,926,398</u>
Covered payroll	\$ 65,158,198	\$ 62,944,765	\$ 60,195,485	\$ 59,220,510	\$ 57,608,950	\$ 57,555,196	\$ 55,815,216	\$ 56,270,053	\$ 57,976,515	\$ 57,061,358
Contributions as a percentage of covered payroll	21.19%	20.29%	19.37%	16.41%	14.02%	13.77%	13.89%	13.51%	11.53%	7.67%

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, eighteen months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	26.3 years
Asset valuation method	5-year smoothed market with a 20% corridor
Inflation	2.50%
Salary increases	3.00-5.25%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS

FIRE AND POLICE PENSION FUND (Reporting per GASB 68)

Last 10 Calendar Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 19,604,058	\$ 18,823,113	\$ 16,504,790	\$ 12,829,325	\$ 12,030,640	\$ 9,478,900	\$ 13,346,490	\$ 11,859,505	\$ 9,692,292	\$ 8,613,696
Contributions in relation to the actuarially determined contribution	20,996,995	19,646,959	18,036,218	12,999,917	11,987,641	11,115,222	13,495,433	12,258,360	10,542,423	9,004,655
Contribution deficiency (excess)	<u>\$ (1,392,937)</u>	<u>\$ (823,846)</u>	<u>\$ (1,531,428)</u>	<u>\$ (170,592)</u>	<u>\$ 42,999</u>	<u>\$ (1,636,322)</u>	<u>\$ (148,943)</u>	<u>\$ (398,855)</u>	<u>\$ (850,131)</u>	<u>\$ (390,959)</u>
Covered payroll	\$ 41,751,143	\$ 41,312,393	\$ 38,432,299	\$ 38,954,094	\$ 39,282,422	\$ 36,187,624	\$ 37,215,933	\$ 37,288,914	\$ 34,940,022	\$ 34,573,261
Contributions as a percentage of covered payroll	50.29%	47.56%	46.93%	33.37%	30.52%	30.72%	36.26%	32.87%	30.17%	26.05%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed with level dollar phase-in
Remaining amortization period	30 years
Asset valuation method	10-year smoothed market with 20% corridor
Inflation	2.75%
Salary increases	1.50%-2.75%
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Cost of living adjustment	1.50%, (starting January 1 after third anniversary of retirement date)

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CITY CONTRIBUTIONS  
ELECTRIC POWER BOARD OF CHATTANOOGA RETIREMENT PLAN  
Last 10 Calendar Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 5,926,623	\$ 5,596,508	\$ 5,573,063	\$ 5,058,640	\$ 4,758,552	\$ 3,561,883	\$ 3,646,080
Contributions in relation to the actuarially determined contribution	5,940,000	5,600,000	5,584,370	5,075,000	4,500,000	3,700,000	3,630,048
Contribution deficiency (excess)	<u>\$ (13,377)</u>	<u>\$ (3,492)</u>	<u>\$ (11,307)</u>	<u>\$ (16,360)</u>	<u>\$ 258,552</u>	<u>\$ (138,117)</u>	<u>\$ 16,032</u>
Covered payroll	\$43,578,112	\$42,079,004	\$40,978,404	\$37,195,884	\$35,295,564	\$34,480,956	\$32,127,132
Contributions as a percentage of covered payroll	13.63%	13.31%	13.63%	13.64%	12.75%	10.73%	11.30%

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are calculated as of August 1, 23 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Asset valuation method	Three year smoothing
Inflation	1.50%
Salary increases	3.00%
Investment rate of return	7.00%

Changes in assumptions

The investment rate of return was changed from 7.5% to 7.0% beginning in 2016.

This schedule will be 10 years as information is available.

**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS**  
**CITY'S OPEB FUND (Reporting Per GASB 75)**  
**Last 10 Fiscal Years**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Total OPEB liability</b>					
Service cost	\$ 3,883,018	\$ 3,910,132	\$ 3,796,244	\$ 3,285,014	\$ 3,078,078
Interest	14,274,983	13,649,152	13,031,065	12,436,672	12,016,977
Difference between expected and actual experience	(11,458,511)	-	167,505	-	-
Changes of assumptions	903,971	-	13,240,396	-	-
Benefit payments	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,111)
<b>Net change in total OPEB liability</b>	<b>103,682</b>	<b>7,821,379</b>	<b>21,983,418</b>	<b>8,380,562</b>	<b>3,437,944</b>
<b>Total OPEB liability - beginning</b>	<b>207,678,222</b>	<b>199,856,843</b>	<b>177,873,425</b>	<b>169,492,863</b>	<b>166,054,919</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 207,781,904</b>	<b>\$ 207,678,222</b>	<b>\$ 199,856,843</b>	<b>\$ 177,873,425</b>	<b>\$ 169,492,863</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 14,613,964	\$ 14,180,763	\$ 14,191,396	\$ 13,403,639	\$ 12,917,243
Contributions - member	-	-	-	-	2,739,171
Net investment income	2,367,394	2,848,123	5,662,711	7,313,765	(2,469,379)
Benefit payments, net of member contributions	(7,499,779)	(9,737,905)	(8,251,792)	(7,341,124)	(11,657,111)
Administrative expense	(37,505)	(44,054)	(50,522)	(41,992)	(41,906)
<b>Net change in plan fiduciary net position</b>	<b>9,444,074</b>	<b>7,246,927</b>	<b>11,551,793</b>	<b>13,334,288</b>	<b>1,488,018</b>
<b>Plan fiduciary net position - beginning</b>	<b>73,690,668</b>	<b>66,443,741</b>	<b>54,891,948</b>	<b>41,557,660</b>	<b>40,069,642</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 83,134,742</b>	<b>\$ 73,690,668</b>	<b>\$ 66,443,741</b>	<b>\$ 54,891,948</b>	<b>\$ 41,557,660</b>
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ 124,647,162</b>	<b>\$ 133,987,554</b>	<b>\$ 133,413,102</b>	<b>\$ 122,981,477</b>	<b>\$ 127,935,203</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>40.01%</b>	<b>35.48%</b>	<b>33.25%</b>	<b>30.86%</b>	<b>24.52%</b>
<b>Covered payroll</b>	<b>\$ 107,477,193</b>	<b>\$ 100,062,772</b>	<b>\$ 100,062,772</b>	<b>\$ 96,436,271</b>	<b>\$ 96,436,271</b>
<b>City's net OPEB liability as a percentage of covered payroll</b>	<b>115.98%</b>	<b>133.90%</b>	<b>133.33%</b>	<b>127.53%</b>	<b>132.66%</b>

**Notes to Schedule:**

*Benefit changes:* None

*Assumption changes:*

2021: None

2020: Discount rate was changed to 6.75%. Health care trend rates were updated. The demographic actuarial assumptions for general employees reflect the results of the experience investigation of the General Pension Fund for the period ending December 31, 2017. The demographic actuarial assumptions for mortality for fire and police employees reflect the most recent assumptions used in the Fund's GASB 67 and 68 actuarial valuations prepared as of June 30, 2019.

2019: None

2018: Discount rate was changed to 7.00%. Health care trend rates were updated

2016: The demograph actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases for fire and police employees reflect the results of the experience investigation of the Fire and Police Pension Fund for the period ending December 31, 2014.

CITY OF CHATTANOOGA, TENNESSEE

**SCHEDULE OF CITY CONTRIBUTIONS  
CITY'S OPEB FUND (Reporting Per GASB 75)  
Last 10 Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 13,588,664	\$ 13,588,664	\$ 13,163,283	\$ 13,163,283	\$ 12,759,200	\$ 12,759,200	\$ 13,275,679	\$ 12,857,800	\$ 14,288,701	\$ 13,838,396
Contributions in relation to the actuarially determined contribution	14,613,964	14,180,763	14,191,396	13,403,639	12,917,243	15,754,457	15,071,389	12,857,800	14,288,701	13,838,396
Contribution deficiency (excess)	\$ (1,025,300)	\$ (592,099)	\$ (1,028,113)	\$ (240,356)	\$ (158,043)	\$ (2,995,257)	\$ (1,795,710)	\$ -	\$ -	\$ -
Covered payroll	\$ 107,477,193	\$ 100,062,772	\$ 100,062,772	\$ 96,436,271	\$ 96,436,271	\$ 95,390,933	\$ 95,390,933	\$ 95,280,557	\$ 95,280,557	\$ 89,710,458
Contributions as a percentage of covered payroll	13.60%	14.17%	14.18%	13.90%	13.39%	16.52%	15.80%	13.49%	15.00%	15.43%

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, eighteen months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Inflation	3.00%
Healthcare cost trend rate	
Pre-Medicare eligible	7.00%
Medicare eligible	5.75%
Ultimate trend rate	
Pre-Medicare eligible	5.00%
Medicare eligible	5.00%
Year of ultimate trend rate	2023
Salary increases	3.00% to 5.25%, including inflation
Investment rate of return	7.00%, including inflation
Retirement:	
General employees:	Minimum 5 years of service and age 62 or Rule of 80 or 55.
Fire / Police:	Age 55 with 10 years of service or any age with 25 years of service (30 years if hired after July 1, 2014)
Disability:	Immediate eligibility if duty-related disability, otherwise 10 years of service
Mortality	
General employee deaths after retirement:	According to the RP-2000 Combined Mortality Table set forward 4 years for males and set forward 2 years for females and using a Scale AA projection to 2025, for service retirements and beneficiaries of retired participants. The RP-2000 Disabled Mortality Table set forward 8 years for males and set forward 9 years for females and using a Scale AA projection to 2025 is used for the period after disability retirement.
Fire and Police employee deaths after retirement:	According to the RP-2014 Blue Collar Mortality fully generational using a modified MP-2014 projection scale and set forward 3 years for males and females for service retirements and beneficiaries of retired participants. The RP-2014 Disabled Retiree Mortality fully generational using a modified MP-2014 projection scale and set forward 3 years for both males and females is used for the period after disability retirement.
Other information:	None

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS  
ELECTRIC POWER BOARD OF CHATTANOOGA OPEB PLAN  
Last 10 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>			
Service cost	\$ 1,218,522	\$ 1,250,310	\$ 1,191,399
Interest	1,608,529	1,686,697	1,851,355
Difference between expected and actual experience	3,582,900	(2,537,156)	(3,860,119)
Changes of assumptions	(5,800,125)	-	-
Refunds of contributions	(1,774,982)	(1,602,439)	(1,715,834)
<b>Net change in total OPEB liability</b>	<u>(1,165,156)</u>	<u>(1,202,588)</u>	<u>(2,533,199)</u>
<b>Total OPEB liability - beginning</b>	<u>24,746,604</u>	<u>25,949,192</u>	<u>28,482,391</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 23,581,448</u>	<u>\$ 24,746,604</u>	<u>\$ 25,949,192</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,719,982	\$ 1,582,439	\$ 1,685,834
Net investment income	1,312,654	1,779,670	2,494,651
Benefit payments, net of member contributions	(1,774,982)	(1,602,439)	(1,715,834)
Administrative expense	(18,754)	(39,236)	(48,680)
<b>Net change in plan fiduciary net position</b>	<u>1,238,900</u>	<u>1,720,434</u>	<u>2,415,971</u>
<b>Plan fiduciary net position - beginning</b>	<u>25,098,188</u>	<u>23,377,754</u>	<u>20,961,783</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 26,337,088</u>	<u>\$ 25,098,188</u>	<u>\$ 23,377,754</u>
<b>Net OPEB liability / (asset) - ending (a) - (b)</b>	<u>\$ (2,755,640)</u>	<u>\$ (351,584)</u>	<u>\$ 2,571,438</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	111.69%	101.42%	90.09%
<b>Covered payroll</b>	\$ 46,282,092	\$ 43,270,240	\$ 42,610,686
<b>Net OPEB liability as a percentage of covered payroll</b>	-5.95%	-0.81%	6.03%

**Notes to Schedule:**

*Benefit changes:* None

*Assumption changes:*

Healthcare Cost Trend Rate decrease from 5.5% to 4.00% ultimate

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF EPB CONTRIBUTIONS  
OPEB TRUST FUND (Reporting Per GASB 75)  
Last 10 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer Contributions	\$ 1,720,000	\$ 1,582,000	\$ 1,686,000
Covered payroll	\$ 46,282,000	\$ 43,270,000	\$ 42,611,000
Contributions as a percentage of covered payroll	3.72%	3.66%	3.96%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Asset valuation method	Fair Market Value
Inflation	1.50%
Healthcare cost trend rate	
2018, 2019, and 2020	7.50%
Ultimate trend rate	
2018 and 2019	5.50%
2020	4.00%
Investment rate of return	6.50%
Retirement age:	3% per year for ages 57-61, 20% at age 62, 10% at ages 63 and 64, and 100% at age 65
Mortality	In the actuarial valuation, assumed life expectancies were computed using the UP 1984 Table.

This schedule will be 10 years as information is available.





**COMBINING FINANCIAL  
STATEMENTS**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

These are the operating funds which are restricted as to use by the federal or state governments and special purpose funds established by the City Council.

Downtown Development Fund accounts for revenues and expenditures associated with improvements to the Downtown area.

Social Services Program Fund accounts for revenues and expenditures associated with various grants and donations for specific programs administered by the City.

Narcotics Program Fund accounts for drug fines and grants received and usage of those monies to further drug education and investigations.

State Street Aid Fund accounts for revenues and expenditures of the City's share of state gasoline taxes. State law requires that gasoline taxes be used to maintain streets.

Community Development Fund accounts for Community Development Block Grant funds received from the federal government for the purpose of enhancing the economic condition and meeting various types of housing needs to low-to-moderate income residents of the City.

Hotel/Motel Tax Fund accounts for revenues and expenditures of the City's hotel/motel privilege tax. The City ordinance requires that hotel/motel taxes be used to develop and implement public improvements in the downtown and waterfront areas

River Pier Garage Fund accounts for revenues and expenditures of the River Pier Garage located near the waterfront area. .

Regional Planning Agency Fund accounts for revenues and expenditures of the Chattanooga-Hamilton County Regional Planning Agency.

Air Pollution Control Bureau Fund accounts for the grants, revenues and expenditures of the Air Pollution Control Bureau, a jointly funded agency of the City of Chattanooga and Hamilton County.

Scenic Cities Beautiful Commission Fund accounts for revenues and expenditures of Scenic Cities Beautiful Commission, a jointly funded agency of the City of Chattanooga and Hamilton County.

Downtown Chattanooga Business Improvement District Fund accounts for tax revenues associated with a special assessment tax collected by the City. The CBID was established to provide improvements to a portion of downtown Chattanooga.

### DEBT SERVICE FUND

Debt Service Fund accounts for the accumulation of resources for, and payment of, general long-term obligations.

### PERMANENT FUND

Library Endowment Fund accounts for several nonexpendable gifts to The Public Library.

CITY OF CHATTANOOGA, TENNESSEE

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2021

	Special Revenue					
	Downtown Development	Social Services Program	Narcotics Program	State Street Aid	Community Development	Hotel/Motel Tax
<b>ASSETS</b>						
Cash and cash equivalents	\$ 11,424	\$ (27,675)	\$ 2,953,371	\$ 6,100,484	\$ 3,720,931	\$ 3,786,212
Investments	-	-	-	-	-	-
Receivables, net of allowance for uncollectibles:						
Other taxes	-	-	-	-	-	1,275,868
Notes	-	-	-	-	7,465,382	-
Other	-	-	440	-	4,669	1,859
Federal	-	869,194	-	8,910	751,491	-
State of Tennessee	-	573,988	-	1,049,021	-	-
Other	-	-	-	-	-	-
Total assets	<u>\$ 11,424</u>	<u>\$ 1,415,507</u>	<u>\$ 2,953,811</u>	<u>\$ 7,158,415</u>	<u>\$ 11,942,473</u>	<u>\$ 5,063,939</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities:						
Accounts payable	\$ -	\$ 251,985	\$ 1,310,095	\$ 56,687	\$ 7,360	\$ 22,447
Accrued payroll	-	590,885	-	105,470	32,020	-
Due to other governments	-	268	-	-	46,097	-
Contracts payable	-	8,271	-	-	-	-
Unearned grants revenue	-	27,186	-	-	929,361	-
Total liabilities	<u>-</u>	<u>878,595</u>	<u>1,310,095</u>	<u>162,157</u>	<u>1,014,838</u>	<u>22,447</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - other local taxes	-	-	-	-	-	503,891
Unavailable revenue - shared tax revenue	-	-	-	496,666	-	-
Unavailable revenue - CDBG loans	-	-	-	-	8,558,761	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,666</u>	<u>8,558,761</u>	<u>503,891</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	11,424	536,912	1,643,716	6,499,592	2,368,874	4,537,601
Committed	-	-	-	-	-	-
Total fund balances	<u>11,424</u>	<u>536,912</u>	<u>1,643,716</u>	<u>6,499,592</u>	<u>2,368,874</u>	<u>4,537,601</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,424</u>	<u>\$ 1,415,507</u>	<u>\$ 2,953,811</u>	<u>\$ 7,158,415</u>	<u>\$ 11,942,473</u>	<u>\$ 5,063,939</u>

Special Revenue							Permanent	
River Pier Garage	Regional Planning Agency	Air Pollution Control Bureau	Scenic Cities Beautiful Commission	Central Business Improvement District	Total Special Revenue	Debt Service	Fund Library Endowment	Total Nonmajor Funds
\$ 1,858,612	\$ 4,276,950	\$ 779,357	\$ 4,922	\$ 40,206	\$ 23,504,794	\$ 2,393,395	\$ 360,583	\$ 26,258,772
-	-	-	-	-	-	-	6,864,317	6,864,317
-	-	-	-	-	1,275,868	-	-	1,275,868
-	-	-	-	-	7,465,382	-	-	7,465,382
21,193	1,270	2,370	-	-	31,801	-	-	31,801
-	52,704	-	-	-	1,682,299	-	-	1,682,299
-	753,668	-	-	-	2,376,677	-	-	2,376,677
-	780	-	-	-	780	-	-	780
<u>\$ 1,879,805</u>	<u>\$ 5,085,372</u>	<u>\$ 781,727</u>	<u>\$ 4,922</u>	<u>\$ 40,206</u>	<u>\$ 36,337,601</u>	<u>\$ 2,393,395</u>	<u>\$ 7,224,900</u>	<u>\$ 45,955,896</u>
\$ -	\$ 114,449	\$ 5,798	\$ 986	\$ 40,206	\$ 1,810,013	\$ -	\$ -	\$ 1,810,013
-	167,146	57,384	3,936	-	956,841	-	-	956,841
-	-	-	-	-	46,365	-	-	46,365
-	-	-	-	-	8,271	-	-	8,271
-	-	-	-	-	956,547	-	-	956,547
-	281,595	63,182	4,922	40,206	3,778,037	-	-	3,778,037
-	-	-	-	-	503,891	-	-	503,891
-	-	-	-	-	496,666	-	-	496,666
-	-	-	-	-	8,558,761	-	-	8,558,761
-	-	-	-	-	9,559,318	-	-	9,559,318
-	-	-	-	-	-	-	6,864,317	6,864,317
1,879,805	807,152	287,418	-	-	18,572,494	-	360,583	18,933,077
-	3,996,625	431,127	-	-	4,427,752	2,393,395	-	6,821,147
1,879,805	4,803,777	718,545	-	-	23,000,246	2,393,395	7,224,900	32,618,541
<u>\$ 1,879,805</u>	<u>\$ 5,085,372</u>	<u>\$ 781,727</u>	<u>\$ 4,922</u>	<u>\$ 40,206</u>	<u>\$ 36,337,601</u>	<u>\$ 2,393,395</u>	<u>\$ 7,224,900</u>	<u>\$ 45,955,896</u>

CITY OF CHATTANOOGA, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2021

	Special Revenue					
	Downtown Development	Social Services Program	Narcotics Program	State Street Aid	Community Development	Hotel/Motel Tax
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,240,025
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal	-	12,607,627	8,112	8,910	2,317,641	-
State	-	4,311,476	50	6,027,757	-	-
County	-	-	-	-	-	-
Other	-	-	-	-	-	-
Charges for services	-	-	-	-	106,538	-
Fines, forfeitures and penalties	-	-	16,171	-	-	-
Investment income	-	-	2,016	23,007	8,467	-
Contributions and donations	-	6,465	-	-	(5,001)	-
Miscellaneous	-	9,635	313,125	140	284,633	-
Total revenues	-	16,935,203	339,474	6,059,814	2,712,278	6,240,025
EXPENDITURES						
Current:						
General government:						
General government	-	-	-	-	-	181,348
Economic and community development	-	-	-	-	2,574,691	-
Public safety:						
Police	-	-	342,265	-	-	-
Public works and transportation:						
Public works	-	-	-	3,363,590	-	-
Youth and family development:						
Youth and family development	-	18,113,612	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	18,113,612	342,265	3,363,590	2,574,691	181,348
Excess (deficiency) of revenues over (under) expenditures	-	(1,178,409)	(2,791)	2,696,224	137,587	6,058,677
OTHER FINANCING SOURCES (USES)						
Transfers in	-	1,411,553	40,520	24,312	-	-
Transfers out	-	(76,910)	(40,520)	(2,962,238)	(341,041)	(3,879,450)
Total other financing sources (uses)	-	1,334,643	-	(2,937,926)	(341,041)	(3,879,450)
Net change in fund balances	-	156,234	(2,791)	(241,702)	(203,454)	2,179,227
FUND BALANCES, beginning	11,424	380,678	1,646,507	6,741,294	2,572,328	2,358,374
FUND BALANCES, ending	\$ 11,424	\$ 536,912	\$ 1,643,716	\$ 6,499,592	\$ 2,368,874	\$ 4,537,601

River Pier Garage	Special Revenue						Debt Service	Permanent Fund Library Endowment	Total Nonmajor Funds
	Regional Planning Agency	Air Pollution Control Bureau	Scenic Cities Beautiful Commission	Central Business Improvement District	Interfund Eliminations	Total Special Revenue			
	\$ -	\$ -	\$ -	\$ -	\$ 864,068	\$ -			
-	129,980	552,443	-	-	-	682,423	-	682,423	
-	-	473,250	-	-	-	15,415,540	-	15,415,540	
-	1,051,256	-	40,700	-	-	11,431,239	-	11,431,239	
-	543,000	188,548	-	-	-	731,548	-	731,548	
-	134,690	-	-	-	-	134,690	-	134,690	
179,114	-	-	-	-	-	285,652	-	285,652	
-	-	-	-	-	-	16,171	-	16,171	
-	-	-	-	-	-	33,490	-	1,481,755	
-	-	-	-	-	-	1,464	-	1,464	
-	-	-	-	6,399	-	613,932	-	613,932	
179,114	1,858,926	1,214,241	40,700	870,467	-	36,450,242	-	1,481,755	37,931,997
148,041	4,081,879	1,802,567	77,946	870,467	-	7,162,248	-	47,265	7,209,513
-	-	-	-	-	-	2,574,691	-	-	2,574,691
-	-	-	-	-	-	342,265	-	-	342,265
-	-	-	-	-	-	3,363,590	-	-	3,363,590
-	-	-	-	-	-	18,113,612	-	-	18,113,612
-	-	-	-	-	-	-	18,153,780	-	18,153,780
-	-	-	-	-	-	-	6,276,326	-	6,276,326
148,041	4,081,879	1,802,567	77,946	870,467	-	31,556,406	24,430,106	47,265	56,033,777
31,073	(2,222,953)	(588,326)	(37,246)	-	-	4,893,836	(24,430,106)	1,434,490	(18,101,780)
-	2,035,563	727,908	37,246	-	(630,729)	3,646,373	24,704,688	-	28,351,061
-	(31,900)	(457,088)	-	-	630,729	(7,158,418)	-	-	(7,158,418)
-	2,003,663	270,820	37,246	-	-	(3,512,045)	24,704,688	-	21,192,643
31,073	(219,290)	(317,506)	-	-	-	1,381,791	274,582	1,434,490	3,090,863
1,848,732	5,023,067	1,036,051	-	-	-	21,618,455	2,118,813	5,790,410	29,527,678
\$ 1,879,805	\$ 4,803,777	\$ 718,545	\$ -	\$ -	\$ -	\$ 23,000,246	\$ 2,393,395	\$ 7,224,900	\$ 32,618,541

## **DISCRETELY PRESENTED COMPONENT UNITS**

Discretely presented component units are entities that are legally separate from the City, but the City is considered to be financially accountable for these entities. These entities are presented in the same manner as Proprietary Funds.

Chattanooga Metropolitan Airport Authority accounts for the operation of the Chattanooga Metropolitan Airport.

Chattanooga Area Regional Transit Authority (CARTA) accounts for the operation of the mass transit system for the Chattanooga Metropolitan Area.

Downtown Chattanooga Business Improvement District (CBID) accounts for the operation of the City's Business Improvement District.



**CITY OF CHATTANOOGA, TENNESSEE**

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
COMPONENT UNITS**

**Year Ended June 30, 2021**

	Chattanooga Metropolitan Airport Authority	CARTA	Downtown Chattanooga Business Improvement District (CBID)	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 19,000,735	\$ 6,790,583	\$ 866,900	\$ 26,658,218
Total operating revenues	19,000,735	6,790,583	866,900	26,658,218
<b>OPERATING EXPENSES</b>				
Airport operations	13,654,858	-	-	13,654,858
CARTA operations	-	24,182,121	-	24,182,121
CBID operations	-	-	474,438	-
Depreciation and amortization	9,235,936	2,741,938	-	11,977,874
Total operating expenses	22,890,794	26,924,059	474,438	49,814,853
<b>OPERATING INCOME (LOSS)</b>	<b>(3,890,059)</b>	<b>(20,133,476)</b>	<b>392,462</b>	<b>(23,156,635)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental revenue	-	8,250,950	100,000	8,350,950
Investment income	59,161	5,075	-	64,236
Interest expense	(211,472)	-	-	(211,472)
Other income (expense)	1,687,346	118,843	-	1,806,189
Total nonoperating revenues (expenses)	1,535,035	8,374,868	100,000	10,009,903
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>(2,355,024)</b>	<b>(11,758,608)</b>	<b>492,462</b>	<b>(13,146,732)</b>
Capital contributions	7,993,416	13,059,451	10,000	21,062,867
<b>CHANGE IN NET POSITION</b>	<b>5,638,392</b>	<b>1,300,843</b>	<b>502,462</b>	<b>7,441,697</b>
<b>NET POSITION, beginning</b>	<b>153,905,470</b>	<b>17,278,117</b>	<b>(11,751)</b>	<b>171,171,836</b>
<b>NET POSITION, ending</b>	<b>\$ 159,543,862</b>	<b>\$ 18,578,960</b>	<b>\$ 490,711</b>	<b>\$ 178,613,533</b>

**CITY OF CHATTANOOGA, TENNESSEE**

**COMBINING STATEMENT OF CASH FLOWS  
COMPONENT UNITS**

**Year Ended June 30, 2021**

	Chattanooga Metropolitan Airport Authority	CARTA	Downtown Chattanooga Business Improvement District	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 20,123,363	\$ 6,230,028	\$ 844,582	\$ 26,353,391
Payments to suppliers	(9,913,960)	(14,737,505)	(378,208)	(24,651,465)
Payments to employees	(3,325,074)	(9,520,971)	-	(12,846,045)
Net cash from operating activities	<u>6,884,329</u>	<u>(18,028,448)</u>	<u>466,374</u>	<u>(11,144,119)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intergovernmental payments received	-	7,358,409	100,000	7,358,409
Net cash from noncapital financing activities	<u>-</u>	<u>7,358,409</u>	<u>100,000</u>	<u>7,358,409</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal paid on capital debt	(102,647)	-	-	(102,647)
Proceeds from sale of property and equipment	6,132	-	-	6,132
Proceeds from issuance of long-term debt	17,572,479	-	-	17,572,479
Interest paid on capital debt	(211,472)	-	-	(211,472)
Capital contributions	7,993,416	11,133,921	10,000	19,127,337
Additions to capital assets	(26,999,837)	(2,074,104)	(59,761)	(29,073,941)
Passenger/customer facility charges collected	1,427,036	-	-	1,427,036
Net cash flows from capital and related financing activities	<u>(314,893)</u>	<u>9,059,817</u>	<u>(49,761)</u>	<u>8,744,924</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of certificates of deposit	(15,000,000)	-	-	(15,000,000)
Proceeds from certificates of deposit	12,000,000	-	-	12,000,000
Interest on investments	59,161	5,075	-	64,236
Net cash flows from investing activities	<u>(2,940,839)</u>	<u>5,075</u>	<u>-</u>	<u>(2,935,764)</u>
Net increase (decrease) in cash and cash equivalents	3,628,597	(1,605,147)	516,613	2,023,450
Cash and cash equivalents, beginning of year	<u>14,550,341</u>	<u>2,731,452</u>	<u>-</u>	<u>17,281,793</u>
Cash and cash equivalents, end of year	<u>\$ 18,178,938</u>	<u>\$ 1,126,305</u>	<u>\$ 516,613</u>	<u>\$ 19,305,243</u>
<b>CLASSIFIED AS:</b>				
Current assets	\$ 16,328,315	\$ 1,126,305	\$ 516,613	\$ 17,454,620
Restricted assets	1,850,623	-	-	1,850,623
	<u>\$ 18,178,938</u>	<u>\$ 1,126,305</u>	<u>\$ 516,613</u>	<u>\$ 19,305,243</u>

(Continued on next page)

**CITY OF CHATTANOOGA, TENNESSEE**

**COMBINING STATEMENT OF CASH FLOWS  
COMPONENT UNITS**

**Year Ended June 30, 2021**

	Chattanooga Metropolitan Airport Authority	CARTA	Downtown Chattanooga Business Improvement District	Total
(Continued from previous page)				
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ (3,890,059)	\$(20,133,476)	\$ 392,462	\$ (24,023,535)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Depreciation and amortization	9,235,936	2,741,938	2,476	11,980,350
Net general pension expense (benefit)	356,176	(429,161)	-	(72,985)
Net general other post-employment benefit	54,694	761	-	55,455
Bad debt expense	1,505	-	-	1,505
Change in operating assets and liabilities:				
Trade receivables, net	1,124,938	(560,555)	(22,318)	542,065
Inventory	(76,199)	(11,004)	-	(87,203)
Deferred outflows	-	(102,674)	-	(102,674)
Prepaid items	(2,551)	156,475	-	153,924
Accounts payable and accrued liabilities	82,199	(86,172)	93,754	89,781
Unearned revenue	(2,310)	-	-	(2,310)
Deferred pension items	-	395,420	-	395,420
TOTAL ADJUSTMENTS	10,774,388	2,105,028	73,912	12,953,328
NET CASH FROM OPERATING ACTIVITIES	\$ 6,884,329	\$(18,028,448)	\$ 466,374	\$ (11,070,207)



**BUDGETARY COMPARISON  
SCHEDULES**

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 136,886,200	\$ 136,886,200	\$ 142,198,575	\$ 5,312,375
Payments in lieu of tax:				
PILOT CHA	163,700	163,700	181,029	17,329
PILOT TVA	2,015,800	2,015,800	1,959,629	(56,171)
PILOT Good Neighbors	2,800	2,800	2,808	8
PILOT Dev Corp O Knob	-	-	470	470
PILOT UnumProvident Corporation	57,200	57,200	57,163	(37)
PILOT South Market LLC	8,600	8,600	10,865	2,265
PILOT Wm Wrigley Jr Co	25,000	25,000	24,959	(41)
PILOT Blue Cross Blue Shield	984,900	984,900	998,068	13,168
PILOT MK LLC	9,300	9,300	12,984	3,684
PILOT Jarnigan Road-EMJ Corp	51,000	51,000	51,005	5
PILOT Southern Champion Tray	-	-	74,818	74,818
PILOT Gestamp Chattanooga, LLC	748,100	748,100	981,928	233,828
PILOT Westinghouse Electric Co.	62,600	62,600	61,328	(1,272)
PILOT EPB	7,770,500	7,770,500	7,192,927	(577,573)
PILOT Coca Cola	93,700	93,700	162,683	68,983
PILOT Plastic Omnium Auto Exteriors LLC	176,600	176,600	222,083	45,483
PILOT UTC Two LLC	10,100	10,100	10,148	48
PILOT UTC Three LLC	5,800	5,800	5,790	(10)
PILOT Van De Wiele, Inc.	19,000	19,000	18,962	(38)
PILOT Alco Woodlawn Partners	33,400	33,400	33,902	502
PILOT Yanfeng US Automotive Interior Systems LLC	-	-	38,368	38,368
PILOT Choo Choo Partners	-	-	20,704	20,704
PILOT M & M Industries Inc	-	-	35,414	35,414
Interest and penalty on taxes				
Current year	-	-	49,298	49,298
Prior years	1,375,000	1,375,000	1,509,085	134,085
Collection fees on delinquent taxes	219,500	219,500	265,093	45,593
Total property taxes	<u>150,718,800</u>	<u>150,718,800</u>	<u>156,180,086</u>	<u>5,461,286</u>
Other local taxes:				
Franchise Taxes	4,403,000	4,403,000	4,444,720	41,720
Liquor Taxes	2,900,000	2,900,000	3,552,150	652,150
Beer Taxes	5,521,900	5,521,900	5,634,026	112,126
Local Litigation City Court	2,300	2,300	2,700	400
Gross receipts Tax	5,900,000	5,900,000	6,815,870	915,870
Corp Intangible Property Tax	250,000	250,000	656,568	406,568
NonDep Excise Tax TCA 67-4-2020	85,000	85,000	819,681	734,681
Total other taxes	<u>19,062,200</u>	<u>19,062,200</u>	<u>21,925,715</u>	<u>2,863,515</u>
Total taxes	<u>169,781,000</u>	<u>169,781,000</u>	<u>178,105,801</u>	<u>8,324,801</u>

(Continued on next page)

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Licenses, fees and permits:				
Licenses:				
Wrecker Business License	5,000	5,000	3,700	(1,300)
Liquor by Drink License	150,000	150,000	174,726	24,726
Liquor by Drink Int & Pen	3,200	3,200	11,235	8,035
Transient Vendor License	2,500	2,500	450	(2,050)
Motor Vehicle License	448,700	448,700	426,710	(21,990)
Wrecker Contractor License	-	-	340	340
Original Business License Fee	20,000	20,000	23,745	3,745
Special Gathering Permit	-	-	120	120
Permits:				
Building Permits	1,500,000	1,500,000	2,013,167	513,167
Electrical Permits	390,000	390,000	422,059	32,059
Plumbing Fixtures Connection Permits	213,800	213,800	259,230	45,430
Street Cut-in Permits	400,000	400,000	281,884	(118,116)
Mechanical Code Permits	220,000	220,000	269,614	49,614
Hotel Permits	4,200	4,200	4,000	(200)
Gas Permits	43,200	43,200	46,795	3,595
Sign Permits	120,000	120,000	107,585	(12,415)
Taxicab Driver Permits	5,500	5,500	4,055	(1,445)
Temporary Use Permits	2,300	2,300	2,090	(210)
Moving Permit Investigation Fee	1,100	1,100	-	(1,100)
Traffic Eng Special Events Permits	11,200	11,200	3,447	(7,753)
Push Cart Permits	100	100	125	25
Mobile Food Unit	-	-	400	400
Tree Ordinance Permit	-	-	24,500	24,500
Tire Haulers Permit	-	-	75	75
Short Term Vacation Rental Permit	-	-	32,550	32,550
Fees:				
Business License Issuance Fees	60,000	60,000	79,252	19,252
Plumbing Examiners Fees	46,000	46,000	34,960	(11,040)
Electrical Examiners Fees	180,000	180,000	168,330	(11,670)
Gas Examiners Fees	49,700	49,700	30,535	(19,165)
Beer Board Application Fees	109,900	109,900	40,802	(69,098)
Mechanical Exam Fees	21,000	21,000	13,775	(7,225)
Permit Issuance Fees	50,100	50,100	69,410	19,310
Exhibitors Fees	200	200	13	(187)
Subdivision Review & Inspection Fees	24,800	24,800	29,570	4,770
Adult Entertain Application Fees	7,300	7,300	6,600	(700)
Zoning Letter Fees	14,300	14,300	22,425	8,125
Variance Request Fees	15,300	15,300	13,200	(2,100)
Certificate of Occupancy Fees	33,800	33,800	39,016	5,216
Code Compliance Letter Fees	1,400	1,400	4,275	2,875
Plan Checking Fees	259,000	259,000	380,670	121,670
Phased Construction Plan Review Fees	38,000	38,000	4,376	(33,624)
Construction Board of Appeals Fees	2,500	2,500	900	(1,600)
Sign Board of Appeals Fees	800	800	300	(500)

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Historic Zone Construction Fee	-	-	14,375	14,375
Northshore Design Appeal Fee	13,800	13,800	4,900	(8,900)
Northshore-Downtown Plan Review Fee	3,600	3,600	-	(3,600)
Fire District Removal Request Fee	-	-	646	646
Fire Permits City Code 16-29	215,600	215,600	244,662	29,062
Fire Re-Inspection of Business & Hotels	1,200	1,200	450	(750)
Wine in Grocery Store	300	300	800	500
Beer Permit	-	-	45,725	45,725
Designated revenue:				
Parking meters and other fees	1,569,724	1,569,724	1,569,724	-
Total licenses, fees & permits	6,259,124	6,259,124	6,932,293	673,169
Intergovernmental:				
Federal funds	-	-	356,799	356,799
State funds:				
State Operations Funds TEMA	-	-	59,467	59,467
State Operations Funds Training Supplement F&P	740,000	740,000	658,400	(81,600)
State Operations Funds COVID-19	-	2,500,000	2,500,574	574
State Shared Ops Maintenance of Streets	75,000	75,000	123,413	48,413
State Shared City Alloc State Sales Tax	14,100,000	14,100,000	17,504,152	3,404,152
State Shared City Alloc State Income Tax	1,200,000	1,200,000	1,695,590	495,590
State Shared City Alloc State Beer Tax	75,000	75,000	79,382	4,382
State Shared Mixed Drink Tax	3,856,400	3,856,400	3,902,791	46,391
State Shared Ci Interstate Telecommunication Sales Tax	234,000	234,000	295,654	61,654
State Shared Alcoholic Beverage Tax	150,000	150,000	179,688	29,688
State Shared Gas Inspection Fees	331,200	331,200	332,885	1,685
State Shared Commission Gross Receipts	525,000	525,000	636,729	111,729
State Shared Sports Gambling TCA 4-51-304	-	-	61,959	61,959
Ham Co Oper Ross's Landing	1,649,844	1,649,844	1,435,488	(214,356)
Ham Co Local Option Sales Tax	47,015,756	47,015,756	55,974,548	8,958,792
Designated revenue:				
Ham Co Local Option Sales Tax (Economic Dev)	12,790,495	12,790,495	15,965,679	3,175,185
State Shared TDZ Sales Tax	3,200,000	3,200,000	3,541,883	341,883
Ham Co Local Option Sales Tax TDZ	1,300,000	1,300,000	-	(1,300,000)
FEMA April 2020 Disaster	6,638,400	6,638,400	6,638,400	-
Other	5,917,505	5,917,505	5,562,363	(355,142)
Total intergovernmental revenues	99,798,600	102,298,600	117,505,844	15,207,245
Charges for services				
Court charges:				
Court Cost Current	141,600	141,600	153,048	11,448
Court Commissions	8,500	8,500	5,841	(2,659)
Court Clerk's Fee Current	550,000	550,000	485,068	(64,932)
Court Service of Process Current	-	-	23	23
Court Processing of Release Forms	10,800	10,800	13,505	2,705
Court Administrative Cost	100	100	331	231
Court Current State Cost	1,500	1,500	1,462	(38)
Court Translation Service Fee	6,800	6,800	831	(5,969)
Facility charges:				
Facility Rents	-	-	8	8

(Continued on next page)



CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Property Rental Revenue	150,700	150,700	141,435	(9,265)
Ballfield Income	20,000	20,000	15,301	(4,699)
Carousel Ridership	95,300	95,300	21,059	(74,241)
Walker Pavilion Rent	20,000	20,000	(1,450)	(21,450)
Heritage Park House Rent	10,000	10,000	1,195	(8,805)
Renaissance Park Rent	-	-	500	500
Greenway Facility Rent	6,500	6,500	(1,345)	(7,845)
Fitness Center Fees	29,200	29,200	-	(29,200)
Dock Rental	41,500	41,500	58,988	17,488
Ross' Landing Rent	39,300	39,300	16,704	(22,596)
Champion's Club Fees	31,800	31,800	12,206	(19,594)
Recreation Center Rental	20,300	20,300	92	(20,208)
Carousel Room Rental	14,300	14,300	1,320	(12,980)
Coolidge Park Rental	12,500	12,500	6,500	(6,000)
Walnut Street Bridge Rental	-	-	550	550
Program charges:				
Program Fees	7,200	7,200	(1,445)	(8,645)
Park Event Fees	8,600	8,600	5,574	(3,026)
Non-Traditional Program Fees	7,800	7,800	-	(7,800)
OutVenture Fees	15,700	15,700	10,705	(4,995)
Therapeutic Fees	800	800	-	(800)
Swimming Pool Fees	100,000	100,000	40,177	(59,823)
Arts & Culture Fees	800	800	-	(800)
Counter sales:				
Police Report Fees	7,200	7,200	1,131	(6,069)
Credit Card Processing Fee	48,100	48,100	6,090	(42,010)
Concessions	21,000	21,000	-	(21,000)
Other charges:				
Financial Service EPB	7,200	7,200	7,200	-
General Pension Admin Cost	45,000	45,000	46,461	1,461
Returned Check Fee	1,500	1,500	3,271	1,771
Waste Container Purchases	27,400	27,400	30,740	3,340
Non Profit Request Fee	2,800	2,800	2,750	(50)
CBID Admin Fee 2%	-	-	17,407	17,407
Revenue adjustments:				
Over & Under	-	-	1,600	1,600
Designated revenue	2,243,810	2,243,810	2,700,904	457,094
Total charges for services	3,755,610	3,755,610	3,805,737	50,127
Fines, forfeitures and penalties				
City court fines	492,100	492,100	471,730	(20,370)
Criminal court fines	81,100	81,100	89,890	8,790
Traffic court fines	30,400	30,400	18,490	(11,910)
Air pollution penalties	600	600	25,286	24,686
Designated revenue	638,500	638,500	843,282	204,782
Total fines and forfeitures	1,242,700	1,242,700	1,448,678	205,978
Miscellaneous:				
Investment income	1,800,800	1,800,800	635,026	(1,165,774)

(Continued on next page)

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Sale of property	451,700	451,700	255,693	(196,007)
Donations	-	-	2,600	2,600
Settlements	1,200	1,200	1,805	606
Departmental billings	6,211,200	6,211,200	6,605,000	393,800
Miscellaneous revenue	376,500	376,500	544,991	168,491
Designated revenue:				
Investment income	-	-	52,138	52,138
Donations	310,679	310,679	209,072	(101,606)
Miscellaneous revenue	183,453	183,453	1,438,959	1,255,505
Total miscellaneous revenue	<u>9,335,532</u>	<u>9,335,532</u>	<u>9,745,284</u>	<u>409,753</u>
 Total revenues	 <u>290,172,566</u>	 <u>292,672,566</u>	 <u>317,543,637</u>	 <u>24,871,073</u>

**EXPENDITURES**

General government:

City Council	897,032	897,032	703,772	(193,260)
City Judges	1,073,538	1,073,538	1,055,335	(18,203)
City Attorney	1,687,931	1,687,931	1,539,855	(148,076)
Records Retention Management	27,912	27,912	36,790	8,878
Internal Audit	737,767	737,767	678,746	(59,022)
Information Services:				
Information Services	8,907,915	8,907,915	8,555,347	(352,567)
Purchasing	969,355	969,355	934,227	(35,128)
311 Call Center	692,545	692,545	705,015	12,471

External Appropriations:

Arts Build	266,250	266,250	266,248	(2)
Chatt Neighborhood Enterprise	705,000	705,000	705,000	-
WTCL-TV Channel 45	80,000	80,000	80,000	-
Tennessee River Park	1,366,076	1,366,076	1,222,940	(143,136)
Children's Advocacy Center	63,700	63,700	63,700	-
Community Foundation Scholarships	100,000	160,000	160,000	-
Chatt Area Urban League	132,000	132,000	132,000	-
Bessie Smith Cultural Center	80,000	120,000	120,000	-
Enterprise South Nature Park	810,234	810,234	600,382	(209,852)
Homeless Coalition	70,000	70,000	70,000	-
Partnership Family,Child,Adult	63,700	63,700	63,700	-
Chambliss Center for Children	350,000	350,000	350,000	-
Fortwood Ctr (Helen Ross McNabb)	60,760	60,760	60,760	-
Joe Johnson Mental Health	58,800	58,800	36,375	(22,425)
Speech & Hearing Center	67,700	67,700	67,700	-
Orange Grove	159,000	159,000	159,000	-
Signal Center	1,154,770	1,154,770	1,067,008	(87,763)
Family Promise of Greater Chattanooga	417,750	417,750	400,000	(17,750)
AIM Center, Inc	63,700	63,700	63,700	-
Bethlehem Center	63,700	63,700	63,700	-
Girls, Inc.	82,000	82,000	82,000	-
Greater Chattanooga Sports & Events	80,000	80,000	80,000	-

(Continued on next page)

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Chattanooga Zoo	26,250	26,250	26,250	-
Chattanooga Room in the Inn	24,000	24,000	18,000	(6,000)
LaPaz Chattanooga	49,000	49,000	49,000	-
Green Spaces	20,000	20,000	15,000	(5,000)
Chattanooga Goodwill Industries	15,000	15,000	15,000	-
United Way of Greater Chattanooga	643,020	643,020	409,628	(233,392)
TechTown Foundation	10,000	10,000	10,000	-
Chattanooga Kids on the Block	20,000	20,000	-	(20,000)
Chattanooga Basketball	90,000	90,000	-	(90,000)
Chattanooga Design Studio	200,000	200,000	200,000	-
Chattanooga Football Club Foundation	25,000	25,000	25,000	-
Habitat for Humanity of Greater Chattanooga Area	35,000	35,000	35,000	-
Lookout Mountain Conservancy	12,000	12,000	12,000	-
LAUNCH	27,500	27,500	20,625	(6,875)
Tennessee Golf Foundation	30,250	30,250	14,250	(16,000)
Creative Discovery Museum	20,000	20,000	20,000	-
CADAS (Council for Alcohol and Drug Abuse Services)	25,000	25,000	25,000	-
Community Haven	10,000	10,000	-	(10,000)
The Forgotten Child Fund	-	75,000	75,000	-
Southeast Tennessee Development District	-	300,000	300,000	-
Component Unit Appropriations:				
CARTA Subsidy	5,824,996	5,824,996	5,800,000	(24,996)
Election Expense	250,000	250,000	265,942	15,942
City Code Revision	19,899	19,899	5,863	(14,036)
Unemployment Insurance	40,000	40,000	112,309	72,309
Contingency Fund	728,194	4,028,194	720,021	(3,308,173)
Renewal & Replacement	888,409	888,409	575,206	(313,203)
Audits, Dues & Surveys	309,800	309,800	118,000	(191,800)
Intergovernmental Relations	318,479	318,479	174,398	(144,082)
City Water Quality Mgmt Fees	632,741	632,741	604,522	(28,219)
Liability Insurance Premiums	400,000	400,000	2,400,000	2,000,000
Education Per TCA 57-4-306	1,930,000	1,930,000	1,951,397	21,397
ESIP Administration	13,407	13,407	2,497	(10,910)
Tuition Assistance Program	25,000	25,000	4,206	(20,794)
Designated expenditures:				
General government programs:				
CARTA Parking Meters	1,569,724	1,569,724	1,569,724	-
Automated Traffic Enforcement	1,010,004	1,010,004	888,451	(121,553)
General government grants:				
EPA - Brownfield Revolving Loan Brightbridge	120,813	120,813	120,813	-
EPA - Brownfield at E 38th St at Workman Rd "Glove"	-	-	1,900	1,900
Public Library	7,544,008	7,544,008	6,782,178	(761,830)
Economic Development	9,290,495	9,290,495	8,996,446	(294,047)
Total general government	<u>53,487,124</u>	<u>57,262,124</u>	<u>52,486,926</u>	<u>(4,775,197)</u>
Executive Office of the Mayor:				
Executive Office Admin	1,773,294	1,773,294	1,772,930	(365)
Multicultural Affairs	388,317	388,317	285,653	(102,664)

(Continued on next page)

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Code for America	-	-	63,106	63,106
Economic Mobility	50,000	50,000	50,632	632
Regional Resiliency Planning	100,000	100,000	210,000	110,000
Chattanooga FJC VOCA Grant	152,657	152,657	105,859	(46,798)
OVW Abuse in Later Life Program Grant	1,112	1,112	1,112	-
FJC OVC Hope & Healing	410,265	410,265	110,867	(299,398)
2020 State Tennessee Complete Counts (Census)	10,000	10,000	12,944	2,944
Total executive office	<u>2,885,645</u>	<u>2,885,645</u>	<u>2,613,103</u>	<u>(272,543)</u>
Finance and administration:				
Finance Office	4,455,500	4,455,500	3,671,385	(784,113)
Office of the City Treasurer	1,255,314	1,255,314	1,361,825	106,511
City Court Clerk's Office	1,476,813	1,476,813	1,122,039	(354,775)
Designated expenditures:				
City Court Technology	-	-	17,727	17,727
Total finance and administration	<u>7,187,627</u>	<u>7,187,627</u>	<u>6,172,976</u>	<u>(1,014,650)</u>
Human resources:				
Human Resource Administration	2,368,328	2,368,328	2,198,375	(169,953)
Insurance Officer and Programs	904,964	904,964	653,200	(251,764)
Total human resources	<u>3,273,292</u>	<u>3,273,292</u>	<u>2,851,575</u>	<u>(421,717)</u>
Economic and community development:				
Neighborhood Services Administration	2,062,977	2,062,977	2,385,020	322,043
Codes & Community Services	4,541,595	4,541,595	3,934,490	(607,105)
Outdoor Chattanooga	925,986	925,986	783,825	(142,161)
Public Art Initiative	193,851	193,851	128,862	(64,989)
Land Development Office	3,132,551	3,132,551	2,937,762	(194,789)
Designated expenditures:				
Neighborhood Partners Projects & Initiatives	257,573	257,573	257,573	-
Special Projects	-	-	94,450	94,450
Public Art Initiative	-	-	71,457	71,457
Dog Park Dash	-	-	20,313	20,312
Total economic and community development	<u>11,114,533</u>	<u>11,114,533</u>	<u>10,613,752</u>	<u>(500,782)</u>
Police:				
Police Administration	2,665,468	2,665,468	2,636,876	(28,592)
Uniform Services	33,555,822	33,555,822	29,956,583	(3,599,239)
Investigative Services	13,949,216	13,949,216	14,334,806	385,590
Support Services	19,050,171	19,050,171	20,116,997	1,066,826
Designated expenditures:				
Reduction of Part 1 Offenses	-	-	9,000	9,000
Police Special Programs	16,091	16,091	5,285	(10,806)
Law Enforcement Planning	19,246	19,246	39,017	19,771
Other Police Grants	556,211	556,211	473,542	(82,669)
Total police	<u>69,812,225</u>	<u>69,812,225</u>	<u>67,572,106</u>	<u>(2,240,119)</u>

(Continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

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

Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Fire:				
Fire Administration	596,203	596,203	568,181	(28,023)
Station Operations	42,831,507	42,831,507	41,088,356	(1,743,151)
Safety, Training and Tactical Services	3,450,964	3,450,964	3,563,095	112,131
Designated expenditures:				
Fire Programs and Grants	71,040	71,040	50,109	(20,931)
Total fire	<u>46,949,714</u>	<u>46,949,714</u>	<u>45,269,741</u>	<u>(1,679,974)</u>
Public works:				
Public Works Administration	596,806	596,806	1,055,135	458,329
City Engineer's Office	1,533,239	1,533,239	1,496,364	(36,875)
Field Surveyors	190,679	190,679	131,592	(59,087)
Facilities Management	599,703	599,703	349,409	(250,294)
Mail Room	53,988	53,988	87,653	33,665
Office of Sustainability	117,072	117,072	117,508	436
Building Maintenance	2,221,657	2,221,657	1,998,378	(223,279)
Storage on Main Street	25,548	25,548	51,691	26,143
Heritage Hall Maintenance	166,039	166,039	150,632	(15,407)
GIS	293,589	293,589	271,497	(22,092)
Summer Youth Worker Program	79,124	79,124	16,045	(63,079)
Utilities	152,543	152,543	175,396	22,853
Solid Waste Disposal	4,691,283	4,691,283	4,877,574	186,291
Farmer's Market	1,000	1,000	-	(1,000)
City-wide Services Administration	1,310,556	1,310,556	1,161,053	(149,503)
Emergency	624,790	624,790	585,222	(39,568)
Central Business District	456,085	456,085	433,102	(22,983)
Street Cleaning Crews	824,161	824,161	841,135	16,974
Mowing Tractors/Leaf Collection	923,786	923,786	908,978	(14,808)
Street Sweeping	696,808	696,808	636,727	(60,082)
Waste Pickup	7,758,438	7,758,438	9,312,766	1,554,329
Municipal Forestry	1,059,947	1,059,947	889,750	(170,197)
Park Management	3,210,682	3,210,682	2,657,241	(553,441)
Hamilton County Shared Parks Maintenance	3,480,124	3,480,124	2,846,292	(633,832)
Zoo	676,210	676,210	675,000	(1,210)
Brainerd Golf Course	799,025	799,025	901,721	102,696
Brown Acres Golf Course	831,960	831,960	933,096	101,136
Civic Facilities	506,105	731,105	725,000	(6,105)
Designated expenditures:				
Public Works Programs	190,579	190,579	202,848	12,269
Building Operations	291,110	291,110	84,922	(206,188)
Other Public Works Grants	2,064,262	2,064,262	2,064,262	-
Total public works	<u>36,426,898</u>	<u>36,651,898</u>	<u>36,637,989</u>	<u>(13,909)</u>
Transportation:				
Transportation Administration	1,678,481	1,678,481	1,597,082	(81,399)
Smart Cities Operations	5,971,852	5,971,852	5,040,314	(931,537)
Traffic Operations	2,451,301	2,451,301	2,252,529	(198,773)

(Continued on next page)

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
(Continued from previous page)				
Designated expenditures:				
Transportation Programs	19,917	19,917	19,917	-
Total transportation	<u>10,121,551</u>	<u>10,121,551</u>	<u>8,909,842</u>	<u>(1,211,709)</u>
Youth and family development:				
Youth & Family Development Administration	774,685	774,685	653,995	(120,690)
Office of Community Resilience	1,045,754	1,045,754	818,184	(227,570)
Recreation Administration	2,164,110	2,164,110	2,106,309	(57,801)
Youth Development	116,146	116,146	49,506	(66,640)
Kidz Kamp	311,628	311,628	152,867	(158,761)
Sports Programs	672,280	672,280	230,158	(442,122)
Aquatics Programs	321,313	321,313	237,538	(83,775)
Therapeutic Programs	220,946	220,946	163,762	(57,184)
Fitness Center	389,842	389,842	256,994	(132,848)
Youth Dev - CAPS	400,378	400,378	69,295	(331,083)
Youth Dev - Education	352,103	352,103	284,655	(67,448)
Skatepark	1,405	1,405	363	(1,042)
Champion's Club	328,834	328,834	451,937	123,103
Heritage House	-	-	97	97
Summit of Softball	484,911	484,911	469,469	(15,442)
Recreation Centers	4,215,647	4,215,647	3,873,522	(342,125)
North River Center Programs	123,324	123,324	96,912	(26,412)
Eastgate Center Programs	285,298	285,298	208,197	(77,102)
Heritage House Programs	146,426	146,426	112,028	(34,397)
Designated expenditures:				
Recreation Special Programs	40,501	40,501	-	(40,501)
Senior & Youth Programming	214,289	214,289	245,069	30,780
Total youth and family development	<u>12,609,820</u>	<u>12,609,820</u>	<u>10,480,857</u>	<u>(2,128,963)</u>
Total expenditures	<u>253,868,429</u>	<u>257,868,429</u>	<u>243,608,867</u>	<u>(14,259,563)</u>
Excess of revenues over expenditures	<u>36,304,137</u>	<u>34,804,137</u>	<u>73,934,770</u>	<u>39,130,636</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(49,661,694)</u>	<u>(49,661,694)</u>	<u>(49,655,324)</u>	<u>6,370</u>
Total other financing sources (uses)	<u>(49,661,694)</u>	<u>(49,661,694)</u>	<u>(49,655,324)</u>	<u>6,370</u>
Net change in fund balances	<u>(13,357,557)</u>	<u>(14,857,557)</u>	<u>24,279,446</u>	<u>39,137,006</u>
FUND BALANCES, beginning	<u>103,941,751</u>	<u>103,941,751</u>	<u>103,941,751</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 90,584,194</u>	<u>\$ 89,084,194</u>	<u>\$ 128,221,197</u>	<u>\$ 39,137,006</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
DOWNTOWN DEVELOPMENT FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Final Budget- Over (Under)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning	11,424	11,424	11,424	-
FUND BALANCES, ending	<u>\$ 11,424</u>	<u>\$ 11,424</u>	<u>\$ 11,424</u>	<u>\$ -</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
SOCIAL SERVICES PROGRAM FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ 13,295,492	\$ 13,295,492	\$ 12,607,627	\$ (687,865)
State of Tennessee funds	7,702,638	7,702,638	4,311,476	(3,391,162)
Donations	-	-	6,465	6,465
Miscellaneous	-	-	9,635	9,635
<b>Total revenues</b>	<b>20,998,130</b>	<b>20,998,130</b>	<b>16,935,203</b>	<b>(4,062,927)</b>
<b>EXPENDITURES</b>				
Administration	1,150,394	1,150,394	1,068,288	(82,106)
Headstart program	13,584,847	13,584,847	11,623,495	(1,961,352)
Foster grandparent program	547,629	547,629	512,530	(35,099)
Low-income energy assistance	4,542,293	4,542,293	3,368,050	(1,174,243)
Community services block grant	2,125,555	2,125,555	800,034	(1,325,521)
Other programs	25,000	25,000	61,700	36,700
Capital outlay	276,128	276,128	679,515	403,387
<b>Total expenditures</b>	<b>22,251,846</b>	<b>22,251,846</b>	<b>18,113,612</b>	<b>(4,138,234)</b>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,253,716)</u>	<u>(1,253,716)</u>	<u>(1,178,409)</u>	<u>75,307</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,226,524	1,226,524	1,411,553	185,029
Transfers out	-	-	(76,910)	(76,910.00)
<b>Total other financing sources (uses)</b>	<b>1,226,524</b>	<b>1,226,524</b>	<b>1,334,643</b>	<b>108,119</b>
Net change in fund balances	(27,192)	(27,192)	156,234	183,426
FUND BALANCES, beginning	<u>380,678</u>	<u>380,678</u>	<u>380,678</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 353,486</u>	<u>\$ 353,486</u>	<u>\$ 536,912</u>	<u>\$ 183,426</u>



**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
NARCOTICS PROGRAM FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ 25,000	\$ 25,000	\$ 8,112	\$ (16,888)
State of Tennessee funds	-	-	50	50
Confiscations	360,000	133,000	264,562	131,562
Investment income	-	-	2,016	2,016
Miscellaneous	65,000	40,000	64,734	24,734
<b>Total revenues</b>	<b>450,000</b>	<b>198,000</b>	<b>339,474</b>	<b>141,474</b>
<b>EXPENDITURES</b>				
Narcotics program	725,000	720,000	153,118	(566,882)
Capital outlay	-	-	189,147	189,147
<b>Total expenditures</b>	<b>725,000</b>	<b>720,000</b>	<b>342,265</b>	<b>(377,735)</b>
Excess (deficiency) of revenues over (under) expenditures	(275,000)	(522,000)	(2,791)	519,209
Net change in fund balances	(275,000)	(522,000)	(2,791)	519,209
FUND BALANCES, beginning	1,646,507	1,646,507	1,646,507	-
FUND BALANCES, ending	\$ 1,371,507	\$ 1,124,507	\$ 1,643,716	\$ 519,209

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
STATE STREET AID FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ 8,910	\$ 8,910
State of Tennessee	4,390,000	4,390,000	4,471,729	81,729
State of Tennessee Improve Act	1,410,000	1,410,000	1,556,028	146,028
Investment Income	32	32	23,007	22,975
Miscellaneous	-	-	140	140
<b>Total revenues</b>	<b>5,800,032</b>	<b>5,800,032</b>	<b>6,059,814</b>	<b>259,782</b>
<b>EXPENDITURES</b>				
Salaries and wages	1,932,023	1,932,023	1,226,903	(705,120)
Fringe benefits	1,451,096	1,451,096	793,552	(657,544)
Purchased services	108,600	108,600	212,287	103,687
Vehicle operations	627,134	627,134	553,040	(74,094)
Materials and supplies	911,781	911,781	258,029	(653,752)
Other expense	250	250	2,568	2,318
Capital outlay	220,893	220,893	317,211	96,318
<b>Total expenditures</b>	<b>5,251,777</b>	<b>5,251,777</b>	<b>3,363,590</b>	<b>(1,888,187)</b>
Excess (deficiency) of revenues over (under) expenditures	548,255	548,255	2,696,224	2,147,969
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	24,312	24,312
Transfers out	(2,937,926)	(2,937,926)	(2,962,238)	(24,312)
<b>Total other financing sources (uses)</b>	<b>(2,937,926)</b>	<b>(2,937,926)</b>	<b>(2,937,926)</b>	<b>-</b>
Net change in fund balances	(2,389,671)	(2,389,671)	(241,702)	2,147,969
FUND BALANCES, beginning	6,741,294	6,741,294	6,741,294	-
FUND BALANCES, ending	\$ 4,351,623	\$ 4,351,623	\$ 6,499,592	\$ 2,147,969

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
COMMUNITY DEVELOPMENT FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ 3,480,498	\$ 3,480,498	\$ 2,317,641	\$ (1,162,857)
Investment income	-	-	8,467	8,467
Miscellaneous	310,017	310,017	386,170	76,153
Total revenues	<u>3,790,515</u>	<u>3,790,515</u>	<u>2,712,278</u>	<u>(1,078,237)</u>
<b>EXPENDITURES</b>				
Administration	394,300	394,300	491,532	97,232
Community development programs	2,000,324	2,000,324	1,181,512	(818,812)
Emergency shelter programs	672,766	672,766	404,023	(268,743)
Other programs	383,333	387,125	497,624	110,499
Capital outlay	3,792	3,792	-	(3,792)
Total expenditures	<u>3,454,515</u>	<u>3,458,307</u>	<u>2,574,691</u>	<u>(883,616)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>336,000</u>	<u>332,208</u>	<u>137,587</u>	<u>(194,621)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(336,000)</u>	<u>(336,000)</u>	<u>(341,041)</u>	<u>(5,041)</u>
Total other financing sources (uses)	<u>(336,000)</u>	<u>(336,000)</u>	<u>(341,041)</u>	<u>(5,041)</u>
Net change in fund balances	-	(3,792)	(203,454)	(199,662)
FUND BALANCES, beginning	<u>2,572,328</u>	<u>2,572,328</u>	<u>2,572,328</u>	-
FUND BALANCES, ending	<u>\$ 2,572,328</u>	<u>\$ 2,568,536</u>	<u>\$ 2,368,874</u>	<u>\$ (199,662)</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
HOTEL/MOTEL TAX FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Hotel/Motel tax	\$ 5,300,254	\$ 5,300,254	\$ 6,240,025	\$ 939,771
Total revenues	5,300,254	5,300,254	6,240,025	939,771
EXPENDITURES				
Contracted services	184,008	184,008	181,348	(2,660)
Total expenditures	184,008	184,008	181,348	(2,660)
Excess (deficiency) of revenues over (under) expenditures	5,116,246	5,116,246	6,058,677	942,431
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,879,623)	(3,879,623)	(3,879,450)	173
Total other financing sources (uses)	(3,879,623)	(3,879,623)	(3,879,450)	173
Net change in fund balances	1,236,623	1,236,623	2,179,227	942,604
FUND BALANCES, beginning	2,358,374	2,358,374	2,358,374	-
FUND BALANCES, ending	\$ 3,594,997	\$ 3,594,997	\$ 4,537,601	\$ 942,604

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
RIVER PIER GARAGE FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Parking garage income	\$ 298,732	\$ 298,732	\$ 179,114	\$ (119,618)
Total revenues	298,732	298,732	179,114	(119,618)
EXPENDITURES				
Contracted services	246,345	246,345	117,585	(128,760)
Capital outlay	33,686	33,686	30,456	(3,230)
Total expenditures	280,031	280,031	148,041	(131,990)
Excess (deficiency) of revenues over (under) expenditures	18,701	18,701	31,073	12,372
Net change in fund balances	18,701	18,701	31,073	12,372
FUND BALANCES, beginning	1,848,732	1,848,732	1,848,732	-
FUND BALANCES, ending	\$ 1,867,433	\$ 1,867,433	\$ 1,879,805	\$ 12,372

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
REGIONAL PLANNING AGENCY FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
State of Tennessee funds	\$ 1,051,256	\$ 1,051,256	\$ 1,051,256	\$ -
Hamilton County funds	814,500	814,500	543,000	(271,500)
Other intergovernmental	144,690	144,690	134,690	(10,000)
Miscellaneous	97,500	97,500	129,980	32,480
<b>Total revenues</b>	<b>2,107,946</b>	<b>2,107,946</b>	<b>1,858,926</b>	<b>(249,020)</b>
<b>EXPENDITURES</b>				
Administration	3,478,835	3,478,835	2,815,890	(662,945)
Transportation planning	1,185,946	1,185,946	1,185,946	-
Other program	104,552	104,552	49,258	(55,294)
Capital outlay	22,600	22,600	30,785	8,185
<b>Total expenditures</b>	<b>4,791,933</b>	<b>4,791,933</b>	<b>4,081,879</b>	<b>(710,054)</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(2,683,987)</b>	<b>(2,683,987)</b>	<b>(2,222,953)</b>	<b>461,034</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,970,899	1,970,899	2,035,563	64,664
Transfers out	-	-	(31,900)	(31,900)
<b>Total other financing sources (uses)</b>	<b>1,970,899</b>	<b>1,970,899</b>	<b>2,003,663</b>	<b>32,764</b>
Net change in fund balances	(713,088)	(713,088)	(219,290)	493,798
FUND BALANCES, beginning	5,023,067	5,023,067	5,023,067	-
FUND BALANCES, ending	<b>\$ 4,309,979</b>	<b>\$ 4,309,979</b>	<b>\$ 4,803,777</b>	<b>\$ 493,798</b>

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
AIR POLLUTION CONTROL FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ 473,250	\$ 473,250	\$ 473,250	\$ -
Hamilton County funds	188,548	188,548	188,548	-
Permits	546,900	546,900	552,443	5,543
<b>Total revenues</b>	<b>1,208,698</b>	<b>1,208,698</b>	<b>1,214,241</b>	<b>5,543</b>
<b>EXPENDITURES</b>				
Operations	1,743,626	1,743,626	1,781,232	37,606
Special programs	18,340	18,340	16,320	(2,020)
Capital outlay	-	42,200	5,015	(37,185)
<b>Total expenditures</b>	<b>1,761,966</b>	<b>1,804,166</b>	<b>1,802,567</b>	<b>(1,599)</b>
Excess (deficiency) of revenues over (under) expenditures	(553,268)	(595,468)	(588,326)	7,142
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	740,620	740,620	727,908	(12,712)
Transfers out	(473,250)	(473,250)	(457,088)	16,162
<b>Total other financing sources (uses)</b>	<b>267,370</b>	<b>267,370</b>	<b>270,820</b>	<b>3,450</b>
Net change in fund balances	(285,898)	(328,098)	(317,506)	10,592
FUND BALANCES, beginning	1,036,051	1,036,051	1,036,051	-
FUND BALANCES, ending	\$ 750,153	\$ 707,953	\$ 718,545	\$ 10,592

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
SCENIC CITIES BEAUTIFUL COMMISSION FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
State of Tennessee funds	\$ 44,450	\$ 44,450	\$ 40,700	\$ (3,750)
Total revenues	44,450	44,450	40,700	(3,750)
EXPENDITURES				
Operations	90,636	90,636	77,946	(12,690)
Total expenditures	90,636	90,636	77,946	(12,690)
Excess (deficiency) of revenues over (under) expenditures	(46,186)	(46,186)	(37,246)	8,940
OTHER FINANCING SOURCES (USES)				
Transfers in	45,221	45,221	37,246	(7,975)
Total other financing sources (uses)	45,221	45,221	37,246	(7,975)
Net change in fund balances	(965)	(965)	-	965
FUND BALANCES, beginning	-	-	-	-
FUND BALANCES, ending	\$ (965)	\$ (965)	\$ -	\$ 965



**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
CENTRAL BUSINESS IMPROVEMENT DISTRICT**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Special Assessment Central Business Improvement District	\$ 907,745	\$ 907,745	\$ 864,068	\$ (43,677)
Interest	-	-	6,399	6,399
Total revenues	<u>907,745</u>	<u>907,745</u>	<u>870,467</u>	<u>(37,278)</u>
<b>EXPENDITURES</b>				
BID Assessment Fee	<u>1,062,799</u>	<u>1,062,799</u>	<u>870,467</u>	<u>(192,332)</u>
Total expenditures	<u>1,062,799</u>	<u>1,062,799</u>	<u>870,467</u>	<u>(192,332)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(155,054)</u>	<u>(155,054)</u>	<u>-</u>	<u>155,054</u>
Net change in fund balances	(155,054)	(155,054)	-	155,054
FUND BALANCES, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ (155,054)</u>	<u>\$ (155,054)</u>	<u>\$ -</u>	<u>\$ 155,054</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Principal retirement	18,153,675	18,153,675	18,153,780	105
Interest	6,451,186	6,451,186	6,239,483	(211,703)
Fiscal charges	100,000	100,000	36,843	(63,157)
Total expenditures	<u>24,704,861</u>	<u>24,704,861</u>	<u>24,430,106</u>	<u>(274,755)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,704,861)</u>	<u>(24,704,861)</u>	<u>(24,430,106)</u>	<u>274,755</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>24,704,861</u>	<u>24,704,861</u>	<u>24,704,688</u>	<u>(173)</u>
Total other financing sources (uses)	<u>24,704,861</u>	<u>24,704,861</u>	<u>24,704,688</u>	<u>(173)</u>
Net change in fund balances	-	-	274,582	274,582
FUND BALANCES, beginning	<u>2,118,813</u>	<u>2,118,813</u>	<u>2,118,813</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 2,118,813</u>	<u>\$ 2,118,813</u>	<u>\$ 2,393,395</u>	<u>\$ 274,582</u>



**FINANCIAL SCHEDULES**

## **FINANCIAL SCHEDULES**

Financial schedules are used to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements and present other information deemed useful.

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF INVESTMENTS BY FUND

June 30, 2021

Issuer	Interest Rate %	Maturity Date	Amount
<b>GOVERNMENTAL FUNDS</b>			
General fund			
Federal Farm Credit Bank	0.120	9/9/2022	\$ 15,010,122
Federal Farm Credit Bank	0.135	3/1/2023	10,994,500
Federal Farm Credit Bank	0.180	7/13/2023	20,000,600
Federal Farm Credit Bank	0.340	11/12/2024	4,992,792
Federal Home Loan Bank	0.650	3/17/2025	4,500,000
Federal Home Loan Bank	1.642	7/14/2021	2,986,365
Federal Farm Credit Bank	0.220	7/21/2022	12,000,440
			<u>70,484,819</u>
Capital projects			
Federal Farm Credit Bank	0.140	9/9/2022	23,005,202
Federal Farm Credit Bank	0.125	1/13/2023	1,000,031
Federal Farm Credit Bank	0.300	3/28/2024	10,000,333
			<u>34,005,566</u>
Nonmajor funds			
Library endowments -Raymond James & Associate Inc.			<u>6,864,317</u>
Total governmental fund investments			<u>\$ 111,354,702</u>
<b>ENTERPRISE FUNDS</b>			
Interceptor Sewer Fund			
Federal National Mortgage Association	0.175	10/7/2021	\$ 5,091,527
Federal Home Loan Bank	0.155	6/10/2022	13,145,001
Federal Farm Credit Bank	0.246	7/21/2022	10,494,814
Federal Farm Credit Bank	0.092	8/4/2022	9,998,522
Federal Home Loan Bank	0.160	9/9/2022	5,233,028
Federal Home Loan Bank	0.159	9/9/2022	2,093,255
Federal Home Loan Mortgage Corporation	0.180	9/30/2022	10,000,000
Federal Farm Credit Bank	0.190	10/13/2022	5,000,000
Federal Farm Credit Bank	0.125	5/3/2023	6,000,000
Federal Farm Credit Bank	0.149	8/10/2023	8,000,033
Federal Farm Credit Bank	0.150	8/10/2023	20,000,000
Federal Farm Credit Bank	0.179	8/10/2023	4,998,625
Federal Home Loan Mortgage Corporation	0.400	10/13/2023	3,500,000
Federal Farm Credit Bank	0.280	10/13/2023	4,300,268
Federal Farm Credit Bank	0.179	11/3/2023	9,997,500
Federal Farm Credit Bank	0.388	3/1/2024	3,988,172
Federal Home Loan Bank	0.450	7/26/2024	6,211,087
Federal Farm Credit Bank	0.480	9/3/2024	10,008,267
Federal Farm Credit Bank	0.448	11/12/2024	1,991,167
Federal Home Loan Bank	0.620	12/30/2024	5,000,000
Federal Home Loan Bank	0.650	3/17/2025	5,000,000
			<u>150,051,266</u>
Water quality			
Federal Farm Credit Bank	0.120	4/13/2022	10,000,067
Federal Farm Credit Bank	0.200	8/19/2022	10,725,060
Federal Farm Credit Bank	0.159	10/13/2022	16,000,924
Federal Farm Credit Bank	0.307	11/12/2024	8,998,050
			<u>45,724,101</u>
Internal service funds			
Federal Farm Credit Bank	0.170	9/22/2022	3,000,000
Federal Home Loan Bank	0.650	3/17/2025	5,000,000
Federal Home Loan Bank	0.650	3/17/2025	5,000,000
			<u>13,000,000</u>
Chattanooga Downtown Redevelopment Corporation			
Bank of China		9/23/2021	9,644,787
US Treasury Bonds	1.000	9/23/2021	123,252
			<u>9,768,039</u>
Electric Power Board			
Tower Community Bank (CDARS) - Fund 1	2.720	03/31/22	1,062,931
CapStar Bank (CDARS) - Fund 1	2.980	03/24/22	2,139,522
Citizens Bank (CDARS) - Fund 1	0.300	02/09/23	901,036
Citizens Bank (CDARS) - Fund 1	0.400	02/08/24	100,154
SmartBank (CDARS) - Fund 2	0.650	03/03/22	2,111,558
SmartBank (CDARS) - Fund 2	2.680	02/24/22	1,064,804
SmartBank (CDARS) - Fund 2	2.680	03/03/22	1,064,256
Reliant Bank (CDARS) - Fund 3	0.450	01/20/22	1,086,610
Reliant Bank (CDARS) - Fund 3	1.700	04/07/22	1,048,951
Reliant Bank (CDARS) - Fund 3	2.800	07/14/22	773,946
Reliant Bank (CDARS) - Fund 3	2.800	02/24/22	827,203
Reliant Bank (CDARS) - Fund 3	2.800	03/03/22	533,565
Reliant Bank (CDARS) - Fund 3	0.550	04/07/22	400,507
Reliant Bank (CDARS) - Fund 3	0.550	04/06/23	1,712,820
Reliant Bank (CDARS) - Fund 3	2.700	04/07/22	1,061,904
SmartBank (CDARS) - Fund 3	0.650	03/10/22	2,003,993
CapStar Bank (CDARS) - Fund 3	2.980	03/24/22	2,139,240
			<u>20,033,000</u>
Total enterprise fund investments			<u>\$ 238,576,406</u>

CITY OF CHATTANOOGA, TENNESSEE

COMBINED SCHEDULE OF CHANGES IN TAXES RECEIVABLE

Year Ended June 30, 2021

TAX YEAR (1)	Property Taxes Receivable Balance 6/30/2020	Property Tax Levied	Anticipated Current Year Levy (2)	Net Pick-Ups and Charge-Offs	Collections	Property Taxes Receivable Balance 6/30/2021	Allowance for Uncollectibles	Net Receivable Balance 6/30/2021
2021	\$ -	\$ -	\$ 138,316,971	\$ -	\$ -	\$ 138,316,971	\$ -	\$ 138,316,971
2020	-	142,594,816	-	(1,534,932)	136,763,252	4,296,632	558,562	3,738,070
2019	4,719,284	-	-	636,581	3,859,685	1,496,180	389,007	1,107,173
2018	2,176,000	-	-	(384,530)	813,284	978,186	430,402	547,784
2017	1,103,558	-	-	(2,350)	671,063	430,145	352,719	77,426
2016	422,938	-	-	13,025	36,529	399,434	379,462	19,972
2015	444,499	-	-	72,850	115,248	402,101	402,101	-
2014	398,485	-	-	(5,828)	5,582	387,075	387,075	-
2013	477,882	-	-	(797)	15,554	461,531	461,531	-
2012	475,212	-	-	(968)	5,899	468,345	468,345	-
2011	444,869	-	-	(1,496)	4,750	438,623	438,623	-
	<u>\$ 10,662,727</u>	<u>\$ 142,594,816</u>	<u>\$ 138,316,971</u>	<u>\$ (1,208,445)</u>	<u>\$ 142,290,846</u>	<u>\$ 148,075,223</u>	<u>\$ 4,267,827</u>	<u>\$ 143,807,396</u>

Note:

- (1) All years prior to 2016 have been turned over to the Clerk and Master for collection.
- (2) Accrual of the anticipated current year levy is required by GASB Statement No. 33. The accrual is recorded net of the allowance for uncollectible amounts.

**CITY OF CHATTANOOGA, TENNESSEE**

**SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**June 30, 2021**

	Principal	Interest	Total
<b>GOVERNMENTAL ACTIVITIES</b>			
2022	\$ 18,157,654	\$ 5,608,394	\$ 23,766,048
2023	17,020,375	4,972,130	21,992,505
2024	17,641,851	4,271,274	21,913,125
2025	16,049,050	3,606,859	19,655,909
2026	16,358,778	2,919,038	19,277,816
2027	14,222,359	2,191,576	16,413,935
2028	11,753,288	1,658,976	13,412,264
2029	11,343,288	1,257,130	12,600,418
2030	7,593,288	820,040	8,413,328
2031	7,548,288	440,376	7,988,664
2032	1,343,288	161,195	1,504,483
2033	1,343,288	107,463	1,450,751
2034	1,343,282	53,732	1,397,014
	<u>141,718,077</u>	<u>28,068,183</u>	<u>169,786,260</u>
<b>BUSINESS-TYPE ACTIVITIES</b>			
2022	31,586,820	16,468,316	48,055,136
2023	32,556,206	15,344,116	47,900,322
2024	33,633,505	14,171,803	47,805,308
2025	34,274,562	12,955,568	47,230,130
2026	33,276,333	11,752,276	45,028,609
2027	33,898,460	10,778,501	44,676,961
2028	33,915,936	9,845,921	43,761,857
2029	35,187,068	8,630,965	43,818,033
2030	28,770,961	7,572,205	36,343,166
2031	29,647,686	6,628,719	36,276,405
2032	29,379,597	5,526,270	34,905,867
2033	30,261,878	4,377,572	34,639,450
2034	31,417,602	3,340,721	34,758,323
2035	19,678,968	2,713,474	22,392,442
2036	20,229,449	2,157,294	22,386,743
2037	20,712,329	1,724,464	22,436,793
2038	16,962,420	1,327,403	18,289,823
2039	14,815,499	998,818	15,814,317
2040	15,138,038	670,112	15,808,150
2041	15,467,659	332,231	15,799,890
2042	11,339,446	37,797	11,377,243
	<u>552,150,422</u>	<u>137,354,546</u>	<u>689,504,968</u>
Total primary government indebtedness	<u>\$ 693,868,499</u>	<u>\$ 165,422,729</u>	<u>\$ 859,291,228</u>



**CITY OF CHATTANOOGA, TENNESSEE**

**SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**June 30, 2021**

COMPONENT UNITS	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,172,572	\$ 416,424	\$ 1,588,996
2023	1,199,707	389,288	1,588,995
2024	1,227,471	361,525	1,588,996
2025	1,255,877	333,119	1,588,996
2026	1,284,940	304,056	1,588,996
2027	1,314,676	274,320	1,588,996
2028	1,345,100	243,896	1,588,996
2029	1,140,541	213,646	1,354,187
2030	821,025	192,452	1,013,477
2031	840,025	173,452	1,013,477
2032	859,465	154,012	1,013,477
2033	879,355	134,123	1,013,478
2034	899,705	113,773	1,013,478
2035	920,526	92,952	1,013,478
2036	941,828	71,649	1,013,477
2037	963,624	49,854	1,013,478
2038	985,924	27,554	1,013,478
2039	667,302	5,725	673,027
Total component units indebtedness	<u>\$ 18,719,663</u>	<u>\$ 3,551,820</u>	<u>\$ 22,271,483</u>

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2021

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2020	Issued FY 2021	Retired FY 2021	Outstanding June 30, 2021
GOVERNMENTAL ACTIVITIES:								
Serial Bonds:								
Tax Supported								
2009 Series A General Obligation	\$45,415,000	3.00% - 4.63%	1/15/2009	11/1/2020	\$ 2,270,000	\$ -	\$ 2,270,000	\$ -
2010 Series C Recovery Zone Bonds	6,840,000	2.00% - 4.00%	3/5/2010	2/1/2021	145,000	-	145,000	-
2011 Series A General Obligation	26,495,000	2.00% - 4.00%	10/13/2011	10/1/2026	12,355,000	-	1,765,000	10,590,000
2011 Series B Refunding GO bonds	1,949,250	2.00% - 4.00%	10/13/2011	10/1/2027	1,817,596	-	3,333	1,814,263
2013 Series General Improvement Bond	19,355,000	2.00% - 5.00%	1/8/2014	10/1/2028	11,820,000	-	1,315,000	10,505,000
2014 Municipal Public Improvement Refunding	13,792,100	1.75% - 5.00%	7/8/2014	11/1/2026	5,024,538	-	747,477	4,277,061
2015 Series A GO Bond	28,245,000	5.00%	11/10/2015	9/1/2030	20,705,000	-	1,885,000	18,820,000
2015 Series B Refunding GO Bond	18,955,000	3.00% - 5.00%	11/10/2015	11/1/2028	18,955,000	-	-	18,955,000
2017 Series A GO Bond	8,200,000	5.00%	1/25/2017	3/1/2031	6,005,000	-	550,000	5,455,000
2017 Series B Refunding GO Bond	12,640,000	3.00% - 5.00%	1/25/2017	3/1/2026	12,640,000	-	1,985,000	10,655,000
2019 Series A GO Bond	20,156,711	5.00%	10/24/2019	2/1/2034	18,813,424	-	1,346,449	17,466,975
2019 Series B Refunding GO Bond	4,055,000	2.00% - 5.00%	10/24/2019	2/1/2031	4,020,000	-	540,000	3,480,000
Total Tax Supported Bonds					114,570,558	-	12,552,259	102,018,299
Self Supported								
2011 Series B Refunding Hotel Motel Tax Pledge	15,595,750	2.00% - 4.00%	10/13/2011	10/1/2027	14,542,404	-	26,667	14,515,737
2013 Series Hotel-Motel Tax Pledge	7,420,000	2.00% - 5.00%	1/8/2014	10/1/2028	4,530,000	-	505,000	4,025,000
2014 Hotel Motel Refunding	3,961,340	1.75% - 5.00%	7/8/2014	11/1/2026	1,443,670	-	214,643	1,229,027
2019 Series Hotel Motel Refunding	14,805,000	2.00% - 5.00%	10/24/2019	2/1/2031	14,690,000	-	1,670,000	13,020,000
Total Self Supported Bonds					35,206,074	-	2,416,310	32,789,764
Total Serial Bonds					149,776,632	-	14,968,569	134,808,063
Notes Payable:								
Tax Supported								
2004 TML Bond Fund	24,406,300	Variable	12/6/2004	5/25/2024	6,159,601	-	1,489,071	4,670,530
Total Tax Supported Notes Payable					6,159,601	-	1,489,071	4,670,530
Self Supported								
2008 HUD Section 108 Loan Program	4,576,000	4.00%	6/12/2008	8/1/2023	1,221,000	-	305,000	916,000
Total Self Supported Notes Payable					1,221,000	-	305,000	916,000
Total Notes Payable					7,380,601	-	1,794,071	5,586,530

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2021

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2020	Issued FY 2021	Retired FY 2021	Outstanding June 30, 2021
GOVERNMENTAL ACTIVITIES: (continued)								
Capital Leases Payable:								
Tax Supported								
2018 Tasers Capital Lease	499,200	0.00%	5/18/2017	11/4/2021	124,800	-	124,800	-
2016 Regional Communication Capital Lease	5,977,735	0.00%	8/16/2016	8/1/2021	2,391,094	-	1,195,547	1,195,547
2018 Golf Course Capital Lease	346,000	3.45%	1/9/2018	3/4/2023	197,653	-	69,716	127,937
Total Tax Supported Capital Leases Payable					2,713,547	-	1,390,063	1,323,484
Total governmental activities					159,870,780	-	18,152,703	141,718,077
BUSINESS TYPE ACTIVITIES:								
Interceptor Sewer System:								
Serial Bonds:								
2014 Municipal Public Improvement Refunding	2,343,620	1.75% - 5.00%	7/8/2014	11/1/2026	853,994	-	126,998	726,996
Total Serial Bonds					853,994	-	126,998	726,996
Notes Payable:								
2003-168 State Revolving Loan	37,321,000	2.98%	12/5/2002	4/20/2025	11,770,007	-	2,298,336	9,471,671
2007-204 State Revolving Loan	13,000,000	2.79%	6/25/2007	9/20/2031	8,188,099	-	628,416	7,559,683
2011-289 State Revolving Loan	20,000,000	2.00%	11/1/2011	8/20/2037	16,558,974	-	816,720	15,742,254
2012-307 State Revolving Loan	33,100,000	1.15%	6/25/2013	11/20/2037	27,827,820	-	1,451,496	26,376,324
2013-318 State Revolving Loan	66,800,000	1.67%	6/18/2014	11/20/2037	56,102,917	-	2,801,082	53,301,835
2016-357 State Revolving Loan	42,500,000	1.29%	2/8/2016	2/20/2039	26,282,109	691,743	-	26,973,852
2018-405 State Revolving Loan	1,000,000	1.41%	11/7/2017	5/20/2041	842,559	57,441	3,207	896,793
2018-406 State Revolving Loan	17,100,000	1.41%	11/28/2017	3/20/2041	2,240,347	13,855,220	-	16,095,567
2019-428 State Revolving Loan	3,000,000	2.05%	12/6/2018	11/20/2041	138,582	224,747	-	363,329
2019-429 State Revolving Loan	21,000,000	2.05%	12/6/2018	4/20/2042	511,455	4,144,132	-	4,655,587
2018-406-01 State Revolving Loan	30,000,000	1.41%	10/10/2019	6/20/2041	-	27,905,666	111,006	27,794,660
2020-440 State Revolving Loan	15,000,000	0.61%	11/24/2020	11/20/2041	-	818,591	-	818,591
Total Notes Payable					150,462,869	47,697,540	8,110,263	190,050,146
Total Interceptor Sewer System					151,316,863	47,697,540	8,237,261	190,777,142

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2021

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2020	Issued FY 2021	Retired FY 2021	Outstanding June 30, 2021
BUSINESS TYPE ACTIVITIES: (continued)								
Solid Waste Fund:								
Serial Bonds:								
2014 Municipal Public Improvement Refunding	4,674,278	1.75% - 5.00%	7/8/2014	11/1/2026	1,702,695	-	253,341	1,449,354
2017 Series B Refundng GO Bond	2,155,000	3.00% - 5.00%	1/25/2017	3/1/2026	2,155,000	-	340,000	1,815,000
Total Serial Bonds					3,857,695	-	593,341	3,264,354
Notes Payable:								
2004 TML Bond Fund	593,700	Variable	12/6/2004	5/25/2024	149,267	-	35,929	113,338
Total Notes Payable					149,267	-	35,929	113,338
Total Solid Waste & Sanitation Fund					4,006,962	-	629,270	3,377,692
Water Quality Fund								
Serial Bonds:								
2013 Water Quality Bonds	5,245,000	2.00% - 5.00%	1/8/2014	10/1/2028	3,195,000	-	355,000	2,840,000
2014 Municipal Public Improvement Refunding	1,153,663	1.75% - 5.00%	7/8/2014	11/1/2026	420,103	-	62,540	357,563
2015 Series A GO Bond	8,100,000	5.00%	11/10/2015	9/1/2030	5,940,000	-	540,000	5,400,000
2017 Series B Refundng GO Bond	615,000	3.00% - 5.00%	1/25/2017	3/1/2026	615,000	-	95,000	520,000
2019 Series A Water Quality GO Bond	3,628,289	5.00%	10/24/2019	2/1/2034	3,386,577	-	243,552	3,143,025
Total Serial Bonds					13,556,680	-	1,296,092	12,260,588
Total Water Quality Fund					13,556,680	-	1,296,092	12,260,588
Total Business-Type Activities					168,880,505	47,697,540	10,162,623	206,415,422
TOTAL GENERAL OBLIGATION DEBT					328,751,285	47,697,540	28,315,326	348,133,499

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CITY OF CHATTANOOGA, TENNESSEE

ANALYSIS OF GENERAL OBLIGATION DEBT

June 30, 2021

(continued from previous page)

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding June 30, 2020	Issued FY 2021	Retired FY 2021	Outstanding June 30, 2021
Electric Power Board								
Revenue Bonds:								
2015A Electric System Refunding Revenue Bonds	218,855,000	2.88% - 5.00%	8/31/2015	9/1/2033	200,225,000	-	9,410,000	190,815,000
2015B Electric System Revenue Bonds	15,355,000	2.60% - 3.38%	8/31/2015	9/1/2025	9,705,000	-	1,720,000	7,985,000
2015C Electric System Revenue Bonds	25,880,000	4.00% - 5.00%	8/31/2015	9/1/2040	25,880,000	-	-	25,880,000
2021 Electric System Revenue Bonds	71,080,000	2.00% - 4.00%	6/29/2021	9/1/2041	-	71,080,000	-	71,080,000
Total Revenue Bonds					<u>235,810,000</u>	<u>71,080,000</u>	<u>11,130,000</u>	<u>295,760,000</u>
Notes Payable:								
Electric Line of Credit	13,000,000	1.45%	5/27/2021	5/28/2021	13,000,000	-	13,000,000	-
Total Notes Payable					<u>13,000,000</u>	<u>-</u>	<u>13,000,000</u>	<u>-</u>
Total Electric Power Board					<u>248,810,000</u>	<u>71,080,000</u>	<u>24,130,000</u>	<u>295,760,000</u>
Chattanooga Downtown Redevelopment Corporation:								
Revenue Bonds:								
2018A IDB Rev Refunding 2007 Bonds	32,235,000	3.25%	10/1/2018	10/1/2028	31,380,000	-	890,000	30,490,000
2018C IDB Rev Refunding 2010 Bonds Taxable	28,200,000	3.90%	10/1/2018	10/1/2024	23,925,000	-	4,440,000	19,485,000
Total Chattanooga Downtown Redevelopment Corp.					<u>55,305,000</u>	<u>-</u>	<u>5,330,000</u>	<u>49,975,000</u>
Total Primary Government					<u>\$ 632,866,285</u>	<u>\$ 118,777,540</u>	<u>\$ 57,775,326</u>	<u>\$ 693,868,499</u>
COMPONENT UNITS								
Metropolitan Airport Authority:								
Revenue Bonds:								
2020 Tax Exempt Garage	16,250,000	2.29%	12/11/2019	7/10/2041	1,147,184	13,565,378	-	14,712,562
2020 Taxable Garage	8,750,000	2.87%	12/11/2019	7/10/2041	-	4,007,101	-	4,007,101
Total Revenue Bonds					<u>1,147,184</u>	<u>17,572,479</u>	<u>-</u>	<u>18,719,663</u>
Total Metropolitan Airport Authority					<u>1,147,184</u>	<u>17,572,479</u>	<u>-</u>	<u>18,719,663</u>
Total Component Units					<u>\$ 1,147,184</u>	<u>\$ 17,572,479</u>	<u>\$ -</u>	<u>\$ 18,719,663</u>

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE

June 30, 2021

DIRECT INDEBTEDNESS

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2004 Note Payable - Tennessee Municipal Bond Fund	0.823%	\$ 1,528,997	\$ 38,456	\$ 1,567,453
2023		0.823%	1,570,004	25,867	1,595,871
2024		0.823%	1,571,529	12,941	1,584,470
			<u>4,670,530</u>	<u>77,264</u>	<u>4,747,794</u>
2022	2008 Section 108 HUD Loan	4.00%	305,000	19,699	324,699
2023		4.00%	305,000	11,895	316,895
2024		4.00%	306,000	4,006	310,006
			<u>916,000</u>	<u>35,600</u>	<u>951,600</u>
2022	2011 Series A General Obligation	4.00%	1,765,000	326,525	2,091,525
2023		2.50%	1,765,000	269,162	2,034,162
2024		3.00%	1,765,000	220,625	1,985,625
2025		3.00%	1,765,000	167,675	1,932,675
2026		4.00%	1,765,000	105,900	1,870,900
2027		4.00%	1,765,000	35,300	1,800,300
			<u>10,590,000</u>	<u>1,125,187</u>	<u>11,715,187</u>
2022	2011 Series B Refunding Hotel Motel	2.50%	26,667	555,229	581,896
2023		2.63%	26,667	554,546	581,213
2024		4.00%	2,555,587	503,084	3,058,671
2025		4.00%	2,715,590	397,661	3,113,251
2026		4.00%	2,888,925	285,570	3,174,495
2027		4.00%	3,062,260	166,547	3,228,807
2028		3.25%	3,240,041	52,651	3,292,692
				<u>14,515,737</u>	<u>2,515,288</u>
2022	2011 Series B Refunding General Obligation	2.50%	3,333	69,396	72,729
2023		2.63%	3,333	69,310	72,643
2024		4.00%	319,413	62,879	382,292
2025		4.00%	339,410	49,702	389,112
2026		4.00%	361,075	35,692	396,767
2027		4.00%	382,740	20,816	403,556
2028		3.25%	404,959	6,581	411,540
				<u>1,814,263</u>	<u>314,376</u>
2022	2013 General Obligation	5.00%	1,315,000	375,819	1,690,819
2023		5.00%	1,315,000	310,068	1,625,068
2024		3.00%	1,315,000	257,468	1,572,468
2025		3.00%	1,315,000	218,018	1,533,018
2026		3.13%	1,315,000	177,747	1,492,747
2027		4.00%	1,310,000	131,000	1,441,000
2028		4.00%	1,310,000	78,600	1,388,600
2029		4.00%	1,310,000	26,200	1,336,200
			<u>\$ 10,505,000</u>	<u>\$ 1,574,920</u>	<u>\$ 12,079,920</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE

June 30, 2021

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**DIRECT INDEBTEDNESS**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2013 Hotel Motel	5.00%	\$ 505,000	\$ 143,956	\$ 648,956
2023		5.00%	505,000	118,706	623,706
2024		3.00%	505,000	98,506	603,506
2025		3.00%	505,000	83,355	588,355
2026		3.13%	505,000	67,890	572,890
2027		4.00%	500,000	50,000	550,000
2028		4.00%	500,000	30,000	530,000
2029		4.00%	500,000	10,000	510,000
				<u>4,025,000</u>	<u>602,413</u>
2022	2014 Series A Refunding Hotel Motel	2.00%	211,588	31,058	242,646
2023		2.25%	207,769	26,605	234,374
2024		3.00%	205,477	21,186	226,663
2025		3.00%	203,186	15,056	218,242
2026		3.00%	200,894	8,994	209,888
2027		3.00%	200,113	2,990	203,103
			<u>1,229,027</u>	<u>105,889</u>	<u>1,334,916</u>
2022	2014 Series A Refunding General Obligation	2.00%	736,837	108,158	844,995
2023		2.25%	723,537	92,650	816,187
2024		3.00%	715,557	73,777	789,334
2025		3.00%	707,576	52,430	760,006
2026		3.00%	699,596	31,322	730,918
2027		3.00%	693,958	10,414	704,372
			<u>4,277,061</u>	<u>368,751</u>	<u>4,645,812</u>
2022	2015 Series A General Obligation	5.00%	1,885,000	865,600	2,750,600
2023		5.00%	1,885,000	799,625	2,684,625
2024		5.00%	1,885,000	705,375	2,590,375
2025		5.00%	1,885,000	611,125	2,496,125
2026		5.00%	1,880,000	517,000	2,397,000
2027		5.00%	1,880,000	423,000	2,303,000
2028		5.00%	1,880,000	329,000	2,209,000
2029		5.00%	1,880,000	235,000	2,115,000
2030		5.00%	1,880,000	141,000	2,021,000
2031		5.00%	1,880,000	47,000	1,927,000
				<u>18,820,000</u>	<u>4,673,725</u>
2022	2015 Series B Refunding General Obligation	3.00%	2,580,000	668,650	3,248,650
2023		3.00%	2,550,000	591,700	3,141,700
2024		3.00%	2,520,000	515,650	3,035,650
2025		5.00%	2,515,000	414,975	2,929,975
2026		5.00%	2,205,000	296,975	2,501,975
2027		5.00%	2,215,000	186,475	2,401,475
2028		3.00%	2,205,000	98,025	2,303,025
2029		3.00%	2,165,000	32,475	2,197,475
				<u>\$ 18,955,000</u>	<u>\$ 2,804,925</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2021**

(continued from previous page)

<b><u>DIRECT INDEBTEDNESS</u></b>					
Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2016 Regional Communication Capital Lease	0.00%	\$ 1,195,547	\$ -	\$ 1,195,547
			<u>1,195,547</u>	<u>-</u>	<u>1,195,547</u>
2022	2017 Series A General Obligation	5.00%	550,000	272,750	822,750
2023		5.00%	545,000	245,250	790,250
2024		5.00%	545,000	218,000	763,000
2025		5.00%	545,000	190,750	735,750
2026		5.00%	545,000	163,500	708,500
2027		5.00%	545,000	136,250	681,250
2028		5.00%	545,000	109,000	654,000
2029		5.00%	545,000	81,750	626,750
2030		5.00%	545,000	54,500	599,500
2031		5.00%	545,000	27,250	572,250
			<u>5,455,000</u>	<u>1,499,000</u>	<u>6,954,000</u>
2022	2017 Series B Refunding General Obligation	3.00%	2,045,000	532,750	2,577,750
2023		3.00%	1,980,000	430,500	2,410,500
2024		3.00%	2,090,000	331,500	2,421,500
2025		3.00%	2,210,000	227,000	2,437,000
2026		3.00%	2,330,000	116,500	2,446,500
			<u>10,655,000</u>	<u>1,638,250</u>	<u>12,293,250</u>
2022	2018 Golf Course Capital Lease	3.45%	72,160	3,281	75,441
2023		3.45%	55,777	805	56,582
			<u>127,937</u>	<u>4,086</u>	<u>132,023</u>
2022	2019 Series A General Obligation	5.00%	1,347,519	819,617	2,167,136
2023		5.00%	1,343,288	752,241	2,095,529
2024		5.00%	1,343,288	685,077	2,028,365
2025		5.00%	1,343,288	617,912	1,961,200
2026		5.00%	1,343,288	550,748	1,894,036
2027		5.00%	1,343,288	483,584	1,826,872
2028		5.00%	1,343,288	416,419	1,759,707
2029		5.00%	1,343,288	349,255	1,692,543
2030		5.00%	1,343,288	282,090	1,625,378
2031		5.00%	1,343,288	214,926	1,558,214
2032		5.00%	1,343,288	161,195	1,504,483
2033		5.00%	1,343,288	107,463	1,450,751
2034		5.00%	1,343,288	53,732	1,397,020
			<u>\$ 17,466,975</u>	<u>\$ 5,494,259</u>	<u>\$ 22,961,234</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2021**

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<b><u>DIRECT INDEBTEDNESS</u></b>					
Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2019 Series B General Obligation Refunding	5.00%	\$ 285,000	\$ 160,100	\$ 445,100
2023		5.00%	310,000	145,850	455,850
2024		0.00%	-	130,350	130,350
2025		0.00%	-	130,350	130,350
2026		5.00%	285,000	130,350	415,350
2027		2.00%	290,000	116,100	406,100
2028		5.00%	285,000	110,300	395,300
2029		5.00%	735,000	96,050	831,050
2030		5.00%	770,000	59,300	829,300
2031		4.00%	520,000	20,800	540,800
				<u>3,480,000</u>	<u>1,099,550</u>
2022	2019 Series B Hotel Motel Refunding	5.00%	1,800,000	617,350	2,417,350
2023		5.00%	1,930,000	527,350	2,457,350
2024		0.00%	-	430,850	430,850
2025		0.00%	-	430,850	430,850
2026		5.00%	35,000	430,850	465,850
2027		2.00%	35,000	429,100	464,100
2028		5.00%	40,000	428,400	468,400
2029		5.00%	2,865,000	426,400	3,291,400
2030		5.00%	3,055,000	283,150	3,338,150
2031		4.00%	3,260,000	130,400	3,390,400
				<u>13,020,000</u>	<u>4,134,700</u>
Total direct indebtedness			<u>\$ 141,718,077</u>	<u>\$ 28,068,183</u>	<u>\$ 169,786,260</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE

June 30, 2021

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INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2003 State Revolving Loan	2.98%	\$ 2,367,768	\$ 250,104	\$ 2,617,872
2023		2.98%	2,439,300	178,572	2,617,872
2024		2.98%	2,512,992	104,880	2,617,872
2025		2.98%	2,151,611	26,541	2,178,152
				<u>9,471,671</u>	<u>560,097</u>
2022	2007 State Revolving Loan	2.79%	646,176	202,692	848,868
2023		2.79%	664,428	184,440	848,868
2024		2.79%	683,208	165,660	848,868
2025		2.79%	702,516	146,352	848,868
2026		2.79%	722,376	126,492	848,868
2027		2.79%	742,788	106,080	848,868
2028		2.79%	763,776	85,092	848,868
2029		2.79%	785,364	63,504	848,868
2030		2.79%	807,552	41,316	848,868
2031		2.79%	830,376	18,492	848,868
2032		2.79%	211,123	1,001	212,124
			<u>7,559,683</u>	<u>1,141,121</u>	<u>8,700,804</u>
2022	2011-289 State Revolving Loan	2.00%	833,208	307,236	1,140,444
2023		2.00%	850,032	290,412	1,140,444
2024		2.00%	867,180	273,264	1,140,444
2025		2.00%	884,688	255,756	1,140,444
2026		2.00%	902,544	237,900	1,140,444
2027		2.00%	920,760	219,684	1,140,444
2028		2.00%	939,348	201,096	1,140,444
2029		2.00%	958,308	182,136	1,140,444
2030		2.00%	977,652	162,792	1,140,444
2031		2.00%	997,380	143,064	1,140,444
2032		2.00%	1,017,516	122,928	1,140,444
2033		2.00%	1,038,048	102,396	1,140,444
2034		2.00%	1,059,000	81,444	1,140,444
2035		2.00%	1,080,372	60,072	1,140,444
2036		2.00%	1,102,188	38,256	1,140,444
2037		2.00%	1,124,436	16,008	1,140,444
2038		2.00%	189,594	474	190,068
			<u>\$ 15,742,254</u>	<u>\$ 2,694,918</u>	<u>\$ 18,437,172</u>

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CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE

June 30, 2021

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INTERCEPTOR SEWER SYSTEM

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2012-307 State Revolving Loan	1.15%	\$ 1,468,272	\$ 295,608	\$ 1,763,880
2023		1.15%	1,485,252	278,628	1,763,880
2024		1.15%	1,502,424	261,456	1,763,880
2025		1.15%	1,519,788	244,092	1,763,880
2026		1.15%	1,537,356	226,524	1,763,880
2027		1.15%	1,555,128	208,752	1,763,880
2028		1.15%	1,573,104	190,776	1,763,880
2029		1.15%	1,591,296	172,584	1,763,880
2030		1.15%	1,609,692	154,188	1,763,880
2031		1.15%	1,628,304	135,576	1,763,880
2032		1.15%	1,647,132	116,748	1,763,880
2033		1.15%	1,666,164	97,716	1,763,880
2034		1.15%	1,685,436	78,444	1,763,880
2035		1.15%	1,704,912	58,968	1,763,880
2036		1.15%	1,724,628	39,252	1,763,880
2037		1.15%	1,744,560	19,320	1,763,880
2038		1.15%	732,876	2,109	734,985
			<u>26,376,324</u>	<u>2,580,741</u>	<u>28,957,065</u>
2022	2013-318 State Revolving Loan	1.67%	2,846,016	868,428	3,714,444
2023		1.67%	2,893,908	820,536	3,714,444
2024		1.67%	2,942,616	771,828	3,714,444
2025		1.67%	2,992,128	722,316	3,714,444
2026		1.67%	3,042,492	671,952	3,714,444
2027		1.67%	3,093,684	620,760	3,714,444
2028		1.67%	3,145,752	568,692	3,714,444
2029		1.67%	3,198,684	515,760	3,714,444
2030		1.67%	3,252,516	461,928	3,714,444
2031		1.67%	3,307,248	407,196	3,714,444
2032		1.67%	3,362,904	351,540	3,714,444
2033		1.67%	3,419,496	294,948	3,714,444
2034		1.67%	3,477,036	237,408	3,714,444
2035		1.67%	3,535,560	178,884	3,714,444
2036		1.67%	3,595,056	119,388	3,714,444
2037		1.67%	3,655,548	58,896	3,714,444
2038		1.67%	1,541,191	6,055	1,547,246
			<u>\$ 53,301,835</u>	<u>\$ 7,676,515</u>	<u>\$ 60,978,350</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2021**

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**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2014 General Obligation Refunding	2.25%	\$ 125,190	\$ 18,376	\$ 143,566
2023		3.00%	122,930	15,742	138,672
2024		3.00%	121,574	12,535	134,109
2025		3.00%	120,219	8,908	129,127
2026		3.00%	118,863	5,322	124,185
2027		3.00%	118,220	1,769	119,989
				<u>726,996</u>	<u>62,652</u>
2022	2016-357 State Revolving Loan	1.29%	1,190,817	347,963	1,538,780
2023		1.29%	1,206,179	332,601	1,538,780
2024		1.29%	1,221,738	317,041	1,538,779
2025		1.29%	1,237,499	301,281	1,538,780
2026		1.29%	1,253,462	285,317	1,538,779
2027		1.29%	1,269,632	269,148	1,538,780
2028		1.29%	1,286,010	252,769	1,538,779
2029		1.29%	1,302,600	236,180	1,538,780
2030		1.29%	1,319,403	219,376	1,538,779
2031		1.29%	1,336,424	202,356	1,538,780
2032		1.29%	1,353,664	185,116	1,538,780
2033		1.29%	1,371,126	167,654	1,538,780
2034		1.29%	1,388,813	149,966	1,538,779
2035		1.29%	1,406,729	132,051	1,538,780
2036		1.29%	1,424,876	113,904	1,538,780
2037		1.29%	1,443,257	95,523	1,538,780
2038		1.29%	1,461,875	76,905	1,538,780
2039		1.29%	1,480,733	58,047	1,538,780
2040		1.29%	1,499,834	38,945	1,538,779
2041	1.29%	1,519,181	19,597	1,538,778	
			<u>\$ 26,973,852</u>	<u>\$ 3,801,740</u>	<u>\$ 30,775,592</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2021**

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**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2018-405 State Revolving Loan	1.53%	\$ 38,808	\$ 13,452	\$ 52,260
2023		1.53%	39,408	12,852	52,260
2024		1.53%	40,020	12,240	52,260
2025		1.53%	40,632	11,628	52,260
2026		1.53%	41,256	11,004	52,260
2027		1.53%	41,892	10,368	52,260
2028		1.53%	42,540	9,720	52,260
2029		1.53%	43,200	9,060	52,260
2030		1.53%	43,860	8,400	52,260
2031		1.53%	44,532	7,728	52,260
2032		1.53%	45,228	7,032	52,260
2033		1.53%	45,924	6,336	52,260
2034		1.53%	46,620	5,640	52,260
2035		1.53%	47,340	4,920	52,260
2036		1.53%	48,072	4,188	52,260
2037		1.53%	48,816	3,444	52,260
2038		1.53%	49,572	2,688	52,260
2039		1.53%	50,328	1,932	52,260
2040		1.53%	51,108	1,152	52,260
2041		1.53%	43,190	360	43,550
2042		1.53%	4,447	6	4,453
			<u>896,793</u>	<u>144,150</u>	<u>1,040,943</u>
2022	2018-406 State Revolving Loan	1.53%	694,011	246,262	940,273
2023		1.53%	704,629	235,644	940,273
2024		1.53%	715,410	224,863	940,273
2025		1.53%	726,356	213,917	940,273
2026		1.53%	737,469	202,804	940,273
2027		1.53%	748,752	191,521	940,273
2028		1.53%	760,208	180,065	940,273
2029		1.53%	771,839	168,434	940,273
2030		1.53%	783,649	156,624	940,273
2031		1.53%	795,638	144,635	940,273
2032		1.53%	807,812	132,461	940,273
2033		1.53%	820,171	120,102	940,273
2034		1.53%	832,720	107,553	940,273
2035		1.53%	845,460	94,813	940,273
2036		1.53%	858,396	81,877	940,273
2037	1.53%	871,529	68,744	940,273	
2038	1.53%	884,864	55,409	940,273	
2039	1.53%	898,402	41,871	940,273	
2040	1.53%	912,148	28,125	940,273	
2041	1.53%	926,104	14,169	940,273	
			<u>\$ 16,095,567</u>	<u>\$ 2,709,893</u>	<u>\$ 18,805,460</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2021**

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**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2019-428 State Revolving Loan	2.05%	\$ 14,879	\$ 7,448	\$ 22,327
2023		2.05%	15,184	7,143	22,327
2024		2.05%	15,495	6,832	22,327
2025		2.05%	15,813	6,514	22,327
2026		2.05%	16,137	6,190	22,327
2027		2.05%	16,468	5,859	22,327
2028		2.05%	16,806	5,522	22,328
2029		2.05%	17,150	5,177	22,327
2030		2.05%	17,502	4,826	22,328
2031		2.05%	17,861	4,467	22,328
2032		2.05%	18,227	4,101	22,328
2033		2.05%	18,600	3,727	22,327
2034		2.05%	18,982	3,346	22,328
2035		2.05%	19,371	2,957	22,328
2036		2.05%	19,768	2,560	22,328
2037		2.05%	20,173	2,154	22,327
2038		2.05%	20,587	1,741	22,328
2039		2.05%	21,009	1,319	22,328
2040		2.05%	21,439	888	22,327
2041		2.05%	21,878	449	22,327
			<u>363,329</u>	<u>83,220</u>	<u>446,549</u>
2022	2019-429 State Revolving Loan	2.05%	190,657	95,440	286,097
2023		2.05%	194,565	91,531	286,096
2024		2.05%	198,554	87,542	286,096
2025		2.05%	202,624	83,472	286,096
2026		2.05%	206,778	79,318	286,096
2027		2.05%	211,017	75,079	286,096
2028		2.05%	215,343	70,754	286,097
2029		2.05%	219,757	66,339	286,096
2030		2.05%	224,262	61,834	286,096
2031		2.05%	228,859	57,237	286,096
2032		2.05%	233,551	52,545	286,096
2033		2.05%	238,339	47,757	286,096
2034		2.05%	243,225	42,871	286,096
2035		2.05%	248,211	37,885	286,096
2036		2.05%	253,299	32,797	286,096
2037		2.05%	258,492	27,604	286,096
2038		2.05%	263,791	22,305	286,096
2039		2.05%	269,199	16,897	286,096
2040		2.05%	274,717	11,379	286,096
2041		2.05%	280,347	5,747	286,094
			<u>\$ 4,655,587</u>	<u>\$ 1,066,333</u>	<u>\$ 5,721,920</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2021**

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**INTERCEPTOR SEWER SYSTEM**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2018-406-01 State Revolving Loan	1.17%	\$ 1,241,547	\$ 325,198	\$ 1,566,745
2023		1.17%	1,256,074	310,671	1,566,745
2024		1.17%	1,270,770	295,975	1,566,745
2025		1.17%	1,285,638	281,107	1,566,745
2026		1.17%	1,300,680	266,065	1,566,745
2027		1.17%	1,315,898	250,847	1,566,745
2028		1.17%	1,331,294	235,451	1,566,745
2029		1.17%	1,346,870	219,875	1,566,745
2030		1.17%	1,362,628	204,117	1,566,745
2031		1.17%	1,378,571	188,174	1,566,745
2032		1.17%	1,394,700	172,045	1,566,745
2033		1.17%	1,411,018	155,727	1,566,745
2034		1.17%	1,427,527	139,218	1,566,745
2035		1.17%	1,444,229	122,516	1,566,745
2036		1.17%	1,461,127	105,618	1,566,745
2037		1.17%	1,478,222	88,523	1,566,745
2038		1.17%	1,495,517	71,228	1,566,745
2039		1.17%	1,513,015	53,730	1,566,745
2040		1.17%	1,530,717	36,028	1,566,745
2041		1.17%	1,548,618	18,119	1,566,737
			<u>27,794,660</u>	<u>3,540,232</u>	<u>31,334,892</u>
2022	2020-440 State Revolving Loan	0.61%	38,608	4,993	43,601
2023		0.61%	38,844	4,758	43,602
2024		0.61%	39,081	4,521	43,602
2025		0.61%	39,319	4,283	43,602
2026		0.61%	39,559	4,043	43,602
2027		0.61%	39,800	3,801	43,601
2028		0.61%	40,043	3,559	43,602
2029		0.61%	40,287	3,314	43,601
2030		0.61%	40,533	3,069	43,602
2031		0.61%	40,780	2,821	43,601
2032		0.61%	41,029	2,573	43,602
2033		0.61%	41,279	2,322	43,601
2034		0.61%	41,531	2,071	43,602
2035		0.61%	41,784	1,817	43,601
2036		0.61%	42,039	1,562	43,601
2037		0.61%	42,296	1,306	43,602
2038		0.61%	42,554	1,048	43,602
2039		0.61%	42,813	788	43,601
2040	0.61%	43,074	527	43,601	
2041	0.61%	43,338	264	43,602	
			<u>818,591</u>	<u>53,440</u>	<u>872,031</u>
Total Interceptor Sewer System indebtedness			<u>\$ 190,777,142</u>	<u>\$ 26,115,052</u>	<u>\$ 216,892,194</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2021**

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**SOLID WASTE FUND**

2022	2004 Note Payable - Tennessee Municipal	0.823%	\$ 37,003	\$ 931	\$ 37,934
2023	Bond Fund	0.823%	37,996	627	38,623
2024		0.823%	38,339	314	38,653
			<u>113,338</u>	<u>1,872</u>	<u>115,210</u>
2022	2014 General Obligation Refunding	2.00%	249,736	36,658	286,394
2023		2.25%	245,228	31,402	276,630
2024		3.00%	242,523	25,005	267,528
2025		3.00%	239,818	17,770	257,588
2026		3.00%	237,114	10,616	247,730
2027		3.00%	234,935	3,529	238,464
			<u>1,449,354</u>	<u>124,980</u>	<u>1,574,334</u>
2022	2017 Series B General Obligation Refunding	3.00%	350,000	90,750	440,750
2023		3.00%	335,000	73,250	408,250
2024		3.00%	355,000	56,500	411,500
2025		3.00%	375,000	38,750	413,750
2026		5.00%	400,000	20,000	420,000
			<u>1,815,000</u>	<u>279,250</u>	<u>2,094,250</u>
	Total Solid Waste Fund indebtedness		<u>\$ 3,377,692</u>	<u>\$ 406,102</u>	<u>\$ 3,783,794</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2021**

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**WATER QUALITY FUND**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2013 General Obligation	5.000%	\$ 355,000	\$ 101,619	\$ 456,619
2023		5.000%	355,000	83,869	438,869
2024		3.000%	355,000	69,668	424,668
2025		3.000%	355,000	59,017	414,017
2026		3.125%	355,000	48,147	403,147
2027		4.000%	355,000	35,500	390,500
2028		4.000%	355,000	21,300	376,300
2029		4.000%	355,000	7,100	362,100
				<u>2,840,000</u>	<u>426,220</u>
2022	2014 General Obligation Refunding	2.25%	61,649	9,049	70,698
2023		3.00%	60,537	7,752	68,289
2024		3.00%	59,869	6,173	66,042
2025		3.00%	59,201	4,387	63,588
2026		3.00%	58,534	2,621	61,155
2027		3.00%	57,773	871	58,644
				<u>357,563</u>	<u>30,853</u>
2022	2015 Series A General Obligation	5.00%	540,000	248,400	788,400
2023		5.00%	540,000	229,500	769,500
2024		5.00%	540,000	202,500	742,500
2025		5.00%	540,000	175,500	715,500
2026		5.00%	540,000	148,500	688,500
2027		5.00%	540,000	121,500	661,500
2028		5.00%	540,000	94,500	634,500
2029		5.00%	540,000	67,500	607,500
2030		5.00%	540,000	40,500	580,500
2031		5.00%	540,000	13,500	553,500
				<u>5,400,000</u>	<u>1,341,900</u>
2022	2017 Series B General Obligation Refunding	3.00%	100,000	26,000	126,000
2023		3.00%	95,000	21,000	116,000
2024		3.00%	100,000	16,250	116,250
2025		3.00%	110,000	11,250	121,250
2026		5.00%	115,000	5,750	120,750
				<u>\$ 520,000</u>	<u>\$ 80,250</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2021**

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2022	2019 Series A General Obligation	5.00%	\$ 242,469	\$ 147,483	\$ 389,952
2023		5.00%	241,713	135,359	377,072
2024		5.00%	241,713	123,273	364,986
2025		5.00%	241,713	111,188	352,901
2026		5.00%	241,713	99,102	340,815
2027		5.00%	241,713	87,017	328,730
2028		5.00%	241,713	74,931	316,644
2029		5.00%	241,713	62,845	304,558
2030		5.00%	241,713	50,760	292,473
2031		5.00%	241,713	38,674	280,387
2032		5.00%	241,713	29,006	270,719
2033		5.00%	241,713	19,337	261,050
2034		5.00%	241,713	9,669	251,382
			<u>3,143,025</u>	<u>988,644</u>	<u>4,131,669</u>
	Total Water Quality Fund indebtedness		<u>\$ 12,260,588</u>	<u>\$ 2,867,867</u>	<u>\$ 15,128,455</u>

**ELECTRIC POWER BOARD**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2015 A Electric System Refunding Revenue	5.00%	\$ 9,970,000	\$ 7,979,065	\$ 17,949,065
2023	Bonds	5.00%	10,545,000	7,456,606	18,001,606
2024		5.00%	11,160,000	6,903,731	18,063,731
2025		5.00%	11,810,000	6,318,648	18,128,648
2026		5.00%	12,485,000	5,700,023	18,185,023
2027		2.88%	14,735,000	5,242,955	19,977,955
2028		3.00%	15,160,000	4,793,350	19,953,350
2029		5.00%	15,610,000	4,067,133	19,677,133
2030		4.00%	16,395,000	3,390,550	19,785,550
2031		4.00%	17,050,000	2,712,917	19,762,917
2032		5.00%	17,730,000	1,860,500	19,590,500
2033		5.00%	18,615,000	937,125	19,552,125
2034		4.00%	19,550,000	130,333	19,680,333
			<u>190,815,000</u>	<u>57,492,936</u>	<u>248,307,936</u>
2022	2015 B Electric System Revenue Bonds	2.60%	1,675,000	204,541	1,879,541
2023		2.90%	1,635,000	157,770	1,792,770
2024		3.05%	1,595,000	109,328	1,704,328
2025		3.20%	1,560,000	59,620	1,619,620
2026		3.38%	1,520,000	8,550	1,528,550
			<u>\$ 7,985,000</u>	<u>\$ 539,809</u>	<u>\$ 8,524,809</u>

(continued on next page)

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2021**

(continued from previous page)

**ELECTRIC POWER BOARD**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2015 C Electric System Revenue Bonds	5.00%	\$ 795,000	\$ 1,243,375	\$ 2,038,375
2023		4.00%	835,000	1,208,917	2,043,917
2024		5.00%	870,000	1,167,100	2,037,100
2025		4.00%	915,000	1,129,350	2,044,350
2026		5.00%	950,000	1,083,667	2,033,667
2027		5.00%	995,000	1,034,292	2,029,292
2028		5.00%	1,045,000	982,458	2,027,458
2029		5.00%	1,100,000	927,917	2,027,917
2030		5.00%	1,155,000	870,625	2,025,625
2031		5.00%	1,210,000	810,583	2,020,583
2032		5.00%	1,275,000	747,375	2,022,375
2033		5.00%	1,335,000	681,125	2,016,125
2034		5.00%	1,405,000	611,458	2,016,458
2035		5.00%	1,475,000	538,292	2,013,292
2036		5.00%	1,545,000	461,625	2,006,625
2037		5.00%	1,625,000	381,042	2,006,042
2038		5.00%	1,705,000	296,458	2,001,458
2039		5.00%	1,790,000	207,667	1,997,667
2040		5.00%	1,880,000	114,417	1,994,417
2041	5.00%	1,975,000	16,458	1,991,458	
			<u>25,880,000</u>	<u>14,514,201</u>	<u>40,394,201</u>
2022	2021 Electric System Revenue Bonds		-	1,750,974	1,750,974
2023			-	1,741,300	1,741,300
2024			-	1,741,300	1,741,300
2025			-	1,741,300	1,741,300
2026			-	1,741,300	1,741,300
2027			-	1,741,300	1,741,300
2028			-	1,741,300	1,741,300
2029			-	1,741,300	1,741,300
2030			-	1,741,300	1,741,300
2031			-	1,741,300	1,741,300
2032			-	1,741,300	1,741,300
2033			-	1,741,300	1,741,300
2034			-	1,741,300	1,741,300
2035		4.00%	7,830,000	1,480,300	9,310,300
2036		4.00%	8,155,000	1,156,267	9,311,267
2037	2.00%	8,400,000	961,900	9,361,900	
2038	2.00%	8,575,000	790,983	9,365,983	
2039	2.00%	8,750,000	616,567	9,366,567	
2040	2.00%	8,925,000	438,650	9,363,650	
2041	2.00%	9,110,000	257,067	9,367,067	
2042	2.00%	11,335,000	37,783	11,372,783	
			<u>71,080,000</u>	<u>28,386,091</u>	<u>99,466,091</u>
Total Electric Power Board indebtedness			<u>\$ 295,760,000</u>	<u>\$ 100,933,037</u>	<u>\$ 396,693,037</u>

(continued on next page)

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2021**

(continued from previous page)

**CHATTANOOGA DOWNTOWN REDEVELOPMENT CORPORATION**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2018 Series A IDB Rev Refunding 2007 Bonds	3.25%	\$ 915,000	\$ 976,056	\$ 1,891,056
2023		3.25%	945,000	945,831	1,890,831
2024		3.25%	980,000	914,550	1,894,550
2025		3.25%	1,005,000	882,294	1,887,294
2026		3.25%	6,455,000	761,069	7,216,069
2027		3.25%	6,665,000	547,869	7,212,869
2028		3.25%	6,460,000	334,588	6,794,588
2029		3.25%	7,065,000	114,806	7,179,806
			<u>30,490,000</u>	<u>5,477,063</u>	<u>35,967,063</u>
2022	2018 Series C IDB Rev Refunding 2010 Bonds	3.90%	4,600,000	670,215	5,270,215
2023	Taxable	3.90%	4,775,000	487,403	5,262,403
2024		3.90%	4,965,000	297,473	5,262,473
2025		3.90%	5,145,000	100,334	5,245,334
			<u>19,485,000</u>	<u>1,555,425</u>	<u>21,040,425</u>
	Total Chattanooga Downtown Redevelopment Corporation indebtedness		<u>49,975,000</u>	<u>7,032,488</u>	<u>57,007,488</u>
	Total Primary Government		<u>\$ 693,868,499</u>	<u>\$ 165,422,729</u>	<u>\$ 859,291,228</u>

**METROPOLITAN AIRPORT AUTHORITY**

2022	2020 Tax Exempt Garage	2.29%	\$ 683,706	\$ 329,771	\$ 1,013,477
2023		2.29%	699,529	313,949	1,013,478
2024		2.29%	715,717	297,761	1,013,478
2025		2.29%	732,280	281,198	1,013,478
2026		2.29%	749,226	264,251	1,013,477
2027		2.29%	766,565	246,913	1,013,478
2028		2.29%	784,305	229,173	1,013,478
2029		2.29%	802,455	211,023	1,013,478
2030		2.29%	821,025	192,452	1,013,477
2031		2.29%	840,025	173,452	1,013,477
2032		2.29%	859,465	154,012	1,013,477
2033		2.29%	879,355	134,123	1,013,478
2034		2.29%	899,705	113,773	1,013,478
2035		2.29%	920,526	92,952	1,013,478
2036		2.29%	941,828	71,649	1,013,477
2037		2.29%	963,624	49,854	1,013,478
2038		2.29%	985,924	27,554	1,013,478
2039		2.29%	667,302	5,726	673,028
			<u>\$ 14,712,562</u>	<u>\$ 3,189,586</u>	<u>\$ 17,902,148</u>

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**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF BONDS, NOTES AND CAPITAL LEASES PAYABLE**

**June 30, 2021**

(continued from previous page)

**METROPOLITAN AIRPORT AUTHORITY**

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Due Interest	Total Interest and Principal
2022	2020 Taxable Garage	2.870%	\$ 488,865	\$ 86,653	\$ 575,518
2023		2.870%	500,179	75,340	575,519
2024		2.870%	511,754	63,764	575,518
2025		2.870%	523,597	51,921	575,518
2026		2.870%	535,714	39,804	575,518
2027		2.870%	548,111	27,407	575,518
2028		2.870%	560,795	14,723	575,518
2029		2.870%	338,086	2,622	340,708
			<u>4,007,101</u>	<u>362,234</u>	<u>4,369,335</u>
	Total Airport Authority indebtedness		<u>18,719,663</u>	<u>3,551,820</u>	<u>22,271,483</u>
	Total component unit indebtedness		<u>\$ 18,719,663</u>	<u>\$ 3,551,820</u>	<u>\$ 22,271,483</u>





# CITY OF CHATTANOOGA, TENNESSEE

## STATISTICAL SECTION (Unaudited)

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CITY OF CHATTANOOGA, TENNESSEE

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Expenses</b>										
Governmental activities:										
General government	\$ 80,505,390	\$ 75,953,230	\$ 63,023,449	\$ 64,499,674	\$ 74,480,647	\$ 68,405,139	\$ 68,922,709	\$ 70,744,329	\$ 68,097,422	\$ 64,751,775
Economic & community development	17,497,053	14,806,447	12,156,617	10,021,209	11,379,757	18,390,875	25,728,093	6,785,001	-	-
Public safety	132,540,842	132,524,318	132,778,507	119,561,798	116,346,808	104,952,395	82,128,786	38,174,721	90,260,439	91,995,943
Public works	-	-	-	-	-	-	-	-	61,278,623	69,321,709
Public works & transportation	72,896,114	82,470,389	76,435,104	75,170,258	64,442,601	63,429,352	66,224,659	64,730,037	-	-
Youth & family development	30,998,037	31,152,643	31,340,713	28,892,158	27,234,006	26,048,987	23,455,413	21,716,619	-	-
Parks and recreation	-	-	-	-	-	-	-	-	22,884,259	22,807,242
Social services	-	-	-	-	-	-	-	-	17,513,922	19,329,779
Interest on long-term debt	4,236,694	4,565,153	5,328,912	6,028,962	6,380,122	6,854,540	6,904,505	6,819,652	6,763,002	7,087,446
Total governmental activities expenses	<u>338,674,130</u>	<u>341,472,180</u>	<u>321,063,302</u>	<u>304,174,059</u>	<u>300,263,941</u>	<u>288,081,288</u>	<u>273,364,165</u>	<u>208,970,359</u>	<u>266,797,667</u>	<u>275,293,894</u>
Business-type activities:										
Electric utility	678,231,000	709,943,000	708,305,000	689,008,000	683,959,000	653,115,000	655,053,000	639,502,000	630,133,000	640,200,589
Sewer	61,800,596	67,086,717	59,351,594	55,483,626	51,040,686	46,229,974	48,140,754	48,359,508	51,882,717	50,173,707
Solid waste	3,588,485	3,958,406	2,638,142	3,431,188	3,948,930	4,145,986	4,126,419	4,392,822	6,457,957	5,108,430
Water quality management	15,869,661	18,827,597	12,113,690	15,370,685	14,525,893	13,688,806	13,151,961	13,175,781	12,868,856	12,386,648
Housing management	-	-	-	-	-	-	-	-	602,886	1,028,404
Downtown redevelopment	1,753,892	2,122,563	37,205,161	16,140,720	17,794,859	16,759,306	16,760,841	16,049,380	16,196,291	-
Regional communication	2,411,054	1,899,550	2,602,144	2,616,794	1,039,599	931,065	-	-	-	-
Total business-type activities expenses	<u>763,654,688</u>	<u>803,837,833</u>	<u>822,215,731</u>	<u>782,051,013</u>	<u>772,308,967</u>	<u>734,870,137</u>	<u>737,232,975</u>	<u>721,479,491</u>	<u>718,141,707</u>	<u>708,897,778</u>
Total primary government expenses	<u>1,102,328,818</u>	<u>1,145,310,013</u>	<u>1,143,279,033</u>	<u>1,086,225,072</u>	<u>1,072,572,908</u>	<u>1,022,951,425</u>	<u>1,010,597,140</u>	<u>930,449,850</u>	<u>984,939,374</u>	<u>984,191,672</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	14,109,942	12,656,487	13,255,087	11,968,056	14,166,467	14,530,075	16,177,423	15,401,345	11,696,397	11,045,632
Economic & community development	4,892,896	5,635,373	5,673,454	4,811,693	4,949,579	4,130,813	3,645,519	3,537,586	-	-
Public safety	706,085	788,301	708,997	691,340	960,516	878,733	934,476	820,316	1,854,727	654,680
Public works	-	-	-	-	-	-	-	-	3,195,233	3,314,133
Public works & transportation	2,858,193	2,813,739	2,427,357	2,256,844	536,615	524,452	581,137	501,462	-	-
Youth & family development	87,319	241,719	466,502	478,048	532,507	553,403	559,531	599,463	-	-
Parks and recreation	-	-	-	-	-	-	-	-	3,649,255	3,728,321
Social services	-	-	-	-	-	-	-	-	344,385	746,120
Operating grants and contributions	51,743,000	32,525,747	32,629,404	36,569,368	33,639,774	30,519,758	36,065,180	28,078,849	38,425,404	38,545,589
Capital grants and contributions	41,879,674	17,837,542	46,910,666	14,265,850	8,761,232	28,317,766	1,556,749	215,908	1,472,538	2,253,589
Total governmental activities program revenues	<u>116,277,109</u>	<u>72,498,908</u>	<u>102,071,467</u>	<u>71,041,199</u>	<u>63,546,690</u>	<u>79,455,000</u>	<u>59,520,015</u>	<u>49,154,929</u>	<u>60,637,939</u>	<u>60,288,064</u>
Business-type activities:										
Charges for services:										
Electric utility	721,628,000	714,862,000	741,762,000	729,971,000	716,889,000	684,060,000	671,251,000	654,818,000	625,486,000	618,552,000
Sewer	100,966,032	100,567,367	91,924,327	83,455,871	78,169,727	70,770,332	64,055,861	63,155,547	52,708,135	52,051,115
Solid waste	4,574,506	4,718,160	5,950,273	6,048,011	6,322,756	6,981,881	7,314,318	7,085,846	6,343,124	6,317,708
Water quality management	30,663,356	26,735,084	23,478,180	19,443,914	21,239,224	19,526,288	19,945,571	19,100,534	17,245,533	16,123,965
Housing management	-	-	-	-	-	-	-	-	2,667,646	882,897
Downtown redevelopment	3,717,660	4,367,108	36,227,818	18,875,249	19,324,706	18,882,874	18,659,042	17,038,504	17,706,905	-
Regional communication	2,714,137	2,110,687	2,533,273	2,505,410	1,330,745	1,306,785	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	100,819
Capital grants and contributions	4,242,489	1,292,383	1,751,000	2,178,000	2,639,203	985,000	739,109	1,833,500	19,983,000	39,217,000
Total business-type activities program revenues	<u>868,506,180</u>	<u>854,652,789</u>	<u>903,626,871</u>	<u>862,477,455</u>	<u>845,915,361</u>	<u>802,513,160</u>	<u>781,964,901</u>	<u>763,031,931</u>	<u>742,140,343</u>	<u>733,245,504</u>
Total primary government program revenues	<u>\$ 984,783,289</u>	<u>\$ 927,151,697</u>	<u>\$ 1,005,698,338</u>	<u>\$ 933,518,654</u>	<u>\$ 909,462,051</u>	<u>\$ 881,968,160</u>	<u>\$ 841,484,916</u>	<u>\$ 812,186,860</u>	<u>\$ 802,778,282</u>	<u>\$ 793,533,568</u>

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CITY OF CHATTANOOGA, TENNESSEE

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

(continued from previous page)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Net (expense)/revenue:</b>										
Governmental activities	\$ (222,397,021)	\$ (268,973,273)	\$ (218,991,835)	\$ (233,132,860)	\$ (236,717,250)	\$ (208,626,288)	\$ (213,844,150)	\$ (159,815,430)	\$ (206,159,728)	\$ (215,005,830)
Business-type activities	104,851,492	50,814,956	81,411,140	80,426,442	73,606,394	67,643,023	44,731,926	41,552,440	23,998,636	24,347,726
Total primary government net expense	<u>(117,545,529)</u>	<u>(218,158,317)</u>	<u>(137,580,695)</u>	<u>(152,706,418)</u>	<u>(163,110,856)</u>	<u>(140,983,265)</u>	<u>(169,112,224)</u>	<u>(118,262,990)</u>	<u>(182,161,092)</u>	<u>(190,658,104)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	154,825,821	151,749,670	149,034,245	146,283,546	134,943,202	130,902,972	127,519,982	125,641,150	129,150,158	133,455,222
Liquor and beer taxes	9,237,593	8,560,765	8,270,282	8,330,478	8,737,791	8,997,261	7,606,018	8,186,392	7,606,723	7,614,837
Gross receipts tax	6,865,870	6,218,255	6,032,093	5,748,596	5,958,597	5,882,100	4,899,150	4,797,634	4,231,661	4,276,496
Franchise tax	4,426,095	4,247,252	4,656,152	4,824,817	4,498,990	4,382,373	4,725,955	4,221,364	4,115,338	2,915,030
Hotel-motel tax	6,302,228	6,478,478	7,604,794	7,206,593	7,030,339	6,589,452	5,995,649	5,364,901	5,004,320	5,001,504
Other taxes	2,343,018	2,017,775	362,712	658,303	750,707	222,074	134,509	162,765	69,598	83,017
Unrestricted investment earnings	2,171,964	4,117,538	3,824,381	3,079,718	2,992,787	1,753,046	954,972	1,331,773	1,069,002	873,653
Grants not allocated to specific programs	100,575,920	96,718,359	95,070,994	91,059,607	82,923,454	79,585,292	75,505,288	70,667,626	70,563,200	66,731,113
Gain on sale of capital assets	1,714,974	285,040	723,448	1,110,365	831,846	836,089	1,501,675	197,445	890,681	370,285
Gain on equity interest in joint venture	-	-	-	-	229,028	-	23,684	65,251	-	-
Endowment contributions	-	-	-	-	-	-	-	105	-	4,554
Transfers	(8,535)	4,902,278	(19,030)	(10,047,603)	-	50,952	-	-	1,363,048	6,344,311
Total governmental activities	<u>288,454,948</u>	<u>285,295,410</u>	<u>275,560,071</u>	<u>258,254,420</u>	<u>248,896,741</u>	<u>239,201,611</u>	<u>228,866,882</u>	<u>220,636,406</u>	<u>224,063,729</u>	<u>227,670,022</u>
Business-type activities:										
Unrestricted investment earnings	3,190,451	6,190,417	5,326,319	3,058,133	1,898,682	1,815,617	1,186,019	990,099	1,055,895	804,118
Miscellaneous	-	-	-	-	-	-	-	-	388,268	147,914
Transfers	8,535	(4,902,279)	19,030	10,047,603	-	(50,952)	-	-	(1,363,048)	(6,344,311)
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	(4,150,506)	-
Total business-type activities	<u>3,198,986</u>	<u>1,288,138</u>	<u>5,345,349</u>	<u>13,105,736</u>	<u>1,898,682</u>	<u>1,764,665</u>	<u>1,186,019</u>	<u>990,099</u>	<u>(4,069,391)</u>	<u>(5,392,279)</u>
Total primary government	<u>291,653,934</u>	<u>286,583,548</u>	<u>280,905,420</u>	<u>271,360,156</u>	<u>250,795,423</u>	<u>240,966,276</u>	<u>230,052,901</u>	<u>221,626,505</u>	<u>219,994,338</u>	<u>222,277,743</u>
<b>Change in Net Position</b>										
Governmental activities	66,057,927	16,322,137	56,568,236	25,121,560	12,179,491	30,575,323	15,022,732	60,820,976	17,904,001 <sup>(1)</sup>	12,664,192
Business-type activities	108,050,478	52,103,094	86,756,489	93,532,178	75,505,076	69,407,688	45,917,945	42,542,539	19,929,245	18,955,447
Total primary government	<u>\$ 174,108,405</u>	<u>\$ 68,425,231</u>	<u>\$ 143,324,725</u>	<u>\$ 118,653,738</u>	<u>\$ 87,684,567<sup>(3)</sup></u>	<u>\$ 99,983,011</u>	<u>\$ 60,940,677</u>	<u>\$ 103,363,515<sup>(2)</sup></u>	<u>\$ 37,833,246</u>	<u>\$ 31,619,639</u>

<sup>(1)</sup> In fiscal year 2013 the City recorded Community Development loans handled by CNE as unavailable revenue in deferred inflows of resources of \$17,403,653.

<sup>(2)</sup> In fiscal year 2014, GASB 67 and 68 were implemented.

<sup>(3)</sup> In fiscal year 2017, GASB 74 and 75 were implemented.

**CITY OF CHATTANOOGA, TENNESSEE**

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	Fiscal Year			
	2021	2020	2019	2018
Governmental activities				
Net investment in capital assets	\$ 1,388,163,957	\$ 1,323,233,082	\$ 1,324,097,124	\$ 1,285,941,167
Restricted	89,816,293	91,569,529	71,556,811	65,361,086
Unrestricted	(171,577,911)	(174,457,122)	(171,630,583)	(183,847,137)
Total governmental activities net position	<u>1,306,402,339</u>	<u>1,240,345,489</u>	<u>1,224,023,352</u>	<u>1,167,455,116</u>
Business-type activities				
Net investment in capital assets	836,483,133	813,975,284	741,029,373	720,686,418
Restricted	116,431,327	102,022,445	97,897,857	70,984,783
Unrestricted <sup>(1)</sup>	172,111,512	100,976,688	125,944,093	86,443,633
Total business-type activities net position	<u>1,125,025,972</u>	<u>1,016,974,417</u>	<u>964,871,323</u>	<u>878,114,834</u>
Primary government				
Net investment in capital assets	2,224,647,090	2,137,208,366	2,065,126,497	2,006,627,585
Restricted	206,247,620	193,591,974	169,454,668	136,345,869
Unrestricted	533,601	(73,480,434)	(45,686,490)	(97,403,504)
Total primary government net position	<u>\$ 2,431,428,311</u>	<u>\$ 2,257,319,906</u>	<u>\$ 2,188,894,675</u>	<u>\$ 2,045,569,950</u>

<sup>(1)</sup> Solid Waste Fund has a negative, unrestricted net position balance due to EPA unfunded mandates for an old landfill.

<sup>(2)</sup> In 2014, City implemented GASB 67 and 68.

<sup>(3)</sup> In 2017, City implemented GASB 74 and 75.

Fiscal Year					
2017	2016	2015	2014	2013	2012
\$ 1,277,949,718	\$ 1,272,353,698	\$ 1,275,429,168	\$ 1,204,844,784	\$ 1,212,457,120	\$ 1,203,907,660
60,727,476	66,118,034	47,791,629	47,931,872	28,150,164	41,687,490
(196,343,638) <sup>(3)</sup>	(134,094,903)	(149,419,291)	(93,997,882) <sup>(2)</sup>	92,237,845	89,243,312
<u>1,142,333,556</u>	<u>1,204,376,829</u>	<u>1,173,801,506</u>	<u>1,158,778,774</u>	<u>1,332,845,129</u>	<u>1,334,838,462</u>
652,037,064	590,844,184	603,011,447	573,918,419	537,001,543	527,583,854
76,121,378	49,238,536	69,421,422	46,644,598	45,014,643	30,684,020
53,364,214 <sup>(3)</sup>	78,680,556	(23,077,281)	(13,959,374) <sup>(2)</sup>	(10,293,881)	3,519,144
<u>781,522,656</u>	<u>718,763,276</u>	<u>649,355,588</u>	<u>606,603,643</u>	<u>571,722,305</u>	<u>561,787,018</u>
1,929,986,782	1,863,197,882	1,878,440,615	1,778,763,203	1,749,458,663	1,731,491,514
136,848,854	115,356,570	117,213,051	94,576,470	73,164,807	72,371,510
(142,979,424) <sup>(3)</sup>	(55,414,347)	(172,496,572)	(107,957,256) <sup>(2)</sup>	81,943,964	92,762,456
<u>\$ 1,923,856,212</u>	<u>\$ 1,923,140,105</u>	<u>\$ 1,823,157,094</u>	<u>\$ 1,765,382,417</u>	<u>\$ 1,904,567,434</u>	<u>\$ 1,896,625,480</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

Fiscal Year	Property Tax	Liquor & Beer Tax		Other City-Levied Taxes				Total
		Liquor	Beer	Gross	Franchise	Hotel-	Other	
				Receipts	Tax	Motel Tax	Taxes	
2012	133,455,222	2,062,772	5,552,065	4,276,496	2,915,030	5,001,504	83,017	153,346,106
2013	129,150,158	2,164,510	5,442,213	4,231,661	4,115,338	5,004,320	69,598	150,177,798
2014	125,641,150	2,243,288	5,943,103	4,797,634	4,221,364	5,364,901	162,765	148,374,205
2015	127,519,982	2,468,684	5,137,334	4,899,150	4,725,955	5,995,649	134,509	150,881,263
2016	130,902,972	2,796,779	6,200,482	5,882,100	4,382,373	6,589,452	222,074	156,976,232
2017	134,943,202	2,708,237	6,029,553	5,958,597	4,498,990	7,030,339	750,707	161,919,626
2018	146,283,546	2,698,025	5,632,453	5,748,596	4,824,817	7,206,593	658,303	173,052,333
2019	149,034,245	2,817,350	5,452,931	6,032,093	4,656,152	7,604,794	362,712	175,960,277
2020	151,749,670	3,161,466	5,399,299	6,218,255	4,247,252	6,478,478	2,017,775	179,272,195
2021	154,825,821	3,613,616	5,623,977	6,865,870	4,426,095	6,302,228	2,343,018	184,000,625

CITY OF CHATTANOOGA, TENNESSEE

**FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General fund										
Nondisposable	\$ 1,677,885	\$ 1,187,344	\$ 1,449,989	\$ 1,131,708	\$ 1,131,569	\$ 1,521,502	\$ 1,783,514	\$ 2,482,752	\$ 2,852,473	\$ 4,377,659
Restricted	16,885,164	16,494,405	19,381,904	18,515,906	10,599,175	5,924,050	5,449,595	6,213,426	7,567,786	7,502,063
Committed	976,605	952,883	895,680	808,990	810,609	645,036	795,692	689,137	733,927	967,538
Assigned	10,288,336	8,398,973	9,546,750	9,194,748	11,105,986	8,830,766	6,293,667	5,100,983	3,111,037	4,686,118
Unassigned	98,393,207	76,908,146	78,168,460	80,489,150	77,758,552	65,922,139	55,113,696	64,225,680	55,580,376	45,470,014
Total general fund	<u>128,221,197</u>	<u>103,941,751</u>	<u>109,442,783</u>	<u>110,140,502</u>	<u>101,405,891</u>	<u>82,843,493</u>	<u>69,436,164</u>	<u>78,711,978</u>	<u>69,845,599</u>	<u>63,003,392</u>
All other governmental funds										
Nondisposable	6,864,317	5,470,369	5,289,761	5,131,170	4,748,454	4,814,493	5,623,182	5,857,179	5,587,435	5,418,717
Restricted	101,524,470	102,425,708	78,221,716	73,045,107	70,681,969	73,783,314	52,110,734	51,548,075	32,077,331	43,422,413
Committed	6,821,147	7,410,718	8,286,685	8,103,627	6,423,455	6,413,573	8,656,519	9,227,214	5,466,410	3,456,211
Assigned	-	-	-	1,795,550	1,556,472	1,315,448	1,107,806	827,293	953,975	604,092
Total all other governmental funds	<u>115,209,934</u>	<u>115,306,795</u>	<u>91,798,162</u>	<u>88,075,454</u>	<u>83,410,350</u>	<u>86,326,828</u>	<u>67,498,241</u>	<u>67,459,761</u>	<u>44,085,151</u>	<u>52,901,433</u>
Total governmental funds	<u>\$243,431,131</u>	<u>\$219,248,546</u>	<u>\$201,240,945</u>	<u>\$198,215,956</u>	<u>\$184,816,241</u>	<u>\$169,170,321</u>	<u>\$136,934,405</u>	<u>\$146,171,739</u>	<u>\$113,930,750</u>	<u>\$115,904,825</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	Fiscal Year			
	2021	2020	2019	2018
<b>Revenues</b>				
Taxes	\$ 185,209,894	\$ 179,386,665	\$ 175,253,318	\$ 172,980,292
Licenses and permits	7,614,966	7,593,342	7,916,922	6,938,663
Intergovernmental	147,448,984	129,091,166	126,600,057	122,729,461
Charges for services	4,091,389	3,927,303	4,020,963	4,394,849
Fines, forfeitures and penalties	1,464,849	1,358,350	1,364,832	1,367,852
Investment income	2,202,409	4,443,739	4,191,025	3,451,398
Contributions and donations	6,779,620	1,191,805	1,851,373	5,322,453
Sale of property	1,721,994	285,042	723,642	-
Miscellaneous	9,294,434	8,958,698	8,969,818	8,763,086
Total revenues	<u>365,828,539</u>	<u>336,236,110</u>	<u>330,891,950</u>	<u>325,948,054</u>
<b>Expenditures</b>				
General government	71,291,961	68,774,665	64,751,771	63,148,457
Economic & community development	13,188,443	11,116,453	10,092,368	9,768,808
Public safety	113,184,112	120,584,851	116,575,652	111,685,239
Public works	-	-	-	-
Public works & transportation	48,953,553	52,128,431	48,376,794	47,288,529
Youth & family development	28,594,469	29,383,343	29,607,847	28,071,723
Parks and recreation, education, arts & culture	-	-	-	-
Social Services	-	-	-	-
Capital outlay	39,125,641	32,468,708	27,412,439	25,286,422
Debt service:				
Principal	18,153,780	19,298,160	20,982,893	20,689,981
Interest	6,276,326	6,035,667	6,793,170	7,454,385
Total expenditures	<u>338,768,285</u>	<u>339,790,278</u>	<u>324,592,934</u>	<u>313,393,544</u>
Excess of revenues over (under) expenditures	27,060,254	(3,554,168)	6,299,016	12,554,510
<b>Other financing sources (uses)</b>				
Transfers in	53,936,070	54,370,712	64,620,727	55,217,621
Transfers out	(56,813,742)	(56,980,523)	(64,639,757)	(55,217,621)
Refunding bonds issued	-	18,860,000	-	-
Bonds issued	-	20,156,711	-	-
Premium on bonds issued	-	7,689,396	-	-
Payments to refunded bond escrow agent	-	(22,534,528)	(3,255,000)	-
Notes issued	-	-	-	-
Capital leases	-	-	-	845,200
Total other financing sources (uses)	<u>(2,877,672)</u>	<u>21,561,768</u>	<u>(3,274,030)</u>	<u>845,200</u>
Net change in fund balances	<u>\$ 24,182,582</u>	<u>\$ 18,007,600</u>	<u>\$ 3,024,986</u>	<u>\$ 13,399,710</u>
Debt service as a percentage of non-capital expenditures	7.96%	7.95%	9.07%	9.69%

		Fiscal Year									
		2017	2016	2015	2014	2013	2012				
\$	163,443,650	\$	155,799,808	\$	151,630,655	\$	147,420,648	\$	144,654,630	\$	135,223,433
	7,569,081		7,352,468		6,519,237		6,384,410		5,830,254		5,738,751
	113,376,554		109,583,823		104,921,960		96,926,638		107,416,967		103,679,076
	4,558,271		4,491,755		5,596,920		6,017,985		6,333,801		6,045,639
	2,117,601		2,599,585		2,721,488		2,051,888		1,422,556		2,148,952
	3,277,471		1,972,171		1,111,693		1,581,549		1,185,179		1,170,671
	1,244,604		1,609,166		982,639		782,545		218,028		839,599
	-		-		-		-		-		-
	7,445,416		6,651,589		8,144,924		6,236,014		6,340,451		5,730,827
	303,032,648		290,060,365		281,629,516		267,401,677		273,401,866		260,576,948
	65,960,761		63,105,668		64,148,350		61,432,644		64,000,423		57,347,682
	8,917,998		8,633,354		8,617,777		6,896,838		-		-
	103,566,128		96,260,548		93,447,712		93,249,612		92,123,889		90,486,931
	-		-		-		-		40,854,938		39,283,330
	39,207,550		37,834,604		37,822,758		38,201,294		-		-
	26,506,698		25,772,920		23,744,490		21,738,673		-		-
	-		-		-		-		19,872,077		19,459,895
	-		-		-		-		16,515,906		19,123,591
	33,351,247		35,147,388		35,186,418		22,598,368		18,236,057		24,674,873
	18,058,024		17,164,347		19,324,913		12,970,806		13,037,072		11,846,305
	7,500,114		7,426,116		7,421,843		7,030,200		7,178,691		7,683,913
	303,068,520		291,344,945		289,714,261		264,118,435		271,819,053		269,906,520
	(35,872)		(1,284,580)		(8,084,745)		3,283,242		1,582,813		(9,329,572)
	39,699,793		44,454,692		59,632,771		38,834,687		31,557,514		33,930,297
	(39,699,794)		(44,403,738)		(61,032,771)		(39,321,328)		(35,544,306)		(31,650,986)
	12,640,000		-		17,753,440		-		-		-
	8,200,000		47,200,000		-		26,775,000		-		44,115,201
	3,762,622		7,684,371		1,735,417		2,369,489		-		3,172,754
	(14,898,565)		(21,414,829)		(19,324,578)		-		-		(18,574,740)
	-		-		83,132		-		128,416		-
	5,977,735		-		-		-		301,493		-
	15,681,791		33,520,496		(1,152,589)		28,657,848		(3,556,883)		30,992,526
\$	15,645,919	\$	32,235,916	\$	(9,237,334)	\$	31,941,090	\$	(1,974,070)	\$	21,662,954
	9.10%		9.12%		9.69%		8.24%		8.08%		7.82%



**CITY OF CHATTANOOGA, TENNESSEE**

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Assessed Value						Direct Tax Rate	Estimated Actual Taxable Value <sup>(1)</sup>	Assessed Value as a Percentage of Actual Value
	Real Property <sup>(3)</sup>			Personalty	Public Utilities	Original Total Taxable Value <sup>(1) (2)</sup>			
	Residential Property	Commercial Property	Multi-Use Property						
2012	1,782,714,560	2,256,432,695	53,283,085	509,661,044	218,734,193	4,820,825,577	2.309	15,239,117,325	31.63%
2013	1,795,943,110	2,261,110,225	58,632,465	538,856,958	219,981,451	4,874,524,209	2.309	15,498,290,496	31.45%
2014	1,784,295,979	2,348,871,997	74,573,687	531,222,301	216,285,095	4,955,249,059	2.309	15,679,940,525	31.60%
2015	1,840,532,560	2,374,091,013	70,770,559	532,072,812	227,140,466	5,044,607,410	2.309	16,071,141,262	31.39%
2016	1,865,936,950	2,418,840,319	68,275,406	531,204,313	226,768,904	5,111,025,892	2.309	16,253,882,118	31.44%
2017	1,900,272,750	2,476,752,924	61,714,906	558,833,997	228,322,303	5,225,896,880	2.309	16,617,822,120	31.45%
2018	2,127,444,981	2,895,632,080	69,792,695	596,315,999	228,623,897	5,917,809,652	2.277	18,515,514,113	31.96%
2019	2,169,319,715	2,927,137,436	89,320,033	611,696,491	233,024,409	6,030,498,084	2.277	18,964,225,231	31.80%
2020	2,216,255,370	3,018,692,513	80,273,470	614,530,887	220,255,645	6,150,007,885	2.277	19,558,276,433	31.44%
2021	2,242,473,200	3,074,708,527	84,812,896	626,331,747	234,071,617	6,262,397,987	2.277	19,899,791,161	31.47%

Source: City Treasurer

<sup>(1)</sup> All assessments and estimated actual values are based on initial levy and do not include any adjustments.

<sup>(2)</sup> Assessments for tax exempt properties are excluded from taxable value. The Hamilton County Tax Assessor does not maintain assessments for these properties.

<sup>(3)</sup> Real property includes commercial and industrial property assessed at 40% and residential and farms assessed at 25% of the estimated actual value.

Personal property is assessed at 30% of the estimated actual value. Utilities are assessed at 55% of estimated actual value.

Multi-Use is a combination of assessment rates based on the use of the property.

**CITY OF CHATTANOOGA, TENNESSEE**

**PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	City of Chattanooga Tax Rate	Hamilton County				Total Tax Rate	Total Direct & Overlapping Rates <sup>(1)</sup>
		General Fund Tax Rate	School Fund Tax Rate	Road Fund Tax Rate			
2012	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742	
2013	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742	
2014	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742	
2015	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742	
2016	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742	
2017	2.3090	1.3816	1.3726	0.0110	2.7652	5.0742	
2018	2.2770	1.5050	1.2503	0.0099	2.7652	5.0422	
2019	2.2770	1.5050	1.2503	0.0099	2.7652	5.0422	
2020	2.2770	1.5050	1.2503	0.0099	2.7652	5.0422	
2021	2.2500	1.2177	1.0116	0.0080	2.2373	4.4873	

Source: [www.hamiltontn.gov/trustee/](http://www.hamiltontn.gov/trustee/)

<sup>(1)</sup> Overlapping rates are those of local and county governments that apply to property owners within the City of Chattanooga.

**CITY OF CHATTANOOGA, TENNESSEE**

**PRINCIPAL PROPERTY TAXPAYERS**

**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer <sup>(1)</sup>	2021			2012		
	Taxable <sup>(2)</sup> Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Electric Power Board	\$ 315,894,906	1	4.73%	\$ 265,936,683	1	5.05%
CBL & Associates	106,325,140	2	1.59%	82,182,774	4	1.56%
AT&T (BellSouth)				52,313,494	5	0.99%
Tennessee Valley Authority (Computer Center)	86,061,897	3	1.29%	90,838,370	3	1.73%
Tennessee-American Water Co.	58,699,383	4	0.88%	43,289,410	6	0.82%
BlueCross BlueShield	54,864,742	5	0.82%	96,664,762	2	1.84%
Unum/Provident	42,221,113	6	0.63%	36,870,633	7	0.70%
WALMART	35,369,105	7	0.53%	31,081,157	8	0.59%
JDK Real Estate (Kenco Group)	31,536,957	8	0.47%	30,425,320	9	0.58%
AGL Resources-Chatt. Gas Co.	30,092,429	9	0.45%	20,219,060	14	0.38%
Chattam	28,842,845	10	0.43%			
Parkridge Medical Center				23,751,344	10	0.45%
Totals	<u>\$ 789,908,517</u>		<u>11.82%</u>	<u>\$ 773,573,007</u>		<u>14.69%</u>

Source: The City Treasurer

<sup>(1)</sup> Property taxpayers includes both property taxes and payments in-lieu of taxes.

<sup>(2)</sup> Starting 2011 payment in lieu of taxes was included in the computation.

**CITY OF CHATTANOOGA, TENNESSEE**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Original Tax Levy <sup>(1)</sup>	Cumulative Adjustments to Tax Levy <sup>(2)</sup>	Adjusted Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 111,312,877	\$ (517,330)	\$ 110,795,547	\$ 104,608,676	94.4%	\$ 5,565,280	\$ 110,173,956	99.4%
2013	112,552,779	(598,045)	111,954,734	105,385,912	94.1%	5,943,016	111,328,928	99.4%
2014	114,416,715	(634,990)	113,781,725	107,610,482	94.6%	5,235,722	112,846,204	99.2%
2015	116,480,000	(35,414)	116,444,586	110,399,359	94.8%	4,623,345	115,022,704	98.8%
2016	118,013,601	(42,531)	117,971,070	112,528,120	95.4%	4,799,018	117,327,138	99.5%
2017	120,665,972	(311,088)	120,354,884	116,366,570	96.7%	3,255,441	119,622,011	99.4%
2018	134,748,526	(765,281)	133,983,245	128,784,910	96.1%	3,506,360	132,291,270	98.7%
2019	137,314,441	(1,180,499)	136,133,942	130,780,192	96.1%	2,944,052	133,724,244	98.2%
2020	140,035,693	(580,573)	139,455,120	133,369,720	95.6%	3,667,366	137,037,086	98.3%
2021	142,594,816	(171,193)	142,423,623	136,763,252	96.0%	-	136,763,252	96.0%

<sup>(1)</sup> Total billed amounts from City Treasurer's Office.

<sup>(2)</sup> Adjusted for errors and releases as well as pickups in each subsequent year.

**CITY OF CHATTANOOGA, TENNESSEE**

**PROPERTY VALUE AND CONSTRUCTION PERMITS  
LAST TEN CALENDAR YEARS**

Calendar Year <sup>(1)</sup>	Commercial Construction/Others		Residential Construction		Property Value		
	Number of Permits	Value	Number of Permits	Value	Commercial	Residential	Public Utilities
2011	1444	\$ 322,226,474	661	\$ 69,817,203	\$ 5,908,284,300	\$ 7,130,854,966	\$ 501,109,262
2012	1228	526,589,240	1,155	92,540,434	5,946,058,500	7,183,769,166	572,274,272
2013	619	309,615,547	1,319	118,773,260	6,296,210,200	7,123,787,316	563,981,000
2014	743	354,627,089	1,313	167,484,483	6,462,411,280	7,248,274,500	587,014,861
2015	720	522,770,623	1,476	127,443,336	6,375,533,044	7,463,747,800	589,291,000
2016	987	480,609,555	1,668	140,670,709	6,501,615,759	7,601,091,000	594,958,000
2017	1265	542,892,582	1,515	131,819,969	7,602,456,450	8,509,779,926	415,679,813
2018	1267	379,908,204	1,592	150,086,791	7,766,808,645	8,744,997,800	423,680,744
2019	510	289,463,495	1,346	163,745,034	7,948,691,009	12,574,180,470	400,464,809
2020	649	250,000,000	2,223	147,000,000	8,116,660,168	9,036,365,400	425,584,758

Source: Permits from Land Development office. The values are based on the current industry averages as published Estimated actual values from Property Tax Assessor's Office records.

<sup>(1)</sup> Latest information available for the calendar year.

**CITY OF CHATTANOOGA, TENNESSEE**

**GENERAL FUND INTERGOVERNMENTAL REVENUE  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>County-Wide Sales Tax</u>	<u>City Allocation State Sales Tax</u>	<u>County-Wide Designated Sales Tax</u>	<u>City Allocation State Income Tax</u>	<u>Mixed Drink Tax</u>	<u>Other Revenue</u>	<u>Total</u>
2012	\$ 38,054,892 <sup>(1)</sup>	\$ 11,313,906	\$ 11,365,043	\$ 2,651,353	\$ 2,095,770	\$ 10,421,921	\$ 75,902,885
2013	40,007,670	11,544,670	11,405,092	4,199,313	2,229,008	10,323,819	79,709,572
2014	39,781,604	11,948,621	11,340,990	3,744,628	2,402,905 <sup>(2)</sup>	6,293,761	75,512,509
2015	42,428,955	12,624,796	12,093,914	4,137,843	2,601,751	4,923,476	78,810,735
2016	45,479,387	13,491,087	12,961,844	3,532,771	2,909,666	5,021,382	83,396,137
2017	45,012,507	13,901,449	12,827,046	3,268,174	3,066,428	9,404,322	87,479,926
2018	49,450,575	14,236,066	13,937,255	2,866,453	3,312,240	11,579,054	95,381,643
2019	51,528,837	14,836,056	14,660,843	1,902,862	3,813,432	12,839,950	99,581,980
2020	51,347,406	15,185,906	14,657,430	731,005	3,517,154	16,114,356	101,553,257
2021	55,974,548	17,504,152	15,965,680	1,695,590	3,902,793	22,463,082	117,505,845

<sup>(1)</sup> In fiscal year 2012 the 1966 Sales Tax agreement with Hamilton County expired returning the City's portion of the sales tax dollars to the City.

<sup>(2)</sup> In fiscal year 2014, the City started remitting 50% of this revenue to the Department of Education.

**CITY OF CHATTANOOGA, TENNESSEE**

**EPB UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30</u>	<u>Residential Customers</u>	<u>Cents per KWH</u>	<u>Small Commercial Customers</u>	<u>Cents per KWH</u>	<u>Large Commercial Customers</u>	<u>Cents per KWH</u>	<u>Outdoor Lighting Customers</u>	<u>Cents per KWH</u>	<u>Total Customers</u>	<u>Cents per KWH</u>
2012	148,788	10.15	19,365	11.31	3,443	8.53	138	11.85	171,734	9.34
2013	149,875	10.19	20,079	11.36	3,387	8.67	143	12.06	173,484	9.47
2014	150,901	10.16	20,482	11.33	3,137	8.55	142	12.14	174,662	9.42
2015	152,503	10.22	20,910	11.39	3,127	8.58	142	12.01	176,682	9.46
2016	154,273	10.59	21,082	11.94	3,178	8.52	144	11.70	178,677	9.58
2017	155,745	10.93	21,500	12.30	3,199	8.55	145	12.07	180,589	9.77
2018	157,547	10.86	21,627	12.23	3,135	8.45	144	12.57	182,454	9.72
2019	159,504	10.94	21,841	12.32	3,173	8.43	143	13.63	184,661	9.76
2020	162,048	10.83	21,745	12.27	3,125	8.35	140	14.18	187,058	9.70
2021	163,996	10.77	22,184	12.24	2,948	8.10	141	14.73	189,269	9.54

Source: EPB Financial Reports

Note: Number of customers and rate are the average for the year.

CITY OF CHATTANOOGA, TENNESSEE

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Total		Total Excluding	
	General Obligation	Notes	Capital	Revenue	General Obligation	Notes	Capital		Percentage of Personal	Per	Percentage of Personal	Per
	Bonds	Payable	Leases	Bonds	Bonds	Payable	Leases		Income <sup>(1)</sup>	Capita <sup>(1)</sup>	Income <sup>(1)</sup>	Capita <sup>(1)</sup>
2012	\$ 182,677,809	\$ 25,814,209	\$ 100,625,098	\$ 279,930,000	\$ 54,342,190	\$ 66,140,734	\$ 67,834	\$ 709,597,874	12.04%	4,171	7.29%	2,525
2013	177,238,092	23,950,371	287,958 <sup>(2)</sup>	406,889,598 <sup>(2)</sup>	47,709,242	57,542,512	37,701	713,655,474	11.55%	4,167	4.97%	1,791
2014	194,931,457	33,678,384	232,290	395,635,613	45,186,500	52,400,294	5,562	722,070,100	11.19%	4,165	5.06%	1,883
2015	182,335,696	26,990,086	174,098	383,215,627	36,956,413	61,741,959	-	691,413,879	10.56%	3,988	4.71%	1,778
2016	203,311,219 <sup>(3)</sup>	22,937,045	113,267	405,428,642	39,750,749	92,504,381	-	764,045,303	11.02%	4,327	5.17%	2,031
2017	197,788,968 <sup>(3)</sup>	18,866,275	6,027,412	378,853,657	32,089,501	104,170,481	-	737,796,294	10.45%	4,155	5.08%	2,021
2018	181,054,741 <sup>(3)</sup>	14,775,559	5,486,668	382,792,672	23,941,286	122,572,720	-	730,623,646	9.57%	4,079	4.56%	1,942
2019	160,361,732 <sup>(3)</sup>	11,097,170	4,101,248	322,871,000	19,677,853	147,761,316	-	665,870,319	8.28%	3,688	4.27%	1,900
2020	168,371,703 <sup>(3)</sup>	7,380,601	2,713,547	316,630,000	20,920,512	163,612,136	-	679,628,499	8.10%	3,718	4.33%	1,986
2021	151,290,256 <sup>(3)</sup>	5,586,530	1,323,484	372,725,000	18,625,816	190,163,484	-	739,714,570	8.54%	4,047	4.24%	2,008

<sup>(1)</sup> See the schedule of Demographic and Economic Statistics for income and population data.

<sup>(2)</sup> CDRC became a blended component unit in FY13 per GASB 61 and classified as a Business-Type Activity.

<sup>(3)</sup> Includes premium and discount



**CITY OF CHATTANOOGA, TENNESSEE**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

Fiscal Year	GO Bonds <sup>(1)</sup>	Notes and Capital Leases	Total	Less: Debt Service Fund Balance	Debt Supported by Property Tax Total	% Estimated Actual Taxable Value of Property <sup>(2)</sup>	Per Capita <sup>(3)</sup>
2012	\$ 139,340,087	\$ 22,153,209	\$ 161,493,296	\$ 652,699	\$ 160,840,597	1.06%	945
2013	130,146,664	20,594,370	150,741,034	2,476,637	148,264,397	0.96%	866
2014	142,507,961	30,627,384	173,135,345	5,020,752	168,114,593	1.07%	970
2015	132,550,033	24,244,086	156,794,119	3,446,011	153,348,108	0.95%	885
2016	156,253,190	20,496,045	176,749,235	2,161,977	174,587,258	1.07%	989
2017	152,787,396	16,730,275	169,517,671	1,778,396	167,739,275	1.01%	945
2018	139,425,007	12,944,559	152,369,566	2,990,089	149,379,477	0.81%	834
2019	120,903,070	13,672,418	134,575,488	3,049,310	131,526,178	0.69%	728
2020	133,165,629	8,873,148	142,038,777	2,118,813	139,919,964	0.60%	765
2021	118,500,492	5,994,014	124,494,506	2,393,395	122,101,111	0.61%	662

<sup>(1)</sup> GO Bonds includes premiums and discounts

<sup>(2)</sup> See the schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

<sup>(3)</sup> See the schedule of Demographic and Economic Statistics for population data.

**CITY OF CHATTANOOGA, TENNESSEE**

**SUMMARY OF OUTSTANDING DEBT  
PRIMARY GOVERNMENT  
LAST TEN FISCAL YEARS**

Fiscal Year	Primary Government <sup>(1)</sup>			Debt Supported by Designated Revenue Streams Other Than Property Taxes							
	Total Debt	Less:	Total	Hotel-Motel Debt	CDRC		HUD Sec.	Sewer	Solid Waste	Water Quality	EPB
		Gen Gov Debt	Self Supported Debt		Capital Lease	Capital Lease	108 Notes	Debt	Debt	Debt	Debt
2012	\$ 435,654,274	\$ 161,493,296	\$ 274,160,978	\$ 49,324,122	\$ 100,531,340	\$ 93,758	\$ 3,661,000	\$ 73,329,345	\$ 17,838,771	\$ 7,657,642	\$ 21,725,000
2013	306,765,876	150,741,034 <sup>(2)</sup>	156,024,842	47,091,427	-	287,958	3,356,000	70,632,818	16,811,099	6,984,540	10,861,000
2014	326,434,487	173,135,345	153,299,142	52,423,496	-	232,290	3,051,000	66,235,357	14,913,893	11,666,106	4,777,000
2015	308,198,253	156,794,119	151,404,134	49,785,663	-	174,098	2,746,000	74,920,454	13,300,710	10,477,209	-
2016	358,616,661	176,749,235	181,867,426	47,058,029	-	113,267	2,441,000	102,232,212	11,426,361	18,596,557	-
2017	358,942,637	169,517,671	189,424,966	45,001,572	-	6,027,412	2,136,000	110,264,335	9,491,440	16,504,207	-
2018	347,830,974	152,369,566	195,461,408	41,629,734	-	5,486,668	1,831,000	124,729,023	7,499,337	14,285,646	-
2019	342,999,319	134,575,488	208,423,831	39,458,662	-	-	1,526,000	149,040,684	5,556,831	12,841,654	-
2020	349,998,499	142,038,777	207,959,722	35,206,074	-	-	1,221,000	151,440,220	4,506,363	14,686,064	-
2021	366,989,570	124,494,506	242,495,064	32,789,764	-	-	916,000	190,882,876	3,796,566	13,507,604	-

<sup>(1)</sup> Primary Government includes premiums and discounts

<sup>(2)</sup> Per GASB 61 announcement. CDRC is now a blended component unit. They City removed the portion of capital lease and booked the amount under Lease Rental Revenue Bonds

**CITY OF CHATTANOOGA, TENNESSEE**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**As of June 30, 2021**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(2)</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Hamilton County General Obligation Debt	\$ 288,925,000	57.9389%	<u>\$ 167,399,967</u>
Subtotal, overlapping debt <sup>(1)</sup>			167,399,967
City of Chattanooga debt related to governmental activities <sup>(3)</sup>			141,718,077
City original issue premiums and discounts			<u>16,482,193</u>
Total direct and overlapping debt			<u><u>\$ 325,600,237</u></u>

Source: Assessed value data used to estimate applicable percentages provided by Hamilton County.

Notes:

- (1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Chattanooga. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.
- (2) The percentage of overlapping debt is calculated by dividing the City's assessed property values by the total Hamilton County assessments.
- (3) Please see Ratios of General Bonded Debt Outstanding for the debt supported by property taxes.

**CITY OF CHATTANOOGA, TENNESSEE**

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2021	2020	2019	2018
Debt limit <sup>(1)</sup>	\$ 623,441,294	\$ 610,060,489	\$ 599,278,414	\$ 590,946,293
Total net debt applicable to limit <sup>(2)</sup>	122,101,111	139,919,964	131,526,178	149,379,477
Legal debt margin	<u>\$ 501,340,183</u>	<u>\$ 470,140,525</u>	<u>\$ 467,752,236</u>	<u>\$ 441,566,816</u>
Total net debt applicable to the limit as a percentage of debt limit	19.59%	22.94%	21.95%	25.28%

Legal Debt Margin Calculation by Fiscal Year				
Assessed value	\$ 6,234,412,936	\$ 6,100,604,893	\$ 5,992,784,141	\$ 5,909,462,932
Debt limit (10% of total assessed value)	623,441,294	610,060,489	599,278,414	590,946,293
Debt applicable to limit:				
General obligation debt	124,494,506	142,038,777	134,575,488	152,369,566
Less: amount set aside for repayment of general obligation debt	(2,393,395)	(2,118,813)	(3,049,310)	(2,990,089)
Total net debt applicable to limit	<u>122,101,111</u>	<u>139,919,964</u>	<u>131,526,178</u>	<u>149,379,477</u>
Legal debt margin	<u>\$ 501,340,182</u>	<u>\$ 470,140,525</u>	<u>\$ 467,752,236</u>	<u>\$ 441,566,816</u>

<sup>(1)</sup> The City of Chattanooga's outstanding general obligation debt should not exceed 10 percent of total assessed property value.

<sup>(2)</sup> General obligation debt may be offset by amounts set aside for repaying general obligation bonds. See " Ratio's of General Bonded Debt Outstanding" on page F-17 and F-18 for details.

Fiscal Year

2017	2016	2015	2014	2013	2012
\$ 522,577,906	\$ 511,102,589	\$ 504,460,741	\$ 495,524,906	\$ 487,452,421	\$ 482,082,558
167,739,275	174,587,258	153,348,109	168,114,593	148,264,399	154,854,197
<u>\$ 354,838,631</u>	<u>\$ 336,515,331</u>	<u>\$ 351,112,632</u>	<u>\$ 327,410,313</u>	<u>\$ 339,188,022</u>	<u>\$ 327,228,361</u>
32.10%	34.16%	30.40%	33.93%	30.42%	32.12%

Legal Debt Margin Calculation by Fiscal Year

\$ 5,225,779,059	\$ 5,111,025,892	\$ 5,044,607,410	\$ 4,955,249,059	\$ 4,874,524,209	\$ 4,820,825,577
522,577,906	511,102,589	504,460,741	495,524,906	487,452,421	482,082,558
169,517,671	176,749,235	156,794,120	173,135,345	150,741,036	155,506,895
(1,778,396)	(2,161,977)	(3,446,011)	(5,020,752)	(2,476,637)	(652,700)
<u>167,739,275</u>	<u>174,587,258</u>	<u>153,348,109</u>	<u>168,114,593</u>	<u>148,264,399</u>	<u>154,854,195</u>
<u>\$ 354,838,631</u>	<u>\$ 336,515,331</u>	<u>\$ 351,112,632</u>	<u>\$ 327,410,313</u>	<u>\$ 339,188,022</u>	<u>\$ 327,228,363</u>

**CITY OF CHATTANOOGA, TENNESSEE**

**HISTORICAL DEBT RATIOS**

**June 30, 2021**

	Fiscal Year			
	2021	2020	2019	2018
Estimated population	182,799	182,799	180,557	179,139
Appraised property valuation	\$ 19,899,791,161	\$ 23,200,776,303	\$ 18,964,234,130	\$ 18,515,514,113
Assessed property valuation	6,234,412,936	6,100,604,893	5,992,784,141	5,909,462,932
Gross indebtedness <sup>(1)</sup>	398,108,498	384,056,285	388,039,735	421,599,947
Less: Self-supporting indebtedness <sup>(2)</sup>	290,096,185	260,612,579	266,592,168	283,502,826
Debt Service Fund	2,396,142	2,118,813	3,049,310	2,990,089
Net direct indebtedness	105,616,171	121,324,893	118,398,257	135,107,032
Plus: Estimated net overlapping indebtedness	167,399,967	161,569,272	183,016,242	204,647,086
Net direct and overlapping indebtedness	<u>\$ 273,016,138</u>	<u>\$ 282,894,165</u>	<u>\$ 301,414,499</u>	<u>\$ 339,754,118</u>
Gross debt per capita	\$ 2,177.85	\$ 2,100.98	\$ 2,149.13	\$ 2,353.48
Net direct debt per capita	577.77	663.71	655.74	754.20
Net direct and overlapping debt per capita	1,493.53	1,547.57	1,669.36	1,896.59
Gross debt to appraised valuation	2.00%	1.66%	2.05%	2.28%
Net direct debt to appraised valuation	0.53%	0.52%	0.62%	0.73%
Net direct debt and overlapping debt to appraised valuation	1.37%	1.22%	1.59%	1.83%
Gross debt to assessed valuation	6.39%	6.30%	6.48%	7.13%
Net direct debt to assessed valuation	1.69%	1.99%	1.98%	2.29%
Net direct and overlapping debt to assessed valuation	4.38%	4.64%	5.03%	5.75%

<sup>(1)</sup> Gross indebtedness of the primary government less revenue bonds payable by the EPB of Chattanooga.

<sup>(2)</sup> Includes the self-supporting debt of Governmental Activities, and Business-Type Activities other than EPB, including the blended Chattanooga Downtown Redevelopment Corporation

Fiscal Year					
2017	2016	2015	2014	2013	2012
177,571	176,588	173,366	173,366	171,279	170,136
\$ 16,617,822,120	\$ 16,253,882,118	\$ 15,484,126,401	\$ 15,754,641,402	\$ 15,498,290,496	\$ 15,239,117,325
5,225,896,880	5,111,025,892	5,044,607,410	4,955,249,059	4,874,524,209	4,820,825,577
435,929,169	442,659,694	404,376,144	422,909,531	403,192,541	407,942,874
282,579,251	279,996,798	255,342,366	257,073,903	257,949,312	252,435,979
1,778,396	2,161,977	3,446,011	5,020,752	2,476,637	652,700
151,571,522	160,500,919	145,587,767	160,814,876	142,766,592	154,854,195
158,510,550	170,209,506	164,152,697	146,010,497	158,657,256	152,555,047
<u>\$ 310,082,072</u>	<u>\$ 330,710,425</u>	<u>\$ 309,740,464</u>	<u>\$ 306,825,373</u>	<u>\$ 301,423,848</u>	<u>\$ 307,409,242</u>
\$ 2,454.96	\$ 2,506.74	\$ 2,332.50	\$ 2,439.40	\$ 2,354.01	\$ 2,397.75
853.58	908.90	839.77	927.60	833.53	910.18
1,746.24	1,872.78	1,786.63	1,769.81	1,759.84	1,806.84
2.62%	2.72%	2.61%	2.68%	2.60%	2.68%
0.91%	0.99%	0.94%	1.02%	0.92%	1.02%
1.87%	2.03%	2.00%	1.95%	1.94%	2.02%
8.34%	8.66%	8.02%	8.53%	8.27%	8.46%
2.90%	3.14%	2.89%	3.25%	2.93%	3.21%
5.93%	6.47%	6.14%	6.19%	6.18%	6.38%

**CITY OF CHATTANOOGA, TENNESSEE**

**REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	EPB Revenue Bonds					
	Total Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
2012	\$ 562,569,000	\$ 498,384,000	\$ 64,185,000	\$ 2,750,000	\$ 13,377,000	4.0
2013	555,051,000	486,769,000	68,282,000	2,965,000	13,256,000	4.2
2014	566,989,000	501,006,000	65,983,000	6,000,000	13,084,756	3.5
2015	567,528,000	500,078,000	67,450,000	7,040,000	12,832,000	3.4
2016	564,280,000	487,101,000	77,179,000	8,075,000	12,371,000	3.8
2017	582,900,000	507,571,000	75,329,000	9,560,000	11,895,000	3.5
2018	583,517,000	501,690,000	81,827,000	9,835,000	11,546,000	3.8
2019	590,915,000	510,216,000	80,699,000	10,205,000	11,127,000	3.8
2020	562,730,000	507,280,000	55,450,000	10,645,000	10,662,000	2.6
2021	563,904,000	469,030,000	94,874,000	11,130,000	10,167,000	4.5

Source: Electric Power Board, Electric Division

Note: This schedule is consistent with EPB's MSRB continuing disclosure for the debt covenants.

Fiscal Year Ended June 30	CDRC Lease Rental Revenue Bonds					
	Total Revenues <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
2012	\$ 13,469,678	\$ 6,890	\$ 13,462,788	\$ 4,060,000	\$ 5,527,719	1.4
2013	13,182,618	6,890	13,175,728	4,240,000	5,336,719	1.4
2014	13,153,265	9,065	13,144,200	4,395,000	5,168,194	1.4
2015	13,467,751	6,890	13,460,861	4,520,000	5,033,569	1.4
2016	15,070,640	8,115	15,062,525	4,675,000	4,871,819	1.6
2017	19,501,990	20,038	19,481,952	4,890,000	4,656,569	2.0
2018	20,896,563	146,439	20,750,124	5,125,000	4,407,219	2.2
2019 <sup>(3)</sup>	22,237,730	71,556	22,166,174	32,690,000	3,238,756	0.6
2020	25,546,992	8,200	25,538,792	5,130,000	2,050,182	3.6
2021	20,149,205	8,200	20,141,005	5,330,000	1,851,883	2.8

<sup>(1)</sup> Total revenues include economic development sales tax, tourist development zone incremental sales tax, conference center net revenue, and interests on the debt service reserve.

<sup>(2)</sup> Operating expenses include bank charges and arbitrage calculation cost.

<sup>(3)</sup> This includes \$27,315,000 of bonds issued and retired within the same year from the sale of the Chattanooga in FY19



**CITY OF CHATTANOOGA, TENNESSEE**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Fiscal Year	Personal Income <sup>(4)</sup>	Population <sup>(1)</sup>	Per Capita Income <sup>(4)</sup>	Median Age <sup>(2)</sup>	Education Level In Years of Formal Schooling <sup>(2)</sup>	School Enrollment <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
2012	\$ 5,892,149,952	170,136	\$ 34,632	39.0	23.3% 4yr. Degree	42,236	8.2%
2013	6,177,348,414	171,279	36,066	40.0	23.0% 4yr. Degree	41,214	8.5%
2014	6,454,069,448	173,366	37,228	39.8	22.9% 4yr. Degree	43,691	7.1%
2015	6,546,300,160	173,366	37,760	39.8	23.0% 4yr. Degree	43,531	6.2%
2016	6,932,844,880	176,588	39,260	39.5	23.0% 4yr. Degree	43,797	5.1%
2017	7,061,998,670	177,571	39,770	40.1	15.3% 4yr. Degree	44,414	4.3%
2018	7,631,500,539	179,139	42,601	39.6	17.9% 4yr. Degree	44,444	4.1%
2019	8,039,842,096	180,557	44,528	40.3	18.8% 4yr. Degree	43,830	3.9%
2020	8,390,474,100	182,799	45,900	40.4	19.5% 4yr. Degree	44,376	8.1%
2021	8,660,285,424	182,799	47,376	39.6	19.5% 4yr. Degree	45,342	5.4%

<sup>(1)</sup> U.S. Census Bureau.

<sup>(2)</sup> Chamber of Commerce

<sup>(3)</sup> Tennessee Department of Labor and Workforce Development

<sup>(4)</sup> U.S. Department of Commerce Bureau of Economic Analysis

**CITY OF CHATTANOOGA, TENNESSEE**

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Employer	2021 (1)			2012 (2)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
● Hamilton County Schools	4,980	1	2.72%	4,489	1	2.64%
● BlueCross BlueShield of Tennessee	4,855	2	2.66%	4,337	2	2.55%
● Erlanger Health System	4,852	3	2.65%	3,447	4	2.03%
CHI Memorial	3,549	4	1.94%	-	-	0.00%
Tennessee Valley Authority	3,431	5	1.88%	4,217	3	2.48%
Volkswagen Chattanooga	2,982	6	1.63%	2,487	8	1.46%
● McKee Foods Corporation	2,928	7	1.60%	2,950	6	1.73%
● Unum	2,800	8	1.53%	2,800	7	1.65%
Amazon.com Services LLC	2,518	9	1.38%	-	-	0.00%
● City of Chattanooga	2,217	10	1.21%	2,274	9	1.34%
Total	<u>35,112</u>		<u>19.21%</u>	<u>18,175</u>		<u>10.69%</u>

Sources: (1) Chattanooga Area Chamber of Commerce Business Information Center;  
(2) City of Chattanooga Comprehensive Annual Financial Report for the year ended June 30, 2012

- Locally owned and/or headquartered

**CITY OF CHATTANOOGA, TENNESSEE**

**FULL-TIME EQUIVALENT CITY GOVERNMENT POSITIONS BY FUNCTION  
LAST TEN FISCAL YEARS**

FUNCTION	Full-Time Equivalent Positions as of June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government	237	231	222	219 <sup>(4)</sup>	367	368	373	359 <sup>(1)</sup>	301	300
Public Safety										
Police										
Sworn	500	500	500	500	486	486	486	486	475	475
Civilian	115	115	115	120	119	115	115	103	129	129
Fire										
Sworn	443	443	443	429	429	429	429	429	429	414
Civilian	25	25	24	24	16	16	17	17	17	17
Public Works	374	407	407	404	366	368	368	376	337	337
Economic & Community Development	111	111	101	100	95	85	86	80	35	35
Youth & Family Development	600 <sup>(5)</sup>	386	403	406	424	423	426	412 <sup>(2)</sup>	-	-
Parks & Recreation	-	-	-	-	-	-	-	- <sup>(2)</sup>	230	230
Education, Arts and Culture	-	-	-	-	-	-	-	- <sup>(2)</sup>	28	27
Social Services	-	-	-	-	-	-	-	- <sup>(2)</sup>	307	305
Transportation	66	65	61	60	60	60	58	47 <sup>(3)</sup>	-	-
Interceptor Sewer System	199	191	181	176	177	161	147	147	143	139
Solid Waste/Sanitation	15	15	15	20	20	20	20	20	19	19
Water Quality	155	153	149	143	152	152	151	141	138	138
EPB	630	617	602	592	597	552	545	547	521	499
<b>Totals</b>	<b><u>3,470</u></b>	<b><u>3,259</u></b>	<b><u>3,223</u></b>	<b><u>3,193</u></b>	<b><u>3,308</u></b>	<b><u>3,235</u></b>	<b><u>3,139</u></b>	<b><u>3,164</u></b>	<b><u>3,109</u></b>	<b><u>3,064</u></b>

Source: City Budget Office Position Summary.

<sup>(1)</sup> In FY14, General Services absorbed the Civic Facilities positions from the Education Arts & Culture dissolved department

<sup>(2)</sup> In FY14, the Parks & Recreation and Education, Arts & Culture departments were dissolved and the function absorbed by other departments.

<sup>(3)</sup> In FY14, the Transportation department was established with 47 positions.

<sup>(4)</sup> In FY18, the General Services department was merged with Public Works, Fire and Economic & Development departments

<sup>(5)</sup> In FY21, added Part-time positions to the total count

**CITY OF CHATTANOOGA, TENNESSEE**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
311 Service Requests Created	149,102	153,475	150,443	131,225	156,370	137,005	154,546	156,724	135,664	110,247
% of Current Tax Levy Collected	103%	101%	95%	96%	96%	95%	95%	94%	94%	94%
Police										
Crimes Committed <sup>(1)</sup>	25,115	23,121	26,272	23,882	23,556	21,619	12,622	12,902	12,869	12,037
Moving/Parking Violations <sup>(2)</sup>	27,590	33,489	24,870	24,618	22,534	39,326	47,425	40,727	51,674	102,067
Citizen Complaints	110	105	66	55	42	n/a	20	64	66	44
Fire										
Emergency Calls	20,403	18,887	19,704	18,849	19,429	17,311	16,356	15,926	15,858	16,161
Inspections	4,314	4,109	4,539	4,228	5,093	8,103	5,078	3,263	3,551	4,298
Public Works/Transportation										
Sidewalks Repaired (sq.ft.)	14,278	619	4,513	11,902	16,751	65,050	18,473	66,056	5,938	13,344
Streets Paved (sq.ft.)	361,648	778,097	382,353	2,124,852	1,467,417	2,024,985	1,384,359	389,500	1,966,402	1,706,200
Parks, Recreation, Arts & Culture										
Chattanooga Zoo-Attendance		192,514	289,399	262,426	252,629	232,123	183,173	152,561	151,699	177,723
Recreation Centers-Attendance	75,532	88,103	123,749	462,314	536,199	791,138	510,599	600,805	833,674	630,178
Social Services										
Children Immunized	-	-	-	-	-	954	918	1,078	946	1,223
Households Assisted	5,580	5,653	5,662	4,898	5,542	6,247	8,192	9,636	7,184	10,905
Interceptor Sewer System										
% of Consent Decree Requirements Met	100%	100%	100%	100%	100%	100%	100%	100%	n/a	n/a
% of Capacity, Management, Operations and Maintenance goals met	71%	64%	60%	80%	95%	100%	100%	100%	100%	n/a
# of Full NPDES Compliance Days at the MBWWTP	359	353	202	362	364	352	363	356	337	337
Solid Waste/Sanitation										
NPDES Landfill Violations	-	-	1	-	-	-	-	-	-	4
Violation Notices to Industry	-	-	-	-	-	-	37	-	50	26
Areas of Concern New for FY17)	4	4	7	11	5	-	-	-	-	-
Water Quality										
311 Service Requests Created	2,371	2,864	2,673	2,138	1,238	1,576	1,440	1,650	2,229	1,632
311 Service Requests Unresolved	34	31	-	-	38	126	116	95	55	58

Source: City budget office.

<sup>(1)</sup> Crimes committed are reported on the prior calendar year as reported by the Chattanooga Police Dept. ChattResults.

<sup>(2)</sup> Parking was transferred to CARTA (Chattanooga Parking Authority) in October 2012.

**CITY OF CHATTANOOGA, TENNESSEE**

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
City Fleet	822	1,008	925	1,489	1,737	1,737	1,739	1,734	1,734	1,854
Properties Returned to Tax Rolls	-	-	74	57	80	100	111	57	138	65
Police										
Stations	6	4	4	4	4	4	4	4	4	3
Patrol Units	370	572	575	586	586	586	588	580	551	555
Fire										
Stations	20	20	20	20	20	19	19	19	18	18
Ladder Trucks/Fire Engines/Combos <sup>(1)</sup>	49	33	50	28	27	27	27	27	27	25
Public Works										
Miles of Paved Streets	1,214	1,212	1,210	1,210	1,200	1,160	1,160	1,160	1,151	1,151
Signalized Intersections	346	343	341	335	339	336	330	327	332	320
Garbage Trucks	22	25	28	25	26	25	25	25	25	21
Knuckleboom Trucks	24	20	24	27	27	22	22	22	22	19
Interceptor Sewer System										
Miles of Sewer	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,254	1,254
Pump Stations	78	78	77	82	82	82	71	71	70	70
Parks, Recreation, Arts & Culture										
Parks	84	84	84	84	82	80	79	74	70	51
Recreation Centers	15	15	15	15	15	15	15	15	17	16

Source: City of Chattanooga

<sup>(1)</sup> Only includes front line apparatus. Does not include reserve or support equipment.

**CITY OF CHATTANOOGA, TENNESSEE**

**EMPLOYMENT AND UNEMPLOYMENT STATS  
LAST TEN CALENDAR YEARS**

Calendar Year	MSA Civilian Labor-Force (in 000's)			Civilian Labor Force % Unemployed		
	Total	Employed	Unemployed	MSA	TN	U.S.
2011	262.9	243.8	19.1	7.3	8.1	8.3
2012	264.4	245.5	18.9	7.1	7.8	7.9
2013	262.5	240.7	21.8	8.3	8.5	7.6
2014	246.5	232.0	14.5	5.9	6.1	5.6
2015	254.2	241.1	13.1	5.1	5.3	5.3
2016	261.4	248.5	12.9	4.9	4.9	5.1
2017	277.1	268.1	9.0	3.3	3.1	4.5
2018	267.9	259.6	8.3	3.1	3.3	4.0
2019	277.6	268.6	9.0	3.2	3.3	3.6
2020	274.1	260.2	13.9	5.1	5.6	6.3

Source: Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))

**CITY OF CHATTANOOGA, TENNESSEE**

**OTHER TAXES  
LAST TEN FISCAL YEARS**

Fiscal Year	Local Option Sales Taxes <sup>(1)</sup>			Other Tax Receipts					
	County-Wide Sales Tax	County-Wide Designated Sales Tax	Total Local Option Tax	Tourist Development Zone Sales Tax <sup>(2)</sup>		Hotel-Motel Occupancy Tax <sup>(3)</sup>	State		
				State	Local		Sales Tax	Income Tax	
2012	\$ 38,054,892	\$ 11,365,043	\$ 49,419,935	\$ 308,833	\$ -	\$ 5,001,504	\$ 11,313,906	\$ 2,651,353	
2013	40,007,670	11,405,092	51,412,762	-	-	4,970,247	11,544,670	4,199,313	
2014	39,781,604	11,340,990	51,122,594	-	-	5,352,640	11,948,621	3,744,628	
2015	42,428,955	12,093,914	54,522,869	-	-	5,916,859	12,624,797	4,137,843	
2016	45,479,387	12,961,844	58,441,231	-	-	6,668,896	13,491,087	3,532,771	
2017	45,012,507	12,827,046	57,839,553	3,294,273	1,049,789	6,984,506	13,901,449	3,268,174	
2018	49,450,575	13,937,255	63,387,830	4,421,397	1,328,139	7,175,882	14,236,066	2,866,453	
2019	51,528,837	14,660,843	66,189,680	5,386,763	1,802,163	7,588,058	14,836,056	1,902,862	
2020	51,347,406	14,657,430	66,004,836	8,251,144	2,067,321	6,309,081	15,185,906	731,005	
2021	55,974,548	15,965,680	71,940,228	3,541,883	-	5,644,500	17,504,152	1,695,590	

<sup>(1)</sup> Local Option Sales Taxes - In accordance with the 1963 Local Option Revenue Act Title 67, Chapter 6, Part 7 of the Tennessee Code Annotated, as amended, the City and the County have adopted a Local Option Sales Tax. The effective rate is 2.25%; the City earmarks .25 percent of its share for economic development.

<sup>(2)</sup> Tourist Development Zone (TDZ) Sales Tax - This tax is based on the incremental state and local sales taxes generated within TDZ. In some years sales in the TDZ do not exceed the base year revenues as adjusted for growth in the county as a whole.

<sup>(3)</sup> Hotel-Motel Occupancy Tax - The City of Chattanooga and Hamilton County are authorized to levy taxes on the occupancy of hotel and motel rooms by transients. Pursuant to the Private Act of 1980, in February 1981, Hamilton County levied a 3 percent tax and increased it to 4 percent in July 1988. In August 2002 the City also levied such a tax which was phased in over a 30-month period beginning October 1, 2002. The tax, now at 4 percent, is pledged to pay debt service on the 2002 general obligation bonds used to finance a portion of the 21st Century Waterfront Plan to develop 129 acres in the downtown riverfront area, a \$120 million project jointly funded by the public and private sectors.

**CITY OF CHATTANOOGA, TENNESSEE**

**CAPITAL IMPROVEMENT PROGRAM  
FIVE YEARS**

	2022	2023	2024	2025	2026	Total
<b>Department</b>						
Public Works	\$ 151,307,789	\$ 113,026,510	\$ 122,500,000	\$ 106,960,000	\$ 100,015,000	\$ 593,809,299
Police	3,425,000	8,420,000	5,420,000	5,420,000	420,000	23,105,000
Fire	735,000	3,000,000	500,000	500,000	500,000	5,235,000
Community Development	2,050,000	1,000,000	1,000,000	1,000,000	1,000,000	6,050,000
Economic Development	1,360,000	1,000,000	1,000,000	-	-	3,360,000
General Government	12,065,698	4,819,744	3,459,359	2,699,793	1,604,661	24,649,255
Parks & Outdoors	3,236,250	3,680,000	3,630,000	2,800,000	2,650,000	15,996,250
City Planning	703,750	2,000,000	2,000,000	2,000,000	2,000,000	8,703,750
Early Learning	325,000	150,000	150,000	150,000	150,000	925,000
East Chattanooga Rising	3,550,000	-	-	-	-	3,550,000
<b>Total</b>	<b>\$ 178,758,487</b>	<b>\$ 137,096,254</b>	<b>\$ 139,659,359</b>	<b>\$ 121,529,793</b>	<b>\$ 108,339,661</b>	<b>\$ 685,383,554</b>
<b>Bonds/Loan</b>						
General Fund	\$ 5,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 7,000,000	\$ 48,000,000
Industrial Dev Board TIF Loan	3,550,000	-	-	-	-	3,550,000
ISS (Gen Oblig Bonds/WIFIA Loan)	36,000,000	21,000,000	20,000,000	24,000,000	35,000,000	136,000,000
ISS (SRF Loan)	25,000,000	10,000,000	20,000,000	20,500,000	10,000,000	85,500,000
<b>Total Bonds</b>	<b>69,550,000</b>	<b>43,000,000</b>	<b>52,000,000</b>	<b>56,500,000</b>	<b>52,000,000</b>	<b>273,050,000</b>
<b>Cash/Reserves</b>						
General Fund	\$ 17,325,000	\$ 22,816,254	\$ 10,144,359	\$ 8,134,793	\$ 7,639,661	\$ 66,060,067
Economic Development Fund	9,000,000	9,000,000	9,000,000	6,000,000	5,000,000	38,000,000
Hotel-Motel Fund	500,000	2,000,000	2,000,000	2,000,000	2,000,000	8,500,000
Fleet Fund	4,500,000	5,000,000	5,000,000	5,000,000	5,000,000	24,500,000
State Street Aid	2,555,000	2,000,000	2,050,000	2,100,000	2,150,000	10,855,000
Library Fund	200,000	-	-	-	-	200,000
Sale of Property	352,201	-	-	-	-	352,201
Miscellaneous Revenue	109,152	-	-	-	-	109,152
Water Quality	6,600,000	8,970,000	9,225,000	3,435,000	3,190,000	31,420,000
Interceptor Sewer	54,000,000	33,600,000	34,200,000	27,200,000	30,000,000	179,000,000
<b>Total Cash/Reserves</b>	<b>95,141,353</b>	<b>83,386,254</b>	<b>71,619,359</b>	<b>53,869,793</b>	<b>54,979,661</b>	<b>358,996,420</b>
<b>External Sources</b>						
Private Grants/Donations	116,748	-	-	-	-	116,748
Hamilton County	1,025,000	4,000,000	2,500,000	2,500,000	200,000	10,225,000
State of Tennessee	7,795,386	-	-	-	-	7,795,386
Community Development Block Grant	-	200,000	200,000	200,000	200,000	800,000
Federal	5,130,000	6,510,000	13,340,000	8,460,000	960,000	34,400,000
<b>Total External Sources</b>	<b>14,067,134</b>	<b>10,710,000</b>	<b>16,040,000</b>	<b>11,160,000</b>	<b>1,360,000</b>	<b>53,337,134</b>
<b>Total All Sources</b>	<b>\$ 178,758,487</b>	<b>\$ 137,096,254</b>	<b>\$ 139,659,359</b>	<b>\$ 121,529,793</b>	<b>\$ 108,339,661</b>	<b>\$ 685,383,554</b>

Source: City of Chattanooga Capital Planning and Finance







**CITY OF CHATTANOOGA, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR PERIOD ENDING JUNE 30, 2021**

<b>Federal Grantor/Pass-Through/Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Federal Contract Number</b>	<b>Beginning (Accrued) Deferred Grant Revenue</b>	<b>Cash Receipts</b>	<b>Expenditures</b>	<b>Ending (Accrued) Deferred Grant Revenue</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Emergency Watershed Protection Program EWP -Abor Creek Way USDA	10.923	NR204741xxxxC013	(62,300)	-	1,294,155	(1,356,455)
<b>Total U. S. Department of Agriculture</b>			<u>(62,300)</u>	<u>-</u>	<u>1,294,155</u>	<u>(1,356,455)</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
CDBG Entitlement Grants Cluster						
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-47-0001	-	59,151	59,151	-
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-47-0001	(32,674)	35,667	2,993	-
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-47-0001	(2,757)	125,618	122,861	-
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-47-0001	17,239	222,395	209,250	30,384
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-47-0001	-	732,842	732,842	-
Community Development Block Grants/Entitlement Grants-Program Income	14.218	Program Income	-	678,596	678,596	-
LBPH & Healthy Home (LHRD) Program	14.218	TNLHB0653-17	(157,594)	118,940	387,125	(425,779)
Total CDBG Entitlement Grants Cluster			<u>(175,786)</u>	<u>1,973,209</u>	<u>2,192,818</u>	<u>(395,395)</u>
THDA ESG Stage	14.231	E-18-MC-47-0001	(9,828)	25,127	4,294	11,005
THDA ESG Stage	14.231	E-19-MC-47-0001	(9,434)	86,245	74,016	2,795
THDA ESG Stage	14.231	E-20-MC-47-0001	-	-	110,871	(110,871)
COVID19-ESG-CV-20-01	14.231	E-20-DW-47-0001	-	-	214,841	(214,841)
Total Emergency Solutions Grant			<u>(19,262)</u>	<u>111,372</u>	<u>404,022</u>	<u>(311,912)</u>
HOME Investment Partnerships Program	14.239	M-13-MC-47-0200	-	33,405	33,405	-
HOME Investment Partnerships Program	14.239	M-13-MC-47-0200	-	77,033	77,033	-
HOME Investment Partnerships Program	14.239	M-13-MC-47-0200	(17,022)	17,022	-	-
HOME Investment Partnerships Program	14.239	N/A	-	471,510	-	471,510
HOME Investment Partnerships Program - Program Income	14.239	Program Income	-	97,952	97,952	-
Total HOME Investment Partnerships Program			<u>(17,022)</u>	<u>696,922</u>	<u>208,390</u>	<u>471,510</u>
<b>Total U. S. Department of Housing and Urban Development</b>			<u>(212,070)</u>	<u>2,781,503</u>	<u>2,805,230</u>	<u>(235,797)</u>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>						
National Park Service, Historic Preservation Grants	15.928	P14AP00191	-	257,573	257,573	-
<b>Total U.S. Department of the Interior</b>				<u>257,573</u>	<u>257,573</u>	<u>-</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Hamilton County Family Justice Center-STOP Grant	16.588	26780	(4,872)	4,872	-	-
Family Justice Center-VOCA	16.575	28887	(25,756)	25,756	-	-
Hamilton Count Family Justice Center-OVW	16.528	2017-EW-AX-K003	(471)	-	-	(471)
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	2017-DJ-BX-0306	(2,991)	14,090	11,093	6

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**CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR PERIOD ENDING JUNE 30, 2021**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Beginning (Accrued) Deferred Grant Revenue</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending (Accrued) Deferred Grant Revenue</u>
(continued from previous page)						
<b>U.S. DEPARTMENT OF JUSTICE (Continued)</b>						
2019 Police VOCA Grant	16.575	2015-VA-GX-0018	(16,343)	80,130	121,487	(57,700)
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	2018-DJ-BX-0332	-	18,746	19,246	(500)
OVC 2018-V3-GX-0018	16.582	2018-V3-GX-0018	(28,856)	66,542	61,890	(24,204)
Edward Byrne Memorial Justice Assistance Grant Program-JAG	16.738	2019-DJ-BX-0789	(27,705)	27,705	1,398	(1,398)
COVID19 BJA FY20 CESF Program Grant	16.034	2020-VD-BX-1434	-	7,280	7,280	-
2020 State Homeland Security Program	97.067	EMW-2018-SS-00033-S01	-	51,000	63,662	(12,662)
FY20 Crime Gun Intelligence Grant	97.067	EMW-2018-SS-00033-S01	-	-	2,279	(2,279)
2019 Domestic Preparedness State Homeland Security Grant	97.067	EMW-2019-SS-00029-S01	-	-	9,506	(9,506)
Beyond Walls-JAG Prevention and Intervention for At Risk Youth	16.738	37294	(4,640)	35,729	37,189	(6,100)
FJC - OVC Hope & Healing Grant	16.582	2019-V3-GX-K036	(25,215)	73,891	110,867	(62,191)
Justice Funds	16.922	N/A	30,215	10,128	-	40,343
Treasury Funds	21.016	N/A	3,261	1,056	-	4,317
American Rescue Plan Act of 2021			-	19,336,781	-	19,336,781
<b>Total U. S. Department of Justice</b>			<u>(103,373)</u>	<u>19,753,706</u>	<u>445,897</u>	<u>19,204,436</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Highway planning and Construction Cluster						
Passed Through Georgia Department of Transportation:						
Highway Planning and Construction	20.205	N/A	(91,372)	65,982	47,708	(73,098)
Highway Planning and Construction	20.205	0017156-PLN	-	81,986	134,690	(52,704)
Passed through Tennessee Department of Transportation:						
TDOT - Chattanooga Green Trips Program	20.205	33LPLM-F1-208	(69,245)	161,927	136,778	(44,096)
TDOT - Various city street in Chatt.-Reflective Sign Project	20.205	STP/TAP-M9202(117)	-	398,429	398,429	-
TDOT - Chattanooga Regional ITS - Phase 2	20.205	CM-9202(118)	(6,723)	14,712	7,989	-
TDOT - South Chickamauga Greenway - Caine Lane	20.205	140196	-	12,878	12,878	-
TDOT - CCTV - Various Location in Chattanooga MPO Area	20.205	TAP- 9202(125)	(211,409)	284,668	73,259	-
TDOT - 3rd and 4th Streets, From Lindsay to Hampton, Blackford	20.205	STP-M/TAP-90202(122)	-	179,506	249,245	(69,739)
TDOT - Hamilton Place Blvd, North Skyline Dr to S. Bams Dr	20.205	STP-M 9202(124)	-	69,299	69,299	-
TDOT - Transit Signal Prioritization Project	20.205	33LP1-F1-204	(43,203)	228,381	185,178	-
TDOT - Bridge Replacement	20.205	STP-M-9202(131)	(25,083)	29,185	4,102	-
TDOT - St. Elmo Riverwalk Extension	20.205	STP-M 9202(119)	-	50,826	50,826	-
TDOT - Central Ave	20.205	STP-M-9202(110)	(34,360)	61,921	75,653	(48,092)
TDOT - Federal Highway Administration	20.205	TBD	(182,633)	412,928	866,770	(636,475)
TDOT - Federal Highway Administration - CARTA	20.205	TN8000004-02	(6,240)	5,460	-	(780)
Total Highway Planning and Construction Cluster			<u>(670,268)</u>	<u>2,058,088</u>	<u>2,312,804</u>	<u>(924,984)</u>
Highway Safety Cluster						
Governor's Highway Safety Grant-PSN	20.609	Z20THS037	(5,431)	61,750	55,914	405
Total Highway Safety Cluster			<u>(5,431)</u>	<u>61,750</u>	<u>55,914</u>	<u>405</u>

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**CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR PERIOD ENDING JUNE 30, 2021**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Beginning (Accrued) Deferred Grant Revenue</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending (Accrued) Deferred Grant Revenue</u>
(continued from previous page)						
<b>U.S. DEPARTMENT OF TRANSPORTATION (Continued)</b>						
Governor's Highway Safety Grant-THSO	20.607	Z20THS037	(13,547)	54,060	39,768	745
Governor's Highway Safety Grant-THSO	20.607	Z21THS037	-	18,178	111,452	(93,274)
<b>Total U. S. Department of Transportation</b>			<u>(689,246)</u>	<u>2,192,076</u>	<u>2,519,938</u>	<u>(1,017,108)</u>
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>						
Passed Through Tennessee Libraries and Archives						
State LSTA Technology Grant - FY21	45.310	LS-246189-OLS-20	-	19,257	19,257	-
State Metro Gen Library Services Grant - FY21	45.310	LS-246189-OLS-20	-	48,700	48,700	-
COVID19- State Digital CARES Library Grant	45.310	LS-246560-OLS-20	-	-	9,139	(9,139)
<b>Total Institute of Museum and Library Services</b>			<u>-</u>	<u>67,957</u>	<u>77,096</u>	<u>(9,139)</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>						
Air Pollution Control Program	66.001	00408415	-	343,250	343,250	-
Surveys, Studies, Investigations and Special Purpose Grants	66.034	96497415	-	130,000	130,000	-
Brownfields Assessment & Cleanup Cooperative Agreements	66.818	BF-95441209	-	120,813	120,813	-
Brownsfield Assessment and Cleanup	N/A	00D48016	(14,542)	16,442	1,900	-
Total U.S. Environmental Protection Agency			<u>(14,542)</u>	<u>610,505</u>	<u>595,963</u>	<u>-</u>
Clean Water State Revolving Fund Cluster						
Clean Water State Revolving Loan Program (SRF 2016-357)	66.458	SRF 2016-357	-	691,743	691,743	-
Clean Water State Revolving Loan Program (SRF 2018-405)	66.458	SRF 2018-405	-	157,441	157,441	-
Clean Water State Revolving Loan Program (SRF 2018-406)	66.458	SRF 2018-406	-	13,855,220	13,855,220	-
Clean Water State Revolving Loan Program (SRF 2019-428)	66.458	SRF 2019-428	-	224,747	224,747	-
Clean Water State Revolving Loan Program (SRF 2019-429)	66.458	SRF 2019-429	-	4,144,132	4,144,132	-
Clean Water State Revolving Loan Program (SRF 2018-406-01)	66.458	SRF 2018-406-01	-	27,905,666	27,905,666	-
Clean Water State Revolving Loan Program (SRF 2020-440)	66.458	SRF 2020-440	-	818,591	818,591	-
Total Clean Water State Revolving Fund Cluster			<u>-</u>	<u>47,797,540</u>	<u>47,797,540</u>	<u>-</u>
<b>Total U. S. Environmental Protection Agency</b>			<u>(14,542)</u>	<u>48,408,045</u>	<u>48,393,503</u>	<u>-</u>
<b>U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY</b>						
Passed through from						
Financial Commission for Appalachia HIDTA	95.001	G20AP0001A	(7,728)	24,900	25,061	(7,889)
FBI	16.999	Public Safety	(5,768)	31,775	38,535	(12,528)
ATF	16.999	Public Safety	(2,119)	2,119	-	-
US Marshals	16.999	Public Safety	(3,036)	14,820	22,427	(10,643)
<b>Total U.S. Office of National Drug Control Policy</b>			<u>(18,651)</u>	<u>73,614</u>	<u>86,023</u>	<u>(31,060)</u>

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**CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR PERIOD ENDING JUNE 30, 2021**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Beginning (Accrued) Deferred Grant Revenue</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending (Accrued) Deferred Grant Revenue</u>
(continued from previous page)						
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
Disaster Grants - Public Assistance- 4/17/19 FEMA 4427	97.036	FEMA 4427 DR TN	(172,847)	93,755	-	(79,092)
Assistance to Firefighters Grant Program FY20	97.044	EMW-2018-FO-05638	(69,300)	-	69,300	(138,600)
Easter 2020 Tornado FEMA DR-4541	97.036	FEMA 4541DR-TN	-	-	6,076,952	(6,076,952)
<b>Total U.S. Department of Homeland Security</b>			<u>(242,147)</u>	<u>93,755</u>	<u>6,146,252</u>	<u>(6,294,644)</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Early Head Start-Child Care Partnership Grant	93.600	04HP0041-03-00	(27,460)	344,090	314,423	2,207
Head Start	93.600	04CH010085-03-01	(576,483)	576,483	-	-
Early Head Start-Child Care Partnership Grant	93.600	04HP000428-01-02	-	1,422,930	1,549,618	(126,688)
Head Start	93.600	04CH01173401	-	8,919,014	9,527,815	(608,801)
COVID19-FY21 Head Start	93.600	04HE000254-01-00	-	17,699	66,551	(48,852)
Total Head Start			<u>(603,943)</u>	<u>11,280,216</u>	<u>11,458,407</u>	<u>(782,134)</u>
Passed Through Tennessee Department of Human Services:						
Low-Income Home Energy Assistance	93.568	G-1801TNLIEA	(278,490)	291,909	-	13,419
Low-Income Home Energy Assistance	93.568	G-1801TNLIEA	(111,539)	1,933,359	2,097,872	(276,052)
COVID19-Low-Income Home Energy Assistance	93.568	2001TNE5C3	-	553,379	586,152	(32,773)
Low-Income Home Energy Assistance-Supplemental Benefits	93.568	2001TNLIEA	-	625,290	686,590	(61,300)
Total Low-Income Home Energy Assistance			<u>(390,029)</u>	<u>3,403,937</u>	<u>3,370,614</u>	<u>(356,706)</u>
477 Cluster						
Community Services Block Grant	93.569	Z20-49104A	(71,111)	387,496	375,220	(58,835)
Community Services Block Grant	93.569	Z21-49104	-	111,472	207,925	(96,453)
COVID19-Community Services Block Grant	93.569	Z22-49204 COV	-	185,361	219,239	(33,878)
Total 477 Cluster			<u>(71,111)</u>	<u>684,329</u>	<u>802,384</u>	<u>(189,166)</u>
YFD After School Care Food Program	10.558	03-47-30140-00-8	-	23,261	14,862	8,399
Child Nutrition Cluster						
YFD Summer Food Service Program	10.559	35-0014	(46,944)	72,585	72,585	(46,944)
Total Child Nutrition Cluster			<u>(46,944)</u>	<u>72,585</u>	<u>72,585</u>	<u>(46,944)</u>
<b>Total U. S. Department of Health and Human Services</b>			<u>(1,112,027)</u>	<u>15,464,328</u>	<u>15,718,852</u>	<u>(1,366,551)</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICES</b>						
Foster Grandparent/Senior Companion Cluster						
Foster Grandparents Program	94.011	16SFSTN001-3	(3,702)	3,702	-	-
Foster Grandparents Program	94.011	19SFSTN002-1	(62,562)	62,562	-	-
Foster Grandparents Program	94.011	19SFSTN002	-	337,342	436,890	(99,548)
Total Foster Grandparent/Senior Companion Cluster			<u>(66,264)</u>	<u>403,606</u>	<u>436,890</u>	<u>(99,548)</u>
<b>Total Corporation for National and Community Services</b>			<u>(66,264)</u>	<u>403,606</u>	<u>436,890</u>	<u>(99,548)</u>

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**CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR PERIOD ENDING JUNE 30, 2021**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Contract Number</u>	<u>Beginning (Accrued) Deferred Grant Revenue</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending (Accrued) Deferred Grant Revenue</u>
(continued from previous page)						
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT</b>			(2,520,620)	89,496,163	78,181,409	8,794,134
<b>STATE AWARDS</b>						
Tennessee Commission on Aging & Disability						
AAAD Grant Eastgate Senior Center	N/A	00072	(1,227)	1,227	-	-
AAAD Grant Eastgate Senior Center	N/A	00072	-	17,341	20,011	(2,670)
Total Tennessee Commission on Aging & Disability			(1,227)	18,568	20,011	(2,670)
Tennessee Department of Agriculture						
FY21-Tennessee Agricultural Enhancement Program(TAEP)	NA	32510-20421	-	20,000	20,000	-
Total Tennessee Department of Agriculture			-	20,000	20,000	-
Tennessee Department of Environment & Conservation						
FY20 Household Hazardous Waste	N/A	32701-03858	(36,270)	-	-	(36,270)
Total Tennessee Department of Environment & Conservation			(36,270)	-	-	(36,270)
Tennessee Department of Finance & Administration						
THDA Entitlement - CNE Project	N/A	Program Income	545,178	33,438	164,949	413,667
OCJP- TN Complete Count Census	N/A	N/A	14,656	-	12,944	1,712
2021 Local DA Grant	N/A	N/A	-	4,016,220	4,016,220	-
Total Tennessee Department of Environment & Conservation			559,834	4,049,658	4,194,113	415,379
Tennessee Emergency Management Agency - Disaster relief)						
Disaster Grants - Public Assistance- 4/17/19 FEMA 4427	97.036	FEMA 4427 DR TN	(28,809)	15,626	-	(13,183)
Easter 2020 Tornado FEMA DR-4541	97.036	FEMA 4541DR-TN	-	-	1,012,825	(1,012,825)
Total Tennessee Emergency Management Agency			(28,809)	15,626	1,012,825	(1,026,008)
Tennessee Department of Transportation						
TDOT - Federal Highway Administration - CARTA	20.205	TN8000004-02	(780)	-	-	(780)
Total Tennessee Emergency Management Agency			(780)	-	-	(780)
<b>TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT</b>			492,748	4,103,852	5,246,949	(650,349)
<b>TOTAL EXPENDITURE OF FEDERAL AND STATE AWARDS - PRIMARY GOVERNMENT</b>			(2,027,872)	93,600,015	83,428,358	8,143,785

**CITY OF CHATTANOOGA, TENNESSEE**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**June 30, 2021**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Indirect Cost Rate

The City of Chattanooga has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.





CERTIFIED PUBLIC ACCOUNTANTS  
CHATTANOOGA | MEMPHIS

**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***

To the Honorable Mayor  
and Members of the City Council  
City of Chattanooga, 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, business-type activities, the aggregate discretely-presented component units, each major fund and the aggregate remaining fund information of the City of Chattanooga, Tennessee (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 31, 2022. Our report includes a reference to other auditors who audited the financial statements of EPB, Chattanooga Metropolitan Airport Authority, Chattanooga Area Regional Transit Authority, and Downtown Chattanooga Business Improvement District, as described in our report on the City of Chattanooga's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Chattanooga, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## 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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chattanooga, Tennessee  
January 31, 2022

Henderson Hutcherson  
& McCullough, PLLC



CERTIFIED PUBLIC ACCOUNTANTS  
CHATTANOOGA | MEMPHIS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Honorable Mayor  
and Members of the City Council  
City of Chattanooga, Tennessee

**Report on Compliance for Each Major Federal Program**

We have audited the City of Chattanooga, Tennessee's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City of Chattanooga, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. The City's basic financial statements include the operations of EPB, Chattanooga Metropolitan Airport Authority, Chattanooga Area Regional Transit Authority, and Downtown Chattanooga Business Improvement District, which expended federal awards which are not included in the accompanying schedule of expenditures of federal awards during the year ended June 30, 2021. Our compliance audit, described below, did not include the operations of these entities because the entities engage other auditors to perform audits in accordance with the Uniform Guidance.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on each of the City of Chattanooga's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Compliance for Each Major Federal Program***

In our opinion, the City of Chattanooga, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

Management of the City of Chattanooga, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

This 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.

Chattanooga, Tennessee  
January 31, 2022

*Henderson Hutcherson*  
*is McCullough, PLLC*

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2021**

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified:  yes  no
  - Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weaknesses identified:  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed under the Uniform Guidance?  yes  no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	U.S. Department of Transportation Highway Planning and Construction
66.458	U.S. Environmental Protection Agency Clear Water State Revolving Loan Program
97.036	U.S. Department of Homeland Security Disaster Grants – Public Assistance

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2021**

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$ 2,345,442

Auditee qualified as low-risk auditee?

yes      no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported

**CITY OF CHATTANOOGA, TENNESSEE**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year Ended June 30, 2020**

None reported







**City of Chattanooga**

**Department of Finance and Administration**

**City Hall**

**101 East 11<sup>th</sup> Street**

**Chattanooga, Tennessee 37402**

**423.643.7363**

**[www.chattanooga.gov](http://www.chattanooga.gov)**